Schwäbisch Hall

2024

Genossenschaftliche FinanzGruppe
Volksbanken Raiffeisenbanken

Bausparkasse Schwäbisch Hall AG

Financial Report

At a glance

Bausparkasse Schwäbisch Hall AG	2024	2023
New business		
Bausparen (presented, in € billion)	28.10	31.00
Housing financing (total, in € billion)	9.00	9.20
Contracted business		
Bauspar sum (honoured, in € billion)	328.20	321.57
Contracts (in millions)	6.77	7.00
Loans and loan commitments (total, in € billion)	66.93	67.10
Number of customers (in millions)	6.10	6.30

Schwäbisch Hall Group IFRS key financial indicators in € million[1]	2024	2023
Profit/loss before taxes	57	-13
Total assets	82,684	84,369
Equity	4,412	4,454

Schwäbisch Hall Group regulatory ratios in %	2024	2023
Common Equity Tier 1 capital ratio	25.4	24.4
Total capital ratio	25.7	24.6
Leverage ratio	5.7	5.5

Moody's ratings	2024	2023
Bank rating	AA2	AA2
Hypothekenpfandbriefe (German mortgage covered bonds)	AAA	AAA

Human Resources	2024	2023
Employees (full-time equivalents in the Group)	3,363	3,921
Trainees and apprentices	228	228

[1] The figures for 2023 and 2024 reflect the continued operations due to the reclassification of the FLK business to discontinued operations.

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Note

The figures in this report have been rounded in accordance with standard commercial practice. Therefore, the totals presented in the tables and diagrams may differ slightly from the calculated totals of the individual values shown.

Peter Magel

Kristin Seyboth

Mike Kammann
Chief Executive Officer

Dr. Mario Thaten

The Management Board

Dear readers,

We can reflect on 2024, a year in which we, the Schwäbisch Hall Group, initiated, achieved and completed a great deal – despite all the economic and political challenges. Thanks to the commitment of our employees, our strong sales force and the excellent cooperation with our sales partners in the German Cooperative Banking Group, we systematically continued along our journey to becoming a solutions provider in the building society operations ecosystem and recorded a sound result in a challenging environment.

In *Bausparen*, we generated a healthy result of €28.1 billion in new business, following the last two exceptional years. Although this represents a decline of around 9 per cent compared with the previous year, we performed very well in a contracting overall market. With a gain of 3.5 percentage points in market share to 34.7 per cent in new *Bauspar* business compared with 2023, we have significantly extended our position as the number one *Bausparkasse* in Germany. This all-time high market share is a clear sign of the trust that our customers place in us.

The housing financing market recovered compared with the previous year, but remains subject to tough underlying conditions: unclear legislation, volatile subsidy landscapes and persistently high construction costs are unsettling consumers with regard to refurbishment and construction projects and leading to a certain degree of caution. Nevertheless, we asserted ourselves in a hotly contested overall market and, with new housing financing business of €13.6 billion, are slightly above the previous year's level. This total includes other building loans, suspended repayment and bridging loans, *Bauspar* loans and housing financing brokered to institutions in the German Cooperative Banking Group.

Based on our two strong core business segments of *Bausparen* and Housing Financing, we achieved an overall satisfactory total sales performance with a volume of €37.6 billion.

The medium and long-term prospects for profitable growth are promising: moderately rising real estate prices, relatively stable to slightly declining interest rates and rising rents and real wages are creating attractive conditions for home ownership. Another factor is that the dream of home ownership remains as strong as ever: four out of five tenants under the age of 49 are toying with the idea of buying their own home.

Our company is also profiting from these conditions. The sustained higher level of interest rates is having an increasingly positive impact on our results. We were able to increase net profit from continuing and discontinued operations before taxes to €64 million (2023: €20 million).

The #Fokus100 strategy update is making the Schwäbisch Hall Group fit for the future.

We are using the #Fokus100 strategy update to further align Schwäbisch Hall with the requirements of the future. Our goal is to increase our competitiveness and profitability in our core business segments and to establish an ecosystem focused on building society operations within the German Cooperative Banking Group.

To do this, we want to get involved at an early stage in our customers' journey, guide them through the entire process and be relevant at every point of contact. Together with our subsidiaries, we are continuing to grow our business model and hence offer our customers solutions from a single source – from property searches, through financing, down to energy-efficient refurbishment. This is how we develop complementary offerings that cover the entire life cycle of home ownership and underscore our claim to be an end-to-end solutions provider.

Despite all the challenges, the real estate market offers tremendous long-term growth potential. We see the sustainable transformation of existing buildings as a particularly significant growth area. Around one-third of properties in Germany have not been refurbished, and the estimated financing volume for energy-efficient refurbishments is around €80 billion per year. By 2030 alone, around 50 per cent of all properties in Germany are expected to be carbon-neutral. To help achieve this goal, our more than 2,000 modernisation and subsidy advisors support our customers with clear, practical information. With targeted advice and financing, they help property owners to future-proof their real estate while also contributing to climate change mitigation.

Sustainability is important to us. That is why we have decided – although not yet required by law – to voluntarily prepare a report in accordance with the Corporate Sustainability Reporting Directive (CSRD) for financial year 2024 and to include this report as part of this financial report. Since 2012, we have been voluntarily publishing an annual sustainability report in accordance with the GRI standards.

Together with our dedicated colleagues in the office and our field sales advisers, as well as our strong partners in the German Cooperative Banking Group, we are confident that our pioneering #Fokus100 business strategy will enable us to successfully meet the challenges and opportunities that 2025 will bring.

Sincerely,

Mike Kammann
(Chief Executive Officer)

Peter Magel

Kristin Seyboth

Dr Mario Thaten

Combined management report

Combined management report

Fundamental information about the Group

The management report of Bausparkasse Schwäbisch Hall AG (section 289 of the Handelsgesetzbuch (HGB) – German Commercial Code) and the Group management report (section 315 of the HGB) are combined in accordance with German Accounting Standard (GAS) 20. Accordingly, in addition to the disclosures on the Bausparkasse Schwäbisch Hall Group, it contains disclosures relating solely to the parent company Bausparkasse Schwäbisch Hall AG, with explanations on the basis of German GAAP. Bausparkasse Schwäbisch Hall AG's German GAAP financial statements are published together with the combined management report in the Company Register.

Group structure

Bausparkasse Schwäbisch Hall AG is majority-owned by DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK), Frankfurt am Main. Additional interests are held by other cooperative institutions. A profit and loss transfer agreement has been entered into with DZ BANK.

The Schwäbisch Hall Group consists largely of the parent company Bausparkasse Schwäbisch Hall AG. The disclosures in the present combined management report related both to the Schwäbisch Hall Group as a whole and to the Bausparkasse Schwäbisch Hall AG as a single entity, unless expressly indicated otherwise.

The Company's registered office is in Schwäbisch Hall, and Bausparkasse Schwäbisch Hall AG also has offices in Schwäbisch Hall (South regional office), Frankfurt am Main (West and Specialised banks regional offices) and Hamburg (North-East regional office). Outside Germany, Bausparkasse Schwäbisch Hall AG is represented in China and Slovakia.

Business model and strategic focus

The strategic focus of the Schwäbisch Hall Group (SHG) follows the DZ BANK Group's guiding principle of operating as a “network-oriented central banking institution and integrated financial services group”. As a subsidiary partner of the cooperative banks, SHG's business activities are focused on the building society operations ecosystem. The objective of this focus as the socially responsible real estate financing provider for the German Cooperative Banking Group (GFG) is to consolidate the GFG's position in the long term as one of Germany's leading integrated financial services providers. The companies of the DZ BANK Group work together with the cooperative banks and Atruvia AG, Frankfurt am Main (Atruvia), the cooperative digital transformation partner, under the umbrella of the National Association of German Cooperative Banks, Berlin, (BVR), to shape the future. GFG offers a broad range of services, from retirement provision through real estate and housing financing, down to insurance and funds. With its approximately 700 cooperative banks, their more than 7,000 bank branches and 30 million customers, it is one of the leading integrated financial services partners in Germany.

Bausparkasse Schwäbisch Hall's strategic positioning with its two core business segments of *Bausparen* and Housing Financing has proven itself in times of market and interest rate volatility. The company's market leadership in *Bausparen* and the expansion of its housing financing business are evidence of the success of the HORIZONT 2025 strategy. A key strategic milestone was the complete migration of the lending business to the SAP core banking system, which was successfully completed in the reporting period. The 2024 #Fokus100 strategy update is designed to support the development, focus and prioritisation of future topics for Bausparkasse Schwäbisch Hall AG. The key challenges are to secure growth and increase profitability, and they are the focus of #Fokus100. The strategy is being implemented by means of five strategic action areas:

Shaping growth: sustainably profitable, scalable housing financing and *Bausparen* supported by modern omni-channel sales and by developing new sources of income in the building society operations ecosystem.

Improving profitability: securing refinancing, ensuring cost discipline and maintaining the stability of the business model in a volatile market environment.

Increasing adaptability: promoting data and digital transformation capabilities, exnovation/modernisation of IT and validation of structures and processes.

Encouraging sustainability: systematic implementation of sustainability in the business model, shaping the sustainable transformation of private real estate.

Turning customers, partners and employees into fans: offering (young) customers and partners a leading range of products and services and being an attractive employer with a corporate culture that embraces the future.

The aim is to sustainably reinforce both core business segments in order to remain the number one in *Bausparen* in Germany and become the market leader in housing financing, together with the cooperative banks.

As a leading product and solutions provider in the cooperative building and housing ecosystem, Bausparkasse Schwäbisch Hall AG accepts its responsibility for helping to shape the climate transition in private home ownership. In 2023, Bausparkasse Schwäbisch Hall AG was the first Bausparkasse to sign the UN Principles for Responsible Banking (UN PRB). The UN PRB is a framework for banks to focus on end-to-end sustainability. Bausparkasse Schwäbisch Hall AG derives its understanding of sustainability from the United Nations Sustainable Development Goals, the Paris Climate Agreement and the United Nations Global Compact Code of Conduct. With the Paris Green Deal, the European Commission is addressing a large number of challenges on an unprecedented scale. The aim of the Green Deal is to deliver a green transformation to become climate neutral by 2050 and thus meet the commitments under the Paris Agreement. The EU is specifically leveraging the financial sector for the climate-neutral transformation of the real economy in the EU economic area and is hence creating pressure to act. An example of this is the introduction of the CSR reporting obligation for companies, the Corporate Sustainability Reporting Directive (CSRD). The issue of sustainability affects Bausparkasse Schwäbisch Hall AG in all its aspects, from risk management through the focus of its core business segments and its business operations, down to its social commitment. Sustainability is therefore firmly anchored as a cross-cutting issue in our business strategy. ESG risks are integrated into the risk inventory, portfolio analyses and stress tests. Bausparkasse Schwäbisch Hall AG offers its customers a comprehensive portfolio of services and products to drive forward the climate transition in the residential property sector. This ranges from a wide array of information and educational offerings on its website down to advisory services provided by certified modernisation and subsidy advisers. Bausparkasse Schwäbisch Hall AG responded to the interest rate reversal and changes in customer behaviour by introducing the new *Fuchs* 06 *Bauspar* tariff. The new tariff highlights the economic, social and ecological sustainability of *Bausparen*. The FuchsEco building *Bauspar* tariff and the FuchsImmo financing offer provide the right financing options for energy-efficient modernisation measures. By promoting ecological and energy-efficient building and living, Bausparkasse Schwäbisch Hall AG has a lever for reducing carbon dioxide emissions. Incorporating ESG aspects not only makes a positive contribution to our sustainability goals, but also serves to avoid ESG risks in business operations and to support the sustainable transformation of our business portfolio. In addition to these sector-specific topics, Bausparkasse Schwäbisch Hall AG places particular emphasis on strong corporate governance, on social issues and on its employees.

LONGER-TERM STRATEGIC MEASURES

The growing role of intermediaries in the value chain is changing the balance of power between platform and product providers. Moreover, industry boundaries are becoming increasingly fluid and solutions are emerging across industries along customer demand areas. Financial service providers are often only one part of larger ecosystem offerings. This trend, which is already evident today in payment transactions and consumer finance, can also be expected in the medium term to apply to more complex financial products such as housing financing. This results in the following implications for Bausparkasse Schwäbisch Hall AG:

- Participate in the platform market through its own solutions (BAUFINEX GmbH), with an opportunity to share in the growth market.
- Create daily relevance for end customers on the topic of building society operations (Wohn-glueck.de service and content platform).
- Develop new business models centred around the core Housing Financing product (Schwäbisch Hall Wohnen GmbH: B2B real estate sales channel in the off-market for cooperative banks).

REFINANCING

With its *Pfandbrief* issuances, Bausparkasse Schwäbisch Hall AG has created another attractive source of refinancing in addition to *Bauspar* deposits. This is a significant component of the growth strategy in the core business segment of Housing Financing. A green bond was issued for the first time in January 2024. The benchmark issue with a volume of €500 million met with strong demand and was 4.4 times over-subscribed, with an order volume of around €2.2 billion. After the successful premiere, the *Bausparkasse* issued its second green *Pfandbrief* (covered bond) in April, which again met with very strong demand. In addition to the customary high requirements of the German *Pfandbrief* Act, the green *Pfandbriefe* also meet the minimum standards for "green *Pfandbriefe*" of the Association of German *Pfandbrief* Banks. These green benchmark issues are a further step towards reinforcing this strategically important refinancing channel. With its green *Pfandbriefe*, Bausparkasse Schwäbisch Hall AG aims to offer investors an opportunity to make a decisive contribution to the sustainable transformation of the private residential building sector. Since 2022, the benchmark issues have been supplemented by private placement issues. In this case, the maturity and interest rate structure can be negotiated individually. In keeping with the lending business, *Pfandbriefe* are issued exclusively in euros. The German and foreign investors include central banks, insurance companies, banks as well as pension and investment funds. Rating agency Moody's awarded Bausparkasse Schwäbisch Hall AG's *Pfandbriefe* its top rating of AAA ("Triple A"). As a member of the GFG liquidity network, uncovered refinancing funds also cover part of SHG's non-collective funding requirements.

The Schwäbisch Hall Group

The Schwäbisch Hall Group consists of the parent company Bausparkasse Schwäbisch Hall AG, five consolidated subsidiaries, including a specialised fund, which are controlled by Bausparkasse Schwäbisch Hall AG, and two joint ventures that are accounted for using the equity method.

DECONSOLIDATION OF FUNDAMENTA-LAKÁSKASSZA LAKÁS-TAKARÉKPÉNZTÁR ZRT.

Bausparkasse Schwäbisch Hall AG sold its stake in its consolidated subsidiary Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt. (FLK), Budapest, the market leader in *Bausparen* in Hungary. The deconsolidation became effective on 31 March 2024. The sale to MBH Bank Nyrt, Budapest (MBH), the second largest bank in Hungary, offers FLK the best opportunities for development in an increasingly challenging market, not least thanks to MBH's large branch network. In future, Bausparkasse Schwäbisch Hall AG will focus more strongly on its home market of Germany, where it will drive forward its equity investments with a focus on innovation and the development of the building and living ecosystem. The sale of the stake in FLK resulted its classification as a discontinued operation in accordance with IFRS 5 in the 2023 consolidated financial statements.

BAUSPARKASSE SCHWÄBISCH HALL AG

With its #Fokus100 strategic vision, Bausparkasse Schwäbisch Hall AG has set the guardrails for its goal of increasing competitiveness and profitability in its core business segments of *Bausparen* and Housing Financing, while also reinforcing its position as a centre of expertise for the building society operations ecosphere.

In its core business segments of *Bausparen* and Housing Finance, Bausparkasse Schwäbisch Hall AG positions itself as a subsidiary partner of the cooperative banks.

In its core Housing Financing segment, the company, which offers a full range of products, concentrates on Schwäbisch Hall's *SofortBaugeld* (*FuchsBuildingLoans* and suspended repayment loans) and Riester-subsidised financing (*Wohn-Riester* home ownership pensions), as well as brokering real estate loans for the cooperative banks, supplemented by traditional *Bauspar* loans and bridging loans.

In its *Bausparen* core business segment, Bausparkasse Schwäbisch Hall AG offers its customers a *Bauspar* contract, a financing component that combines a plannable, government-subsidised savings phase with an optional loan with a guaranteed interest rate that supports them when they build up equity and protects them from rising interest rates.

In the Cross-Selling business segment, Bausparkasse Schwäbisch Hall AG provides its sales force with a product range that is tailored to its target groups. The core offering in this business segment includes the real estate-related insurance products of R+V Versicherung – which likewise belongs to GFG – as well as pension products offered by the cooperative banks. It is rounded off by further products such as Union Investment's fund solutions for government-subsidised retirement provision.

The customer service employees at Schwäbisch Hall and the more than 3,000 sales force experts ensure that around 6 million customers receive advice and customer service.

Bausparkasse Schwäbisch Hall AG additionally manages the domestic and foreign activities of its subsidiaries and investment companies.

Bausparkasse Schwäbisch Hall AG is a member of the institutional protection scheme set up by the BVR.

DOMESTIC SUBSIDIARIES AND EQUITY INVESTMENTS

Its domestic subsidiaries and equity investments largely provide services for SHG and the German Cooperative Banking Group.

The largest subsidiary is Schwäbisch Hall Kreditservice GmbH (SHK), which handles new and existing business on behalf of Bausparkasse Schwäbisch Hall AG. With a managed portfolio of more than 8 million contracts and approximately 1,000 employees, together with its subsidiary VR KreditService GmbH, Hamburg, SHK is a market leader in the field of standardised processing of *Bauspar* products.

Schwäbisch Hall Facility Management GmbH (SHF) is responsible for building management and operation of the Schwäbisch Hall Group's head office in Schwäbisch Hall. This also includes the operation of a printing centre. SHF also offers its services to external customers in the Schwäbisch Hall region and to customers from the German Cooperative Banking Group.

With BAUFINEX GmbH (BAUFINEX) and Schwäbisch Hall Wohnen GmbH (SHW), the Schwäbisch Hall Group complements the conventional sales channels of banks and sales force with two additional sales channels: BAUFINEX for independent financing intermediaries and SHW for digitally empowered customers. By integrating the four sales channels, the Schwäbisch Hall Group is responding to the changing needs of its customers.

Together with its strategic partner Hypoport SE, BAUFINEX operates an intermediary platform for private housing financing. This gives the cooperative banks another sales channel so that they can increase the volume of private housing financing business. This is done in close coordination with the Bank and the local sales force.

The Schwäbisch Hall Group is using SHW to establish a subsidiary digital advisory channel for primary banks. Customers are advised digitally if they wish or if no advisor is available on site. In addition, SHW offers the cooperative banks a B2B real estate sales channel in the off-market. In B2B real estate sales, real estate projects in the cooperative network are organised by SHW and offered exclusively by business partners to end customers.

Impleco GmbH (Impleco)[1] is a joint venture whose venturers are PSD Banken Rhein Ruhr eG, Berlin-Brandenburg eG and Nord eG as well as VR Bank Westfalen-Lippe eG and the amberra fund, in addition to Bausparkasse Schwäbisch Hall AG. Impleco's goal is to develop a fintech that aims to serve as the nucleus for a cooperative ecosystem offering for construction and housing.

The consolidated financial statements also include the specialised fund UIN Fund No. 817, established for Bausparkasse Schwäbisch Hall AG's own investments.

[1] Information also included as part of the disclosures in the sustainability report, chapter 1.2 table 1

NON-DOMESTIC BAUSPARKASSEN[1]

The foreign joint venture *Bausparkassen* in China and Slovakia are *Bausparkassen* that pursue *Bauspar* and housing financing business in their domestic markets in line with the German model.

Segment reporting

General information on segment reporting

Information on the business segments is prepared using the management approach under IFRS 8. Under this standard, external reporting must include segment information that is used internally for the management of the entity and for the purposes of reporting to the entity's chief operating decision-makers. The information on the business segments of the Schwäbisch Hall Group is therefore prepared on the basis of the internal management reporting system.

Definition of business segments

The Schwäbisch Hall Group manages its activities based on an internal reporting system to the Management Board. Its core component is the business management reporting on Bausparkasse Schwäbisch Hall AG and its subsidiaries, which constitute operating segments within the meaning of IFRS 8. The Management Board monitors the results of the individual companies separately in order to measure and assess their performance.

Since the deconsolidation of FLK on 31 March 2024, none of the remaining subsidiaries individually constitutes a reportable segment within the meaning of IFRS 8.11.

As a result of the sale of FLK and the resulting change in internal management, Bausparkasse Schwäbisch Hall is modifying its segment reporting in financial year 2024. The non-reportable subsidiaries are aggregated with the reportable segment Bausparkasse Schwäbisch Hall AG. A separate "Other and Consolidation" column is not presented here due to its insignificance. Accordingly, the Schwäbisch Hall Group is treated as a single reporting segment for segment information within the meaning of IFRS 8.

Measurement

Internal reporting to the chief operating decision-makers of the Schwäbisch Hall Group is based on the IFRS accounting policies applicable to the Schwäbisch Hall Group.

The key indicator used to assess performance is profit or loss before taxes.

Information about geographical areas

Information on geographical areas is implicitly contained in the information provided by segment.

Information about products and services

Information on the products and services offered by the Schwäbisch Hall Group is included in the income statement disclosures presented in the following.

How the *Bauspar* system functions

Bausparen is the core of the Schwäbisch Hall Group's product range. It is based on a system in which the customer accumulates savings earmarked for a specific purpose that is strictly regulated and subject to strict statutory safety standards. At the heart of this model is the closed loop of payments made by *Bauspar* customers into savings accounts and the repayments made by borrowers that provide the funds used to offer housing financing. There is no direct link between this closed system and the situation on the capital markets. Changes in capital market interest rates indirectly affect Schwäbisch Hall's business position and financial performance: firstly, because the return on potential financing alternatives influences the development of new *Bauspar* loan business, and secondly because the returns achievable on the capital markets for invested freely disposable funds is a major factor driving changes in net interest income.

The relevant regulatory environment is another key factor. This comprises not only the statutory framework for *Bausparen* and housing financing specifically, but also systems that promote asset formation – for example as part of private retirement provision (Wohn-Riester), housing construction and the refurbishment and upkeep of residential buildings.

Control system

The Schwäbisch Hall Group's control system is designed to ensure sustained growth in the value of the Group, reflecting risk aspects and regulatory requirements. The control approach represents a combination of centralised and decentralised control tools. It is aligned with Bausparkasse Schwäbisch Hall AG's business model and its integration into the DZ BANK Group. The Schwäbisch Hall Group's role is to serve as a centre of expertise for the German Cooperative Banking Group's product and solution providers in the building society operations ecosphere.

Control is based on an annual strategic planning process. The Schwäbisch Hall Group companies prepare their business strategy (goals, strategic directions and measures) and strategic financial and capital planning. Regular plan/actual comparisons with corresponding analyses reveal the causes of variances in the key performance indicators to the Management Board. In addition to strategic comprehensive bank planning, regular medium-term projections and (stress) scenario calculations provide the Management Board with a detailed view of future business development. The following committees are key to the management of the Schwäbisch Hall Group and Bausparkasse Schwäbisch Hall AG:

[1] Information also included as part of the disclosures in the sustainability report, chapter 1.2 table 1

- The **Asset Liability Committee (ALCO)** is responsible for asset-liability management. This means that the ALCO is responsible for managing the balance sheet structure, for defining long-term financing strategies, for capital management, for liquidity management, for managing regulatory capital ratios and for market risk management
- The **Credit Committee (KreCo)** is responsible for credit risk management (customer lending business and own investments) and serves as a committee for strategic management and monitoring in the Housing Financing segment
- The **Product Development Committee (PECO)** is responsible for the *Bausparen* and Housing Financing product range. It manages and monitors the product portfolio in line with a defined product development process
- The **Sustainability Board** ensures the cross-functional flow of information on all requirements and projects related to sustainability. Its core mission is to manage and implement strategic issues based on the sustainability development plan.

The key financial and non-financial performance indicators used to manage the Schwäbisch Hall Group and Bausparkasse Schwäbisch Hall AG are described in the following. These include key performance indicators for earnings and productivity, as well as the sales-related key performance indicators for reported new *Bauspar* business and housing financing supplemented in financial year 2024 by the Net Promoter Score (NPS):

Earnings measures under International Financial Reporting Standards (IFRS)

The earnings measures (in particular loss allowances, profit before taxes and net profit) are presented in the chapter "Financial performance of the Group" as well as in the risk report in this Group management report.

Productivity

The cost/income ratio is the most important productivity KPIs. This KPI for Bausparkasse Schwäbisch Hall AG is described in the "Financial performance of the Group" chapter in this Group management report.

New *Bauspar* business

New *Bauspar* business contains the *Bauspar* sum of the new *Bauspar* contracts entered into with customers in the reporting period. This also includes the contractual increase of the *Bauspar* sum from *Bauspar* contracts from previous years. There is no requirement for any payments to the *Bauspar* contracts to have been made.

Housing financing business

The housing financing business consists of the loan amounts of the payment holiday loans entered into in the reporting period, interest-only loans and the *FuchsBuildingLoans* (annuity loans) that are carried in the books of Bausparkasse Schwäbisch Hall AG. This indicator also contains the financing schemes brokered for GFG institutions.

Net Promoter Score (NPS)

The NPS is a measure of customers' willingness to recommend a company. It is a key factor in Bausparkasse Schwäbisch Hall AG's strategic goal of "turning customers, partners and employees into fans". All year round, customer satisfaction and willingness to recommend are measured continuously (with feedback from around 20,000 customers annually) at six central touchpoints. A range of -100 to +100 is specified for the NPS value. The NPS is calculated by subtracting the percentage of critics from the percentage of promoters.

A projection for the Schwäbisch Hall Group's most important key performance indicators is provided in the Report on expected developments.

Report on economic position

Changes in the operating environment

MACROECONOMIC ENVIRONMENT

Geopolitical tensions and risks were shaping the global economy at the beginning of 2024. Nevertheless, there was a slight recovery on the back of lower energy prices and the monetary policy of Western central banks. The global volume of trade in June 2024 was 1.8% higher year-on-year. There were positive growth drivers from the USA. The Chinese economy remained very subdued due to the slump in the real estate market. In the eurozone, the economy was impacted by inflation, which initially remained high.

The Russian war of aggression against Ukraine, which began in 2022, and other geopolitical conflicts weighed particularly heavily on the German economy. With its high proportion of manufacturing by international standards and the importance of energy-intensive sectors, it was hit particularly hard by cost shocks. In addition, decarbonisation, digital transformation, demographic change and, arguably, the stronger competition with companies from China have triggered structural adjustment processes in Germany that stifled the growth of the German economy. The loss of purchasing power and ongoing consumer uncertainty limited private consumption. The construction industry suffered from high financing and construction costs and from the overall weakness in investment activity. Foreign trade scarcely benefited from the revival in world trade, with exports of capital goods in particular performing weakly. Business service sectors performed more favourably. The positive income trend resulting from wage increases and stabilising inflation rates, as well as expansionary government activity, had an impact here. The economic weakness was also felt on the labour market and unemployment rose slightly. Real GDP fell by 0.2% year-on-year, as announced by the Federal Statistical Office on the basis of a preliminary estimate. This means that the economy in the Federal Republic of Germany contracted for the second year in a row: GDP had already fallen in price-adjusted terms in 2023, by 0.3% compared to the previous year.

FINANCIAL MARKETS AND INTEREST RATES

As a result of the Covid-19 pandemic and the Russian war of aggression against Ukraine, the eurozone experienced significant price increases (reaching a peak of 10.6% in October 2022). The European Central Bank (ECB) responded by tightening monetary policy and raising key interest rates in ten steps to 4.5% (September 2023). Once inflation had fallen significantly, as targeted, the ECB cut its key interest rates again for the first time in June 2024. At 2.5% in June, inflation had now approached the ECB's inflation target of 2%. The ECB's Governing Council decided to cut interest rates further in September, October and December 2024.

The trend in interest rates for housing loans was different. They fell only slightly since the end of 2023, from 4.1% in December 2023 to 3.8% in September 2024. The modest decline in interest rates and the prospect of further cuts in key rates in the eurozone led to a recovery in new lending. However, the volume of housing loans was still well below its peak in March 2021.

Whereas inflation in Germany was still 5.9% in 2023, it was well below the high level of the previous year in 2024, at 2.2%.

Bond market yields, which are a benchmark for the market rate of interest for real estate loans, moved sideways, while prices were stable. Whereas the yield on ten-year German Bunds was still 2.14% at the beginning of the year, it reached 2.69% on 29 May and was 2.36% at the end of 2024.

HOUSING CONSTRUCTION ACTIVITY

Private housing construction in Germany has been in a state of crisis since 2022 because of the significant rise in financing and construction costs, as well as the general weakness of the economy. Effective interest rates for residential construction loans to private households with a fixed interest rate over five to ten years have almost quadrupled at their peak since the bottom of the low interest rate phase. Construction costs for residential buildings have risen by more than 40% since the start of the Covid-19 pandemic. At the same time, the federal government temporarily reduced subsidies for new construction to a minimum. In addition, the standards for new buildings were tightened again at the beginning of 2023. Many cities are experiencing an acute housing shortage. Instead of the projected 400,000 homes, only around 250,000 homes were completed in 2024. At the same time, building permits were only granted for 141,900 homes between January and August 2024 – 19.3% or 33,900 fewer than in the previous year. The last time demand was this low was in 2011. The first signs of a turnaround in the residential property market were the across-the-board rise in property prices in the second quarter, the first in around two years. The value of all residential segments increased compared with the previous quarter and also exceeded current inflation rates.

Course of business of the Group

GROUP

In an economic environment characterised by considerable uncertainty, the Schwäbisch Hall Group achieved a sales performance in 2024 that the Management Board rates as satisfactory overall. The increase in demand for *Bauspar* loans helped to offset the decline in demand for *SofortBaugeld* and expand the total portfolio of building loans. This shows that Bausparkasse Schwäbisch Hall AG's business model, with its core business segments of *Bausparen* and Housing Financing, can function in a variety of interest rate situations.

BAUSPARKASSE SCHWÄBISCH HALL AG

With a total sales performance of €37.6 billion, Bausparkasse Schwäbisch Hall AG fell short of the previous year's figure (€40.7 billion). The decline is mainly due to the new *Bauspar* business, which nevertheless performed better than the market as a whole. In its core building financing business, Bausparkasse Schwäbisch Hall AG generated a new business volume almost on a level with the previous year in a highly competitive market.

Bausparkasse Schwäbisch Hall AG again confirmed its position as the number one *Bausparkasse* in Germany. It significantly expanded its market share of new *Bauspar* business honoured, reaching 34.7%, and therefore well above the 30% mark (2023: 31.2%). As at the end of 2024, Bausparkasse Schwäbisch Hall AG had 6.1 million customers (2023: 6.3 million), with a stock of 6.8 million contracts honoured (2023: 7.0 million).

At €28.1 billion, new *Bauspar* business in Germany declined by 9.4% year-on-year (2023: €31.0 billion). With 425,527 contracts concluded, this corresponds to a 7.2% decrease over the 2023 comparative figure (458,463). The average *Bauspar* sum for new contracts was €66,043 (2023: €67,632), and hence slightly lower than the prior-year amount.

The age structure of *Bauspar* customers who concluded new contracts in the reporting period is as follows:

	in %
under 20 years old	8.4
20 to under 25 years old	7.9
25 to under 30 years old	8.9
30 to under 40 years old	19.0
40 to under 50 years old	18.2
50 to under 60 years old	19.2
60 years old or more	18.4

In financial year 2024, around 12,000 *Wohn-Riester* (home ownership pension) subsidised old-age provision contracts were concluded with Bausparkasse Schwäbisch Hall AG. Bausparkasse Schwäbisch Hall AG has 555,000 *Wohn-Riester* (home ownership pension) contracts in its portfolio.

The volume of *Bauspar* deposits at year-end 2024 reached €62.6 billion (2023: €64.2 billion).

The *Bauspar* sum of the stock of contracts rose by 2.1%, from €321.6 billion in 2023 to €328.2 billion in 2024. The average *Bauspar* sum for the stock of contracts increased from €45,883 (in 2023) to €48,450 (in 2024), corresponding to 5.6% growth. Additions to the allocation fund decreased by €238 million to €11.6 billion.

535,010 *Bauspar* contracts (2023: 544,654) were allocated in 2024. At €17.2 billion, the allocated *Bauspar* volume was down 5.5% on the previous year's level of €18.2 billion. The volume of loans provided, net of allocation cancellations and loan waivers was €13.9 billion (2023: €14.4 billion).

In the Housing Financing segment, Bausparkasse Schwäbisch Hall AG was able to match almost the previous year's level in a market that was seeing an upturn and characterised by intense competition. The main drivers here were the financing schemes brokered to institutions of the German Cooperative Banking Group. Of the brokered loan volume of €9.0 billion in the Housing Financing core business segment (2023: €9.2 billion), brokerage of its own suspended repayment financing (interest-only loans) accounted for €1.1 billion (2023: €1.3 billion), with brokerage of *FuchsBuildingLoans* accounting for €1.4 billion (2023: €1.6 billion). In addition, financing schemes with a volume of €6.5 billion (2023: €6.3 billion) were brokered for GFG institutions. This does not include the business relating to advance payment loans by the cooperative banks that are backed by a *Bauspar* contract, which amounted to €3.2 billion (2023: €3.5 billion). Bausparkasse Schwäbisch Hall AG *Bauspar* loans and bridging loans accounted for a further €4.6 billion (2023: €4.2 billion). The total portfolio of building loans before loss allowances was €65.4 billion, approximately 1.1% higher than in 2023 (€64.7 billion). €6.9 billion of this amount related to *Bauspar* loans (+39.5%), €42.5 billion to advance payment and bridging loans (-5.0%) and €16.0 billion (+1.1%) to other building loans.

With a total volume of €0.4 billion (2023: €0.5 billion), Cross-Selling product sales recorded a decrease of 15.7% in 2024. The total volume does not include the volume of term life insurance policies brokered in connection with building loans, which rose by 4.0% to approximately €1.8 billion.

As part of a sales partnership, Bausparkasse Schwäbisch Hall AG's sales force brokered around 84,800 financing and investment products for its cooperative partner institutions (-2.4% compared with 2023).

NON-DOMESTIC

In accordance with IFRS 5, FLK has been reported as a discontinued operation in the consolidated financial statements since the 10 November 2023 signing date. The PSS and SGB joint ventures are accounted for using the equity method.

Slovakia

PSS was down slightly year-on-year, with 69,003 *Bauspar* contracts concluded (2023: 70,256) and an overall *Bauspar* sum of €1.9 billion (2023: €2.1 billion). In the housing financing business, PSS recorded new business of €198 million, following €438 million in 2023.

China

Despite the struggling real estate market, SGB was able to further increase the number of *Bauspar* contracts, with 163,717 *Bauspar* contracts concluded (2023: 155,408) and an overall *Bauspar* sum of €6.1 billion (2023: €6.7 billion). In the housing financing business, SGB recorded new business of €871 million, following €940 million in 2023.

Financial performance of the Group

in € million	2024	2023	Change absolute	Change in %
Net interest income	519	473	46	9.7
Interest income	1,393	1,337	56	4.2
Interest expenses	-881	-873	-8	-0.9
Income from investments in joint ventures using the equity method	7	9	-2	-22.2
Loss allowances	-24	-22	-2	-9.1
Net fee and commission income	-15	-19	4	21.1
Fee and commission income	109	90	19	21.1
Fee and commission expenses	-124	-109	-15	-13.8
Gains and losses on investments	0	0	0	–
Other gains or losses on valuation of financial instruments	-4	1	-5	>-100
Administrative expenses	-481	-490	9	1.8
of which personnel expenses	-248	-263	15	5.7
of which other administrative expenses	-182	-177	-5	-2.8
of which depreciation/amortisation	-51	-50	-1	-2.0
Other net operating income	62	44	18	40.9
Profit/loss before taxes[1]	**57**	**-13**	**70**	**>100**
Income taxes	0	19	-19	-100.0
Profit or loss after tax from discontinued operations	5	28	-23	-82.1
Net profit	**62**	**34**	**28**	**82.4**

[1] The figures for 2023 and 2024 reflect the continuing operations due to the reclassification of the FLK business to discontinued operations.

The Schwäbisch Hall Group's results improved significantly year-on-year. Following €-13 million in 2023, the Schwäbisch Hall Group generated profit before taxes of €57 million in the reporting period. The results are characterised by a significant improvement in net interest income, where Bausparkasse Schwäbisch Hall AG was able to take advantage of the considerably higher interest rates compared with the period of low interest rates.

In light of the persistently difficult economic situation and the exceptional and significant economic uncertainty, the Management Board still considers the results to be satisfactory.

Interest income increased noticeably year-on-year. Interest income from *Bauspar* loans rose sharply (€+45 million), accompanied by a significant growth in the total portfolio.

Interest income from advance and bridge financing loans (€-9 million) declined due to the lower volumes. By contrast, income from other building loans increased (€+67 million) due to the expansion of the *SofortBaugeld* business in recent years. Investment interest decreased (€-41 million).

The negative effect of the amortisation of fee and commission expenses and transaction costs included in effective interest on *Bauspar* deposits and building loans decreased year-on-year (€+15 million).

Interest expense rose slightly year-on-year. It is attributable mainly to *Bauspar* deposits (2024: €-657 million; 2023: €-731 million). The €73 million decrease is mainly attributable to the discontinuation of old tariffs with higher interest rates. An increase in other interest expenses in the amount of €30 million is attributable to the refinancing funds for expanding business in non-collective loans. The prior-year amount included disposal gains of €55 million.

The income from investments in joint ventures using the equity method contains the earnings contribution by PSS amounting to €4 million (2023: €7 million) and the earnings contribution by SGB amounting to €3 million (2023: €3 million).

Expenses for loss allowances of €24 million are attributable to Bausparkasse Schwäbisch Hall AG (2023: €20 million). The increase of €4 million is due to a slight rise in the portfolio of non-performing loans as a result of the difficult economic situation in Germany. The non-performing loan (NPL) ratio was 0.81% at the end of the year (2023: 0.69%).

Net fee and commission income improved from €-19 million to €-15 million. The improvement is attributable to Bausparkasse Schwäbisch Hall AG and BAUFINEX.

Other measurement gains or losses on financial instruments are attributable to Bausparkasse Schwäbisch Hall AG. A gain of €0.3 million (2023: €0.1 million) is attributable to measurement gains on interest rate swaps prior to their designation in the hedging relations. Hedge ineffectiveness resulted in a gain of €3.7 million (2023: €0.7 million).

Administrative expenses decreased year-on-year.

Personnel expenses declined by €15 million. Expenses for wages and salaries rose by €6 million as a result of the 2024 collective pay agreement, with a further €2 million attributable to the rise in social security contributions. This increase was more than offset by the reduction in post-employment benefit costs (€+23 million). This reflected the introduction of the lump-sum option for occupational pension commitments, which reduced expenses for defined benefit plans (€+20 million).

Other administrative expenses increased by €5 million. While expenses for the BVR guarantee fund and the bank levy in particular fell by €5 million, IT costs rose by €10 million. This increase is due in particular to the final migration of the loan portfolio to the new SAP core banking system.

Other operating income increased by €18 million. This increase is mainly due to the reversal of provisions outside the lending business (€22 million). Miscellaneous other income decreased by €3 million. Other operating expenses were at the same level as the previous year.

Due to a change in its legal opinion, the tax auditors no longer recognise much of the – previously recognised – provisions for customer loyalty bonuses and interest rate bonuses for tax purposes from the 2015 assessment period onwards. The final audit report and the amended assessments were issued in 2024. Since the Federal Ministry of Finance had proposed a transitional arrangement until 30 December 2021, the provisions for loyalty bonuses and interest rate bonuses only had to be created in accordance with the tax audit criteria from 31 December 2021. The resulting additional tax payment was recognised in the 2023 financial statements as an allocation liability to DZ BANK. This allocation liability of €180 million (2023: €200 million) will be settled in 2025. A deferred tax asset was recognised in the same amount. For the assessments after the transitional period, the approach of the tax auditors is being challenged in and out of court.

The cost/income ratio, which is the ratio of administrative expenses to total operating income, was 85.5% in the Schwäbisch Hall Group in the reporting period, compared with 98.2% in 2023. Economic RORAC was 1.5% (2023: -0.4%). For the NPS, Bausparkasse Schwäbisch Hall AG reached a figure of 34 (2023: 34).

Group financial position and net assets

CHANGES IN THE SCHWÄBISCH HALL GROUP'S BALANCE SHEET

in € million	31.12.2024	31.12.2023	Change	
			absolute	in %
Assets				
Loans and advances to banks	3,333	4,459	-1,126	-25.3
Loans and advances to customers	67,162	66,786	376	0.6
Positive fair values of hedging instruments	11	15	-4	-26.7
Investments	11,126	10,314	812	7.9
Other assets[1]	1,052	2,795	-1,743	-62.4
Total assets	**82,684**	**84,369**	**-1,685**	**-2.0**
Equity and liabilities				
Deposits from banks	9,685	9,470	215	2.3
Deposits from customers	62,855	64,152	-1,297	-2.0
Fair value changes of hedged items in portfolio hedges of interest rate risk	-95	-138	43	-31.2
Issued bonds	4,110	3,031	1,079	35.6
Negative fair values of hedging instruments	139	176	-37	-21.0
Provisions	1,058	1,210	-152	-12.6
Other liabilities[1]	520	2,014	-1,494	-74.2
Equity	4,412	4,454	-42	-0.9
Total assets	**82,684**	**84,369**	**-1,685**	**-2.0**

[1] Figures including FLK (discontinued operation in accordance with IFRS 5)

The Schwäbisch Hall Group's total assets decreased by €1.7 billion (2.0%) as at 31 December 2024 to €82.7 billion. The reduction in the total assets results from the sale of the shares of FLK. On the assets side, loans and advances to banks decreased, primarily due to a reallocation to listed bearer bonds. This was offset by the increase in *Bauspar* loans in loans and advances to customers. Loans and advances to banks mainly comprise investments of cash funds from the *Bauspar* business in the form of registered bonds and borrower's note loans. As in the previous years, investments almost exclusively comprise bonds and other fixed income securities.

On the equity and liabilities side, the significantly increased demand for *Bauspar* loans since the interest rate turnaround led to a decrease in *Bauspar* deposits.

The increase in securitised liabilities results from the issuance of *Pfandbriefe*. A green *Pfandbrief* was also issued for the first time in 2024. This reflects the broadened strategic orientation of Bausparkasse Schwäbisch Hall AG as a specialist in private real estate financing with *Pfandbrief*-driven refinancing.

Bausparkasse Schwäbisch Hall AG's loan-deposit ratio I, i.e. the ratio of *Bauspar* loans to *Bauspar* deposits, was 11.1% at the end of 2024 (2023: 7.7%). Its loan-deposit ratio II – i.e. the ratio of *Bauspar* loans plus suspended repayment and bridging loans to *Bauspar* deposits – increased from 77.5% to 78.9% at the end of 2024.

The derivative financial instruments entered into with DZ BANK (interest rate swaps) with a notional amount of €2,772 million (2023: €2,747 million) serve exclusively to manage Bausparkasse Schwäbisch Hall AG's general interest rate risk. Portfolio fair value hedge accounting (PFVHA) under IAS 39 (EU carve-out) was implemented to account for these hedges. In PFVHA, *Bauspar* deposits (measured at amortised cost) are hedged against interest rate risk by means of dynamic assetliability management. PFVHA housing loans were also hedged against interest rate risk for the first time in 2023. The fair value of the interest rate swaps was €-119.8 million as at 31 December 2024 (2023: €-161.0 million).

Deposits from banks exclusively relate to German credit institutions, including €8.2 billion (2023: €8.9 billion) relating to DZ BANK.

Deposits from customers primarily comprise *Bauspar* deposits of €62.5 billion (2023: €63.7 billion). The sharp rise in demand for *Bauspar* loans at Bausparkasse Schwäbisch Hall AG led to a decrease in *Bauspar* deposits by customers.

The slight decline in the Schwäbisch Hall Group's equity is mainly attributable to the deconsolidation of FLK. This more than offset the interest-rate-related reversal of impairment losses on debt instruments measured at fair value through other comprehensive income.

Bausparkasse Schwäbisch Hall AG regulatory ratios

As at 31 December 2024, Bausparkasse Schwäbisch Hall AG only prepares its regulatory reports at the single-entity level. Following the deconsolidation of FLK, the key regulatory ratios under the CRR are almost identical to those of the Schwäbisch Hall Group. Bausparkasse Schwäbisch Hall AG is therefore exercising the option under Article 22(2) of the CRR and will only prepare its regulatory reports in accordance with the CRR at the single-entity level.

CAPITAL ADEQUACY

Bausparkasse Schwäbisch Hall AG's regulatory capital calculated in compliance with the CRR amounted to a total of €4,069.2 million as at 31 December 2024 (2023: €3,881.7 million). Bausparkasse Schwäbisch Hall AG does not have any Additional Tier 1 capital. It has Tier 2 capital of €35.9 million. Its Common Equity Tier 1 capital primarily consists of subscribed capital, capital reserves, retained earnings and accumulated other comprehensive income.

The regulatory capital requirements were calculated to be €1,268.4 million as at 31 December 2024 (2023: €1,264.7 million). Bausparkasse Schwäbisch Hall AG's Tier 1 capital ratio and Common Equity Tier 1 capital ratio increased from 24.4% as at 31 December 2023 to 25.4% as at the reporting date.

The total capital ratio at the reporting date was 25.7%. The statutory minimum regulatory ratios were clearly exceeded at all times during the reporting period.

The CRR introduced the concept of a leverage ratio for credit institutions. This is the ratio of a bank's Tier 1 capital to its overall risk position. In contrast to risk-based equity requirements underpinned by model assumptions, individual items are not assigned an individual risk weighting for the purposes of the leverage ratio, but rather are taken into account on an essentially unweighted basis. The statutory minimum regulatory ratio of 3% in force since 30 June 2021 was complied with at all times.

The EU Bank Recovery and Resolution Directive has been in force since mid-2014. Responsibility for the preparation of resolution plans and the resolution of troubled institutions supervised by the ECB was transferred to the Single Resolution Board (SRB) in Brussels effective 1 January 2016. On the same date, the banks in the eurozone began financing the Single Resolution Fund. The SRB determines the formal "Minimum Requirement for Own Funds and Eligible Liabilities (MREL)" for the banks under its responsibility on a consolidated and solo basis. The statutory basis for determining the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) and Total Loss-Absorbing Capacity (TLAC) was revised at European level and published on 7 June 2019 as part of the risk reduction package in the form of the Single Resolution Mechanism Regulation (SRMR II), the Bank Recovery and Resolution Directive II (BRRD II) and CRR II. As a European directive, BRRD II was required to be transposed into national law within 18 months.

The amendments included adjustments to the calculation logic and, for certain banks, a statutory subordination requirement for parts of the MREL. Most of the new requirements came into force in December 2020.

Bausparkasse Schwäbisch Hall AG has been required to comply with an MREL requirement since 1 January 2022. Measured against the total risk exposure amount (TREA) of 18.39%, and a leverage ratio exposure (LRE) of 5.93%. The MREL requirement is calculated as the ratio of total regulatory capital and liabilities calculated internally that are eligible for bailin to Bausparkasse Schwäbisch Hall AG's TREA or LRE.

The CRR introduced the concept of a leverage ratio for credit institutions. The leverage ratio is the ratio of a bank's Tier 1 capital to its overall risk position. In contrast to risk-based equity requirements underpinned by model assumptions, individual items are not assigned an individual risk weighting for the purposes of the leverage ratio, but rather are taken into account on an essentially unweighted basis. The statutory minimum regulatory ratio of 3% in force since 30 June 2021 was complied with at all times.

LIQUIDITY ADEQUACY

The liquidity position is satisfactory, with only insignificant changes compared with the previous year. The Bausparkasse has had to comply with a 100% liquidity coverage ratio (LCR) since 2018. The LCR is defined as the ratio of liquid assets to net cash outflows under stress conditions. This ratio reveals whether an institution has sufficient liquid assets on hand to withstand any potential imbalance between cash inflows and cash outflows for a period of 30 calendar days in a financial crisis. Under Article 412(5) of the Capital Requirements Regulation (CRR), the national provisions relating to liquidity therefore no longer apply.

The CRR LCR was complied with at all times in financial year 2024. As at 31 December 2024, the LCR was 267.42% (2023: 254.80%). An increase in the liquidity buffer more than offset the higher net cash outflows, resulting in an increase in the ratio. Management of Bausparkasse Schwäbisch Hall AG's longer-term liquidity incorporates any of Bausparkasse Schwäbisch Hall AG's liquidity-related business positions using liquidity gap analyses and then compares them with the existing liquidity reserves.

Liquidity risk is managed using established limits that ensure management action can be taken at an early stage. The liquidity reserves taken into account in the course of liquidity management primarily consist of highly liquid securities as well as the option of borrowing from the ECB, the amount of which is determined by the value of the securities portfolio eligible as collateral with the ECB.

CRR REGULATORY RATIOS

in € million	31.12.2024[1]	31.12.2023
Capital		
Common Equity Tier 1 capital	4,033.3	3,851.0
Additional Tier 1 capital	0	0
Tier 1 capital	**4,033.3**	**3,851.0**
Tier 2 capital	35.9	30.7
Total capital	**4,069.2**	**3,881.7**
Capital requirements		
Credit risk (including equity investments)	1,193.1	1,185.3
Market risk	0	0
Operational risk	75.3	79.4
Total	**1,268.4**	**1,264.7**
Capital ratios		
Common Equity Tier 1 capital ratio (minimum value: 4.5%)	25.4%	24.4%
Tier 1 capital ratio (minimum value: 6.0%)	25.4%	24.4%
Total capital ratio (minimum value: 8.0%)	25.7%	24.6%
Liquidity coverage ratio (LCR)	**267.4**	**317.2**
Leverage ratio (minimum ratio 3.0%)	**5.7%**	**5.5%**

[1] Provisional figures

Target/actual comparison of the previous year's forecast

The goals and expectations for financial year 2024 described in the Report on expected developments in the Group's 2023 Annual Report are compared with the actual trends and any discrepancies are accounted for.

Expected developments (Financial report 2023[1])	Actual performance	Comparison
Group business performance		
Based on the high level of new business in 2023, a slight decline in new *Bauspar* business is expected for the *Bausparen* core business segment.	New *Bauspar* business €28.1 billion (2023: €31.0 billion)	In line with forecast
Following the significant slowdown in the Housing Financing core business because of the crisis, a consolidation at 2023 levels is projected for 2024.	New housing financing business €9.0 billion (2023: €9.2 billion)	In line with forecast
Financial performance of the Group		
Net interest income is likely to rise significantly year-on-year in 2024. The expected further portfolio growth for non-collective loans and *Bauspar* loans will have a positive effect.	Net interest income €519 million (2023: €473 million)	In line with forecast
Loss allowances will probably remain largely unchanged.	Loss allowances €-24 million (2023: €-22 million)	In line with forecast
Significant decreases in new housing financing business and a slight decline in the new *Bauspar* business are leading to expectations of sharply declining but still slightly positive net fee and commission income.	Net fee and commission income €-15 million (2023: €-19 million)	In line with forecast
Administrative expenses are set to decrease slightly in 2024.	Administrative expenses €-481 million (2023: €-490 million)	In line with forecast
The Schwäbisch Hall Group continues to pursue a strategic goal of limiting any increase in its cost/income ratio despite further additional expenses, thanks to its systematic cost management. The cost/income ratio is expected to decline year-on-year in financial year 2024, mainly due to a significant increase in net interest income and a slight decline in administrative expenses.	Cost/income ratio 85.5% (2023: 98.2%)	In line with forecast
Economic RORAC is likely to be significantly higher than the prior-year figure in financial year 2024 due to the improved earnings expectations.	Economic RORAC 1.5% (2023: -0.4%).	In line with forecast
Provided this is the case, the Schwäbisch Hall Group continues to expect profit before taxes for financial year 2024 to be low, but increasing.	Profit before taxes of €57 million (2023: €-13 million)	In line with forecast

[1] The figures for 2023 and 2024 reflect the continuing operations due to the reclassification of the FLK business to discontinued operations.

Report on expected developments for 2025

Expected development of macroeconomic conditions

According to forecasts by the Organisation for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF), global economic growth will remain at a modest level in 2025. The election victory of Donald Trump in particular has led to increased uncertainty. Economic growth is expected to slow worldwide if the US president follows through on his threats to impose steep tariffs on all of America's trading partners. Export-driven economies such as China and Germany would be hit particularly hard. The Chinese economy will also be affected by a lengthy correction in the real estate sector and low consumer spending, which are also expected to weaken demand for imports in 2025 (IMF). And if Donald Trump follows through on his key election promises of tax cuts, deregulation and tighter immigration controls while also raising tariffs, a general increase in government debt can be expected. In addition, these measures would probably result in higher costs for consumers, which is likely to have a dampening effect on consumption. For this reason, only moderate growth of 2.3% is being forecast for the US economy in 2025 (German Economic Institute – IW).

According to the European Commission, the EU economy will return to moderate growth in 2025 after a prolonged period of stagnation. This is due to the decline in inflation, low unemployment and growing private consumption and investments. Economic activity in the EU is therefore likely to accelerate to 1.5%.

At the turn of the year 2024/2025, the German economy is not only struggling with persistent economic headwinds, but also with structural problems, according to the Deutsche Bundesbank. These situation will continue into 2025, according to the Deutsche Bundesbank. This is due to the persistently high pressure to adapt, from which the export-driven German industry in particular is suffering. Within Germany, this includes adjusting to higher energy costs, the requirements for the transition to a carbon-neutral economy and the consequences of demographic change. In the export business, this relates to expected US tariffs as part of the new US administration's protectionist agenda. Added to this is the growing competition from China, which has become a strong competitor for German industry on the world markets in sectors such as the automotive and chemical industries, as well as mechanical engineering. The weak economic growth will also be reflected in an expected decline in demand for labour on the part of companies. Inflation in services is expected to fall only slowly, meaning that the inflation rate in 2025 is still likely to remain above the ECB's 2% target. Private consumption is expected to shrink slightly during the forecast period due to the general uncertainty, despite the significant increase in purchasing power in 2024. For Germany, the leading economic research institutes are therefore expecting no more than zero growth in GDP (Kiel Institute for the World Economy) or minimal growth (0.4%, ifo Institute) in 2025. However, if the feared US protective tariffs do not turn out to be as drastic as feared, the German economy could also benefit if the economies of its most important trading partners develop positively and no new trade barriers are put in place.

According to the ECB's economic experts, inflation, which fell during 2024 but remained above the 2% target, will create further scope for interest rate cuts in 2025. Bausparkasse Schwäbisch Hall AG is therefore expecting the ECB to cut its reference interest rates further by a moderate extent in 2025. This interest rate development could provide positive impetus for private housing construction and the energy-efficient refurbishment of existing properties.

The outlook for 2025 is subject to considerable uncertainty. Due to the expected low pace of economic growth, there is a high risk that unforeseen events could lead again to recessionary trends. An additional factor is that newly elected governments in 2025 could implement significant changes to trade and tax policy. A more protectionist policy would disrupt supply chains and hurt growth prospects. Escalating regional conflicts could drive up commodity and energy prices again and force central banks to keep key interest rates higher for longer than expected or to raise them again.

Expected development in private housing construction and building refurbishment in Germany

Whereas the sharp rise in real estate prices and interest rates in previous years, the tense macroeconomic situation and the regulatory environment caused many people seeking home ownership to hesitate in 2024, experts are expecting demand for home ownership to stabilise in 2025. The fundamental need for housing remains undiminished. Housing is expected to remain in short supply and demand high, particularly in conurbations, due to continuing urbanisation and slight population growth as a result of immigration. The growing need for age-appropriate and accessible housing is also expected to support demand for housing in 2025.

While the regressive factors of previous years, such as high inflation and supply difficulties, will have faded into the background by the end of 2024, the sharp rise in financing costs due to the abrupt turnaround in interest rates and the persistently high construction costs are likely to continue to curb private housing construction in 2025. Other obstacles include a shortage of building land, particularly in dynamic conurbations, as well as unstable subsidy conditions and excessive bureaucracy. This expectation is also reflected in a leading indicator for private housing construction. Whereas building permits had been issued for approximately 157,200 residential units by the end of the third quarter, the figure for the same period of the previous year was around 195,700. Against this background, the Central Association of the

German Construction Companies (ZDB) is expecting only approximately 220,000 homes to be completed in 2025, representing a 12% drop. However, this forecast is subject to many uncertainties, and geopolitical challenges could drive up inflation and interest rates again. This would have an additional negative impact on loan-financed new housing construction. The uncertainty has increased again due to the elections in the US and the end of the "traffic light" coalition government in Germany.

In contrast to new housing construction, the market for existing properties is likely to grow in 2025, as owner-occupiers are expected to focus more on pre-owned properties. Renovations and energy-efficient refurbishments in this segment will remain an anchor of stability in the current construction crisis. The building energy sector, which is responsible for around 40% of the European Union's greenhouse gases, plays an important role in achieving the European Union's climate change mitigation targets. If the Union wants to achieve its target of climate neutrality by 2050, the current refurbishment rate of less than 1% of existing buildings being refurbished annually in recent years across the Union (Germany 2024: approximately 0.69%) is not nearly enough. In this respect, the revision of the EU Energy Performance of Buildings Directive (EPBD) also serves to implement the "Renovation Wave for Europe" strategy, which was adopted as part of the European Green Deal and aims to double the number of energy-efficient building refurbishments by 2030. The revised EPBD entered into force on 28 May 2024. The national average primary energy consumption for existing housing is to be reduced by 16% by 2030 and by 22% by 2035. The total energy efficiency classes will be harmonised across the EU to ensure the requirements of the directive are implemented consistently. To achieve this, the member states must introduce energy performance classes on a scale of A to G (with an optional class A+). In addition, the obligation to issue energy performance certificates has been extended. An energy performance certificate now has to be issued not only for new buildings, sales or rentals, but also for the extension of rental contracts, for major refurbishments and for buildings owned or used by public institutions. Building owners will be encouraged to make refurbishments voluntarily by means of renovation certificates. These certificates will be issued by certified experts and will include a renovation roadmap for step-by-step renovation measures, as well as information on financing options and the advantages of energy-efficient refurbishments. In Germany, this will require a revision of the Buildings Energy Act.

Expected development of the business and financial position of the Schwäbisch Hall Group

Expectations regarding the business performance of the Schwäbisch Hall Group in financial year 2025 are still shaped by the effects of the interest rate reversal, the continued significant inflation in construction costs and the unclear outlook regarding further government subsidies for new construction, which, together with the generally difficult economic situation, are expected to curb the investment appetite of private home builders.

In its core Housing Finance segment, Bausparkasse Schwäbisch Hall AG is therefore expecting no more than a moderate increase in the volume of lending, driven by higher real wages, falling inflation and stable interest rates, with a slight increase in residential real estate prices. In addition to a revival of the real estate market, the increase in the volume of lending is also likely to be driven by an increase in the number of refurbishment measures, which will be driven by the expected rise in energy prices and stricter requirements for real estate energy efficiency. Since 2024, the credit balance from the home ownership pension agreement *("Wohn-Riester")* can be used to finance energy-efficient renovations, another advantage for the government-subsidised instrument for purchasing residential property. The rise in interest rates will continue to have a positive effect on demand for *Bauspar* loans, with Bausparkasse Schwäbisch Hall AG expecting new business volume to match the good level of the previous year.

For the core *Bausparen* segment, a moderate decline in new business volume is expected due to the high level of uncertainty and gloomy economic outlook. The new *Fuchs Bauspar 06* tariff, introduced on 10 October 2024, will provide support here. The new tariff reflects the changed interest rate landscape and offers more options – particularly for home finance, retirement savings, young people and anyone seeking to carry out energy-efficient refurbishments.

The familiar factors will continue to impact financial performance in 2025: the rising interest rates for refinancing; higher costs due to the sustained increase in regulatory requirements (the EU is increasingly using the financial system to direct climate protection investments); significant scheduled investments recognised as expenses for the modernisation of IT platforms at Bausparkasse Schwäbisch Hall AG.

Nevertheless, the Schwäbisch Hall Group is expecting a significant improvement in profit before taxes for financial year 2025.

Net interest income is likely to rise significantly year-on-year in 2025. The expected further portfolio growth for non-collective loans and *Bauspar* loans will have a positive effect. An unexpected adjustment to the ECB's key interest rate and deposit interest rate or other liquidity measures could have a negative impact on net interest income in financial year 2025.

Loss allowances will probably remain largely unchanged. Although the labour market is starting to show signs of cooling towards the end of 2024, it remains robust by historical standards, with unemployment expected to remain almost stable and the number of job vacancies remaining high. As expected, this is reflected in the development of loss allowances.

A slight increase in new housing financing business and a moderate decline in the new *Bauspar* business are leading to expectations of almost stable net fee and commission income.

Administrative expenses are set to increase slightly in 2025. The strategic projects and measures to further develop the core *Bausparen* and Housing Financing segments are expected to lead to increased investments, while the continuation of cost management measures will limit this increase.

The Schwäbisch Hall Group continues to pursue a strategic goal of improving its cost/income ratio despite further additional expenses, thanks to its systematic cost management. The cost/income ratio is expected to decline slightly year-on-year in financial year 2025, mainly due to a significant increase in net interest income and a slight rise in administrative expenses.

Economic RORAC is likely to be significantly higher than the prior-year figure in financial year 2025 due to the improved earnings expectations.

In 2025, Bausparkasse Schwäbisch Hall AG will continue to optimise the customer experience at various touchpoints in the process. This is expected to result in a slight increase in the NPS metric.

EXPECTED DEVELOPMENT OF LIQUIDITY POSITION AND NET ASSETS

For financial year 2025, Bausparkasse Schwäbisch Hall AG is again assuming that savings for *Bauspar* contracts will remain stable in its operational liquidity management. Funds provided by institutional investors and DZ BANK are additionally available. A high level of new *Bauspar* business is assumed for the structural refinancing of Bausparkasse Schwäbisch Hall AG. Additionally, further benchmark issues in the *Pfandbrief* (German covered bonds) segment are expected for 2025.

From today’s perspective, Bausparkasse Schwäbisch Hall AG will continue meeting the economic and regulatory capital adequacy requirements in financial year 2025.

Disclosures on Bausparkasse Schwäbisch Hall AG's German GAAP single entity annual financial statements

Financial performance

EARNINGS POSITION

in € million	2024	2023	Change absolute	Change in %
Net interest income	686	734	-48	-6.5
Net fee and commission income	-18	-11	-7	-63.6
Administrative expenses	-426	-448	22	4.9
Partial operating result	**242**	**275**	**-33**	**-12.0**
Other net operating income	31	23	8	34.8
Loss allowances	70	-21	91	>100
Operating profit after loss allowances	**343**	**277**	**66**	**23.8**
Allocation to/Reversal of technical security reserve	–	–	–	-
Allocation to/Reversal of fund for general banking risks	-232	50	-282	>-100
Income taxes	-11	-257	246	95.7
Profit transfer	-100	-70	-30	-42.9
Net profit for the financial year	**–**	**–**	**–**	**–**

Bausparkasse Schwäbisch Hall AG was able to significantly increase its operating profit after loss allowances in 2024.

Bausparkasse Schwäbisch Hall AG's interest income, including current income from specialised funds and equity investments, increased by €31 million in 2024 to €1,526 million. Interest income from other building loans led to a volume-driven increase in income (€+67 million) due to the significant business expansion in recent years. The strong demand for *Bauspar* loans led to a €45 million increase in interest income. Interest income from bridging loans and suspended repayment loans fell slightly (€-13 million). Interest income from the investment of available funds in registered bonds, bearer bonds and other money market transactions declined due to lower volumes (€-24 million). Income from the specialised fund amounted to €0 million (2023: €46 million).

Bausparkasse Schwäbisch Hall AG's interest expenses increased by €79 million to €840 million and are attributable predominantly to *Bauspar* deposits (€570 million). The €29 million decrease is attributable to the lower average interest rates. The €108 million increase in other interest expenses is attributable primarily to the expansion of the volume of refinancing funds (*Pfandbriefe* and promissory note loans) for other building loans. It should be noted that the previous year's figure includes a disposal gain of €55 million.

Negative net fee and commission income rose from €-11 million to €-18 million. The rise in the negative net fee and commission income is attributable mainly to the lower new *Bauspar* business.

At €426 million, administrative expenses were €22 million lower than the previous year.

€126 million (2023: €130 million) of the administrative expenses is attributable to personnel expenses. Expenses for wages and salaries rose by €8 million to €138 million, mainly as a result of a collective pay increase and a slight increase in headcount. Post-employment benefit expenses improved by €13 million to €36 million. Reversals of impairment losses on plan assets invested in specialised funds as part of a CTA led to a gain of €12 million (2023: €25 million). A further €42 million (2023: €15 million) is attributable to the reversal of pension provisions, of which €28 million is due to the introduction of a lump-sum option for pensions.

Other administrative expenses fell noticeably to €249 million (2023: €269 million), a decrease of 7.4%, that is due mainly to lower expenses for processing services at SHK.

Depreciation and amortisation of fixed assets increased by €2 million. The increase is attributable to intangible assets.

Loss allowances changed as follows:

Net measurement losses from lending business of €-24 million were €4 million higher than the prior-period figure. A slight increase in the volume of non-performing loans due to the challenging economic situation in Germany had a negative impact.

Net measurement losses on the securities portfolio amounted to €1 million in the reporting period, compared with €0 million in the previous year. The income resulted from the disposal of bearer bonds.

The €93 million remeasurement gain on equity investments was due to the disposal of the shares of FLK (€95 million) and impairment losses on sht (€2 million) and amberra (€0.2 million).

The profit to be transferred to DZ BANK on the basis of a profit and loss transfer agreement amounts to €100 million (2023: €70 million). The cost/income ratio was 60.9% (2023: 60.0%).

Bausparkasse Schwäbisch Hall AG's earnings position is satisfactory.

NET ASSETS

			Change	
in € million	**2024**	**2023**	**absolute**	**in %**
Assets				
Building loans	64,793	64,052	741	1.2
Bauspar loans	6,890	4,936	1,954	39.6
Suspended repayment and bridging loans	42,222	44,446	-2,224	-5.0
Other	15,681	14,670	1,011	6.9
Financial investments	17,471	18,250	-779	-4.3
Loans and advances	5,232	6,644	-1,412	-21.3
Securities	12,239	11,606	633	5.5
Fixed assets	310	361	-51	-14.1
Other assets	67	64	3	4.7
Equity and liabilities				
Bauspar deposits	62,619	64,219	-1,600	-2.5
Other liabilities	14,560	13,120	1,440	11.0
of which: borrowings	13,830	12,127	1,703	14.0
Provisions	1,132	1,290	-158	-12.2
Fund for general banking risks	2,518	2,286	232	10.1
Equity	1,812	1,812	–	–
Total assets	**82,641**	**82,727**	**-86**	**-0.1**

Bausparkasse Schwäbisch Hall AG’s total assets as at 31 December 2024 decreased by €0.1 billion to €82.6 billion.

The business volume amounted to €84.3 billion (2023: €85.3 billion). This figure includes both the total assets and the other commitments of the Bausparkasse Schwäbisch Hall AG amounting to €1.7 billion.

In 2024, Bausparkasse Schwäbisch Hall AG was able to increase its *Sofortbaugeld* lending volume by €1.0 billion, while its portfolio of *Bauspar* loans improved by €1.9 billion. By contrast, the volume of advances and bridging loans decreased (€-2.2 billion). Overall, this led to a €0.7 billion increase in building loans to a new record high of €64.8 billion at the end of 2024.

Financial investments, most of which were invested in German issuers, decreased moderately. They include investments of cash funds from the *Bauspar* business in the form of registered bonds (€3.0 billion; 2023: €3.4 billion) and promissory note loans (€1.8 billion; 2023: €2.2 billion). Securities are listed bearer bonds (€8.8 billion; 2023: €8.4 billion) and shares in UIN Fund No. 817 (€3.4 billion; 2023: €3.25 billion).

The decline in *Bauspar* deposits is due mainly to the interest rate reversal and the sharp pickup in demand for *Bauspar* loans that ensued.

Borrowings include funds raised from the issuance of *Pfandbriefe*, mainly listed (€4.2 billion), and promissory note loans (DZ BANK €7.7 billion, nominal value) to refinance the non-collective housing financing business.

The Bausparkasse Schwäbisch Hall AG transferred funds to a CTA for external funding of pension provisions. Employee pension benefits and entitlements were offset against the plan assets, which are administered by DZ BANK Pension Trust e. V. using fund shares.

The derivative financial instruments entered into with DZ BANK (interest rate swaps) in a notional amount of €2,772 million (2023: 2,747 million, notional amount) serve exclusively to manage the Bausparkasse’s general interest rate risk. They were included in the measurement of the banking book at net realisable value. The fair value of the interest rate swaps was €-119.8 million as at 31 December 2024 (2023: €-161.0 million).

€232 million was appropriated to the fund for general banking risks in accordance with section 340g of the HGB (2023: withdrawal of €50 million).

Bausparkasse Schwäbisch Hall AG’s net assets are satisfactory.

Miscellaneous

CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289F (4) OF THE GERMAN GAAP

In the context of the German “Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors” (FüPoG I), supplemented by FüPoG II in 2021, which has been in force since May 2015, Bausparkasse Schwäbisch Hall AG defined targets for the proportion of women on the Supervisory Board, the Management Board and in the top two management levels (M1 and M2) below the Management Board that must be reached.

ATTAINMENT OF THE TARGETS TO BE ATTAINED BY 31 DECEMBER 2024

Management level	31.12.2024	Target 31.12.2027
M1	16.0	15.0
M2	13.6	20.0

Despite targeted approaches and the introduction of development programmes, the target figure for the second management level was not achieved. Bausparkasse Schwäbisch Hall AG is committed to recruiting more women for management roles and supports this goal using a variety of measures. These include expanding childcare options, introducing sabbaticals, mobile working, a women’s network and supporting part-time options for managers to improve their work-life balance.

TARGETS DEFINED UP TO 31 DECEMBER 2027

A proportion of women of 30.0% was defined for the Supervisory Board and 25.0% for the Management Board, in each case until 31 October 2026.

Management level	Target 31.12.2027
M1	15.0
M2	20.0

TARGETS DEFINED UP TO 31 OCTOBER 2026

A proportion of women of 30.0% was defined for the Supervisory Board and 25.0% for the Management Board, in each case until 31 October 2026.

in %	31.12.2024	Target 31.10.2026
Supervisory Board	30.0	30.0
Management Board	25.0	25.0

Opportunity and risk report

Fundamentals

PRELIMINARY REMARKS

The risk report meets the requirements of the German Commercial Code (HGB) and German Accounting Standard No. 20 (GAS 20, Group Management Report). With the exception of qualitative and quantitative data under IFRS 7.35–36 and the maturity analysis pursuant to IFRS 7.39(a) and (b), information about the nature and extent of risks arising from financial instruments (IFRS 7.31–42) is presented in the following.

The statements on the risk position are presented on the basis of the management approach. The risk position of the Schwäbisch Hall Group is thus presented based on the data used for internal risk management and hence also for internal reporting to the Management Board and the other committees.

The internal risk perspective deviates in part from the balance sheet reporting. There are significant differences between internal management and external financial reporting in the differing scopes of consolidation and measurement methods applied.

Within the meaning of the Minimum Requirements for Risk Management (MaRisk), the Schwäbisch Hall Group (SHG) comprises Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall Kreditservice GmbH and Schwäbisch Hall Facility Management GmbH. The composition of the Schwäbisch Hall Group is reviewed from a risk perspective at least once a year, or as required, and harmonised with current developments.

Opportunities

The report on expected developments presents the expected performance of the core business segments and the financial position for the 2025 financial year. These factors represent key indicators for determining strategic positioning and the resulting potential for increasing earnings and reducing costs. The goal of the #Fokus 100 strategy update is to increase profitability and competitiveness in the core business segments while also reinforcing the position as centre of expertise for the building society operations ecosphere for the German Cooperative Banking Group.

With regard to the framework conditions, the Schwäbisch Hall Group is anticipating the following business opportunities over the coming years.

- In October 2024, Bausparkasse Schwäbisch Hall AG introduced a new *Bauspar* tariff, the *Fuchs* 06 tariff, aims to set new impulses in the market. This is Bausparkasse Schwäbisch Hall AG's response to changes in customer behaviour and the interest rate turnaround. The new tariff highlights the economic, social and ecological sustainability of *Bausparen*. The *FuchsEco* and *FuchsImmo* tariff variants provide the right financing options for energy-efficient modernisation measures
- The public and social groups, as well as politicians and financial regulators, are becoming increasingly sensitive to the issue of sustainability. The EU is specifically leveraging the financial sector for the climate-neutral transformation of the real economy in the EU economic area. The Federal Government approved the "German Climate Action Plan 2050" back in 2016. This describes how Germany is to become largely carbon neutral by 2050. A roadmap sets out the overarching aims and measures for the construction sector. The building sector is responsible for around 30% of CO_2 emissions, and without energy-efficient refurbishments of existing buildings and increased standards for new buildings, the ambitious climate protection goals cannot be achieved. This is how the Schwäbisch Hall Group identifies opportunities to contribute to the energy transition, for example by setting itself apart from the competition when it comes to supporting customers in new construction and modernising existing buildings. Within the DZ BANK Group, the Schwäbisch Hall Group has committed to having climate-neutral business activities by no later than 2043
- Demand for new homes will continue to be high in Germany over the next few years. A growing trend: the rising migration to urban centres accompanied by low construction activity. Although demand is lower than in the previous years when there was significant immigration, at 400,000 homes it is still significantly higher than construction activity, which is flat at around 250,000 homes. The Central Association of the German Construction Companies (ZDB) is only expecting approximately 220,000 homes to be completed in 2025
- Demand for housing is increasing: one reason is the rising number of single-person households, as well as the fact that people increasingly want more living space per person, particularly as they get older
- Rising life expectancy and demographic change mean that more and more older people continue to live in their own home. As a result, financing to adapt existing properties to the needs of older people is becoming increasingly significant.

To leverage new business opportunities and sources of income, and to occupy the entire service chain in the demand area of construction and housing, the German Cooperative Banking Group, under the leadership of the Schwäbisch Hall Group and in close cooperation with the cooperative banks and Atruvia, is driving forward the development of a building society operations ecosystem. The goal of the initiative is to offer solutions to users – tenants who want to buy, owners or landlords – across the entire life cycle of a property. This offering can be used to make users aware of the offerings of the Cooperative Banking Group and, step by step, to establish contact for them with the existing advisory processes for the topic of building society operations.

In addition, the Schwäbisch Hall Group expects business opportunities to further increase, among other things using green *Pfandbriefe* (German covered bonds) for refinancing.

In light of the challenges facing the entire housing finance sector, particularly in financial year 2025, the Management Board of Bausparkasse Schwäbisch Hall AG expects that the opportunities described for the Schwäbisch Hall Group will outweigh the risks.

Risk management system

RISK MANAGEMENT PRINCIPLES

The Schwäbisch Hall Group adheres to the principle that for all activities, risks should only be accepted to the extent necessary to achieve business policy goals and insofar as such risks are considered manageable. This requires the ability to effectively identify, measure and manage risks as well as to put in place adequate capital backing and ensure sufficient liquidity. The overriding goals of risk management as part of comprehensive bank management are ensuring adequate capital and liquidity resources to safeguard the continued existence of the company, ensuring an adequate economic return on risk capital, as well as establishing an organisational framework for risk management.

Emphasis is placed on a holistic overall risk assessment. As a particular feature of a *Bausparkasse*, a "live" collective portfolio must be simulated. To measure risk, the Bausparkasse uses a simulation model that replicates the multiple options offered by *Bausparen* through a large number of parameters. This process takes into account the special legal requirements applicable to *Bausparkassen* (the German *Bausparkassen* Act and German *Bausparkassen* Regulation).

As a part of the DZ BANK Group, Bausparkasse Schwäbisch Hall is integrated into the Group management of the DZ BANK Group and is accordingly subject to its risk policy requirements. The strategic and operational planning process as well as the Group-wide risk management and control process of DZ BANK ensures that, in addition to coordinating business planning, there is consistency between the business strategy, risk appetite statement, risk strategy and risk management of the Schwäbisch Hall Group and DZ BANK.

A return on capital calculated in accordance with section 26a of the KWG (German Banking Act) is not meaningful due to the profit and loss transfer agreement between Bausparkasse Schwäbisch Hall AG and DZ BANK AG. Consequently, no return on capital in accordance with section 26a (1) sentences 3 and 4 of the KWG is disclosed.

RISK STRATEGY

In accordance with MaRisk, the Schwäbisch Hall Group uses a systematic strategy process to regularly review the business strategy defined by the Management Board, as well as the related risk strategy. The process involves planning, implementing, assessing and, if necessary, adjusting the strategies.

The risk strategy is developed on the basis of the business strategy and takes into account the relevant strategic requirements and objectives in the design of risk management processes and when deriving general operating conditions. The strategic business segments defined within the Schwäbisch Hall Group and the strategic direction set in this context play a significant role here.

Business policy objectives are integrated via cross-business segment risk policy conditions in the risk strategy. Implementation of these requirements is ensured by two committees set up by the Management Board: the Credit Committee (for credit risk and operational risk – KreCo) and the Asset Liability Committee (for market risk, liquidity risk, *Bauspar* technical risk, reputational risk and equity investment risk – ALCO).

The Schwäbisch Hall Group defines risk appetite as the nature and extent of the risks it is willing to enter into in order to implement its business model and achieve its business objectives in line with its risk capacity. The risk appetite statement contains the risk policy principles of the Schwäbisch Hall Group. These principles are overarching statements that are in harmony with the business model and risk strategy. They are supplemented by quantitative figures that represent the targets for the Schwäbisch Hall Group.

RISK CULTURE

The risk culture of the Schwäbisch Hall Group is characterised by shared values and a spirit of trust and cooperation. This culture has been primarily shaped by past experience, management insight, as well as an error management culture and accountability.

The principles of leadership culture, risk appetite, communication, employees and their knowledge, as well as change management, apply to the day-to-day management of risks.

The key features of the risk culture are set out in a framework document that is accessible to all Schwäbisch Hall Group employees.

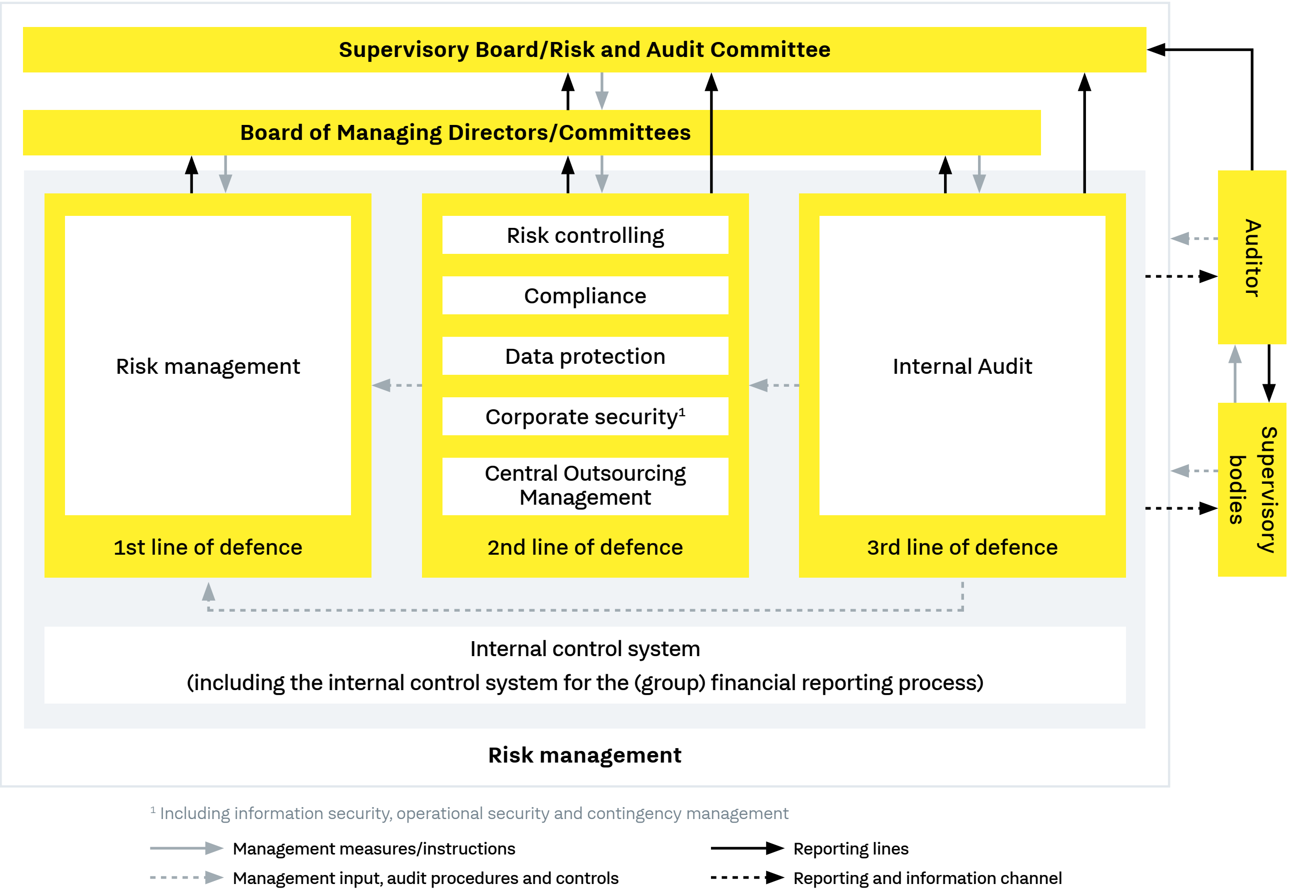
GOVERNANCE

The Schwäbisch Hall Group's risk management builds on the risk strategy and risk appetite statement approved by the Management Board. It is supported by three interconnected lines of defence integrated into the control and monitoring system. The risk management governance structure is described in the chart on the following page.

The three lines of defence model illustrates how risk management is understood and stipulates clearly formulated and distinct roles and responsibilities. The interaction of the three lines of defence is essential for effective risk management. In this context, the individual lines of defence are responsible for the following tasks:

1st line of defence:

Operational risk taking and risk control by the departments of Bausparkasse Schwäbisch Hall AG for the tasks assigned to them.



[1] Including information security, operational security and contingency management

2nd line of defence:

Establishment and continued development of a risk management framework; monitoring of compliance with framework by the 1st line of defence and relevant reporting to the Supervisory Board and Management Board; development and monitoring of data protection compliance principles and monitoring of the issues of corporate security (including information security and operational security) and outsourcing management. Functions in the 2nd line of defence are performed in particular by the Risk Controlling and Central Outsourcing Management divisions, and the Corporate Security Office, Compliance and Data Protection departments.

3rd line of defence:

Process-independent review and assessment of risk management and control processes in the first and second lines of defence; reporting to the Management Board, the responsible committees, as well as the Supervisory Board and the Risk and Audit Committee. Communication with external control bodies. Functions in the 3rd line of defence are performed by Internal Audit.

The Supervisory Board monitors corporate governance and evaluates the appropriateness of the risk management system and internal control system.

External auditors and supervisory authorities form the external control bodies that are in contact with all three lines of defence. The supervisory authorities can provide the auditors with areas of emphasis for the audits of the financial statements. The auditors inform the supervisory authorities about the results of their audits of the financial statements and special audits.

COMPLIANCE

At the Schwäbisch Hall Group, the duties of the compliance function are performed by the Compliance department.

The Compliance function is required to ensure the implementation of effective procedures for complying with the legal requirements and standards, and the corresponding controls, that are essential for Bausparkasse Schwäbisch Hall AG’s business activities.

The compliance function is also responsible for supporting and advising management with regard to compliance with these legal requirements and standards. The most important tasks of the Compliance function are therefore to identify, manage and mitigate compliance risks in order to protect customers, Bausparkasse Schwäbisch Hall AG and other Schwäbisch Hall Group companies and their employees from violations of legal provisions and requirements. In addition, the compliance function is responsible for monitoring the procedures for complying with legal regulations and requirements. Another task of the compliance function is to inform management about new regulatory requirements and to advise the departments about the implementation of new regulations and requirements.

RISK CONTROLLING

In the Schwäbisch Hall Group, the risk control function is performed by the Chief Risk Officer.

Risk Control at Bausparkasse Schwäbisch Hall AG is responsible for identifying, measuring and assessing risks at the Schwäbisch Hall Group. This includes the early detection of all significant risks, their recording as fully as possible and internal monitoring. Risk Controlling also reports the risks to the Management Board, the Supervisory Board and the investment companies.

Bausparkasse Schwäbisch Hall AG’s Risk Controlling, in cooperation with other Schwäbisch Hall Group companies, prepares a Group-wide risk reporting system for all major risk types on the basis of predefined minimum standards and using agreed methods. At Bausparkasse Schwäbisch Hall AG, Risk Controlling is responsible for the transparency of the risks entered into and ensures that the risk measurement methods used are up-to-date.

CORPORATE SECURITY OFFICE

The Corporate Security Office department is Bausparkasse Schwäbisch Hall AG’s 2nd line of defence (non-financial risk) for corporate security issues, and reports directly to the Management Board. It is primarily responsible for designing and monitoring the Schwäbisch Hall Group’s corporate security, based on the policies drawn up with the departments in the areas of emergency and crisis management, personnel and physical security, and information security.

Regulatory requirements relating to information security and emergency management for the Schwäbisch Hall Group are operationalised in Group guidelines and also include monitoring the Group companies.

CENTRAL OUTSOURCING MANAGEMENT

At Bausparkasse Schwäbisch Hall AG, Central Outsourcing Management (COM), together with the Outsourcing Officer, acts as a central point of contact for all questions relating to the management of risks associated with services purchased from third parties. These comprise outsourced services and other services purchased from third parties (other purchased third-party IT services and other purchased non-IT services). COM is responsible for developing, introducing and monitoring framework requirements for the appropriate implementation of legal requirements for the services purchased from third parties by Bausparkasse Schwäbisch Hall AG in terms of the 2nd line of defence (non-financial risk). It also ensures regular management reporting with a direct reporting channel to the Management Board regarding all significant outsourcing arrangements.

DATA PROTECTION

The Schwäbisch Hall Group companies have taken precautions to ensure compliance with data protection requirements in respect of its customers, business partners and employees. In particular, the function of a central data protection officer of the Schwäbisch Hall Group was created and uniform data protection principles were issued. Furthermore, employees are regularly made familiar with the currently applicable data protection provisions.

The independent Data Protection Officer performs the tasks assigned to them by law to monitor compliance with data protection and, where relevant, perform other data protection-related tasks specified by a Schwäbisch Hall Group company.

INTERNAL AUDIT

Bausparkasse Schwäbisch Hall AG’s Internal Audit department performs process-independent monitoring and control tasks, including as the Schwäbisch Hall Group’s Audit department. It systematically and regularly carries out risk-based audits to ensure compliance with statutory and prudential requirements, reviews and assesses the functionality and effectiveness of business processes and the internal control system, as well as the regularity, security and cost-effectiveness of processing, and monitors the rectification of any audit findings. In addition, the Internal Audit department, while maintaining its independence and avoiding conflicts of interest, is involved in supporting key projects so that it can contribute audit requirements at an early stage and use knowledge gained from projects for further audits on these topics.

The Schwäbisch Hall Group's internal audit is a tool of the Management Board and reports directly to it. It reports to the Chief Executive Officer of Bausparkasse Schwäbisch Hall AG. Bausparkasse Schwäbisch Hall AG complies with the special requirements for the organisation of internal audit as set out in MaRisk.

Internal control system of the (consolidated) financial reporting process

OBJECTIVE AND RESPONSIBILITIES

Bausparkasse Schwäbisch Hall is required to prepare consolidated financial statements and a group management report, as well as annual financial statements and a management report. The Schwäbisch Hall Group is integrated into the consolidated financial statements of DZ BANK.

The primary goal of the external (consolidated) financial reporting of the Schwäbisch Hall Group and Bausparkasse Schwäbisch Hall is to provide information that is useful in decision making for the users of the report. Connected with this is the aim of ensuring orderly (consolidated) financial reporting, thereby avoiding material breaches of financial reporting standards, which could lead to incorrect information being provided to report users or to mismanagement of the Group, with sufficient certainty.

As part of the control systems for general risk management, Bausparkasse Schwäbisch Hall and its subsidiaries have set up an internal control system related to the (consolidated) financial reporting process to limit operational risk in this area. Within this framework, the actions of employees, the controls implemented, the technologies deployed and the workflow design are geared towards ensuring that the (consolidated) financial reporting objectives are met.

Overall responsibility for (consolidated) financial reporting primarily lies with the Accounting & Reporting and Risk Controlling divisions of Bausparkasse Schwäbisch Hall AG. Responsibility for preparing and controlling the quantitative and qualitative information required for (consolidated) financial reporting is held by all consolidated companies within the Schwäbisch Hall Group.

INSTRUCTIONS AND RULES

The methods and rules applicable to the preparation of the consolidated financial statements within the Schwäbisch Hall Group are laid down in a Group manual provided by the higher level parent company, DZ BANK AG, as well as in the supplement to the Group manual and the accounting guidelines, and written instructions. Internal rules are continuously updated. The disclosure guidelines of the DZ BANK Group and the written rules of procedure of the Schwäbisch Hall Group form the basis for external risk reporting.

The instructions and rules are regularly reviewed and continuously updated in line with any changes in internal or external circumstances.

RESOURCES AND PROCEDURES FOR RISK MITIGATION

Within the Schwäbisch Hall Group and its subsidiaries, processes have been put in place to enable efficient risk management with regard to financial reporting through the use of appropriate IT systems.

The Schwäbisch Hall Group's consolidated financial reporting is decentralised. Preparing and controlling the quantitative and qualitative information required for (consolidated) financial reporting is the responsibility of the organisational units within the Schwäbisch Hall Group. In the Schwäbisch Hall Group, relevant controls and tests are conducted with regard to data quality and compliance with consistent requirements.

Financial reporting processes for individual transactions are performed by the organisational units. Consolidation processes are primarily performed by the Consolidated Financial Statements unit in the Accounting & Reporting department of Bausparkasse Schwäbisch Hall. This enables the orderly control and recording of all accounting and consolidation processes.

(Consolidated) financial reporting is primarily the responsibility of Schwäbisch Hall Group employees. Certain financial reporting-related business processes, such as treasury settlement and the determination of pension obligations, are outsourced to external service providers.

With regard to consolidated financial reporting, there are agreed binding workflows between Bausparkasse Schwäbisch Hall's Consolidated Financial Statements unit and the accounting departments of the Schwäbisch Hall Group's individual organisational units. They regulate the collection and generation of the quantitative and qualitative data required to prepare statutory company reports and to form the basis for internal management of the Schwäbisch Hall Group's operating units.

The consolidated financial statements, the combined Group management report and the annual financial statements are prepared on the basis of generally recognised measurement methods, the appropriateness of which is regularly reviewed.

In order to ensure (consolidated) financial reporting is cost effective, processing of the underlying data is largely automated using suitable IT systems. As part of this, comprehensive control measures are applied to ensure processing quality and contribute to limiting operational risk. The input and output data for (consolidated) financial reporting is thus subject to numerous machine and manual checks.

Contingency plans have also been put in place to ensure the availability of personnel and technical resources to perform (consolidated) financial reporting processes. The contingency plans are developed on an ongoing basis and regularly reviewed through appropriate testing.

INFORMATION TECHNOLOGY

The IT systems used for (consolidated) financial reporting must meet the relevant security requirements with regard to confidentiality, integrity, availability and authenticity. IT-based controls are used to ensure that the data processed for (consolidated) financial reporting meets the relevant compliance and security requirements. In relation to IT-based (consolidated) financial reporting processes, this particularly concerns controls to ensure authorisations are consistently assigned, checks on changes to master data and logical access controls, as well as change management controls in connection with the development, introduction and alteration of IT applications.

The IT infrastructure needed to use automated (consolidated) financial reporting procedures is subject to the security controls implemented on the basis of the general security concept for data processing in the companies of the Schwäbisch Hall Group.

The IT systems used for consolidated financial reporting are able to perform consolidation processes within Group Accounting at Bausparkasse Schwäbisch Hall.

The review of IT-based (consolidated) financial reporting processes is an integral part of the internal audits of Bausparkasse Schwäbisch Hall and the other companies of the Schwäbisch Hall Group.

ENSURING AND IMPROVING EFFECTIVENESS

The processes implemented are regularly reviewed to determine their fitness for purpose and appropriateness and adjusted in line with new products and circumstances, as well as any changes to legal requirements. In order to ensure and enhance the quality of (consolidated) financial reporting at Bausparkasse Schwäbisch Hall and the other Schwäbisch Hall Group companies, the employees responsible for reporting receive training on legal requirements and the IT systems used, as needed. When implementing amended legal requirements, external consultants and auditors are brought in at an early stage in the course of project-related reviews. Internal Audit regularly reviews the internal control system related to the (consolidated) financial reporting process.

Overarching risk factors

A large number of market- and industry-related risk factors pose challenges to the business model of a Bausparkasse in general and hence also to the Schwäbisch Hall Group and, if they materialise, are reflected in different types of risk.

MACROECONOMIC RISK FACTORS

The biggest threats to macroeconomic development are geopolitical tensions and the resulting trade frictions.

In some regions of the world, there are conflicts that not only have a regional impact but are also leading to tensions between major powers. Negative real economic and financial effects for the European Union (EU), including Germany, cannot be ruled out. The relevant conflicts include the Middle East conflict, the economic consequences of the war in Ukraine, the conflict between China and Taiwan, and the ongoing conflict on the Korean peninsula.

The geopolitical tensions mentioned above could adversely affect global trade. In addition to the effects of disrupted supply chains, there is a risk that the change of administration in the United States could lead to a renewed escalation of trade tensions between the United States, China and the EU. Among other things, Donald Trump has announced higher tariffs on China. These higher tariffs are expected to be implemented in 2025, which could have a negative impact on the global economy and particularly on the export-dependent German economy. The adverse effects on global trade could lead to higher import prices and a shortage of intermediate products for companies in Germany, as well as to a decline in exports.

UNEXPECTED DEVELOPMENT ON THE INTEREST RATE MARKET

Interest rate cut scenarios

As a result of the key interest rate cuts by the Federal Reserve Board and the European Central Bank (ECB) in the financial year, market interest rates are again below the highs reached in the previous year. However, interest rates are still having an impact on inflation, which, due to the weak economy and baseline effects in energy prices, was only slightly above the ECB target of 2% during the financial year. The markets are expecting the European Central Bank (ECB) in particular to further reduce key interest rates in order to stimulate the economy. If interest rates are cut too quickly, there is a risk that inflationary effects – such as a wage-price spiral – could push inflation back up.

Interest rate hike scenarios

Donald Trump's reelection and the Republican majority in Congress have led to a reassessment of economic and interest rate prospects in the United States. The implementation of a large number of planned measures by the future US administration could lead to an overheating economy and a renewed rise in inflation. In this scenario, unexpected interest rate hikes by the Federal Reserve Board could not be discounted. A rise in interest rates in the United States would also be likely to lead to rising interest rates in the eurozone, which could cast doubt on the ability of some European countries to service their debt. In addition, unexpectedly stronger economic growth in Europe could lead to a rise in interest rates in the eurozone.

ECONOMIC POLICY DIVIDES IN THE EUROZONE

The growing tendency towards populist movements in various European countries could lead to national governments increasingly putting their own interests first and being less willing to seek common European solutions. As a result, this could lead to a nationalist economic policies in which individual countries try to solve their economic challenges independently instead of acting cooperatively and offloading costs onto other EU countries.

The ECB's expansionary monetary policy and especially its bond-buying programmes in various segments has largely prevented the structural problems in some member states of the eurozone from impacting the capital markets in recent years. This could change following the expiry of the pandemic emergency purchase programme in the course of a potential renewed tightening of monetary policy. The European Central Bank (ECB) has developed the transmission protection instrument to allow it to counteract any excessive increase in risk premiums by making targeted interventions in the markets. However, if this proves unsuccessful, the risk premiums of the more highly leveraged member states could rise significantly, making it much more difficult for these countries to obtain refinancing on the capital markets.

PERSISTENT ECONOMIC WEAKNESS IN GERMANY

The German economy could continue to struggle with economic growth hovering around the zero mark, especially since the import tariffs on German goods announced by the US are likely to further dampen the economy. Furthermore, the threat of new elections at the federal level and the risk of delays in forming a government could result in a political standstill lasting months. This would jeopardise comprehensive structural reforms and investments in the future in Germany, which are urgently needed to restore the country's competitiveness and safeguard prosperity.

At the same time, there is a risk that structural problems such as labour shortages and persistently high energy prices could lead to a renewed increase in inflation, with the resulting inflation not only being temporary but remaining above the ECB's inflation target in the long term. This would be particularly critical if, in addition to the decline in manufacturing output, higher prices were to trigger a decline in consumer spending and wage increases in the labour market, resulting in a wage-price spiral. This could ultimately lead to a prolonged period of stagflation, i.e. a combination of rising inflation, stagnating output and demand, and rising unemployment. In addition, the ECB's scope for combating inflation may be more limited than in the past, not least due to the further increase in sovereign debt in vulnerable eurozone countries as a result of the pandemic.

CORRECTION ON THE REAL ESTATE MARKETS

Due to the macroeconomic challenges and the associated decline in investment confidence, as well as the continued high cost of financing, transaction activity on the real estate markets has so far tended to be restrained. Any further corrections, combined with the adverse macroeconomic conditions, could result in a further decline in investment confidence. The additional and continued high financing costs could thus lead to a renewed flare-up of the crisis in the real estate sector.

ESG RISK FACTORS

ESG risk factors are not viewed as a separate risk type in the Schwäbisch Hall Group. Rather, they are events or conditions in the field of environment ("E"), social matters ("S") or governance ("G") that can actually or potentially adversely affect the net assets, financial position and results of operations of the Schwäbisch Hall Group and its reputation.

ESG risks can arise due to risk factors in the areas of climate and environment, social matters and governance and can be viewed from two perspectives:

- the inside-out or impact perspective: direct impacts of the business activities of the Schwäbisch Hall Group on the environment and society
- the outside-in or risk perspective: ESG developments in the corporate environment and their influence on the Schwäbisch Hall Group.

In principle, all risk types relevant to the Schwäbisch Hall Group are affected by the ESG risk factors. Risks that are managed as part of the ICAAP are backed by capital, including through climate stress tests or in particular for the financed asset, in credit risk.

The Schwäbisch Hall Group is currently addressing the effects of various regulatory initiatives concerning the management of ESG risks. Specifically, these are the ECB's guidance on climate and environmental risks and the delegated regulation on the EU Climate Taxonomy. In addition, the 7th MaRisk amendment now formulates requirements for considering sustainability risks in risk management, which, among other things, are based on the EBA guidelines for lending and loan monitoring. To assess the sustainability of its lending business, the Schwäbisch Hall Group uses a classification tool based on the Sustainable Development Goals (SDGs). Additionally, a top-down method based on statistical averages was established to identify physical risks in the customer lending business. To identify transition risks, energy certificates for certain purposes must be obtained from borrowers when new loans are granted since financial year 2024. Additionally, energy data is collected on existing properties. The energy efficiency of the property is also incorporated into the credit process. For example, when determining the mortgage lending value of a property, long-term and sustainable characteristics of the property as well as all circumstances that could impact this value are taken into account from a forward-looking perspective. In this context, identifiable sustainability risks that may arise from the property's characteristics or location are also considered in the valuation. Examples of such risks are flooding or poor energy efficiency.

REGULATORY RISK FACTORS

The Schwäbisch Hall Group is exposed to changes in the regulatory environment. This applies in particular to the regulation of the financial services sector, which is undergoing rapid change. The term "regulation" refers to the totality of interventions in the financial services sector. Regulation typically involves standards under prudential, commercial, capital market, stock corporation and tax law. Changes in the regulatory environment could negatively impact the Schwäbisch Hall Group's business activities.

In the previous year, the effects of the regulatory plans for the sectoral systemic risk buffer and the countercyclical capital buffer on the capital ratios of the DZ BANK group of institutions and Bausparkasse Schwäbisch Hall were not yet fully foreseeable. These risk factors are no longer relevant in light of the general administrative acts issued by BaFin in this context that have since come into force. There are currently no other material regulatory risk factors.

SIGNIFICANT RISKS AND ASSOCIATED RISK FACTORS

In general, risks are defined as unfavourable future developments that may adversely impact the net assets, financial position and results of operations of the company. A differentiation is made between the following risk types: credit risk, market risk, liquidity risk, *Bauspar* technical risk, equity investment risk, operational risk and reputational risk. This selection is underpinned by a materiality concept, which uses various criteria to review whether the financial and earnings position and liquidity situation could be significantly impaired.

Other risks may not be entered into in accordance with the German *Bausparkassen* Act, do not currently exist or are not significant.

RISKS FOR BAUSPARKASSE SCHWÄBISCH HALL AND ASSOCIATED RISK FACTORS

Credit risk

Credit risk refers to the risk of losses due to default or the migration of the creditworthiness of counterparties (borrowers, issuers, counterparties) as well as losses in relation to the realisability of receivables and the realisation of collateral.

Credit risks can arise from traditional lending transactions, securities transactions, and derivative and money market transactions. The traditional lending business largely corresponds to the lending business in the Bausparen and housing financing business segments, including financial guarantee contracts and loan commitments. In the context of credit risk management, securities transactions are capital market products such as banking book securities and promissory note loans. "Derivatives and money market transactions" are to be understood as derivatives (e.g. swaps) for hedging purposes.

The key risk factors are the changes in the economic environment (particularly rising unemployment rate, real estate prices) and rating downgrades.

Market risk

Market risk comprises the original market risk as well as spread and migration risk arising from Bausparkasse Schwäbisch Hall's own investments.

The original market risk describes the risk of losses from financial instruments caused by a change in interest rates or other price-influencing parameters.

Spread risk denotes the risk of losses from financial instruments caused by a change in the credit spread with a constant rating.

Migration risk is the risk of losses from financial instruments caused by a change in credit rating as a price-influencing parameter.

Market risks are entered into within the framework of the business model, particularly in the Bausparen and housing financing business segments, as well in relation to own investments. The key risk factors for market risk are a change in the general interest rate level as well as the widening of credit spreads.

Liquidity risk

Liquidity risk can be subdivided into liquidity risk in the narrow sense, refinancing risk and market liquidity risk.

Liquidity risk in the narrow sense is the risk that liquid funds are not available in sufficient quantity to meet payment obligations. Liquidity risk in the narrow sense is therefore understood as insolvency risk.

Refinancing risk refers to the risk of loss arising from a deterioration in the liquidity spread (as a component of the spread on own issues) to which Bausparkasse Schwäbisch Hall is exposed.

If liquidity spreads increase, future liquidity needs can only be met with additional costs.

Market liquidity risk in the sense of liquidity risk is the risk of a loss resulting from detrimental changes in market liquidity, for instance due to a decrease in market depth or market disruptions, with the result that assets can only be liquidated on the market with markdowns and the options for active risk management are limited.

Liquidity risks result from the operating business of the Bausparkasse, mainly in the *Bausparen* and Housing Financing business segments.

The key risk factors are the refinancing structure of lending transactions, the uncertainty of liquidity commitment, market value fluctuations and saleability of securities, as well as their hypothecation capability in secured refinancing, the exercising of liquidity options, and collective and non-collective new business.

Bauspar technical risk

Bauspar technical risk comprises two components: new business risk and collective risk. New business risk is the risk of negative repercussions from possible deviations from the budgeted new business volume. Collective risk denotes the risk of negative effects that can arise from deviations between actual and forecast developments in the *Bauspar* collective due to persistent and significant non-interest-related changes in customers' behaviour.

The key risk factors are a decline in new business and altered customer behaviour (that is not interest-related).

Bausparkasse Schwäbisch Hall's business risk is also covered as part of the institution-specific *Bauspar* technical risk. Business risk means the risk of an unexpected financial performance that is not covered by other risk types.
In particular, this includes the risk that the losses cannot be counteracted through due to changes in significant general conditions (e.g. economic and product environment, customer behaviour, competitive situation) and/or because of inadequate strategic positioning.

Equity investment risk

Equity investment risk refers to the risk of losses due to negative changes in value within the equity investment portfolio, the risks of which are not subsumed under other risk types. It also includes the risk of losses arising from a decline in the value of the real estate portfolio of the Schwäbisch Hall Group due to the deterioration of the general real estate situation or particular characteristics of the individual properties (e.g. vacancy, tenant default or loss of use).

Equity investment risks result from the equity investment strategy of Bausparkasse Schwäbisch Hall and the Non-Domestic business segment.

The key risk factors are negative changes in equity investment values.

Operational risk

Operational risk refers to the risk of losses resulting from human conduct, technological malfunctions, process or project management weaknesses, or external events. Legal risk is included in the definition. Strategic and reputational risks are not included.

Operational risks result from the operating business of the *Bausparkasse* and from all business segments.

The key risk factors according to the Basel event types are internal or external fraud, damage in employment practices and workplace safety, disruptions with clients, products and business practices, damage to physical assets, business disruption and system failures, and execution, delivery and process management.

Reputational risk

Reputational risk refers to the risk of losses as a result of events that damage confidence in the companies within the Schwäbisch Hall Group or in its products and services, especially in relation to customers, shareholders, employees, sales partners, supervisors and the general public. Reputational risks can occur as an independent risk ("primary reputational risk") or as an indirect or direct consequence of other risk types ("secondary reputational risk").

The key risk factors are unethical practices and loss of reputation due to losses from other risk types.

Risk and earnings concentrations

The business model of the Schwäbisch Hall Group is mainly focused on *Bauspar* products, including advance financing and bridge financing, and building loans. This gives rise to a fundamental risk concentration, which has been consciously entered into. There are no risk concentrations for the other types of risks related to financial instruments.

Earnings concentrations exist at the product and/or tariff level. The key figures for monitoring these transactions are regularly collected within the Schwäbisch Hall Group by the Finance Control division and reported to decision makers. To this end, a comprehensive system of various early warning indicators is available within the *Bausparkasse*.

Risk concentrations may arise due to one-sided debt or investment structures. In principle, the Schwäbisch Hall Group follows a diversification strategy to avoid risk concentrations. This is reflected in the general credit risk principles, for example, on country risk, sector risk, product risk and maturity policy. Within the framework of own investments, efforts are made to achieve the best possible diversification via prescribed minimum ratings and the tradability of securities, as well as via issuer and counterparty limits and a corresponding maturity structure. With the focus on the *Bauspar* products, including advance financing and bridge financing and building loans, possible risk concentrations should be avoided in rating classes with high default rates and/or large default amounts.

ESG RISKS

ESG risk management

ESG risk management primarily focuses on climate and environmental risks resulting from climate change.

In the Schwäbisch Hall Group, ESG risks are not seen as a standalone risk type, but rather as a driver of the traditional financial and non-financial material risk types in line with the regulatory definitions. Examples of risk drivers include economic, social or (geo)political events and conditions.

A qualitative analysis of the ESG risk drivers within the material risk types is performed as part of the risk inventory. The relevance of potentially material ESG risks from the areas of climate and environment, social and governance for the Schwäbisch Hall Group's material risk types and how they are currently taken into account, and will be taken into account in the future, is assessed each year. Potentially material ESG risk factors impact credit risk in particular.

Climate and environmental risks

Climate and environmental risks comprise both physical climate and environmental risks and transition risks.

Physical climate and environmental risks
A distinction is made between physical climate- and environmental risks. On the one hand acute risks, such as floods, on the other hand chronic risks that are due to permanent climate change as a result of gradual changes.

Transition risks
Transition risks may arise in connection with the transition to a lower-carbon and environmentally more sustainable economy. Causes of transition risks include general political conditions and transformation objectives, changes in legislation, changes in consumer preferences and the associated technological change. The transformation to a low-emission economy leads to changing underlying conditions that pose risks for players in the real economy and can have negative consequences for the financial system and credit institutions. Consequently, transition climate risks may have a considerable impact on the Schwäbisch Hall Group's customers and thus indirectly on the Schwäbisch Hall Group itself.

Physical climate and environmental risks and transition risks play a significant role in the Schwäbisch Hall Group, particularly when it comes to credit risk. The management of climate and environmental risks in credit risk is described on page 38.

Social and governance risks
Social risks may arise due to inadequate standards for protecting the fundamental rights of Schwäbisch Hall Group employees and to inappropriate customer practices. If social risks materialise, this can lead to financial claims by employees against the companies of the Schwäbisch Hall Group as well as to the loss of employees who are particularly important for business success. Ineffective or disruptive business processes can also result in the loss of key employees. Social risks are also caused by unfair, opaque or abusive business practices in relation to customers, especially if this leads to a change in customer and demand behaviour in the long term. Social risks may thus have long-term impacts on reputational risk.

Inadequate or untransparent governance structures, for example, are a potential source of corporate governance risks. Absent or weak codes of conduct also fall into this category. Both deficiencies can weaken employees' trust in the effectiveness of corporate governance and lead to ineffective operating processes. The lack of or inadequate measures to combat money laundering and all forms of corruption are also potential forms of governance risk.

Governance that is focused on sustainability has always been both an opportunity and an obligation for the Schwäbisch Hall Group. It additionally derives its sustainability strategy from the overarching sustainability goals of the United Nations, such as the Sustainable Development Goals (SDGs), the Paris climate goals and the Global Compact code of conduct. The Schwäbisch Hall Group acts as a responsible employer. It has embedded sustainability in its business processes and structures and uses various bodies and committees to ensure that it coordinates and manages its sustainability activities consistently across all levels and hierarchies.

Risk management within comprehensive bank management

RISK MONITORING AND RISK MANAGEMENT SYSTEMS
Within the framework of integrated comprehensive bank management, risk management is comprised of risk controlling and risk management. Risk controlling includes in particular the identification, assessment and monitoring of risks. To this end, various early warning indicators have been designed and implemented. These ensure that significant risks are recognised early, fully recorded and monitored and managed in an appropriate way.

Risk management refers to deciding on and implementing measures to actively shape the risk profile while observing prescribed general conditions and limits.

The risk strategy of the Schwäbisch Hall Group stipulates the central principle of only entering into risks to the extent necessary to achieve business policy goals. In addition, they should be entered into in a targeted and controlled way taking into account earnings targets, and should be effectively identified, assessed, managed, monitored and communicated. Risks must be appropriately hedged with economic and regulatory capital.

The risk identification process determines fully and systematically which risks exist for the Schwäbisch Hall Group. Building on this, the risks are then classified into significant and insignificant risk types. In this process, an assessment is made to determine which risks could significantly impair the net assets, financial position or liquidity position. The significance of a risk type then essentially determines the appropriate backing with economic capital.

The following risks were identified as significant for 2024:

- credit risk
- market risk
- operational risk
- equity investment risk
- *Bauspar* technical risk
- liquidity risk in the narrow sense
- reputational risk
- risks from pension obligations (longevity risk).

Liquidity risk is currently measured as a portfolio risk and therefore cannot be methodologically integrated into the concept for calculating risk-bearing capacity. Consequently, it is not possible to back it reasonably with capital.

In additional to reputational risk, the *Bauspar* technical risk also covers the specific business risk of the *Bausparkasse*.

The risk from pension obligations (longevity risk) refers to the risk of a change in the value of pension obligations due to a higher life expectancy than assumed in the calculation of the pension obligations.

Longevity risk does not result from core business segments, but from the pension obligations entered into. This risk is not actively managed.

A critical analysis of the validity of the quantified risks and the underlying concepts takes place as part of a suitability review at least once a year. Furthermore, complex methods and processes are quantitatively and qualitatively validated on a regular basis.

At the Schwäbisch Hall Group, various methods and key figures are used for risk management in order to recognise risk-relevant circumstances in the respective business segments at an early stage.

RISK-BEARING CAPACITY

In general, the term "risk-bearing capacity" is understood to mean the ability to cover all significant risks, taking into account risk concentrations, through equity capital. Ensuring the availability of adequate capital resources (capital adequacy) is considered in light of both economic and prudential aspects. The requirements of MaRisk are taken into account for the economic assessment, while the regulatory assessment takes into account the requirements of the CRR and German legislation implementing the Capital Requirements Directive (CRD) IV.

Management of economic capital adequacy is based on internal targets, while prudential capital adequacy is based on statutory and supervisory requirements.

ECONOMIC PERSPECTIVE

Economic capital management is based on internal risk assessment methods, which take into account all significant risk types from a capital adequacy viewpoint.

When analysing risk-bearing capacity, the risk capital requirement (including the capital buffer) is compared against internal capital to determine economic capital adequacy. Based on the internal capital, the Management Board sets the limits for the risk capital requirement (including the capital buffer) for the relevant financial year. If necessary due to a change in general conditions, for example, the limits can be adjusted in the course of the year.

In 2024, the risk capital requirement under the economic perspective was well within the limit based on internal capital. Economic capital adequacy amounted to 140% as at the 31 December 2024 reporting date (2023: 140%). In the course of the financial year, it was above the internal minimum target of 120% at all times. Internal capital at year-end amounted to €3,925 million (2023: €3,848 million). The risk capital requirement for all material risk types (after diversification), including a buffer for other risks, amounts to €2,811 million (2023: €2,742 million) and comprises the requirements for credit risk of €402 million (2023: €395 million), market risk of €1,738 million (2023: €1,502 million), *Bauspar* technical risk of €719 million (2023: €730 million), operational risk of €116 million (2023: €136 million) and equity investment risk of €76 million (2023: €218 million), as well as a risk buffer for other risks of €65 million (2023: €59 million). A diversification effect of 10% applies to the overall level of material risk types.

The ratio of risk capital requirements to risk limits reveals an overall limit utilisation of 79% (2023: 77%).

NORMATIVE INTERNAL PERSPECTIVE

Capital adequacy from a normative internal perspective is determined based on the minimum regulatory requirements plus an internal management buffer.

In this perspective, the total capital ratio, the leverage ratio and the minimum requirement for own funds and eligible liabilities (MREL) are analysed. The total capital ratio is determined by dividing the regulatory capital by the regulatory risk-weighted assets of the Bausparkasse Schwäbisch Hall. As part of annual capital planning, changes in regulatory ratios are analysed over several years, taking into account the expected business development (including new business assumptions) using a baseline and risk scenario. The leverage ratio is the ratio of Tier 1 capital to the total risk exposure. The MREL ratios ensure that a sufficient level of own funds and convertible debt capital is available in the event of recovery and resolution. As at 31 December 2024, the internal limits were 15.75% for the total capital ratio, 4.0% for the leverage ratio and 6.2% for MREL (based on the leverage ratio exposure).

STRESS TESTING

In addition to results from risk measurement for normal risk situations, various scenarios are quantified for elevated risk situations. When defining the scenarios, there is a conscious decision to assume unusual but nonetheless entirely plausible events. Such scenarios – "stress tests" – check whether the risk-bearing capacity can be guaranteed from the economic and regulatory perspective, even in the face of extreme general economic conditions. The stress tests are conducted across all risk categories, and an overall assessment of the stress test results for the various scenarios indicated that risk-bearing capacity was maintained during the reporting period.

In addition, inverse stress tests are performed, where an examination is made of which events could endanger the ability of the institution to survive.

Internal risk measurement measures are used when performing stress tests. The input parameters for risk measurement are scaled during this process so that they simulate extremely negative economic scenarios.

Furthermore, stress scenarios with parameters that are particularly unfavourable for the *Bauspar* collective are used, in order to assess the impact of unusual developments in the *Bauspar* collective and thus ensure its long-term sustainability. In order to assess the relevance of scenarios, early warning indicators have been developed for risk-bearing capacity, which enable the timely implementation of countermeasures. Like the scenarios themselves, the early warning indicators are also subject to the annual review process and are adjusted as needed in order to take into account changes in general conditions.

As part of the integration of ESG risks into the ICAAP, expost assessments of physical risks are performed as and when required, for example due to current flood situations. In addition, a risk capital requirement for ESG risks was calculated for the DZ BANK Group in 2024 using PD and LGD add-ons for four flood categories.

RISK REPORTING AND DOCUMENTATION

The most important medium for risk reporting within the Schwäbisch Hall Group is the quarterly risk report, which provides a detailed overview of the quantified risks of the Schwäbisch Hall Group and is the basis for reporting to the Management Board and Supervisory Board. Within the framework of the quarterly reporting, the Management Board and Supervisory Board receive portfolio- and exposure-related management information on credit risk as well as management information on other risk types of significance to the Schwäbisch Hall Group.

The risk manual of the Schwäbisch Hall Group, which is available to all employees, presents information on the methods, processes and responsibilities within the Schwäbisch Hall Group in addition to the general conditions for risk capital management and the management of risk types.

Credit risk

DEFINITION AND CAUSES

Credit risk denotes the risk of losses from the default or deterioration in creditworthiness of counterparties (borrowers, issuers, counterparties, including specialised funds). The credit risk of the Schwäbisch Hall Group is at a low level due to the granular portfolio made up of residential retail customer loans and the concentration of own investments in issuers and/or debtors with high creditworthiness.

CREDIT RISK STRATEGY

The basis of the strategic direction is the concentration on low-risk residential retail customer business.

Due to *Bausparkassen*-specific requirements, the customer lending business can only extend loans for housing purposes in accordance with the German *Bausparkassen* Act. This is primarily achieved by extending loans to private individuals for personal use and therefore leads to a high level of credit risk diversification both by size category and region.

In contrast, financing that is commercial in nature plays almost no role at all. This is also stipulated by section 10 of the German Bausparkassen Regulation, according to which the proportion of loans that serve to finance construction projects that are commercial in nature may only make up a maximum of 3% of the overall loan portfolio. The German *Bausparkassen* Act imposes restrictive requirements in the area of own investments in order to safeguard customer deposits. In general, with regard to new investments only credit ratings of A– or above according to the rating classifications of Standard & Poor's are permitted. A minimum rating of AA– is required for securities issued by regional/local public authorities, public bodies, state banks, development banks, supranational institutions (multilateral development banks and international organisations), agencies, as well as covered bonds and government bonds. In addition, Bausparkasse Schwäbisch Hall can also make own investments in Pfandbriefe with an issue rating of at least AA–, regardless of the issuer rating. The majority of securities are invested in covered securities or in securities in the AAA to AA– rating classes. A portion of our own investments is invested in foreign bank bonds, government bonds and corporate bonds as well as a specialised fund. For these investments as well, the defined minimum rating of A– was observed, which in the case of the specialised fund relates to the fund level. In addition, there is a fund to cover pension obligations. For this purpose, Bausparkasse Schwäbisch Hall is using the options within the framework of section 4 (3a) of the German *Bausparkassen* Act.

REPORTING

Various credit risk reports contribute to the prompt notification of decision makers regarding changes in the risk structure of the credit portfolio and form the basis for active credit risk management. The KreCo committee has primary responsibility for credit risk management. It manages credit risk and prepares relevant recommendations. This includes in particular the adjustment of the scoring system described below.

INTERNAL RATING SYSTEMS

The identification of credit risk takes place through a scoring process. This delivers the credit risk parameters required for risk measurement. The Schwäbisch Hall Group uses the following scoring systems, which have been approved by the banking supervisory authority:

- application and behavioural scoring to calculate probability of default (PD)
- LGD (loss given default) scoring to calculate loss ratios
- credit rating for Bausparkasse Schwäbisch Hall's own investments based on the rating system of DZ BANK AG (loss ratio for own investments is generally adopted from DZ BANK AG)
- all scoring processes are quantitatively and qualitatively validated on an annual basis.

CLIMATE AND ENVIRONMENTAL RISKS IN THE CREDIT PORTFOLIO

As part of credit risk, both physical climate and environmental risks (acute and chronic physical risks) and transition risks are considered in the context of climate and environment.

Since 2022, ESG key performance indicators have been determined for the loan portfolio using a top-down method, which is essentially based on statistical averages for the energy consumption and CO_2 emissions of real estate. Starting in financial year 2024, the method will be expanded to include information from energy certificates for borrowers and energy data for existing properties.

Bausparkasse Schwäbisch Hall AG's customer credit portfolio was assessed with regard to physical risks, including the three infrastructure risks of flooding, (sea and river), storm and wildfire, and for two climate change scenarios. The average physical risk remains relatively low for both climate change scenarios, which are forecast for 2050 and 2080 respectively.

In terms of transition risks, the customer credit portfolio is highly dependent on the constant development of European and national legislation in the context of the energy efficiency of buildings. Information from energy certificates is a key factor in determining transition risks in the Schwäbisch Hall Group's customer loan portfolio.

ECONOMIC CREDIT PORTFOLIO MANAGEMENT

Within the framework of economic credit portfolio management, a distinction is made between expected losses from individual transactions and unexpected losses from the credit portfolio. The expected loss is calculated using PD and LGD and covered by the calculated risk premium. The unexpected loss is quantified with the aid of a credit portfolio model on the basis of a credit-value-at-risk approach (CVaR). The CVaR is calculated as a risk indicator for the customer lending business as well as own investments, specifying a certain confidence level and a certain holding period. In the Schwäbisch Hall Group, CVaR is calculated on the basis of the confidence level of 99.9% (economic perspective) and a one-year risk horizon.

RECONCILIATION OF LENDING VOLUME WITH CONSOLIDATED FINANCIAL STATEMENTS

The lending volume underlying internal group management is reconciled with the consolidated financial statements (please see the table "Lending volumes as defined by internal management").

Significant causes of differences between the internal management and external financial reporting values include the differing scopes of consolidation and the allocation of the lending volume.

CREDIT RISK MITIGATION

The *Bausparkasse* has a broadly diversified and granular customer credit portfolio.

Due to the portfolio structure and the credit risk strategy, there are no cluster risks in the *Bausparkasse's* customer credit portfolio that are inherent in the business model, which would otherwise require a limit on the issuance of new loans based on certain size criteria. Nevertheless, there is a limit system for risk management with eleven risk limits for new business and six risk limits for the customer credit portfolio.

Credit rating-dependent limits are set for all counterparties and issuers in the area of own-account investing.

COLLATERAL

Another key risk mitigation tool is accepting and taking into account the customary types of banking collateral. In the customer lending business, this relates in particular to real estate liens on residential property. The collateral is valued based on the German *Bausparkassen* Act, German Mortgage Lending Value Regulation (BelWertV), General Business Principles (AGG) and General *Bauspar* Terms and Conditions (ABB).

Of the traditional lending business in the amount of €57,157.7 million (2023: €58,274.5 million), €52,447.8 million (2023: €53,742.2 million) is secured in real asset collateral and prior-ranking 80% (2023: 80%) and €556.4 million (2023: €358.0 million) is secured by other collateral. Lending policies are complied with. This includes the nominal total amount of the ordinary cover pool for mortgage Pfandbriefe in accordance with the BelWertV in the amount of €6,806 million.

LENDING VOLUMES AS DEFINED BY INTERNAL MANAGEMENT

in € million	Lending volumes as defined by internal management		Reconciliation: Allocation of lending volume		Reconciliation: Basis of consolidation		Lending volumes in the consolidated financial statements		
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	
Traditional lending business							157.8	102.8	Loans and advances to banks
	57,157.7	58,274.5	10,190.5	9,280.4	0.9	-1.2	65,479.0	64,869.7	Loans and advances to customers
							1,712.3	2,581.2	Loan commitments
Own investments							1,911.0	2,119.7	Loans and advances to customers
							3,175.4	4,356.8	Loans and advances to banks
	16,466.8	16,917.5	-147.2	268.5	-208.5	-481.9	10.5	14.9	Positive fair values ofhedging instruments
							11,014.2	10,212.7	Bonds and other fixed-income securities
Total	**73,624.5**	**75,192.0**	**10,043.3**	**9,548.9**	**-207.6**	**-483.1**	**83,460.2**	**84,257.8**	**Total**

COLLATERALISED LENDING VOLUME BY COLLATERAL TYPE

in € million	Traditional lending business		Securities business		Derivative and money market business		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Guarantees/warranties/ risk sub-participations	556.4	355.6	–	–	–	–	556.4	355.6
Land charges/mortgages/ registered liens	52,447.8	53,742.2	2,151.1	2,213.2	–	–	54,598.9	55,955.4
Chattel mortgages/assignments/ pledging of receivables	–	–	1,219.5	1,036.5	–	–	1,219.5	1,036.5
Financial collateral	–	–	–	–	–	–	–	–
Other collateral	–	2.4	1,842.6	2,000.1	–	–	1,842.6	2,002.5
Total	**53,004.2**	**54,100.2**	**5,213.2**	**5,249.8**	**–**	**–**	**58,217.4**	**59,350.0**

Own investments are mainly invested in issues from public issuers, in development banks of the German federal states and in *Pfandbriefe* (covered bonds). As at the 2024 reporting date, 59% of securities were covered or invested in the credit rating classes 0a (AAA/AA) and 0b (AA–).

The volume of derivative and money market transactions does not fall under the internal management definition of secured lending volume.

EARLY WARNING

The early identification of exposures with elevated risks is carried out by means of early warning indicators, which form part of monthly reporting. If defined threshold values are exceeded, an ad hoc notification is sent to KreCo.

Exposures in default are transferred into intensive management/problem loan processing at an early stage, with the aim of reducing potential defaults for the *Bausparkasse* and, if possible, returning the loan to normal management.

Analysis of the credit portfolio

ANALYSIS OF ECONOMIC CAPITAL REQUIREMENT FOR CREDIT RISK

The economic capital requirement for the Bausparkasse's credit risk amounted to €402 million (2023: €395 million) as at the end of the financial year. The limit from an economic perspective was €480 million (2023: €480 million). The limit was adhered to at all times during the financial year.

The extent of the risk capital requirement is determined by, among other things, the lending volume, credit ratings and the expected loss ratio of the exposures. The following section examines these influencing factors and describes their development over the financial year.

VOLUME-ORIENTED CREDIT PORTFOLIO ANALYSIS

The lending volume is calculated for the instruments subject to credit risk exposure – traditional lending business (customer lending business), securities business (own investments) as well as derivative and money market transactions – pursuant to the procedure for internal management of the Bausparkasse. The differentiation by instrument subject to credit risk exposure corresponds to the categories to be used in external reporting on risks resulting from financial instruments.

The following quantitative data for the overall credit portfolio represents the maximum credit risk to which the *Bausparkasse* is exposed. The maximum credit risk under the internal management approach represents a gross value, as the financial instruments subject to credit risk exposure are measured without allowing for credit risk mitigation methods and before loss allowances.

LENDING VOLUME TREND

The credit volume of the customer credit business declined in the financial year due to the continued structural change in new business.

STRUCTURE OF THE OVERALL CREDIT PORTFOLIO

The sector structure of the credit portfolio shown in the "Lending volume by sector" figure indicates the similarly broad diversification of the customer lending business of Bausparkasse Schwäbisch Hall compared with the previous year. Free liquidity is primarily invested in securities or specialised funds. The credit volume in the financial sector of securities transactions remained almost unchanged at €10.7 billion (2023: €10.8 billion). The credit volume in derivatives and money market transactions decreased due to maturities and amounted to €50.4 million (2023: €668.0 million). Taken as a whole, the credit volume in corporates is almost unchanged at €291.8 million. The lending volume to the Public sector (administration/government) rose by 7% year-on-year to €5.5 billion. The lending volume in the core Retail business was almost unchanged (€56.9 billion).

The "Lending volume by country group" figure presents the geographic distribution of the credit portfolio broken down by the country risk groups. As at 31 December 2024, the loans in the customer lending business and securities investments were concentrated in Germany, with a share of 93% (2023: 94%) of the overall lending volume.

The distribution of the lending volume across maturity ranges can be seen in the "Lending volume by residual maturity" table. In general, retail residential property financing exhibits long-term original maturities. This is largely reflected at the *Bausparkasse* in the form of long-term residual maturity periods. Due to the high new business volume, the share of customer loans with a maturity of more than five years was 95% at year end (2023: 96%).

The "Lending volume by credit rating" figure shows the distribution of the credit portfolio across individual credit ratings. Receivables in default represented by the credit ratings 4a and 4b accounted for 0.9% of the customer lending business as at 31 December 2024. The proportion attributable to economic uncertainties (increased insolvencies and a slightly higher unemployment rate at a low level) is therefore slightly above the prior-year level of 0.8%.

LENDING VOLUME BY SECTOR

in € million	Traditional lending business		Securities business		Derivative and money market business		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Financial sector	153.4	626.1	10,719.4	10,805.9	50.4	668.0	10,923.2	12,100.0
Public sector (administration/state)	111.0	22.3	5,405.2	5,152.3	–	–	5,516.2	5,174.6
Corporates	–	–	291.8	291.3	–	–	291.8	291.3
Retail	56,893.3	57,475.2	–	–	–	–	56,893.3	57,475.2
Commercial	396.7	261.2	–	–	–	–	396.7	261.2
Retail customers	56,496.6	57,214.0	–	–	–	–	56,496.6	57,214.0
Miscellaneous	–	150.9	–	–	–	–	–	150.9
Total	**57,157.7**	**58,274.5**	**16,416.4**	**16,249.5**	**50.4**	**668.0**	**73,624.5**	**75,192.0**

LENDING VOLUME BY COUNTRY GROUP

in € million	Traditional lending business		Securities business		Derivative and money market business		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Germany	56,845.5	57,976.8	11,528.0	12,142.8	7.3	624.9	68,380.8	70,744.5
Industrialised countries	303.5	289.9	4,863.1	4,106.7	43.1	43.1	5,209.7	4,439.7
Advanced economies	3.6	3.0	–	–	–	–	3.6	3.0
Emerging markets	5.1	4.8	25.3	–	–	–	30.4	4.8
Total	**57,157.7**	**58,274.5**	**16,416.4**	**16,249.5**	**50.4**	**668.0**	**73,624.5**	**75,192.0**

LENDING VOLUME BY RESIDUAL MATURITY

in € million	Traditional lending business		Securities business		Derivative and money market business		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
≤ 1 year	69.8	281.2	1,271.1	1,534.2	5.0	–	1,345.9	1,815.4
> 1 year to ≤ 5 years	2,833.2	2,329.0	5,265.0	4,849.0	39.5	6.4	8,137.7	7,184.4
> 5 years	54,254.7	55,664.3	9,880.3	9,866.3	5.9	661.6	64,140.9	66,192.2
Total	**57,157.7**	**58,274.5**	**16,416.4**	**16,249.5**	**50.4**	**668.0**	**73,624.5**	**75,192.0**

LENDING VOLUME BY CREDIT RATING (BVR II)

	Traditional lending business		Securities business		Derivative and money market business		Total	
in € million	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
0a	–	1.4	4,122.8	5,133.1	–	–	4,122.8	5,134.5
0b	–	–	709.7	704.1	–	–	709.7	704.1
0c	222.7	178.8	4,193.3	3,966.3	7.3	624.9	4,423.3	4,770.0
0d	–	–	207.1	142.0	–	–	207.1	142.0
0e	–	–	330.7	187.3	–	–	330.7	187.3
1a	–	–	777.1	1,630.7	5.0	5.0	782.1	1,635.7
1b	122.3	106.2	4,293.7	3,638.9	–	–	4,416.0	3,745.1
1c	4,642.8	4,846.8	1,722.6	314.1	–	–	6,365.4	5,160.9
1d	11,982.1	11,748.6	56.8	522.0	38.1	38.1	12,077.0	12,308.7
1e	15,898.5	15,177.1	2.6	2.6	–	–	15,901.1	15,179.7
2a	10,972.6	10,979.3	–	–	–	–	10,972.6	10,979.3
2b	5,229.9	5,493.5	–	–	–	–	5,229.9	5,493.5
2c	2,392.6	2,926.6	–	–	–	–	2,392.6	2,926.6
2d	1,414.9	1,656.1	–	–	–	–	1,414.9	1,656.1
2e	1,492.2	1,582.8	–	–	–	–	1,492.2	1,582.8
3a	750.8	804.0	–	–	–	–	750.8	804.0
3b	430.0	493.9	–	–	–	–	430.0	493.9
3c	258.9	278.8	–	–	–	–	258.9	278.8
3d	137.2	150.5	–	–	–	–	137.2	150.5
3e	705.2	645.5	–	–	–	–	705.2	645.5
4a	252.0	246.7	–	–	–	–	252.0	246.7
4b	252.9	191.0	–	–	–	–	252.9	191.0
Miscellaneous	0.1	766.9	–	8.4	–	–	0.1	775.3
Total	**57,157.7**	**58,274.5**	**16,416.4**	**16,249.5**	**50.4**	**668.0**	**73,624.5**	**75,192.0**

STRUCTURE OF CREDIT PORTFOLIO WITH IMPECCABLE CREDITWORTHINESS

Own investments were not overdue in 2024 and appropriate loss allowances were recognised in accordance with IFRS. As in the previous year, the lending volume from the traditional lending business in the portfolio of non-defaulting loans dominated with an unchanged 99% share (2023: 99%).

LOSS ALLOWANCES

Now that IFRS 9 is to be applied, internal economic credit risk management is directly connected with the processes used to form loss allowances. The procedure here is as follows:

- The multi-year probabilities of default calculated for economic management are based on long-term average migration behaviour. They have been modified for external accounting purposes, in particular to reflect the currently available macroeconomic outlook (including the expected impact of the uncertain macroeconomic and geopolitical situation)
- The estimate for the expected losses from lending transactions at the time of default is adjusted to meet the requirements of IFRS 9 regarding parameter-based calculation of loss allowances.

Market risk

DEFINITION AND CAUSES

Market risk at the Schwäbisch Hall Group is composed of the original market risk as well as spread and migration risk arising from the own investments of Bausparkasse Schwäbisch Hall AG, as well as market liquidity risk. The original market risk describes the risk of losses from financial instruments caused by a change in the interest rates or other price-influencing parameters. Spread risk denotes the risk of losses from financial instruments caused by a change in the credit spread with a constant rating. Migration risk is the risk of losses from financial instruments caused by a change in the rating as a price-influencing parameter. Market liquidity risk (in the sense of market risk) largely arises from the investment of surplus *Bauspar* deposits in securities. The resulting risks are taken into account at Bausparkasse Schwäbisch Hall AG through spread and migration risk measurement.

The investment of free *Bauspar* deposits in a specialised fund also in principle leads to fund price risks for Bausparkasse Schwäbisch Hall AG. However, the specialised fund is broken down into its individual components for market risk measurement and is not treated as a fund position. The calculated risks are managed within the framework of existing limits in line with other risk types.

Other individual risks within market risk such as commodity risk, equity risk, currency risk and volatility risk, result either from transactions not permitted under the German Bausparkassen Act and so accordingly cannot arise, or are not currently significant.

MARKET RISK STRATEGY

With regard to market risk, the Schwäbisch Hall Group is exposed to a particular risk due to the collective *Bauspar* business.

A binding interest guarantee is made to customers with regard to the interest on credit balances and for the interest on loans which will be drawn down in future. This is taken into account in the *Bauspar*-specific form of the risk quantification models. Capital market activities are entered into as hedging transactions for the collective, with the overriding aim of reducing risk. The Bausparkasse Schwäbisch Hall AG does not undertake proprietary trading in the sense of exploiting short-term price fluctuations. The management of interest rate risk therefore takes place at the level of the overall bank and exclusively within the framework of the banking book (non-trading book institution).

MANAGEMENT OF MARKET RISKS

Within the framework of risk-bearing capacity, the original market risk is measured at net present value. Collective scenarios based on standard interest rate trend scenarios are run each month to determine cash flows from the *Bauspar* business that are dependent on interest rate scenarios. The overall bank cash flow is calculated for each interest rate scenario together with the non-collective cash flows.

On the basis of an internal model, a Value at Risk (VaR) is calculated that takes into account the interest-dependent cash flows from the collective. Operating VaR is quantified daily using a historical simulation with the following parameters:

- six-year history
- ten-day holding period
- confidence level of 99%.

The threshold for the standardised regulatory test (ad hoc interest rate shift of +2.0 %/-2.0 %) is 15% of regulatory own funds. The applicable limits were complied with at all times in 2024. The threshold for the early warning indicators of 15% of Tier 1 capital was also complied with at all times in 2024.

The net present value measurement of spread and migration risks is based on a CreditMetrics model. The risk value calculated monthly expresses the net present value loss from own investments due to changes in credit spreads with unchanged credit ratings and/or due to credit rating changes. It is not exceeded in a single year with a probability (confidence level) of 99.9%.

Bausparkasse Schwäbisch Hall AG's portfolio contains interest rate swaps amounting to a notional €2,772 million (receiver swaps of €1,965 million and payer swaps of €807 million) in order to reduce interest rate risk in the overall interest book (2023: €2,747 million). Swaps are entered into exclusively for hedging purposes within the framework of risk management in the Schwäbisch Hall Group.

In addition to risk management using the internal models described above, interest rate risk in the banking book (IRRBB) and credit spread risk in the banking book (CSRBB) are also analysed in accordance with defined prudential requirements. In addition to a present value perspective, periodic effects with an approach limited to an observation period of one year are also managed here as part of the overall bank limit system.

IRRBB and CSRBB describe the impact of interest rate and spread changes prescribed by the supervisory authorities on the earnings reported by the Schwäbisch Hall Group. Periodic net interest income risk (NII) measures the effects of interest rate and spread changes on net interest income without taking measurement effects into account. Building on this, the risk from net interest income measure plus market value changes in the fair value (FV) of transactions that are recognised in the income statement or in equity (other comprehensive income, OCI) in accordance with IFRSs. This means that all risks to earnings that are recognised in the income statement and in OCI are condensed into a periodic risk figure for a forecast horizon of one year. In the present value perspective, the fair value effects of interest rate and spread changes are calculated and managed independently of the accounting approach.

The interest rate scenarios used to calculate IRRBB include significant parallel shifts and twists in the current yield curve. When calculating CSRBB, both across-the-board and rating-dependent spread changes are considered.

LIMITING

The market risk classified by the Schwäbisch Hall Group as significant is backed by risk capital within the overall bank limit system in accordance with the respective perspective. For the calculation of the risk capital requirement for the original market risk, a scaled VaR is calculated with a confidence level of 99.9% under the economic perspective with a holding period of one year.

The risk capital requirement limit is static and is reset as part of the annual revision of the overall bank limit system and approved by the Management Board.

In addition to the overall bank limit system there is a sublimit system for ALCO. This limit system is used for the operational management of market risk.

Within the spread and migration risk, the risk capital requirement based on the economic perspective is also calculated and limited on the basis of a credit-value-at-risk approach. The confidence level (99.9%) and holding period (one year) match the assumptions used in the other market risk subtypes.

In addition, limits are also defined for the earnings figures in the present value and periodic perspective for IRRBB and CSRBB.

REPORTING

The key figures and market risk indicators are communicated to decision makers by means of various risk reports.

A monthly report with data on relevant risk figures is provided to the Management Board and members of ALCO. The quarterly risk report provided to the Management Board and Supervisory Board presents the market risk in the overall bank limit system along with current utilisation.

BACKTESTING

Backtesting the original market risk helps assess the forecasting quality of the VaR approach. The daily profit and loss is compared against the VaR figures calculated based on risk modelling.

STRESS TESTING

The ongoing analyses that determine the potential losses under normal market conditions are supplemented with "stress tests", which are scenarios for extraordinary events. In these scenarios, the relevant risk factors are drastically altered, meaning that they are changed in accordance with predefined stress scenarios. Stress tests therefore represent a valuable enhancement to the comprehensive presentation of potential risks. The stress tests calculations are carried out both separately for market risk as well as at the overall bank level.

The key market risk input parameters for the stress tests, derived from the specific business direction and therefore from the risk profile of the Schwäbisch Hall Group are:

- changes in yield curve (position, twist) and credit spreads
- changes in migration probabilities of issuers
- changes in collective cash flows (existing and/or new business)
- changes in other parameters influencing prices (price markdowns).

The results of stress tests provide important information on existing and potential risks as well as their impact on the Schwäbisch Hall Group. The results of the stress tests are also taken into account as part of the annual revision of limits, meaning that they also feed into planning.

ANALYSIS OF MARKET RISKS

As at 31 December 2024, the capital requirements for original market risks of the Schwäbisch Hall Group amounted to €1,328 million (2023: €1,056 million) under the economic perspective (VaR, 99.9% confidence level, one-year holding period), with a limit of €1,821 million (2023: €1,671 million). Operating VaR (99% confidence level, ten-day holding period) amounted to €193 million (2023: €166 million) as at

31 December 2024. The VaR remained within the limit at all times during the financial year.

The capital requirements for spread and migration risks under the economic perspective (credit VaR, 99.9% confidence level, one-year holding period) amounted to €410 million as at 31 December 2024 (2023: €446 million) with a limit of €520 million (2023: €500 million).

Liquidity risk

DEFINITION AND CAUSES

Liquidity risk can be subdivided into liquidity risk in the narrow sense, refinancing risk and market liquidity risk. Liquidity risk in the narrow sense is the risk that liquid funds are not available in sufficient quantity to meet payment obligations. Liquidity risk in the narrow sense is therefore understood as insolvency risk. Refinancing risk refers to the risk of loss arising from a deterioration in the liquidity spread (as a component of the spread on own issues). If liquidity spreads increase, future liquidity needs can only be met with additional costs. Market liquidity risk refers to the risk of a loss resulting from detrimental changes in market liquidity, for instance due to a decrease in market depth or market disruptions, with the result that assets can only be liquidated on the market with mark-downs and the options for active risk management are limited.

LIQUIDITY RISK STRATEGY AND MANAGEMENT OF LIQUIDITY RISK

The aim of liquidity management is to ensure solvency and adequate liquidity at all times. From a regulatory perspective, liquidity is measured using the liquidity coverage ratio (LCR). The LCR trend is calculated at least once a month for the subsequent months and is subject to an internal early warning limit. The Net Stable Funding Ratio (NSFR) is forecast quarterly and is also internally limited.

The liquidity position contains all liquidity-related items and is presented based on the expected liquidity trend as well as various stress scenarios for a period of up to ten years.

Under the economic perspective, adequate liquidity is ensured over a one-year horizon by measuring the minimum liquidity surplus. The measurement is based on liquidity developments and the related liquidity reserves and is performed daily for a normal scenario as well as for liquidity developments in stress situations (stress tests). Appropriate limiting ensures that possible liquidity shortfalls within a one-year time window are covered in all scenarios by freely available liquidity reserves. In this way, potential liquidity problems can be identified early and countermeasures can be introduced as required.

The liquidity reserves taken into account within liquidity risk controlling consist primarily of the option to borrow from the ECB, with the maximum amount depending on the value of the securities portfolio eligible as collateral with the ECB. Furthermore, there are refinancing options with the Volksbanken Raiffeisenbanken cooperative financial network partners. New refinancing sources (e.g. Pfandbrief issues) have been opened up to ensure further diversification.

Market liquidity risk is taken into account using stress scenarios, where interest- and creditworthiness-related discounts are calculated on the market value of securities in the liquidity reserve.

To safeguard structural liquidity, long-term liquidity development with limited new business is compared with the refinancing potential from regular business activities and limited.

REPORTING

Adherence to liquidity risk limits for solvency over a one-year horizon is monitored daily, while the LCR and structural liquidity are reviewed at least once a month. The Management Board is informed accordingly at least monthly and the Supervisory Board is informed at least quarterly.

BACKTESTING

The system for measuring and managing liquidity risk is validated annually via a multi-stage process. Among other things, the data used as input factors is examined. Both the data sources and the data quality are verified and tested accordingly. Furthermore, the assumptions underlying the model are defined, justified and reviewed.

STRESS TESTING

Comprehensive stress scenarios have been defined based on the overall bank stress tests and adapted for the liquidity perspective. These are taken into account in daily risk measurement. They include both internal and external factors that have a negative influence on the liquidity position.

The minimum liquidity surplus in the respective stress scenarios fluctuated between €1,723 million and €2,883 million in 2024.

ANALYSIS OF LIQUIDITY RISK

The liquidity risk limits were adhered to at all times in 2024. The LCR fluctuated between 199% and 1,604% and was therefore clearly above the 100% regulatory minimum value in force for 2024.

Bauspar technical risk

DEFINITION AND CAUSES

Bauspar technical risk comprises two components: new business risk and collective risk. New business risk is the risk of negative repercussions from possible deviations from the budgeted new business volume. Collective risk denotes the risk of negative effects that can arise from deviations between actual and forecast developments in the *Bauspar* collective due to persistent and significant non-interest-related changes in customers' behaviour.

The distinction from interest rate risk can be guaranteed through altered customer behaviour that is not interest-related in the collective simulation model. Accordingly, this means that only interest-related changes in customer behaviour are relevant to interest rate risk.

RISK STRATEGY FOR *BAUSPAR* TECHNICAL RISK

Bauspar technical risk is closely connected with Bausparkasse Schwäbisch Hall AG's business model and is therefore unavoidable. Against this backdrop, the risk strategy aims to avoid the uncontrolled spread of risk. Management is carried out by means of a forward-looking tariff and product policy, in particular, as well as via suitable marketing measures and corresponding sales management.

MANAGEMENT OF *BAUSPAR* TECHNICAL RISK

Risk measurement takes place quarterly on the basis of a special collective simulation model in which a decline in new business and (negatively) altered customer behaviour can be shown in an integrated way. The input parameters are selected to ensure a confidence level of 99.9%. Due to the specifics of *Bausparen*, effects on the holding period of one year are taken into account in the *Bauspar* technical risk.

The results of the collective simulation model are carried over into a long-term profit and loss account. The discrepancy between the actual result in the risk scenario and the result of a basic variant on the same reporting date is used as a risk measure. The net present value of the differences is determined via discounting. The total of net present value differences represents the *Bauspar* technical risk and therefore the risk capital requirement for this risk type. Concentrations in the *Bauspar* technical risk can arise primarily from new business risk.

LIMITING

The *Bauspar* technical risk is limited for the net present value analysis under the economic perspective and backed by risk capital.

ANALYSIS OF *BAUSPAR* TECHNICAL RISK

The capital requirements for *Bauspar* technical risk as at 31 December 2024 amounted to €719 million, with a limit of €820 million (2023: capital requirements: €730 million; limit: €820 million). The risk capital requirement remained within the limit at all times during the financial year.

REPORTING

The responsible risk committee (ALCO) and – within the framework of the quarterly report – the Management Board as well as the Supervisory Board are informed of the risk capital requirement for the *Bauspar* technical risk.

STRESS TESTING

In order to calculate the *Bauspar* technical risk in the risk type-specific stress situation, a collective simulation model is created in which the relevant parameters are stressed compared with standard risk measurement. This is evaluated in line with the methodology for ongoing risk measurement.

The stress tests are performed on a quarterly basis. In addition, other stress scenarios with extreme parameter values are tested within the framework of the overall bank stress test, the inverse stress test as well as stress tests at the level of the DZ BANK Group.

Equity investment risk

DEFINITION AND CAUSES

Equity investment risk refers to the risk of losses due to negative changes in value for part of the equity investment portfolio for which risks are not subsumed under other risk types. It also includes the risk of losses arising from a decline in the value of the real estate portfolio of the Schwäbisch Hall Group due to the deterioration of the general real estate situation or particular characteristics of the individual properties (e.g. vacancy, tenant default or loss of use).

EUITY INVESTMENT RISK STRATEGY AND MANAGEMENT OF EQUITY INVESTMENT RISK

Investment companies are assigned to various levels based on a materiality analysis and taken into account in risk management differently depending on their assigned level. The quantification of equity investment risk takes place with the aid of a VaR approach based on a Monte Carlo simulation model.

Equity investment risks arise particularly from international equity investments in *Bausparkassen*. Benchmarks exist in order to limit risk concentrations abroad, with benchmarks set based on the business activity of the respective participation and a country-specific factor.

LIMITING
For equity investment risk the VaR is limited with a confidence level of 99.9% under the economic perspective. Equity investment risk is integrated into the overall bank limit system. Risk measurement is carried out monthly.

REPORTING
The Management Board and Supervisory Board are informed of equity investment risk as part of quarterly reporting.

STRESS TESTING
The ongoing measurement of equity investment risk is supplemented by performing stress tests. Stress scenarios are defined for equity investment risk within the framework of the overall bank stress test.

ANALYSIS OF EQUITY INVESTMENT RISK
As at 31 December 2024, the economic capital requirement for equity investment risk amounted to €76 million (2023: €218 million). This includes a buffer capital requirement for foreign currency and real estate risks totalling €8 million. The limit set as at 31 December 2024 was €80 million (2023: €260 million) under the economic perspective. The significant decline in capital requirements and the limit in the economic perspective is attributable to the sale of the interest in Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt. (FLK). The limit was not exceeded at any point during the year. The volume of the equity investments for which equity investment risk is measured amounted to €135 million (2023: €342 million) as at 31 December 2024.

Operational risk

DEFINITION AND CAUSES
Operational risk refers to the risk of losses resulting from human conduct, technological malfunctions, process or project management weaknesses or external events. Legal risk is included in the definition. Strategic and reputational risks are not included.

OPERATIONAL RISK STRATEGY
The task of operational risk management and controlling is to systematically record and monitor all significant operational risks. The primary goal is not the avoidance of risks but active risk management, i.e. the controlled and/or conscious assumption of opportunities and risks.

Analyses and findings from risk assessments and risk reporting form the basis for management decisions, depending on the consequences of the respective operational risk.

In general, operational risk assessment is differentiated and managed independently by the organisational units concerned. This takes place in line with the existing strategies in accordance with the defined principles. A balanced cost/benefit ratio must be observed at all times. There are four basic management strategies that impact the risk profile and are actively applied:

- accept risk insofar as the costs of possible risk reduction measures outweigh the benefits
- reduce risk, e.g. through process optimisation and emergency planning
- transfer risk, e.g. via insurance
- avoid risk, e.g. by dispensing with certain transactions and processes.

MANAGEMENT OF OPERATIONAL RISK
Basic management responsibility is held locally in the specialist divisions and/or the equity investments. Central control by the Risk Controlling division ensures that existing risks are systematically recorded company-wide in a standard form. To this end, a framework has been approved for the Schwäbisch Hall Group, which describes the methods used.

Management of operational risk analyses the main risk subtypes. The inclusion of risk subtypes enables a more differentiated view of operational risk and better management by the specialised units of the 2nd line of defence. This is reflected in the management tools used for operational risk.

The following subtypes of operational risk were of material importance in the financial year:

- compliance risk, including conduct risk compliance
- legal risk
- information risk, including I(C)T risk
- security risk
- outsourcing risk
- project risk
- other operational risk.

Sustainability risks in the form of environmental, social and governance risks can be causal risk factors for operational risk. The risk factors are described in the context of the corresponding component of operational risk.

In addition, there are prelitigation risks in connection with the lending and *Bauspar* business.

The following methods are used at the Schwäbisch Hall Group to manage and control operational risks:

Loss database

The aim of this method is to use a central loss database for the structured recording of all losses incurred within the Schwäbisch Hall Group resulting from operational risks and to introduce measures as applicable. Losses with a gross loss amount of €1,000 or more are recorded. The record includes the categorisation of losses by event and by loss amount, in particular.

Risk indicators

Risk indicators are key figures that can be informative regarding the risk situation of the company by acting as early warning indicators. They are collected and reported by the persons responsible at local level. Risk situations are classified using a traffic light system based on prescribed threshold values. Risk indicators are systematically and regularly collected within the Group on a broad scale.

Scenario analysis

A risk scenario gives a concrete description of potential losses as well as events and factors that could lead to those losses.

In the context of risk self-assessments, scenarios for assessing particularly unfavourable configurations, which may not yet have occurred, are identified and measured according to loss amount and probability of occurrence. Assumptions on the impact and probability of occurrence of these scenarios are based on internal and external losses as well as expert evaluations. A distinction is drawn here between division-specific and interdivisional scenarios.

The methods are reviewed and adjusted at least once a year by Risk Controlling in collaboration with the responsible operational risk staff and/or experts.

RISK SUBTYPES

Compliance risk, including conduct risk compliance

Compliance risks may arise if the compliance and risk management systems are not sufficient to fully prevent or detect violations of external obligations. Such obligations are understood to mean legal requirements (laws, regulations) as well as external agreements and internal agreements within the company. Examples include the abuse of confidential information, ignoring sanction and embargo requirements, data protection violations or supporting money laundering, terrorist financing and other criminal acts. Employee misconduct (conduct risk compliance) is part of compliance risk.

Legal risk

Legal risk can arise from violations or the incorrect application of applicable law. Legal risk can also result from a change in the legal situation (statutes or case law) affecting transactions entered into in the past.

Information risk, including I(C)T risk

Information risk arises due to breaches of the confidentiality, integrity, authenticity and/or availability of information. If the risk exists in connection with the use of information or communication technology (information media), it is referred to as I(C)T risk. This also includes cyber risks.

Security risk

Security risk can arise because of inadequate protection for people, property, tangible assets or time-critical processes. Examples include epidemics or pandemics due to the widespread of pathogens, restricted access to workplaces due to natural disasters or demonstrations, or the limited availability of operating resources due to a power supply interruption or failure. Climate change could lead to an increase in the frequency and severity of natural disasters.

Outsourcing risk

Outsourcing risk denotes the risk of losses from outsourced services due to a violation of the strategic principles or operational policies.

Potential outsourcing risks can arise, for example, from non-compliance with supervisory requirements by the responsible service provider, from a lack of transparency or ability to enforce in the case of outsourcing outside the domestic market, from increasing complexity in the case of outsourcing of processes that are not classified as standard services (commodity services), from the outsourcing of core responsibilities or knowledge processes due to a potential loss of expertise, from service disruptions (in particular the failure or poor performance of the service provider) or from inadequate management or monitoring of the service provider (in particular lack of transparency with regard to the performance of the services).

Project risk

Project risk means the risk that project outcomes will not be completed as planned. For example, project risk may result from inadequate clarification of project goals and assignments, from deficiencies in the subsequent implementation, from deficiencies in communication inside and outside the project, or from unexpected changes in the overall conditions that apply to a project.

Other operational risk

All other risks fall under the category of "Other operational risk". This brings together operational risks that are not allocated to the OpRisk subtypes compliance risk, including conduct risk compliance, legal risk, information risk, including I(C)T risk, outsourcing risk, security risk or project risks, and are of subordinate importance based on their risk profile.

IMPACT OF RISK SUBTYPES

The effects on the individual risk subtypes are diverse. For example, violations or infringements of applicable law may result in compensation payments. If compliance and risk management systems put in place are not adequately implemented to fully prevent or detect violations of external obligations, this may give rise to compliance risk. Malfunctions or disruptions of IT systems may negatively impact the implementation of processes. Security risk can lead to staff shortages or impact buildings or the ability to access them. Outsourcing risk could lead to business failures or claims for damages. Project risks that materialise can trigger an extraordinary increase in budget requirements or mean that project outcomes are not complete on schedule.

MEASURES

The diverse effects of the OpRisk risk subtypes require targeted and efficient management and the resulting derivation of measures. Risks are mitigated by measures such as strict separation of functions, adherence to the dual control principle, restriction of IT authorisations and access authorisation to buildings, as well as a remuneration model focused on sustainability. The organisational units dealing with legal issues continuously monitor and evaluate legally relevant legislative projects, regulatory requirements and the development of case law. Information risk is assessed decentrally in a control process and evaluated in respect of the associated risks. External service providers are monitored by means of communication, coordination, contractually defined service level agreements and audit reports. Projects are managed by project portfolio management, which systematically assesses, monitors and manages the identified risks.

LIMITING

Operational risk is integrated into the overall bank limit system.

One of the key management tools for operational risk is adequate backing with regulatory as well as economic capital.

Economic capital requirements are determined by calculating the Operational Value at Risk (OpVaR). Operational risk is quantified using the losses actually realised from loss events (ex post) as well as on the basis of scenarios (ex ante). The data from both methods is transformed into distributions with the aid of assumptions and mathematical processes. Under the basic approach of the quantification model, the "loss distribution approach" is used. These distributions are then aggregated using the Monte Carlo simulation into a loss distribution for the ex post database and a loss distribution for the ex ante database. Finally, both loss distributions are combined to give a complete overview. This is done by merging the datasets received from the Monte Carlo simulation from the ex post perspective with the datasets from the ex ante perspective. Finally, the loss distribution in the complete overview is used to determine the risk measure of Value at Risk at the desired confidence level. Under the economic perspective, a confidence level of 99.9% is applied.

REPORTING

The Management Board and Supervisory Board are informed about operational risk through regular reports. In addition, ad hoc reports are prepared as needed.

Identified operational risks are reported by Risk Controlling and/or within the individual organisational units to the relevant management level. Within the framework of the existing risk management process, the active management of identified operational risks then takes place with a particular focus on prevention.

Furthermore, KreCo is regularly informed regarding the status of operational risk in the Schwäbisch Hall Group.

STRESS TESTING

The ongoing risk measurement via OpVaR is also supplemented with stress tests.

The risk parameters (loss amount and probability of occurrence) are updated annually for the calculation of the economic overall bank stress test. OpVaR is then calculated for the individual overall bank stress scenarios.

ANALYSIS OF OPERATIONAL RISK

On 31 December 2024, a capital requirement of €116 million (2023: €136 million) was calculated under the economic perspective to cover the operational risks of the Schwäbisch Hall Group. At no time has the value exceeded the applicable limit. On 31 December 2024, the limit for operational risks amounted to €140 million (2023: €160 million).

Reputational risk

DEFINITION AND CAUSES
Reputational risk refers to the risk of losses as a result of events that damage confidence in the companies within the Schwäbisch Hall Group or in its products and services, especially in relation to customers, shareholders, employees, sales partners, supervisors and the general public. Reputational risks can occur as an independent risk ("primary reputational risk") or as an indirect or direct consequence of other risk types ("secondary reputational risk").

RISK STRATEGY FOR REPUTATIONAL RISK
The framework for managing reputational risk is formed by the business strategy and the resulting general risk management goals of the Schwäbisch Hall Group as well as Group requirements.

The business strategy gives rise to targets for qualitative growth (minimum return) and for new business in individual business segments. With regard to reputational risk, it is assumed that new business growth leads to increased sales activities and therefore also to a stronger market presence. Increased reputational risks can also arise due to the resulting higher profile and strength of the Schwäbisch Hall brand.

The risk cannot be avoided due to the strategy and requirements described above.

MANAGEMENT OF REPUTATIONAL RISK
Management measures are introduced by the managers of the organisational units at a local level and/or by the Management Board. Their implementation must be supported by the organisational units concerned. Risk developments are monitored on an ongoing basis using various measurement tools, which are developed in close cooperation with the relevant organisational units (e.g. social media report and customer loyalty index).

There are also further preventative and reactive risk management methods (e.g. new product processes, crisis communication, compliance risk assessment). The risk capital requirement for reputational risk is not quantified independently and is not taken into account on the risk side of risk-bearing capacity. The corresponding risk capital requirement is covered via *Bauspar* technical risk.

(Negatively) altered customer behaviour and a decline in new business (among other things, for example, due to "damage to Bausparkasse image"/"reputational damage") are presented in an integrated way in the collective simulation model underlying the *Bauspar* technical risk. This covers the potential impact of reputational damage on Bausparkasse Schwäbisch Hall.

LIMITING
The risk amounts calculated in the *Bauspar* technical risk are integrated into the overall bank limit system and are backed by economic capital. In this way, the influence of reputation is included in risk-bearing capacity.

REPORTING
The reputation of the Bausparkasse Schwäbisch Hall AG is monitored at various points using different tools and is constantly being strengthened. The Marketing and Communications divisions, in particular, report to decision makers regarding significant findings or changes. In this way, the management of the Bausparkasse Schwäbisch Hall AG is informed about how the Bausparkasse Schwäbisch Hall AG is perceived by stakeholders and is thus in a position to take management decisions.

Furthermore, central analysis and monitoring is carried out by Risk Controlling on a quarterly basis. The various stakeholder views are then aggregated in an index model to create a risk overview. The Management Board is informed of the index model and its respective value.

STRESS TESTING
Reputational risk causes follow-on and/or secondary risks for other risk types. The effects of reputational risk as a primary risk are included in the stress scenarios across risk types via the corresponding risk types.

Enhancement of risk measurement methods and the risk monitoring system

Risk measurement methods and risk monitoring systems are continuously improved and developed in accordance with new European and national statutory regulations.

Measurement of overall risk profile

In 2024 the Schwäbisch Hall Group saw some movement as regards risk capital utilisation within its economic risk-bearing capacity. The risk capital requirement for each risk type only moved within the defined limits in the financial year under review.

The regulatory capital ratios of Bausparkasse Schwäbisch Hall are shown in the Report on economic conditions on page 12.

No risks have been identified that could jeopardise the continuation of the Schwäbisch Hall Group as a going concern.

Schwäbisch Hall Group Sustainability Report 2024[1]

[1] Not a component of the statutory audit of the financial statements

1 ESRS 2 – General Disclosures

1.1 General basis for preparation of the sustainability report [BP-1]

The Schwäbisch Hall Group’s sustainability report for financial year 2024 is prepared on a consolidated basis for the Schwäbisch Hall Group and, at the same time, fulfils all the requirements for the sustainability statement for the Schwäbisch Hall Group in accordance with European Sustainability Reporting Standards (ESRS), as well as the requirements for non-financial reporting obligations in accordance with sections 289b ff. of the *Handelsgesetzbuch* (German Commercial Code – HGB) and sections 315b to 315c of the HGB (combined non-financial statement). The Schwäbisch Hall Group’s sustainability statement is prepared in full compliance with ESRS. The report is prepared voluntarily in accordance with the European Corporate Sustainability Reporting Directive (CSRD), even though this has not yet been transposed into national law in Germany (as at 31 December 2024). The following report presents the activities of the Schwäbisch Hall Group in the environmental, social and governance dimensions, the content and requirements of which are specified by the new ESRS sustainability standards. The ESRS are being used as a recognised framework in accordance with sections 315c (3) in conjunction with 289d of the HGB.

The report begins with an overview of the reporting process and its principles, as well as the materiality assessment that was carried, before going on to explain the environmental, social and governance standards.

SCOPE OF CONSOLIDATION OF THE SUSTAINABILITY REPORT

The sustainability report of the Schwäbisch Hall Group is required to be prepared on a consolidated basis. Consolidation is performed in accordance with the principles of the IFRS consolidated financial statements, and the scope of consolidation (basis of consolidation) corresponds to that of the IFRS consolidated financial statements. No other subsidiaries or investees have been included in the sustainability reporting that are exempt from consolidation.

VALUE CHAIN COVERAGE

The entire value chain as illustrated in chapter 1.8 was considered in the course of collecting and assessing the potentially material impacts, risks and opportunities as part of the materiality assessment. The value chain consists of the upstream value chain, including the Schwäbisch Hall Group as a purchaser of services, the internal business area, including its own investments and banking operations, and the downstream value chain, which includes its business activities and origination of loans/financing.

INTELLECTUAL PROPERTY

The Schwäbisch Hall Group does not make use of the option to omit certain information relating to intellectual property, know-how or the results of innovation.

EXEMPTIONS IN CONNECTION WITH IMPENDING DEVELOPMENTS

The Schwäbisch Hall Group does not make use of the exemption under Article 19a (3) and Article 29a (3) of Directive 2013/34/EU concerning disclosures on impending developments or matters in the course of negotiation.

1.2 Disclosures in relation to specific circumstances [BP-2]

TIME HORIZONS

For this report, the Schwäbisch Hall Group uses the time horizons specified in ESRS 1 section 6.4:

- short-term time horizon: period of one year (consistent with the reporting period and the period of the economic perspective of the Internal Capital Adequacy Assessment Process (ICAAP))
- medium-term time horizon: period of one to five years (consistent with the Schwäbisch Hall Group’s planning horizon)
- long-term time horizon: periods longer than five years.

ESTIMATES AND MEASUREMENT OF METRICS

Estimates based on indirect sources and assumptions due to a lack of available data or a high degree of measurement uncertainty were used to determine certain quantitative data points.

The basis for preparing this data and the sources of error are discussed in the context of the explanation of the corresponding metric and its calculation methodology. In the case of GHG emissions from business operations, data availability at the time of reporting is limited, with the result that data collection was in part carried out using extrapolations. Information on the basis for preparation can be found in chapter 2.1.7. To determine GHG emissions in the customer lending business and the decarbonisation target pathway according to the Carbon Risk Real Estate Monitor (CRREM), the Schwäbisch Hall Group uses a method based on the standard of the Partnership for Carbon Accounting Financials (PCAF) that draws on statistical averages for energy consumption and carbon emissions of real estate.

The PCAF standard uses a Data Quality (DQ) score to quantify the accuracy of the calculation of the financed emissions.

This score rates the accuracy of the calculations on the basis of the underlying data on a scale of 1 (high measurement accuracy) to 5 (low measurement accuracy). The calculations for the Schwäbisch Hall Group's real estate portfolio resulted in a weighted DQ score of 3.09, which corresponds to an average measurement accuracy.

To further increase the accuracy of measurement in future, energy performance certificates have been added to the compulsory documents to be obtained for new financing. Estimates from an external energy consultant are expected to be obtained for properties without energy performance certificates.

The PCAF standard for measuring portfolio GHG emissions is compatible with globally recognised standards and initiatives such as the Greenhouse Gas Protocol (GHG Protocol).

REFERENCES TO SOURCES OUTSIDE THE SUSTAINABILITY REPORT

The information listed in the following table of this sustainability report is incorporated by reference to other reports or to other chapters of the combined management report of the Schwäbisch Hall Group. All references in the sustainability report, if not specifically identified, are not part of the report itself.

TABLE 1: REFERENCES TO SOURCES OUTSIDE THE SUSTAINABILITY REPORT

Information incorporated by reference	Chapter in the sustainability report	Reference (report)	Reference (chapter)
Information on unconsolidated domestic subsidiaries and foreign investees	1.8 Strategy, business model and value chain [SBM-1]	Combined management report	Chapter "Fundamental information about the Group" sub-chapter "The Schwäbisch Hall Group"

1.3 The role of the administrative, management and supervisory bodies [GOV-1]

A four-member Management Board steers the company and develops its strategic focus. Top management included two general executive managers in the reporting period.

In accordance with Article 10(1) of the Articles of Association, Bausparkasse Schwäbisch Hall's Supervisory Board is made up of ten shareholder representatives and ten employee representatives, with equal representation.

The members of Bausparkasse Schwäbisch Hall's Management Board and Supervisory Board have the necessary knowledge of the business activities of the Schwäbisch Hall Group, including all subsidiaries and investees. The knowledge is reviewed annually in a self-evaluation by the members of the Management Board and Supervisory Board based on the requirements of the EBA (EBA/GL/2021/06). At the same time, the Supervisory Board receives annual training on topics specific to *Bausparkassen*.

The basis for considering the under-represented gender is set out in section 111 (5) of the Aktiengesetz (German Stock Corporation Act – AktG), which stipulates that listed companies or companies subject to codetermination law must set targets for the proportion of women on their governing bodies. Accordingly, the target for the proportion of women on the Management Board is 25.0%, and 30.0% on the Supervisory Board. Both requirements are met by the current composition of the Management and Supervisory Boards. One of the four members of the Management Board is female. This corresponds to a 25.0% proportion of women. Both of the general executive managers are female. Considering all management levels in the Schwäbisch Hall Group, the proportion of women at the Group level is 20.0%. The proportion of women on Bausparkasse Schwäbisch Hall's Supervisory Board is 30.0%.

Of the 20 members of the Supervisory Board, 3 members are independent within the meaning of the ESRS. These are all trade union representatives. This corresponds to a ratio of 15.0%.

The responsibilities are set out in the organisational chart of Bausparkasse Schwäbisch Hall's Management Board, which requires the approval of the Supervisory Board. This also specifies the responsibility of the member of the Management Board responsible for risk management. The Supervisory Board as a whole and, in particular, the joint Risk and Audit Committee, is also responsible for monitoring Schwäbisch Hall Group's risk strategies.

The persons responsible for monitoring the risk strategies are specified in the Articles of Association and the Rules of Procedure of the Supervisory Board and the joint Risk and Audit Committee. The Management Board is responsible for steering all sustainability activities and for determining strategic direction. The responsibilities for monitoring the impacts, risks and opportunities (IROs) from the materiality assessment in accordance with CSRD have not yet been defined in the written rules of procedure.

The Supervisory Board's tasks for monitoring the Management Board are defined in the Supervisory Board's Rules of Procedure and those of its committees (joint Risk and Audit Committee, Nomination Committee, Remuneration Committee and Mediation Committee).

The same applies to the rules for reporting by the Management Board to the Supervisory Board.

Operational responsibility for monitoring the IROs lies with the Risk Management department. The Management Board and Supervisory Board are informed of the results of the materiality assessment and of any changes to the IROs.

As part of its overall responsibility for the Company's affairs, the Management Board defines the business policy objectives, which, in accordance with the Management Board's

Rules of Procedure, must be agreed with the Supervisory Board. The Management Board regularly informs the Supervisory Board about the course of business, both in writing via quarterly reports and verbally at Supervisory Board meetings. A strategic performance control system has been established to measure and assess the performance relative to sustainability targets. The Management Board is regularly informed about progress at its meetings. The Management Board approved the decarbonisation targets for the business portfolio in accordance with chapter 2.1.5 on 19 January 2024. These were published for the first time at the DZ BANK Group level in spring 2024 in the 2023 sustainability report.

Additional training is provided to support the skills and knowledge of the members of the Management and Supervisory Boards. Sustainability issues are also specifically addressed. As part of a separate Supervisory Board training session on CSRD, the members of the Supervisory Board were informed about the regulatory framework and the main IROs of the Schwäbisch Hall Group. The Management Board is informed on an ad hoc basis about current regulatory developments in the ESG environment and any changes to the Schwäbisch Hall Group's material IROs.

1.4 Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies [GOV-2]

In its function as a controlling and supervisory body, the Supervisory Board regularly addresses business development and business and risk strategies in accordance with the Articles of Association and the Rules of Procedure at its meetings and in the committees. In addition, the Management Board provides a written report on these topics every quarter. In 2024, the Management and Supervisory Boards were informed for the first time about the results of the materiality assessment as part of CSRD reporting and the planned disclosures. The plan is to expand the existing reporting structures in the future to include information on material IROs.

Disclosures on the control of service provision and monitoring are made in the annual report of Bausparkasse Schwäbisch Hall and its consolidated subsidiaries.

1.5 Integration of sustainability-related performance in incentive schemes [GOV-3]

As part of the annual target agreement process, targets based on the strategic planning are agreed at the Management Board level.

The Schwäbisch Hall Group incorporates sustainability targets into its remuneration policy. The remuneration systems are aligned with the ESG targets. The remuneration systems are integrated into Schwäbisch Hall Group's business strategy, risk strategy and sustainability strategy. Variable Management Board remuneration at the Schwäbisch Hall Group accounts for 15.0% of target remuneration. The variable remuneration of Management Board members is calculated on the basis of multi-year targets. When determining variable remuneration, the risk-bearing capacity, multi-year capital planning and the Schwäbisch Hall Group's results of operations are taken into account. At the Management Board level, 15.0% of the targets contribute to sustainability. Of these, 5.0% relate to environmental and governance matters and 10.0% to social matters. The targets in all three areas include project and implementation targets for the strategic action area of "Encouraging sustainability". These include, in particular, the implementation of CSRD reporting, the introduction of click options for energy efficiency and energy-efficient refurbishment, and the validation and adoption of the strategic ambition. The emission reduction target for the business portfolio in accordance with chapter 2.1.5 and the climate ambition for the business operations were integrated for 2025.

The Supervisory Board is responsible for setting and updating the variable remuneration of the Management Board with a sustainability component in accordance with section 25a (1) no. 6 in conjunction with subsection (5) of the *Kreditwesengesetz* (German Banking Act – KWG).

Sustainability-related performance is not factored into the remuneration systems for the Supervisory Board and other management levels.

1.6 Statement on due diligence [GOV-4]

The following table shows the disclosure requirements in ESRS 2 GOV-4. The core elements of due diligence are shown in the first column. The second column contains the corresponding references to the relevant passages in the sustainability report that describe the relevant action in detail.

TABLE 2: DISCLOSURE REQUIREMENTS UNDER ESRS 2 GOV-4

Core elements of due diligence	Paragraphs in the sustainability report
a) Embedding due diligence in governance, strategy, and business model	ESRS 2 GOV-2; ESRS 2 GOV-3; ESRS 2 SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2; ESRS 2 SBM-2; ESRS 2 IRO-1; ESRS E1-2; ESRS E4-2
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1; ESRS 2 SBM-3; ESRS E1 20; ESRS E4 17
d) Taking action to address those adverse impacts	ESRS E1-3
e) Tracking the effectiveness of these efforts and communicating	ESRS E1-4

1.7 Risk management and internal controls over sustainability reporting [GOV-5]

The Schwäbisch Hall Group pursues active risk management as part of its integrated comprehensive overall bank management, in which target contributions must be realized and the associated potential dangers (risks) must be managed efficiently. The Company-wide understanding of risk has been formulated in guidelines that specify how to manage risks in the "Schwäbisch Hall Group' Risk Culture Framework".

Risks are to be avoided and regulatory requirements met by defining and implementing the functional separation between risk-taking and risk-monitoring units, establishing escalation mechanisms and a dual control principle to be implemented depending on risk content.

The Schwäbisch Hall Group's risk management comprises four elements that should be understood as consecutive phases of one continuous process:

- risk identification
- risk assessment
- risk management
- risk monitoring and communication.

For sustainability reporting, the identification and mitigation of operational risks in the process of report generation is of primary importance, and these aspects are described in greater detail in the following.

The documentation of risk-relevant processes in the Schwäbisch Hall Group is subject to the bank-wide requirements for standardised documentation and is an integral part of the organisational and operational structure. The Schwäbisch Hall Group has established an internal control system (ICS) for bank-wide processes as well as accounting and reporting-related processes.

The Schwäbisch Hall Group uses the existing established processes and structures as a guide for the sustainability reporting risk management and internal control system. In the case of sustainability reporting, there is a particular risk of incomplete or inaccurate information. The corresponding sources of error, such as system discontinuities, manual data processing and careless mistakes, are identified in the process and at the level of the individual data points and are expected to be mitigated in each case by means of appropriate control measures.

The topics classified as material may be overlooked in the reporting, resulting in an incomplete sustainability report. You can find more information on this in chapter 1.11.
In addition, incorrect or incomplete data may be included in the sustainability report and affect the accuracy of the report content.

Appropriate controls have been introduced to minimise the risks described. The departments supplying the data do this by checking the completeness and correctness of the report content using the dual control principle and defined approval processes. Additional centralised completeness and plausibility checks are carried out as part of risk control.

The processes and systems needed to draft the sustainability report, the potential risks identified from them and the controls implemented to mitigate these risks are recorded and documented in a process and control documentation template.

In addition, further targeted measures are taken to develop the ICS for sustainability reporting, such as the systematic description of processes or the development of policies and standards.

The Schwäbisch Hall Group's governance includes an established "Three Lines of Defence Model (3LoD model)". The responsibilities and tasks regarding climate-related and environmental risks generally follow the distribution of roles in the established 3LoD model. Responsibility for climate-related and environmental topics is vested in the CEO of the Schwäbisch Hall Group, with the Management Board member responsible for sales in charge of individual sustainability topics. The risk management function (second line) for climate-related and environmental risks is performed by risk control. Internal audit is responsible for the process-independent audit and assessment of climate-related and environmental risk control and risk management processes.

The relevant department is responsible for preparing and monitoring the quantitative and qualitative information produced for the Schwäbisch Hall Group's sustainability reporting. During the reporting period, there was no regular reporting of any findings from the ICS with regard to sustainability reporting to the Management and Supervisory Boards.

1.8 Strategy, business model and value chain [SBM-1]

Bausparkasse Schwäbisch Hall offers a wide range of products and services in the area of *Bausparen* and housing financing, as well as other financial products and advisory services.

BAUSPAREN

Bauspar contracts combine saving and financing for residential purposes, such as the purchase, construction or refurbishment of a property. Customers start by saving a fixed amount and are then entitled to a low-interest loan. This process is supported by government subsidies (e.g. house-building premiums, employee savings allowance, *Riester* subsidy), which can be utilised by saving through a *Bauspar* contract.

With the *FuchsEco Bauspar* tariff, Bausparkasse Schwäbisch Hall offers a special product for climate change mitigation and energy-efficient refurbishment.

HOUSING FINANCING

Its range of private property financing products includes classic annuity loans, suspended repayment loans for longer terms and bridging loans for shorter terms. In addition, *Bauspar* loans are offered in connection with previously saved *Bauspar* contracts, as well as forward loans to secure a loan interest rate at an early stage. Bausparkasse Schwäbisch Hall also brokers housing financing loans from cooperative banks.

OTHER FINANCIAL SERVICES PRODUCTS AND ADVISORY SERVICES

In addition to its core products of *Bausparen* and housing financing, the Schwäbisch Hall Group offers further financial services in the cross-selling business area, including classic banking products, property-related insurance from R+V Allgemeine Versicherung AG and funds from Union Investment Privatfonds GmbH. Supplementary advisory services for private real estate are accounting for a growing share. For example, customers receive support on issues such as property valuation or estate agent services through (digital) advisory services or online tools.

In addition, tools are provided for use by Schwäbisch Hall Group customers to support them in planning energy-efficient refurbishments:

- Modernisation assistant: an online self-service tool for accessing knowledge, planning modernisation projects, calculating individual modernisation loans and obtaining advice
- Modernisation loan calculator: calculates financing for energy-efficient refurbishment projects
- Modernisation Check: provides a qualified estimate of a home’s energy optimisation potential, based on individual inputs
- Check-list for energy-efficient refurbishment: provides an overview of refurbishment plans, costs and government subsidies.

In addition, the Schwäbisch Hall Group offers its sales partners advisory tools for new construction, home buying and energy-efficient refurbishments that they can use in their discussions with end customers.

This comprehensive range of products and services enables the Schwäbisch Hall Group to offer its customers end-to-end solutions in the Building and Living ecosystem.

The Schwäbisch Hall Group is focused on the German market for *Bausparen* and housing financing, with a focus on retail customers in all age groups. This also applies to the sustainability-related products it offers.

A country-specific breakdown of the Schwäbisch Hall Group's employees is not provided because all of the Company's locations are in Germany.

DESCRIPTION OF SUSTAINABILITY TARGETS

The Schwäbisch Hall Group pursues a range of sustainability-related goals that relate to its key product and service groups, customer categories, geographical areas and relationships with stakeholders. The key points are described in the following:

- increasing the sustainability impact of the loan portfolio, limiting physical and transition climate and environmental risks, and actively managing them in the loan portfolio, and continuously reducing the carbon footprint of both the loan portfolio and business operations
- expanding the Company’s position in the segment of refurbishment, renovation and modernisation consulting and financing
- safeguarding its status as a responsible employer in order to maintain its regularly confirmed status as a top employer, including from the perspective of sustainability
- more targeted alignment of the diverse activities in the area of corporate social responsibility (CSR) with sustainability criteria
- increasing employee awareness and engagement in the area of sustainability
- Regular, close dialogue with external stakeholders from the media, policymaking, business and non-governmental organisations and society in order to position the Company as an active partner in the sustainable transformation of the Building and Living ecosphere.

ASSESSMENT OF THE SUSTAINABILITY GOALS IN TERMS OF SIGNIFICANT GROUPS OF PRODUCTS, SERVICES, MARKETS AND CUSTOMERS

Due to Bausparkasse Schwäbisch Hall's business model, which is specialised in the real estate sector and the private household customer group, as well as its location in Germany, the sustainability goals are overarching and cannot be broken down by groups of products, services, markets or customers.

ELEMENTS OF THE SCHWÄBISCH HALL GROUP'S STRATEGY

The Schwäbisch Hall Group's #Fokus100 strategy provides the framework and sets the guardrails for its growth ambitions in the two core business segments of Housing Financing and *Bausparen*. It aims to sustainably strengthen both core business segments in order to support the German Cooperative Banking Group (GFG) in expanding its market position as a reliable product and solutions provider in the long term. This strategy is operationalised by quantitative ambitions in the dimensions "Markets and Customers", "Finance", "Digital Transformation & Processes", "Sustainability" and "Customers, Partners & Employees". The key challenge posed by the sustainability dimension is achieving climate targets in Germany. In this context, the Schwäbisch Hall Group sees its primary role as contributing to a climate-friendly housing stock.

DESCRIPTION OF THE BUSINESS MODEL AND THE VALUE CHAIN

The strategic focus of the Schwäbisch Hall Group follows the DZ BANK Group's guiding principle of operating as a "network-oriented central banking institution and integrated financial services group". As a subsidiary partner of the cooperative banks, the Schwäbisch Hall Group's business activities are focused on the topic of "Building and Living". The objective of this focus as the socially responsible real estate financing provider for the GFG is to consolidate its position in the long term as one of Germany's leading integrated financial services providers. The companies of the DZ BANK Group work together with the cooperative banks and Atruvia AG (Atruvia), the cooperative digital transformation partner, under the umbrella of the National Association of German Cooperative Banks (BVR), to shape the future. GFG offers a broad range of services, from retirement provision through real estate and housing financing, down to insurance and funds.

The value added by the Schwäbisch Hall Group essentially involves providing financial products and services for the Building and Living ecosphere. These are, in particular, *Bauspar* contracts or building loans for private individuals. These products are sold by the Schwäbisch Hall field sales force, cooperative banks, independent brokers and a subsidiary digital sales operation of the Schwäbisch Hall Group.

The Schwäbisch Hall Group carefully considers the impact and influence of its actions on the environment and society. For example, standards have been defined for working with suppliers and business partners.

As a product and solutions provider in the cooperative Building and Living ecosystem, the Bausparkasse Schwäbisch Hall Group accepts its responsibility for helping to shape the climate transition in private home ownership.

DESCRIPTION OF INPUTS AND OUTPUTS

Our customers are at the centre of the Schwäbisch Hall Group's business. That's why it is important to recognise their needs and desires and to fulfil them with our services throughout the customer support process. The goal is to attract new customers and to continue impressing existing customers with consistently good advice and services.

The basis for this is a three-pronged approach: qualified employees, Bausparkasse Schwäbisch Hall's strong capital base and its strong regional roots with local contacts in field sales or in banks. This enables the Schwäbisch Hall Group to offer its customers a wide range of products for Building and Living (including *Bauspar* contracts, housing financing, insurance and government-subsidised retirement provision). The employees of the Schwäbisch Hall Group receive continuous further training so that they have state-of-the-art knowledge in the various topics (including professional, legal and technical). At the same time, support and management processes (legal, IT and infrastructure, marketing and communication, risk, human resources, compliance, etc.) are provided.

The goal of the Schwäbisch Hall Group's products and solutions for Building and Living is to create added value for the customer. This has made the *Bausparkasse* the market leader in the field of *Bausparen* and one of the leading companies in Germany in the field of private housing financing. In addition, it is successively expanding its range of products and services by developing an ecosphere for Building and Living that will enable it to serve its customers even more comprehensively. Bausparkasse Schwäbisch Hall has also been recognised as one of Germany's top ten employers for many years.

DESCRIPTION OF THE MAIN FEATURES OF THE ENTIRE VALUE CHAIN AND OF THE POSITION OF THE *BAUSPARKASSE*

Bausparkasse Schwäbisch Hall primarily offers and brokers financial services solutions for private residential property. With the *Bauspar* product, customers can start building up equity for their private property at an early stage. When building, buying or modernising a residential property, customers have a wide range of housing financing products at their disposal.

Planning, building or renting out residential property are not part of Bausparkasse Schwäbisch Hall's product range.

Schwäbisch Hall Kreditservice GmbH (SHK) handles new and existing business on behalf of Bausparkasse Schwäbisch Hall AG. Together with its subsidiary VR Kreditservice GmbH, SHK is the market leader in the standardised processing of *Bauspar* products.

Schwäbisch Hall Facility Management GmbH (SHF) is responsible for building management and operation of the Schwäbisch Hall Group's head office in Schwäbisch Hall. It also serves other external customers in the Schwäbisch Hall region as well as GFG customers.

With BAUFINEX GmbH (BAUFINEX) and Schwäbisch Hall Wohnen GmbH (SHW), the Schwäbisch Hall Group complements the conventional sales channels of banks and sales force with two additional sales channels: BAUFINEX for independent financing intermediaries and SHW for digitally empowered customers. By integrating the four sales channels, the Schwäbisch Hall Group is responding to the changing needs of its customers.

Information on other unconsolidated domestic subsidiaries and foreign investees can be found in the financial report (information can be found in the combined management report in the chapter “Fundamental information about the Group” and sub-chapter “The Schwäbisch Hall Group”).

1.9 Interests and views of stakeholders [SBM-2]

DESCRIPTION OF STAKEHOLDER ENGAGEMENT

According to ESRS 1, stakeholder dialogue is a key component of the materiality assessment. ESRS do not impose specific requirements on how to engage with stakeholders. Consequently, stakeholder and technical expert engagement can serve as an alternative to direct stakeholder dialogue. Additionally, it is not necessary to engage all stakeholders on every ESG topic; only those stakeholders who are affected by a particular topic need to be engaged (see ESRS Implementation Guidance I, paragraph 197/203). The decision about how the stakeholder dialogue takes place is therefore at the discretion of the Schwäbisch Hall Group. There are no regulatory requirements regarding the timing and validity of surveys conducted in the past. The following table describes the most important stakeholders, categories of stakeholders and how we engage stakeholders.

TABLE 3: DESCRIPTION OF THE MOST IMPORTANT STAKEHOLDERS, THE CATEGORIES OF STAKEHOLDERS WE ENGAGE WITH AND THE ORGANISATION OF STAKEHOLDER ENGAGEMENT

Stakeholders	Stakeholder groups	Engagement action
Employees – Office staff and Works Council – Sales force (acquisition staff and managers)	Affected stakeholders	– Expert judgement HR (indirect) – Works Council (indirect) – Stakeholder survey 2020 (direct)
Customers	Affected stakeholders/users of sustainability reports	– Expert judgement Sales (indirect) – Expert judgement Loans (indirect) – Stakeholder survey 2020 (direct) – Ongoing dialogue via sales (direct)
GFG and Network – Cooperative partner banks – Partner institutions/network companies – Owners/Supervisory Board	Affected stakeholders/users of sustainability reports	– Regular discussions with cooperative banks (direct) – Regular dialogue with companies in the DZ BANK Group (direct) – Works Council meeting twice a year (direct) – Regular dialogue with industry associations (direct) – Stakeholder survey 2020 (direct)
Management and Supervisory Board	Affected stakeholders/users of sustainability reports	– Stakeholder survey 2020 (direct)
Supervisory authorities	Users of sustainability reports	– Regulatory requirements (indirect)
Subsidiaries/investees	Affected stakeholders	– Regular dialogue/bodies (direct) – Expert judgement analysis, calculation and investment management (indirect)
Media representatives and external service providers – Media representatives/journalists – Academics/educators – Service providers/suppliers	Users of sustainability reports/affected stakeholders	– Stakeholder survey 2020 (direct) – Expert judgement Procurement (indirect)
Political and social actors – Political actors – Social actors/NGOs/trade unions – Regional public	Users of sustainability reports/affected stakeholders	– ESG reporting (direct) – Publications/ratings (direct) – Online media portal (direct) – German CEO Alliance for Climate and Economy (direct) – Stakeholder survey 2020 (indirect) – Expert judgement General Office, Politics, International Markets (indirect) – Expert judgement Legal and Compliance (indirect)
Nature (“silent stakeholder” under ESRS)	Affected stakeholders	– Scientific publications and studies on environmental impacts (indirect) – Dialogue with representatives from business, politics and science (indirect) – Expert judgements by General Office, Politics, International Markets, Risk Control and SHF (indirect)

PURPOSE OF ENGAGEMENT

The purpose of considering the interests of internal and external stakeholders is to gain an accurate understanding of the social, ecological and economic expectations of these stakeholder groups and to align both business and sustainability activities with these requirements.

CONSIDERING THE RESULTS AND INCORPORATING THE INTERESTS INTO THE STRATEGY AND BUSINESS MODEL

These insights are used to further develop the sustainability activities of the Schwäbisch Hall Group and thereby, for example, to increase customer and employee satisfaction. In addition, the Schwäbisch Hall Group ensures that the assessments of the relevant stakeholder groups are taken into account in the materiality assessment and reported.

Selected stakeholders such as the chief executive officers of cooperative banks and DZ BANK as well as representatives of affiliated companies, customer groups and cooperative associations are invited to join a dialogue with the Management Board via the twice-yearly meetings of the Advisory Board. The findings are the basis for company-wide and division-specific measures.

MANAGEMENT ENGAGEMENT

In this context, Schwäbisch Hall Group’s administrative, management and supervisory bodies not only act as control and advisory bodies, but also as interfaces between internal and external stakeholders. The governing bodies of the Schwäbisch Hall Group are regularly informed about the views and interests of stakeholders. For example, the Advisory Board, which includes the members of the management boards of cooperative credit institutions, the central bank and representatives of network companies, customer groups and cooperative associations, meets twice a year to discuss issues of mutual interest with the Management Board. In addition, the Supervisory Board and the Works Council are informed about the views and interests of stakeholders in relation to sustainability-related impacts through regular agenda items at Supervisory Board and Works Council meetings.

1.10 Material impacts, risks, and opportunities and their interaction with strategy and business model [SBM-3]

The following table shows the material impacts, opportunities and risks per standard and sub-topic identified in the materiality assessment

TABLE 4: MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES

Standard	Topic	IRO TYPE	IRO ID	Description of IRO	Period	Dimension
Climate change mitigation	Climate change adaptation	Actual positive impact	NE1_01	Financing modernisations strengthens borrowers’ resilience to the consequences of climate change	long-term	Business portfolio
		Opportunity	FE1_01	Growing customer demand to finance adaptation measures such as refurbishments/modernisations	n.a.	Business portfolio
			FE1_03	Business growth from enhanced reputation from financing climate change adaptation measures	n.a.	Business portfolio
		Risk	FE1_02	Credit risk: Growing probability of default by customers through increasing statutory requirements for climate change adaptation (transition risks)	n.a.	Business portfolio
	Climate change mitigation	Actual positive impact	NE1_02	Emission reduction actions as part of the climate strategy are helping the Schwäbisch Hall Group to achieve climate neutrality	long-term	Business operations
			NE1_03	Financing building modernisations and refurbishments that reduce GHG emissions	long-term	Business portfolio

Standard	Topic	IRO TYPE	IRO ID	Description of IRO	Period	Dimension
		Actual negative impact	NE1_04	Carbon emissions through real estate financing	long-term	Business portfolio
		Opportunity	FE1_04	Growing customer demand to finance adaptation measures such as energy-efficient refurbishments or solar systems	n.a.	Business portfolio
			FE1_05	Business growth from enhanced reputation from financing climate change mitigation measures	n.a.	Business portfolio
		Risk	FE1_06	Credit risk: Growing probability of default by customers through increasing statutory requirements for climate change mitigation (transition risks)	n.a.	Business portfolio
			FE1_07	Reputational risk: Growing number of complaints, lower customer loyalty and a negative impact on public image if insufficient attention is paid to environmental risks and climate change mitigation actions are not implemented	n.a.	Business portfolio
	Energy	Actual positive impact	NE1_05	Financing sustainable energy sources such as solar systems	long-term	Business portfolio
		Opportunity	FE1_08	Business growth from enhanced reputation from financing energy-saving measures	n.a.	Business portfolio
			FE1_09	Growing customer demand for financing due to increasing statutory requirements for building energy efficiency	n.a.	Business portfolio
Biodiversity and ecosystems	Land use change	Actual negative impact	NE4_01	Financing new buildings contributes indirectly to land use changes due to construction activities	long-term	Business portfolio
	Soil sealing	Actual negative impact	NE4_02	Financing new buildings contributes indirectly to soil sealing due to construction activities	long-term	Business portfolio
Own workforce	Working conditions	Actual positive impact	NS1_01	Employee satisfaction, for example through preventive health programmes, workplace design and a safe working environment	medium-term	Business operations
			NS1_02	Employee satisfaction through the employer's responsibility for terms of employment: contract structuring, employee representation and the organisation of business activities: ensuring a stable long-term financial situation	medium-term	Business operations
			NS1_03	Employee motivation through the option of flexible working hours, for employees covered by collective wage agreements within the framework of the collective wage agreement for the banking industry	medium-term	Business operations
			NS1_04	Employee motivation through the design of compensation by the employer, for employees covered by collective wage agreements within the framework of the collective wage agreement for the banking industry	medium-term	Business operations
			NS1_05	Employee satisfaction through the possibility of using social dialogue for own staff, the Schwäbisch Hall Group fulfils its responsibility as an employer to support/ensure social dialogue	medium-term	Business operations
			NS1_06	Employee satisfaction through the design of working conditions in relation to the creation of a necessary framework for freedom of association for own workforce	medium-term	Business operations
			NS1_07	Motivation and improved performance through the design of working conditions in relation to fair collective bargaining for own workforce	medium-term	Business operations
			NS1_08	Motivation and improved performance through the design and continuous improvement of working conditions in relation to the work-life balance of own workforce	medium-term	Business operations
		Opportunity	FS1_01	Increasing employer attractiveness and employee recruitment by creating positive and safe working conditions for own workforce	n.a.	Business operations
		Risk	FS1_02	Declining employer attractiveness and employee recruitment due to inadequate working conditions for own workforce	n.a.	Business operations

Standard	Topic	IRO TYPE	IRO ID	Description of IRO	Period	Dimension
	Equal treatment and opportunities for all	Actual positive impact	NS1_09	Encouraging equal treatment of employees	medium-term	Business operations
			NS1_10	Motivation and improved performance by designing working conditions with regard to training and skills development of own workforce	medium-term	Business operations
			NS1_11	Employee satisfaction by designing working conditions with regard to employment and integration of people with disabilities	medium-term	Business operations
			NS1_12	Employee satisfaction by designing working conditions with regard to measures against violence and harassment in the workplace	medium-term	Business operations
			NS1_13	Employee satisfaction through the design of working conditions with regard to the encouragement of diversity in own workforce	medium-term	Business operations
		Opportunity	FS1_03	Increasing employer attractiveness by safeguarding equality and equal opportuni-ties for all employees	n.a.	Business operations
		Risk	FS1_04	Decreasing employer attractiveness due to inadequate safeguarding of equality and equal opportunities for all employees	n.a.	Business operations
Workers in the value chain	Working conditions	Opportunity	FS2_01	Increased motivation for sales force and more attractive cooperation for indepen-dent sales representatives thanks to the option for them to organise their own working hours	n.a.	Business operations
Consumers and end-users	Social inclusion of consumers and/or end-users	Actual positive impact	NS4_01	Facilitating and ensuring access for as many people as possible to products and services, for example through advisory discussions, advice pages or online tools	medium-term	Business portfolio
			NS4_02	Positive organisation of customer relations through legally compliant and transparent advisory and marketing activities	medium-term	Business portfolio
		Opportunity	FS4_01	Enabling sales initiatives through access to high-quality information	n.a.	Business portfolio
		Risk	FS4_02	Financial risk (e.g. fines) for data protection violations in sales	n.a.	Business portfolio
Business conduct	Corporate culture	Actual positive impact	NG1_01	Strengthening corporate culture by increasing the influence of sustainability issues	short-term	Business operations
			NG1_02	Strengthening corporate culture by increasing the importance of sustainability issues in the Company and workforce	long-term	Business operations
			NG1_03	Strengthening corporate culture through surveys and training, and an open compliance culture	medium-term	Business operations
		Opportunity	FG1_01	Gaining trust and increasing customer loyalty by developing corporate culture promotes business potential	n.a.	Business portfolio
			FG1_02	Attracting and retaining employees by developing corporate culture	n.a.	Business operations
	Management of relationships with suppliers including payment practices	Actual positive impact	NG1_04	Maintaining and encouraging long-term business relationships through transpa-rent and sustainable supplier standards and purchasing conditions	short-term	Business operations
	Corruption and bribery	Actual positive impact	NG1_05	Assuming a role model function and preventing corruption, for example by establishing a functioning compliance management system, compliance policies with corruption requirements, employee training	short-term	Business operations
			NG1_06	Preventing corruption through existing compliance management system and compliance training	short-term	Business operations
		Potential positive impact	NG1_07	Future corruption prevention, for example through existing compliance manage-ment systems, compliance policies with anti-corruption requirements, employee training	short-term	Business operations
			NG1_08	Corruption prevention at suppliers through commitment to sustainable supplier standards	short-term	Business operations
			NG1_09	Early detection of fraud using fraud models	short-term	Business operations

RESILIENCE OF THE STRATEGY AND THE BUSINESS MODEL

The Schwäbisch Hall Group operates comprehensive integrated overall bank management to leverage opportunities and manage any risks that arise. Risk management at the Schwäbisch Hall Group also covers ESG risks. It considers both risks from business operations and risks from Schwäbisch Hall Group’s business portfolio (downstream value chain). Active risk management ensures that the Schwäbisch Hall Group's business model is resilient to ESG risks in the short, medium and long term.

1.11 Description of the processes to identify and assess material impacts, risks, and opportunities [IRO-1]

The materiality assessment plays a fundamental and central role in CSRD reporting and is one of the basic principles of ESRS. It serves to identify all topics that are important for the strategic direction of the Schwäbisch Hall Group in terms of sustainability and reporting. Many of the sustainability aspects mentioned in ESRS only need to be reported if they are classified as material. The results of the materiality assessment are used to determine the relevant reporting content for the Schwäbisch Hall Group.

The following assumptions and specifics were taken into account when performing the materiality assessment:

Both domestic and foreign investees, subsidiaries and joint ventures were included in the basis of consolidation under German commercial law (German GAAP). Three clusters were defined for this purpose, linking the materiality assessment to the basis of consolidation:

- sales and network-related investments
- service-oriented investments
- foreign investments (housing financing and *Bausparen*).

The different characteristics of the business models in Germany and abroad were also taken into account.

The time horizons are defined in the explanations in chapter 1.2.

The criteria of severity, scale, irreversibility and probability of occurrence are used to assess potential and actual impacts.

The quantitative risk thresholds for assessing opportunities and risks are based on the Schwäbisch Hall Group’s internal capital in order to ensure that the risk inventory is standardised.

Risks/opportunities are assessed on the basis of three criteria: probability of occurrence, scale and impact on long-term performance.

MATERIALITY ASSESSMENT PROCESS

The materiality assessment is used to define the scope of the report. The first step was to identify the material sustainability aspects for the Schwäbisch Hall Group, followed by an analysis of the associated potential material IROs on the operation and activities of the *Bausparkasse*. The materiality assessment is based on Implementation Guidance DRAFT EFRAG IG 1 (dated 06.11.2023) of the European Financial Reporting Advisory Group (EFRAG). In accordance with the requirements of ESRS, stakeholder engagement is a crucial part of the materiality assessment. As described in chapter 1.9, the different groups of stakeholders are engaged in various ways. Relevant stakeholders were represented by internal contacts as part of the analysis of the positive and negative impacts of the Schwäbisch Hall Group on people and the environment, as well as the sustainability-related opportunities and risks.

The materiality assessment begins with a survey of material topics using a scoring system. The topics are based on the topical ESRS, in particular ESRS 1 Appendix A (AR. 16). The following areas are considered:

E – ENVIRONMENTAL:

- Climate change (E1)
- Pollution (E2)
- Water and marine resources (E3)
- Biodiversity and ecosystems (E4)
- Resource use and circular economy (E5)

S – SOCIAL:

- Own workforce (S1)
- Workers in the value chain (S2)
- Affected communities (S3)
- Consumers and end-users (S4)

G – GOVERNANCE:

- Business conduct (G1)

The relevance of the various topics from the perspective of the Schwäbisch Hall Group was assessed by the stakeholders involved using a scoring system. The purpose of this approach is to determine the overarching focus of the materiality assessment so that stakeholders can then perform the financial and non-financial materiality assessment with a particular focus on the material topics. The assessment and scoring for each topic must be justified.

In the next step, the relevant departments for processing the materiality assessment were identified. The departments were defined so as to ensure that the specific characteristics of the Schwäbisch Hall Group and its business activities are covered completely, appropriately and meaningfully.

Accordingly, the following departments were categorised as relevant: Purchasing, "Analysis, Calculation and Investment Management", Lending, Human Resources, Risk Control, Legal and Compliance, Schwäbisch Hall Facility Management, "General Office, Politics, International Markets".

The materiality assessment was performed after the topics had been assigned to the stakeholders on the basis of their professional expertise and the scoring. In a first step, the context of each topic was precisely defined to ensure a thorough understanding of the underlying aspects and relevant factors. The stakeholders surveyed were asked to consider each topic in the context of the Schwäbisch Hall Group and to assess its materiality on the basis of sub-topics and sub-sub-topics. It was up to the stakeholders to define the context at the sub- or sub-sub-topic level. In addition, the stakeholders interviewed had an opportunity to identify further topics and to assess them as part of the materiality assessment. On the basis of the sub-topics or sub-sub-topics, the stakeholders determined the influence of the Schwäbisch Hall Group, identified the respective impacts, risks and opportunities within the sub-topic or sub-sub-topic and then assessed them.

ASSESSMENT OF NON-FINANCIAL MATERIALITY

As part of the analysis of the Company's potential and actual impacts on people and the environment, an initial assessment was made of the extent to which the Schwäbisch Hall Group has an influence on the sub-topics or sub-sub-topics as part of its business activities (customer lending/financing and through its own investments) or its own business operations (including service providers). Where experts believed there was no influence on the sub- or sub-sub-topics, this was explained in detail. Where influence was identified, it was described in detail and precisely localised in the context of the defined business activities or within the Company's own operations. The identified impacts were then evaluated by the stakeholders on the basis of the four criteria of severity, scale, irreversibility and probability of occurrence. In addition, these impacts were considered in detail in terms of actual and possible aspects, as well as negative and positive aspects. Furthermore, the impacts were categorised according to short-, medium- and long-term time horizons.

As part of the materiality assessment, a quantitative analysis was also performed at the DZ BANK Group level in addition to the qualitative analysis. The basis for this was an "SDG demonstrator" derived from the average values of the portfolio, which enables the analysis of the impact of the various portfolios of the Schwäbisch Hall Group on the Sustainable Development Goals (SDGs). Using the UNEP FI Impact Radar, the SDGs were then assigned to specific ESRS topics, thereby enabling the portfolio volumes to be evaluated from an ESRS topic perspective. The quantitative analysis did not reveal any additional topics that had not already been identified in the qualitative analysis.

ASSESSMENT OF FINANCIAL MATERIALITY

To assess financial materiality, the topic in question was first categorised in the appropriate context. This was followed by a review to determine whether there were any risks or opportunities in relation to the sub- or sub-sub-topic in question. The experts had classified in advance whether the topic was an opportunity or a risk. If no opportunities or risks were identified, the stakeholders involved provided a comprehensible explanation. Risks and opportunities that could have a significant impact on the Company's cash flows, financial development, performance, position and situation were considered. The opportunities and risks were assessed based on the criteria of probability of occurrence, scale and impact on long-term performance. The risk control department was involved in determining the scaling in the "Scale" category, so that standardised threshold values are used within the Schwäbisch Hall Group. The scaling was derived from the ICAAP and the Schwäbisch Hall Group's internal capital to ensure that the risk inventory was standardised.

DECISION-MAKING PROCESS

To help with decision-making, the scores for the topics in the various departments are first consolidated as part of the assessment. The results of the non-financial and financial materiality assessment are evaluated by analysing the ratings of the impacts, opportunities and risks based on the scales (1 = immaterial to 5 = material). A topic, sub-topic or sub-sub-topic is considered material and subject to the Schwäbisch Hall Group's disclosure requirement if the materiality threshold of 3.0 or higher is reached for at least one impact, opportunity or risk. If a topic, sub-topic or sub-sub-topic was assessed differently by different departments, a standardised view of the topic, sub-topic or sub-sub-topic was agreed in a joint meeting. For the final materiality assessment, the results were validated and supplemented by incorporating the perspectives of external stakeholders.

The evaluations of the departments were checked for plausibility and comprehensibility by the central CSRD project team on the basis of the dual control principle. In addition, the data provided by the departments was checked for errors in data collection, particularly with regard to the assigned scale values.

INTEGRATION INTO THE RISK MANAGEMENT PROCESS

Risk Management is responsible for systematically integrating climate-related and environmental risks into the risk management process. This includes ensuring capital (ICAAP) and liquidity (ILAAP) adequacy, as well as the further development of methodologies and tools to identify and manage these sustainability risks.

ESG risks are not considered a separate category of risk, but are categorised as drivers of traditional financial and non-financial risk categories in accordance with regulatory requirements. These risk drivers can be influenced by economic, social or (geo-)political events and conditions. In the Schwäbisch Hall Group, potentially significant ESG risk factors relate in particular to credit risk and operational risk.

Risk management focuses on physical and transition climate and environmental risks. ESG data surveys are used to limit these risks and gradually integrate them into the control processes. To do this, the sustainability metrics are determined using a methodology established at Bausparkasse Schwäbisch Hall based on the energy performance certificates available for the financed buildings, energy data collected on existing properties and statistical averages and climate scenarios. The measurement methodologies are continuously modified to meet regulatory requirements.

A qualitative analysis of the ESG risk drivers within the material risk types is performed as part of the risk inventory. The relevance of potentially material ESG risks from the areas of climate and environment, social and governance for the Schwäbisch Hall Group’s material risk types and how they are currently taken into account, and will be taken into account in the future, is assessed each year. The results of the ESG risk driver analysis were taken into account when conducting the materiality assessment.

More detailed information on how climate-related risks are managed can be found in the specific disclosures made on ESRS E1.

INCLUSION OF MANAGEMENT PROCEDURES

As part of the annual process of reviewing and updating the business strategy of Schwäbisch Hall Group’s #Fokus100, opportunities are also considered as part of the environmental and corporate analysis. ESG opportunities that arise from political, economic and social responsibility for more sustainability also play a role here.

INPUTS USED

Both internal Company sources and external sources were used to identify, evaluate and manage significant impacts, risks and opportunities as part of the materiality assessment.

The following internal Company sources were used:

- existing sustainability reporting
- risk inventory and risk strategy
- DZ BANK Group SDG mapping
- written rules of procedure
- expert judgement departments
- stakeholder survey 2020.

The following additional external sources were also used:

- publications/ratings
- online media portal
- scientific publications and studies on environmental impacts.

For the internal analysis and the assessment of physical and transition climate and environmental risks, both the information from the energy performance certificates of the financed buildings and the collected energy data on existing properties, as well as statistical averages and climate scenarios, are used.

MODIFICATIONS TO THE PROCESS, MOST RECENT UPDATES AND FUTURE REVIEW DATES FOR THE MATERIALITY ASSESSMENT

The materiality assessment was for the first time performed by the Schwäbisch Hall Group in accordance with the requirements of ESRS. The next review of the materiality assessment is planned for financial year 2025.

SPECIFIC DISCLOSURES REQUIRED BY ESRS E1 CLIMATE CHANGE

As shown in Table 4, the Schwäbisch Hall Group's real estate financing activities (financing of sustainable energy sources, financed carbon emissions) cause both positive and negative impacts on climate change. Its business operations also produce carbon emissions, which the Schwäbisch Hall Group is seeking to counteract by taking actions to reduce emissions.

Identifying existing risks is the basis for risk management and control processes. In the Schwäbisch Hall Group, this is done by means of a risk inventory which is performed regularly, at least once a year. Risks are analysed across all segments and products to establish their existence and their materiality for the Schwäbisch Hall Group.

The integration of climate-related risks into the strategic and operational risk management framework and the possible need to further refine the Schwäbisch Hall Group's methodologies and processes in this regard depends largely on whether the impact of an ESG risk driver on the category of risk is classified as material. The potential materiality of ESG risks for the Schwäbisch Hall Group’s material risk types is examined by means of the ESG risk driver analysis as part of the risk inventory, both within the Schwäbisch Hall Group and as part of the DZ BANK Group's risk inventory.

A qualitative analysis of the ESG risk drivers within the material risk types is performed n the course of integrating ESG risks into the risk inventory. The risks classified as material are generally integrated into the risk management and control processes using procedures and techniques.

The Schwäbisch Hall Group uses a variety of methods and tools to assess ESG aspects and any resulting risks, as well as to derive the impacts on relevant segments and/or categories of risk. These techniques are being continuously refined to meet internal and external requirements.

In order to fulfil regulatory requirements and its strategic ambitions, the Schwäbisch Hall Group has been calculating and reporting ESG performance metrics (KPIs) since the 2021 reporting period. The Schwäbisch Hall Group has identified physical and transition risks in the area of climate and environment as potentially significant overarching factors. These factors are integrated and limited in the Schwäbisch Hall Group's risk appetite statement and monitored every six months. The Schwäbisch Hall Group's sustainability risk reporting is performed via its quarterly overall risk report. ESG risks are additionally reported regularly to the Credit Risk Committee.

Bausparkasse Schwäbisch Hall’s customer credit portfolio was assessed with regard to physical risks, including the three climate risks of flooding, (coastal and river), windstorm and wildfire, and for two climate change scenarios.

The climate-related physical risks were identified for the long-term time horizons 2050 and 2080, which are examined in the following.

Climate-related physical play a significant role in the Schwäbisch Hall Group, particularly when it comes to credit risk. Physical risks affecting business operations are considered, among other things, in the operational risk in the ‘building failure’ scenario in the form of natural disasters such as earthquakes, and also in several scenarios regarding the failure of IT/communication systems and outsourcing due to the failure of contractual partners as a result of physical risks such as flooding or severe rainfall. However, their relevance for business operations is considered to be low.

For both time horizons, 2050 and 2080, Bausparkasse Schwäbisch Hall’s customer loan portfolio is characterised by low physical risks of 14.9% and 15.3% respectively.

The following two IPCC climate scenarios were used to determine the physical risks:

- RCP8.5
- RCP4.5.

The RCP8.5 scenario is a “business as usual” scenario with relatively unrestricted emissions. RCP4.5 represents a “cautiously optimistic” scenario.

For the physical risks, address data for the real estate properties are geocoded and mapped, and the climate risks are then determined on the basis of the following three climate scenarios:

- RCP8.5 in 2050
- RCP4.5 in 2080
- RCP8.5 in 2080.

With the help of the scenarios, the three climate risks of flooding (coastal and river flooding), windstorms and wildfires are determined in the low, medium and high risk classes and aggregated into a physical climate risk. The highest risk class in each case determines the aggregated overall risk.

For transition risk, the loans secured by property at Bausparkasse Schwäbisch Hall are categorised by energy efficiency class. This involves enriching the existing private loan portfolio with energy data from an external service provider, in particular the energy efficiency class, primary and final energy demand, and CO_2 equivalents. The tabular method for residential buildings in accordance with DIN V 18599-12 is used to determine this energy data. The underlying characteristics of a property, such as the year of construction, floor space, building use, number of floors and basement, as well as the type of heating, are derived using official data (e.g. from land registry offices, statistics and databases). In addition, the roof shape and any extensions, as well as any photovoltaic and/or solar thermal systems, and, if present, energy-efficient modernisations and refurbishments that have already been carried out, are taken into account. The key figures of an energy performance certificate, such as the energy efficiency class, the primary and final energy demand for space heating and hot water supply, and the emission intensity (CO_2 equivalent), are then calculated. Since 1 January 2024, Bausparkasse Schwäbisch Hall has been collecting energy performance certificates for relevant purposes when originating loans as a mandatory requirement for new business. The data for new business can therefore be based on energy consumption certificates that are actually available.

Transition risks were identified as at the current reporting date. Short, medium and long-term time horizons were not considered.

In terms of transition risks, the customer credit portfolio is highly dependent on the constant development of European and national legislation in the context of the energy efficiency of buildings. Information from energy performance certificates is a key factor in determining transition risks in the Schwäbisch Hall Group's customer loan portfolio.

The breakdown across energy efficiency classes in accordance with the Commission Implementing Regulation (EU) 2022/2453, as disclosed in Template 2, reveals that, at the end of the year, some 46.5% of the existing properties are in the poor energy efficiency classes F and G (based on the energy performance certificates actually available, see also chapter 2.1.10).

The transition risks identified were not subjected to any analysis of climate-related scenarios.

The climate scenarios of the Intergovernmental Panel on Climate Change are compatible with the climate-related assumptions in Chapter 2.1 with regard to the time horizons considered, climate risks and the emissions assumed in the scenarios.

SPECIFIC DISCLOSURES UNDER THE OTHER ENVIRONMENTAL STANDARDS

No specific methodologies, assumptions or tools beyond those described in this chapter were used in the materiality assessment for environmental standards E2 to E5.

Additionally, no specific consultations were carried out with affected communities.

Identification of ESG risks is part of the general risk inventory. No specific analyses of dependencies on ecosystem services or physical, transition or systemic risks in relation to biodiversity were carried out.

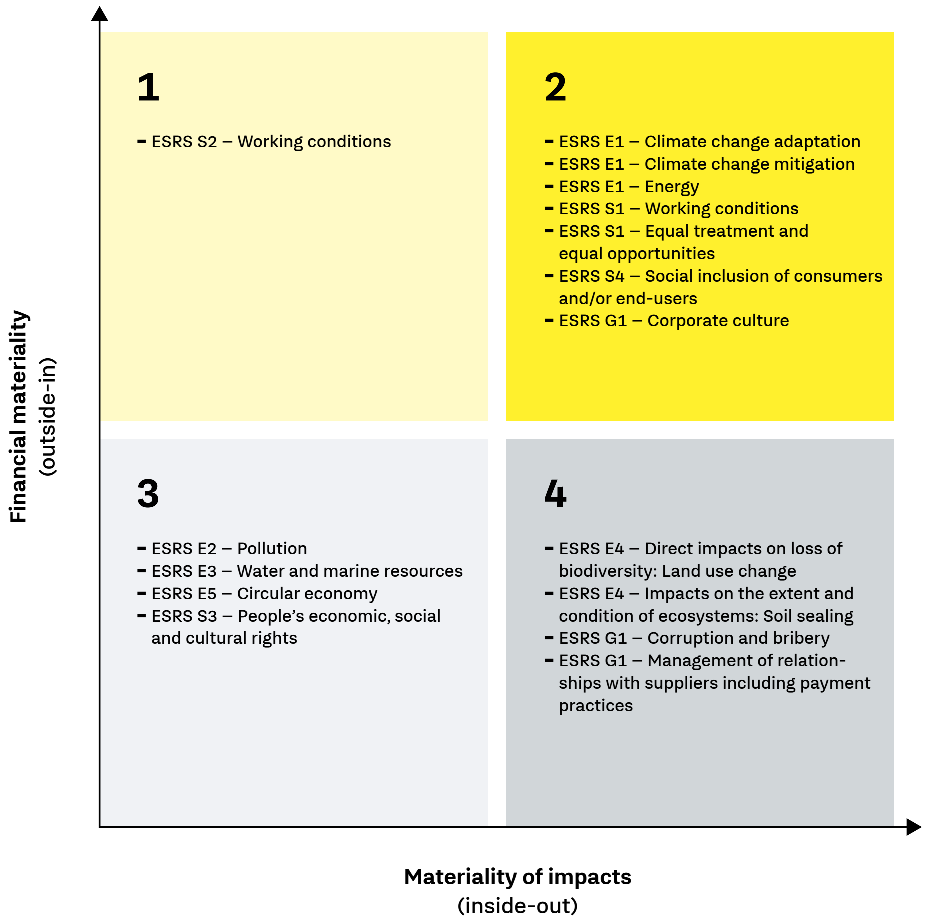
The Schwäbisch Hall Group has no sites in or near biodiversity-sensitive areas. Accordingly, no remedial measures were taken with regard to biodiversity in the financial year.

1.12 Disclosure requirements in ESRS covered by the Company's sustainability report [IRO-2]

RESULTS OF THE MATERIALITY ASSESSMENT

As part of its materiality assessment, the Schwäbisch Hall Group identified a large number of potential and actual impacts on people and the environment (inside-out) – both positive and negative – as well as financial risks and opportunities (outside-in). The material sustainability topics identified in the course of the analyses for the business operations and the activities of the *Bausparkasse* are shown in Figure 1. The figure shows the results of the materiality assessment in the form of a materiality matrix structured along the axes of double materiality (impact materiality and financial materiality). The final results of the materiality assessment were acknowledged by the Management Board on 13 December 2024.

Materiality matrix



1 = Must be reported because of financial materiality
2 = Must be reported because of impact materiality and financial materiality
3 = Does not need to be reported because of lack of materiality
4 = Must be reported because of impact materiality

ESRS 2 must be reported regardless of materiality.

LIST OF DISCLOSURE REQUIREMENTS BASED ON THE MATERIALITY ASSESSMENT

Table 5 shows the reporting requirements contained in this report and the corresponding page number.

TABLE 5: LIST OF DISCLOSURE REQUIREMENTS BASED ON THE MATERIALITY ASSESSMENT

Standard	Topic	Reporting requirement	Page no.
E1	Climate change (climate change adaptation, climate change mitigation, energy)	GOV-3, SBM-3, IRO-1, E1-1, E1-2, E1-3, E1-4, E1-5, E1-6, E1-7, E1-8, E1-9	71
E4	Biodiversity and ecosystems	IRO-1, SBM-3, E4-1, E4-2, E4-3, E4-4, E4-5, E4-6	98
S1	Own workforce (working conditions, equality/equal opportunities)	SBM-3, S1-1, S1-2, S1-3, S1-4, S1-5, S1-6, S1-7, S1-8, S1-9, S1-10, S1-11, S1-12, S1-13, S1-14, S1- 15, S1-16	99
S2	Workers in the value chain	SBM-3, S2-1, S2-2, S2-3, S2-4, S2-5	115
S4	Consumers and end-users	SBM-3, S4-1, S4-2, S4-3, S4-4, S4-5	119
G1	Business conduct (corporate culture, management of relationships with suppliers, corruption and bribery)	GOV-1, G1-1, G1-2, G1-3, G1-4, G1-6	125

LIST OF DATA POINTS FROM OTHER EU LEGISLATION

Table 6 shows the data points from other EU legislation included in this report in accordance with ESRS 2 Appendix B and the corresponding page number. In cases where the data point is not material, this is indicated.

TABLE 6: LIST OF DATA POINTS FROM OTHER EU LEGISLATION

Data point as per EU legislation	Paragraph	Designation	Materiality	Page no.
ESRS 2 GOV-1	21d	Board's gender diversity	X	54
ESRS 2 GOV-1	21e	Percentage of board members who are independent	X	54
ESRS 2 GOV-4	30	Statement on due diligence	X	55
ESRS 2 SBM-1	40 d i)	Involvement in activities related to fossil fuel activities	–	–
ESRS 2 SBM-1	40 d ii)	Involvement in activities related to chemical production	–	–
ESRS 2 SBM-1	40 d iii)	Involvement in activities related to controversial weapons	–	–
ESRS 2 SBM-1	40 d iv)	Involvement in activities related to cultivation and production of tobacco	–	–
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050	X	71
ESRS E1-1	16g	Undertakings excluded from Paris-aligned Benchmarks	X	71
ESRS E1-4	34	GHG emission reduction targets	X	86
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	X	88
ESRS E1-5	37	Energy consumption and mix	X	88
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	–	–
ESRS E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	X	90
ESRS E1-6	53-55	Gross GHG emissions intensity	X	91
ESRS E1-7	56	GHG removals and carbon credits	X	91
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks	–	–
ESRS E1-9	66a, 66c	Disaggregation of monetary amounts by acute and chronic physical risk; location of significant assets at material physical risk	X	92
ESRS E1-9	67c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes.	X	92
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities	–	–
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	–	–
ESRS E3-1	9	Water and marine resources	–	–
ESRS E3-1	13	Dedicated policy	–	–
ESRS E3-1	14	Sustainable oceans and seas	–	–
ESRS E3-4	28 c	Total water recycled and reused	–	–
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	–	–
ESRS 2 SBM-3	16a i)	E4	–	–
ESRS 2 SBM-3	16b	E4	X	98
ESRS 2 SBM-3	16c	E4	–	–
ESRS E4-2	24b	Sustainable land/agriculture practices or policies	–	–
ESRS E4-2	24c	Sustainable oceans/seas practices or policies	–	–
ESRS E4-2	24d	Policies to address deforestation	–	–
ESRS E5-5	37d	Non-recycled waste	–	–
ESRS E5-5	39	Hazardous waste and radioactive waste	–	–

Data point as per EU legislation	Paragraph	Designation	Materiality	Page no.
ESRS 2 SBM-3	14f	S1 Risk of incidents of forced labour	–	–
ESRS 2 SBM-3	14g	S1 Risk of incidents of child labour	–	–
ESRS S1-1	20	Human rights policy commitments		–
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	X	100
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	–	–
ESRS S1-1	23	Workplace accident prevention policy or management system	X	103
ESRS S1-3	32c	Processing of complaints	X	104
ESRS S1-14	88b, 88c	Number of fatalities and number and rate of work-related accidents	X	113
ESRS S1-14	88e	Number of days lost to injuries, accidents, fatalities or illness	–	–
ESRS S1-16	97a	Unadjusted gender pay gap	X	115
ESRS S1-16	97b	Excessive CEO pay ratio	X	115
ESRS S1-17	103a	Incidents of discrimination	–	–
ESRS S1-17	104a	Non-respect of UNGPs on Business and Human Rights, and OECD guidelines	–	–
ESRS 2 SBM-3	11b	Significant risk of child labour or forced labour in the value chain	–	–
ESRS S2-1	17	Human rights policy commitments	X	115
ESRS S2-1	18	Policies related to value chain workers	–	–
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights, and OECD guidelines	X	115
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	–	–
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	–	–
ESRS S3-1	16	Human rights policy commitments	–	–
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, and OECD guidelines	–	–
ESRS S3-4	36	Human rights issues and incidents	–	–
ESRS S4-1	16	Policies related to consumers and end-users	X	119
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	X	119
ESRS S4-4	35	Human rights issues and incidents	–	–
ESRS G1-1	10b	United Nations Convention against Corruption	–	–
ESRS G1-1	10d	Protection of whistle-blowers	–	–
ESRS G1-4	24a	Fines for violation of anti-corruption and anti-bribery laws	X	131
ESRS G1-4	24b	Standards of anti-corruption and anti-bribery	X	131

IDENTIFYING MATERIAL INFORMATION

The Schwäbisch Hall Group used the official EFRAG list of data points to identify the material information to be reported based on the identified IROs. Each material data point in accordance with ESRS was checked for relevance and applicability to the Schwäbisch Hall Group. This allows the Schwäbisch Hall Group to ensure that all material information is included in this report. For data points not included in the report, the relevant justification for the decision was listed in internal documentation.

2 Environment

2.1 ESRS E1 – Climate change

2.1.1 Transition plan for climate change mitigation [E1-1]

As a *Bausparkasse* and a provider of housing finance the Schwäbisch Hall Group plays a key role in the sustainable transformation of the building sector. This transformation can be supported by using financial resources for energy-efficient new construction and energy-efficient refurbishment. The following sub-chapters provide more details on the transition of the Schwäbisch Hall Group to a climate-neutral economy and the specific targets, actions and policies relating to the business portfolio-specific and operational environmental activities.

As a cooperative enterprise, sustainability is a key part of the values and business activities of Schwäbisch Hall. To achieve this, the Group-wide sustainability strategy is continuously developed with the aim of supporting the transformation of the private residential property stock.

The Schwäbisch Hall Group derives its understanding of sustainability, which is also set out in its business and sustainability strategies, from the United Nations Sustainable Development Goals (SDGs), the Paris Agreement and the United Nations Global Compact.

The Schwäbisch Hall Group has transition plans for the emissions of its business portfolio (loan portfolio and own investments) to mitigate climate change. The Schwäbisch Hall Group has also defined a climate ambition in the area of business ecology. However, this does not constitute a transition plan or a climate target as defined by ESRS. In 2022, the Schwäbisch Hall Group further developed its climate ambition for its business operations and set a target of achieving greenhouse gas neutrality in 2043. According to the climate ambition, greenhouse gas emissions will be halved by 2030 compared with 2019. As in the case of the DZ BANK Group, the Schwäbisch Hall Group's actual emissions increased significantly for 2024 due to the expanded emission sources (see chapter 2.1.7: additional Scope 3 emission sources based on the significance analysis carried out as part of the CSRD initial reporting). As a result, the climate ambition will be reviewed in 2025 and, if necessary, redefined.

The Schwäbisch Hall Group is not exempt from the EU benchmarks agreed in Paris.

"Encouraging sustainability" is one of the action areas in the Schwäbisch Hall Group's business strategy. This is defined in greater detail in the sustainability strategy. The relative carbon footprint of the loan portfolio, which forms the basis of the transition plan, is enshrined as a metric in the sustainability strategy and is intended to be managed in line with the relevant sector target pathway (as described below). The ambition to reduce business ecology emissions is also part of the sustainability strategy. Sustainability actions are not considered as a separate item in the financial planning, but are implicitly considered as part of existing budgets, such as the building budget, strategy budget or HR budget.

The transition plan was approved by the Management Board and also submitted to the Supervisory Board, which acknowledged it.

BUSINESS PORTFOLIO

The Schwäbisch Hall Group's decarbonization target pathway is aligned with the internationally and scientifically recognized Carbon Risk Real Estate Monitor (CRREM) reference pathway and is based on a relative metric (physical emissions intensity – kilogram CO_2equivalent/m^2a). The target is limited to materiality in private real estate (Scope 1 and 2 emissions from the customer's perspective, which corresponds to Scope 3 emissions, category 15 of the Schwäbisch Hall Group), not to geographical boundaries, and refers to the period of the original target 2022 to 2050 (period: 28 years) with defined interim targets for 2026, 2030 and 2040.

In the baseline year 2022, the actual point for private real estate was approximately 30% above the CRREM reference pathway; the gap to the pathway is expected to initially grow until 2026 and in the following years. By 2030, the physical emissions intensity is planned to be reduced by 41% compared with the baseline year. Starting in 2040 (-75%), the business portfolio is then expected to reach a physical emissions intensity of -100% by 2050.

TABLE 7: TARGET PATHWAY BUSINESS PORTFOLIO (SCOPE 3 CATEGORY 15)

	Baseline value 2022	Actual value 31.12.2024	2026 target	2030 target	2040 target	2050 target
Physical emissions intensity (kg CO_2e/ m²a)	45.07	38.42	37.17	26.75	11.18	0.00
Relative reduction compared with baseline year (%)	-	-15	-18	-41	-75	-100

The targets for decarbonising the private real estate portfolio were published for the first time in the 2023 Sustainability Report at the DZ BANK Group level. The CRREM reference pathway for Germany is highly ambitious, so an increase in the pathway gap is initially to be expected.

A sector target pathway for private real estate has been calculated for the Schwäbisch Hall Group's loan portfolio. After estimating the expected transformation, scenarios were developed to illustrate the likely decarbonisation. The target was defined on the basis of these scenarios, taking into account the current volatile legal environment, historical experience, technical capabilities and limitations. A "red warning threshold" has been defined for targets missed by more than 10.0% so that targeted control measures can be initiated that factor in all the framework conditions. This is intended to ensure regular monitoring to achieve the defined climate target. Relevant decarbonisation levers in the real estate sector are the switch from heat and power generation using fossil fuels (coal, oil and gas) to generation from renewable sources, potential modifications to properties to enable the effective use of these renewable energy sources, and improving the energy efficiency of buildings, particularly through energy-efficient refurbishment.

Implementation of this planning and the goal of transitioning to a climate-neutral economy is explained in greater detail in the following chapters 2.1.3, 2.1.4 and 2.1.5. The targets that have been developed, the implementation of specific actions and their incorporation into relevant policies are outlined there.

The actions supporting the implementation of the transition plan are embedded in the Schwäbisch Hall Group's strategic direction. Actions related to sustainability are managed through the strategic action area of "Encouraging sustainability". This ensures financing for implementing the actions. However, no explicit quantification is possible, which is why no reliable statements can be made in this respect.

GHG emissions that may potentially be included arise from the *Bausparkasse's* business model as a provider of housing finance due to the typically long credit periods for real estate loans. As a result, the composition of the existing portfolio in terms of CO_2 emissions is changing only slowly in the absence of active management. In the private residential property market, there is also currently a high level of uncertainty and consumer reluctance with regard to energy-efficient refurbishments. The Schwäbisch Hall Group is fundamentally committed to a continuous reduction in CO_2 in line with the climate targets adopted by the DZ BANK Group and the Paris Climate Agreement. In particular, the promotion of individual measures such as the installation of photovoltaic systems or heat pumps, as well as comprehensive energy-efficient modernisations, can be considered in the future through a CO_2-based new business management approach, in order to support customers and their loan financing with properties that may be greenhouse gas-intensive and to actively transform them. Measures within the framework of CO_2-based new business management are discussed in greater detail in the 'Encouraging sustainability' action area and are expected to be operationalised for further implementation.

The transition plan was calculated and approved as at 31 December 2023. A positive trend is already evident as at 31 December 2024 (for details, see the information in chapter 2.1.7).

2.1.2 Material impacts, risks, and opportunities, and their interaction with strategy and business model [ESRS 2 SBM-3]

The public and social groups, as well as politicians and financial regulators, are becoming increasingly sensitive to the issue of sustainability. The EU is specifically leveraging the financial sector for the climate-neutral transformation of the real economy in the EU economic area. The Federal Government approved the "German Climate Action Plan 2050" back in 2016. This describes how Germany is to become largely carbon neutral by 2050.

A roadmap sets out the overarching aims and measures for the construction sector. The building sector is responsible for around 30% of CO_2 emissions, and the ambitious climate change mitigation goals cannot be achieved without energy-efficient refurbishments of existing buildings and increased standards for new buildings.

The Schwäbisch Hall Group is expecting further growth stimuli in future, for example from the opportunity to support customers with new buildings as well as refurbishments of existing buildings.

Material impacts, risks and opportunities were identified in the area of the environment as part of the Schwäbisch Hall Group's materiality assessment (see chapter 1.11). The identified risks relate to the Schwäbisch Hall Group's business portfolio. Climate and environmental risks were not classified as material for the business ecology.

The IROs listed there are defined in greater detail in the following sub-chapters by the description of the Schwäbisch

Hall Group's environment-related targets, actions and policies.

In the Schwäbisch Hall Group, climate-related and environmental risks are not understood as a separate category of risk, but rather, in line with the prudential definitions, as drivers of the material classic financial and non-financial categories of risk that may have an actual or a potential negative impact on the Schwäbisch Hall Group’s net assets, financial position and results of operations as well as on its reputation.

The Schwäbisch Hall Group has integrated climate-related and environmental risks into its risk management process in order to identify such risks at an early stage, assess their financial impact and implement actions to avoid or mitigate the risks.

ESG risk management primarily focuses on climate and environmental risks resulting from climate change. Climate and environmental risks include both acute and chronic physical risks as well as transition risks.

Within physical climate and environmental risks, a distinction is made between acute risks, such as floods, on the other hand chronic risks that are attributable to permanent climate change.

Transition risks may arise in connection with the transition to a lower-carbon and environmentally more sustainable economy. Causes of transition risks include general political conditions and transformation objectives, changes in legislation, changes in consumer preferences and the associated technological change. The transformation to a low-emission economy leads to changing underlying conditions that pose risks for players in the real economy and can have negative consequences for the financial system and hence for credit institutions. Consequently, transition climate risks may have a considerable impact on the Schwäbisch Hall Group’s customers and thus indirectly on the Schwäbisch Hall Group itself.

Physical climate and environmental risks and transition risks play a significant role in the Schwäbisch Hall Group, particularly when it comes to credit risk.

The Schwäbisch Hall Group uses a methodology based on information from the energy performance certificates of the financed buildings and energy data collected on existing properties as well as on climate scenarios from the Intergovernmental Panel on Climate Change to determine the material physical and transition risks in the lending business. Due to the low level of materiality, the Company's own business operations are not considered in this assessment. However, physical risks within the business operations are considered via scenarios within operational risk (see chapter 1.11).

As part of the resilience analysis, high physical risks in the lending business are therefore regularly measured and monitored using climate scenarios. The climate scenarios used for the calculation and the results of the scenario analysis are included in the explanations in chapter 1.11.

The Schwäbisch Hall Group systematically integrates its business strategy, risk strategies and sustainability strategy and takes material climate and environmental risks into account. With their focus on residential use, the *Bauspar* and housing financing products also contribute to sustainability aspects in the area of private and predominantly owner-occupied residential property. This is also anchored in the Schwäbisch Hall Group’s business strategy, because “Encouraging sustainability” is a strategic action area and is further underpinned by the sustainability and risk strategy integrated in the business strategy. The Schwäbisch Hall Group aims to support customers and partners in new construction and refurbishment projects as a competent partner that provides guidance.

2.1.3 Policies related to climate change mitigation and adaptation [E1-2]

The Schwäbisch Hall Group’s policies encompasses the areas of climate change mitigation, climate change adaptation, energy efficiency and the use of renewable energies. All policies apply to operations in Germany, unless otherwise stated. Details of the policies are provided in the following overviews.

CLIMATE AND ENVIRONMENT POSITION PAPER OF THE DZ BANK GROUP

As part of the DZ BANK Group, the Schwäbisch Hall Group follows its overarching Climate and Environment position paper. Together with the DZ BANK Group, the Schwäbisch Hall Group has adopted a framework in the form of the position paper that addresses the integration of climate and environmental aspects into the operational and business portfolio-specific activities of the individual Group companies. The position paper is intended to create transparency regarding existing Group-wide issues and activities relevant to climate and the environment, thereby highlighting the positioning of the DZ BANK Group as a holistic organisation. The objective is to continuously reduce the Group's own consumption of resources in order to minimise the negative impact of its operational activities on the environment.

TABLE 8: BUSINESS STRATEGY

Policy name	Schwäbisch Hall Group business strategy
Key content of the policy	The Schwäbisch Hall Group's business strategy serves as the basis for our business activities and forms the framework for our decisions and activities. It encompasses the systematic performance of strategic analyses, such as the examination of the external environment and the internal analysis of the Company's strengths and potential, as well as the formulation of a long-term corporate vision and mission. Concrete strategic action areas are derived from these overarching guidelines, which structure and prioritise the approach in the coming years. One of these five strategic action areas is sustainability, which is an integral part of the business strategy. This underlines the Schwäbisch Hall Group's commitment to embedding ecological, social and economic aspects in its business model and creating long-term added value. Progress in implementing our strategic goals is monitored continuously.
General objectives of the policy	The strategy serves as a framework and sets guardrails for the actions of the Schwäbisch Hall Group. The aim is to increase competitiveness in the core business segments and at the same time to accelerate positioning in the Building and Living ecosphere in order to support the GFG in expanding its long-term market position as a reliable provider of products and solutions.
Material IROs addressed	NE1_02, NE1_03, NE1_04, NE1_05, FE1_01, FE1_02, FE1_04, FE1_05
Monitoring process for the policy	The Schwäbisch Hall Group's business strategy is reviewed regularly each year in an established strategic process.
Impact within the value chain	The business and the business portfolio are impacted.
Scope	The business strategy applies to the entire Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Full Management Board
Reference to standards or third-party initiatives	European Green Deal
Considering the interests of key stakeholders	The analyses of the environment and the Company consider the needs of customers, partner banks and employees, among others.
Availability of the policy to impacted stakeholders	The content of the strategy is made available to employees through various internal communication channels (e.g. intranet and organisational manual).

TABLE 9: SUSTAINABILITY STRATEGY

Name of policy	Sustainability strategy
Key content of the policy	The sustainability strategy addresses the activities and ambitions of the Schwäbisch Hall Group in line with the corporate mission "To create and preserve sustainable homes". The contents are divided into five action areas: Strategy, Regulation, Market development, Business operations as well as "Communication and Corporate Social Responsibility (CSR)". As a provider of products and solutions in the cooperative building and living ecosphere, the focus is on all three dimensions of sustainability: E, S and G. The action areas describe the sustainable transformation for shaping the climate transition in private home ownership and underpin the related overall corporate responsibility of the Schwäbisch Hall Group.
General objectives of the policy	The sustainability strategy combines the sustainability activities of the various areas of activity and serves as a framework.
Material IROs addressed	NE1_02, NE1_03, NE1_04, NE1_05, FE1_01, FE1_02, FE1_04, FE1_05
Monitoring process for the policy	The Schwäbisch Hall Group's sustainability strategy is reviewed regularly each year in an established strategic process.
Impact within the value chain	The business and the business portfolio are impacted.
Scope	The sustainability strategy applies to the entire Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Full Management Board
Reference to standards or third-party initiatives	By implementing this strategy, the Schwäbisch Hall Group is committed to complying with various initiatives such as the SDGs and the climate targets set out in the Paris Agreement.
Considering the interests of key stakeholders	Among other things, the content and action areas are derived from the BVR's sustainability logic and are also based on the 2020 stakeholder survey on material sustainability topics.
Availability of the policy to impacted stakeholders	The content of the strategy is made available to employees through various internal communication channels (e.g. intranet and organisational manual).

TABLE 10: RISK STRATEGY

Name of policy	Risk strategy
Key content of the policy	ESG risks are not considered as a separate risk type but, in combination with supervisory restrictions, as the drivers of the main conventional financial and non-financial risk types. Examples of risk drivers include economic, social or (geo-)political events and conditions. The individual risk strategies describe how ESG risks are addressed in the context of the relevant category of risk. Potentially material ESG risk factors affect credit risk and operational risk in particular. In the case of credit risk, the approach to physical and transition risks, among other things, is considered by determining ESG metrics.
General objectives of the policy	In accordance with section 25a (1) no. 1 of the KWG, the members of the Management Board of the Schwäbisch Hall Group are responsible for defining a business strategy geared to the sustainable development of the institution and a risk strategy that is consistent with it. The aim is to take adequate management precautions for the business activities planned in the business strategy and for the resulting risks.
Material IROs addressed	FE1-02, FE1-06, FE1-07
Monitoring process for the policy	The Schwäbisch Hall Group's risk strategy is reviewed regularly each year in an established strategic process.
Impact within the value chain	The business and the business portfolio are impacted.
Scope	The risk strategy applies to the entire Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Full Management Board
Reference to standards or third-party initiatives	Not relevant
Considering the interests of key stakeholders	As the Schwäbisch Hall Group's majority shareholder the DZ BANK verifies that the risk strategy is consistent with the strategy of the Group as a whole.
Availability of the policy to impacted stakeholders	The strategy has been published for employees in the organisational manual.

TABLE 11: TECHNICAL SUSTAINABILITY RISK MANAGEMENT DOCUMENTATION

Name of policy	Technical sustainability risk management documentation
Key content of the policy	The policy serves as an overarching document to reflect the current status of regulatory requirements, processes and projects relating to sustainability risk management at Bausparkasse Schwäbisch Hall. It describes the applicable regulatory frameworks, sustainability governance, methods for assessing ESG aspects, the management of ESG risks in the main categories of risk, and how ESG risks are addressed in risk appetite, ICAAP, stress tests and reporting. The technical sustainability risk management documentation therefore describes the fundamental aspects of sustainability risk and its management at Bausparkasse Schwäbisch Hall and serves as a basis for integrating ESG aspects into the various methodologies and processes. It describes the framework for the risk management cycle, which includes the identification, measurement/assessment, control, monitoring and communication of sustainability risks and the associated processes.
General objectives of the policy	The aim is to reflect the current status of regulatory requirements, processes and projects for sustainability at Bausparkasse Schwäbisch Hall.
Material IROs addressed	FE1-02, FE1-06, FE1-07
Monitoring process for the policy	The Schwäbisch Hall Group's technical sustainability risk management documentation is reviewed regularly each year in an established strategic process.
Impact within the value chain	The technical documentation relates to the business portfolio.
Scope	The technical sustainability risk management documentation applies to Bausparkasse Schwäbisch Hall.
Organisational level responsible for the implementation of the policy	Head of Risk Control
Reference to standards or third-party initiatives	By implementing this documentation, Bausparkasse Schwäbisch Hall ensures compliance with various regulatory requirements and initiatives such as the SDGs.
Considering the interests of key stakeholders	The contents were coordinated with the risk owners at Bausparkasse Schwäbisch Hall.
Availability of the policy to impacted stakeholders	The contents of the technical documentation are published in the organisational manual and are thus accessible to the employees.

TABLE 12: RISK APPETITE FRAMEWORK (RAS)

Name of policy	Risk appetite statement
Key content of the policy	The risk appetite statement presents the Schwäbisch Hall Group's key statements on risk appetite. The Schwäbisch Hall Group defines risk appetite as the nature and extent of the risks it is willing to enter into in order to implement its business model and achieve its business objectives in line with its risk capacity. Risk capacity, in turn, is understood to mean the level of risk that the Schwäbisch Hall Group is able to accept while maintaining its business model and without jeopardising its business objectives. It is largely determined by the available internal capital, the regulatory capital and the adequate liquidity reserve. It contains Group-wide risk policy guiding principles that apply across all categories of risk, and quantitative requirements in the form of metrics, including associated thresholds. One guiding principle relates to sustainability and describes the Schwäbisch Hall Group's commitment to sustainability. In addition, quantitative metrics in the form of secondary thresholds for physical and transition risks have been incorporated.
General objectives of the policy	Determining the maximum risk that the Schwäbisch Hall Group can assume in light of its own funds, its risk management and control capacities, and its regulatory restrictions. It is therefore largely determined by the available internal capital, the regulatory capital and the available liquid assets. It defines the nature and extent of the risks that can be entered into in order to implement the business model and achieve the business objectives.
Material IROs addressed	FE1-02, FE1-06, FE1-07
Monitoring process for the policy	This document is updated at least once a year as an integral part of the process of updating the business and risk strategy, and is coordinated with DZ BANK AG as the Group parent company. It is approved by the Management Board and submitted to the Supervisory Board for information or discussed with it.
Impact within the value chain	The business and the business portfolio are impacted.
Scope	The risk appetite statement applies to the entire Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Full Management Board
Reference to standards or third-party initiatives	By establishing this document, the Schwäbisch Hall Group is following the recommendations in the "Principles for an Effective Risk Appetite Framework" of the Financial Stability Board (FSB) and reflects the requirements for the design of the bank's internal processes to ensure capital and liquidity adequacy ("Guide to the internal capital/liquidity adequacy assessment process") of the European Central Bank.
Considering the interests of key stakeholders	The risk appetite statement is an integral part of the process of updating the business and risk strategy, and is coordinated with DZ BANK AG as the Group parent company.
Availability of the policy to impacted stakeholders	The risk appetite statement has been published for employees in the organisational manual.

TABLE 13: GENERAL CONDITIONS FOR TRADING BUSINESS

Name of policy	General conditions for trading business
Key content of the policy	The Schwäbisch Hall Group takes ESG (environmental, social and governance) factors into account in its investment decisions. It therefore acts in accordance with a sustainable corporate strategy and in the interests of its customers and stakeholders. Climate and environmental risks are factored into the investment decision-making process within the corporate bonds asset class. Evidence of violations of these principles by issuers rules out investment in these companies. In addition, the Schwäbisch Hall Group supports the climate targets adopted by the DZ BANK Group and considers risks arising from climate change and changing environmental conditions when making investment decisions. The exclusion criteria considered are described in more detail at the end of the chapter.
General objectives of the policy	The impacts of climate and environmental factors are taken into account in direct investments through the climate targets approved by the Group Sustainability Committee (GSC) for the DZ BANK Group. These include the energy, automotive, steel, cement, aviation, shipping, chemicals, fossil fuels, and private and commercial real estate sectors.
Material IROs addressed	NE1_05
Monitoring process for the policy	The Schwäbisch Hall Group's general conditions for trading business are reviewed regularly each year in an established strategic process.
Impact within the value chain	Own investments
Scope	The general conditions for trading business apply to Bausparkasse Schwäbisch Hall.
Organisational level responsible for the implementation of the policy	Full Management Board
Reference to standards or third-party initiatives	Not relevant
Considering the interests of key stakeholders	As the majority shareholder of the Schwäbisch Hall Group, DZ BANK AG specifies the contents of the policy and thereby exerts a direct influence.
Availability of the policy to impacted stakeholders	The contents of the general conditions for trading business are published in the organisational manual and are thus accessible to the employees.

ESG-RELATED EXCLUSION CRITERIA AS PART OF THE GENERAL CONDITIONS FOR TRADING BUSINESS

In order to fulfil its social responsibility for people, the environment and the principles of sustainable corporate governance, the DZ BANK Group has set itself strict standards for its business activities. The exclusion criteria for specific business practices and areas are a material component of this commitment to sustainability. This is to ensure that minimum requirements with regard to ESG topics are met. In order to comply with changing social norms and new scientific and public policy findings, the Group-wide exclusion criteria are regularly reviewed and refined.

The Schwäbisch Hall Group's exclusion criteria for the DZ BANK Group are defined in the general conditions for trading business.

The Schwäbisch Hall Group can generally invest in bonds from public issuers (public authorities such as the federal government, Länder and their promotional banks), Pfandbriefe, covered bonds, bank bonds, bonds issued by supranational organisations and corporate bonds for its liquidity and investment portfolios. As a matter of principle, investments are not undertaken in countries that are subject to financial sanctions and embargoes.

The DZ BANK Group's Group-wide exclusion criteria, which apply to the Schwäbisch Hall Group's own investments, are specified in the following. Depending on the Schwäbisch Hall Group's business model, minor exceptions to the Group-wide exclusion criteria of the DZ BANK Group may be defined within the funds. The exclusion criteria relate to the asset class of corporate bonds and apply to new business as soon as a company/issuer satisfies one of the following criteria:

TABLE 14: ESG-RELATED EXCLUSION CRITERIA

Exclusion criteria	Description
Thermal coal	Activities related to thermal coal, such as - new or existing thermal coal-fired power plants, or - upstream activities in the thermal coal value chain, in particular mining, trading and directly related activities (e.g. railway line for a coal mine), as well as - companies that (i) operate coal-fired power plants, (ii) are invested in coal-fired power plants, (iii) are involved in the extraction of thermal coal, (iv) trade in thermal coal, or (v) are involved in directly related activities.
Controversial weapons	Development, manufacture, maintenance, operation or trade in controversial weapons or their core components Controversial weapons: weapons that are indiscriminate, cause excessive suffering, have a devastating effect on the civilian population or are internationally outlawed. Examples of controversial weapons include (but are not limited to) nuclear, biological and chemical weapons, land mines, anti-personnel mines, cluster bombs, autonomous weapons and munitions containing uranium.
Conventional weapons	Development, manufacture, maintenance, operation of conventional weapons or their major components as defined by the German Weapons Act by companies based in non-NATO and non-EEA/EFTA countries, unless it can be demonstrated that the weapons will be used exclusively by NATO, EEA or EFTA countries.
	Weapons deliveries with/to countries outside NATO, the EEA or EFTA, as well as to areas of tension, unless they are approved on condition that a state export licence has been issued by the Federal Office for Economic Affairs and Export Control before the transaction is entered into/credit is paid out.
Significant environmental hazards	Activities and projects/assets that pose significant environmental hazards. These include in particular: - Uranium mining - Mining activities involving the use of the mountain top removal method - Asbestos mining - Projects/properties or activities with high risks of nuclear, biological or chemical contamination (not affected: biogas plants) and dangerous goods, if the risks are not adequately mitigated.
Pornography	Activities and companies in the pornography industry or similar industries ("red-light milieu").
Controversial gambling	Controversial forms of gambling and companies that operate controversial forms of gambling. Companies that operate controversial forms of gambling are understood to be companies whose primary business purpose is gambling, unless they are publicly operated or under the supervision of the public sector.
Human/labour rights violations	Companies that demonstrably violate internationally recognised principles in the area of human and labour rights. Internationally recognised principles are the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the Fundamental Conventions of the International Labour Organization (ILO).

2.1.4 Actions and resources in relation to climate change policies [E1-3]

ACTIONS RELATED TO THE BUSINESS PORTFOLIO

This chapter describes the implementation of specific actions to achieve the specified sector targets, as well as other actions with a positive impact on environmental issues. These range from sustainability governance at the Schwäbisch Hall Group to establish sustainability in the processes, down to the integration of ESG aspects into risk management and ex-post monitoring of target achievement.

TABLE 15: SUSTAINABILITY GOVERNANCE

Name of action	Sustainability governance
Key content of the action	The Management Board is responsible for steering all sustainability activities and for determining strategic direction. The GSC coordinates with the DZ BANK Group on all relevant topics. The Sustainability Committee is responsible for managing and implementing strategic topics on the basis of the "Sustainability Development Plan". The Sustainability Committee decides on topics to be reported or decided upon at the Management Board meetings. In addition, the Sustainability Committee shares information about current content from internal and external meetings of bodies, as well as from external events related to sustainability.
Designation of the associated policy	Sustainability governance and success monitoring are established and documented in the sustainability strategy.
Relevance to material IROs	FE1_01, FE1_02, FE1_03, FE1_04, FE1_05, FE1_06, FE1_07, FE1_08, FE1_09, NE1_01, NE1_02, NE1_03, NE1_04, NE1_05
Time frame	Sustainability governance was implemented in 2022 and revised in 2024.
Expected results	Sustainability governance ensures that sustainability aspects are continuously taken into account and integrated into all corporate processes. Sustainability governance also ensures that the objectives of the "Encouraging sustainability" strategic initiative are achieved, in particular the implementation of sustainability in the business model and support for the transformation of private real estate. Among other things, this includes: – Translating the strategic ambition into an actionable vision, including a roadmap – Ensuring regulatory compliance and actively exploiting market opportunities by providing financing solutions and services for our customers and partners – Helping to develop the necessary political and social conditions and frameworks As part of sustainability governance, a strategic performance review has been set up to monitor and implement the strategy and assess its progress. The Management Board is regularly informed about progress at its meetings.
The way in which implementing it contributes to achieving the policy's requirements and objectives	Sustainability governance is used to manage and implement strategic topics in the 'Encouraging sustainability' strategic action area, such as achieving climate neutrality in business operations and continuously reducing the carbon footprint in the loan portfolio.
Allocation to the relevant decarbonisation lever	– Switching from heating and power generation using fossil fuels (coal, oil and gas) to generation from renewable sources – Adapting properties to make effective use of these renewable energy sources – Improving the energy efficiency of buildings, in particular through energy-efficient refurbishment
Impact within the value chain	Both business operations and the business portfolio are impacted.
Scope and affected stakeholder groups, if applicable	The scope of sustainability governance extends to all corporate processes. All internal stakeholders are expected to be involved in this action. The Sustainability Committee is composed of staff from the following departments: Risk Control, Sales, Communications, IT Management, Marketing, Housing Financing, Loans, Corporate Development and General Office.

TABLE 16: VOLUNTARY COMMITMENTS

Name of action	Voluntary commitments
Key content of the action	The Schwäbisch Hall Group is engaged in a variety of activities and maintains numerous memberships in associations and other interest groups in order to meet the expectations of its stakeholders and to represent its own interests in dialogue with business, society and policymakers: – UN Global Compact – Principles for Responsible Banking – German CEO Alliance for Climate and Economy – Association of Private *Bausparkassen* (VdpB), Sustainability working group – Association for Environmental management and Sustainability in Financial Institutions (VfU) These voluntary commitments entail a number of responsibilities. For example, the Principles for Responsible Banking (PRB) set quantitative impact targets (one of which is climate-related) and the 1.5-degree target is underpinned by a voluntary climate protection commitment by the financial sector.
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	FE1_01, FE1_02, FE1_03, FE1_04, FE1_05, FE1_06, FE1_07, FE1_08, FE1_09, NE1_01, NE1_02, NE1_03, NE1_04, NE1_05
Time frame	Ongoing; further voluntary commitments are to be implemented
Expected results	To meet the expectations of stakeholders in dialogue with the economy, society and policymakers while also representing its own interests.
The way in which implementing it contributes to achieving the policy's requirements and objectives	The voluntary commitments underscore the presence of the Schwäbisch Hall Group as a socially responsible company. As a member of the German CEO Alliance for Climate and Economy the Schwäbisch Hall Group is working with companies from a range of sectors to develop solutions for implementing the federal government’s climate targets. This is done by exchanging best practices, recommendations for action from a corporate perspective and scientific projects.
Allocation to the relevant decarbonisation lever	– Switching from heating and power generation using fossil fuels (coal, oil and gas) to generation from renewable sources – Adapting properties to make effective use of these renewable energy sources – Improving the energy efficiency of buildings, in particular through energy-efficient refurbishment
Impact within the value chain	Both business operations and the business portfolio are impacted.
Scope and affected stakeholder groups, if applicable	The scope extends to all corporate processes. All stakeholders are expected to be engaged in this action.

ACTIONS RELATED TO THE BUSINESS PORTFOLIO

TABLE 17: SCHWÄBISCH HALL MODERNISATION ADVISORS

Name of action	Schwäbisch Hall modernisation advisors
Key content of the action	One focus is on training in respect of modernisation and the energy-efficient refurbishment of residential properties. To achieve this, the sales force is receiving further targeted training in cooperation with the German Federal Association for Building Modernisation. The majority of our sales force staff have obtained further qualifications in modernisation and subsidies. In addition to this further training, customers benefit from the “*SanierungsGuide*” (Renovation Guide) digital tool, which is used for the consultation. This tool records all the relevant property data and uses it to roughly determine the current efficiency class as well as short and long-term refurbishment measures that would have a positive impact on the energy efficiency of the property.
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	FE1_01, FE1_03, FE1_04, FE1_05, FE1_08, FE1_09, NE1_01, NE1_03, NE1_04, NE1_05
Time frame	Qualification started in 2023 and has no fixed end date.
Expected results	Modernisation advisors can advise customers on potential energy-efficient modernisation measures and suitable subsidies (initial indication).
The way in which implementing it contributes to achieving the policy's requirements and objectives	By training the sales force, customers can be advised in a more targeted manner about energy-efficient modernisation measures. This potentially contributes to achieving the climate target of continuously reducing the carbon footprint of the Schwäbisch Hall Group’s loan portfolio.
Allocation to the relevant decarbonisation lever	– Switching from heating and power generation using fossil fuels (coal, oil and gas) to generation from renewable sources – Adapting properties to make effective use of these renewable energy sources – Improving the energy efficiency of buildings, in particular through energy-efficient refurbishment
Impact within the value chain	The business portfolio is impacted.
Scope and affected stakeholder groups, if applicable	The stakeholder groups affected are colleagues in the sales force and in banks, and, indirectly, customers who benefit from the advice.

TABLE 18: PRICING

Name of action	Pricing
Key content of the action	Taking climate and environmental risks into account in pricing based on the energy efficiency class of the financed properties via click options. This means that financing for properties in the top energy efficiency classes A and A+ attracts an interest rate advantage. From July 2024, energy-efficient refurbishments that reduce a building's primary energy demand by at least 30.0% will also benefit from an interest rate advantage.
Designation of the associated policy	The action is derived from the business and sustainability strategy.
Relevance to material IROs	FE1_02, FE1_06, NE1_02, NE1_03, NE1_04, NE1_05
Time frame	Implementation occurred in 2024, the next pricing update is planned for 2026, but it is an ongoing measure depending on market developments.
Expected results	Sustainable integration of climate and environmental risks into the pricing of Bausparkasse Schwäbisch Hall products.
The way in which implementing it contributes to achieving the policy's requirements and objectives	Integration into pricing incentivises the allocation of modernisation loans and loans for properties with high energy efficiency ratings, which potentially contributes to achieving the climate target of continuously reducing the carbon footprint of the Schwäbisch Hall Group's loan portfolio.
Allocation to the relevant decarbonisation lever	– Switching from heating and power generation using fossil fuels (coal, oil and gas) to generation from renewable sources – Improving the energy efficiency of buildings, in particular through energy-efficient refurbishment
Impact within the value chain	The business portfolio is impacted.
Scope and affected stakeholder groups, if applicable	All of Bausparkasse Schwäbisch Hall's building financing products with click options.

TABLE 19: EX POST MONITORING IN THE COURSE OF CLIMATE TARGET MANAGEMENT

Name of action	Ex post monitoring in the course of climate target management
Key content of the action	The performance of all sectors for which decarbonisation targets have been defined in the DZ BANK Group is monitored by means of ex-post controls. This also applies to the private real estate sector. DZ BANK has developed a semi-annual, alert-threshold-based monitoring system for target monitoring and leaves open the option of taking more far-reaching countermeasures if the defined climate targets are not met or if trends diverge from the DZ-specific target pathway. These ad hoc measures are determined individually depending on the context, in order to be able to respond in the best possible way to the specific circumstances of the sector and the time in question.
Designation of the associated policy	The action is derived from the sustainability strategy.
Relevance to material IROs	NE1_02, NE1_03, NE1_04, NE1_05
Time frame	Implementation occurred in 2024, and this is an ongoing measure.
Expected results	Creation of a management option for implementing ad hoc actions.
The way in which implementing it contributes to achieving the policy's requirements and objectives	The climate target management system potentially contributes to achieving the climate target of continuously reducing the carbon footprint of the Schwäbisch Hall Group's loan portfolio, as appropriate action can be taken if it becomes apparent that targets will not be met.
Allocation to the relevant decarbonisation lever	– Switching from heating and power generation using fossil fuels (coal, oil and gas) to generation from renewable sources – Adapting properties to make effective use of these renewable energy sources – Improving the energy efficiency of buildings, in particular through energy-efficient refurbishment
Impact within the value chain	The business portfolio is impacted.
Scope and affected stakeholder groups, if applicable	All companies in the DZ BANK Group that are impacted by the sector target pathways.

Overarching information on decarbonisation measures:

Relevant decarbonisation levers were identified during the sector sprints of the DZ BANK group of institutions. Further details can be found in chapter 2.1.1. The decarbonisation of the *Bausparkasse's* loan portfolio can only be achieved if its customers actively pursue the energy transformation of their existing properties, for example by switching from fossil fuel heating and electricity generation and improving the energy efficiency of buildings, in particular through energy-efficient refurbishments. The Schwäbisch Hall Group can actively promote decarbonisation, among other things by using the planned CO_2-based new business management approach. Further details can be found in chapter 2.1.5. In addition, energy-efficient new business will be actively promoted, for example through the click options introduced in 2024 that offer an interest rate advantage for the best energy efficiency classes.

Since the data basis for collecting energy data and energy efficiency classes of properties in the existing loan portfolio and for measuring the financed emissions was further improved and expanded in the 2024 reporting period (switch from a top-down to a bottom-up data basis), it can no longer be compared with the previous data collection. It is therefore not possible to say whether the measures listed have achieved any reductions in emissions. This also applies to the expected GHG reductions.

Implementation of the measures described does not require any extensive capital expenditure.

ACTIONS RELATED TO BUSINESS ECOLOGY

TABLE 20: EMAS ENVIRONMENTAL MANAGEMENT SYSTEM

Name of action	Introduction of EMAS environmental management system (Eco Management and Audit Scheme)
Key content of the action	Companies certified under EMAS are required to publish an annual environmental statement that reports, among other things, on direct and indirect environmental impacts, environmental performance and environmental targets. Actions are also defined to implement the targets set.
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	NE1_02
Time frame	Introduction is planned by mid-2025. Subsequently, the environmental statement will be updated and audited annually and the environmental management system will be revalidated by an external environmental auditor every three years.
Expected results	Certification of the Schwäbisch Hall Group's environmental management system according to EMAS.
The way in which implementing it contributes to achieving the policy's requirements and objectives	The introduction of the environmental management system will help to reduce emissions from business operations.
Allocation to the relevant decarbonisation lever	– Optimising the use of energy and heat – Encouraging alternative mobility concepts – Successive reduction in paper consumption through digital processes – Electrification of vehicle fleet
Impact within the value chain	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	Schwäbisch Hall Group

TABLE 21: OPTIMISING THE USE OF ENERGY AND HEAT

Name of action	Optimising the use of energy and heat
Key content of the action	Gradual refurbishment of the building stock at the main location in Schwäbisch Hall, as well as the procurement of district heat and electricity from renewable energies for existing consumption, installation of an own photovoltaic system in 2024, increasing the efficiency of data centres by replacing hardware and optimising technical configurations, switching to LED lights in the entire building complex.
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	NE1_02
Time frame	Ongoing
Expected results	Gradual reduction in electricity and district heat consumption
The way in which implementing it contributes to achieving the policy's requirements and objectives	Reduction in operational emissions through lower energy and electricity consumption
Allocation to the relevant decarbonisation lever	Optimising the use of energy and heat
Impact within the value chain	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	Schwäbisch Hall Group

TABLE 22: ENCOURAGING ALTERNATIVE MOBILITY CONCEPTS

Name of action	Encouraging alternative mobility concepts
Key content of the action	Offering bicycle leasing and free job tickets for employees of the Schwäbisch Hall Group
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	NE1_02
Time frame	Ongoing
Expected results	Reduction in emissions from commuter transport
The way in which implementing it contributes to achieving the policy's requirements and objectives	Reduction in operational emissions through reduced emissions from commuter transport
Allocation to the relevant decarbonisation lever	Encouraging alternative mobility concepts
Impact within the value chain	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	Schwäbisch Hall Group

TABLE 23: SUCCESSIVE REDUCTION IN PAPER CONSUMPTION THROUGH DIGITAL PROCESSES

Name of action	Successive reduction in paper consumption through digital processes
Key content of the action	Paper consumption will be reduced through digitalised processes, both internally and for customers, for example through increased use of the MEIN KONTO online customer portal.
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	NE1_02
Time frame	Ongoing
Expected results	Reduced paper consumption by employees and customers
The way in which implementing it contributes to achieving the policy's requirements and objectives	Reduction in operational emissions from waste management and product sourcing
Allocation to the relevant decarbonisation lever	Successive reduction in paper consumption through digital processes
Impact within the value chain	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	Schwäbisch Hall Group

TABLE 24: ELECTRIFICATION OF VEHICLE FLEET

Name of action	Electrification of vehicle fleet
Key content of the action	Complete conversion to vehicles with climate-neutral powertrains, as well as a gradual reduction in the CO_2 emission limits for leased vehicles
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	NE1_02
Time frame	Up to 2030
Expected results	Reduced emissions from commuter transport and leasing fleet
The way in which implementing it contributes to achieving the policy's requirements and objectives	Reduction in operational emissions through reduced emissions from commuter transport and leasing fleet
Allocation to the relevant decarbonisation lever	Electrification of vehicle fleet
Impact within the value chain	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	Schwäbisch Hall Group

TABLE 25: PROJECT "THE WORKPLACE OF THE FUTURE"

Name of action	Project "The workplace of the future"
Key content of the action	Abandoning fixed allocation of workplaces in renovated building sections
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	NE1_02
Time frame	Ongoing depending on planned building refurbishments
Expected results	Desk-sharing ratio of six workstations for ten employees in project buildings
The way in which implementing it contributes to achieving the policy's requirements and objectives	Reduction in operational emissions through more efficient use of space
Allocation to the relevant decarbonisation lever	Optimising the use of energy and heat
Impact within the value chain	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	Schwäbisch Hall Group

TABLE 26: EMPLOYEE TRAINING

Name of action	Employee sustainability training
Key content of the action	The Schwäbisch Hall Group encourages the development of sustainability skills through webinars, training sessions and onboarding presentations for employees, trainees and apprentices.
Designation of the associated policy	Sustainability strategy
Relevance to material IROs	NE1_02
Time frame	The training sessions and presentations are offered on an annual or semi-annual basis. Training is also available upon personal request.
Expected results	Increased sustainability awareness and stronger embedding of sustainability expertise in the Company
The way in which implementing it contributes to achieving the policy's requirements and objectives	The employee training programmes strengthen knowledge of the contents of the sustainability strategy.
Allocation to the relevant decarbonisation lever	–
Impact within the value chain	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	This applies to employees at all levels, particularly in the areas of Purchasing and Onboarding.

The material decarbonisation levers of the Schwäbisch Hall Group for achieving its business ecology climate ambitions are described in the following:

- Optimising the use of energy and heat
- Encouraging alternative mobility concepts
- Successive reduction in paper consumption
- Electrification of vehicle fleet.

In the area of energy and heat use, considerable savings have already been achieved by using electricity from renewable sources and district heating. In addition, further savings are being implemented as part of the gradual refurbishment of buildings, for example by replacing all lamps with LEDs. However, compared with the actions already implemented, these will have a relatively minor impact on the overall emissions of the Schwäbisch Hall Group.

Another lever lies in encouraging alternative mobility concepts to reduce commuter emissions by using public transport or bicycles. Emissions reductions have already been achieved here through flexible remote working arrangements. A further reduction in commuter emissions is to be expected, but this depends to a large extent on external factors such as the expansion of the public transport network.

Paper consumption is being reduced by measures such as enabling digital signatures and the MEIN KONTO online customer portal. More than two million customers use this online customer portal. In this case, too, a continuous reduction in emissions is expected, although this will be significantly influenced by customer behaviour.

According to internal regulations, only vehicles with CO_2-neutral emissions can be selected for leasing from 2030 onwards, which will reduce the consumption of fossil fuels. However, these emissions only account for a relatively small proportion of the Company's total emissions, so the impact on the overall emissions from business ecology is correspondingly low.

The measures are enshrined in the Schwäbisch Hall Group’s strategic direction. Actions related to sustainability are managed through the strategic action area of “Encouraging sustainability”. This ensures financing for implementing the actions. However, no explicit quantification is possible, which is why no reliable statements can be made in this respect.

Because the scope of the GHG balance was significantly increased in financial year 2024, no explicit statements can be made about the GHG reductions achieved by the individual actions (see section 2.1.7). The expected reductions will be recalculated as part of the revision of the climate ambition in 2025.

2.1.5 Targets related to climate change mitigation and adaptation [E1-4]

TABLE 27: TARGETS RELATED TO THE BUSINESS PORTFOLIO

Designation of target	Continuous reduction in the carbon footprint of the loan portfolio
Material IROs addressed	NE1_02, NE1_03, NE1_04, NE1_05
Actions/associated decarbonisation levers	Actions: – Sustainability governance – Voluntary commitments – Schwäbisch Hall modernisation advisors – Pricing – Ex post monitoring in the course of climate target management – Decarbonisation levers: – Switching from heating and power generation using fossil fuels (coal, oil and gas) to generation from renewable sources – Adapting properties to make effective use of these renewable energy sources – Improving the energy efficiency of buildings, in particular through energy-efficient refurbishment
Specification of the metrics for target tracking	Physical emissions intensity in kg CO_2/m²a
Relationship of the target to the policy objectives	The target of achieving climate neutrality for the business portfolio contributes to the "Encouraging sustainability" action area, which is an integral part of the business strategy.
Specified target level	Climate neutrality by 2050, including interim targets (relative); see also chapter 2.1.1
Scope of the target	The target applies to the Schwäbisch Hall Group's loan portfolio.
Impact within the value chain	Business portfolio
Scope	Schwäbisch Hall Group
Reference value and reference year	The reference year is 2022, the relative reference value is 45.07 kg CO_2eq/m²a.
Period to which the target applies (including stages/interim targets)	2022 to 2050 with interim targets in 2026, 2030 and 2040
Methods and assumptions used to define the target	Alignment with the 1.5°C target and CRREM methodology
Targets relating to environmental issues	Reducing the carbon footprint of the loan portfolio supports the overarching goal of reducing GHG emissions and therefore makes an important contribution to climate protection.
Stakeholder engagement in defining targets	Development of the target together with DZ BANK as the majority shareholder of the Schwäbisch Hall Group.
Change in targets and metrics	No changes in the reporting period
Description of performance versus published target	Regular data collection and recording of progress, see also measure "Ex post monitoring in the course of climate target management"

For the business portfolio, the DZ BANK banking group has developed comprehensive sector targets based on "sector sprints". In addition, the sector sprints were used to qualitatively identify key decarbonisation levers, which were then given sufficient consideration when defining the targets. Bausparkasse Schwäbisch Hall was involved in particular in developing the sector target pathway for private real estate. Overall, the primary focus was on a comprehensive assessment of the expected transformation for each sector under consideration, with the aim of forecasting each target achievement as accurately as possible. In the target discussion (sector sprints) of the focus sectors, scenarios were calculated that reflect the likely business portfolio development and its decarbonisation. The targets were defined based on these scenarios and assumptions, which were made by means of a detailed sector analysis that factored in regulatory conditions, technical opportunities and limitations of the sector in question, as well as innovations. Depending on the sector, the targets are also based on various internationally recognised reference frameworks for the 1.5-degree target. The decarbonisation target for the business portfolio relates to the material impacts, risks and opportunities that the Schwäbisch Hall Group has in relation to climate change mitigation.

The emission values included are based on the emission categories according to the GHG Protocol/PCAF. If there are any changes in these over the years, the defined targets are also reviewed and amended as necessary. A target pathway was determined for the business portfolio; this relates only to the collateralised portion of the financed emissions in the GHG inventory.

The Schwäbisch Hall Group's sector target for private real estate is based on the approach of the DZ BANK banking group, which has set itself an ambitious target in line with the Paris Agreement. The precise details of the sector target can be found in section 2.1.1.

Schwäbisch Hall Group explicitly commits to aligning its loan portfolio and own investments in the climate-relevant sectors with the 1.5-degree target and a net-zero future. To do this, the intensity of greenhouse gas emissions in the sectors particularly relevant to decarbonisation is measured and documented. When determining the target pathway, the dynamics of the currently applicable legal requirements, such as the Energy Performance of Buildings Directive (EPBD), the German Building Energy Act (GEG) and the EU Taxonomy Regulation, were taken into account, which could lead to a future adjustment of the targets, if necessary.

The sector targets for the fossil fuel, energy, automotive, and chemical sectors relate to the *Bausparkasse's* own investments. They are managed through DZ BANK.

The target pathway for private real estate relates to Bausparkasse Schwäbisch Hall's loan portfolio, and the emissions recorded here are to be assigned to Scope 3 emissions (category 15).

Target achievement for the performance of all sectors is monitored every six months, and this is explained in more detail in chapter 2.1.4. Target achievement is regularly monitored so that targeted control measures can be initiated, taking all framework conditions into consideration.

The building sector is responsible for 40% of final energy consumption and 36% of energy-related GHG emissions in the European Union[2]. The sector therefore offers tremendous potential for energy efficiency improvements, but at the same time poses major challenges for private households. In the medium term, decarbonisation is likely to come about in particular through the refurbishment of oil and gas heating systems. Statutory requirements such as the EPBD, the GEG and the EU Taxonomy Regulation are intended to contribute to decarbonisation, although the targets defined for the building sector need to be continuously updated due to the rapid pace of change in the statutory requirements. The technologies needed for decarbonisation already exist and are largely market-ready. New technologies and those yet to be developed will therefore play a subordinate role in the achievement of climate targets in the building sector.

The target only refers to the collateralised portion of the financed emissions according to Scope 3 GHG emissions, category 15. As at 31 December 2024, this corresponds to around 27.9% of the of the Schwäbisch Hall Group's total Scope 3 GHG emissions, category 15, or 27.8% of the total emissions (location- and market-related).

The baseline year of the CRREM reference pathway is 2020. This assumed a 14% reduction in emissions from 2020 to 2022, while the real reduction in emissions in the German housing sector was only 7%. When determining the baseline year, 2022 was therefore deliberately chosen in order to be able to reflect the real emission reductions as closely as possible and to take into account the dynamics of statutory requirements in the building sector. The composition of the portfolio and hence the activities covered in 2022 correspond to those of the current reporting period. No other measures were taken to ensure that the reference value is representative (e.g. through normalisation or averaging).

The target is based on an active scenario in which there is a 2.0% p.a. energy-efficient refurbishment of unrefurbished buildings built up to 2001 and 4.0% p.a. replacement of fossil-fuel heating systems.

Further details on the decarbonisation levers can be found in chapter 2.1.1.

The decarbonisation levers for the business portfolio were quantified on the basis of an approximate distribution of the target values based on an expert estimate. This is not based on detailed scenario analyses. The quantification can be seen in the following table:

TABLE 28: QUANTIFICATION OF DECARBONISATION LEVERS FOR THE BUSINESS PORTFOLIO

	2030 target	**2040 target**	**2050 target**
Relative reduction in physical emissions intensity compared with baseline year	-41%	-75%	-100%
of which conversion of heat and power generation from fossil fuels to generation from renewable sources	~ -20%	~ -37%	~ -49%
of which adapting buildings to make effective use of these renewable energy sources	~ -6%	~ -11%	~ -14%
of which improving the energy efficiency of buildings, in particular through energy-efficient refurbishment	~ -15%	~ -27%	~ -37%

BUSINESS OPERATIONS

As explained in chapter 2.1.1, there are currently no ESRS-compliant climate targets in place for business operations.

[2] Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings (recast), http://data.europa.eu/eli/dir/2024/1275/oj

2.1.6 Energy consumption and mix [E1-5]

The data collection and methodology for recording energy consumption reflect those used for business ecology emissions. Please refer to chapter 2.1.7 for more detailed explanations. In accordance with the statutory requirements in Germany under section 42 (3a) of the German Energy Industry Act (EnWG), the share of "renewable energies subsidised under the Renewable Energy Act (EEG)" was included in the calculation of the share of renewable energies for electricity purchases at German delivery points, provided that a "green electricity tariff" had been agreed.

TABLE 29: ENERGY CONSUMPTION AND MIX

Energy consumption and mix	2024
Total fossil energy consumption (MWh)	**8,371**
Share of fossil sources in total energy consumption (%)	49%
Consumption from nuclear sources (MWh)	**–**
Share of consumption from nuclear sources in total energy consumption (%)	0%
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	–
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	8,770
The consumption of self-generated non-fuel renewable energy (MWh)	–
Total renewable energy consumption (MWh)	**8,770**
Share of renewable sources in total energy consumption (%)	51%
Total energy consumption (MWh)	**17,140**

2.1.7 Gross Scopes 1, 2, and 3, and Total GHG emissions [E1-6]

BUSINESS PORTFOLIO

Calculation of financed GHG emissions (Scope 3 GHG emissions, category 15) is based on the standards of the Partnership for Carbon Accounting Financials (PCAF). PCAF is a global market standard enabling financial institutions to measure the carbon emissions of their loan and investment portfolios. The figures reported below relate to the area of financed emissions.

As described, estimation methods are used to some extent to determine the financed carbon emissions, meaning that the results are subject to a certain degree of measurement inaccuracy. This is due in particular to the fact that customer-specific data must be derived from models or average values when data is not available. There is an assumption, for example, that the customer produces location-based emissions and that a corresponding average value can be assumed. Based on our current knowledge, this estimation approach does not result in any significant measurement inaccuracies. It has not been validated by an external body. The financed emissions include the entire loan portfolio collateralised by residential property and the securities business. The calculation therefore covers all the Schwäbisch Hall Group's relevant asset classes in accordance with PCAF. The calculation methodologies of the PCAF standard in the "Mortgages" and "Listed equity and corporate bonds" asset classes were used for the calculation. No other calculation tools were used.

The share of financed emissions determined using primary data was 0.27% of the total financed emissions in financial year 2024.

BUSINESS OPERATIONS

GHG emissions from business operations are recorded in CO_2 equivalents in accordance with the international standard defined by the GHG Protocol. Emissions resulting from direct combustion, including fuel consumption in the vehicle fleet and coolant losses (Scope 1), emissions resulting from electricity and district heating consumption (Scope 2), and emissions in upstream and downstream stages of the value chain (Scope 3, operational) are recorded. The calculation is mainly performed in accordance with the emission factors of the calculation tool provided by the VfU for the financial sector The calculation tool includes emission factors from econivent, as well as average values for the electricity mix (e.g. green electricity or the Germany mix of the German Environment Agency) or supplier-specific emission factors.

Due to the heterogeneous starting point with regard to the collection and availability of consumption data, a standardised approach for determining business ecology consumption data was defined together with the DZ BANK Group in order to ensure the best possible data quality. The data quality categories (in descending order) were defined as follows: (i) primary data as at 30 September, (ii) primary data from the reporting period prior to 30 September, (iii) data from the previous year and (iv) estimated data. To determine uniform annual figures for each category, available data with a reporting date of 30 September or earlier in the reporting period was recorded, taken from previous years or estimated by experts and extrapolated to 31 December using a linear or weather-adjusted approach (for seasonal emission sources), based on a specification developed by DZ BANK. The sources of emissions considered to be seasonal are electricity, water and heat. The extrapolation for the months October to December is based on the average of the last three years for DZ BANK Group-wide for the Frankfurt am Main location. The extrapolation factors are 23.4% of the full-year figure for electricity, 21.4% for water and 30.9% for heating.

The carbon emissions of the Schwäbisch Hall Group were then calculated on the basis of the metric data determined using the emission factors of the calculation tool provided by the VfU for the financial sector.

The electricity purchased for the main location and a rented property in Schwäbisch Hall is procured from 100% renewable sources (2024: hydropower) by the local municipal utilities. The electricity provider voids the required certificates annually as specified. Contracts for the use of green electricity are also in place for certain other rental properties. A total of 8,770 MWh of the Scope 2 consumption is covered by renewable energy, which corresponds to 51% of total energy consumption.

Overall, 72.2% of business ecology Scope 3 emissions (categories 1 to 14) were determined on the basis of primary data.

As part of initial CSRD reporting, a Group-wide significance analysis of the operational Scope 3 categories was carried out at DZ BANK in 2024 using the GHG Protocol. Categories that account for less than 3.0% of total operational Scope 3 emissions (categories 1-14) are not considered to be significant. The Scope 3 categories classified as not significant were not included in the calculation of total emissions. Category 5, emissions from waste, is an exception. Due to stakeholder interest, these emissions are included in the report despite their insignificant share. As part of the significance analysis, estimation methods and extrapolations were used for emission categories that cannot be derived from the previous year's values (e.g. because they were not previously recorded).

A detailed list of the Scope 3 categories, divided into "significant" and "not significant", is shown below:

Significant:

- Emissions from purchased goods and services (category 1)
- Emissions from capital goods (category 2)
- Emissions from energy- and fuel-related activities (category 3)
- Emissions from waste (category 5)
- Emissions from business travel (category 6)
- Emissions from employee commuting (category 7)
- Emissions from downstream leased assets (category 13).

Not significant:

- Emissions from transportation and distribution (category 4)
- Emissions from upstream leased assets (category 8).

In addition, Scope 3 emissions from downstream transportation and distribution (category 9), processing of sold products (category 10), use of sold products (category 11), end-of-life treatment of sold products (category 12) and franchises (category 14) are not applicable to the context of a financial services provider and are therefore not captured.

The result leads to changes in the sources of emissions compared with the previous year for emissions from purchased goods and services (category 1), emissions from capital goods (category 2) and emissions from downstream leased assets (category 13).

The following table summarises the total GHG emissions of the Schwäbisch Hall Group (for business operations and the business portfolio). The baseline year for the Scope 3 GHG emissions, category 15, is 2022.

TABLE 30: OVERVIEW OF THE SCHWÄBISCH HALL GROUP'S SCOPE 1 TO 3 GHG EMISSIONS AND TOTAL GHG EMISSIONS

	Retrospective				Milestones and target year			
	Baseline year	**2023 comparison**	**N 2024**	**%N/N-1 2024/2023**	**2025**	**2030**	**2050**	**Annual % target/ Baseline year**
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO_2eq)	–	–	643	–		–	–	–
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	–	–	0%	–		–	–	–
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO_2eq)	–	–	3,863	–		–	–	–
Gross market-based Scope 2 GHG emissions (tCO_2eq)	–	–	531	–		–	–	–
Scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	–	–	4,261,999	–		–	–	–
1 Purchased goods and services	–	–	8,261	–		–	–	–
Optional sub-category: Cloud computing and data centre services	–		0			–	–	–
2 Capital goods	–	–	626	–		–	–	–
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	–	–	1,079	–		–	–	–
4 Upstream transportation and distribution	–	–	0	–		–	–	–
5 Waste generated in operations	–	–	42	–		–	–	–
6 Business travel	–	–	368	–		–	–	–
7 Employee commuting	–	–	2,746	–		–	–	–
Optional sub-category: Working from home	–		92			–	–	–
8 Upstream leased assets	–	–	0	–		–	–	–
9 Downstream transportation	–	–	0	–		–	–	–
10 Processing of sold products	–	–	0	–		–	–	–
11 Use of sold products	–	–	0	–		–	–	–
12 End-of-life treatment of sold products	–	–	0	–		–	–	–
13 Downstream leased assets	–	–	0	–		–	–	–
14 Franchises	–	–	0	–		–	–	–
15 Investments	1,530,139[1]	–	4,248,785[2]	–		–	–	–
THG-Emissionen insgesamt								
Total GHG emissions (location-based) (tCO_2eq)	–	–	4,266,505	–		–	–	–
Total GHG emissions (market-based) (tCO_2eq)	–	–	4,263,173	–		–	–	–

[1] The baseline value refers only to the financed emissions concerning the loan portfolio collateralised by residential property.
[2] The total Scope 3 greenhouse gas emissions, category 15 of a total of 4,248,785 t CO_2eq, comprise 1,183,857 t CO_2eq from private real estate financing collateralised by residential real estate and 3,064,928 t CO_2eq from the securities business.

The following table shows the ratio of the intensity of total GHG emissions to net revenue in tonnes of CO_2 equivalent.

TABLE 31: RATIO OF INTENSITY OF TOTAL GHG EMISSIONS TO NET REVENUE IN METRIC TONS OF CO_2EQ

	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/Monetary unit)	0.0027
Total GHG emissions (market-based) per net revenue (tCO_2eq/Monetary unit)	0.0027

TABLE 32: NET REVENUE FROM THE ANNUAL FINANCIAL STATEMENTS USED TO CALCULATE GHG INTENSITY

	2024
Net revenue used to calculate GHG intensity	€1,601,445,257.2
Net revenue (other)	€0.0
Total net revenue (in annual financial statements)	€1,601,445,257.2

Total net revenue consists of the following items from the annual financial statements:

- interest and similar income, of which from fixed-income securities
- income from securities:

  1st income from shares, other ownership interests and non-fixed-income securities
  2nd income from equity investments
  3rd income from shares in affiliated companies
- fee and commission income
- gains/losses on financial transactions
- Other operating income

2.1.8 GHG removals and GHG mitigation projects financed through carbon credits [E1-7]

There are no dedicated projects within the Schwäbisch Hall Group with the aim of removing or storing greenhouse gases with a view to its own activities or those in the upstream and downstream value chain. In financial year 2024, the Schwäbisch Hall Group did not purchase any carbon credits to any significant extent, as carbon credits are only used for internal events with 100 or more participants. This only concerned five events in the reporting period. The certificates are not included as carbon credits in the GHG inventory.

2.1.9 Internal carbon pricing [E1-8]

The Schwäbisch Hall Group does not use any internal carbon pricing systems.

2.1.10 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities [E1-9]

The Schwäbisch Hall Group is using the one-year phase-in option for the following disclosures. This relates to the data points in accordance with ESRS E1 paragraphs AR70c i, 66b, 66d, AR69a, AR69b, 67b, AR72a, AR73a, AR72b, 67d, 67e, 68a, 68b.

FINANCIAL EFFECTS OF MATERIAL PHYSICAL AND TRANSITION RISKS

Physical and transition risks in the Schwäbisch Hall Group are inherent in the properties in the customer loan portfolio. They are a component of credit risk. A distinction can be made between acute and chronic physical risks. Specifically for the customer loan portfolio, physical risk was determined using two climate scenarios for the climate risks of flooding (coastal and river flooding), windstorm and wildfire, and for long-term time horizons. The climate risks considered are therefore acute physical risks. Further details can be found in chapter 1.10.

The entire Bausparkasse Schwäbisch Hall loan portfolio collateralised by residential property is exposed to acute physical risks, amounting to 100% or €52.5 billion in 2024. No material chronic risks were identified.

The properties serving as collateral for the loans in Bausparkasse Schwäbisch Hall's customer loan portfolio that are affected by high acute physical risks in the long term account for 14.9% or €7.8 billion. The question of whether there is actually a credit risk here and thus a financial impact on the financial position and results of operations of the Schwäbisch Hall Group depends on further factors, such as the credit quality of the borrowers or the existence of insurance.

The exact procedure and the assumptions for assessing physical risks are described in the explanations in chapter 1.11. This information has not been validated by an external third party.

The properties exposed to high acute physical risks are almost exclusively located in Germany, particularly in north-west Germany.

With regard to transition risks, Bausparkasse Schwäbisch Hall allocates the properties in the loan portfolio to energy efficiency classes for a short-term or reporting-date-related time horizon, which are included in the explanations in chapter 1.11. The share of loans collateralised by residential property with a poor energy efficiency rating (F or G according to the available energy performance certificates) is currently 46.5%, or €3.7 million. The share with an EP score >200 kWh/m2 is 34.0% or €18,550 million, although this also includes estimated energy efficiency levels. With a loss given default of 0.01% in 2024, a non-performing loan ratio of 0.9%, an average loan-to-value ratio of 55.1% and good credit ratings, no negative financial impact on the financial position and results of operations of the Schwäbisch Hall Group is currently expected in the short term.

The following table shows the breakdown of the total carrying amount of the real estate financing by energy efficiency class (disclosure in accordance with Commission Implementing Regulation (EU) 2022/2453, Template 2, row 1):

TABLE 33: TEMPLATE 2: BANKING BOOK – CLIMATE CHANGE TRANSITION RISK: LOANS COLLATERALISED BY IMMOVABLE PROPERTY – ENERGY EFFICIENCY OF THE COLLATERAL

	Total gross carrying amount (€ million)														
	Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
see Commission Implementing Regulation (EU) 2022/2453, Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral	0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G	of which Level of energy efficiency (EP score in kWh/m² of collateral)	
Carrying amount	**6,086**	**30,010**	**13,350**	**4,657**	**468**	**75**	**2.3**	**0.5**	**0.1**	**0.4**	**0.9**	**0.3**	**3.3**	**60,732**	**89.97%**

The total carrying amount of the property for which the energy consumption is based on internal estimates is €60,732 million.

POTENTIAL MARKET SIZE

The potential market size is considered from both a use-based and a product-based perspective.

Use-based perspective:

The political objective is to make the entire housing stock climate-neutral by 2045. Two scenarios need to be distinguished when considering the associated investment needs until 2045:

- Scenario 1 (refurbishment rate of avg. 1.8% p.a. with a refurbishment depth of avg. E115): approx. €2.6 to 3.6 trillion
- Scenario 2 (refurbishment rate of avg. 1.8% p.a. with a refurbishment depth of avg. E55): approx. €4.0 to 5.1 trillion

Based on Germany's housing stock, this results in a calculated annual financing requirement of €118 to 232 billion p.a., from which, for a debt ratio of 50%, an annual debt requirement of approximately €80 to 90 billion can be derived.

There is a particularly high need for energy-efficient refurbishment in the housing stock. Around 64% (equivalent to approx. 27 million homes) were built before 1978 and have inadequate energy efficiency and thus a poor energy efficiency rating. Single-family and two-family homes are particularly affected, with a large proportion falling into energy efficiency classes F to H with high energy consumption and requirement values. According to the Climate Change Monitor 2023 from Sirius Campus, 16% of all private households in Germany – or around 6.5 million households – are planning to carry out an energy-efficient refurbishment measure in the next five years. With an average cost of €20,700 per measure, this results in a total financial volume of €135 billion over the next five years, based on the housing stock in Germany.

Product-based perspective:

The interest in sustainable financial products, which could in future be part of the Schwäbisch Hall Group's range of housing financing and *Bausparen* products, shows promising potential. According to the "Sustainability and Finance 2023" study by Kantar, 31% of Germans can imagine using a sustainable Bauspar product or sustainable housing financing if necessary.

Products and solutions: For customers who want to start their refurbishment immediately, the *"SofortBaugeld"* product from Bausparkasse Schwäbisch Hall is ideal: with the sustainability option, it has now been possible since 2 July 2024 to finance new and existing properties at lower interest rates, depending on their energy efficiency class. There are interest rate advantages for energy efficiency classes A+ and A in new construction/purchase and for energy-efficient refurbishment of existing properties that lead to improvements in the primary energy demand (PEB) of the building by ≥ 30.0%. The focus is on the energy performance certificate for the financed property as verification and as a basis for the implemented refurbishment measures. Bausparkasse Schwäbisch Hall offers a special *Bauspar* contract in the *FuchsEco* tariff to finance future energy-efficient refurbishments or modernisations. This has been offered in the new tariff programme since 10 October 2024 with savings interest of 0.45% including an interest rate advantage. In addition, there is a 0.35% discount on the interest rate for *Bauspar* loans used for energy-efficient refurbishment.

Services: Together with the German Association for Building Modernisation, Bausparkasse Schwäbisch Hall is training its own sales force and, through Schwäbisch Hall Transformation GmbH, bank employees to become modernisation and subsidy advisors. The modernisation advisors provide specific advice on how energy-efficient modernisation can be achieved and help customers who are unsure find their way through the maze of subsidies.

Tools and network: The "*SanierungsGuide*" (Renovation Guide) can be used to assess the energy efficiency of a property and identify refurbishment measures. The online tool is familiar with the average regional costs for individual measures, calculates the cost savings from lower energy consumption and estimates subsidies and potential increases in value. And to ensure that implementation is not a problem, approved energy consultants are referred to customers through nationwide partnerships.

2.2 Mandatory disclosures for the Schwäbisch Hall Group under the EU Taxonomy

2.2.1 Qualitative mandatory disclosures under the EU Taxonomy

STATUS OF THE EU TAXONOMY REGULATION

The EU Taxonomy is a consequence of the EU's 2018 Action Plan on Sustainable Finance, and was codified in Regulation (EU) 2020/852 (Taxonomy Regulation).

The EU Taxonomy establishes a classification system for sustainable economic activities with the aim of channelling capital flows into environmentally sustainable activities. This requires a common understanding of what is meant by "environmentally sustainable activity" and verifiable criteria that allow an activity to be classified as environmentally sustainable. This is intended to create a basis for the introduction of a classification of sustainable financial products.

The EU Taxonomy Regulation, which was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 1 January 2022, is designed to establish these conditions by defining criteria for environmentally sustainable economic activities and stipulating disclosure requirements in this regard in Article 8 of the EU Taxonomy Regulation (Delegated Regulation (EU) 2021/2178).

The EU Taxonomy Regulation defines six environmental objectives:

- **Environmental target 1:** Climate change mitigation
- **Environmental target 2:** Climate change adaptation
- **Environmental target 3:** Sustainable use and protection of water and marine resources
- **Environmental target 4:** Transition to a circular economy
- **Environmental target 5:** Pollution prevention and control
- **Environmental target 6:** Protection and restoration of bio-diversity and ecosystems.

The six environmental objectives are further specified in accordance with Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of the EU Taxonomy Regulation by technical screening criteria, which are laid down in delegated acts. The technical screening criteria for all six environmental objectives have been published since November 2023. On 8 November 2024, the EU Commission also published a large number of FAQs (Frequently Asked Questions) for financial companies to clarify interpretation of the EU Taxonomy Regulation and the associated delegated acts.

The Schwäbisch Hall Group's EU taxonomy reporting was prepared in accordance with the applicable legislation and interpretations. In accordance with the delegated acts for credit institutions that are currently available, the disclosures in the context of the EU taxonomy are required to be made at the highest level of prudential consolidation.

SCOPE OF MANDATORY AND VOLUNTARY DISCLOSURES IN THE EU TAXONOMY DISCLOSURES

As part of its EU Taxonomy reporting, the Schwäbisch Hall Group only publishes mandatory disclosures. Voluntary disclosures are not permitted under the EU Taxonomy Regulation within the required disclosures and, if they are made, must be distinguished from them.

EXPLANATORY NOTES ON THE STRUCTURE OF THE ASSETS IN THE MANDATORY DISCLOSURES RELATING TO THE GREEN ASSET RATIO

The balance sheet structure required by the EU Taxonomy Regulation for the presentation of results was operationalised on the basis of the structure of the financial reporting requirements (FINREP) implemented in the Schwäbisch Hall Group and supplemented by additional disclosures. In some cases, additional disclosures are required in the form of 'of which' line items. The sum of these line items does not necessarily add up to the amount of the overall line item. This is the case for the disclosures relating to retail customers.

The European Commission has introduced the term "Total GAR assets" within the balance sheet structure. These are assets that are required to be included in the calculation of the Green Asset Ratio (GAR), either in the numerator and denominator or only in the denominator.

Assets that correspond to the activities defined in the EU Taxonomy Regulation and whose technical screening criteria are met may be included in the numerator of the GAR and thus contribute to a higher GAR. These assets include financing for financial undertakings subject to CSRD, for non-financial undertakings subject to CSRD, for households and for local housing associations.

The Schwäbisch Hall Group uses the criteria set out in Articles 19a or 29a of Directive 2013/34/EU (Accounting Directive) in conjunction with Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive (CSRD)) to determine the CSRD obligation of the relevant business partners. For business partners that are exempt from the CSRD obligation under the group exemption based on the parent company's reporting obligation, there is an obligation to perform an assessment of the EU taxonomy alignment of the financing even if the direct customer is not subject to the CSRD obligation, based on the FAQs of the EU Commission dated 8 November 2024. In these cases, the assessment of the EU taxonomy alignment is performed at the level of the reporting parent company for business partners that are subject to CSRD but exempted by the parent company, and at the level of the next-highest reporting parent company for business partners that are not subject to CSRD.

In turn, assets that may only be included in the denominator reduce the GAR. These include assets whose activities do not comply with the technical screening criteria or business partners exempt from the CSRD reporting requirement that are not incorporated in a group structure.

In addition, certain assets, such as central bank deposits, the trading book and assets of sovereigns and supranationals, are generally not included in the calculation of the GAR.

In accordance with the EU Taxonomy Regulation, the Schwäbisch Hall group presents the assets in the mandatory disclosures for the green asset ratio at their gross carrying amounts (as is the case with FINREP).

In its core business segments of *Bausparen* and Housing Finance, Bausparkasse Schwäbisch Hall positions itself as a partner of the cooperative banks. In its core business segment of Housing Financing, it focuses on providing real estate loans to private households.

The group of households defined by FINREP to be taken into account for disclosure under the EU Taxonomy Regulation comprises the following transactions:

- loans collateralised by residential immovable property
- building renovation loans
- motor vehicle loans.

The focus of Bausparkasse Schwäbisch Hall's core business segments is on providing loans collateralised by residential property and building refurbishment/renovation loans. Bausparkasse Schwäbisch Hall does not offer motor vehicle loans.

EXPLANATORY NOTES ON THE EU TAXONOMY CLASSIFICATION

The Schwäbisch Hall Group's classification of relevant assets in accordance with the EU Taxonomy is based on the methodological requirements of the EU Taxonomy Regulation.

Classification of assets to be assessed for EU taxonomy eligibility and alignment can be carried out using two possible methods: the key performance indicator (KPI) method or the individual transaction method.

If the use of the funds from the asset or the financing is not specified in the agreement with the business partner, the assessment of EU Taxonomy eligibility and alignment must be performed at the level of the overall business relationship with the business partner (KPI method). This applies to financial companies and non-financial undertakings subject to the CSRD. In this method, the EU taxonomy ratios (KPIs) published by the customer are obtained and the assets to be classified are assessed as EU Taxonomy-eligible or EU-Taxonomy-aligned in proportion to the customer's KPIs.

The Schwäbisch Hall Group performed the EU taxonomy classification of relevant business partners in the KPI method using customer KPIs based on data from its own internet research on the corresponding publications of the customers. Due to the publication dates of the business partners, only data with a time lag of T-1 is available at the time of data collection. In the KPI method, the business partner's NFRD obligation is assessed first and the EU Taxonomy ratios are then determined from the business partners' publications. The Schwäbisch Hall Group did not make any estimates in the

EU Taxonomy classification of business partners using the KPI method.

If the use of the funds from the asset or the financing is specified in the agreement with the customer, the assessment of EU Taxonomy eligibility and alignment must be carried out at the level of the financing (individual transaction method). This applies to financing provided to households.

This method involves assessing whether the purpose and nature of the financing meets the requirements of the EU Taxonomy Regulation for EU Taxonomy-eligible or Taxonomy-aligned activities with regard to an environmental objective to be selected and whether they do no significant harm (DNSH) to the ther environmental objectives, and whether they comply with the minimum safeguards.

In an initial step, real estate financing must be assigned to one of the six environmental objectives of the EU Taxonomy Regulation. The decisive factor here is the relevant sector and the technical screening criteria defined there.

Real estate financing must be assigned to the "Construction and real estate activities" sector. The technical screening criteria for the "Construction and real estate activities" sector are described in Annex I (Climate change mitigation) and II (Climate change adaptation) of Delegated Regulation (EU) 2021/2139. This defines the technical screening criteria used to determine the conditions under which an economic activity is considered to make a significant contribution to climate change mitigation and to avoid significant harm to any of the other environmental objectives. Real estate financing makes a significant contribution to climate change mitigation and is therefore assigned to environmental objective 1, Climate change mitigation.

The following EU Taxonomy-eligible economic activities can be reported through Bausparkasse Schwäbisch Hall's core business segments as described above:

- Economic activity 7.1: New housing construction
- Economic activity 7.2: Renovation of existing buildings
- Economic activity 7.6: Installation, maintenance and repair of renewable energy technologies
- Economic activity 7.7: Acquisition and ownership of buildings.

EU Taxonomy-eligible real estate financing must then be checked for EU Taxonomy alignment. This is done by reviewing the defined technical screening criteria for the economic activity.

Information from the energy performance certificate is required to review the technical screening criteria for private real estate financing. For new business, energy performance certificates for relevant purposes are therefore required from customers as part of the lending process. For the existing business, energy and refurbishment data for the loan portfolio at the portfolio and individual borrower level were collected by an external service provider in 2024.

Within economic activity 7.1 "New construction", properties must be assessed that were built after 31 December 2020. The primary energy demand of the properties must be at least 10.0% lower than the primary energy demand of a nearly zero-energy building. This is verified by comparing the primary energy demand with the reference requirement value from the energy performance certificate. Since the private real estate financing provided by Bausparkasse Schwäbisch Hall is always for residential purposes, the Do No Significant Harm (DNSH) criteria of economic activity 7.7 "Acquisition and ownership of buildings" must be used for further assessment of EU Taxonomy alignment for new buildings.

Within economic activity 7.2 "Renovation of existing buildings", it must be demonstrated that the renovation will result in a reduction of at least 30.0% in primary energy demand. In the event of a potential classification, a comparison is made, for example, on the basis of the previously confirmed primary energy demand before refurbishment with the primary energy demand from the energy performance certificate after refurbishment.

Individual actions are assigned to economic activity 7.6 "Installation, maintenance and repair of renewable energy technologies". In the event of classification, loans with the designated use "photovoltaics" meet the screening criterion.

Economic activity 7.7 "Acquisition and ownership of buildings" includes the review of real estate financing for properties built before 31 December 2020. The energy efficiency class indicated on the energy performance certificate must be at least class A. Alternatively, the property must be in the top 15.0% of the national or regional building stock. Reference is made for this purpose to the Drees & Sommer report on the top 15.0% benchmarks for Germany.

In a further step, private real estate financing that meets the technical screening criteria for a significant contribution to environmental goal 1 is assessed against the DNSH criteria. For this purpose, a climate and vulnerability analysis in particular must be performed for real estate financing. In the Schwäbisch Hall Group, a methodology is used for this purpose in which properties are assessed at the house number level for the material climate risks using weather maps and climate scenarios, and the properties are then assigned to risk classes.

The final step in assessment of the EU Taxonomy alignment is to ensure compliance with minimum social standards. In accordance with the Q&A issued by the Institute of Public Auditors in Germany (IDW) in December 2023, compliance with the minimum safeguards does not need to be verified for private real estate financing and is deemed to be satisfied.

In order to assess of compliance with the technical screening criteria for determining EU Taxonomy eligibility and EU Taxonomy alignment, energy performance certificates in particular are used as evidence for private real estate. The issues of data collection and data structure are particularly challenging in the area of private real estate financing. The dataset is currently being developed and will continue to grow in the coming years as a result of the above-mentioned measures in new and existing business.

EXPLANATORY NOTES ON THE NATURE AND OBJECTIVES OF EU TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN THE SCHWÄBISCH HALL GROUP

		Total environmentally sustainable activities	KPI (****)	KPI (*****)	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1) and Section 1.2.4 of Annex V)
Main-KPI	**Green asset ratio (GAR) stock**		**0.47%**	**0.46%**	**86.36%**	**8.41%**	**5.23%**

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)		1.70%	1.75%	9.93%	84.84%	5.23%
	Trading book*		0.00 %	0.00 %			
	Financial guarantees		0.00 %	0.00 %			
	Assets under management		0.00 %	0.00 %			
	Fees and commissions income**		0.00 %	0.00 %			

(*) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR
(**) Fees and commissions income from services other than lending and AuM
Institutions must disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

(***) % of assets covered by the KPI over banks´ total assets
(****) based on the Turnover KPI of the counterparty
(*****) based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

ON-BALANCE SHEET

The Schwäbisch Hall Group's total assets as at 31 December 2024 amounted to €85,183 million.

The Schwäbisch Hall Group's total GAR assets as at 31 December 2024 amounted to €80,727 million (94.77% of total assets). This includes assets of €7,167 million (8.41% of total assets) that are only eligible for the denominator of the GAR.

Assets of €4,456 million (5.23% of total assets) are not included in the GAR calculation.

The total Green Asset Ratio of the Schwäbisch Hall Group as at 31 December 2024 is 0.47% (turnover-based) and 0.46% (capex-based). The two significant customer portfolios of the Schwäbisch Hall Group that can contribute to the numerator of the GAR in accordance with the EU Taxonomy Regulation are the real estate business with private customers and the direct investment business.

OFF-BALANCE SHEET

As at 31 December 2024, there are no financial guarantees to any significant extent, which is why no information is provided in this respect.

METHODOLOGICAL EXPLANATIONS FOR THE MAIN KPI

"% coverage (over total assets)": The numerator of this figure is the "GAR – Covered assets in both numerator and denominator" from Table 1 (numerator-eligible assets).

"% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)" The numerator of this figure is the difference between the "Total GAR assets" and the "GAR – Covered assets included in the numerator and denominator" from Table 1 (denominator of the GAR – numerator-eligible assets).

"% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)" The numerator of this figure is the "Assets not covered for GAR calculation" from Table 1 (assets with no effect on the GAR).

METHODOLOGICAL EXPLANATIONS ON THE KPI GAR (FLOW)

"% coverage (over total assets)": The flows during the reporting period within the "GAR – Covered assets in both numerator and denominator" from Table 1 (flows of numerator assets) form the numerator of this figure.

"% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)" The difference between the "Total GAR assets" and the flows in the reporting period within the "GAR – Covered assets in both numerator and denominator" from Table 1 (GAR denominator – flows of numerator assets) forms the numerator of this figure.

"% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)" The numerator of this figure is the "Assets not covered for GAR calculation" from Table 1 (assets with no effect on the GAR).

COMPLIANCE WITH REGULATION (EU) 2020/852 IN THE FINANCIAL UNDERTAKING'S BUSINESS STRATEGY, PRODUCT DESIGN PROCESSES AND ENGAGEMENT WITH CLIENTS AND COUNTER-PARTIES

The strategic focus of the Schwäbisch Hall Group follows the DZ BANK Group's guiding principle of operating as a "network-oriented central banking institution and integrated financial services group". As a subsidiary partner of the cooperative banks, the Schwäbisch Hall Group's business activities are focused on the topic of Building and Living. Against the backdrop of the climate crisis, the subject of building and living also remains in a state of transition. This is because transforming building stock is one of the keys to reversing climate change. Working with the partners in the German Cooperative Banking Group, the Schwäbisch Hall Group is seeking to actively shape this transformation. The Schwäbisch Hall Group's #Fokus100 strategy sets out the framework and guard rails for sustainably strengthening its core segments and supporting the Cooperative Banking Group in the long term as a reliable provider of products and solutions. The strategy is being operationalised through quantitative ambitions in the dimension of sustainability, among other things.

For example, Schwäbisch Hall Group has launched projects to increase EU Taxonomy-aligned business, such as collecting energy performance certificates when originating new loans to customers and collecting energy data for the existing loan portfolio In addition, climate and environmental risks are taken into account based on the energy efficiency classes of the financed properties using click options in the pricing.

2.2.2 Quantitative mandatory disclosures under the EU Taxonomy

The detailed quantitative information required by the Schwäbisch Hall Group on the EU Taxonomy can be found in chapter 6, Annex.

2.3 ESRS E4 – Biodiversity and ecosystems

2.3.1 Material impacts, risks, and opportunities, and their interaction with strategy and business model/ transition plan [SBM-3/E4-1]

In the course of the materiality assessment, only IROs from the downstream value chain, in particular the Schwäbisch Hall Group's financing portfolio, were identified within the framework of ESRS E4. The identified IROs relate to three triggers of biodiversity loss: climate change, land use change and soil sealing. In the context of climate change, a negative impact was identified as a result of the CO_2 emissions generated by the financed properties. These impacts were already discussed in detail in chapter 2.1, so no further information is provided at this point. In addition, negative impacts were identified in connection with land use changes and soil sealing, which are encouraged by construction activities as part of the Schwäbisch Hall Group's real estate financing. This is also supported by a recent report by the Ellen MacArthur Foundation[1], which highlights the overuse of natural resources as one of the five main drivers of global biodiversity loss. The construction industry in particular is one of the world's largest consumers of natural resources. These findings are also consistent with the Living Planet Report 2022[2] published by environmental organisation WWF, which shows that the housing sector is responsible for more than one-fifth of humanity's ecological footprint. Dependencies on biodiversity and ecosystem services were not identified in the materiality assessment and were therefore not classified as material. On the basis of the materiality assessment, which is based in particular on the financing portfolio, there is no location of the Schwäbisch Hall Group that has a negative impact on biodiversity or ecosystems. Beyond the potential negative impacts described in the context of land use change and soil sealing, no other material negative impacts in terms of land degradation, desertification or endangered species have been identified.

However, the key challenge at present is that it is not possible to provide a quantified estimate of the scale of these impacts due to a lack of data availability and the specific composition of the Schwäbisch Hall Group's portfolio. For this reason, no resilience analysis has been performed on biodiversity and ecosystems in relation to the business model or strategy, nor have the topics of biodiversity and ecosystems been included in existing resilience analyses.

To provide information to customers and the media, the Schwäbisch Hall Group has published its own information on its website about encouraging biodiversity in private construction projects.

[1] Ellen Macarthur Foundation (2021): „The Nature Imperative".

[2] WWF Deutschland (2022): „Living Planet Report 2022 – Kurzfassung".

2.3.2 Policies, actions and targets related to biodiversity and ecosystems [E4-2] [E4-3] [E4-4]

Currently, there are no policies, actions or targets in the Schwäbisch Hall Group that explicitly aim to protect and encourage biological diversity and ecosystems. However, existing arrangements for protecting and encouraging biological diversity and ecosystems are reflected in the fact that most of the financing provided is in Germany. The fact that there are no policies, actions or targets with explicit reference to encouraging biodiversity and ecosystems in the Schwäbisch Hall Group can be attributed in particular to the challenge described in chapter 2.3.1 regarding the availability of data along the value chain. The Schwäbisch Hall Group's customer portfolio consists of private households, which do not have any information on the influence of their property on biodiversity. In addition, the legislative focus is currently very much on climate change. The biodiversity frameworks relevant for the financial sector are currently being developed, which means that specific requirements for biodiversity and ecosystems have not yet been defined by regulatory authorities. On the basis of the current available data and the methodological requirements that are still undergoing significant development, there are no specific policies and actions or quantifiable targets for biodiversity and ecosystems in the Schwäbisch Hall Group, yet.

In principle, the Schwäbisch Hall Group only finances approved construction projects almost exclusively in Germany. Accordingly, these are subject to legal requirements and in particular to the *Bundesnaturschutzgesetz* (Federal Nature Conservation Act). It can therefore be assumed that no financing is provided for any severe negative impacts on biodiversity and ecosystems in protected areas.

2.3.3 Impact metrics related to biodiversity and ecosystems change [E4-5]

The materiality assessment did not identify any material IROs in the Schwäbisch Hall Group concerning the business operations. Moreover, there are at present no specific reporting requirements that address impacts along the downstream value chain. Consequently, no quantified information is available at this time on impacts on biodiversity and ecosystems.

2.3.4 Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities [E4-6]

The Schwäbisch Hall Group is using the one-year phase-in option for the following disclosures. This relates to the data points in accordance with ESRS E4 paragraphs 45a, 45b and 45c.

3 Social

3.1 ESRS S1 – Own Workforce

This chapter discusses the composition of the workforce, including its age distribution, and the importance of fair pay for employee satisfaction and motivation. It explains the actions taken to encourage diversity and inclusion and create an inclusive working environment. Training and professional development play an important role in equipping employees with the necessary skills. Protecting health and safety in the workplace is also a key concern for ensuring employee well-being. Employee-related metrics at the end of the chapter illustrate the achieved progress and the ongoing challenges in these areas.

The Schwäbisch Hall Group defines employees as all persons with an active employment contract. This also includes people in the active phase of partial retirement and junior staff such as trainees, dual apprenticeship/undergraduate students and apprentices. Top management in the sense of the first reporting level under governing bodies such as the Management Board is also counted as employees.

3.1.1 Policies related to own workforce [S1-1]

All of the Schwäbisch Hall Group's strategic HR activities are derived from its business and HR management strategy and support the further development of the Schwäbisch Hall Group as a market leader.

In a dynamic labour market, recruiting and retaining qualified employees is a critical factor in a company's success. With its human resources management strategy, the Schwäbisch Hall Group aims to become more attractive as an employer and offer contemporary solutions in a changed working world. To do this, it has created the strategic foundations and adopted four areas of activity with visions. Actions have been gradually implemented in stages since the start of 2024. The elements of the new human resources management strategy include improving employee performance reviews and salary components, increasing transparency in respect of development and career opportunities and refining the company's leadership culture. Another objective is to promote diversity within the Company. The human resources management strategy is also closely aligned with the sustainability strategy.

The main policies and works agreements are outlined below and then explained in greater detail in the relevant chapters on the topical reporting requirements. All policies apply to operations in Germany, unless otherwise stated.

TABLE 34: GROUP FRAMEWORK INCLUSION AGREEMENT OF DZ BANK AG

Policy name	Group framework inclusion agreement of DZ BANK AG
Key content of the policy	The most important contents of the inclusion agreement include actions for the professional and social integration of severely disabled persons, the promotion of their professional development and the consideration of individual needs.
General objectives of the policy	The guiding principle of this policy is to offer severely disabled persons opportunities for development and advancement and to not view the limitations that result from severe disability as a restriction, an aspect that is particularly true in light of the constant changes in the working world. Framework arrangements will be established in the Group to maintain and, if necessary, improve the working situation of severely disabled employees already employed and to offer them career prospects, as well as to create and maintain conditions that encourage the employment of severely disabled persons.
Material IROs addressed	NS1_11
Monitoring process for the policy	The technical documentation on the inclusion agreement is reviewed regularly each year in an established strategic process.
Impact within the value chain	The technical documentation relates to own employees.
Scope	This agreement applies to all employees within the meaning of section 5 (1) of the German Works Constitution Act (BetrVG) in the DZ BANK AG Group and all domestic group companies for which the Group works council (K-BR) is responsible who are severely disabled or equivalent to severely disabled persons within the meaning of the German Social Security Code IX (referred to in the following as severely disabled persons). This agreement also applies in part to employees with a degree of disability (GdB) < 50, but at least GdB 30 without being treated as severely disabled. For this group of people, section 4 (1) and (2) and sections 5 to 9 apply.
Organisational level responsible for the implementation of the policy	DZ BANK
Reference to standards or third-party initiatives	Section 166 of the German Social Security Code IX (SGB IX)
Considering the interests of key stakeholders	Close, trust-based cooperation between the Group representative body for severely disabled employees, the Group works council, the relevant local representatives for employees with disabilities, the local works councils and the relevant inclusion officers of the employer. If necessary, additional advice on support options from the integration office, integration service and rehabilitation providers.
Availability of the policy to impacted stakeholders	The contents of the inclusion agreement are published in the organisational manual and are thus accessible to the employees.

TABLE 35: WORKS AGREEMENT ON OVERALL CONDITIONS FOR PART-TIME WORK

Policy name	Works agreement on overall conditions for part-time work
Key content of the policy	The works agreement allows every employee to apply for part-time work, taking into account legal requirements and operational needs. At the same time, they remain entitled to Company social benefits.
General objectives of the policy	The aim of this works agreement is to enable a better work-life balance and to create clear overall conditions for part-time work in the Company.
Material IROs addressed	NS1_08
Monitoring process for the policy	The Schwäbisch Hall Group's works agreement on overall conditions for part-time work is reviewed regularly each year in an established strategic process.
Impact within the value chain	The works agreement relates to own employees.
Scope	The works agreement on overall conditions for part-time work applies to the entire Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Head of HR
Reference to standards or third-party initiatives	–
Considering the interests of key stakeholders	The works agreement takes into account the interests of employees regarding part-time work, while at the same time meeting operational requirements.
Availability of the policy to impacted stakeholders	The contents of the general conditions for trading business are published in the organisational manual and are thus accessible to the employees.

TABLE 36: WORKS AGREEMENT ON "ALTERNATING REMOTE WORKING" IN THE SCHWÄBISCH HALL GROUP

Policy name	Works agreement on "alternating remote working" in the Schwäbisch Hall Group
Key content of the policy	The works agreement governs the conditions under which employees can switch between working from home and working physically at the Company. It also sets out clear guidelines on issues such as the requirements for a working from home set-up and the number of hours to be worked.
General objectives of the policy	The aim of this works agreement is to give employees the option of working from home while also meeting operational requirements.
Material IROs addressed	NS1_03
Monitoring process for the policy	The Schwäbisch Hall Group's works agreement on "alternating remote working" is reviewed regularly each year in an established strategic process.
Impact within the value chain	The works agreement relates to own employees.
Scope	The works agreement on "alternating remote working" applies to the entire Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Head of HR
Reference to standards or third-party initiatives	–
Considering the interests of key stakeholders	The works agreement takes into account the interests of employees regarding working from home, while at the same time meeting operational requirements.
Availability of the policy to impacted stakeholders	The contents of the works agreement are published in the organisational manual and are thus accessible to the employees.

TABLE 37: WORKS AGREEMENT ON “VARIABLE WORKING HOURS”

Policy name	Works agreement on “variable working hours”
Key content of the policy	The company agreement on variable working hours governs the flexible organisation of working hours, defining the scope of application, the calculation period, the opening hours of the operation, the number of days off, eligible absences, regulations governing breaks, measures to ensure the smooth implementation of variable working hours and the content of overtime. It also contains rules on time recording and disciplinary procedures.
General objectives of the policy	The aim of the works agreement is to give employees greater flexibility and freedom while ensuring the proper functioning of the Company.
Material IROs addressed	NS1_03
Monitoring process for the policy	The Schwäbisch Hall Group’s works agreement on “variable working hours” is reviewed regularly each year in an established strategic process.
Impact within the value chain	The works agreement relates to own employees.
Scope	The works agreement on variable working hours applies to the entire Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Head of HR
Reference to standards or third-party initiatives	–
Considering the interests of key stakeholders	The works agreement takes into account the interests of the employees by offering them increased flexibility and freedom, while at the same time ensuring that the Company remains fully operational.
Availability of the policy to impacted stakeholders	The contents of the works agreement are published in the organisational manual and are thus accessible to the employees.

TABLE 38: WORKS AGREEMENT ON “MOBILE WORKING”

Policy name	Works agreement on “mobile working”
Key content of the policy	The works agreement is valid until 31 December 2025 as part of a pilot project and defines the conditions under which employees can perform their work outside the Company’s location. Among other things, it includes requirements for technical equipment, availability and data protection.
General objectives of the policy	The aim of this works agreement is to enable greater flexibility while at the same time serving the interests of the Company, customers and employees, as well as the team.
Material IROs addressed	NS1_03
Monitoring process for the policy	The Schwäbisch Hall Group’s works agreement on “mobile working” is reviewed regularly each year in an established strategic process.
Impact within the value chain	The works agreement relates to own employees.
Scope	The works agreement on “mobile working” applies to the entire Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Head of HR
Reference to standards or third-party initiatives	–
Considering the interests of key stakeholders	The works agreement takes particular account of employees’ desire for greater flexibility, while at the same time taking into consideration the interests of the Company, customers and team.
Availability of the policy to impacted stakeholders	The contents of the works agreement are published in the organisational manual and are thus accessible to the employees.

TABLE 39: WORKING REGULATIONS

Policy name	Working regulations
Key content of the policy	The working regulations contain requirements and information on the employment relationship, working hours, vacation and sick leave, remuneration, and safety and security.
General objectives of the policy	The aim of the working regulations is to establish clear requirements with regard to the above-mentioned content.
Material IROs addressed	NS1_01, NS1_02, NS1_03, NS1_04, NS1_07, NS1_08
Monitoring process for the policy	The Schwäbisch Hall Group's working regulations are reviewed regularly each year in an established strategic process.
Impact within the value chain	The working regulations relate to own employees.
Scope	The provisions of the working regulations apply to all employees of the Schwäbisch Hall Group in all of its operating facilities.
Organisational level responsible for the implementation of the policy	Head of HR
Reference to standards or third-party initiatives	–
Considering the interests of key stakeholders	The working regulations take account of both the interests of the employees through the central works council and those of the Company (represented by the Management Board).
Availability of the policy to impacted stakeholders	The contents of the working regulations are published in the organisational manual and are thus accessible to the employees.

The Schwäbisch Hall Group has a policy on working regulations, which also includes rules for the prevention of work-related accidents.

The Schwäbisch Hall Group has specific policies aimed at the elimination of discrimination, promoting equal opportunities and other ways to advance diversity and inclusion. These include, for example, the "*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*" (Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors – FüPoG II) and several works agreements on the framework conditions for part-time work, alternating remote working, variable working hours and mobile working.

The above-mentioned policies and works agreements describe actions that explicitly address the reasons for discrimination and are specifically designed to ensure that discrimination is avoided.

In accordance with section 154 of the German Social Code (SGB) IX, Bausparkasse Schwäbisch Hall is obliged to employ severely disabled persons (persons with a certified degree of disability of 50% or more) in at least 5.0% of positions. The rehabilitation and participation of persons with disabilities is an important concern for the Schwäbisch Hall Group.

The Schwäbisch Hall Group has specific procedures for implementing the policies described above. These include, in particular, awareness-raising measures, such as mandatory training on the *Allgemeines Gleichbehandlungsgesetz* (German General Act on Equal Treatment – AGG) for all new employees of the Schwäbisch Hall Group, as well as an external work-life balance audit. A Group inclusion works agreement was developed with the works council that includes specific procedures for promoting inclusion. For further information, please refer to chapters 3.1.9, 3.1.13 and 3.1.15.

3.1.2 Processes for engaging with own workforce and workers' representatives [S1-2]

The Schwäbisch Hall Group has implemented specific processes for engaging with its own workforce and workers' representatives in the assessment of the impacts of its business activities. The companies in the Schwäbisch Hall Group use a variety of channels to identify the perspectives of their own workforce and to engage with them in their decisions and activities. They aim to develop a comprehensive understanding of the needs of their employees.

The employee opinion survey is an important tool in the Schwäbisch Hall Group for making employee opinions visible and for continuously developing as a group of companies. The employees' assessment provides valuable insights for taking targeted measures to positively influence satisfaction and the working environment. This enables the Schwäbisch Hall Group to shape the future of the business as an employer and to develop a sustainable corporate culture. In addition to questions on strategy, cooperation and employer attractiveness, employees have an opportunity to provide feedback to their direct superiors by means of anonymous standardised questionnaires. The results are evaluated down to team level, which ensures a high level of effectiveness in the follow-up process. The aggregated results for the Company are published on the intranet and each employee receives the report on the results for their unit.

The survey is conducted every two to three years and alternates with event-driven short surveys to capture the mood and topics in the organisation and make improvements visible.

The effectiveness of employee engagement is regularly evaluated to identify areas for improvement and ensure the effectiveness of the approaches.

In addition to these standardised surveys, the Schwäbisch Hall Group aims to encourage regular reflection and expression of opinion through dialogue-based formats, such as "Vorstand live" (Management Board Live) events. These offer employees an opportunity to put questions to the Management Board and share their opinions with them directly twice a year. In many teams, retrospectives have become established as part of their daily routine in order to continuously optimise working conditions. Individual feedback tools are designed to make needs visible in a low-threshold approach.

Works agreements are negotiated and concluded between the Schwäbisch Hall Group as employer and the works council as the employees' representative body, ensuring that the employees' perspectives and interests are incorporated into them. Please refer to chapter 3.1.1 for examples of works agreements.

The above-mentioned dialogue formats are effective tools for incorporating the perspectives of the Company's own workforce into its decisions and activities. For example, there are weekly regular meetings between the HR department and the works council to discuss the effectiveness of the actions, among other things.

The rehabilitation and participation of persons with disabilities are important to the Schwäbisch Hall Group. That is why the members of the representative body for severely disabled employees is exempt from other tasks, which means that the Schwäbisch Hall Group goes above and beyond the legal requirements. There is regular dialogue between the Schwäbisch Hall Group (Management Board member responsible for Human Resources) and the representative body for severely disabled employees, for example as part of the company reintegration management scheme. The Schwäbisch Hall Group also gains insights into the perspectives of particularly vulnerable, at-risk or disadvantaged members of its workforce from information provided by the occupational health service. This information and these reports are available in aggregated and anonymised form. In addition, there is regular dialogue with the representative body for severely disabled employees at a weekly scheduled meeting and at a scheduled meeting with the in-house physician. The company reintegration management scheme is another point of contact.

3.1.3 Processes to remediate negative impacts and channels for own workforce to raise concerns [S1-3]

There are several channels that employees can use to raise their concerns or needs to the Company and have them reviewed:

- discussions with their own supervisor
- submitting a request to the HR department
- participation in employee surveys
- discussions with mediators
- submitting a proposal to the company suggestion scheme
- submitting a request to the complaints office in accordance with the German General Act on Equal Treatment (AGG)
- submission to the works council, the representative body for young employees and trainees or the representative body for severely disabled persons
- submission via the complaints procedure in accordance with the *Lieferkettensorgfaltspflichtengesetz* (German Supply Chain Due Diligence Act – LkSG)

The Schwäbisch Hall Group has a procedure in place for handling complaints from its own employees. To enable this, employees can find information in publications on the Schwäbisch Hall Group intranet (*FuchsNET*) and in organisational policies. The internal information system provides all employees with access to these procedures and channels mentioned, which also include the contact details of the relevant contact persons.

The channels that employees can use to raise their concerns and needs are effective because they are well established and well known, and dialogue with managers and employee surveys take place at regular intervals. Due to the regular dialogue and survey formats, measures taken to improve employee concerns are regularly monitored, taking employee interests into account. The effectiveness of the channels for communicating concerns and needs can be evaluated based on the number of times the publications are accessed and the response rates to surveys.

All employees are informed about the procedures and channels via the internal information system. The dialogue formats mentioned above enable the identification of potential negative impacts on individuals within the workforce, so that remedial action can be taken. The number of times the publications are accessed and the response rates to surveys can be used to determine how the procedures are used by employees and hence how aware they are of them. The publicly accessible complaints management system on the Bausparkasse Schwäbisch Hall website is also used to receive and process information about potential negative impacts on individuals from within the workforce. The information is submitted anonymously. The Company has policies in place for protecting individuals.

3.1.4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions [S1-4]

Bausparkasse Schwäbisch Hall regularly receives awards for its working conditions. For example, in its 2023 employer survey, the Top Employers Institute honoured Bausparkasse Schwäbisch Hall as one of Germany's top ten employers.

Various communication measures and campaigns are used to implement the HR strategy and position the employer brand on the external labour market: the careers website, social media, trade fair presences and contacts with schools and universities are all used to provide information and personal contact with the Schwäbisch Hall Group as an employer.

The cross-company programme "Employees recruit employees and junior staff" supports the recruitment measures. Employees of the Schwäbisch Hall Group can support the companies in filling vacancies by recommending potential candidates from their personal network for vacancies in the Group. If the referral results in recruitment, the recruiter receives a cash bonus of €1,000 gross.

In addition, "career scouts" advise employees on career opportunities within the DZ BANK Group, for which the annual group-wide virtual "Career Scout Talk" was offered again in 2024. This format, like the "Information days: The WE in the DZ BANK Group", fosters understanding of the special features of other Group companies, strengthens professional dialogue and enhances employee loyalty.

The Schwäbisch Hall Group aims to maintain the Organisational Commitment Index (OCI) at a sustained level of at least 75. The OCI is regularly measured using a standardised employee survey. In 2024, the Schwäbisch Hall Group scored 82. The high level of employee commitment is also reflected in the recommendation rate. The OCI metric is not an ESRS data point and is therefore not validated by an external body.

The material actions are outlined in the following and then explained in greater detail in the relevant chapters on the topical reporting requirements.

TABLE 40: ENGAGING THE WORKFORCE AND WORKERS' REPRESENTATIVES

Name of action	Actions taken to engage the workforce and workers' representatives
Key content of the action	The actions include specific processes for engaging the workforce and workers' representatives. These include employee opinion surveys, anonymous feedback questionnaires, evaluation and publication of the results on the intranet, regular reflection and opinion-sharing through dialogue-based formats, such as "Executive Board Live" events, weekly regular meetings with the works council, works agreements and regular dialogue with the representative body for severely disabled employees and the occupational health service.
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	Ongoing actions that are designed for the long-term and take place throughout the year, for example weekly regular meetings with the works council and the representative body for severely disabled employees, opinion polls every two years
Expected results	Inclusion of employee opinions for the further development of the Group, identification of areas for improvement, improvement in employee satisfaction
Impacted operations or business portfolio	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	The action applies to all of the Company's employees.

TABLE 41: RECRUITMENT

Name of action	Recruitment actions
Key content of the action	Use of the career website, social media, trade fair presence and school and university contacts to position the employer brand. The "Employees recruit employees and junior staff" programme also supports recruitment efforts.
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	Ongoing actions that are designed for the long term and take place throughout the year depending on recruitment needs, for example regular presence at job fairs (as needed)
Expected results	Increase in the number of applicants, improvement of the employer brand, increase in recruitment through recommendations
Impacted operations or business portfolio	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	This action applies both to the external labour market and to internal employees.

TABLE 42: COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

Name of action	Collective bargaining coverage and social dialogue actions
Key content of the action	The action includes the recognition of freedom of association, the right to collective bargaining and the right to strike. It involves compliance with the *Betriebsverfassungsgesetz* (German Works Constitution Act) and codetermination by central works councils and the Supervisory Board. In addition, it ensures that information on collective bargaining and agreements is shared and that remuneration is paid in accordance with collective bargaining agreements.
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	2024
Expected results	Supporting employee rights, strengthening codetermination and social dialogue
Impacted operations or business portfolio	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	The action applies to all of the Company's employees. Impacted stakeholder groups include employee representatives, trade unions, central works councils and the Supervisory Board.

TABLE 43: DIVERSITY

Name of action	Actions to encourage diversity
Key content of the action	The action aims to anchor diversity in all areas of the Company and to create a working environment without prejudice. Awareness is raised of this through role models on the intranet, events for managers and training on the AGG. In addition, the Schwäbisch Hall Group promotes women in management positions and has established a women's network.
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	Gender quota defined for the period 1 January 2024 to 31 December 2027; "*Charta der Vielfalt*" (German Diversity Charter) since 2012
Expected results	Raising employee awareness, creation of a prejudice-free working environment, increase in the proportion of women in management positions, compliance with legal requirements
Impacted operations or business portfolio	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	The action applies to all employees, temporary personnel, managers and potential new employees.

TABLE 44: ADEQUATE WAGES

Name of action	**Actions to ensure adequate wages**
Key content of the action	The action involves ensuring fair, performance-related pay. The Schwäbisch Hall Group is subject to the *Institutsvergütungsverordnung* (German Remuneration Regulation for Institutions – InstitutsVergV) and the *Entgelttransparenzgesetz* (German Pay Transparency Act). The aim is to ensure equal pay for equal work or work of equal value regardless of gender, age, origin or other characteristics. In addition to appropriate remuneration, the Schwäbisch Hall Group offers further voluntary benefits, such as sabbaticals, unpaid leave, job tickets and anniversary bonuses.
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	Ongoing action that is designed for the long term; InstitutsVergV since 2011
Expected results	Employee satisfaction and motivation, creation of incentives for the sustainable implementation of strategic goals, attracting and retaining talented employees, avoiding discrimination in the area of remuneration.
Impacted operations or business portfolio	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	The actions apply to all of the Company's employees.

TABLE 45: TRAINING AND SKILLS DEVELOPMENT

Name of action	**Actions to encourage training and skills development**
Key content of the action	Support for employees with a range of different measures and training courses for personal and management development, as well as professional further education opportunities. Various programmes are available for education and training, including the "Masterplan" learning platform, the Data Science Academy, seminars on the "Culture Beat for Good Leadership" management philosophy, and the "jump!" potential development programme. In addition, there are annual performance reviews and training courses are regularly evaluated by participant feedback.
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	Ongoing actions that are designed for the long term; "Culture Beat" management philosophy since 2022; "Masterplan" learning platform since 2020
Expected results	Securing sustainable business performance, optimising the development of potential, qualified and committed employees
Impacted operations or business portfolio	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	The action applies to all of the Company's employees.

TABLE 46: HEALTH AND SAFETY

Name of action	**Actions related to encouraging health and safety**
Key content of the action	The actions encompass physical and psychological aspects, and are based on prevention, education and rapid response in an emergency. They include the ergonomic design of workplaces, regular training and instruction, a wide range of health management services, regular medical screening and anonymous social counselling.
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	Ongoing actions that are designed for the long term and take place throughout the year
Expected results	Improvement of ergonomic workplace design, reduction in work-related health risks, minimisation of work-related accidents, improving employee well-being and health
Impacted operations or business portfolio	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	The actions apply to all of the Company's employees.

TABLE 47: WORK-LIFE BALANCE

Name of action	Actions to encourage work-life balance
Key content of the action	This action aims to support the work-life balance by providing a wide range of attractive options. The focus here is particularly on family friendliness. The options include a company childcare facility, a children's holiday programme, extended parental leave, care leave, a retirement home, sabbaticals and flexible working hours, as well as mobile and remote working.
Designation of the associated policy	Works agreement on overall conditions for part-time work
Time frame	Ongoing actions that are designed for the long term; for example, childcare facility since 1969; retirement home since 1997
Expected results	Supporting family friendliness and increasing employee satisfaction and motivation
Impacted operations or business portfolio	Business operations are impacted.
Scope and affected stakeholder groups, if applicable	The action applies to all of the Company's employees and their family members.

The effectiveness of the actions is regularly evaluated to identify areas for improvement and ensure the effectiveness of the approaches. For example, the proportion of women in management positions, the proportion of men in part-time work and the proportion of male management positions in part-time work are measured and regularly reported to the Management Board as part of the target review and assessment of the effectiveness of the actions.

No action has been taken to date to cushion the negative impact of the transition to an environmentally friendly, climate-neutral economy on the Company's own workforce.

3.1.5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S1-5]

The material targets are outlined in the following and then explained in greater detail in the relevant chapters on the topical reporting requirements.

TABLE 48: ENCOURAGING DIVERSITY: INCREASING THE PROPORTION OF WOMEN IN MANAGEMENT POSITIONS

Designation of target	Encouraging diversity: increasing the proportion of women in management positions
Material IROs addressed	NS1_09
Specification of the metrics for target tracking	To track the target, the proportion of women at management levels F1 (division management), F2 (department management) and F3 (team management) is measured as the ratio of the number of female managers divided by the total number of managers within the corresponding management level. The metrics are measured annually and reported to the Management Board at the end of the year. The HR department internally assesses the metrics with regard to the control actions needed.
Relationship of the target to the policy objectives	The target level is not embedded in any specific policy within the meaning of ESRS.
Specified target level	By 31 December 2027, a target level for the proportion of women at F1 level of 15.0%, at F2 level of 20.0% and at F3 level of 35.0% will be set at Bausparkasse Schwäbisch Hall.
Scope of the target	The targets apply to all managers at management levels F1, F2 and F3.
Impact within the value chain	Own employees
Scope	Bausparkasse Schwäbisch Hall
Reference value and reference year	The reference values as at 31 December 2023 were: F1 17.4% F2 14.1% No F3 value was published in the baseline year.
Period to which the target applies (including stages/interim targets)	1 January 2023 to 31 December 2027
Methodology and assumptions used to define the target	The target was defined by Bausparkasse Schwäbisch Hall’s Management Board in a decision document. The targets are reviewed as part of the annual reporting process to the Management Board and in the annual report.
Stakeholder engagement in defining targets	The interests of stakeholders were taken into account by the Management Board of Bausparkasse Schwäbisch Hall when defining the targets.
Change in targets and metrics	No change in the reporting period
Performance against published target	The proportion of women at the various levels as at 31 December 2024 was: F1 16.0% F2 13.6% F3 32.5%. The metric for the proportion of women at each management level is not a data point within the meaning of ESRS and is therefore not validated by an external body.

The employee representatives are involved in defining the remuneration targets at employee level and on the Management Board (via the employee representatives on the Supervisory Board and the works council committees). In addition, management provides employee representatives with information on the current status of target achievement once a quarter (CEO and general executive managers with works council leadership).

3.1.6 Characteristics of the undertaking's employees [S1-6]

As at 31 December 2024, the Schwäbisch Hall Group employed a total of 3,615 people. In light of the increasing competition for specialist and management staff, it is very important for the Group to offer long-term employees attractive prospects and to attract qualified specialists and junior staff (see chapter 3.1.4).

The number of employees in the reporting period was recorded as the headcount on the reporting date. To determine the average number of employees during the reporting period, the headcounts at the end of each month were added up and then divided by twelve to obtain the annual average. As a rule, the average number of employees is reported in the annual financial statements.

TABLE 49: NUMBER OF EMPLOYEES

Gender	Number of employees (headcount)	Average number of employees in the reporting period (headcount)
Male	1,521	1,483
Female	2,094	2,092
Other	–	–
Not reported	–	–
Total number of employees	**3,615**	**3,575**

Of the 3,615 employees in the reporting period, 91.3% were permanently employed and 8.7% had temporary contracts. The Schwäbisch Hall Group did not employ any people without guaranteed working hours in 2024. The number of employees by contract was recorded as at the reporting date and is shown as a headcount.

TABLE 50: NUMBER OF EMPLOYEES BY CONTRACT

Employee category	Female	Male	Other	Total
Number of employees (headcount)	2,094	1,521	–	3,615
Number of permanent employees (headcount)	1,960	1,342	–	3,302
Number of temporary employees (headcount)	134	179	–	313
Number of non-guaranteed hours employees (headcount)	–	–	–	–

The turnover rate of the Schwäbisch Hall Group in financial year 2024 was 8.1%. The turnover rate is determined by calculating the total number of departures due to termination by the employer, termination by the employee, termination by mutual agreement, expiry of a fixed-term contract/time limit, age-related departures (retirement, pension, early retirement), disability or death in the financial year (unadjusted turnover) and then calculating the ratio of this figure to the average number of employees. To determine the average number of employees, the headcounts at the end of each month were added up and then divided by twelve to obtain the annual average.

For further information on the key characteristics of the Schwäbisch Hall Group's workforce, please also refer to the most representative figures in the annual financial statements (information can be found in the consolidated financial statements in the chapter "Other information" under note 68 Employees).

3.1.7 Characteristics of non-employee workers in the undertaking's own workforce [S1-7]

The Schwäbisch Hall Group is using the one-year phase-in option for the following disclosures. This relates to the data points in accordance with ESRS S1 paragraphs 55a, 55b, 55b i, 55b ii, 55c and 57.

3.1.8 Collective bargaining coverage and social dialogue [S1-8]

The Schwäbisch Hall Group recognises the freedom of association, the right to collective bargaining and the right to strike for its employees in accordance with national law. The establishment, joining and membership of a trade union can never be a reason for unjustified discrimination or retaliation. The Schwäbisch Hall Group is subject to the German Works Constitution Act. Among other things, this governs cooperation between the employer and the works council (employee representative body).

The spectrum of codetermination extends from central works councils to codetermination on the Supervisory Board. Due to the governance structure, direct participation of employees is not possible; representation is through the employee representative body. However, employees can raise their concerns with the Management Board at any time through the employee representative body or express their opinions and suggestions directly in employee surveys.

The Fundamental Conventions of the International Labour Organization (ILO) apply without restriction to all employees of the Schwäbisch Hall Group. Accordingly, the Schwäbisch Hall Group recognises the right of all employees to form trade unions and employee representative bodies on a democratic basis within the framework of national legislation.

The Schwäbisch Hall Group informs its employees about collective bargaining or collective bargaining agreements via the intranet, which is freely accessible to every employee. The relevant employee representative body ensures that employees are informed about collective bargaining agreements.

At Bausparkasse Schwäbisch Hall, collective bargaining agreements are entered into between the Employers' Association of Private Banks (AGV Banken), of which Bausparkasse Schwäbisch Hall is a member, and the relevant trade unions, such as the German United Services Union (ver.di). At Bausparkasse Schwäbisch Hall, remuneration of employees covered by collective bargaining agreements is based on the current version of the relevant collective bargaining agreement. Employees are assigned to the pay groups of the collective bargaining agreement and corresponding years of service based on the work they perform. Other arrangements, such as a company wage agreement, are relevant for other Group companies.

In the reporting period, 82.1% of employees in the Schwäbisch Hall Group were covered by collective bargaining agreements. For the calculation, the number of employees covered by collective bargaining agreements on the reporting date was divided by the number of employees as at the reporting date.

In the Schwäbisch Hall Group, 96.7% of employees were covered by employee representatives in the 2024 reporting period. For the calculation, the number of employees covered by employee representatives on the reporting date was divided by the number of employees at the reporting date. The figures are shown in the following table.

TABLE 51: EMPLOYEES COVERED BY EMPLOYEE REPRESENTATIVES

Number of employees covered by employee representatives	Percentage of employees covered by employee representatives
3,497	96.7%

3.1.9 Diversity [S1-9]

The Schwäbisch Hall Group views the diversity of its own employees as the basis for success. Hence, it aims to foster a working environment that values and supports all employees equally, irrespective of gender, nationality, ethnic origin, religion or belief, disability, age or sexual orientation.

As an expression of this conviction, the Schwäbisch Hall Group joined the German Diversity Charter in 2012. The current status of diversity was analysed internally in 2023 and objectives were defined at the start of 2024. The presentation of role models on the intranet and an event for managers on the topic of "unconscious thought patterns" are intended to further raise awareness of the topic and provide encouragement.

The Human Resources department is responsible for the topic of diversity in the Schwäbisch Hall Group. It is working to embed diversity in all areas of the Company and to create the framework for a working environment without prejudice. In addition, all employees receive training on the German General Act on Equal Treatment (AGG) when they join the Schwäbisch Hall Group, in accordance with the legal obligation of education and information. In the case of temporary employees, this is based on the principle of equality under the German Temporary Employment Act (AÜG, section 8) and the applicable transposition of European Union Directive 2008/104/EC on temporary agency work, taking into account the requirements of collective bargaining agreements. Among other things, this directive establishes the principle of non-discrimination between temporary agency workers and employees in a company.

FüPoG II requires companies with more than 500 employees to define binding targets for the supervisory board, the management board and the two top management levels (division and department heads) and to publish them in the management report.

At Bausparkasse Schwäbisch Hall, 30.0% female representation on the Supervisory Board and at least one female member of the Management Board by 31 October 2026 were set for the Management Board and Supervisory Board under FüPoG II. The target for the proportion of women at F1 level at Bausparkasse Schwäbisch Hall is 15.0% and 20.0% at F2 level by 31 December 2027. Bausparkasse Schwäbisch Hall has a three-level career model with three management levels: the first management level (F1 level; usually reports to the management board), the second management level (F2 level; usually reports to the next higher level) and the third management level (F3 level; usually to the next higher level, division manager, division adviser).

As a general rule, care must be taken to ensure a balanced ratio of genders when filling management positions. Regardless of legal requirements, the goal is to continuously increase the proportion of women in management positions and in succession planning.

The Schwäbisch Hall Group established a women's network almost two years ago with the aim of promoting dialogue between colleagues.

The number of employees at the top management level, broken down by gender, is shown in Table 52. To calculate the percentage, the number of employees at the top management level by gender as at the reporting date was divided by the number of employees by gender as at the reporting date. The top management level starts below governing bodies such as the Management Board, with division heads, for example, forming part of the top management level. The contracts of the two female general executive managers are considered similar to those of the governing bodies, which is why they are not included in the employee figures. The data is provided as a headcount and as a percentage. The percentage of women in top management in the reporting period was 15.4%.

TABLE 52: GENDER BREAKDOWN IN THE TOP MANAGEMENT OF THE SCHWÄBISCH HALL GROUP

	Headcount	Percentage share
Men	22	84.6
Women	4	15.4
Other	–	0.0

Table 53 shows the age structure of the employees in the Schwäbisch Hall Group as a percentage, broken down into employees under 30 years of age, between 30 and 50 years of age, and over 50 years of age. The data is presented as a percentage. At 42.6%, the majority of employees are in the 30–50 age group. The calculation was based on the number of employees in each age group as at the reporting date, divided by the total number of employees as at the reporting date.

TABLE 53: AGE STRUCTURE IN THE SCHWÄBISCH HALL GROUP

	Percentage share
Age group <30	18.7
30>= Age group <=50	42.6
Age group >50	38.7

3.1.10 Adequate wages [S1-10]

The Schwäbisch Hall Group attaches great importance to a good relationship between employees and the employer. This should also be reflected in fair, performance-related pay. The Schwäbisch Hall Group is subject to the InstitutsVergV. The Schwäbisch Hall Group must define a pay strategy through the Management Board that implements the requirements of the InstitutsVergV. The pay strategy ensures that the pay systems of the companies in the Schwäbisch Hall Group are subject to consistent guidelines. The Schwäbisch Hall Group is also subject to the German Pay Transparency Act (EntgTranspG), which is designed to enforce equal pay for women and men for the same or equivalent work.

Pay is a key tool for personnel management. The Schwäbisch Hall Group's pay structure aims to create incentives for every employee to contribute to the sustainable implementation of strategic objectives. Care must be taken to ensure that all employees – regardless of gender, age, origin or other characteristics – are paid the same for the same tasks, provided they have the same qualifications and experience. In addition, performance should be recognised without creating incentives for undesirable risks. At the same time, the system should attract talented employees, motivate them and retain them in the Schwäbisch Hall Group in the long term.

The remuneration policy is disclosed annually in accordance with the InstitutsVergV and the EU Capital Requirements Regulation (CRR). Employee pay at the Schwäbisch Hall Group generally consists of a fixed and a variable component, in line with the defined remuneration strategy.

The back office employees are mostly paid in accordance with company agreements based on the requirements of the collective bargaining agreement for the private banking sector, supplemented by collective provisions at operational level. The employment contracts of the executives (including senior executives) are not covered by the collective bargaining agreement. A coherent remuneration system has been implemented that covers all levels – from employees paid in accordance with the collective bargaining agreement to executives and senior executives. There is also a system of performance-based remuneration for all employees that is based on the targets contained in the corporate strategy. The individual criteria are aligned with the performance indicators that are redefined each year. For a limited group of employees who are not covered by collective bargaining agreements, personal performance and the success of the employee's unit are also included in the calculation. The Schwäbisch Hall Group ensures that the variable remuneration does not exceed the fixed remuneration.

In addition to appropriate pay, the Schwäbisch Hall Group also offers voluntary benefits that contribute to the attractiveness of the workplace and promote a healthy work-life balance. Unpaid leave, sabbaticals or flexible working hours with the option of flexitime accounts or part-time models are designed to help employees balance their working and private lives. In addition, employer benefits such as anniversary bonuses, job tickets or travel allowances are offered.

All employees of the Schwäbisch Hall Group have the right to request a justification for their salary based on the information provided to them in accordance with the German Pay Transparency Act if they believe that they are being unfairly paid compared with employees of the other gender performing the same or equivalent work. They also have the right to talk to their supervisor about the appropriateness of their salary and their salary development opportunities.

There are no employees in the Schwäbisch Hall Group who fall below the applicable benchmark for appropriate pay.

3.1.11 Social protection [S1-11]

The Schwäbisch Hall Group is using the one-year phase-in option for the following disclosures. This relates to the data points in accordance with ESRS S1 paragraphs 74a, 74b, 74c, 74d, 74e, 75 and 76.

3.1.12 Persons with disabilities [S1-12]

The Schwäbisch Hall Group is using the one-year phase-in option for the following disclosures. This relates to the data points in accordance with ESRS S1 paragraphs 79, 80 and AR76.

3.1.13 Training and skills development [S1-13]

Qualified and committed employees are needed to ensure long-term business success. Thus, the Schwäbisch Hall Group supports its employees with various measures and training opportunities to develop their personal, leadership and specialist skills and enable them to develop their individual potential. The Schwäbisch Hall Group has defined processes and policies for employee development and training.

The HR department has a dedicated team responsible for training and education. The training and development programmes include specialist offerings such as the Masterplan learning platform covering the topics of innovation, digitalisation and agility and the Data Science Academy providing specialist data science training for employees. Moreover, there are seminars, workshops and other dialogue formats aimed at anchoring the "Culture Beat for Good Leadership" management philosophy within the organisation. Talent development programmes are also used to specifically foster the employees' development. One of these is the "jump!" programme aimed at helping employees take their first steps in management by developing their leadership and personal skills. Employees are informed about the programmes via the intranet and other communication channels. In order to define tasks and objectives and to provide feedback, employees have an annual appraisal interview with their supervisor, as set out in the Schwäbisch Hall Group works agreement on annual appraisals. All employees have the right to such a meeting. However, it is voluntary for employees over the age of 55. In the reporting period, 52.6% of the employees in the Schwäbisch Hall Group took part in an annual performance and career development review. To take account of turnover during the year, this percentage was calculated using the average number of employees in the reporting period (3,575 employees). Due to a lack of data, it is not possible at this time to break down the annual performance and career development reviews by gender.

Training in the Schwäbisch Hall Group is regularly selected on the basis of the needs of the departments and disclosed to the responsible person at Management Board level. Attendee feedback on the training provided is evaluated online.

No measurable, outcome-oriented targets have yet been implemented to monitor the effectiveness of the policies and actions in the Schwäbisch Hall Group in connection with the further development of its own employees. Further training is assessed and, as things currently stand, no target definition is required for this.

The Schwäbisch Hall Group also supports continuing education for its employees outside working hours.

The average number of training hours per employee in the reporting period was 13.7. The relevant training data for calculating the training hours includes portions of in-house training that support the further development of the workforce to ensure the long-term viability of the Schwäbisch Hall Group. To take account of turnover during the year, this percentage was calculated using the average number of employees in the reporting period (3,575 employees). Due to a lack of recorded data, it is not possible at this time to provide a breakdown of the average number of training hours per employee by gender.

These are training measures that aim to either retrain employees (reskilling) or to provide them with new knowledge and skills so that they can take on different roles within the Company. In addition, this includes continuing education that takes existing skills in certain areas to a higher level through the use of new technologies and methods (upskilling). Training measures to maintain skills within the Company, such as language training or programmes for leadership and management development, were also included. In addition, both scheduled training (e.g. internal or external in-person training) and unscheduled training (e.g. learning platform content, e-learning qualifications) were included. The number of minutes documented in the system is used for a measurable qualification period (this may differ from the actual qualification period). Compulsory training, vocational training and similar full-time qualification programmes were not included. All training and further education completed in the reporting period up to the reporting date was included in the calculation.

For many years, the Schwäbisch Hall Group has offered some 100 positions for apprentices, students and trainees each year. The state-of-the-art training centre offers apprentices plenty of room for independent learning and group work under the guidance of experienced colleagues. The participants of the dual apprenticeship/undergraduate programme alternate between university study and work placements to prepare them for a role with the Schwäbisch Hall Group. University graduates with a degree in business administration, (business) mathematics, law or (business) IT can join the company directly or via a one-year trainee programme.

3.1.14 Health and safety [S1-14]

The Schwäbisch Hall Group is using the one-year phase-in option for the following disclosures. This relates to the data points in accordance with ESRS S1 paragraphs 88d and 88e.

The Schwäbisch Hall Group regards protecting the health and safety of its employees as a core responsibility. Its holistic approach to health and safety at work includes physical and mental aspects, prevention, education and rapid response in an emergency. The Schwäbisch Hall Group meets the requirements of occupational health and safety in accordance with the ILO's Declaration of Principles, as well as the German Occupational Safety and Health Act and the applicable regulations and accident prevention rules.

The Safety Officer in the Corporate Security Office is responsible for occupational safety and reports directly to the Management Board. They are supported and advised by the occupational safety specialists and the in-house physician. The executives are responsible for occupational safety in their area and therefore receive a variety of training courses, workshops and instructions to fully understand and implement the topic of health and occupational safety. The employees receive regular instructions on the topics of occupational safety and health protection and are regularly informed about changes and new developments.

The focus is on the ergonomic design of workplaces to ensure the well-being and health of employees. Preventive and event-driven workplace inspections are carried out as part of occupational safety. Special circumstances and actions are recorded in a database. This makes it possible to track how actions are being implemented by those responsible.

In addition, working conditions such as working hours, partial retirement, remote working, flexible working locations and mobile working are regulated by works agreements.

The Schwäbisch Hall Group ensures that its employees are protected and supported by a wide range of health management services, an established company integration management system, addiction counselling and comprehensive accident prevention and mental health support measures.

The health management system offers a wide range of programmes to promote the physical and mental health of the Group's own workforce. Programmes promoting exercise, relaxation and healthy eating are offered regularly. These include sports courses such as yoga or Qigong, workshops on stress management and training on balanced nutrition. Employees can join the company sports group, which organises regular sporting activities such as tennis, darts, badminton, table tennis, e-sports and hiking. The aim is to promote physical fitness and a sense of community. Mental health is promoted through special programmes such as mindfulness training, stress management workshops and a crisis hotline, as well as independent social counselling. This counselling is anonymous and helps employees cope with personal and professional challenges.

The health service ensures that employees have access to medical preventive care and targeted health care. A competent medical team consisting of one in-house physician and three in-house nurses is available to all employees. This team offers regular check-ups, flu vaccinations and eye and hearing tests to identify potential health risks at an early stage. A wide range of preventive medical check-ups are available to help employees avoid illness and health problems at an early stage.

There is a large number of works agreements, including agreements on mental risk assessment, company integration management and addiction treatment. The works council's occupational safety and health committee meets every four weeks to discuss and advance all health-related topics. There is also an occupational safety committee that, in addition to the occupational safety specialist, the in-house physician, the social counselling service and the representative body for severely disabled employees, also includes an employer representative from the human resources function and meets every quarter.

The health and safety of all employees is the top priority. The occupational health and safety management system aims to prevent work-related accidents, minimise work-related health risks and ensure an ergonomic workplace. In connection with occupational health management, there are no measurable, outcome-oriented targets in the Schwäbisch Hall Group for tracking the effectiveness of the policies and measures, since no individual targets are defined for the topic of health and safety in line with the overarching sustainability goals of the Schwäbisch Hall Group (see chapter 1.8).

100% of the Group's own workforce is covered by health and safety management systems. There were no fatalities among the workforce or other workers at the Company's locations as a result of work-related injuries and illnesses in the reporting period. At the German locations, the number and rate of reportable occupational accidents in financial year 2024 were 14 and 2.9, respectively. There were no known cases of health and safety violations.

3.1.15 Work-life balance [S1-15]

The Schwäbisch Hall Group supports a healthy work-life balance with a wide range of programmes, focusing especially on family friendliness. This is intended to foster employee satisfaction and motivation. Bausparkasse Schwäbisch Hall has been certified by "*Audit berufundfamilie*" (workandfamily audit) for its family-friendly HR policy. No explicit measurable, outcome-oriented targets were implemented as part of the audit to monitor the effectiveness of the policies and measures, as these are not necessary for certification.

When audited by berufundfamilie Service GmbH, the participating companies agree to implement the agreed measures. The audit is designed as a multi-stage process. The first audit is followed by two re-audits at three-year intervals. It is followed by a dialogue process. There are eight action areas that are used to develop the targets and actions: working hours, work organisation, workplace, information and communication, leadership, personnel development, remuneration and benefits, and family services. Bausparkasse Schwäbisch Hall was certified for the first time in 2013 and was honoured in 2022 with the "Schärpe" (sash) award for its long-standing, sustainable commitment.

For more than 50 years, the Schwäbisch Hall Group has operated a childcare facility with capacity for up to 100 children. In addition, the Company offers a two-week activity programme during the school holidays for employees' children. Young parents have the option of taking parental leave of four years instead of the statutory three years. This is governed by the works agreement on parental leave.

Employees caring for a family member at home may take care leave of up to two years. If a close relative requires care unexpectedly, short-term leave of up to ten days can be taken. This topic is governed by the works agreement on care leave. For more than 20 years, the Schwäbisch Hall Group has worked with Dienste für Menschen GmbH to operate the Horst Kleiner retirement home for former employees and their family members. The facility consists of 51 one- and two-bed apartments. Employees are also offered the possibility of taking a sabbatical lasting up to six months. During this time, employees continue to receive a reduced salary and the employer pays their health and social security contributions (governed by the works agreement on sabbaticals).

Variable working hours are a further element of ensuring work-life balance. For this reason, there is a large number of individual working time models. Around 40% of employees work part-time. Mobile and remote working options offer employees flexibility in their daily work. The flexible working guidelines introduced in 2021 created the framework for a hybrid working culture consisting of mobile working/tele-working and office-based working. The guidelines cover aspects such as technical support and performance-based working, special development measures, impulses and communication formats to support our executives. The Schwäbisch Hall Group is also piloting mobile working – including in other EU countries – to create additional scope for employees to balance their individual needs. Other flexible working options include unpaid leave, special volunteering leave, educational leave and additional special leave without pay.

The works agreements described in chapter 3.1.1 apply in this context.

100% of employees were entitled to family-related leave in the reporting period.

The percentage of eligible employees who took family-related leave can be seen in the following table.

TABLE 54: GENDER DISTRIBUTION OF FAMILY-RELATED LEAVE

	Percentage of eligible employees who took family-related leave
Male	4.4
Female	7.5
Other	–

3.1.16 Compensation metrics [S1-16]

The unadjusted gender pay gap corresponds to the difference between the average income of female and male employees in the form of their gross hourly earnings, expressed as a percentage of the average gross hourly earnings of male employees. It therefore reflects the purely mathematical difference between the average pay of men and women. The Schwäbisch Hall Group's unadjusted gender pay gap is 16.5%.

Factors that explain salary differences are not taken into account when determining the unadjusted gender pay gap. For example, the unadjusted gender pay gap does not distinguish between employees with different jobs or employees with or without management responsibilities. Only by additionally taking such factors into account is it possible to draw a conclusion about equal pay for men and women for the same or equivalent work.

The calculation of the gender pay gap included all employees of both genders, excluding members of its governing bodies, i.e. no Supervisory or Management Board members, of all group companies of the Schwäbisch Hall Group as at the reporting date of 31 December 2024. In addition to the basic salary and possible variable remuneration, other salary components such as the occupational pension scheme were also taken into account. Both the total annual remuneration and the hours worked are extrapolated to full-time employment.

The Schwäbisch Hall Group's total annual remuneration ratio is 22.8. The annual total remuneration ratio equals the annual total remuneration on a full-time basis for the highest-paid person in the Schwäbisch Hall Group, extrapolated to a full-time basis, divided by the median income. The median income equals the median of the total annual remuneration of all employees excluding the highest paid person, extrapolated on a full-time basis. The annual total remuneration included is based on the disclosure of the remuneration policy in accordance with the CRR and InstitutsVergV.

3.2 ESRS S2 – Workers in the value chain

3.2.1 Material impacts, risks and opportunities, and their interaction with strategy and business model [SBM-3]

For the Schwäbisch Hall Group, sales force staff were identified as relevant workers in the value chain. They are independent sales representatives in accordance with sections 84 ff. of the HGB and are contractually bound to the Schwäbisch Hall Group by agency agreements. All the relevant arrangements and obligations are set out in these agreements. In the course of the ESRS S2 materiality assessment, only one financial opportunity was identified in relation to the ability of the sales force staff to organise their own working hours.

3.2.2 Policies related to value chain workers [S2-1]

The sales force staff at Bausparkasse Schwäbisch Hall are contractually bound as independent sales representatives in accordance with sections 84 ff. of the HGB on the basis of agency agreements. The agency agreement gives rise to rights and duties for both parties. These include, for example, the duty to safeguard interests and the right to be provided with the documents necessary for the work. Sales force staff are essentially free to organise their work as they wish and to determine their working hours. There are no further arrangements regarding the freedom to organise working hours in addition to the agency agreement in the context of policies and documents.

In addition, the sales force staff undertake to comply with the DZ BANK Group's Code of Conduct as part of their agency agreement. The Schwäbisch Hall Group has a Code of Conduct for Suppliers, which is set out in the Group Sustainability Requirements for Suppliers guideline. Please refer to chapter 4.1.1 for further information.

There are no known cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises in relation to the sales force.

All policies apply to operations in Germany, unless otherwise stated.

3.2.3 Processes for engaging with value chain workers [S2-2]

The sales force staff are integrated into numerous operational and strategic topics and projects through various formats and events (e.g. working groups, boards), as Bausparkasse Schwäbisch Hall relies on and builds on their practical experience and also wants to take their interests into account in its projects.

For example, relevant topics for the sales force, the market and customers are jointly addressed in various sales force boards with permanently nominated representatives from each regional office and the internal office staff. In addition to the sales channels and business segments, there is also a sales force board on diversity and sustainability. Every member of the sales force has the opportunity to bring relevant topics to the sales force boards via their manager. The boards meet several times a year, both digitally and in person.

The *Außendienstvereinigung e. V. der Handelsvertreter der Bausparkasse Schwäbisch Hall* (Sales Force Association – ADV) continues to support the concerns of the sales force. It sees itself as an association representing the interests of the independent sales representatives of Bausparkasse Schwäbisch Hall and, in accordance with its articles of association, is intended to safeguard and promote the fundamental, professional, economic and social interests of all its members and represent them in dealings with Bausparkasse Schwäbisch Hall. In terms of its legal status, it is not a trade union or works council-like organisation, but an association that offers various advantages to its members, such as personal accident insurance or an assistance fund for members who find themselves in need through no fault of their own. ADV has only an advisory role with respect to the *Bausparkasse*, but no codetermination function.

Meetings are held several times a year between representatives of the ADV and Bausparkasse Schwäbisch Hall to discuss current operational and strategic issues. This offers the representatives of the ADV an opportunity to contribute their interests and perspectives. Bausparkasse Schwäbisch Hall takes these into account as far as possible.

In addition, Bausparkasse Schwäbisch Hall conducts sales force surveys several times a year, usually in digital form. This is how impressions and feedback on various sales-related aspects are obtained from the sales force's perspective, so that central support services and offerings for the sales force can be further optimised on the basis of this feedback. The results are evaluated and consolidated. Wherever possible, these results are incorporated into the daily collaboration with colleagues in the sales force and into strategic business decisions.

3.2.4 Processes to remediate negative impacts and channels for value chain workers to raise concerns [S2-3]

All detailed questions and requests for clarification received from sales force staff regarding contractual or legal arrangements, as well as individual questions, are received via the channels listed below and examined individually and in detail on the basis of existing agreements. If necessary, submitting sales force staff are involved in finding a solution and are promptly informed of the decisions. Various channels are available for this (email, phone, etc.). These, as well as the internal sales organisation structure, are published in the Sales Force Cockpit (ADC) and communicated to the sales force. For special concerns or current topics, contact persons are separately communicated in events, on boards and digital media such as the *FuchsTube* (similar to YouTube) as well as in distributed and published presentations. The channels and contact persons are actively used: the aim is to keep things brief, resource-efficient and uncomplicated. Questions and requests for clarification are collated and dealt with internally at the appropriate levels. Among other things, feedback from the sales force is repeatedly sought on availability and response quality. This is reflected in sales force surveys and boards.

The general objective is to provide the best possible support for the sales force within the existing guardrails and on the basis of the options available under contract law. Ensuring that sales force staff are familiar with the relevant structures and procedures and have confidence in using them to voice their concerns and needs and have them addressed is covered in chapter 4.1.1.

3.2.5 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions [S2-4]

TABLE 55: FLEXIBLE CONTINUING EDUCATION AND TRAINING FOR THE SALES FORCE

Name of action	Encouraging the flexible scheduling of continuing education and training programmes for the sales force
Key content of the actions	The decision to participate in continuing education and training programmes is the responsibility of the sales force staff. The continuing education and training programmes are offered both as in-person events and in digital formats. In particular, the digital learning modules enable the sales force to gather knowledge and information independently of their time management. In addition, some of the digital learning formats are offered on demand, which means that they can be flexibly integrated into the daily routine of the sales force staff at a time of their choice.
Designation of the associated policy	There are currently no specific policies within the meaning of ESRS in place for the sales force staff with regard to time management.
Time frame	Continuous offering of training and continuing education programmes
Expected results	Sales force staff can acquire new knowledge and advance their continuing education flexibly and at their own pace, without affecting their daily business operations, while also promoting their work-life balance and sales opportunities.
The way in which implementing it contributes to achieving the policy's requirements and objectives	There are no specific policies for flexible time management. However, the fact that sales force staff take responsibility for deciding whether to participate in training and continuing education programmes and the combination of in-person events and digital learning opportunities generally promote flexible time management for the sales force.
Impact within the value chain	The measure affects own operations and includes in particular the sales force.
Scope (including and geographical areas and affected stakeholder groups, if applicable)	These actions relate to the Bausparkasse Schwäbisch Hall sales force.

TABLE 56: RECRUITMENT PROCESS

Name of action	Focus on prioritisation, resilience and performance orientation in the recruitment process of future sales force staff
Key content of the actions	As early as the recruitment process, before an agency agreement is signed with future sales force staff, the online assessment focuses on evaluating prioritisation skills, resilience and performance orientation. These factors are of particular importance in the context of the flexible time management of the sales force.
Designation of the associated policy	There are currently no specific policies within the meaning of ESRS in place for the sales force staff with regard to time management.
Time frame	Relates to the recruitment process for sales force staff before an agency agreement is entered into.
Expected results	Necessary skills for the flexible time management of the sales force, which contribute to increasing sales opportunities, are included in the candidate evaluation in the recruitment process.
The way in which implementing it contributes to achieving the policy's requirements and objectives	There are no specific policies for flexible time management. However, ensuring that the necessary skills are in place when recruiting sales force staff in terms of how they manage their time will contribute significantly to future sales opportunities.
Impact within the value chain	The measure affects own operations and includes the sales force in particular.
Scope (including and geographical areas and affected stakeholder groups, if applicable)	These actions relate to the Bausparkasse Schwäbisch Hall sales force.

Even before the agency agreement is signed, the recruitment process includes an online assessment that focuses on prioritisation, resilience and a performance-oriented approach. Being able to manage their own time also means responsibility to customers and business partners such as banks. The sales force staff are free to decide how they plan their work. Their responsibility for this freedom is reflected in the fact that, when it comes to income and commissions, they focus on how to reach the bank employees they support and when they can keep customer appointments.

To ensure that customers receive expert advice and support and to prevent them from being given the wrong advice, Bausparkasse Schwäbisch Hall invests in a comprehensive continuing education programme for its sales force and hence in the expertise of its advisors when they are with customers. Every year, the sales force staff are offered up to 2,000 events in a personal development catalogue in the AD Cockpit, where they can also be booked. The training courses are categorised into a basic qualification, which is a prerequisite for the elective further training, and a management programme for sales force managers.

The basic qualification for all sales force staff has a modular structure. Each module ends with a test of the learning objectives by the trainers. Participation in the basic training is closely monitored and supervised in terms of quality and quantity.

If sales force staff also sell products from insurance companies within the GFG, they must complete insurance courses from these GFG insurance companies every year. Responsibility lies with the sales force staff, and documentary evidence is provided to the insurance company once a year via the manager and Bausparkasse Schwäbisch Hall.

All participation in events from the professional education catalogue is documented in the training record.

It is up to the sales force staff to decide whether to participate in the professional education offered in the catalogue or in additional conferences and events organised by Bausparkasse Schwäbisch Hall or the sales force managers. One action is to communicate the added value or the objective of the event transparently (e.g. information about a new tariff) and to achieve it. This is why the continuing education programme in the catalogue, for example, is described in the form of training courses and seminars: learning objectives and benefits are communicated and multiple dates are offered. A mix of in-person and digital formats accommodates different learning preferences by offering both visual and practical learning content. Digital learning modules enable the sales force staff to gather knowledge and information regardless of location and time. Some of them are offered on demand, which means they can be flexibly integrated into the daily work routine at a convenient time.

On-the-job training and support from sales force colleagues or managers, for example in the context of weekly discussions, are also options available for further professional development.

The effectiveness of all training events is assessed by means of an evaluation. After the event, corresponding evaluation forms are sent to the participants and their feedback is automatically transferred to the training system. The contact persons for specific topics in the office review the feedback several times a year, usually for each event, and identify action areas. The trainers are involved where appropriate. For example, criticism of the central topic of the training course will result in a review of the implementation and the trainer manual. If necessary, the order of the learning modules and chapters will be changed or the trainer will receive further training. For example, based on a critique of the amount and depth of learning, an assessment is made as to whether the training should be extended to another day or to another module.

Feedback is also gathered and evaluated for conferences and thematic events. This applies, for example, to forums on the future, events on diversity, *Bausparen*, housing financing, cooperation with banks and brokers. As an action to increase diversity among sales force staff, the requirements for newcomers from other fields are considered more individually in the online assessment.

The results collected from the sales force surveys are passed on to the responsible departments and, if necessary, to the relevant sales force board after each survey. The feedback is carefully analysed there and, wherever possible, action is taken for implementation. One specific example from the survey was the request for an improved search function in the ADC. A specialised project team was established to address this issue. This team is working hard to optimise the search function using artificial intelligence and make it more user-friendly.

3.2.6 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S2-5]

Bausparkasse Schwäbisch Hall has not defined any targets with regard to the sales force's time management because the opinion of the sales force staff is already incorporated into the strategy and, from today's perspective, no target definition is necessary. Nevertheless, the basis for sales is an in-depth exchange of ideas about opportunities for improvement and the requirements of the market and the sales force. To do this, every shared format for operational and strategic topics and projects is used, such as forums, topic and steering boards, workshops, conferences and strategic dialogues, down to continuing education seminars. In addition, sales meetings are held several times a year with internal and external sales managers to discuss and evaluate current and new topics.

3.3 ESRS S4 – Consumers and end-users

3.3.1 Material impacts, risks, and opportunities, and their interaction with strategy and business model [SBM-3]

The Schwäbisch Hall Group is interested in long-term partnerships with its customers. Therefore, it has taken action to generate high-quality information for and about its customers. Satisfied customers are a condition for establishing and maintaining long-term business relationships and hence a cornerstone for ensuring the sustainability of the Schwäbisch Hall Group. That is why it is the job of all employees to focus on the needs of customers, which is regularly measured using customer satisfaction.

From the Schwäbisch Hall Group's perspective, high-quality information and transparent management of the data collected (for exploiting market opportunities) play a key role in enabling the Schwäbisch Hall Group to provide targeted advice to its customers that is aligned with their preferences and needs. To do this, they have access to regular information: product and service-related information in the form of the General Terms and Conditions of Business provided, ESIS I and II (in accordance with the Mortgage Credit Directive) in the course of product transactions, product descriptions on the Schwäbisch Hall homepage, Schwäbisch Hall newsletters, the customer magazine and more.

To avoid risks and protect customers from negative impacts, the Schwäbisch Hall Group's products are subject to BaFin and Riester certification, and its financing products are subject to an internal and Company-wide “new product process” in which process- and customer-specific concerns are reviewed and implemented from the perspective of the customer and the Company. In order to also enable people with disabilities to access information, the Schwäbisch Hall Group provides accessible information on product- and process-related topics on its homepage. All customer-related questions are clarified and product documentation is provided as part of the advisory services offered by the sales force and banks. All customer target groups stand to benefit from this. Strict compliance with data protection and privacy guidelines, as well as a systematic focus on customers in our product and communications policy, are designed to ensure that individual customer segments are neither favoured nor disadvantaged.

3.3.2 Policies related to consumers and end-users [S4-1]

The high pace of change in data availability and volume, and in the opportunities for data networking, creates both opportunities and risks for companies and consumers. In the course of collecting, using and processing data for interaction between customers and companies, data protection breaches could occur, resulting in reputational risks.

The data protection policy reflects the principles for the processing of personal data contained in Article 5 of the European General Data Protection Regulation (GDPR): lawfulness, fairness and transparency; purpose limitation; data minimisation; accuracy; storage limitation; integrity and confidentiality. A Data Protection Officer has been appointed pursuant to Article 37 GDPR.

All policies apply to operations in Germany, unless otherwise stated.

TABLE 57: GDPR-BASED DATA PROTECTION STRATEGY

Policy name	GDPR-based data protection strategy
Key content of the policy	Alignment with the DZ BANK data protection principles, including the following content: lawfulness of data processing, purpose limitation, principles for processing personal data, secure processing, confidentiality, disclosure of personal data, organisation
General objectives of the policy	Company-wide compliance with current data protection requirements. The data protection strategy combines the action-related data protection policies that are documented in the organisation manual/FuchsLEX.
Material IROs addressed	FS4_01
Monitoring process for the policy	By the Schwäbisch Hall Group's data protection officer
Impact within the value chain	The business operations and the business portfolio are impacted.
Scope	Applies to the entire Schwäbisch Hall Group
Organisational level responsible for the implementation of the policy	Schwäbisch Hall Group data protection officer
Reference to standards or third-party initiatives	In implementing this strategy, the Schwäbisch Hall Group ensures compliance with the data protection requirements of the GDPR.
Considering the interests of key stakeholders	Among others, key stakeholders such as owners, company management, customers, data protection authorities, consumer protection organisations
Availability of the policy to impacted stakeholders	The policy is available to employees, customers, interested parties and GFG partner companies via various internal communication channels (such as the intranet) and externally accessible channels (company homepage).

The Schwäbisch Hall Group closely follows the DZ BANK Group's code of conduct with regard to the provision (e.g. accessibility, transparency, reliable, quantitative and qualitative customer information) and acquisition (e.g. needs-based and behavioural information, tailored advisory services) of high-quality information. The companies of the DZ BANK Group have adopted a common code of conduct (see chapter 4.1). Through the code of conduct, the DZ BANK Group expresses its responsibility towards customers, business partners, shareholders, employees and society.

The values expressed in the code of conduct with regard to customers and business partners are fairness, professionalism, transparency, respect and the cooperative concept of helping people to help themselves. The way employees interact with each other is expected to be characterised by mutual respect, trust, honesty and tolerance.

3.3.3 Processes for engaging with consumers and end-users about impacts [S4-2]

The Schwäbisch Hall Group uses a variety of tools, methodologies and processes to ensure that it has the relevant information from and about consumers when designing its service processes. These basically have two objectives.

TOOLS FOR CAPTURING CONSUMER AND CUSTOMER FEEDBACK

The Schwäbisch Hall Group has an interest in measuring the satisfaction of its customers and potential customers in order to optimise its services and remain competitive in the long term. It therefore uses continuous process-related customer experience measurements at a total of ten contact points to collect customer feedback. These two routes generated more than 27,000 feedback inputs in 2023. Among other things, these responses are used to calculate the Net Promoter Score (NPS) which is one factor in the employees' performance-based remuneration. Independent of feedback related to specific contact points, the Schwäbisch Hall Group measures customer satisfaction in comparison to its competitors by conducting a total of around 2,000 customer interviews each year. In addition, there is direct feedback in discussions with the sales force and with employees in the customer dialogue centre. Customer complaints are systematically recorded and processed. By monitoring social media comments and taking into account indirect consumer comments from consumer organisations and consumer portals, external input from end consumers is continuously recorded and factored into the performance process.

As the market leader, Bausparkasse Schwäbisch Hall is also regularly included in consumer tests by institutions and receives both positive and negative feedback from these tests. One example worth highlighting here is the "Best *Bausparkasse"* award, which it has won for the tenth time in a row and is awarded annually by the *Deutsches Kundeninstitut* (German Customer Institute) based on quote calculations and mystery shopping and calling.

TOOLS AND PROCESSES FOR ACTIVELY GENERATING SPECIFIC INFORMATION ABOUT THE NEEDS AND REQUIREMENTS OF POTENTIAL PROSPECTS AND CUSTOMERS

The Schwäbisch Hall Group maintains a close dialogue with its customers to understand their needs. In addition to personal discussions, it uses regular surveys, ad hoc consumer surveys to optimise specific aspects of its services and communication measures, and temporary customer communities or focus groups for this purpose. For example, the integration of end consumers into the new product development process is a fixed part of the process. Likewise, sales force staff are involved in the design of processes, products and offerings based on their direct customer experience.

In addition to the business-to-customer (B2C) customer satisfaction surveys, the Schwäbisch Hall Group also conducts regular surveys of its sales organisations (its own sales force and cooperative partner banks). A Sales Climate Index (SCI) is regularly compiled among sales force staff once a year, summarising the assessment of key sales-related parameters. Members of the management boards and executives of partner cooperative banks were most recently asked for an assessment of cooperation in 2023.

Engaging consumers/end users is the responsibility of the entire Management Board in the context of a customer-centric company; the Market and Sales Board department plays a special role here.

3.3.4 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns [S4-3]

A complaint is understood as a critical process that offers an important opportunity for improvement. Customer satisfaction can be increased in the long term by handling complaints correctly. In principle, complaints should be handled sensitively, as it is not always immediately apparent from individual incidents whether they are complaints. The focus is always on the customer's perspective. Customer letters must be analysed carefully and thoughtfully in order to understand the concern. Important information that sheds light on the background of the complaint can often be found between the lines. That is why the Schwäbisch Hall Group takes a close look at the customer's motives so that it can understand the complaint. This includes asking what the actual trigger for the complaint is and what specific reasons prompted the customer to contact the Company. The customer's personal needs are also analysed, as they play a key role in finding a suitable solution. The customer's complaint is taken seriously.

A complaint can be submitted through all standard input channels, including verbally, in writing, in text form, either by the complainant themselves or by an authorised person.

The variety of submission channels is designed to ensure that the customer can get in touch at any time. Even if one channel is unavailable, there are still numerous other ways to submit a complaint.

The complaints management function is designed to ensure that all complaints are investigated and processed objectively and appropriately in accordance with the organisational policy for complaints management. In addition, care is taken to ensure that potential conflicts of interest are identified and that measures are taken to ensure that these do not affect the processing of complaints. For example, in the case of complaints about sales partners such as the sales force, steps are taken to ensure that the complaints are processed only by the office staff and that the sales force has no access to internal records. For information on the protection of whistleblowers, please refer to the information in chapters 4.1.2 and 4.1.3.

3.3.5 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions [S4-4]

Systematically implemented actions and procedures are used to identify risks that may be triggered or facilitated by the Schwäbisch Hall Group's activities on the consumer side (e.g. inadequate service performance, reputational damage, loss of competitiveness) and also the opportunities that arise from optimising the range of services for business activities (e.g. increasing customer satisfaction and loyalty, improving the Company's image, increasing competitiveness). The actions described in the following make a significant contribution to this.

TABLE 58: CUSTOMER EXPERIENCE MANAGEMENT BASED ON CONTINUOUS CUSTOMER FEEDBACK

Name of action	Customer experience management based on continuous customer feedback
Key content of the actions	Customers/prospects are regularly surveyed about their service experience with the Schwäbisch Hall Group. The feedback concerns contact points that are relevant from the customer/prospect's perspective (e.g. offerings on the website, telephone enquiries, appointment scheduling for consultations, payment processes, service disruptions/terminations).
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	Continuously
Expected results	Stabilisation and continuous improvement of the customer satisfaction metric (NPS)
The way in which implementing it contributes to achieving the policy's requirements and objectives	Timely, automated deployment of feedback surveys to determine the customer experience (positive and negative) after contact with the Schwäbisch Hall Group. Optimisation approaches are sought together with the departments on the basis of the survey results.
Impact within the value chain	Prospects/customers along the customer journey and affected departments with regard to process-related responsibilities
Scope	- Nationwide approach - Prospects/customers with contacts at relevant contact points and transaction interfaces (with corresponding participation consent)
Key actions and outcomes to provide remedies for persons affected by significant impacts	- Feedback is analysed and significant criticisms are discussed with the departments and optimisation measures are defined and implemented - Definition of customer satisfaction as a remuneration-relevant component
Progress in actions or action plans: Quantitative and qualitative information from previous reporting periods	- Continuous increase in customer satisfaction (NPS value) in recent years - Growing awareness and activation of affected departments with regard to optimisation opportunities in the overall experience based on customer and prospect requirements in the Company (e.g. with regard to response times to customer inquiries and appointment scheduling, complaint handling and other transaction processes)

TABLE 59: CONDUCTING CONSUMER SURVEYS (AD HOC AND IN MONITORING APPROACHES)

Name of action	**Conducting consumer surveys (ad hoc and in monitoring approaches)**
Key content of the actions	Generating insights into consumer needs, expectations, evaluations and acceptances to optimise Bausparkasse Schwäbisch Hall's offerings, services and processes
Designation of the associated policy	The action cannot be assigned to a specific policy within the meaning of ESRS.
Time frame	Continuously or as required
Expected results	Range of services optimised to meet customer needs and hence greater competitiveness
The way in which implementing it contributes to achieving the policy's requirements and objectives	- Definition of suitable survey methods and designs to obtain valid findings about consumers - Close collaboration with agencies and market research institutes to ensure state-of-the-art methods are used - Targeted data collection and analysis with recommendations for action
Impact within the value chain	End consumers/prospects/customers along the entire customer journey
Scope	- In principle, a nationwide approach with the option to specify depending on the topic - All end users/interested parties/customers who (potentially) use Schwäbisch Hall's services/offerings - Office and sales force staff of cooperation partners with (potential) customer contacts or experience at the customer interface - All internal stakeholders involved in the creation of services
Key actions and outcomes to provide remedies for persons affected by significant impacts	Communication of deteriorations of assessments or critical consumer statements (directly or indirectly via sales staff) to line managers and management
Progress in actions or action plans: Quantitative and qualitative information from previous reporting periods	- Monitoring of new product developments/tariffs - Optimisation of end-user-centric communication measures - Optimisation of information offerings and tools as part of the online presence - Identifying moments of truth along the housing financing and *Bausparen* journey - Highlighting the position in the competitive environment to improve the competitive position

If the Schwäbisch Hall Group fails to provide and communicate high-quality information to customers and consumers, it would forfeit business opportunities, lose customers and face reputational risks. To avoid this, the Schwäbisch Hall Group has implemented extensive actions and tools to counteract this (see chapter 3.3.3).

The Schwäbisch Hall Group analyses data and combines it with information from its customer base and information provided by customers (e.g. energy performance certificate) with the aim of closely aligning itself with customer needs and providing tailored information and offerings. This includes information on the advantages and disadvantages that the customer may face (legal requirements, subsidy opportunities, optimisation of property value through energy efficiency and refurbishment measures, energy cost savings).

No specific resources are allocated to managing the positive impacts in relation to access to products and services and responsible marketing.

The taken perspective concerns the entire area of building and living via the subsidiaries and investees (Impleco, Schwäbisch Hall Wohnen, BAUFINEX).

3.3.6 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S4-5]

TABLE 60: CUSTOMER CONTACT ALONG THE CUSTOMER JOURNEY

Designation of target	Engaging with customers at the right time, through the right channel, with the right message, along the entire customer journey
Material IROs addressed	FS4_01
Specification of the metrics for target tracking	Metrics from overarching dashboards: - brand awareness and brand preference - perception of communication measures/messages - reactions to Schwäbisch Hall measures
Relationship of the target to the policy objectives	Business strategy with derived marketing strategy
Specified target level	–
Scope of the target	Entirety of activities for addressing customers
Impact within the value chain	–
Scope	Bausparkasse Schwäbisch Hall for all sales areas of Bausparkasse Schwäbisch Hall, incl. cooperative banks, customers and prospects
Reference value and reference year	Continuously
Period to which the target applies (including stages/interim targets)	Annually
Methodologies and assumptions used to determine the target	Development analyses, efficiency values, strategic considerations
Targets relating to environmental issues	–
Stakeholder engagement in defining targets	–
Changes in targets and related metrics	–
Performance against published target	Regular data collection and progress tracking

The process of defining the target is directly linked to customer engagement. For this purpose, the processes and channels described above are used (see chapter 3.3.3).

By further expanding the NPS survey as part of customer experience management, the aim is to ensure that feedback-based evaluation is possible at as many customer touchpoints as possible in the future, for example to ensure that Bausparkasse Schwäbisch Hall is meeting its target in terms of the relevance of its offering (service, self-service tools, advice, products, etc.).

Customer needs are observed using various qualitative and quantitative approaches and opportunities for improvement are identified from this. On this basis, the actions for achieving the above-mentioned target are regularly monitored and the offering is optimised as needed. Opportunities for improvement are identified, for example, by evaluating complaint processing, complaint management and the customer termination/exit analysis. Event-driven customer surveys, for example to optimise products, advertising and services at Bausparkasse Schwäbisch Hall, are regularly used to obtain extensive insights into opportunities for improvement by involving end-users and consumers.

4 Governance

4.1 ESRS G1 – Business conduct

4.1.1 Policies relating to business conduct and corporate culture [G1-1]

All policies apply to operations in Germany, unless otherwise stated.

TABLE 61: POLICY STATEMENT BY BAUSPARKASSE SCHWÄBISCH HALL AG ON RESPECT FOR HUMAN RIGHTS

Policy name	Policy statement by Bausparkasse Schwäbisch Hall AG on respect for human rights
Key content of the policy	Commitment to respecting human rights and other initiatives, as well as the approach to implementing human rights and environmental due diligence and the risks identified in the risk analysis that has been performed
General objectives of the policy	The policy statement creates transparency about the implementation of human rights and environmental due diligence in accordance with the LkSG and serves to prevent, mitigate or remedy violations. Definition of expectations regarding human rights and environmental standards for employees and suppliers in the supply chain.
Material IROs addressed	NG1_04
Monitoring process for the policy	Governance structures and processes are established to monitor due diligence, including risk management with regular risk analysis, defined responsibilities, reporting lines, information channels and resources for implementing human rights commitments.
Impact within the value chain	Impacts Bausparkasse Schwäbisch Hall's entire value chain
Scope	The policy statement on human rights impacts Bausparkasse Schwäbisch Hall.
Organisational level responsible for the implementation of the policy	Human rights officer
Reference to standards or third-party initiatives	Universal Declaration of Human Rights (UDHR); European Convention on Human Rights (ECHR); Principles of the United Nations Global Compact (UNGC); ILO Fundamental Conventions; Diversity Charter; United Nations Sustainable Development Goals (SDGs)
Considering the interests of key stakeholders	With its commitment to respect human rights, Bausparkasse Schwäbisch Hall assumes responsibility along the entire value chain and takes the interests of employees, society and the environment into account.
Availability of the policy to impacted stakeholders	Publicly accessible on Bausparkasse Schwäbisch Hall's website.

TABLE 62: POLICY ON ACCEPTING/OFFERING IMPROPER ADVANTAGES IN DEALINGS WITH BUSINESS PARTNERS ("GIFTS POLICY")

Policy name	Policy on accepting/offering improper advantages in dealings with business partners ("gifts policy")
Key content of the policy	General principles for accepting and offering improper advantages when dealing with business partners, including rules on gifts, business meals, events and their documentation, as well as tax and payroll tax information
General objectives of the policy	The aim of the policy is to govern the acceptance and offering of improper advantages when dealing with business partners of the Schwäbisch Hall Group.
Material IROs addressed	NG1_05; NG1_06; NG1_07; NG1_08; NG1_09
Monitoring process for the policy	To monitor the policy, a record is kept of improper advantages both received and offered, which must be signed by the head of department/project manager at the end of each quarter in the case of obvious irregularities. At a higher level, the policy is regularly reviewed by Compliance and amended as needed.
Impact within the value chain	Impacts own workforce
Scope	The gifts policy applies to the Management Board, management and all office staff in the Schwäbisch Hall Group.
Organisational level responsible for the implementation of the policy	Head of Legal and Compliance
Reference to standards or third-party initiatives	–
Considering the interests of key stakeholders	–
Availability of the policy to impacted stakeholders	The policy is made available to the workforce via internal communication channels, e.g. the intranet.

TABLE 63: SUSTAINABILITY REQUIREMENTS FOR SUPPLIERS OF THE DZ BANK GROUP

Policy name	Sustainability Requirements for Suppliers of the DZ BANK Group
Key content of the policy	Minimum requirements of the DZ BANK Group for its suppliers regarding compliance with human rights, environmental and corporate due diligence, as well as the mandatory sustainability statement to be signed by business partners
General objectives of the policy	The aim of the sustainability requirements for suppliers of the DZ BANK Group is to define minimum requirements for business partners regarding compliance with human rights, environmental and corporate due diligence, thereby embedding sustainable practices in the supply chain.
Material IROs addressed	NG1_04
Monitoring process for the policy	The Sustainability Requirements for Suppliers of the DZ BANK Group are applied on an institution-specific basis and are viewed as material for the business relationship. If a company refuses to sign them, a decision will be made on a case-by-case basis as to whether they are crucial for the relationship, based on the escalation procedure. In addition, Bausparkasse Schwäbisch Hall conducts development meetings with suppliers and service providers on a risk-based and event-driven basis to discuss the current status and the measures implemented, with the aim of initiating targeted further development as needed.
Impact within the value chain	Impacts the suppliers and business partners of the entire DZ BANK Group
Scope	The policy impacts all suppliers ("business partners") for the duration of the business relationship with the DZ BANK Group.
Organisational level responsible for the implementation of the policy	DZ BANK Group Procurement Board
Reference to standards or third-party initiatives	UN Global Compact; ILO Fundamental Conventions; BME Code of Conduct; LkSG; ISO 14001; Universal Declaration of Human Rights (UDHR); European Convention on Human Rights (ECHR); EcoVadis
Considering the interests of key stakeholders	–
Availability of the policy to impacted stakeholders	When entering into a business relationship, suppliers receive the sustainability statement, which must be signed.

TABLE 64: POLICY ON MANAGEMENT OF CONFLICTS OF INTEREST

Policy name	Bausparkasse Schwäbisch Hall AG's policy on management of conflicts of interest
Key content of the policy	Definition and management of conflicts of interest as well as organisational and employment law precautions for identifying, assessing, controlling and mitigating actual and potential conflicts of interest
General objectives of the policy	Compliance with the prudential requirements for credit institutions to govern the management of conflicts of interest
Material IROs addressed	NG1_05; NG1_06; NG1_07; NG1_08
Monitoring process for the policy	The policy for managing conflicts of interest is regularly reviewed by the compliance function and revised if necessary. The compliance function must be notified of any conflicts of interest of which a department becomes aware, where they are recorded in a conflict of interest register. The departments establish appropriate and effective procedures to ensure compliance with the rules.
Impact within the value chain	Impacts Bausparkasse Schwäbisch Hall's workforce
Scope	Bausparkasse Schwäbisch Hall and persons who provide services for the *Bauspar* and lending business of Bausparkasse Schwäbisch Hall in other companies
Organisational level responsible for the implementation of the policy	This policy for managing conflicts of interest must be implemented by the responsible departments or division management when performing their tasks as the first line of defence in the 3-LoD model, if necessary in coordination with the compliance department.
Reference to standards or third-party initiatives	–
Considering the interests of key stakeholders	–
Availability of the policy to impacted stakeholders	The policy is made available to employees via internal communication channels, for example the intranet, and is supplemented by a section on conflicts of interest in the compliance training.

TABLE 65: BAUSPARKASSE SCHWÄBISCH HALL AG'S POLICY ON PREVENTING CRIMINAL ACTIVITIES WITHIN THE MEANING OF THE GERMAN BANKING ACT

Policy name	Bausparkasse Schwäbisch Hall AG's policy on preventing criminal activities within the meaning of the German Banking Act
Key content of the policy	Topical framework for all implemented policies, instructions and controls for protection against possible losses and damage resulting from white-collar crime and other criminal offences. This includes the definition of criminal activities, principles for prevention and in the context of investigations and actions, rules of conduct for employees, types of risks resulting from white-collar crime and other criminal offences, reporting and information obligations, confidentiality
General objectives of the policy	The main objectives of this policy are: - to define the principles of the corresponding responsibilities for the prevention and detection of white-collar crime and other criminal offences, as well as the actions and investigations required to achieve this - to ensure that the prevention and detection of white-collar or other criminal offences, as well as the associated actions and investigations, are managed and coordinated as effectively as possible, that the prudential and legal requirements are met and that material, legal and reputational risks are minimised - to optimise awareness of how to prevent white-collar crime.
Material IROs addressed	NG1_05; NG1_06; NG1_07; NG1_08; NG1_09
Monitoring process for the policy	The policy is reviewed at least once a year.
Impact within the value chain	Impacts the own workforce
Scope	The policy applies to all employees of Bausparkasse Schwäbisch Hall. Bausparkasse Schwäbisch Hall's sales force, advisors, suppliers and business partners are required to comply with the wording and spirit of this policy.
Organisational level responsible for the implementation of the policy	Head of Legal and Compliance
Reference to standards or third-party initiatives	–
Considering the interests of key stakeholders	–
Availability of the policy to impacted stakeholders	The policy is made available to the workforce via internal communication channels, e.g. the intranet.

TABLE 66: CODE OF CONDUCT OF THE DZ BANK GROUP

Policy name	Code of conduct of the DZ BANK Group
Key content of the policy	The code of conduct provides employees of the Schwäbisch Hall Group with guidance to navigate the diversity of existing legal and ethical rules. It constitutes guidance that summarises the shared values. The values expressed in the code of conduct with regard to customers and business partners are fairness, professionalism, transparency, respect and the cooperative concept of helping people to help themselves.
General objectives of the policy	Creating a foundation for a corporate culture within the DZ BANK Group that is compliant with the law, ethical and sustainable, to which all employees feel committed both internally and externally.
Material IROs addressed	NG1_01; NG1_02; NG1_03; FG1_01; FG1_02
Monitoring process for the policy	The code of conduct is regularly reviewed and, if necessary, revised by the compliance function, anti-money laundering department, data protection and other stakeholders.
Impact within the value chain	Impacts the own workforce
Scope	Framework for the entire DZ BANK Group
Organisational level responsible for the implementation of the policy	In the Bausparkasse Schwäbisch Hall AG: Head of "General Office, Politics, International Markets" and Legal and Compliance
Reference to standards or third-party initiatives	UN Global Compact; Universal Declaration of Human Rights (UDHR); United Nations General Assembly and European Convention on Human Rights (ECHR); ILO Fundamental Conventions; Principles for Responsible Banking (PRBs); UNEP FI Principles for Sustainable Insurance (UNPRI)
Considering the interests of key stakeholders	–
Availability of the policy to impacted stakeholders	The policy is available to employees via internal communication channels, for example the intranet.

TABLE 67: BINDING GUIDELINES FOR THE PROCUREMENT OF EXTERNAL GOODS AND SERVICES FOR THE SCHWÄBISCH HALL GROUP (PURCHASING POLICY)

Policy name	Binding guidelines for the procurement of external goods and services for the Schwäbisch Hall Group (purchasing policy)
Key content of the policy	The purchasing policy covers the scope, objective and definition of responsibilities in purchasing and supply management. The role of the purchasing function is to advise on and integrate sustainability aspects in accordance with the "Avoid, Reduce, Offset" principle from the DZ BANK Group's "Sustainability in Purchasing" policy and actively offer alternatives. The policy also describes the entire operational and tactical procurement process, starting with the notice of requirements and the creation of a written order request, through to award of contract and signing the contract.
General objectives of the policy	The aim of this policy is to transparently describe the external procurement process and to clearly define the tasks, competencies and responsibilities of the stakeholders. It supports both the planning and the efficient execution of procurement processes, with a focus on making a sustainable positive contribution to the Company's performance.
Material IROs addressed	NG1_04
Monitoring process for the policy	The technical documentation on the purchasing policy is reviewed regularly each year in an established strategic process.
Impact within the value chain	The technical documentation relates to the business operations.
Scope	The binding guidelines for the procurement of external goods and services for the Schwäbisch Hall Group (purchasing policy) apply to all employees of the Schwäbisch Hall Group, unless explicitly stipulated otherwise. The following companies are deemed to be part of the Schwäbisch Hall Group for the purposes of the policy: Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall Kreditservice GmbH including VR Kreditservice GmbH, Schwäbisch Hall Facility Management GmbH.
Organisational level responsible for the implementation of the policy	General executive manager responsible for purchasing
Reference to standards or third-party initiatives	The policy is based on legal requirements, such as embargo and compliance rules, product liability law and the LkSG. The policy also takes into account agreements within the DZ BANK Group.
Considering the interests of key stakeholders	The purchasing policy ensures that compliance with sustainability and compliance principles is addressed.
Availability of the policy to impacted stakeholders	The policy is published in the organisational manual and is thus accessible to the employees.

TABLE 68: POLICY ON SUSTAINABILITY IN PURCHASING

Policy name	Policy on sustainability in purchasing
Key content of the policy	The guideline forms a Group-wide basis for a shared understanding of sustainability in purchasing. It defines the framework for setting objectives and the tools for advancing sustainability, such as sustainability requirements for suppliers, ratings, risk analyses, questionnaires, audits and escalation procedures. It also provides guidance for implementing sustainability in procurement in accordance with the "Avoid, Reduce, Offset" principle. This includes the selection process for procurement and supplier management, including classification, supplier development discussions and target definition. In addition, both internal and external communication and training actions are described to encourage a shared understanding of sustainability in purchasing.
General objectives of the policy	The aim of this policy is to create a basis for a shared understanding of sustainability in procurement within the DZ BANK Group and to define guidelines that serve as a compass for the individual companies. The policy is not to be understood as a minimum requirement, but rather as guidance for shared development.
Material IROs addressed	NG1_04
Monitoring process for the policy	
Impact within the value chain	The technical documentation relates to the business operations.
Scope	The policy on sustainability in purchasing applies to all purchasing units of the DZ BANK Group.
Organisational level responsible for the implementation of the policy	DZ BANK Group Procurement Board
Reference to standards or third-party initiatives	
Considering the interests of key stakeholders	The sustainability requirements for suppliers of the DZ BANK Group, the questionnaire for suppliers of the DZ BANK Group and an external sustainability assessment such as the EcoVadis rating enable a verifiable qualitative consideration of sustainability factors in the purchasing process and their assurance.
Availability of the policy to impacted stakeholders	This policy is published in the purchasing department database and therefore accessible to purchasing employees.

THE SCHWÄBISCH HALL GROUP'S COMPLIANCE SYSTEM

The Schwäbisch Hall Group's compliance system is based on three pillars: Prevent, Detect, React. Applying these pillars allows the Schwäbisch Hall Group to ensure that its business is conducted in accordance with the law and its own values. The individual aspects of the compliance system include, in particular, compliance risk assessment, policies and procedures, training, advice, a whistleblowing system, compliance audits, compliance investigations, penalties for misconduct and the further development of the compliance system.

THE DZ BANK GROUP'S CODE OF CONDUCT

The companies of the DZ BANK Group have adopted a common code of conduct. Through the code of conduct, the DZ BANK Group expresses its responsibility towards customers, business partners, shareholders, employees and society.

The code of conduct provides employees of the Schwäbisch Hall Group with guidance to navigate the diversity of existing legal and ethical rules. The code establishes a common framework for the companies of the DZ BANK Group. It constitutes guidance that summarises the shared values. The values expressed in the code of conduct with regard to customers and business partners are fairness, professionalism, transparency, respect and the cooperative concept of helping people to help themselves. The way employees interact with each other is expected to be characterised by mutual respect, trust, honesty and tolerance. All executives and employees of the Schwäbisch Hall Group are required to conduct themselves in a legally compliant and ethical manner. The Schwäbisch Hall Group conducts an employee opinion survey to assess its corporate culture. Further details can be found in chapter 3.1.2.

MANAGING INCIDENTS

Internal investigations are initiated when there is suspicion of a criminal offence. There is a legal obligation to do so. Criminal compliance is part of a Company's internal risk management. However, the scope of the investigation is always a case-by-case decision. Criminal offences are primarily defined as crimes in the area of white-collar crime, such as fraud, breach of trust, embezzlement, forgery, theft or corruption. Corruption essentially includes the criminal offences of bribery and corruption, as well as offering or accepting an improper advantage. Internal investigations are carried out in collaboration with the compliance department and internal audit. Depending on whether the suspected case involves office-based or sales force staff, or customers, the affected areas of sales, human resources or credit services are involved in the investigations. The internal investigators are expected to be independent and objective. The investigations are started without undue delay as soon as a suspected case arises. Outside legal counsel may be involved if needed. If an allegation of corruption or bribery is made against a member of the Management Board, an external law firm and the Supervisory Board would become involved in accordance with company law.

TRAINING

The Schwäbisch Hall Group provides compliance training for its employees and management. The training consists of the following modules: "Compliance Fundamentals", "Conflicts of Interest", "Gifts and Hospitality", "Fraud", "Competition Law", "Due Diligence in the Supply Chain" and a final test. In addition, a selected group of employees must also complete antitrust law training and money laundering training. All training courses must be completed every year. Independent sales representatives in the sales force must also complete fraud prevention training every year.

FUNCTIONS EXPOSED TO A HIGH RISK OF CORRUPTION AND BRIBERY

Overall, managers are assumed to be exposed to a higher risk of corruption and bribery, particularly with regard to the material impact of any offences or damage that may occur. This is due to the fact that managers are generally granted increased and specific powers due to their position. In addition, experience shows that there is an implied higher level of trust on the part of employees who are under disciplinary supervision. As a result, mitigating measures have been taken, such as the establishment of the dual control principle.

Further information on preventing and detecting corruption and bribery can be found in chapter 4.1.3.

4.1.2 Management of relationships with suppliers [G1-2]

Supply chain management and purchasing practices are important aspects of the Schwäbisch Hall Group's business operations. Among other things, these include orders for artisanal services, IT services, canteen services, electricity from renewable sources and printed products. Thus, the Schwäbisch Hall Group ensures that it engages responsibly with suppliers and maintains fair, long-term relationships with them. In accordance with the DZ BANK Group's sustainability in purchasing policy, which is based on the principles of the UN Global Compact, the Schwäbisch Hall Group aligns its purchasing processes with social, economic and ecological standards and selects its suppliers on this basis. Compliance with labour law and respect for human rights are non-negotiable criteria for the Schwäbisch Hall Group. The Schwäbisch Hall Group does not enter into any partnerships that jeopardise the freedom of association and collective bargaining. In addition, the Schwäbisch Hall Group screens new suppliers and suppliers with high order volumes, as well as their management/management board, for integrity, for example by checking them against lists of sanctions. Furthermore, the Schwäbisch Hall Group requires its suppliers to comply with minimum standards in accordance with the "Sustainability Requirements for Suppliers of the DZ BANK Group". These are aligned with the principles of the UN Global Compact, the Code of Conduct of the *Bundesverband Materialwirtschaft, Einkauf und Logistik e.V.* (Federal Association for Materials Management, Procurement and Logistics) and the applicable International Labour Organization standards. These requirements are refined on the basis of the LkSG. Certain subsidiaries are excluded from this.

The German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) came into force on 1 January 2023. The Schwäbisch Hall Group therefore defined responsibilities for monitoring risk management and established a grievance mechanism

The Schwäbisch Hall Group regularly performs a risk analysis of its supplier portfolio to identify any human rights or environmental violations in the supply chain. The results have also been used to formulate a human rights strategy and publish a statement of principles.

In addition, the Schwäbisch Hall Group has introduced a whistleblower system that can be used by office-based and sales force staff, as well as by third parties, in particular customers and suppliers. Suspicions of criminal activity or other irregularities that could lead to reputational damage or financial loss, can be reported there. The whistleblower system also serves as a grievance mechanism in accordance with the requirements of the LkSG. It is open to all potential stakeholders to report risks related to human rights or environmental aspects, as well as violations of relevant obligations that arise from the economic activities of their own company, affiliated companies, direct suppliers and indirect suppliers. The procedure is designed to ensure the confidentiality of the identity of the whistleblower. Whistleblowers need not fear any negative consequences as a result of using the whistleblower system (see also chapter 4.1.3).

The findings from the complaints are incorporated into the annual risk analyses, human rights and environmental actions, training and business processes to prevent possible violations.

The Schwäbisch Hall Group classifies its suppliers based on their sustainability risks. Suppliers that are considered to be particularly relevant in terms of sustainability due to the volume of their orders, their specific activities or country-specific risks are asked detailed questions about sustainability aspects and are invited to obtain an EcoVadis rating. Whether and to what extent suppliers fulfil their contractually agreed obligations in the area of sustainability is verified as far as it is reasonable. The Schwäbisch Hall Group also conducts sustainability-related development meetings with suppliers and service providers on a case-by-case and risk-based basis to review the status and measures so that targeted further development can be initiated if necessary. Certain subsidiaries are excluded from this.

Sustainability aspects are also taken into account as part of the Schwäbisch Hall Group's third-party risk management process in the risk analyses for outsourcing and IT third-party purchases. In the future, risk analyses will also be carried out for (key) ICT services. The EcoVadis rating described above is considered in the risk analysis for out-sourcing. When IT services are outsourced, the service provider is asked whether it meets the Schwäbisch Hall Group's sustainability requirements. The scope of application of the third-party risk management system covers Bausparkasse Schwäbisch Hall and the subordinate companies SHK and SHF.

The Schwäbisch Hall Group introduced the EcoVadis sustainability rating tool in 2022. It supports the Schwäbisch Hall Group in implementing the requirements of the LkSG and in assessing sustainability at suppliers. The tool is used by external experts to assess the sustainability activities of the Schwäbisch Hall Group's suppliers. In addition to the external audit, suppliers are asked about certifications such as ISO 45001 (occupational safety), policies for minimising environmental impacts, or whether they have signed the Global Compact, for example, in the context of tenders or supplier meetings.

In the course of implementing the requirements of the LkSG and EcoVadis, the Schwäbisch Hall Group is constantly developing the systematic process for auditing supply chains.

The Schwäbisch Hall Group also prioritises the use of regional suppliers. As a result, most of the service providers are based in Germany and a large part of the food products the Schwäbisch Hall Group purchases come from the area around Schwäbisch Hall. The company canteen facilities received organic certification in 2022 and its offering is being continuously expanded. The Procurement and Vendor Management department is responsible for sourcing as regionally as possible and dealing responsibly with suppliers.

A working group on sustainability in purchasing within the DZ BANK Group has been established to ensure a coordinated approach within the Group companies and to meet shared ambitions. As part of this, for example, training materials on "Sustainability in Purchasing" have been developed jointly for the entire Group and have been in use since 2024.

4.1.3 Prevention and detection of corruption and bribery [G1-3]

As part of the DZ BANK Group, the Schwäbisch Hall Group is a signatory to the UN Global Compact, thereby committing itself to complying with and implementing the Ten Principles of responsible business. These include working resolutely to combat all forms of corruption – including extortion and bribery.

The companies of the DZ BANK Group have adopted a common code of conduct. It constitutes guidance that summarises the shared values. The code of conduct also contains comprehensive rules specifically aimed at preventing corruption.

A Group-wide compliance standard for accepting and offering improper advantages has been approved and applies to the Schwäbisch Hall Group.

Additionally, the Schwäbisch Hall Group has further policies, such as the gifts policy, the policy for managing conflicts of interest and the policy on preventing criminal activities, all of which are aimed at preventing corruption.

As part of the legally required annual risk analysis, corruption risks are examined as part of the assessment of criminal offences. No corruption risks were identified in the reporting period.

Another tool is a whistleblower system that is freely accessible via links on the homepage. Among other things, this system is designed to prevent white-collar crime and to protect the reputation of the Schwäbisch Hall Group. The Schwäbisch Hall Group did not receive any reports via the system for the 2024 reporting period. The aim is to ensure that whistleblowers who report a specific suspicion in good faith do not need to fear any negative consequences as a result of this report. The persons tasked with implementing the procedure are expected to guarantee impartiality, and in particular they should be independent and not bound by instructions. They are bound to secrecy. No separate training is provided for this, but there is a whistleblowing committee including rules of procedure. Among other things, it governs the composition of the committee, impartiality and confidentiality.

Any cases of corruption that arise are reported on an ad hoc basis to the responsible Management Board member. They are also included in the annual compliance report submitted to the entire Management Board and Supervisory Board at the end of the year. In the case of gross losses of €1 million or more, the entire Management Board of Bausparkasse Schwäbisch Hall and the Chief Risk Officer of DZ BANK must be informed by means of ad hoc reporting no later than four working days after the loss event has been identified. This is required by the OpRisk policy in risk control. There is also a duty to report material criminal offences to the DZ BANK compliance function. This is the result of the compliance standard reporting and the compliance standard for the prevention of criminal offences.

All the policies relevant to the prevention of corruption (policy on managing conflicts of interest, policy on preventing criminal offences, gifts policy) can be accessed by all employees of the Schwäbisch Hall Group via the intranet.

In addition, there is a mandatory annual compliance training course that must be completed by all employees. The computer-based training takes about an hour. The training consists of the following modules: "Compliance Fundamentals", "Conflicts of Interest", "Gifts and Hospitality", "Fraud", "Competition Law", "Due Diligence in the Supply Chain" and a final test. Conduct of the training is monitored by Compliance. A completion notice is also generated at the end of the training period.

As at 18 October 2024, 96.6% of the employees in the Schwäbisch Hall Group had completed the training. All employees of the Schwäbisch Hall Group are generally considered to have at-risk functions. The training requirement does not apply to employees who perform activities that are not related to the typical business tasks or services of the obliged entity, i.e. SHF's cleaning staff. The compliance training must also be completed by the Management Board, but not by the Supervisory Board.

4.1.4 Confirmed incidents of corruption or bribery [G1-4]

There were no cases of corruption or bribery in the Schwäbisch Hall Group in 2024, nor were there any convictions for violations of anti-corruption or anti-bribery laws.

5 Disclosures required by the German Commercial Code

The sustainability report simultaneously fulfils all the requirements for a sustainability report in accordance with ESRS and the requirements for a (consolidated) non-financial statement prepared in accordance with sections 289b ff. and 315b to 315c of the *Handelsgesetzbuch* (HGB – German Commercial Code) and therefore represents the combined non-financial statement for the Schwäbisch Hall Group and Bausparkasse Schwäbisch Hall AG.

No framework was used for the non-financial statement for Bausparkasse Schwäbisch Hall AG in accordance with section 289 b of the HGB, since an ESRS sustainability report for the Group is relevant for stakeholders. In addition, this sustainability report includes a combined statement for the Schwäbisch Hall Group and Bausparkasse Schwäbisch Hall AG. Unless clearly indicated otherwise, all information relates to both the Schwäbisch Hall Group and Bausparkasse Schwäbisch Hall AG.

5.1 We hereby declare the following in compliance with our reporting obligations under German commercial law:

- The policies specified in chapters 2.1.3, 3.1.1, 3.3.2 and 4.1.1 lead to outcomes within the meaning of section 289c (3) no. 2 of the HGB
- There are currently no material risks from our own business activities or from business relationships, products or services that are highly likely to have serious negative impacts on the non-financial aspects in accordance with section 289c (2) of the HGB
- The Net Promoter Score (NPS), a measure of customers' willingness to recommend a company, is one of the most important non-financial key performance indicators for Bausparkasse Schwäbisch Hall AG in accordance with section 289c (3) no. 5 of the HGB.

5.2 Disclosures required by the EU Taxonomy Regulation

As part of the environmental information in this sustainability report, the disclosures required by Article 8 of Regulation 2021/2178 (EU Taxonomy Regulation) for the Schwäbisch Hall Group are contained in chapter 2.2.

5.3 Supplementary disclosures on the non-financial statement of Bausparkasse Schwäbisch Hall AG in accordance with section 315 in conjunction with section 289b of the HGB [BP-2]

We hereby declare the following in compliance with our reporting obligations under German commercial law:

- No recognised framework has been used for Bausparkasse Schwäbisch Hall AG because an ESRS consolidated statement is relevant for stakeholders
- Unless clearly indicated otherwise, policies, actions and targets at Group level are also adopted at the level of the parent company
- Compared with the previous year, the Company has adopted NPS as the new most significant non-financial key performance indicator in accordance with section 289c (3) no. 5 of the HGB.

6 Annex

6.1 Quantitative mandatory disclosures under the EU Taxonomy

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX-BASED)

			Disclosure reference date T												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)					1)				1)			
				2)					2)				2)		
	Million EUR	Total [Gross] carrying amount			3)	4)	5)			3)	5)			3)	5)
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	73,560	65,911	374	211	12	60	4	1	–	–	0	–	–	–
2	Financial undertakings	6,392	1,340	86	–	7	11	4	1	–	–	–	–	–	–
3	Credit institutions	6,392	1,340	86	–	7	11	4	1	–	–	–	–	–	–
4	Loans and advances	1,800	384	7	–	2	1	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	4,591	956	79	–	5	10	4	1	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
20	Non-financial undertakings	245	150	76	–	5	48	–	–	–	–	0	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	245	150	76	–	5	48	–	–	–	–	0	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
24	Households	66,869	64,421	211	211	–	–	–	–	–	–				
25	of which loans collateralised by residential immovable property	60,976	59,858	211	211	–	–	–	–	–	–				
26	of which building renovation loans	10,919	10,552	24	24	–	–	–	–	–	–				
27	of which motor vehicle loans	–	–	–	–	–	–								
28	Local governments financing	55	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	55	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX-BASED)

		Disclosure reference date T																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		1)				1a)				1a)				1a)				
			2)				2a)				2a)				2a)			
	Million EUR			3)	5)			3)	5)			3)	5)			3)	4)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0	0	–	–	–	–	–	–	–	–	–	–	65,915	375	211	12	60
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	1,344	87	–	7	11
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	1,344	87	–	7	11
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	384	7	–	2	1
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	960	80	–	5	10
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
20	Non-financial undertakings	0	0	–	–	–	–	–	–	–	–	–	–	150	76	–	5	48
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	0	0	–	–	–	–	–	–	–	–	–	–	150	76	–	5	48
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
24	Households	–	–	–	–									64,421	211	211	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–									59,858	211	211	–	–
26	of which building renovation loans	–	–	–	–									10,552	24	24	–	–
27	of which motor vehicle loans													–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX-BASED)

	Million EUR	Total [Gross] carrying amount	Disclosure reference date T-1												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
24	Households	–	–	–	–	–	–	–	–	–	–				
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–				
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–				
27	of which motor vehicle loans	–	–	–	–	–	–								
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
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5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX-BASED)

	Million EUR	Disclosure reference date T-1																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
24	Households	–	–	–	–									–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–									–	–	–	–	–
26	of which building renovation loans	–	–	–	–									–	–	–	–	–
27	of which motor vehicle loans													–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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1. ASSETS FOR THE CALCULATION OF GAR (CAPEX-BASED)

			Disclosure reference date T												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Million EUR	Total [Gross] carrying amount	1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**7,167**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
33	Financial and Non-financial undertakings	3,699													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,248													
35	Loans and advances	1,694													
36	of which loans collateralised by commercial immovable property	–													
37	of which building renovation loans	34													
38	Debt securities	1,552													
39	Equity instruments	3													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	451													
41	Loans and advances	5													
42	Debt securities	446													
43	Equity instruments	–													
44	Derivatives	11													
45	On demand interbank loans	213													
46	Cash and cash-related assets	0													
47	Other categories of assets (e.g. Goodwill, commodities etc.)	3,244													
48	**Total GAR assets**	**80,727**	**65,911**	**374**	**211**	**12**	**60**	**4**	**1**	**–**	**–**	**0**	**–**	**–**	**–**
49	**Assets not covered for GAR calculation**	4,456													
50	Central governments and Supranational issuers	4,372													
51	Central banks exposure	84													
52	Trading book	–													
53	**Total assets**	**85,183**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations														
54	Financial guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)

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1. ASSETS FOR THE CALCULATION OF GAR (CAPEX-BASED)

		Disclosure reference date T																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Million EUR	1)	2)	3)	5)	1a)	2a)	3)	5)	1a)	2a)	3)	5)	1a)	2a)	3)	4)	5)
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	Financial and Non-financial undertakings																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. Goodwill, commodities etc.)																	
48	**Total GAR assets**	**0**	**0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**65,915**	**375**	**211**	**12**	**60**
49	**Assets not covered for GAR calculation**																	
50	Central governments and Supranational issuers																	
51	Central banks exposure																	
52	Trading book																	
53	**Total assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																	
54	Financial guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX-BASED)

			Disclosure reference date T-1													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				
	Million EUR	Total [Gross] carrying amount	1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	Financial and Non-financial undertakings														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations														
35	Loans and advances														
36	of which loans collateralised by commercial immovable property														
37	of which building renovation loans														
38	Debt securities														
39	Equity instruments														
40	Non-EU country counterparties not subject to NFRD disclosure obligations														
41	Loans and advances														
42	Debt securities														
43	Equity instruments														
44	Derivatives														
45	On demand interbank loans														
46	Cash and cash-related assets														
47	Other categories of assets (e.g. Goodwill, commodities etc.)														
48	**Total GAR assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
49	**Assets not covered for GAR calculation**														
50	Central governments and Supranational issuers														
51	Central banks exposure														
52	Trading book														
53	**Total assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations														
54	Financial guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX-BASED)

		Disclosure reference date T-1																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Million EUR	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	Financial and Non-financial undertakings																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. Goodwill, commodities etc.)																	
48	**Total GAR assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
49	**Assets not covered for GAR calculation**																	
50	Central governments and Supranational issuers																	
51	Central banks exposure																	
52	Trading book																	
53	**Total assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																	
54	Financial guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

DENOMINATOR OF THE GAR

As the denominator, the “Total GAR assets” are one of the most important parameters in the GAR calculations.

“Assets excluded from the numerator for GAR calculation (covered in the denominator)” represent the portion of the “Total GAR assets” that are included in the GAR calculations through the denominator, but that are not themselves assessed for EU Taxonomy alignment

NUMERATOR ASSETS

“GAR – Covered assets in both numerator and denominator” represent the portion of the “Total GAR assets” that are included in the GAR calculations through the denominator, but that are not themselves assessed for EU Taxonomy alignment (total in Table 1, row 1, column Total [Gross] carrying amount).

However, the particular feature of the “Local governments financing” exposure is that the financing it includes is only analysed for EU Taxonomy alignment if the financing purpose is clearly known.

ASSETS WITH NO EFFECT ON THE GAR

“Assets not covered for GAR calculation” are completely disregarded in the GAR calculations.

These also include loans and advances to regional/local public authorities, which must be allocated to “Central governments”.

OFF-BALANCE SHEET EXPOSURES

Only assets subject to the CSRD were included in off-balance sheet exposures.

2. GAR SECTOR INFORMATION (CAPEX-BASED)

		Disclosure reference date T															
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)		2)		1)		2)		1)		2)		1)		2)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector – NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)
1	Manufacture of wine from grape [11.02]	0	0			–	–			0	–			–	–		
2	Manufacture of motor vehicles [29.10]	15	4			–	–			–	–			–	–		
3	Manufacture of gas [35.21]	18	17			–	–			–	–			–	–		
4	Freight rail transport [49.20]	52	21			–	–			–	–			–	–		
5	Other postal and courier activities [53.20]	57	28			–	–			–	–			0	0		

		Disclosure reference date T											
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		1)		2)		1)		2)		1)		2)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector – NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	Manufacture of wine from grape [11.02]	–	–			–	–			0	0		
2	Manufacture of motor vehicles [29.10]	–	–			–	–			15	4		
3	Manufacture of gas [35.21]	–	–			–	–			18	17		
4	Freight rail transport [49.20]	–	–			–	–			52	21		
5	Other postal and courier activities [53.20]	–	–			–	–			57	28		

1) Non-Financial corporates (Subject to NFRD)
2) SMEs and other NFC not subject to NFRD

3. GAR KPI STOCK (CAPEX-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to total covered assets in the denominator)			3)	4)	5)			3)	5)			3)	5)			3)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	81.65	0.46	0.26	0.01	0.07	0.00	0.00	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	1.66	0.11	–	0.01	0.01	0.00	0.00	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	1.66	0.11	–	0.01	0.01	0.00	0.00	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	0.48	0.01	–	0.00	0.00	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	1.18	0.10	–	0.01	0.01	0.00	0.00	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (CAPEX-BASED)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
	% (compared to total covered assets in the denominator)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	81.65	0.46	0.26	0.01	0.07	86.36
2	Financial undertakings	–	–	–	–	–	–	–	–	1.66	0.11	–	0.01	0.01	7.50
3	Credit institutions	–	–	–	–	–	–	–	–	1.66	0.11	–	0.01	0.01	7.50
4	Loans and advances	–	–	–	–	–	–	–	–	0.48	0.01	–	0.00	0.00	2.11
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	1.19	0.10	–	0.01	0.01	5.39
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (CAPEX-BASED)

		Disclosure reference date T-1																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
	% (compared to total covered assets in the denominator)	1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (CAPEX-BASED)

		Disclosure reference date T-1													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
	% (compared to total covered assets in the denominator)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (CAPEX-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to total covered assets in the denominator)			3)	4)	5)			3)	5)			3)	5)			3)	5)
20	Non-financial undertakings	0.19	0.09	–	0.01	0.06	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	0.19	0.09	–	0.01	0.06	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
24	Households	79.80	0.26	0.26	–	–	–	–	–	–					–	–	–	–
25	of which loans collateralised by residential immovable property	74.15	0.26	0.26	–	–	–	–	–	–					–	–	–	–
26	of which building renovation loans	13.07	0.03	0.03	–	–	–	–	–	–					–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–												
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**81.65**	**0.46**	**0.26**	**0.01**	**0.07**	**0.00**	**0.00**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (CAPEX-BASED)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		1)				1)				1)					
			2)				2)				2)				
	% (compared to total covered assets in the denominator)			3)	5)			3)	5)			3)	4)	5)	
20	Non-financial undertakings	–	–	–	–	–	–	–	–	0.19	0.09	–	0.01	0.06	0.29
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	0.19	0.09	–	0.01	0.06	0.29
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
24	Households									79.80	0.26	0.26	–	–	78.50
25	of which loans collateralised by residential immovable property									74.15	0.26	0.26	–	–	71.58
26	of which building renovation loans									13.07	0.03	0.03	–	–	12.82
27	of which motor vehicle loans														
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	0.06
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	0.06
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**81.65**	**0.46**	**0.26**	**0.01**	**0.07**	**94.77**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (CAPEX-BASED)

		Disclosure reference date T-1																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to total covered assets in the denominator)			3)	4)	5)			3)	5)			3)	5)			3)	5)
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
24	Households	–	–	–	–	–	–	–	–	–					–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–					–	–	–	–
26	of which building renovation loans	–	–	–	–	–	–	–	–	–					–	–	–	–
27	of which motor vehicle loans																	
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (CAPEX-BASED)

		Disclosure reference date T-1													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		1)				1)				1)					
			2)				2)				2)				
	% (compared to total covered assets in the denominator)			3)	5)			3)	5)			3)	4)	5)	
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
24	Households									–	–	–	–	–	–
25	of which loans collateralised by residential immovable property									–	–	–	–	–	–
26	of which building renovation loans									–	–	–	–	–	–
27	of which motor vehicle loans									–	–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

KPI STOCK DENOMINATOR

The denominator of the ratios shown in Table 3 is in all cases the "Total GAR assets" in Table 1.

By contrast, the total assets are used as the denominator of the ratios in the column "Proportion of total assets covered" to ensure comparability with the information in Table 0 in the narrative.

4. GAR KPI FLOW (CAPEX-BASED)

	% (compared to flow of total eligible assets)	Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	90.28	1.74	1.43	0.01	0.07	0.01	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	2.43	0.31	–	0.01	0.07	0.01	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	2.43	0.31	–	0.01	0.07	0.01	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	0.16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	2.26	0.31	–	0.01	0.07	0.01	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

4. GAR KPI FLOW (CAPEX-BASED)

	% (compared to flow of total eligible assets)	Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	90.29	1.75	1.43	0.01	0.07	9.93
2	Financial undertakings	–	–	–	–	–	–	–	–	2.44	0.31	–	0.01	0.07	1.12
3	Credit institutions	–	–	–	–	–	–	–	–	2.44	0.31	–	0.01	0.07	1.12
4	Loans and advances	–	–	–	–	–	–	–	–	0.16	–	–	–	–	0.06
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	2.27	0.31	–	0.01	0.07	1.06
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

4. GAR KPI FLOW (CAPEX-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to flow of total eligible assets)			3)	4)	5)			3)	5)			3)	5)			3)	5)
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
24	Households	87.85	1.43	1.43	–	–	–	–	–	–					–	–	–	–
25	of which loans collateralised by residential immovable property	67.25	1.43	1.43	–	–	–	–	–	–					–	–	–	–
26	of which building renovation loans	26.99	0.25	0.25	–	–	–	–	–	–					–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–												
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**90.28**	**1.74**	**1.43**	**0.01**	**0.07**	**0.01**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

4. GAR KPI FLOW (CAPEX-BASED)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		1)				1)				1)					
			2)				2)				2)				
	% (compared to flow of total eligible assets)			3)	5)			3)	5)			3)	4)	5)	
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
24	Households									87.85	1.43	1.43	–	–	8.78
25	of which loans collateralised by residential immovable property									67.25	1.43	1.43	–	–	6.68
26	of which building renovation loans									26.99	0.25	0.25	–	–	2.68
27	of which motor vehicle loans									–	–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	0.04
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	0.04
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**90.29**	**1.75**	**1.43**	**0.01**	**0.07**	**9.93**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

KPI FLOW DENOMINATOR

The denominator of the ratios shown in Table 4 corresponds to the flows in the reporting period within the numerator of the GAR in Table 1 ("GAR – Covered assets in both numerator and denominator").

By contrast, the total assets are used as the denominator of the ratios in the column "Proportion of total assets covered" to ensure comparability with the information in Table 0 in the narrative.

5. KPI OFF-BALANCE SHEET EXPOSURES (STOCK) (CAPEX-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
% (compared to total eligible off-balance sheet assets)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

		Disclosure reference date T												
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
% (compared to total eligible off-balance sheet assets)		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

KPI STOCK DENOMINATOR

The denominator of the ratios shown in Table 5 Stock is the values listed in Table 1, rows 54 and 55 in the column "Total [gross] carrying amount".

5. KPI OFF-BALANCE SHEET EXPOSURES (CAPEX-BASED) (FLOW)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
% (compared to total eligible off-balance sheet assets)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

		Disclosure reference date T												
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
% (compared to total eligible off-balance sheet assets)		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

KPI FLOW DENOMINATOR

The denominator of the ratios shown in Table 5 Flow is the flows in the reporting period within Table 1, rows 54 and 55 in the column "Total [gross] carrying amount".

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES

Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

TEMPLATE 2 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) (CAPEX-BASED)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.00	1	0.00	–	–
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.00	2	0.00	–	–
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	80,724	100.00	80,724	100.00	80,727	100.00
8.	**Total applicable KPI**	**80,727**	**100.00**	**80,727**	**100.00**	**80,727**	**100.00**

TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) (CAPEX-BASED)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01	0	0.01	–	–
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.24	1	0.24	–	–
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.59	2	0.59	–	–
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01	0	0.01	–	–
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	372	99.15	370	98.83	1	0.32
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**375**	**100.00**	**374**	**99.68**	**1**	**0.32**

TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (CAPEX-BASED)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.00	1	0.00	–	–
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.00	2	0.00	–	–
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	65,537	100.00	65,535	99.99	3	0.00
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**65,540**	**100.00**	**65,538**	**100.00**	**3**	**0.00**

TEMPLATE 5 TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES (CAPEX-BASED)

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14,812	100.00
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**14,812**	**100.00**

TEMPLATE 2 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) (TURNOVER-BASED)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.00	3	0.00	–	–
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	80,725	100.00	80,725	100.00	80,727	100.00
8.	**Total applicable KPI**	**80,727**	**100.00**	**80,727**	**100.00**	**80,727**	**100.00**

TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) (TURNOVER-BASED)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.68	3	0.68	–	–
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01	0	0.01	–	–
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01	0	0.01	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	378	99.31	378	99.30	0	0.01
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**381**	**100.00**	**381**	**99.99**	**0**	**0.01**

TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (TURNOVER-BASED)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.00	2	0.00	–	–
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.00	2	0.00	–	–
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.00	1	0.00	–	–
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	65,619	99.99	65,619	99.99	0	0.00
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**65,625**	**100.00**	**65,625**	**100.00**	**0**	**0.00**

TEMPLATE 5 TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES (TURNOVER-BASED)

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14,719	100.00
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**14,719**	**100.00**

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER-BASED)

			Disclosure reference date T												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)					1)				1)			
				2)					2)				2)		
	Million EUR	Total [Gross] carrying amount			3)	4)	5)			3)	5)			3)	5)
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	73,560	66,006	381	211	14	24	0	0	–	–	–	–	–	–
2	Financial undertakings	6,392	1,457	112	–	5	3	0	0	–	–	–	–	–	–
3	Credit institutions	6,392	1,457	112	–	5	3	0	0	–	–	–	–	–	–
4	Loans and advances	1,800	400	11	–	1	1	0	–	–	–	–	–	–	–
5	Debt securities, including UoP	4,591	1,057	101	–	4	2	0	0	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
20	Non-financial undertakings	245	128	58	–	8	21	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	245	128	58	–	8	21	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
24	Households	66,869	64,421	211	211	–	–	–	–	–	–				
25	of which loans collateralised by residential immovable property	60,976	59,858	211	211	–	–	–	–	–	–				
26	of which building renovation loans	10,919	10,552	24	24	–	–	–	–	–	–				
27	of which motor vehicle loans	–	–	–	–	–	–								
28	Local governments financing	55	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	55	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER-BASED)

		Disclosure reference date T																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		1)				1a)				1a)				1a)				
			2)				2a)				2a)				2a)			
	Million EUR			3)	5)			3)	5)			3)	5)			3)	4)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2	0	–	–	–	–	–	–	–	–	–	–	66,008	381	211	14	24
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	1,457	112	–	5	3
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	1,457	112	–	5	3
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	400	11	–	1	1
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	1,057	101	–	4	2
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–						–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
20	Non-financial undertakings	2	0	–	–	–	–	–	–	–	–	–	–	130	58	–	8	21
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	2	0	–	–	–	–	–	–	–	–	–	–	130	58	–	8	21
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
24	Households	–	–	–	–									64,421	211	211	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–									59,858	211	211	–	–
26	of which building renovation loans	–	–	–	–									10,552	24	24	–	–
27	of which motor vehicle loans													–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER-BASED)

	Million EUR	Total [Gross] carrying amount	Disclosure reference date T-1												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–						–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
24	Households	–	–	–	–	–	–	–	–	–	–				
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–				
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–				
27	of which motor vehicle loans	–	–	–	–	–	–								
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER-BASED)

	Million EUR	Disclosure reference date T-1																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		1)				1)				1)				1)				
			2)				2)				2)				2)			
				3)	5)			3)	5)			3)	5)			3)	4)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
24	Households	–	–	–	–									–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–									–	–	–	–	–
26	of which building renovation loans	–	–	–	–									–	–	–	–	–
27	of which motor vehicle loans													–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER-BASED)

			Disclosure reference date T												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)					1)				1)			
				2)					2)				2)		
	Million EUR	Total [Gross] carrying amount			3)	4)	5)			3)	5)			3)	5)
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**7,167**	–	–	–	–	–	–	–	–	–	–	–	–	–
33	Financial and Non-financial undertakings	3,699													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,248													
35	Loans and advances	1,694													
36	of which loans collateralised by commercial immovable property	–													
37	of which building renovation loans	34													
38	Debt securities	1,552													
39	Equity instruments	3													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	451													
41	Loans and advances	5													
42	Debt securities	446													
43	Equity instruments	–													
44	Derivatives	11													
45	On demand interbank loans	213													
46	Cash and cash-related assets	0													
47	Other categories of assets (e.g. Goodwill, commodities etc.)	3,244													
48	**Total GAR assets**	**80,727**	**66,006**	**381**	**211**	**14**	**24**	**0**	**0**	**–**	**–**	**–**	**–**	**–**	**–**
49	**Assets not covered for GAR calculation**	4,456													
50	Central governments and Supranational issuers	4,372													
51	Central banks exposure	84													
52	Trading book	–													
53	**Total assets**	**85,183**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations														
54	Financial guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER-BASED)

		Disclosure reference date T																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		1)				1a)				1a)				1a)				
			2)				2a)				2a)				2a)			
	Million EUR			3)	5)			3)	5)			3)	5)			3)	4)	5)
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	Financial and Non-financial undertakings																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. Goodwill, commodities etc.)																	
48	**Total GAR assets**	**2**	**0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**66,008**	**381**	**211**	**14**	**24**
49	**Assets not covered for GAR calculation**																	
50	Central governments and Supranational issuers																	
51	Central banks exposure																	
52	Trading book																	
53	**Total assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																		
54	Financial guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
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2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER-BASED)

	Million EUR	Total [Gross] carrying amount	Disclosure reference date T-1												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)					1)				1)			
				2)					2)				2)		
					3)	4)	5)			3)	5)			3)	5)
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	Financial and Non-financial undertakings														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations														
35	Loans and advances														
36	of which loans collateralised by commercial immovable property														
37	of which building renovation loans														
38	Debt securities														
39	Equity instruments														
40	Non-EU country counterparties not subject to NFRD disclosure obligations														
41	Loans and advances														
42	Debt securities														
43	Equity instruments														
44	Derivatives														
45	On demand interbank loans														
46	Cash and cash-related assets														
47	Other categories of assets (e.g. Goodwill, commodities etc.)														
48	**Total GAR assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
49	**Assets not covered for GAR calculation**														
50	Central governments and Supranational issuers														
51	Central banks exposure														
52	Trading book														
53	**Total assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER-BASED)

		Disclosure reference date T-1																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		1)				1)				1)				1)				
			2)				2)				2)				2)			
	Million EUR			3)	5)			3)	5)			3)	5)			3)	4)	5)
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	Financial and Non-financial undertakings																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. Goodwill, commodities etc.)																	
48	**Total GAR assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
49	**Assets not covered for GAR calculation**																	
50	Central governments and Supranational issuers																	
51	Central banks exposure																	
52	Trading book																	
53	**Total assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																		
54	Financial guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Of which environmentally sustainable (Taxonomy-aligned)
2a) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

DENOMINATOR OF THE GAR

As the denominator, the "Total GAR assets" are one of the most important parameters in the GAR calculations.

"Assets excluded from the numerator for GAR calculation (covered in the denominator)" represent the portion of the "Total GAR assets" that are included in the GAR calculations through the denominator, but that are not themselves assessed for EU Taxonomy alignment

NUMERATOR ASSETS

"GAR – Covered assets in both numerator and denominator" represent the portion of the "Total GAR assets" that are included in the GAR calculations through the denominator, but that are not themselves assessed for EU Taxonomy alignment (total in Table 1, row 1, column Total [Gross] carrying amount).

However, the particular feature of the "Local governments financing" exposure is that the financing it includes is only analysed for EU Taxonomy alignment if the financing purpose is clearly known.

ASSETS WITH NO EFFECT ON THE GAR

"Assets not covered for GAR calculation" are completely disregarded in the GAR calculations.

These also include loans and advances to regional/local public authorities, which must be allocated to "Central governments".

OFF-BALANCE SHEET EXPOSURES

Only assets subject to the CSRD were included in off-balance sheet exposures.

2. GAR SECTOR INFORMATION (TURNOVER-BASED)

		Disclosure reference date T															
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)		2)		1)		2)		1)		2)		1)		2)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector – NACE 4 digits level (code and label)		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)
1	Manufacture of wine from grape [11.02]	–	–			–	–			–	–			–	–		
2	Manufacture of motor vehicles [29.10]	12	2			–	–			–	–			2	–		
3	Manufacture of gas [35.21]	6	4			–	–			–	–			–	–		
4	Freight rail transport [49.20]	46	29			–	–			–	–			–	–		
5	Other postal and courier activities [53.20]	62	22			–	–			–	–			0	0		

		Disclosure reference date T											
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		1)		2)		1)		2)		1)		2)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector – NACE 4 digits level (code and label)		Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	Manufacture of wine from grape [11.02]	–	–			–	–			–	–		
2	Manufacture of motor vehicles [29.10]	–	–			–	–			14	2		
3	Manufacture of gas [35.21]	–	–			–	–			6	4		
4	Freight rail transport [49.20]	–	–			–	–			46	29		
5	Other postal and courier activities [53.20]	–	–			–	–			62	22		

1) Non-Financial corporates (Subject to NFRD)
2) SMEs and other NFC not subject to NFRD

3. GAR KPI STOCK (TURNOVER-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to total covered assets in the denominator)			3)	4)	5)			3)	5)			3)	5)			3)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	81.76	0.47	0.26	0.02	0.03	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	1.80	0.14	–	0.01	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	1.80	0.14	–	0.01	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	0.50	0.01	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	1.31	0.13	–	0.01	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (TURNOVER-BASED)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		1)				1)				1)					
			2)				2)				2)				
	% (compared to total covered assets in the denominator)			3)	5)			3)	5)			3)	4)	5)	
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	81.77	0.47	0.26	0.02	0.03	86.36
2	Financial undertakings	–	–	–	–	–	–	–	–	1.80	0.14	–	0.01	–	7.50
3	Credit institutions	–	–	–	–	–	–	–	–	1.80	0.14	–	0.01	–	7.50
4	Loans and advances	–	–	–	–	–	–	–	–	0.50	0.01	–	–	–	2.11
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	1.31	0.13	–	0.01	–	5.39
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (TURNOVER-BASED)

		Disclosure reference date T-1																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
	% (compared to total covered assets in the denominator)	1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (TURNOVER-BASED)

		Disclosure reference date T-1													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
	% (compared to total covered assets in the denominator)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (TURNOVER-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to total covered assets in the denominator)			3)	4)	5)			3)	5)			3)	5)			3)	5)
20	Non-financial undertakings	0.16	0.07	–	0.01	0.03	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	0.16	0.07	–	0.01	0.03	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
24	Households	79.80	0.26	0.26	–	–	–	–	–	–					–	–	–	–
25	of which loans collateralised by residential immovable property	74.15	0.26	0.26	–	–	–	–	–	–					–	–	–	–
26	of which building renovation loans	13.07	0.03	0.03	–	–	–	–	–	–					–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–												
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**81.76**	**0.47**	**0.26**	**0.02**	**0.03**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (TURNOVER-BASED)

	% (compared to total covered assets in the denominator)	Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		1)				1)				1)					
			2)				2)				2)				
				3)	5)			3)	5)			3)	4)	5)	
20	Non-financial undertakings	–	–	–	–	–	–	–	–	0.16	0.07	–	0.01	0.03	0.29
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	0.16	0.07	–	0.01	0.03	0.29
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
24	Households									79.80	0.26	0.26	–	–	78.50
25	of which loans collateralised by residential immovable property									74.15	0.26	0.26	–	–	71.58
26	of which building renovation loans									13.07	0.03	0.03	–	–	12.82
27	of which motor vehicle loans									–	–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	0.06
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	0.06
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**81.77**	**0.47**	**0.26**	**0.02**	**0.03**	**94.77**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (TURNOVER-BASED)

		Disclosure reference date T-1																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to total covered assets in the denominator)			3)	4)	5)			3)	5)			3)	5)			3)	5)
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
24	Households	–	–	–	–	–	–	–	–	–					–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–					–	–	–	–
26	of which building renovation loans	–	–	–	–	–	–	–	–	–					–	–	–	–
27	of which motor vehicle loans																	
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

3. GAR KPI STOCK (TURNOVER-BASED)

		Disclosure reference date T-1														
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
	% (compared to total covered assets in the denominator)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
24	Households									–	–	–	–	–	–
25	of which loans collateralised by residential immovable property									–	–	–	–	–	–
26	of which building renovation loans									–	–	–	–	–	–
27	of which motor vehicle loans									–	–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

KPI STOCK DENOMINATOR

The denominator of the ratios shown in Table 3 is in all cases the "Total GAR assets" in Table 1.

By contrast, the total assets are used as the denominator of the ratios in the column "Proportion of total assets covered" to ensure comparability with the information in Table 0 in the narrative.

4. GAR KPI FLOW (TURNOVER-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to flow of total eligible assets)			3)	4)	5)			3)	5)			3)	5)			3)	5)
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	90.30	1.70	1.43	0.01	0.01	–	–	–	–	–	–	–	–	–	–	–	–
2	Financial undertakings	2.45	0.26	–	0.01	0.01	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	2.45	0.26	–	0.01	0.01	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	0.16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	2.29	0.26	–	0.01	0.01	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

4. GAR KPI FLOW (TURNOVER-BASED)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		1)				1)				1)					
			2)				2)				2)				
	% (compared to flow of total eligible assets)			3)	5)			3)	5)			3)	4)	5)	
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	–	–	–	–	90.31	1.70	1.43	0.01	0.01	9.93
2	Financial undertakings	–	–	–	–	–	–	–	–	2.45	0.26	–	0.01	0.01	1.12
3	Credit institutions	–	–	–	–	–	–	–	–	2.45	0.26	–	0.01	0.01	1.12
4	Loans and advances	–	–	–	–	–	–	–	–	0.16	–	–	–	–	0.06
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	2.29	0.26	–	0.01	0.01	1.06
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–		–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

4. GAR KPI FLOW (TURNOVER-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
	% (compared to flow of total eligible assets)			3)	4)	5)			3)	5)			3)	5)			3)	5)
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–		–
24	Households	87.85	1.43	1.43	–	–	–	–	–	–					–	–	–	–
25	of which loans collateralised by residential immovable property	67.25	1.43	1.43	–	–	–	–	–	–					–	–	–	–
26	of which building renovation loans	26.99	0.25	0.25	–	–	–	–	–	–					–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–												
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**90.30**	**1.70**	**1.43**	**0.01**	**0.01**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

4. GAR KPI FLOW (TURNOVER-BASED)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
	% (compared to flow of total eligible assets)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
20	Non-financial undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–
24	Households									87.85	1.43	1.43	–	–	8.78
25	of which loans collateralised by residential immovable property									67.25	1.43	1.43	–	–	6.68
26	of which building renovation loans									26.99	0.25	0.25	–	–	2.68
27	of which motor vehicle loans									–	–	–	–	–	–
28	Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	0.04
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	0.04
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**90.31**	**1.70**	**1.43**	**0.01**	**0.01**	**9.93**

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

KPI FLOW DENOMINATOR

The denominator of the ratios shown in Table 4 corresponds to the flows in the reporting period within the numerator of the GAR in Table 1 ("GAR – Covered assets in both numerator and denominator").

By contrast, the total assets are used as the denominator of the ratios in the column "Proportion of total assets covered" to ensure comparability with the information in Table 0 in the narrative.

5. KPI OFF-BALANCE SHEET EXPOSURES (STOCK) (TURNOVER-BASED)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
	% (compared to total eligible off-balance sheet assets)	1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

		Disclosure reference date T												
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	% (compared to total eligible off-balance sheet assets)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

KPI STOCK DENOMINATOR

The denominator of the ratios shown in Table 5 Stock is the values listed in Table 1, rows 54 and 55 in the column “Total [gross] carrying amount”.

5. KPI OFF-BALANCE SHEET EXPOSURES (TURNOVER-BASED) (FLOW)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)					1)				1)				1)			
			2)					2)				2)				2)		
% (compared to total eligible off-balance sheet assets)				3)	4)	5)			3)	5)			3)	5)			3)	5)
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

		Disclosure reference date T												
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		1)				1)				1)				
			2)				2)				2)			
% (compared to total eligible off-balance sheet assets)				3)	5)			3)	5)			3)	4)	5)
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
3) Of which Use of Proceeds
4) Of which transitional
5) Of which enabling

KPI FLOW DENOMINATOR

The denominator of the ratios shown in Table 6 Flow is the flows in the reporting period within Table 1, rows 54 and 55 in the column “Total [gross] carrying amount”.

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES

Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

TEMPLATE 2 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) (CAPEX-BASED) (FLOW)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,459	100.00	8,459	100.00	8,459	100.00
8.	**Total applicable KPI**	**8,459**	**100.00**	**8,459**	**100.00**	**8,459**	**100.00**

TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) (CAPEX-BASED) (FLOW)

		Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.26	0	0.26	–	–
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	147	99.73	147	99.68	0	0.06
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**148**	**100.00**	**148**	**99.94**	**0**	**0.06**

TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (CAPEX-BASED) (FLOW)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	7,490	100.00	7,489	99.99	1	0.01
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**7,490**	**100.00**	**7,489**	**99.99**	**1**	**0.01**

TEMPLATE 5 TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES (TURNOVER-BASED) (FLOW)

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	821	100.00
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**821**	**100.00**

TEMPLATE 2 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) (TURNOVER-BASED) (FLOW)

Row	Economic activities	Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,459	100.00	8,459	100.00	8,459	100.00
8.	**Total applicable KPI**	**8,459**	**100.00**	**8,459**	**100.00**	**8,459**	**100.00**

TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) (TURNOVER-BASED) (FLOW)

		Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.28	0	0.28	–	–
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	143	99.72	143	99.71	0	0.00
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**143**	**100.00**	**143**	**100.00**	**0**	**0.00**

TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (TURNOVER-BASED) (FLOW)

		Information in € million and as a percentage					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01	0	0.01	–	–
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	7,495	99.99	7,495	99.99	0	0.00
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**7,496**	**100.00**	**7,496**	**100.00**	**0**	**0.00**

TEMPLATE 5 TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES (TURNOVER-BASED) (FLOW)

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	820	100.00
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**820**	**100.00**

Assurance report

Assurance report of the independent german public auditor on a limited assurance engagement in relation to the group sustainability report

To Bausparkasse Schwäbisch Hall Aktiengesellschaft
– *Bausparkasse der Volksbanken und Raiffeisenbanken* –, Schwäbisch Hall

Assurance Conclusion

We have conducted a limited assurance engagement on the group sustainability report of Bausparkasse Schwäbisch Hall Aktiengesellschaft – *Bausparkasse der Volksbanken und Raiffeisenbanken* –, Schwäbisch Hall, (hereinafter the „Company“) included in section “Schwäbisch Hall Group Sustainability Report 2024” of the group management report, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024 (hereinafter the "Group Sustainability Report"). The Group Sustainability Report has been prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB to prepare a combined non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Report is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, § 315c in conjunction with §§ 289c to 289e HGB to prepare a combined non-financial statement as well as with the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that no matters have come to our attention that cause us to believe:

- that the accompanying Group Sustainability Report does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information to be included in the Group Sustainability Report (hereinafter the “materiality assessment”) is not, in all material respects, in accordance with the description set out in section “Description of the processes to identify and assess material impacts, risks, and opportunities [IRO-1]” of the Group Sustainability Report, or
- that the disclosures set out in section “Required disclosures by the Schwäbisch Hall Group on the EU Taxonomy” of the Group Sustainability Report do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Report" section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibility of the Executive Directors and the Supervisory Board for the Group Sustainability Report

The executive directors are responsible for the preparation of the Group Sustainability Report in accordance with the requirements of the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Group Sustainability Report in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Group Sustainability Report) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Report, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Group Sustainability Report.

Inherent Limitations in the Preparation of the Group Sustainability Report

The CSRD and the relevant German statutory and other European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Group Sustainability Report.

German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Report

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Report has not been prepared, in all material respects, in accordance with the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism.

We also:

- obtain an understanding of the process to prepare the Group Sustainability Report, including the materiality assessment process carried out by the Company to identify the information to be included in the Group Sustainability Report
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Report

- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Report about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Group Sustainability Report, and about the internal controls relating to this process
- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Report
- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain
- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Report
- considered the presentation of the information in the Group Sustainability Report
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Stuttgart, 19 February 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Peter Schüz	sgd. ppa. Robin Aigeldinger
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Consolidated financial statements

Consolidated financial statements as at 31 December 2024

Income statement and statement of comprehensive income

Income statement

in € thousand	(Notes)	01.01.-31.12.2024	01.01.-31.12.2023
Net interest income	(31)	518,721	472,997
Interest income calculated using the effective interest method		1,392,633	1,336,091
Current income		652	572
Interest expenses		-881,303	-872,976
Income from investments in joint ventures using the equity method		6,739	9,310
Net fee and commission income	(32)	-15,131	-18,426
Fee and commission income		109,408	90,327
Fee and commission expenses		-124,539	-108,753
Gains and losses on investments	(33)	97	-100
Other gains or losses on valuation of financial instruments	(34)	-4,076	821
Loss allowances	(35)	-24,333	-21,816
Administrative expenses	(36)	-481,573	-490,518
Other net operating income	(37)	63,203	43,822
Profit or loss before tax from continuing operations		**56,908**	**-13,220**
Income taxes	(38)	-300	18,896
Profit or loss after tax from discontinued operations	(29)	4,936	28,256
Net profit		**61,544**	**33,932**
Attributable to:			
Shareholders of Bausparkasse Schwäbisch Hall		59,094	20,956
Non-controlling interest		2,450	12,976

Statement of comprehensive income

in € thousand	(Notes)	01.01.-31.12.2024	01.01.-31.12.2023
Net profit		**61,544**	**33,932**
Other comprehensive income/loss		**91,941**	**277,882**
Items that may be reclassified to the income statement		**78,690**	**296,324**
Gains and losses on debt instruments at fair value through other comprehensive income		85,191	427,056
Gains (+)/losses (-) arising during the reporting period		85,287	426,956
Gains (+)/losses (-) reclassified to the income statement on disposal		-96	100
Exchange differences on currency translation of foreign operations		3,475	-6,424
Change from discontinued operations[1]		15,774	8,705
Income taxes	(39)	-25,750	-133,013
Items that will not be reclassified to the income statement		**13,251**	**-18,442**
Gains and losses on equity instruments for which the fair value OCI option has been exercised		-2,243	-1,324
Gains and losses arising from remeasure-ments of defined benefit plans		18,842	-25,729
Share of other comprehensive income/loss of equity-accounted joint ventures		53	-48
Income taxes	(39)	-3,401	8,659
Total comprehensive income		**153,485**	**311,814**
Attributable to:			
Shareholders of Bausparkasse Schwäbisch Hall		154,253	294,340
Non-controlling interest		-768	17,474

[1] The change from discontinued operations solely contains effects from currency translation and the recycling of the reserve for exchange differences on currency translation of foreign operations.

Balance sheet

Assets

in € thousand	(Notes)	31.12.2024	31.12.2023
Cash and cash equivalents	(13, 40)	28	27
Loans and advances to banks	(14, 41)	3,333,193	4,459,577
Loans and advances to customers	(14, 42)	67,390,074	66,989,485
Fair value changes of hedged assets in portfolio hedges of interest rate risk	(8)	46	41
Positive fair values of hedging instruments	(15, 43)	10,502	14,896
Investments	(17, 44)	11,027,732	10,226,059
Investments accounted for using the equity method	(18, 44)	98,204	87,938
Intangible assets	(19, 45)	138,111	153,867
Property, plant and equipment and right-of-use assets	(20, 46-48)	91,153	95,238
Current income tax assets	(21, 49)	982	563
Deferred tax assets	(21, 49)	745,426	765,783
Other assets	(22, 50)	76,728	47,473
Loss allowances	(23, 51)	-228,481	-204,333
Assets held for sale	(24, 29)	–	1,732,684
Total assets		**82,683,698**	**84,369,298**

Equity and liabilities

in € thousand	(Notes)	31.12.2024	31.12.2023
Deposits from banks	(25, 52)	9,684,828	9,470,470
Deposits from customers	(25, 53)	62,854,556	64,151,766
Fair value changes of hedged liabilities in portfolio hedges of interest rate risk	(8)	-95,498	-138,105
Issued bonds	(26, 54)	4,109,528	3,030,620
Negative fair values of hedging instruments	(15, 55)	139,372	175,945
Provisions	(27, 56)	1,058,510	1,210,145
Current income tax liabilities	(21, 49)	272,503	264,596
Other liabilities	(22, 57)	247,866	217,550
Liabilities included in disposal groups	(24, 29)	–	1,532,536
Equity	(58)	4,412,033	4,453,775
Subscribed capital		310,000	310,000
Capital reserves		1,486,964	1,486,964
Earned equity		3,508,392	3,532,310
Retained earnings		3,549,298	3,581,355
Net profit		-40,906	-49,045
Reserve from other comprehensive income		-893,749	-973,338
Non-controlling interest		426	97,839
Total equity and liabilities		**82,683,698**	**84,369,298**

Statement of changes in equity

in € thousand	Subscribed capital	Capital reserves	Earned equity	Reserve from fair value OCI equity instruments	Reserve from fair value OCI debt instruments	Currency translation reserve	Shareholders' equity	Non-controlling interests	Total equity
Equity as at 01.01.2023	**310,000**	**1,486,964**	**3,600,144**	**-2,336**	**-1,246,199**	**-15,282**	**4,133,291**	**81,547**	**4,214,838**
Net profit	**–**	**–**	**20,955**	**–**	**–**	**–**	**20,955**	**12,977**	**33,932**
Gains and losses on debt instruments at fair value through other comprehensive income	–	–	–	–	294,043	–	294,043	–	294,043
Gains and losses on equity instruments for which the fair value OCI option has been exercised	–	–	22	-1,346	–	–	-1,324	–	-1,324
Remeasurements of defined benefit plans	–	–	-17,060	–	–	–	-17,060	-10	-17,070
Share of other comprehensive income/loss of equity-accounted joint ventures	–	–	-56	8	–	-6,424	-6,472	–	-6,472
Changes from discontinued operations	–	–	–	–	–	4,198	4,198	4,507	8,705
Total comprehensive income	**–**	**–**	**3,861**	**-1,338**	**294,043**	**-2,226**	**294,340**	**17,474**	**311,814**
Increase in capital reserves attributable to non-controlling interests	–	–	–	–	–	–	–	600	600
Acquisition of non-controlling interests	–	–	-1,695	–	–	–	-1,695	-1,782	-3,477
Profit transferred due to profit and loss transfer agreement	–	–	-70,000	–	–	–	-70,000	–	-70,000
Equity as at 31.12.2023	**310,000**	**1,486,964**	**3,532,310**	**-3,674**	**-952,156**	**-17,508**	**4,355,936**	**97,839**	**4,453,775**
Net profit	**–**	**–**	**59,094**	**–**	**–**	**–**	**59,094**	**2,450**	**61,544**
Gains and losses on debt instruments at fair value through other comprehensive income	–	–	–	–	59,441	–	59,441	–	59,441
Gains and losses on equity instruments for which the fair value OCI option has been exercised	–	–	–	-2,243	–	–	-2,243	–	-2,243
Remeasurements of defined benefit plans	–	–	15,436	–	–	–	15,436	5	15,441
Share of other comprehensive income/loss of equity-accounted joint ventures	–	–	134	-81	–	3,475	3,528	–	3,528
Changes from discontinued operations	–	–	–	–	–	18,997	18,997	-3,223	15,774
Total comprehensive income	**–**	**–**	**74,664**	**-2,324**	**59,441**	**22,472**	**154,253**	**-768**	**153,485**
Changes in the basis of consolidation	–	–	1,418	–	–	–	1,418	-96,645	-95,227
Profit transferred due to profit and loss transfer agreement	–	–	-100,000	–	–	–	-100,000	–	-100,000
Equity as at 31.12.2024	**310,000**	**1,486,964**	**3,508,392**	**-5,998**	**-892,715**	**4,964**	**4,411,607**	**426**	**4,412,033**

The composition of equity is explained in Note 58. The changes from discontinued operations solely contain effects from currency translation and the recycling of the reserve for exchange differences on currency translation of foreign operations.

Cash flow statement

in € thousand	2024	2023
Net profit	**61,544**	**33,932**
Non-cash items included in net profit and reconciliation to cash flows from operating activities		
Depreciation, impairment losses, reversals of impairment losses on assets and other non-cash changes in financial assets and liabilities	85,559	75,691
Non-cash changes in provisions	164,183	233,790
Other non-cash income and expenses	337,443	397,952
Gains and losses on the disposal of assets and liabilities	-4,972	-4,914
Other secondments	-532,709	-519,938
Subtotal	**111,048**	**216,513**
Cash changes in assets and liabilities from operating activities		
Loans and advances to banks	1,104,030	4,312,981
Loans and advances to customers	-376,292	-2,026,737
Other assets from operating activities	14,272	-3,618
Positive and negative fair values of derivative hedging instruments	-2,708	5,676
Deposits from banks	210,418	-943,327
Deposits from customers	-1,494,025	-1,406,560
Issued bonds	1,062,138	513,371
Other liabilities from operating activities	-313,834	-388,125
Interest, dividends and income received from equity-accounted joint ventures	1,308,265	1,245,386
Interest paid	-958,776	-967,201
Income taxes paid	-450	-387
Cash flows from operating activities	**664,086**	**557,972**
Proceeds from disposals of investments	708,827	174,236
Proceeds from disposals of property, plant and equipment	397	2,898
Proceeds from disposal of intangible assets	233	3,013
Payments to acquire investments	-1,374,570	-626,732
Payments to acquire property, plant and equipment	-10,757	-23,410
Payments to acquire intangible assets	-21,158	-27,144
Changes in the basis of consolidation	-21,773	–
Cash flows from investing activities	**-718,801**	**-497,139**

in € thousand	2024	2023
Profit transfer	-70,000	-15,000
Change in cash and cash equivalents from other financing activities	317	-1,161
Cash flows from financing activities	**-69,683**	**-16,161**
Cash and cash equivalents as at 01.01	**124,426**	**79,754**
Cash flows from operating activities	664,086	557,972
Cash flows from investing activities	-718,801	-497,139
Cash flows from financing activities	-69,683	-16,161
Cash and cash equivalents as at 31.12	**28**	**124,426**

Prior-year figures adjusted, see Note 2 Correction of errors

OF WHICH CASH FLOW FROM DISCONTINUED OPERATIONS

in € thousand	2024	2023
Cash and cash equivalents as at 01.01	**124,399**	**79,711**
Cash flows from operating activities	-2,256	28,737
Cash flows from investing activities	-122,143	19,428
Cash flows from financing activities	–	-3,477
Cash and cash equivalents as at 31.12	**–**	**124,399**

Due to the limited informative value of the cash flow statement for credit institutions, it is considered to be of minor importance for the Bausparkasse Schwäbisch Hall Group. The cash flow statement is not used to manage the Bausparkasse Schwäbisch Hall Group's liquidity and financial planning, or as a management tool.

The cash flow statement presents the changes in cash and cash equivalents in the reporting period. Cash and cash equivalents consist of cash on hand and balances with central banks, as well as cash held by non-current assets classified as held for sale and disposal groups. Cash and cash equivalents do not include any investments with residual maturities of more than three months at the date of acquisition. Changes in cash and cash equivalents are allocated to operating activities, investing activities and financing activities.

Cash flows from operating activities comprise cash flows mainly arising in connection with the revenue-producing activities of the Group and other activities that cannot be classified as investing or financing activities. Cash flows related to the acquisition and disposal of non-current assets are allocated to investing activities. Cash flows from financing activities include cash flows arising from transactions with equity owners and from other borrowing to finance business activities.

The liquidity position is satisfactory, with no negative changes compared with the previous year.

Notes to the consolidated financial statements

General disclosures

01 Basis of preparation

Bausparkasse Schwäbisch Hall Aktiengesellschaft, Bausparkasse der Volksbanken und Raiffeisenbanken, Schwäbisch Hall (referred to in the following as Bausparkasse Schwäbisch Hall), is the Bausparkasse der Volksbanken und Raiffeisenbanken and is firmly embedded in the German Cooperative Banking Group. It is a subsidiary of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (DZ BANK).

The registered office and business address of Bausparkasse Schwäbisch Hall is Crailsheimer Strasse 52 in Schwäbisch Hall, Germany. The company is registered in the Commercial Register of the Local Court in Stuttgart, Germany, under the number HRB 570105.

The consolidated financial statements of Bausparkasse Schwäbisch Hall Aktiengesellschaft (referred to in the following as the Schwäbisch Hall Group) for financial year 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union (EU), under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

In addition, the requirements governing publicly traded companies referred to in section 315e (1) of the German Commercial Code (HGB) are applied to Bausparkasse Schwäbisch Hall's consolidated financial statements. Other standards adopted by the Accounting Standards Committee of Germany are observed, insofar as they have been published in the German Federal Gazette (Bundesanzeiger) by the Federal Ministry of Justice and Consumer Protection in accordance with section 342q (2) of the HGB.

Bausparkasse Schwäbisch Hall's consolidated financial statements are included in DZ BANK's consolidated financial statements. DZ BANK prepares the consolidated financial statements of the largest group of affiliated companies to be included in consolidated financial statements and is registered in the Commercial Register of the Local Court in Frankfurt am Main, Germany, under the number HRB 45651.

The financial year is the same as the calendar year. The consolidated subsidiaries have prepared their annual financial statements as at the 31 December 2024 reporting date.

In the interest of clarity, certain items in the balance sheet and the income statement have been aggregated and supplemented with additional disclosures in the notes. Unless otherwise indicated, all amounts are shown in thousands of euros (€ thousand). All figures are rounded to the nearest whole number. This may result in very small discrepancies in the accompanying consolidated financial statements in the calculation of totals and percentages.

The consolidated financial statements of Bausparkasse Schwäbisch Hall have been released for publication by the Management Board following approval by the Supervisory Board on 6 March 2025.

02 Accounting policies and estimates

CHANGES IN ACCOUNTING POLICIES

The financial statements of the entities included in the Bausparkasse Schwäbisch Hall Group's consolidated financial statements have been prepared using uniform accounting policies.

The consolidated financial statements as at 31 December 2024 were prepared in accordance with IFRSs effective as at 31 December 2024 and required to be applied in the EU to the IFRS consolidated financial statements as at 31 December 2024.

AMENDMENTS TO IFRSs APPLIED FOR THE FIRST TIME IN FINANCIAL YEAR 2024

The consolidated financial statements of Bausparkasse Schwäbisch Hall for financial year 2024 apply the following amendments to IFRSs for the first time:

- Amendments to IFRS 16 Leases – *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 1 *Presentation of Financial Statements – Classification of liabilities as current or non-current and Non-current liabilities with covenants*
- Amendments to IAS 7 *Statement of Cash Flows and IFRS 7 Financial Instruments – Disclo-sures: Supplier Finance Arrangements.*

The amendments to IFRS 16 clarify that the leaseback liability from a sale and leaseback transaction with variable payments that do not depend on an index or rate is a lease liability under IFRS 16, that the initial measurement requirements in IFRS 16.100(a) apply to the recognition of the right-of-use asset and the gain or loss on the sale and leaseback, and that the seller/lessee subsequently measures the right-of-use asset from the leaseback by apply-ing IFRS 16.29-35.

The amendments to IFRS 16 do not affect the consolidated financial statements. There are no sale and leaseback transactions in the Bausparkasse Schwäbisch Hall Group.

The amendments to IAS 1 specify how an entity should recognise liabilities and other obligations whose settlement date is uncertain in its balance sheet. The amendments require such liabilities or other obligations to be classified as current if they are expected to be settled with-in one year. Liabilities or other obligations that will only be settled after one year or later must be classified as non-current. The amendments also improve the disclosures that an entity should make when its right to defer settlement of a liability for at least twelve months is subject to covenants.

These amendments to IAS 1 do not affect the consolidated financial statements of Bausparkasse Schwäbisch Hall, as it does not distinguish between current and non-current liabilities.

The amendments to IFRS 16 and IAS 1 are effective for financial years beginning on or after 1 January 2024, although earlier application is permitted.

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments define additional disclosure requirements with regard to supply chain financing. This is intended to make its effects on liabilities, cash flows and liquidity risks more visible. In accordance with IAS 7 and IFRS 7, an entity must in future describe the contractual terms of such financing arrangements, present the balance sheet items and the carrying amounts at the beginning and end of the period, disclose the range of payment deadlines for such arrangements and for other liabilities, and describe risk concentrations. These amendments must be applied for financial years beginning on or after 1 January 2024. The amendments to IAS 7 and IFRS 7 have no impact on the consolidated financial statements of Bausparkasse Schwäbisch Hall.

CHANGES IN IFRSs ENDORSED BY THE EU BUT NOT YET ADOPTED PRIOR TO THE EFFECTIVE DATE

The following IFRS amendments have not been applied voluntarily prior to the effective date:

- Amendments to IAS 21 T*he Effects of Changes in Foreign Exchange Rates – Lack of Ex-changeability*.

The amendments clarify when a currency is exchangeable for another currency and when it is not, how an entity determines the exchange rate to apply when a currency is not exchangeable, and what information an entity must disclose when a currency is not exchangeable.

The amendments to IAS 21 are effective for financial years beginning on or after 1 January 2025. These amendments have no impact on the consolidated financial statements of Bausparkasse Schwäbisch Hall.

AMENDMENTS TO IFRS STANDARDS THAT HAVE NOT YET BEEN ENDORSED BY THE EU

The following new IFRS accounting standards, amendments to accounting standards and clarifications of IFRSs have not yet been adopted by the EU:

- IFRS 18 *Presentation and Disclosure in Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability – Disclosures*
- Amendments to IFRS 9 and IFRS 7 – *Amendments to the Classification and Measurement of Financial Instruments*
- Amendments to IFRS 9 and IFRS 7 – *Contracts Referencing Nature-dependent Electricity*
- *Annual Improvements to IFRS Accounting Standards – Volume 11.*

Bausparkasse Schwäbisch Hall is currently also examining the impact on the consolidated financial statements of the amendments to IFRSs described above.

ACCOUNTING ASSUMPTIONS AND ESTIMATES

Assumptions and estimates must be made in some cases in accordance with the relevant financial reporting standards in order to determine the carrying amounts of assets, liabilities, income and expenses recognised in the consolidated financial statements. They are based on historical experience, projections and – based on current judgements – probable expectations or forecasts of future events. The estimates and assessments themselves as well as the underlying parameters and estimation methods are periodically reviewed and compared with actual events. In our view, the parameters used are appropriate and supportable. Nevertheless, actual results may differ from expectations.

Assumptions and estimates are applied to the fair value measurement of financial assets and liabilities. Determining the fair values of financial assets and financial liabilities is associated with estimation uncertainties if no prices are available on active markets for the financial instruments in question. Estimation uncertainties arise primarily when fair values are determined using valuation techniques that incorporate significant inputs that are not observable in the market. This relates to financial instruments measured at fair value as well as financial instruments measured at amortised cost whose fair values are disclosed in the notes. The assumptions about inputs and valuation techniques used to determine fair values are presented in the disclosures on financial instruments (Notes 59).

When loss allowances are recognised, uncertainties arise with regard to the estimated and assumed amount and timing of future cash flows. Judgement is also required, for example with regard to the economic environment, the financial performance of the counterparty and the value of collateral provided, as factors affecting the amount of loss allowances (Notes 7 and 23).

Provisions in connection with the *Bauspar* business are measured on the basis of simulation models that are subject to substantial assumptions and estimates about future customer behaviour (Note 6). Bausparkasse Schwäbisch Hall adapted its business strategy in response to changes in the market environment and customer behaviour, with the strategic targets of customer retention and new customer acquisition, among other things. As a result, contracts are remaining in the portfolio for longer, in part because some of the portfolio measures taken in the past have been suspended. Therefore, a 15-year observation period is no longer sufficient as a measurement basis for these simulation models. Instead, measurement has to be based on the total contractual period. The forecast period for these simulation models was thus increased from 15 to 50 years. The change in this estimate resulted in additional interest expense of €22 million in the financial year. A comparable annual effect is expected in subsequent years.

Estimates and assumptions also affect the measurement of provisions for employee benefits and other provisions (Note 27) as well as the recognition and measurement of income tax assets and liabilities. Estimation uncertainty in connection with provisions for employee benefits primarily results from defined benefit pension obligations, the measurement of which is significantly influenced by actuarial assumptions. Actuarial assumptions include numerous long-term forward-looking factors such as salary and pension trends or future average life expectancies. Cash outflows that actually occur in the future due to circumstances for which other provisions were recognised may differ from the expected utilisation.

The deferred tax assets and liabilities disclosed in Note 21 are measured on the basis of estimates of future taxable income of the taxable entities and estimates of tax-relevant matters.

Climate-related issues impact the known assumptions and estimates. No other estimation uncertainties arise in determining the carrying amounts of assets and liabilities and income and expenses. Estimation uncertainty and the associated judgement in climate-related issues generally arise when determining the fair values of financial assets and financial liabilities and when determining impairment losses on financial assets. When determining the fair values of financial assets and financial liabilities and for impairment losses on financial assets, no explicit adjustments were made in the financial year because of climate related issues. However, climate-related issues are implicitly taken into account in the relevant models. The consideration of climate-related issues in the impairment of financial assets in the reporting period is explained in the context of impacts of macroeconomic developments in note 65.

DISCLOSURE OF PRIOR PERIOD ERRORS

Cash flow statement for the period 1 January to 31 December 2023

The 2023 cash flow statement was adjusted due to the correction of an error. As part of the adjustment, non-cash changes within cash flows from operating activities, which were previously allocated to derivative hedging instruments, were reported in the "balance of other adjustments" within non-cash changes.

The adjustments made for financial year 2023 did not have any impact on the consolidated balance sheet, net profit or the statement of comprehensive income. Cash flow from discontinued operations is not affected by corrections of errors. There was no adjustment for financial year 2023.

in € thousand	2023 before adjustment	Adjustment	2023 after adjustment
Net profit	**33,932**	**–**	**33,932**
Non-cash items included in net profit and reconciliation to cash flows from operating activities			
(…)			
Other secondments	-561,157	41,219	-519,938
Subtotal	**175,294**	**41,219**	**216,513**
Cash changes in assets and liabilities from operating activities			
(…)			
Positive and negative fair values of derivative hedging instruments	46,895	-41,219	5,676
(…)			
Cash flows from operating activities	**557,972**	**–**	**557,972**
(…)			
Cash flows from investing activities	**-497,139**	**–**	**-497,139**
(…)			
Cash flows from financing activities	**-16,161**	**–**	**-16,161**

03 Basis of consolidation

In addition to Bausparkasse Schwäbisch Hall as the parent company, the consolidated financial statements of Bausparkasse Schwäbisch Hall for the year ended 31 December 2024 include all subsidiaries that are directly or indirectly controlled by Bausparkasse Schwäbisch Hall AG, including structured entities. Subsidiaries are generally included in the basis of consolidation from the date on which Bausparkasse Schwäbisch Hall obtains control of the investee. In assessing whether control exists, judgement is required in some cases, whereby all relevant facts and circumstances are taken into account. This applies in particular to the consideration of principal-agent relationships in which the Schwäbisch Hall Group acts as the initiator.

As in the past year, the Schwäbisch Hall Group consists of five subsidiaries, Schwäbisch Hall Kreditservice GmbH, Schwäbisch Hall (referred to in the following as SHK), Schwäbisch Hall Facility Management GmbH, Schwäbisch Hall (referred to in the following as SHF), Schwäbisch Hall Wohnen GmbH, Schwäbisch Hall (referred to in the following as SHW) and BAUFINEX GmbH, Schwäbisch Hall (referred to in the following as BAUFINEX), as well as the specialised fund UIN Union Investment Institutional Fund No. 817, Frankfurt am Main (referred to in the following as UIN Fund No. 817).

In March 2024, the disposal of the investment in Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt., Budapest, to MBH Bank Nyrt., Budapest, was completed after approval by the Hungarian banking supervisory and antitrust authorities and the subgroup was deconsolidated after control was lost (see note 29).

Prvá stavebná sporiteľňa, a. s., Bratislava (referred to in the following as PSS) and Zhong De Zuh Fang Chu Xu Yin Hang (Sino-German-Bausparkasse) Co. Ltd., Tianjin, (referred to in the following as SGB) are joint ventures that are jointly controlled with at least one other non-Group company and are accounted for using the equity method. Bausparkasse Schwäbisch Hall has joint control if it is contractually that decisions about the relevant activities of the arrangements require the unanimous consent of the parties sharing control.

The list of shareholdings in accordance with section 315e (1) in conjunction with section 313 (2) of the HGB is a component of the notes and disclosed in Note 79.

04 Consolidation methods

The financial information in the consolidated financial statements contains data relating to the parent company, including its consolidated subsidiaries, and presented as a single economic entity.

Investees are generally included in the basis of consolidation from the date on which Bausparkasse Schwäbisch Hall obtains control of the investee. Under IFRS 10, Bausparkasse Schwäbisch Hall controls an investee if, regardless of the nature of its involvement, it directly or indirectly obtains power over the investee, is thereby exposed to significantly variable returns from the investee and, through its power, is able to affect the level of those variable returns from the investee and to direct the relevant activities of the investee.

If voting rights are relevant and if there are no contractual agreements to the contrary, the Group controls an entity if it directly or indirectly holds more than half of the voting rights in the entity. When assessing control, potential voting rights are also taken into account insofar as they are considered to be substantial.

Specialised investment funds and other structured entities are included as subsidiaries in the consolidated financial statements in accordance with the standard criteria set out in IFRS 10. They are also considered to be consolidated structured entities as defined by IFRS 12 Disclosure of Interests in Other Entities. Under IFRS 12, structured entities are entities that are designed in such a way that voting or similar rights are not the dominating factor in deciding who controls the entity. Rather, the existence of control depends on the ability to unilaterally determine the relevant business activity through contractual arrangements.

The group of subsidiaries to be included is reviewed every year.

The consolidated financial statements are prepared using uniform accounting policies for like transactions. The consolidated subsidiaries prepare their annual financial statements as at the reporting date.

Intercompany assets and liabilities as well as intercompany income and expenses are eliminated. Intercompany profits or losses from transactions within the Group are also eliminated. To consolidated subsidiaries in the consolidated financial statements, the carrying amount of the interest in the subsidiary is eliminated against the parent company's share of the equity of the subsidiary in question. Interests in the equity of subsidiaries that are not attributable to the parent company are reported in equity as non-controlling interests.

At the time when the Bausparkasse loses control over a subsidiary, the assets and liabilities of the former subsidiary and the carrying amount of any non-controlling interests in the former subsidiary are derecognised. The fair value of the consideration received is recognised at the same time. The gain or loss arising in connection with the loss of control is recognised in profit or loss.

Interests in joint ventures and associates are generally accounted for using the equity method and reported in the balance sheet item "Investments accounted for using the equity method". The financial statements of the equity-accounted investments method are prepared as at the reporting date of the parent entity.

Under the equity method, investments in joint ventures and associates held by the Bausparkasse Group are initially recognised at cost, and the carrying amount is subsequently increased (or decreased) by the Group's share of any profit or loss for the year or other changes in net assets of the joint venture or associate concerned.

If significant influence over a joint venture or associate is lost, the gain or loss on disposal of the investment accounted for using the equity method is recognised in profit or loss.

05 Currency translation

All monetary assets and liabilities and unsettled spot transactions are translated at the closing rate into the relevant functional currency of the entities in the Schwäbisch Hall Group. Holdings of foreign notes and coin are translated using the currency buying rate on the reporting date. Non-monetary assets and liabilities are translated using the measure applied to them. Non-monetary assets and liabilities measured at amortised cost are translated using the historical exchange rate. Non-monetary assets measured at fair value are translated using the closing rate. As a general rule, income and expenses are translated using the exchange rate on the date of their initial recognition in profit or loss.

If the functional currency of the subsidiaries and joint ventures included in the consolidated financial statements of the Schwäbisch Hall Group differs from the euro, which is the Group reporting currency, all assets and liabilities are translated using the closing rate and items of equity are translated at historical rates. The resulting difference is reported in the currency translation reserve. Income and expenses are translated using average exchange rates. The functional currency of the entities included in the consolidated financial statements is predominantly the Group reporting currency, which is the euro.

06 Bausparen

The conclusion of a *Bauspar* contract is economically comparable to an interest rate hedge. By concluding the contract, the *Bauspar* customer acquires the right to a loan at a guaranteed rate of interest. The Schwäbisch Hall Group functions in this regard as the option writer who, after the preconditions for allocation have been met and after the savings phase has concluded, must extend the loan if this right is exercised.

EMBEDDED DERIVATIVES

The cycle of a *Bauspar* contract essentially comprises the savings and allocation phase in the form of a financial liability, as well as the repayment phase in the form of a financial asset. All phases are characterised by diverse option rights that cannot be separated from the host contract. Accordingly, the *Bauspar* contract qualifies as a hybrid contract under IFRS 9.

IFRS 9 does not provide for any separation of the embedded derivative if the host contract relates to a financial asset. Embedded derivatives that have been combined with a non-derivative financial liability (host contract) into a compound financial instrument must generally be separated from the host contract and accounted for and measured separately if their economic characteristics and risks are not closely related to those of the host contract, if a separate instrument with the same terms would meet the definition of a derivative and if the overall instrument is not measured at fair value through profit or loss. If all of those requirements are not met, the embedded derivative may not be separated from the host contract.

The value of material embedded options of the *Bauspar* contract in the savings and allocation phase, such as a loan option, termination rights or savings intensity, depends on changes in market interest rates, in line with changes in the value of the host contract. The exercise price of the options generally corresponds to the cost of the host contract, to the extent that the embedded derivatives are not separated and accounted for separately. Additionally, the exercise of possible options is determined by a multitude of parameters that cannot be reliably determined and quantified. The influence of economic and behavioural factors on the loan waiver rate is demonstrable but not quantifiable. In addition to fiscal policy and economic factors, the value of options is also determined in particular by subjective behavioural patterns of the *Bauspar* customers. Decisions by *Bauspar* customers based on personal preferences cannot be reliably predicted and measured.

BAUSPAR DEPOSITS

Bauspar deposits are classified as financial liabilities measured at amortised cost (AC) and are initially recognised as a liability at the fair value of the consideration received. They are subsequently measured at amortised cost using the effective interest rate method.

The calculation of the effective interest rate includes all directly attributable fees and other remuneration paid or received that must be taken into account for reasons of materiality. These primarily include fees received from the conclusion of a *Bauspar* contract or an increase in the *Bauspar* sum and the directly related brokerage commissions.

Depending on their personal preferences, the *Bauspar* customer is granted the ability to influence the performance of their *Bauspar* deposits, and thereby the allocation of the *Bauspar* loan, via special savings contributions or by reducing contributions to a savings scheme.

The *Bauspar* customer is guided in the decision on exercising this option by market interest rate trends. If market interest rates are higher than the credit balance interest rate for the *Bauspar* deposit, a rationally acting *Bauspar* customer will use alternative forms of investment on the market and not make any special contributions. If the option is exercised, the level of the *Bauspar* deposit and the level of interest changes.

BAUSPAR LOANS, ADVANCE FINANCING AND BRIDGE FINANCING LOANS

The legally strictly regulated system of *Bausparen* is a closed loop consisting of payments made into a savings account by the *Bauspar* customers and repayments by the borrowers, which generates funds to issue housing financing and is independent of the capital markets. Accordingly, the Schwäbisch Hall Group extends housing financing with the goal of collecting the cash flows up to the maturity of the loan.

Bauspar loans are issued if the preconditions for allocation are met. The *Bauspar* loan is repaid via a minimum monthly instalment, while special repayments of principal are possible at any time and in any amount. These special repayments of principal do not negatively impact cash flows as they only cover unpaid repayments and interest on the outstanding amount.

Collective funds are lent for advance financing and bridge financing to the extent permitted by law. Advance financing loans cover periods until the minimum *Bauspar* contractual sum is reached and the *Bauspar* loan is allocated; bridge financing is granted when the minimum *Bauspar* contractual sum has been reached but the allocation has not yet happened. Advance or bridge financing loans are replaced by *Bauspar* loans once the minimum *Bauspar* contractual sum is reached and allocation occurs. Until the advance payment loan is replaced by the *Bauspar* loan, the cash flows represent interest payments on the principal amount outstanding. The replacement of the loans corresponds to the repayment of the principal amount.

Because of their allocation to the “hold” business model and the fulfilment of cash flow criteria, *Bauspar* loans and advance and bridge financing loans are classified as financial assets measured at amortised cost (AC) and are measured at amortised cost using the effective interest rate method.

BONUSES/*BAUSPAR*-SPECIFIC PROVISIONS

If various requirements are met, the *Bausparkasse’s* tariff conditions provide bonuses for *Bauspar* customers in the form of a refund of parts of the contract fee or in the form of bonus interest on deposits. The bonuses constitute separate payment obligations and are measured and recognised in accordance with IAS 37.

According to the tariff conditions of the *Bausparkasse*, grants of bonuses to the *Bauspar* customers is linked to the occurrence of various conditions, such as choice of the interest incentive option by the *Bauspar* customer, the observance of a waiting period that, if this option is chosen, begins on the measurement date on which the target measurement figure and a certain minimum savings deposit are reached, the *Bauspar* contract reaching a minimum term and a loan waiver after allocation of the loan.

To measure these options, *Bauspar*-specific simulation models (technical simulation models for *Bauspar* business) that forecast the future behaviour of *Bauspar* customers are deployed to measure *Bauspar*-specific provisions. Parameterisation of the collective simulation, including the probabilities that *Bauspar* customers will exercise the options, is performed using the exercise ratio from previously observed customer behaviour and current market interest rate trends. The results of the collective simulations are cash flow projections that are used to measure the *Bauspar*-specific provisions. These cash flow projections are made for a projection period of 50 years at portfolio level. Uncertainty in the measurement of provisions can result from the extent to which the assumptions about future customer behaviour projected by the collective simulation will apply in the future, taking interest rate scenarios and management's estimates into consideration.

Unconditional bonuses in the form of additional interest credits are accounted for as a component of the amortised cost of *Bauspar* deposits under IFRS 9.5.3.1 in conjunction with IFRS 9.4.2.1.

FEES AND COMMISSIONS

Contract fees represent income that, on the basis of the terms and conditions of the *Bausparkassen* of the Schwäbisch Hall Group, is directly connected with the initiation of a *Bauspar* contract and is therefore generally included in the effective interest rate calculation and amortised over the maturity of the *Bauspar* contract (IFRS 9.B5.4.1).

Brokerage commissions reward different services depending on the fee and commission system. Under IFRS 9.B5.4.1 in conjunction with IFRS 9.B5.4.8, the effective interest rate calculation only includes additional, directly attributable transaction costs incurred that are directly connected with the purchase or sale of a financial asset or a financial liability. This means that brokerage commissions paid, in line with their purpose, for information services and general or future support services, or general lead provision, are not measured as transaction-related even if they were paid because of the conclusion of a contract. Equally, additional fee and commission payments and fee and commission refunds resulting from fee and commission systems with quality components (savings-related) also represent transaction costs to be included in the effective interest rate calculation.

The amortisation period of the balance of contract fees and transaction costs generally covers the savings period up to the allocation of the *Bauspar* contract or its early termination.

Other commissions, for example from tariff changes, contract transfers or the calculation of prepayment penalties, are immediately recognised in profit or loss under IFRS 15 after the service has been performed.

FAIR VALUE

The fair value of financial instruments is calculated by reference to active markets. If there are no active markets, fair value can be calculated by applying valuation techniques, for example by a comparison with the current fair value of another essentially identical financial instrument or by using discounted cash flows or option pricing models.

For collectively financed building loans and *Bauspar* deposits, there is neither an active market nor are there comparable fair values of essentially identical financial instruments. First, the number of providers of the specialised *Bauspar* contract product is very limited; permission to operate as a *Bausparkasse* is subject to comprehensive statutory requirements. Second, there is considerable variety in the tariff versions of the *Bausparkassen*. Furthermore, *Bauspar* contracts contain a considerable number of potential options, which are exercised depending on a number of fiscal policy, economic and subjective parameters that cannot be reliably determined and quantified.

Calculating fair value using measurement models, particularly interest rate option models or discounted cash flow analyses, is based on the assumption of ideal circumstances. However, the assumption of a financially rational *Bauspar* customer ignores real-world conditions.

Particularly in the savings period, *Bauspar* contracts offer a wide range of options. The right of the *Bauspar* customer to vary the contributions to a savings scheme to a limited extent means it is difficult to assess the observation period. This is defined as the savings phase until the *Bauspar* contract is ready for allocation. Readiness for allocation is not an event that is dependent solely on individual saving behaviour. Rather, its occurrence depends on the relevant collective development. The identified uncertainties open up broad discretion when defining calculation parameters. In this respect, this option alone leads to the impossibility of an informed and clear quantification of the payment period and the relevant payment amount.

In contrast to other building loans with a special principal repayment right, *Bauspar* loans are not connected with an obligation to pay a prepayment penalty. The fair value of *Bauspar* loans is particularly influenced by the value of the special principal repayment option. The option value itself is significantly dependent on the market interest rate and therefore on possible aspects of refinancing. *Bauspar*-specific technical simulation models can provide support when estimating the behaviour of *Bauspar* customers. They forecast saving and repayment behaviour as well as loan waiver rates, i.e. the development in the *Bauspar* collective (probabilities of behaviour) based on past experience and current market parameters. The *Bauspar*-specific technical simulation models work with a variety of default parameters to structure new business for subsequent periods that does not yet exist as at the reporting date. The inflow of new savings as a source of refinancing and steady new business are conditions for the authorisation of the Bausparkassen. However, the fair value analysis only takes account of assets and liabilities that are eligible for recognition at the reporting date, which corresponds to the settlement case of a Bausparkasse. To this extent, the results of the *Bauspar*-specific technical simulation models cannot be used for the purposes of calculating fair value as defined by IFRS 13.

The fair values for the collective *Bauspar* business are not disclosed. However, in order to provide decision-useful information, the balance of the carrying amounts of *Bauspar* deposits and *Bauspar* loans is compared with the present value of the collective, derived from the *Bauspar*-specific simulation model.

For the non-collective financing business of the Schwäbisch Hall Group, a fair value measurement based on a discounted cash flow (DCF) can be performed based on identified cash flows. The present value is determined using a risk-free interest rate (swap curve against 6 month Euribor) and taking risk costs into account. The fixed interest rate period serves as the observation period. After the fixed interest period expires, the borrower has the right to repay the loan. For advance and bridge financing loans, the date of allocation of the replacement *Bauspar* loan is decisive. This is dependent on the relevant collective development and individual savings behaviour, where relevant.

SIGNIFICANT RESTRICTIONS

The business activity of *Bausparkassen* is subject to a special legal framework (BauSpkG), which leads to the fact that, in addition to business activities, assets, liabilities and, to a limited extent, retained earnings accounted for in the context of *Bausparen* (see Note 58) are subject to restrictions in the form of earmarking. Restrictions also exist due to earmarking of non-collective refinancing funds, assignments of assets as collateral and the pledging of assets.

07 Financial Instruments

CLASSES OF FINANCIAL INSTRUMENTS

Financial assets measured at fair value through profit or loss (fair value PL)

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are classified as "financial assets measured at fair value through profit or loss".

Financial assets mandatorily measured at fair value through profit or loss

The item "Financial assets mandatorily measured at fair value through profit or loss" comprises financial assets that do not meet the cash flow condition under IFRS 9 or that are acquired with a view to short-term resale. These are derivative financial instruments (interest rate swaps) that are not designated as hedging instruments in effective hedging relationships.

All changes in the fair value of financial assets in this category are recognised in profit or loss.

Financial assets measured at fair value through other comprehensive income (fair value OCI)

This category comprises the following subcategories:

Financial assets mandatorily measured at fair value through other comprehensive income

Financial assets are classified in this subcategory if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of a financial asset must give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("cash flow condition").

These financial assets consist exclusively of debt instruments because of the cash flow condition. They must be measured at fair value. Interest income, impairment losses and currency translation effects are recognised in profit or loss. Differences between amortised cost and fair value are recognised in other comprehensive income. The amounts recognised in other comprehensive income must be reclassified ("recycled") to the income statement upon disposal.

Financial assets designated at fair value through other comprehensive income (fair value OCI option)

There is an irrevocable option to designate equity instruments upon acquisition as "financial assets at fair value through other comprehensive income" (fair value OCI option). Except for dividends that do not represent recovery of an investment, changes in fair value are recognised in other comprehensive income. There is no subsequent recycling of accumulated other comprehensive income to the income statement – for example due to the disposal of the instrument. Rather, after disposal of these equity instruments, the accumulated other comprehensive income is reclassified to retained earnings. The fair value OCI option can generally only be exercised for equity instruments that are not held for trading and do not constitute contingent consideration recognised by the acquirer in a business combination under IFRS 3.

Financial assets measured at amortised cost (AC)
Financial assets are classified in this category if they are held in accordance with a business model whose objective is achieved by holding financial assets to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets in this category solely comprise debt instruments because of the cash flow criterion. They are measured at amortised cost using the effective interest method. Interest income, impairment losses and currency translation effects are recognised in profit or loss.

Financial liabilities measured at fair value through profit or loss (fair value PL)
Financial liabilities that are not measured at amortised cost are classified as "Financial liabilities measured at fair value through profit or loss".

Financial liabilities mandatorily measured at fair value through profit or loss
The item "Financial liabilities mandatorily measured at fair value through profit or loss" comprises financial liabilities that are issued with the intention of repaying them in the near future. To this end, these financial liabilities must be part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or that are derivatives that are not designated as derivatives in effective hedging instruments.

All changes in the fair value of "Financial liabilities mandatorily measured at fair value through profit or loss" are recognised in profit or loss.

Financial liabilities measured at amortised cost (AC)
Financial liabilities are classified as "Financial liabilities measured at amortised cost" for measurement subsequent to initial recognition. Exception: "Financial liabilities measured at fair value through profit or loss", financial liabilities that arise if a transfer of a financial asset does not meet the condition for derecognition or is accounted for based on continuing involvement, financial guarantee contracts, loan commitments with an interest rate below the market interest rate and contingent consideration recognised by the acquirer in a business combination under IFRS 3.

OTHER FINANCIAL INSTRUMENTS

Hedging instruments
The designation of derivative and non-derivative financial assets and liabilities as hedging instruments is governed by IFRS 9 and IAS 39. The recognition and measurement of these hedging instruments is presented in Notes 8 and 15.

INITIAL RECOGNITION AND DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES
Derivatives are initially recognised and derecognised at the trade date. Regular way purchases and sales of non-derivative financial assets are generally recognised and derecognised using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in accordance with the category of the financial instrument.

All financial instruments are generally measured at fair value at initial recognition. Financial assets or liabilities not measured at fair value through profit or loss are recognised plus or minus transaction costs that are directly attributable to the acquisition or issuance of the financial asset or liability.

Differences between transaction prices and fair values calculated using valuation techniques that are based solely on observable market data are recognised in profit and loss at initial recognition. There are no differences to be recognised in future financial years between transaction prices and fair values that are calculated using valuation techniques incorporating a significant input not observable in the market.

Financial assets are derecognised if the contractual rights to the cash flows from the financial assets expire or these rights have been transferred to third parties and substantially no risks or rewards of ownership of the financial assets are retained. If the criteria for derecognising financial assets are not satisfied, the transfer to third parties is recognised as a collateralised loan. Financial liabilities are derecognised if the contractual obligations have been discharged or cancelled or expire.

Gains or losses on derecognition of financial assets measured at amortised cost are presented as a separate item in the income statement.

IMPAIRMENTS UNDER IFRS 9

IFRS 9 impairment losses relate to financial assets that are debt instruments as well as financial guarantee contracts and loan commitments. By contrast, equity instruments do not fall within the scope of the IFRS 9 impairment model. Impairment losses are recognised for the following financial assets:

- financial assets in the IFRS 9 category "Financial assets measured at amortised cost"
- financial assets (debt instruments only) in the IFRS 9 category "Financial assets measured at fair value through other comprehensive income"
- loan commitments where there is a current legal obligation to grant credit (irrevocable loan commitments), provided they are not measured at fair value through profit or loss
- financial guarantee contracts, provided they are not measured at fair value through profit or loss
- lease receivables and
- trade receivables and contract assets that fall within the scope of IFRS 15.

All financial assets are generally assigned to Stage 1 at the time of acquisition. The only exception is purchased or originated credit-impaired (POCI) financial assets. Loss allowances for assets in Stage 1 must, as a minimum, be recognised in an amount equal to the 12-month expected credit loss. The loss allowance for "Financial assets measured at amortised cost" is reported in Loss allowances on the assets side of the balance sheet. For "Financial assets measured at fair value through other comprehensive income", it is measured in the Reserve from other comprehensive income on the equity and liabilities side. The provision for loan commitments and financial guarantee contracts is reported under provisions under equity and liabilities.

At each reporting date, assets are assigned to Stage 2 if their credit risk has significantly increased since first-time recognition but there is no objective evidence of impairment that would require assignment to Stage 3. The review of whether there has been a significant increase in credit risk compared with the credit risk at the time of acquisition is performed using quantitative and qualitative analyses. For these assets, impairment is measured as the amount of lifetime expected credit losses.

For the sake of simplification, it can be assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument has a low credit risk at the reporting date (low credit risk exemption). The low credit risk exemption was not applied by Bausparkasse Schwäbisch Hall to loans and hence also to borrower's note loans.

Financial assets that are deemed to be impaired on the basis of objective evidence are assigned to Stage 3. For these assets, impairment is measured as the amount of lifetime expected credit losses.

Financial assets subject to IFRS 9 impairment requirements must be reviewed at every reporting date to establish whether one or more events have occurred that have a sustained impact on the estimated future cash flows of that financial asset.

Purchased or originated credit-impaired assets (POCI) are initially recognised at their carrying amount less the lifetime expected credit losses and amortised using a risk-adjusted effective interest rate. At the reporting date, only the cumulative changes to the lifetime expected credit losses since initial recognition are recognised as an impairment loss. No stage transfer is intended for these assets. More detailed explanations on the impairment of financial assets can be found in Note 65.

CLASSES OF FINANCIAL INSTRUMENTS

Financial instruments within the scope of IFRS 7 are assigned to the classes of financial instruments presented in the following for disclosures about the significance of the financial instruments for the net assets, financial position and results of operations.

Classes of financial assets

Financial assets measured at fair value

The class of financial assets measured at fair value contains financial assets in the following IFRS 9 categories:

- "Financial assets mandatorily measured at fair value through profit or loss"
- "Financial assets measured at fair value through other comprehensive income" with the subcategories "Financial assets mandatorily measured at fair value through other comprehensive income" and "Financial assets designated at fair value through other comprehensive income" ("fair value OCI option").

In addition to the financial assets in the categories outlined above, the class of financial assets measured at fair value also includes positive fair values of hedging instruments.

Financial assets measured at amortised cost

The class of financial assets measured at amortised cost includes in particular loans and advances to banks and customers measured at amortised cost, investments measured at amortised cost.

Classes of financial liabilities

Financial liabilities measured at fair value
Financial liabilities in the category "Financial liabilities mandatorily measured at fair value through profit or loss" and negative fair values of hedging instruments form the class of financial liabilities measured at fair value.

Financial liabilities measured at amortised cost
The class of financial liabilities measured at amortised cost is identical to the category of financial liabilities of the same name.

Financial guarantee contracts and loan commitments
This class combines provisions for financial guarantee contracts and loan commitments falling with the scope of IAS 37.

08 Hedge accounting

GENERAL REMARKS ON HEDGE ACCOUNTING

Interest rate risk in financial instruments is hedged as part of the risk management strategy.

Hedging relationships are designated to eliminate or reduce any accounting mismatches between the hedged items and the hedging instruments used that arise from hedging this risk. In accordance with the option in IFRS 9.6.1.3, portfolio hedges are accounted for under IAS 39.

FAIR VALUE HEDGES

Fair value hedge accounting is designed to offset changes in the fair value of hedged items through opposite changes in the fair value of hedging instruments. To do this, changes in the fair value of the hedged items attributable to the hedged risk and changes in the fair value of the hedging instruments are recognised in profit or loss. The hedging relationships are portfolio hedges.

Hedged items in the category "Financial assets measured at amortised cost" and "Financial liabilities measured at amortised cost" are measured in accordance with the general measurement principles for these financial instruments and their carrying amount is adjusted by the change in fair value attributable to the hedged risk. Hedged items in the category "Assets mandatorily measured at fair value through other comprehensive income" are measured at fair value, with only changes in fair value in excess of the hedged changes being recognised in other comprehensive income. Interest income and expenses resulting from hedged items and hedging instruments is recognised in net interest income.

The cumulative changes in the fair value of the portfolio of financial assets resulting from fair value portfolio hedges of interest rate risk and attributable to the hedged risk are presented in the balance sheet item "Fair value changes of hedged assets in portfolio hedges of interest rate risk", and cumulative changes in the fair value of the portfolio of financial liabilities are presented in the balance sheet item "Fair value changes of hedged liabilities in portfolio hedges of interest rate risk".

In the case of effective hedges, the changes in fair value attributable to the hedged risk and recognised in profit or loss are fully offset over the term of the hedging relationship. The changes in fair value recognised in the carrying amount of the hedged items are amortised to profit or loss no later than when the hedging relationship is terminated.

09 Repurchase agreements

Repurchase agreements are collateralised transactions in which the transferor and the transferee agree to sell and subsequently repurchase securities at a fixed price and time. The risks and rewards from securities sold under repurchase agreements remain entirely with the transferor, insofar as the transactions are genuine repurchase agreements. Securities sold under repurchase agreements as a transferor (repos) continue to be recognised in the consolidated balance sheet because they do not meet the IFRS 9.3 ff. derecognition criteria. A corresponding liability is recognised in the amount of the purchase price received.

Cash collateral provided under repurchase agreements is recognised as a receivable and cash collateral received is recognised as a liability.

The repo rate is reported in net interest income.

10 Collateral

Assets pledged as collateral in the form of cash collateral result in the recognition of receivables. There is no change in the recognition of other assets pledged as collateral. Matching liabilities are recognised for cash collateral received. Other financial and non-financial assets received as collateral are not recognised unless they are received in connection with the realisation of collateral or are foreclosed assets.

11 Leases

THE SCHWÄBISCH HALL GROUP AS LESSOR

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset from the lessor to the lessee. If substantially all the risks and rewards stay with the lessor, it is an operating lease.

A receivable from the lessee is recognised if a lease is classified as a finance lease. The receivable is measured at the net investment in the lease at the inception date of the lease. The lease payments received are classified into a principal portion and an interest portion. The interest portion is recognised as interest income on the basis of the interest rate implicit in the lease to produce a constant periodic rate of return, while the principal portion reduces the recognised receivable.

If a lease is classified as an operating lease, beneficial ownership of the underlying asset remains with Schwäbisch Hall Group companies. Underlying assets are reported as assets. Underlying assets are measured at cost and reduced by depreciation and impairment losses. Unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished, lease payments are recognised on a straight-line basis over the term of the lease and reported in net other operating income.

THE SCHWÄBISCH HALL GROUP AS LESSEE

The lessee recognises a right-of-use asset and a corresponding lease liability for all leases. Exceptions to apply only to short-term leases with a term from the commencement date of less than one year and for leases of low-value assets with a new acquisition value of up to €5,000 net, for which the lease payments are recognised as expenses.

The amount of the right-of-use asset at the date of initial recognition generally corresponds to the amount of the lease liability. The right-of-use asset is measured at amortised cost in subsequent periods. Right-of-use assets are generally depreciated using the straight-line method over the entire lease term, with depreciation charges recognised in administrative expenses.

Lease liabilities are measured at the present value of future lease payments and are reported in other liabilities. The lease payments are classified into a principal portion and an interest portion. The interest portion is recognised as interest expense on the basis of the interest rate implicit in the lease or the lessee’s incremental borrowing rate, while the principal portion reduces the liability.

The Schwäbisch Hall Group exercises the practical expedient not to separate non-lease components from lease components and instead to account for the entire lease as a single lease component.

12 Income

INTEREST AND DIVIDENDS

Interest is recognised on an accrual basis. If the effective interest method is used to accrue interest income, that income is reported as interest income calculated using the effective interest method.

The cash flows used to calculate the effective interest rate take into account contractual arrangements in connection with the relevant financial assets and financial liabilities.

Premiums and discounts are reversed using a constant effective interest rate over the term of the financial instruments. Additional directly assignable transaction costs are included in the calculation of the effective interest rate if they are directly connected with the acquisition or disposal of a financial asset or liability. This includes in particular contract fees and commissions received that are directly connected with the initiation of *Bauspar* contracts and commitment fees for loans.

Dividends are recognised as soon as a legal entitlement to payment is established.

Interest income from and interest expenses for derivative financial instruments that were entered into for purposes other than trading are reported in net interest income.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when the underlying service has been performed, it is probable that the future economic benefits will flow to the entity and the amount of revenue can be reliably measured.

Revenue from contracts with customers relates to fee and commission income and other operating income.

Fees and charges that represent an integral component of the effective interest rate are excluded from the scope of IFRS 15 and are accounted for under IFRS 9, regardless of whether the financial assets are measured at fair value or at amortised cost.

13 Cash and cash equivalents

Cash on hand, balances with central banks and debt instruments issued by public institutions are reported as cash and cash equivalents.

Cash on hand comprises cash denominated in euros and foreign currencies, which are measured at the principal amount or translated using the closing rate. Balances with central banks and debt instruments issued by public institutions are assigned to the category "Financial assets measured at amortised cost (AC)". Interest income on these balances is recognised as interest income from lending and money market business.

14 Loans and advances to banks and customers

All demand and term loans and advances from lending and money market business, promissory note loans and registered bonds, and finance lease receivables are accounted for as "Loans and advances to banks and customers".

Loans and advances to banks and customers are measured at amortised cost using the effective interest rate method. In the hedge accounting of fair value hedges, the carrying amounts of hedged assets are adjusted by the change in fair value attributable to the hedged risk. The resulting carrying amount adjustments are recognised in Gains or losses from hedge accounting as part of Other gains or losses on valuation of financial instruments.

Loss allowances on loans and advances to banks and customers are calculated in accordance with the IFRS 9 requirements applicable to the category. Finance lease receivables are also subject to the IFRS 9 impairment rules. Impairment losses are presented in a separate item on the assets side of the balance sheet.

Interest income from loans and advances to banks and customers is recognised under interest income from lending and money market business. Gains and losses on loans and advances to banks and customers that are allocated to the category "Financial assets measured at amortised cost" are contained in "Gains or losses on valuation of financial assets measured at amortised cost".

15 Positive and negative fair values of hedging instruments

Positive and negative fair values of hedging instruments are the carrying amounts of financial instruments that are designated as hedging instruments in effective, documented hedging relationships.

These financial instruments are measured at fair value through profit or loss. Changes in the fair value of hedging instruments are reported in the income statement in gains or losses from hedge accounting as part of the "Other gains or losses on valuation of financial instruments".

Changes in the fair value of hedging instruments attributable to the ineffective portion of hedging relationships are contained in hedging gains or losses as part of the "Other gains or losses on valuation of financial instruments".

Interest income and expenses and the pull-to-par effective of hedges are recognised in net interest income.

16 Positive and negative fair values of derivative financial instruments

This item contains derivative financial instruments that are entered into to manage interest rate risk in the interest book but are not included in hedge accounting. They are measured at fair value through profit or loss.

Measurement and realisation gains or losses on derivative financial instruments entered into for hedging purposes but are not included in hedge accounting are reported in gains or losses on derivative financial instruments used for purposes other than trading as part of the "Other gains or losses on valuation of financial instruments".

Interest income from and interest expenses for derivative financial instruments that are not included in a hedging relationship are reported in net interest income.

17 Investments

Bearer bonds and other fixed-income securities, shares and other variable-yield securities, and other bearer ownership interests in entities over which no significant influence is exercised are reported as investments, insofar as these securities or shares are not held for trading. Investments also include investments in subsidiaries and interests in joint ventures and associates.

Investments are measured at fair value at initial recognition. Other ownership interests, investments in subsidiaries and interests in joint ventures and associates that are not fully consolidated or accounted for using the equity method are measured at fair value at initial recognition. Investments are subsequently measured using the principles of the measurement category to which they were allocated.

Impairment losses on investments are calculated using the IFRS 9 requirements applicable to the relevant category of financial assets or in accordance with the financial reporting standards relevant to the financial assets concerned. They are generally deducted as a separate line item on the face of the balance sheet or reported in other comprehensive income.

Interest and premiums or discounts amortised over the maturity of the investment using the effective interest method are recognised in net interest income. Dividends from equity instruments are recognised as current income in net interest income.

Gains and losses realised on the derecognition of financial assets allocated to the category “Financial assets measured at amortised cost” are contained in “Gains or losses on derecognition of financial assets measured at amortised cost”; gains and losses realised on the disposal of bonds and other fixed-income securities in the category “Financial assets measured at fair value through other comprehensive income” are reported in gains on investments.

18 Investments accounted for using the equity method

Investments in joint ventures are recognised at amortised cost in the consolidated balance sheet at the date of acquisition. Subsequent measurement of investments in joint ventures are measured in accordance with the equity method. The investor's share of the annual profit of the investee is included in the item “Income from investments in joint ventures using the equity method” within net interest income in the consolidated income statement.

If there are indications that the interest in an equity-accounted entity is impaired, the interest is tested for impairment and an impairment loss is recognised if necessary. An impairment loss is reversed if the reasons for impairment no longer apply. Impairment losses and reversals of impairment losses are reported in “Gains or losses on investments”. Gains from the disposal of investments accounted for using the equity method are also reported in “Gains or losses on investments”.

19 Intangible assets

Intangible assets are recognised at cost. In the course of subsequent measurement, software and other intangible assets with finite useful lives are reduced by accumulated amortisation and accumulated impairment losses. Amortisation is charged using the straight-line method over the useful life of the asset. Impairment losses are recognised if necessary. Software is amortised over a useful life of one to twelve years.

Amortisation charges and impairment losses on intangible assets are recognised as administrative expenses.

20 Property, plant and equipment and right-of-use assets

“Property, plant and equipment and right-of-use assets” comprise land and buildings, office furniture and equipment, and other items of property, plant and equipment with an estimated useful life of more than one year used by the entities in the Schwäbisch Hall Group.

Property, plant and equipment is measured at cost and reduced by accumulated depreciation and accumulated impairment losses in subsequent reporting periods. Depreciation is charged using the straight-line method over the useful life of the asset. The underlying useful life is 25 to 50 years in the case of buildings and three to 13 years in the case of operating and office equipment.

Right-of-use assets from leases are recognised in accordance with the lease accounting requirements and reduced by accumulated depreciation and accumulated impairment losses in the subsequent financial years. Depreciation is charged using the straight-line method over the useful life of the asset.

The recoverable amount is calculated if facts or circumstances indicate the impairment of assets. An impairment loss is recognised if the recoverable amount is lower than the carrying amount at which the asset is recognised. Recoverable amount is the higher of fair value less costs to sell and value in use.

Depreciation charges and impairment losses on property, plant and equipment and right-of-use assets are recognised as administrative expenses.

21 Income tax assets and liabilities

Current and deferred income tax assets are reported in the “Income tax assets” item, while current and deferred tax liabilities are reported in the “Income tax liabilities” item. Current income tax assets and liabilities are recognised in the amount of any expected refund or future payment.

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and their tax base, as well as for unused tax loss carryforwards, insofar as their realisation is sufficiently probable. They are measured at the national and entity-specific tax rates expected to apply at the time of their realisation. There is a profit and loss transfer agreement between Bausparkasse Schwäbisch Hall as a tax group subsidiary and DZ BANK AG. Current and deferred taxes are presented as if the Schwäbisch Hall Group were an independent entity for tax purposes. A uniform consolidated tax rate is used for Group entities that are tax group subsidiaries of Bausparkasse Schwäbisch Hall.

Deferred tax assets and liabilities are not discounted. If temporary differences arise in other comprehensive income, the resulting deferred tax assets and liabilities are also recognised in other comprehensive income. Income and expenses recognised in profit or loss for current and deferred income taxes are included in the “Income taxes” item in the income statement.

The income and expenses for current and deferred income taxes of the Hungarian Fundamenta subsidiary are no longer reported in “Income taxes”, but are included in "Profit or loss after tax from discontinued operations". in addition, the income tax assets and liabilities of the Hungarian subsidiary Fundamenta are not presented in “Income tax assets and liabilities”, but are contained in the previous year in “Disposal groups held for sale” and “Liabilities included in disposal groups”.

The Schwäbisch Hall Group AG is part of the DZ BANK Group. The DZ BANK Group falls within the scope of the issued or substantively implemented legislation on global minimum taxation (Global Anti-Base Erosion Rules Pillar Two (GloBE rules to combat base erosion and profit shifting)). Germany transposed the requirement as part of the Act Implementing Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation (Minimum Taxation Act – MinStG). The law came into force for the financial year beginning on 1 January 2024.

The Schwäbisch Hall Group is part of the minimum tax group in accordance with section 3 (1) of the MinStG, with DZ BANK AG as the ultimate parent company and tax group parent. The tax group parent is liable for the minimum tax under the MinStG and must submit the minimum tax report and the corresponding tax return in Germany. There was no tax liability for the Schwäbisch Hall Group under the Minimum Taxation Act or foreign minimum taxation laws.

In accordance with the exemption in IAS 12.88A, deferred tax assets and liabilities in connection with the requirements for global minimum taxation are neither recognised, and nor is information about them disclosed.

22 Other assets and liabilities

Other assets and liabilities that are not allocated to any other item of assets or liabilities are reported in “Other assets” and “Other liabilities”.

23 Loss allowances

Loss allowances for loans and advances to banks and customers, investments and other assets measured at amortised cost or classified as finance leases are deducted on the face of the balance sheet as a separate line item. Additions to and reversals of loss allowances for these balance sheet items are recognised as loss allowances in the income statement.

Loss allowances for investments at fair value through other comprehensive income are not deducted from the assets but reported in the reserve from fair value OCI debt instruments. Additions to and reversals of loss allowances are recognised as loss allowances in the income statement.

Recognised loss allowances also include changes in the provisions for loan commitments and financial guarantee contracts. Additions to or reversals of provisions for loan commitments and financial guarantee contracts are also recognised as loss allowances in the income statement.

24 Assets held for sale and liabilities included in disposal groups

The carrying amount of non-current assets or groups of assets and liabilities held for sale is realised primarily through the disposal transaction and not through their continued use. They are therefore classified as held for sale if the following conditions are met.

Classification as held for sale requires the assets or groups of assets and liabilities to be available for immediate sale in their present condition subject to terms that are usual, and the sale to be highly probable. The sale is highly probable if management has committed to the plan for the sale and an active programme to locate a buyer and complete the plan has been initiated. Further, the asset or disposal group must be actively marketed at a price that is reasonable in relation to its current fair value. The sale process must be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and fair less costs to sell. Among other things, these measurement requirements do not include deferred tax assets in accordance with IAS 12 or financial assets within the scope of IFRS 9. Depreciation or amortisation of the assets is discontinued from the date they are classified as held for sale.

Assets or disposal groups classified as held for sale are presented separately in Assets held for sale and Liabilities included in disposal groups.

Gains or losses from the measurement as well as gains or losses from the disposal of these assets or disposal groups that do not belong to a discontinued operation are included in Other net operating income in the income statement. In the case assets or disposal groups of discontinued operations, the entire gains or losses from these assets or disposal groups are presented separately in profit or loss after tax from discontinued operations.

25 Deposits from banks and customers

All registered liabilities that are not classified as “Financial liabilities mandatorily measured at fair value through profit or loss” are reported as deposits from banks and customers.

In addition to liabilities from the *Bauspar* business, these include in particular demand and term refinancing funds from DZ BANK AG and issuances of borrower’s note loans and registered bonds.

Deposits from banks and customers are generally measured at amortised cost using the effective interest method. Interest expenses on deposits from banks and customers are recognised separately in net interest income. Interest expenses include in particular early redemption gains and losses and the amortisation of fair value changes of hedged items in portfolio hedges of interest rate risk. Adjustments to the carrying amount of the hedged items resulting from fair value hedges are recognised in gains or losses from hedge accounting within other gains or losses on measurement of financial instruments.

26 Issued bonds

Mortgage *Pfandbriefe* and other bonds that are issued in the form of transferable registered certificates are presented in “Issued bonds”.

Issued bonds are measured and measurement gains and losses are recognised in the same way as deposits from banks and customers.

27 Provisions

Provisions for employee benefits under IAS 19 and other provisions are reported in provisions.

PROVISIONS FOR DEFINED BENEFIT PENSION OBLIGATIONS

The occupational pension arrangements agreed with the employees of the Schwäbisch Hall Group companies are based on various types of pension system, including both defined contribution and defined benefit plans.

Defined contributions are paid to external pension providers in the case of defined contribution pension plans. The amount of the contributions and the resulting return on plan assets determine the amount of future pension benefits. Risks arising from the obligation to pay corresponding benefits in the future are borne by the pension provider. No provisions are recognised for these defined contribution pension commitments. The contributions paid are recognised as post-employment benefit costs in administrative expenses.

In the case of defined benefit plans, the employer promises a specific benefit and bears all the risks arising from this promise. Defined benefit pension plans are measured using the projected unit credit method. Measurement is underpinned by various actuarial assumptions. Assumptions are made in particular regarding long-term salary and pension trends and average life expectancy. Assumptions about salary and pension trends are based on past developments and take into account expectations regarding the future development of macroeconomic conditions (such as labour market and inflation trends). The process of estimating average life expectancy is based on the 2018 G mortality tables published by Prof. Klaus Heubeck. The discount rate used to discount future payment obligations is an appropriate market interest rate for investment-grade, fixed-income corporate bonds with a maturity equivalent to that of the defined benefit pension obligations.

The discount rate is derived in line with the liability structure (duration) on the basis of a portfolio of investment-grade corporate bonds that must meet defined quality characteristics. The quality characteristics are in particular an AA rating by at least one of the two rating agencies with the greatest coverage for each currency zone. For the eurozone, they are Moody's Investors Service and Standard & Poor's, both in New York. Bonds with existing call rights in the form of embedded derivatives are not taken into account here.

Actuarial gains and losses arising from experience-based adjustments and the impact of changes to actuarial assumptions for defined benefit pension obligations, as well as gains and losses arising from the remeasurement of plan assets and reimbursement rights, are recognised in other comprehensive income in the reporting period in which they occur. The plan assets of defined benefit plans primarily consist of a building that is managed by the *Unterstützungskasse* (pension fund) of Bausparkasse Schwäbisch Hall and a Contractual Trust Arrangement (CTA) between Bausparkasse Schwäbisch Hall AG and Schwäbisch Hall Kreditservice GmbH, which are managed as trust assets by DZ BANK Pension Trust e. V., Frankfurt am Main.

In addition to provisions for defined benefit pension obligations, provisions for employee benefits also include provisions for other long-term employee benefits, provisions for termination benefits and provisions for short-term employee benefits. Provisions for early retirement arrangements and loyalty bonuses are recognised for obligations in connection with termination of employment. Other long-term employee benefits include provisions for service anniversaries.

LIABILITIES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Bausparkasse Schwäbisch Hall and Schwäbisch Hall Kreditservice have entered into various agreements with members of the Management Board, managing directors and selected executives on variable remuneration components, the amount and payment of which depend, among other things, on the development of the theoretical share price of the *Bausparkasse*. These agreements are classified as cash-settled share-based payment transactions.

Provisions for share-based payment transactions are recognised at their fair value if future payment of the remuneration is sufficiently probable. The date of initial recognition of the provision is therefore before the grant date and payment in the subsequent years.

Provisions for share-based payment transactions are also measured subsequently at fair value. Changes in fair value are recognized in profit or loss in administrative expenses.

OTHER PROVISIONS

Provisions are liabilities of uncertain timing or amount. They are recognised for present obligations as a result of past events when it is probable that there will be an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated.

Provisions are recognised and measured at the best estimate of the present value of expected settlement amount. The risks and uncertainties associated with the relevant events and circumstances and future trends are taken into account. The assumptions and estimates are based on past experience as well as expectations and forecasts regarding future developments.

Cash outflows that actually occur in the future may differ from the expected settlement amount.

Other provisions comprise *Bauspar*-specific provisions, other provisions and provisions for loan commitments. Provisions for commissions paid to sales force employees and banks are recognised as other provisions and relate to quality commissions for savings under *Bauspar* contracts.

Bauspar-specific provisions are recognised if agreed bonuses have to be paid under the tariff conditions for *Bauspar* contracts. These may occur as refunds of portions of contract fees or bonus interest on deposits. Expenses from compounding of provisions are recognised as interest expenses in net interest income.

Provisions for irrevocable loan commitments are recognised in the amount of the allowance for expected credit losses based on the same model used for financial assets.

Expenses from compounding of provisions are recognised as interest expenses in net interest income.

28 Contingent liabilities

Contingent liabilities are possible obligations arising from past events whose existence will only be confirmed by future events not wholly within the control of the Schwäbisch Hall Group. Present obligations arising from past events but not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or because the amount cannot be measured with sufficient reliability, also constitute contingent liabilities.

The amount of contingent liabilities is disclosed in the notes unless the probability of an outflow of resources embodying economic benefits is remote. Contingent liabilities are measured at the best estimate of the possible future settlement amount.

29 Discontinued operations

On 10 November 2023, Bausparkasse Schwäbisch Hall AG signed a sale agreement with MBH Bank Nyrt. Hungary (Magyar Bankholding) regarding the sale of the interests in the Hungarian subsidiary Fundamenta-Laskáskassza Lakás-takarékpénztár Zrt. (FLK). Due to the concrete plans to sell FLK and their approval by the corresponding governing bodies of Bausparkasse Schwäbisch Hall AG, FLK's operations have been reported since that date as a discontinued operation and classified as a disposal group held for sale. The sale was subject to the conditional approval of the Hungarian banking supervision and anti-trust authorities.

After all the official approvals had been obtained, the sale of the shares of FLK formally closed on 27 March 2024. The purchase price was paid in full when the transaction closed. The assets and liabilities, which had been classified as assets and liabilities held for sale since November 2023, were consequently derecognised as at 31 March 2024.

The profit or loss after tax from discontinued operations in the current financial year results from the ordinary business activities of FLK up to the date of disposal and the gain or loss on disposal on 27 March 2024. In the previous year, the profit or loss after tax resulted from the ordinary business activities of FLK.

in € thousand	01.01.-31.12.2024	01.01.-31.12.2023
Net interest income	18,676	76,855
Interest income	23,006	96,911
Interest expenses	-4,330	-20,056
Net fee and commission income	941	5,652
Gains or losses on derecognition of financial assets measured at amortised cost	-189	-1,899
Loss allowances	65	4,082
Administrative expenses	-9,065	-45,809
Other net operating income	-4,803	-5,718
Profit or loss before tax from operating activities before tax	**5,625**	**33,163**
Income taxes	-788	-4,907
Profit or loss before tax from operating activities after tax	**4,837**	**28,256**
Gain on sale of discontinued operations (deconsolidation effect)	24,631	–
Transaction costs	-715	–
Realisation of reserve for exchange differences (recycling)	-22,485	–
Income taxes	-1,332	–
Gain on sale of discontinued operations after tax	**99**	**–**
Profit or loss after tax from discontinued operations	**4,936**	**28,256**
Attributable to:		
Shareholders of Bausparkasse Schwäbisch Hall	2,613	14,685
Non-controlling interest	2,323	13,571

The assets and liabilities of the FLK disposal group listed below were classified as held for sale as at 31 December 2023.

in € thousand	31.12.2023
Cash and cash equivalents	124,399
Loans and advances to banks	11,733
Loans and advances to customers	1,374,466
Investments	193,599
Intangible assets	25,325
Property, plant and equipment and right-of-use assets	19,187
Income tax assets	2,632
Other assets	5,487
Loss allowances	-24,144
Assets held for sale	**1,732,684**

in € thousand	31.12.2023
Deposits from banks	40,434
Deposits from customers	1,463,165
Provisions	3,238
Income tax liabilities	3,019
Other liabilities	22,680
Liabilities included in disposal groups	**1,532,536**

Disclosures on the income statement and the statement of comprehensive income

30 Segment reporting

General disclosures on operating segments

Information on the operating segments is disclosed using the management approach under IFRS 8. Under this standard, external reporting must include segment information that is used internally for the management of the entity and for the purposes of quantitative reporting to the entity’s chief operating decision-makers. The information on the operating segments of the Schwäbisch Hall Group is therefore prepared on the basis of the internal management reporting system.

Definition of operating segments

The Schwäbisch Hall Group manages its activities based on an internal reporting system to the Management Board. Its central component is business management reporting on BSH AG and its subsidiaries, which are operating segments within the meaning of IFRS 8 Business Combinations. The results of the individual companies are monitored separately by the Management Board in order to measure and assess their performance.

Since the deconsolidation of FLK on 31 March 2024, none of the remaining subsidiaries individually constitutes a reportable segment within the meaning of IFRS 8.11.

As a result of the sale of FLK and the resulting change in internal management, Bausparkasse Schwäbisch Hall adapted its segment reporting in financial year 2024. Subsidiaries that are non reportable are aggregated with the BSH AG reportable segment. A decision was taken not to present a separate “Other and consolidation” column because of the minor significance of the items concerned. Accordingly, the Schwäbisch Hall Group is treated as a single reporting segment for segment reporting purposes within the meaning of IFRS 8.

Measurement

Internal reporting to the chief operating decision-makers of the Schwäbisch Hall Group is based on the IFRS accounting policies applicable to the Schwäbisch Hall Group. The key IFRS earnings measures for assessing performance are loss allowances, net profit before taxes and net profit.

Information about geographical areas

The presentation of information about geographical areas is based on the home country principle of the companies included in the consolidated financial statements. Income and expenses from continuing operations are attributable entirely to Germany, with the exception of Income from investments in joint ventures using the equity method. The Group's share in the income from joint ventures using the equity method originated from Slovakia in the amount of €4,053 thousand (previous year: €6,759 thousand) and China in the amount of €2,686 thousand (previous year: €2,551 thousand). The profit or loss after tax from discontinued operations is attributable entirely to Hungary.

Information about products and services

Information on the products and services offered by the Schwäbisch Hall Group is included in the income statement disclosures presented in the following.

31 Net interest income

in € thousand	2024	2023
Interest income	**1,392,633**	**1,336,091**
calculated using the effective interest method	**1,392,633**	**1,336,091**
Bauspar loans	129,515	86,205
Advance and bridge financing loans	720,070	729,500
Other building loans	237,123	173,439
Lending and money market transactions	116,671	196,112
Fixed-income investment securities	181,075	141,907
Fair value changes of hedged items (assets) in portfolio hedges of interest rate risk	8,179	8,928
Current income	**652**	**572**
Current income from FVOCI equity instruments held at the reporting date	652	572
Interest expense on	**-881,303**	**-872,976**
Deposits from banks and customers	-763,521	-780,041
of which: for *Bauspar* deposits	-657,485	-730,780
of which from: Gains or losses from repayment of own liabilities to banks	–	54,570
Fair value changes of hedged liabilities in portfolio hedges of interest rate risk	-53,057	-55,841
Securitised liabilities	-66,601	-38,720
Financial liabilities with positive effective yield	1,880	1,889
Net interest income from derivatives	–	-263
Provisions	-4	–
Income from investments in joint ventures using the equity method	**6,739**	**9,310**
Total	**518,721**	**472,997**

32 Net fee and commission income

in € thousand	2024	2023
Fee and commission income	**109,408**	**90,327**
Bauspar business	36,617	29,686
Fee and commission income from cross-selling	72,791	60,641
Fee and commission expenses	**-124,539**	**-108,753**
Bauspar business	-79,972	-72,408
Commissions for contract conclusion and brokerage	-79,972	-72,408
Other	-44,567	-36,345
Total	**-15,131**	**-18,426**

Fee and commission income during the reporting period contains revenue of €109,408 thousand (previous year: €90,327 thousand) from contracts with customers under IFRS 15, see Note 68.

33 Gains and losses on investments

The sale of bonds mandatorily measured at fair value through other comprehensive income generated gains or €97 thousand (previous year: losses of €100 thousand) in the financial year.

34 Other gains or losses on measurement of financial instruments

Other gains or losses on measurement of financial instruments include "Gains or losses from hedge accounting" and "Gains or losses on derivative financial instruments used for purposes other than trading".

in € thousand	2024	2023
Gains or losses from hedge accounting	**-3,679**	**689**
Gains or losses on hedging instruments (portfolio fair value hedges)	-5,130	5,094
Gains or losses on hedged items (portfolio fair value hedges)	1,451	-4,405
Gains or losses on measurement of derivative financial instruments used for purposes other than trading	**-363**	**132**
Measurement gains or losses	-363	3
Disposal gains or losses	–	129
Measurement gains or losses on non-derivative financial instruments (FVTPL)	**-34**	**–**
Total	**-4,076**	**821**

Gains or losses on derivative financial instruments used for purposes other than trading result from the measurement of derivative financial instruments used in economic hedges but not included in hedge accounting.

35 Loss allowances

in € thousand	2024	2023
Loss allowances for loans and advances to banks	**-80**	**726**
Additions	-317	-270
Reversals	237	996
Loss allowances for loans and advances to customers	**-25,739**	**-21,954**
Additions	-239,275	-250,121
Reversals	213,698	228,663
Directly recognised impairment losses	-4,115	-4,703
Recoveries on loans and advances to customers previously impaired	3,953	4,207
Loss allowances for investments	**-495**	**-2,331**
Additions	-2,150	-3,559
Reversals	1,655	1,228
Other loss allowances	**1,981**	**1,743**
Change in provisions for loan commitments	1,981	1,743
Total	**-24,333**	**-21,816**

Of the net addition to loss allowances for loans and advances to banks and customers, investments, and the other lending business amounting to €24 million in the financial year (previous year: €22 million), €1.2 million (previous year €11 million) is related to the industry-wide impact of the current macroeconomic events. In the previous year, €7 million resulted from adjustments to probabilities of default. Industry-wide impact encompasses all potential increases in risk attributable to current developments/influencing factors in the economic environment of the industry in question that have not already been factored into the rating (Note 65). These may be emerging recessions or pandemics. In addition to the economic factors, other macroeconomic factors such as technology and production processes, energy and raw materials are also explicitly included.

With an extreme weighting of 100% of the baseline or risk scenario on which the calculation of the loss allowance is based, the loss allowances (Note 51) would decrease by approximately 0.22% (previous year: decrease of approximately 0.6%) or increase by approximately 1.11% (previous year: increase of approximately 2.26%), respectively. If only the new opportunity scenario arising on the measurement date is analysed, the loss allowance would decrease by 0.49%.

36 Administrative expenses

in € thousand	2024	2023
Personnel expenses	**-248,163**	**-262,540**
Wages and salaries	-215,045	-208,660
Social security contributions	-38,961	-37,148
Post-employment benefit expenses	8,607	-12,241
Expenses arising from share-based payment transactions	-2,764	-4,491
General administrative expenses	**-182,194**	**-177,431**
Contributions and fees	-20,123	-24,842
Consulting	-15,074	-14,833
Office expenses	-25,629	-22,749
IT expenses	-92,080	-82,515
Property and occupancy costs	-9,127	-12,518
Public relations/marketing	-16,883	-16,786
Other general administrative expenses	-3,278	-3,188
Depreciation and amortisation	**-51,216**	**-50,547**
Property, plant and equipment	-14,785	-17,138
Intangible assets	-36,431	-33,409
Total	**-481,573**	**-490,518**

The net pension expense comprises the following items:

in € thousand	2024	2023
Net pension expense	**12,543**	**-9,220**
Current service cost	-5,854	-5,981
Past service cost	21,180	–
Net interest	-2,783	-3,239
of which: interest expense	-22,652	-24,783
of which: return on plan assets	19,869	21,544
Other post-employment benefit expenses	**-3,936**	**-3,021**
Total	**8,607**	**-12,241**

Other post-employment benefit expenses include expenses for defined contribution plans amounting to €1,537 thousand (previous year: €1,272 thousand). Settlement gains or losses include income from the introduction of a capitalisation option in the full amount (previous year: €0). Since 2024, beneficiaries have been offered the option of a one-time or partial lump-sum payment of their pension entitlement. This option, which was offered for the first time in the financial year, led to a one-time reversal of provisions for defined benefit obligations through profit or loss.

37 Other net operating income

in € thousand	2024	2023
Income from loan processing and administration	1,317	5,812
Expense from additions to provisions and accruals	-391	-724
Income from reversals of provisions and accruals	36,230	13,850
Recognition of terminated and non-interest-bearing *Bauspar* deposits	4,161	2,132
Expenses for pre-litigation legal risks	-3,698	-321
Income from facility management services	49,940	23,428
Expenses for outsourced facility management services	-22,179	-20,774
Expenses for other taxes	-520	-402
Miscellaneous other operating income	4,344	31,287
Miscellaneous other operating expense	-6,001	-10,466
Total	**63,203**	**43,822**

Income from reversals of provisions and accruals includes income of €7,718 thousand (previous year: €0 thousand) from the reversal of provisions for pre-litigation legal risks within other provisions and income of €20,519 thousand (previous year: €3,251 thousand) from the reversal of provisions for employee benefits that which were recognised as part of the “Structural Optimisation of Costs and their Management” (SOKS) multi-year cost management programme.

38 Income taxes

in € thousand	2024	2023
Current income tax expense	-9,094	-258,206
Deferred income tax income/expense	8,794	277,102
Total	**-300**	**18,896**

Deferred taxes include income of €8,178 thousand (previous year: €277,143 thousand) relating to the origination and reversal of temporary differences. Deferred taxes include income of €615 thousand that is attributable to changes in tax rates (previous year: expenses of €42 thousand). The tax rate changes result from companies that are not members of the income tax consolidation group, so the individual tax rate of the companies is required to be applied. Additionally, the consolidated tax rate that applies to companies that are members of the income tax consolidated group increased in the reporting period to 31.365% (previous year: 31.295%).

Of the current income taxes, income of €8,749 thousand (previous year: expenses of €239,580 thousand) is attributable to previous years. Of the deferred income taxes, expenses of €2,321 thousand (previous year: income of €255,391 thousand) are attributable to previous years.

The prior-year effects mainly result from the reversal of provisions for tax purposes. This is due to a change in the legal opinion of the tax auditors, under which significant elements of the previously recognised provision for customer loyalty bonuses and interest rate bonuses for tax purposes are no longer recognised from the 2015 assessment period onwards. The final audit report and the amended tax assessments were issued in 2024. As the Federal Ministry of Finance has indicated that a transitional arrangement until 30 December 2021 is likely, the provisions for customer loyalty bonuses and interest rate bonuses will only have to be recognised after 31 December 2021 in accordance with the criteria of the tax audit. The resulting additional tax payment was recognised in the 2023 financial statements as an allocation liability to DZ BANK. This allocation liability of €180 million (2023: €200 million) will be settled in 2025. A deferred tax asset was recognised in the same amount. For assessments after the transitional period, the approach of the tax auditors is being challenged in and out of court.

The expenses for current taxes were reduced by €514 thousand (previous year: €315 thousand) through the use of tax losses. The tax loss carryback and the tax credit for tax loss carryforwards result from the SHF, SHW and Baufinex. There is no income tax consolidation group with these companies.

Current taxes amounting to €-749 thousand (previous year: €-4,665 thousand) and deferred taxes amounting to €-39 thousand (previous year: €-242 thousand) were incurred for the ordinary activities of the discontinued operation. These were reported separately. The discontinued operations operation relates to FLK.

Unchanged from the previous year, an effective corporation tax rate of 15.825% was used for the reconciliation, based on a corporation tax rate of 15.000% plus the solidarity surcharge used to calculate current income taxes for German corporations. The effective trade tax rate used for the reconciliation is 15.540% (previous year: 15.470%).

The calculation of deferred income taxes is based on the tax rates that are expected to apply at the time of their realisation. It uses the tax rates that have been enacted or substantively enacted at the reporting date for the period in question.

The reconciliation shown below reconciles the expected and reported income taxes, based on the application of current tax law in Germany.

TAX RECONCILIATION

in € thousand	2024	2023
Profit or loss before tax from continuing operations	**56,908**	**-13,220**
Group income tax rate	31.365 %	31.295 %
Expected income taxes	**-17,849**	**4,137**
Income tax effects	**17,549**	**14,759**
Impact of tax-exempt income and non-deductible expenses	2,735	-974
Adjustments resulting from other types of income tax or trade tax multipliers and changes in tax rates	1,817	1,247
Tax reduction due to loss carryback to previous year	-158	-315
Current and deferred income taxes relating to prior years	6,428	15,811
Valuation allowances on deferred tax assets	-633	-1,000
Effects of tax allocation	7,160	–
Other effects	200	-10
Reported income taxes	**-300**	**18,896**

39 Income taxes relating to components of other comprehensive income/loss

in € thousand	Amount before taxes	Income taxes	Amount after taxes
Financial year 2024			
Items that may be reclassified to the income statement	**81,955**	**-25,750**	**56,205**
Gains and losses on debt instruments at fair value through other comprehensive income	85,191	-25,750	59,441
Exchange differences on currency translation of foreign operations	3,475	–	3,475
Changes from discontinued operations	-6,711	–	-6,711
Items that will not be reclassified to the income statement	**16,652**	**-3,401**	**13,251**
Gains and losses on equity instruments for which the fair value OCI option has been exercised	-2,243	–	-2,243
Gains and losses arising from remeasurements of defined benefit plans	18,842	-3,401	15,441
Share of other comprehensive income/loss of equity-accounted joint ventures	53	–	53
Other comprehensive income/loss	**98,607**	**-29,151**	**69,456**
Financial year 2023			
Items that may be reclassified to the income statement	**429,337**	**-133,013**	**296,324**
Gains and losses on debt instruments at fair value through other comprehensive income	427,056	-133,013	294,043
Exchange differences on currency translation of foreign operations	-6,424	–	-6,424
Changes from discontinued operations	8,705	–	8,705
Items that will not be reclassified to the income statement	**-27,101**	**8,659**	**-18,442**
Gains and losses on equity instruments for which the fair value OCI option has been exercised	-1,324	–	-1,324
Gains and losses arising from remeasurements of defined benefit plans	-25,729	8,659	-17,070
Share of other comprehensive income/loss of equity-accounted joint ventures	-48	–	-48
Other comprehensive income/loss	**402,236**	**-124,354**	**277,882**

The changes from discontinued operations relate to exchange differences on currency translation of foreign operations.

Balance sheet disclosures

40 Cash and cash equivalents

in € thousand	31.12.2024	31.12.2023
Cash on hand	27	24
Balances with central banks and other government institutions	1	3
Total	**28**	**27**

The average target minimum reserve for the financial year was €3,331 thousand (previous year: €4,582 thousand).

41 Loans and advances to banks

Loans and advances to banks can be disaggregated by transaction type as follows:

in € thousand	31.12.2024	31.12.2023
Bauspar loans	157,756	102,758
Registered bonds	2,948,507	3,392,190
Money market transactions	43,087	660,111
Other loans and advances	183,843	304,518
Total	**3,333,193**	**4,459,577**

Among other things, registered bonds include registered public-sector *Pfandbriefe* of €51 million (previous year: €51 million) and registered mortgage *Pfandbriefe* of €331 million (previous year: €433 million); the other loans and advances relate to bank overdrafts of €40 million (previous year: €121 million) at DZ Bank AG and cash collateral furnished of €130 million (previous year: €163 million).

in € thousand	31.12.2024	31.12.2023
Domestic banks	3,290,102	4,416,471
Non-domestic banks	43,091	43,106
Total	**3,333,193**	**4,459,577**

42 Loans and advances to customers

Loans and advances to customers can be disaggregated by transaction type as follows:

in € thousand	31.12.2024	31.12.2023
Building loans by the Bausparkasse	65,297,661	64,631,333
from allocations (*Bauspar* loans)	6,781,150	4,870,110
for advance and bridge financing	42,494,919	44,752,320
other	16,021,592	15,008,903
Other loans and advances	2,092,413	2,358,152
Total	**67,390,074**	**66,989,485**
Loans and advances to domestic customers	67,062,896	66,691,352
Loans and advances to non-domestic customers	327,178	298,133
Total	**67,390,074**	**66,989,485**

43 Positive fair values of hedging instruments

As at 31 December 2024, Bausparkasse Schwäbisch Hall had interest rate swaps (nominal amount: €465 million, previous year: €370 million) with a positive fair value of €10,502 thousand (previous year: €14,896 thousand) in its portfolio.

The interest rate swaps were designated as hedging instruments to hedge the fair value of financial assets and liabilities.

44 Investments and investments accounted for using the equity method

in € thousand	31.12.2024	31.12.2023
Bonds and other fixed-income securities	**11,014,171**	**10,212,738**
Mandatorily measured at fair value through other comprehensive income	9,533,883	8,328,394
Measured at amortised cost	1,480,288	1,884,344
Shares and other variable-yield securities	**6,143**	**5,324**
Fair value OCI option	6,143	5,324
Shares in subsidiaries	**38**	**2,117**
Fair value OCI option	38	2,117
Investments in associates	**7,380**	**5,880**
Fair value OCI option	7,380	5,880
Interests in equity-accounted joint ventures	**98,204**	**87,938**
Total	**11,125,936**	**10,313,997**

Bonds and other fixed-income securities include *öffentliche Inhaberpfandbriefe* (German public sector bearer covered bonds) amounting to €926 million (previous year: €748 million), *Hypothekeninhaberpfandbriefe* (German mortgage bearer covered bonds) amounting to €1,875 million (previous year: €1,843 million) and bonds from public-sector issuers amounting to €1,732 million (previous year: €1,540 million).

Investments include shares and other variable-yield securities as well as investments in subsidiaries and associates with a carrying amount of €13,561 thousand (previous year: €13,321 thousand) for which the fair value OCI option has been exercised.

For strategic reasons, in financial year 2024, Bausparkasse Schwäbisch Hall acquired a 10% interest TRUUCO Beteiligungs GmbH, Frankfurt am Main, and contributed €164 thousand to the capital reserves of amberra GmbH. At the reporting date, there was an obligation to pay a share premium of a further €164 thousand to amberra GmbH.

In financial year 2024, the Bausparkasse Schwäbisch Hall contributed €1,500 thousand to strengthen the equity base of Impleco GmbH, Berlin, and, following a capital increase and the admission of an additional shareholder, holds 44.23 per cent of the shares (previous year: 50.0 per cent).

Furthermore, under certain conditions that it can influence, Bausparkasse Schwäbisch Hall has committed itself to an additional capital contribution to SGB by means of a commitment letter in order to comply with the regulatory requirements of the Chinese financial supervisory authority and, as a result, to safeguard its rights as a minority shareholder.

FINANCIAL DATA FOR INTERESTS IN EQUITY-ACCOUNTED JOINT VENTURES

Interests in joint ventures relate to the credit institutions PSS and SGB (see Note 79), which operate *Bauspar* business in accordance with German principles in Slovakia and China.

The summarised financial information and the reconciliation to the carrying amount of equity-accounted joint ventures are presented in the following:

in € million	PSS 31.12.2024	SGB 31.12.2024	PSS 31.12.2023	SGB 31.12.2023
Current assets	**115**	**2,288**	**518**	**1,681**
of which: cash and cash equivalents	5	330	13	332
Non-current assets	**2,904**	**3,169**	**2,608**	**3,111**
Current liabilities	**714**	**3,931**	**787**	**3,345**
of which: current financial liabilities	695	3,877	771	3,129
Non-current liabilities	**1,980**	**1,113**	**2,027**	**1,058**
of which: non-current financial liabilities	1,953	1,113	1,999	1,058
Underlying net assets[1]	**216**	**112**	**204**	**87**
Shareholding	32.5 %	24.9 %	32.5 %	24.9 %
Equity-accounted carrying amount	**71**	**28**	**67**	**21**

[1] including adjustments of the Group from an investor perspective

in € million	PSS 2024	SGB 2024	PSS 2023	SGB 2023
Net interest income	**60**	**68**	**61**	**64**
Interest income	103	161	96	149
Interest expenses	-43	-93	-35	-85
Net fee and commission income	**13**	**-10**	**10**	**-7**
Fee and commission income	14	1	11	5
Fee and commission expenses	-1	-11	-1	-12
Administrative expenses	**-42**	**-39**	**-41**	**-40**
of which depreciation/amortisation	-7	-2	-6	-2
Income taxes	**-5**	**1**	**-4**	**-2**
Profit or loss after tax from continuing operations	**12**	**11**	**21**	**10**
Other comprehensive income or loss	**–**	**14**	**–**	**-26**
Total comprehensive income or loss	**12**	**25**	**21**	**-16**
Dividend received	–	–	–	–

45 Intangible assets

in € thousand	31.12.2024	31.12.2023
Software	135,927	152,326
NEXT project	109,536	119,318
Other software	26,391	33,008
Miscellaneous other intangible assets	2,184	1,541
Total	**138,111**	**153,867**
of which internally generated intangible assets	788	6,185

46 Property, plant and equipment and right-of-use assets

in € thousand	31.12.2024	31.12.2023
Land and buildings	55,954	52,594
Office furniture and equipment	35,199	42,644
Total	**91,153**	**95,238**

47 Statement of changes in non-current assets

Changes in property, plant and equipment and intangible assets are presented in the following:

	Intangible assets		Property, plant and equipment	
in € thousand	**Internally generated intangible assets**	**Other intangible assets**	**Land and buildings**	**Office furniture and equipment**
Carrying amount as at 01.01.2023	**15,461**	**171,963**	**46,854**	**53,143**
Costs as at 01.01.2023	118,571	417,528	265,308	195,852
Additions	4,091	23,053	9,527	14,129
Reclassification	-73	73	–	–
Reclassification to assets held for sale	-13,384	-34,580	–	-22,081
Disposals	-998	-476	–	-8,564
Changes attributable to currency translation	521	2,421	–	948
Costs as at 31.12.2023	**108,728**	**408,019**	**274,835**	**180,284**
Reversals of impairment losses as at 01.01.2023	–	1,727	–	–
Reversals of impairment losses as at 31.12.2023	**–**	**1,727**	**–**	**–**
Depreciation, amortisation and impairment as at 01.01.2023	-103,110	-247,292	-218,454	-142,709
Additions from depreciation and amortisation	-5,815	-30,607	-3,787	-15,678
Additions from impairment losses	–	–	–	-10
Reclassification	464	-464	–	–
Reclassification to assets held for sale	4,352	18,287	–	12,929
Disposals	–	476	–	8,340
Changes attributable to currency translation	-174	-724	–	-512
Depreciation, amortisation and impairment as at 31.12.2023	**-104,283**	**-260,324**	**-222,241**	**-137,640**
Carrying amount as at 31.12.2023	**4,445**	**149,422**	**52,594**	**42,644**
Cost as at 01.01.2024	108,728	408,019	274,835	180,284
Additions	–	20,908	5,722	5,035
Reclassifications	-635	635	-148	148
Disposals	–	-1,215	-811	-13,151
Cost as at 31.12.2024	**108,093**	**428,347**	**279,598**	**172,316**
Reversals of impairment losses as at 01.01.2024	–	1,727	–	–
Reversals of impairment losses as at 31.12.2024	**–**	**1,727**	**–**	**–**
Depreciation, amortisation and impairment as at 01.01.2024	-104,283	-260,324	-222,241	-137,640
Additions from depreciation and amortisation	-3,022	-33,409	-2,205	-12,581
Disposals	–	982	802	13,104
Depreciation, amortisation and impairment as at 31.12.2024	**-107,305**	**-292,751**	**-223,644**	**-137,117**
Carrying amount as at 31.12.2024	**788**	**137,323**	**55,954**	**35,199**

The carrying amounts of buildings do not contain any prepayments (previous year: €14,270). The carrying amount of office furniture and equipment includes prepayments of €661 thousand (previous year: €42 thousand), and the carrying amount of other intangible assets includes prepayments of €19,380 thousand (previous year: €22,015 thousand).

48 Lease disclosures

THE SCHWÄBISCH HALL GROUP AS LESSEE

The Schwäbisch Hall Group acts as a lessee in leases that relate primarily to office furniture and equipment, and motor vehicles. Leased office space relates in full to the discontinued FLK operation. The average term is five to ten years for office space and one to three years for office furniture and equipment, and for vehicles.

As a result of the reclassification of assets and liabilities held for sale, no right-of-use assets relating to underlying leased assets have been included in property, plant and equipment, and no lease liabilities have been included in other liabilities since the end of the previous year.

The carrying amounts of right-of-use assets by class of underlying assets changed as follows in the previous year:

in € thousand	Right-of-use assets Land and buildings
Carrying amount as at 01.01.2023	**9,733**
Additions	198
Remeasurements	2,672
Reclassification to assets held for sale	-10,029
Depreciation and amortisation	-2,266
Disposals	-308
Carrying amount as at 31.12.2023	**–**

The following income and expenses from discontinued operations are reported in the income statement:

in € thousand	31.12.2024	31.12.2023
Expense from short-term leases	402	673
Expense from leases of low-value assets	969	365

Expenses for short-term leases relate primarily to leases of motor vehicles with lease terms of up to twelve months.

49 Income tax assets and liabilities

in € thousand	31.12.2024	31.12.2023
Current income tax assets	982	563
Deferred tax assets	745,426	765,783
Income tax assets	**746,408**	**766,346**
Current income tax liabilities	272,503	264,596
Income tax liabilities	**272,503**	**264,596**

Deferred tax assets and liabilities are recognised for temporary differences in respect of the items shown below:

in € thousand	Deferred tax assets		Deferred tax liabilities	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Loans and advances to banks and customers	–	–	136,042	149,545
Loss allowances	48,104	53,865	–	–
Positive and negative fair values of derivative financial instruments/hedging instruments	7,602	3,838	–	–
Investments	391,341	421,750	35	103
Property, plant and equipment	4,754	2,696	–	–
Intangible assets, excluding software	393	563	–	–
Software	4,372	4,820	–	–
Deposits from banks and customers	38,776	–	–	8,357
Provisions for employee benefits	118,086	143,723	–	–
Other provisions	269,638	294,623	–	–
Other balance sheet items	713	474	2,276	2,564
Total (gross)	**883,779**	**926,352**	**138,353**	**160,569**
Netting of deferred tax assets and liabilities	-138,353	-160,569	-138,353	-160,569
Total (net)	**745,426**	**765,783**	**–**	**–**

There are deferred tax assets recognised in other comprehensive income of €491,873 thousand (previous year: €521,024 thousand) relating to provisions for employee benefits of €83,918 thousand (previous year: €87,319 thousand) and investments of 407,955 thousand (previous year: €433,705 thousand). There are no deferred tax liabilities recognised in other comprehensive income (previous year: €0 thousand).

Deferred tax assets are only recognised for temporary differences and for tax loss carryforwards if their realisation is sufficiently probable.

No deferred tax assets are recognised for corporation tax loss carryforwards that can be carried forward indefinitely in the amount of €13,514 thousand (previous year: €12,019 thousand) and for trade tax loss carryforwards in the amount of €16,309 thousand (previous year: €13,833 thousand). The tax loss carryforwards are attributable to SHW, BAUFINEX and SHF. These companies are not members of the income tax consolidation group.

Deferred tax assets that are only expected to be realised after twelve months or more amount to €745,426 thousand (previous year: €766,824 thousand).

No deferred tax liabilities were recognised for temporary differences relating to investments in subsidiaries and joint ventures amounting to €565 thousand (previous year: €612 thousand), as it is unlikely that these differences will reverse through realisation in the foreseeable future.

50 Other assets

in € thousand	31.12.2024	31.12.2023
Other financial receivables	16,106	13,670
Payments in advance and accruals	29,485	31,299
Recognised surplus of plan assets for defined benefit plans	26,596	–
Reimbursement rights for defined benefit plans recognised as an asset	372	–
Remaining other assets	4,169	2,504
Total	**76,728**	**47,473**

51 Loss allowances

Changes in asset-side loss allowances were as follows:

	Loss allowances for								
	Loans and advances to banks		Loans and advances to customers			Investments	Other assets		
in € thousand	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Balance as at 01.01.2023	**688**	**554**	**56,736**	**80,361**	**73,065**	**190**	**33**	**55**	**211,682**
Additions	233	62	34,651	195,153	34,955	34	65	31	265,184
Utilisations	–	–	–	–	-1,829	–	–	–	-1,829
Reversals	-410	-607	-125,718	-96,194	-25,452	-55	-41	-13	-248,490
Change due to stage transfer	–	–	107,188	-97,547	-9,641	–	-9	9	–
Transfer from Stage 1	–	–	-3,987	3,828	159	–	–	–	–
Transfer from Stage 2	–	–	107,764	-122,961	15,197	–	-13	13	–
Transfer from Stage 3	–	–	3,411	21,586	-24,997	–	4	-4	–
Reclassification to assets held for sale	-12	-10	-7,393	-1,736	-14,683	-178	-47	-84	-24,143
Other changes	–	1	316	140	1,462	9	-1	2	1,929
Balance as at 31.12.2023	**499**	**–**	**65,780**	**80,177**	**57,877**	**–**	**–**	**–**	**204,333**
Additions	317	–	23,025	177,308	38,942	–	–	–	239,592
Utilisations	–	–	–	–	-1,509	–	–	–	-1,509
Reversals	-237	–	-93,356	-92,915	-27,427	–	–	–	-213,935
Change due to stage transfer	–	–	66,629	-73,255	6,626	–	–	–	–
Transfer from Stage 1	–	–	-5,675	5,509	166	–	–	–	–
Transfer from Stage 2	–	–	70,456	-90,313	19,857	–	–	–	–
Transfer from Stage 3	–	–	1,848	11,549	-13,397	–	–	–	–
Balance as at 31.12.2024	**579**	**–**	**62,078**	**91,315**	**74,509**	**–**	**–**	**–**	**228,481**

52 Deposits from banks

Deposits from banks can be broken down by transaction type as follows:

in € thousand	31.12.2024	31.12.2023
Bauspar deposits	194,459	432,621
Current business accounts	361,436	337,729
Promissory note loans	7,738,237	7,989,057
Money market transactions	1,155,295	602,653
Repurchase agreements	147,587	–
KfW subsidised loans	87,814	103,404
Hypothekenpfandbriefe (German mortgage covered bonds)	–	5,006
Total	**9,684,828**	**9,470,470**

Deposits from banks have the following maturities:

in € thousand	31.12.2024	31.12.2023
Deposits from domestic banks	9,684,828	9,470,470
of which: repayable on demand	361,436	337,729
with agreed maturity or notice period	9,128,933	8,700,120
with indefinite maturity	194,459	432,621
Total	**9,684,828**	**9,470,470**

53 Deposits from customers

in € thousand	31.12.2024	31.12.2023
Deposits from domestic customers	**61,970,429**	**63,216,380**
Bauspar deposits	61,603,231	62,766,432
Hypothekenpfandbriefe (German mortgage covered bonds)	43,656	43,644
Other deposits	323,542	406,304
of which: repayable on demand	319,618	400,016
with agreed maturity or notice period	3,924	6,288
Deposits from non-domestic customers	**884,127**	**935,386**
Bauspar deposits	884,127	935,386
Total	**62,854,556**	**64,151,766**

54 Issued bonds

As at the reporting date, this item contained issued mortgage *Pfandbriefe* in the amount of €4,109,528 thousand (previous year: €3,030,620 thousand), for which transferable registered certificates were issued. In the reporting period, mortgage *Pfandbriefe* amounting to €1,061 million were issued (previous year: €513 million), and there were no early repurchases.

55 Negative fair values of hedging instruments

As at 31 December 2024, Bausparkasse Schwäbisch Hall had interest rate swaps (nominal amount: €2,307 million, previous year: €2,377 million) with a negative fair value of €139,372 thousand (previous year: €175,945 thousand) in its portfolio.

The interest rate swaps were designated as hedging instruments to hedge the fair value of financial assets and liabilities.

Cash collateral of €129,960 thousand was furnished for the swaps (previous year: €163,200 thousand), which is reported in loans and advances to banks.

56 Provisions

in € thousand	31.12.2024	31.12.2023
Provisions for employee benefits	**91,456**	**150,755**
Defined benefit obligations	65,883	104,844
Long-term employee benefits	7,751	6,937
Termination benefits	17,822	38,974
of which: Loyalty bonus	15,056	14,596
Early retirement arrangements	2,167	2,400
Other provisions	599	21,978
Liabilities arising from share-based payment transactions	**7,800**	**8,228**
Other provisions	**959,254**	**1,051,162**
Bauspar-specific provisions	833,450	913,433
Other provisions	122,238	132,182
Provisions for loan commitments	3,566	5,547
Total	**1,058,510**	**1,210,145**

PROVISIONS FOR DEFINED BENEFIT PLANS

Provisions for defined benefit obligations primarily result from plans with benefit obligations that are no longer accepting any further employees (closed plans).

There are also defined benefit pension commitments for members of the Management Board or managing directors. New employees are almost exclusively offered defined contribution pension plans (insured pension fund and direct insurance), for which no provision generally has to be recognised.

The present value of defined benefit obligations can be classified into the following risk classes:

in € thousand	31.12.2024	31.12.2023
Defined benefit obligation	**679,137**	**725,376**
of which: active participants	185,793	211,635
departed participants	51,027	62,966
retirees	442,317	450,775

in € thousand	31.12.2024	31.12.2023
Defined benefit obligation	**679,137**	**725,376**
of which: final-salary pension commitments	655,555	700,178
capital commitments	23,210	25,198
Accessory contracts	372	–

A significant risk factor for all plans is the level of market interest rates for investment grade fixed income corporate bonds, because the interest rate derived from this significantly affects the amount of the obligations.

The predominantly final salary plans involve pension commitments by the employer to employees whose amount depends on the final remuneration before retirement and that are expected to result in a lifelong payment obligation in most cases. In accordance with section 16 (1) of the German Company Pension Act (BetrAVG), employers in Germany are required to assess every three years whether the amount of the pension needs to be adjusted in line with consumer price trends or net wages (adjustment assessment requirement). The key risk factors in the measurement of final-salary pension plans are longevity, salary growth trends, inflation risk and the discount rate.

To a small extent, there are pension obligations as part of capital account plans that are paid out to the pension beneficiary as a lump sum.

In the case of accessory plans, the employer promises a benefit that is essentially the same as the benefit that would arise if the contributions were invested in a financial product of an external pension provider or insurer when the insured event occurs. The amount of the benefits therefore depends on the promise of the external provider, which is directly exposed to the risk factors of longevity, salary growth trends and market interest rate risk. In a favourable economic environment, the employer bears almost no risk from accessory plans.

The level of the net pension obligations depends strongly on the underlying discount rate. If the discount rate were to decline, the pension obligations would rise accordingly and represent a growing charge on the balance sheet.

Increasing longevity, higher salary growth trends or higher inflation rates lead to longer or higher benefit payments by Bausparkasse Schwäbisch Hall to the relevant beneficiaries. These benefits must be funded by Bausparkasse Schwäbisch Hall and also represent an increasing charge on the balance sheet due to the higher obligation.

The agreed benefit commitments are not subject to any minimum funding requirements.

All defined benefit obligations are attributable to Germany.

The present value of defined benefit obligations changed as follows:

in € thousand	2024	2023
Present value of defined benefit obligations as at 01.01.	**725,376**	**687,340**
Current service cost	5,854	5,981
Past service cost	-21,180	–
Interest expenses	22,638	24,758
Pension benefits paid	-34,501	-31,655
Actuarial gains (losses)	-19,241	42,829
of which: from changes in financial assumptions	-36,255	41,571
Experience adjustments	17,014	1,258
Pension benefits paid under plan settlements	–	-3,877
Assumption of defined benefit obligations	191	
Present value of defined benefit obligations as at 31.12.	**679,137**	**725,376**

Changes in financial assumptions include actuarial losses of €50 thousand (previous year: losses of €127 thousand) from the recognition of defined benefit pension obligations relating to commitments via R+V Pensionsversicherung a. G.

The measurement of defined benefit pension obligations used mortality in accordance with Heubeck – RT 2018 G, the final funding age in accordance with the *RV-Altersgrenzenanpassungsgesetz* (Pensionable Age Limit Adjustment Act – RVAGAnpG) as well as the following actuarial assumptions:

in %	31.12.2024	31.12.2023
Discount rate (%)	3.40	3.20
Salary increase (%)	2.30	2.30
Pension increase (%)	2.20	2.30

SENSITIVITY ANALYSIS

The following table shows the sensitivity of the present value of defined benefit pension obligations to the change in the actuarial parameters. The effects presented are based on an isolated observation of the change of one parameter, with the other parameters remaining constant. Correlation effects between individual parameters are therefore not taken into account.

Change in the present value of defined benefit obligations as at the reporting date if	Impact on defined benefit obligations 31.12.2024		Impact on defined benefit obligations 31.12.2023	
	in € thousand	in %	in € thousand	in %
the discount rate were 50 basis points higher	-37,089	-5.48	-45,826	-6.34
the discount rate were 50 basis points lower	40,439	5.97	51,055	7.06
future salary increases were 50 basis points higher	3,200	0.47	4,519	0.62
future salary increases were 50 basis points lower	-4,429	-0.65	-4,953	-0.68
future pension increases were 25 basis points higher	16,553	2.44	20,644	2.85
future pension increases were 25 basis points lower	-15,896	-2.35	-19,788	-2.74
future life expectancy were 1 year higher	32,289	4.77	36,753	5.08
future life expectancy were 1 year lower	-33,147	-4.90	-37,550	-5.19
the future financing maturity age were 1 year higher	-8,348	-1.23	-10,160	-1.40
the future financing maturity age were 1 year lower	7,206	1.06	8,826	1.22

The duration of defined benefit obligations at the end of the reporting period is 11.20 years (previous year: 13.20 years).

PLAN ASSETS

The defined benefit obligations are offset by the plan assets of Bausparkasse Schwäbisch Hall AG and Schwäbisch Hall Kreditservice GmbH. €635,107 thousand of these plan assets (previous year: €613,190 thousand) are attributable to the Contractual Trust Arrangement (CTA) of DZ BANK and Bausparkasse Schwäbisch Hall, which are managed as trust assets by DZ BANK Pension Trust e.V., Frankfurt am Main. The investment company's investment policy and strategy are defined by the relevant CTA investment committees. Trustees or administrators are responsible for administering and managing the plan assets and compliance with regulatory requirements.

The plan assets also include a building with a value of €5,231 thousand (previous year: €5,248 thousand), which is managed by the *Unterstützungskasse* (pension fund) of Bausparkasse Schwäbisch Hall.

In the course of the low interest rates, R+V Pensionsversicherung a.G. established an extended initial fund in accordance with section 178 (5) of the *Versicherungsaufsichtsgesetz* (Insurance Supervision Act), to which Schwäbisch Hall Kreditservice GmbH also contributed. These pension commitments are accounted for as defined benefit plans and recognised in other comprehensive income.

The plan assets to be offset against the present value of defined benefit obligations under IAS 19.57(a)(iii) are attributable to R+V Pensionsversicherung a.G. Plan assets include assets with a fair value of €2,522 thousand (previous year: €2,552 thousand) that exceed the present value of defined benefit obligations by €488 thousand (previous year: €458 thousand). As the plan assets cannot as a matter of principle be returned to the sponsoring companies and accounting for the benefit obligation is associated with uncertainty, the theoretical surplus is not recognised, but limited to €0 as part of the asset ceiling. The reassessment of the recognition as a defined benefit plan does not result in any impact on recognised equity.

The following table shows the funded status of the defined benefit obligations:

in € thousand	31.12.2024	31.12.2023
Present value of defined benefit obligations funded by plan assets	638,428	682,255
Present value of defined benefit obligations not funded by plan assets	40,709	43,121
Present value of defined benefit obligations	**679,137**	**725,376**
less fair value of plan assets	-640,338	-620,990
Unrecognised surplus (asset ceiling)	488	458
Defined benefit obligations (net)	**39,287**	**104,844**
Recognised surplus of plan assets	26,596	–
Provisions for defined benefit plans	**65,883**	**104,844**
Reimbursement rights recognised as assets	372	–

The net provision for defined benefit pension obligations was composed of the following items in the reporting period:

in € thousand	2024	2023
Net pension obligations at 01.01.	**104,844**	**105,396**
Current service cost	5,854	5,981
Interest income/expense (expected interest expenses)	2,783	3,239
Past service cost and settlement gains	-21,180	–
Return on plan assets/reimbursement rights (excluding interest income)	-385	16,873
Actuarial gains and losses	-19,241	42,602
of which due to change in financial assumptions	-36,255	41,343
of which experience adjustments	17,014	1,259
Employer contributions	505	634
Pension benefits paid (continuous)	33,859	30,990
Transfer payments	–	3,877
Assumption of plans	191	
Changes in the effect of the asset ceiling	15	–
Net pension obligations at 31.12.	**39,287**	**104,844**

Plan assets changed as follows:

in € thousand	2024	2023
Fair value of plan assets as at 01.01.	**620,990**	**582,604**
Employer contributions to plan assets	505	634
Interest income	19,869	21,544
Return on plan assets (excluding interest income)	-385	16,873
Pension benefits paid	-641	-665
Fair value of plan assets as at 31.12.	**640,338**	**620,990**

Payments to plan assets of €1,203 thousand are planned for financial year 2025 (financial year 2024: €1,059 thousand). All additions to plan assets are made by the employer.

Pension payments of €51.359 thousand are expected in financial year 2025 (financial year 2024: €48,766 thousand).

Plan assets (CTA) are primarily invested in fixed-income assets (approximately 75%; previous year: approximately 74%). This takes account of the interest rate sensitivity of the defined benefit obligations. Plan assets are primarily invested in the eurozone. Plan assets are divided into the “core portfolio” and “income portfolio” segments.

The core portfolio (approximately 51%, previous year: approximately 53%) is primarily invested in fixed-income investments in the form of Pfandbriefe, covered bonds and government and corporate bonds. The investments have a minimum investment grade rating (AAA to BBB).

The second segment (approximately 49%; previous year: approximately 47%) represents the “income portfolio” and primarily consists of investments in subordinated and high-yield bonds, as well as globally diversified non-fixed-income securities (shares and investment fund units). The ratings of the fixed-income exposures are mainly in the range AAA to BBB, with the addition of investments with BB and B ratings.

Derivative financial instruments are also used for portfolio management. Defined benefit obligations and plan assets are denominated in euros.

The fair value of plan assets can be disaggregated by asset class as follows:

in € thousand	31.12.2024			31.12.2023		
	Quoted price in an active market	No quoted price in an active market	Total	Quoted price in an active market	No quoted price in an active market	Total
Cash and money market investments	–	13,102	13,102	–	20,469	20,469
Bonds and other fixed-income securities	471,411	–	471,411	454,934	–	454,934
Shares	129,083	–	129,083	117,980	–	117,980
Derivative financial instruments	-117	–	-117	-168	–	-168
Land and buildings	–	5,020	5,020	–	5,234	5,234
Other assets	19,106	2,733	21,839	19,975	2,566	22,541
Total	**619,483**	**20,855**	**640,338**	**592,721**	**28,269**	**620,990**

The property and other assets contained in plan assets are assets that are not used by the company itself.

The assets of R+V Pensionsversicherung a.G. amounting to €2,522 thousand (previous year: €2,552 thousand) are contained in the other assets.

OTHER PROVISIONS

Other provisions changed as follows:

in € thousand	*Bauspar*-specific provisions	Other provisions	Provisions for loan commitments	Total
Balance as at 01.01.2023	**1,053,038**	**130,620**	**7,404**	**1,191,062**
Additions	222,545	22,216	7,541	252,302
Utilisation	-359,592	-14,415	–	-374,007
Reversals	-2,062	-3,706	-9,320	-15,088
Reclassifications to liabilities included in disposal groups	-519	-2,637	-82	-3,238
Other changes	23	104	4	131
Balance as at 31.12.2023	**913,433**	**132,182**	**5,547**	**1,051,162**
Additions	222,001	17,425	4,351	243,777
Utilisation	-301,374	-16,919	–	-318,293
Reversals	-610	-10,454	-6,332	-17,396
Interest expenses	–	4	–	4
Balance as at 31.12.2024	**833,450**	**122,238**	**3,566**	**959,254**

The relevant expected future payment obligations are recognised at their present value on the basis of past experience and forecasts.

Depending on the tariff, the Schwäbisch Hall Group grants *Bauspar* customers interest incentives that are tied to the fulfilment of various conditions. The amount of the associated provisions is the result of the updated projections (collective simulation) to reflect future customer behaviour as at the reporting date, taking into account the current level of interest rates.

Miscellaneous provisions include provisions for prelitigation risks in connection with the lending and *Bauspar* business in the amount of €103,535 thousand (previous year: €111,723 thousand). The other disclosures required by IAS 37 are not made for these provisions because it can be expected that they would seriously adversely affect the outcome of any possible legal disputes.

The expected maturities of other provisions are classified as follows:

in € thousand	≤ 3 months	> 3 months – 1 year	> 1 year – 5 years	> 5 years
Balance as at 31.12.2024				
Bauspar-specific provisions	3,881	250,673	439,120	139,776
Other provisions	176	110,111	11,951	–
Provisions for loan commitments	3,566	–	–	–
Total	**7,623**	**360,784**	**451,071**	**139,776**
Balance as at 31.12.2023				
Bauspar-specific provisions	3,760	265,906	490,289	153,478
Other provisions	153	119,409	12,620	–
Provisions for loan commitments	5,547	–	–	–
Total	**9,460**	**385,315**	**502,909**	**153,478**

The loss allowances reported in provisions for loan commitments changed as follows:

in € thousand	Loss allowances		
	Stage 1	**Stage 2**	**Stage 3**
Balance as at 01.01.2023	**4,622**	**1,896**	**886**
Additions	3,936	3,187	418
Reversals	-5,660	-2,832	-828
Other changes	591	-573	-14
Reclassifications to liabilities included in disposal groups	-82	–	–
Balance as at 31.12.2023	**3,407**	**1,678**	**462**
Additions	2,116	1,941	294
Reversals	-3,616	-2,198	-518
Other changes	291	-417	126
Balance as at 31.12.2024	**2,198**	**1,004**	**364**

57 Other liabilities

in € thousand	31.12.2024	31.12.2023
Accruals	101,586	103,191
for management bonuses and bonuses paid to non-Group persons	48,262	52,095
for short-term employee benefits	39,915	37,317
for outstanding invoices	12,476	13,301
other accruals	933	478
Liabilities to DZ BANK AG from profit and loss transfer agreement	100,000	70,000
Other tax liabilities to taxation authorities	27,351	30,802
Other financial liabilities	16,224	12,553
Contract liabilities (IFRS 15)	1,500	–
Remaining other liabilities	1,205	1,005
Total	**247,866**	**217,551**

58 Equity

in € thousand	31.12.2024	31.12.2023
Subscribed capital	310,000	310,000
Capital reserves	1,486,964	1,486,964
Earned equity	3,508,392	3,532,310
Retained earnings	3,549,298	3,581,355
Net profit	-40,906	-49,045
Reserve from other comprehensive income	-893,749	-973,338
Reserve from fair value OCI equity instruments	-5,998	-3,674
Reserve from fair value OCI debt instruments	-892,715	-952,156
Currency translation reserve	4,964	1,490
Reserve for assets held for sale and liabilities included in disposal groups	–	-18,998
Non-controlling interest	426	97,839
Total	**4,412,033**	**4,453,775**

The reserve for assets held for sale and liabilities included in disposal groups in the previous year contains the reserve for exchange differences on currency translation of foreign operations.

Loss allowances included in the reserve from fair value OCI debt instruments changed as follows:

in € thousand	2024	2023
Balance as at 01.01.	**3,679**	**2,079**
Additions	2,151	3,559
Reversals	-1,656	-1,228
Other changes	-159	-731
Balance as at 31.12.	**4,015**	**3,679**

SUBSCRIBED CAPITAL

The subscribed capital (share capital) of Bausparkasse Schwäbisch Hall is composed of 6,000,000 no-par value shares. Each share conveys one vote. All issued shares are outstanding and fully paid-up.

DISCLOSURES ON SHAREHOLDERS

The interest in the share capital held by DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, was 97.596% at the end of the financial year. The remaining 2.404% is mainly held by primary banks.

CAPITAL RESERVES

The capital reserves contain an amount of €45 million, representing the premium paid on the nominal amount of Bausparkasse Schwäbisch Hall's shares on issuance.

EARNED EQUITY

The Schwäbisch Hall Group's accumulated undistributed capital includes the net profit for the current financial year and retained earnings, including actuarial gains and losses from defined benefit plans. Accumulated actuarial gains and losses, net of deferred taxes, amount to €-169.8 million (previous year: €-185.3 million).

RESERVE FROM FAIR VALUE OCI EQUITY INSTRUMENTS

The reserve from fair value OCI equity instruments presents changes in the fair values of equity instruments that were designated irrevocably in the "Fair value through other comprehensive income" measurement category (fair value OCI option) in accordance with IFRS 9.4.1.4. After the disposal of equity instruments for which the fair value OCI option was exercised, accumulated gains and losses are reclassified from other comprehensive income to retained earnings.

RESERVE FROM FAIR VALUE OCI DEBT INSTRUMENTS

The reserve from fair value OCI debt instruments presents changes in the fair values of financial assets in the "Fair value through other comprehensive income" measurement category, net of deferred taxes. Gains and losses are only recognised in profit or loss if the corresponding asset has been derecognised. Loss allowances are included in the reserve from fair value OCI debt instruments.

CURRENCY TRANSLATION RESERVE

The currency translation reserve results from the translation of foreign currency financial statements of joint ventures into the euro, which is the Group reporting currency.

NON-CONTROLLING INTERESTS

Non-controlling interests comprise interests in the equity of subsidiaries that are not attributable to the Group.

CAPITAL MANAGEMENT

The Management Board of Bausparkasse Schwäbisch Hall AG manages the capital resources on the basis of the requirements for regulatory capital ratios in accordance with the CRR.

For information on capital management and the regulatory ratios, which is also a part of the IFRS consolidated financial statements, please refer to the section "CRR regulatory ratios" (page 18) and to the section "Risk management within comprehensive bank management" (page 38) in the combined management report.

Financial instruments disclosures

59 Disclosures on fair values of financial assets and liabilities

in € thousand	31.12.2024				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value	**9,558,179**	**9,558,179**	**9,533,883**	**10,502**	**13,794**
Financial assets measured at fair value through profit or loss	**10,735**	**10,735**	**–**	**10,502**	**233**
Financial assets mandatorily measured at fair value through profit or loss	10,735	10,735	–	10,502	233
Positive fair values of hedging instruments	10,502	10,502	–	10,502	–
Loans and advances to customers	233	233	–	–	233
Financial assets measured at fair value through other comprehensive income	**9,547,444**	**9,547,444**	**9,533,883**	**–**	**13,561**
Financial assets mandatorily measured at fair value through other comprehensive income	9,533,883	9,533,883	9,533,883	–	–
Investments	9,533,883	9,533,883	9,533,883	–	–
Financial assets designated at fair value through other comprehensive income	13,561	13,561	–	–	13,561
Investments	13,561	13,561	–	–	13,561
Financial assets measured at amortised cost	**71,990,993**	**69,178,419**	**1,353,583**	**4,603,550**	**63,221,286**
Cash and cash equivalents	1	1	–	1	–
Loans and advances to banks	3,332,613	3,159,185	–	3,001,507	157,678
of which *Bauspar* loans	157,678	157,678	–	–	157,678
Loans and advances to customers	67,161,939	64,649,544	–	1,585,936	63,063,608
of which *Bauspar* loans	6,750,781	6,750,781	–	–	6,750,781
Investments	1,480,288	1,353,583	1,353,583	–	–
Other assets	16,106	16,106	–	16,106	–
Fair value changes of hedged assets in portfolio hedges of interest rate risk	46	–	–	–	–
Financial liabilities measured at fair value	**139,372**	**139,372**	**–**	**139,372**	**–**
Negative fair values of hedging instruments	139,372	139,372	–	139,372	–
Financial liabilities measured at amortised cost	**76,671,138**	**76,004,954**	**3,840,079**	**9,578,556**	**62,586,319**
Deposits from banks	9,684,828	9,287,688	–	9,093,229	194,459
of which *Bauspar* deposits	194,459	194,459	–	–	194,459
Deposits from customers	62,854,556	62,759,463	–	367,603	62,391,860
of which *Bauspar* deposits	62,487,358	62,391,860	–	–	62,391,860
Issued bonds	4,109,528	3,840,079	3,840,079	–	–
Other liabilities	117,724	117,724	–	117,724	–
Fair value changes of hedged liabilities in portfolio hedges of interest rate risk	-95,498	–	–	–	–
Financial guarantee contracts and loan commitments (provisions)	**3,566**	**3,566**	**–**	**–**	**3,566**

in € thousand	31.12.2023 Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value	**8,356,825**	**8,356,825**	**8,328,394**	**14,896**	**13,535**
Financial assets measured at fair value through profit or loss	**15,110**	**15,110**	**–**	**14,896**	**214**
Financial assets mandatorily measured at fair value through profit or loss	15,110	15,110	–	14,896	214
Positive fair values of hedging instruments	14,896	14,896	–	14,896	–
Loans and advances to customers	214	214	–	–	214
Financial assets measured at fair value through other comprehensive income	**8,341,715**	**8,341,715**	**8,328,394**	**–**	**13,321**
Financial assets mandatorily measured at fair value through other comprehensive income	8,328,394	8,328,394	8,328,394	–	–
Investments	8,328,394	8,328,394	8,328,394	–	–
Financial assets designated at fair value through other comprehensive income	13,321	13,321	–	–	13,321
Investments	13,321	13,321	–	–	13,321
Financial assets measured at amortised cost	**74,823,889**	**70,491,368**	**1,932,749**	**6,078,885**	**62,479,734**
Cash and cash equivalents	3	3	–	3	–
Loans and advances to banks	4,459,078	4,230,166	–	4,127,433	102,733
of which *Bauspar* loans	102,733	102,733	–	–	102,733
Loans and advances to customers	66,785,438	62,826,886	–	1,799,905	61,026,981
of which *Bauspar* loans	4,847,608	4,847,608	–	–	4,847,608
Investments	1,884,344	1,739,328	1,739,328	–	–
Other assets	13,670	13,670	–	13,670	–
Disposal group held for sale	1,681,315	1,681,315	193,421	137,874	1,350,020
Fair value changes of hedged assets in portfolio hedges of interest rate risk	41	–	–	–	–
Financial liabilities measured at fair value	**175,945**	**175,945**	**–**	**175,945**	**–**
Negative fair values of hedging instruments	175,945	175,945	–	175,945	–
Financial liabilities measured at amortised cost	**78,114,157**	**77,104,932**	**2,725,566**	**8,921,216**	**65,458,150**
Deposits from banks	9,470,470	8,763,042	–	8,330,421	432,621
of which *Bauspar* deposits	432,621	432,621	–	–	432,621
Deposits from customers	64,151,766	64,016,918	–	453,205	63,563,713
of which *Bauspar* deposits	63,701,819	63,563,713	–	–	63,563,713
Issued bonds	3,030,620	2,725,566	2,725,566	–	–
Other liabilities	82,553	82,553	–	82,553	–
Liabilities included in disposal groups	1,516,853	1,516,853	–	55,037	1,461,816
Fair value changes of hedged liabilities in portfolio hedges of interest rate risk	-138,105	–	–	–	–
Financial guarantee contracts and loan commitments (provisions)	**5,547**	**5,547**	**–**	**–**	**5,547**

There is no active market with quoted prices in accordance with IFRS 13.76 for either *Bauspar* loans or *Bauspar* deposits or similar assets and liabilities. Due to the special nature of the *Bauspar* product, there are currently also no suitable techniques for determining fair value in accordance with IFRS 13. Individual measurement of *Bauspar* contracts is not possible because the allocation of *Bauspar* loans depends on the development of the entire collective (allocation fund) and thus in particular on the development of the *Bauspar* deposits (collective link). In light of this, only the carrying amounts of the financial assets and financial liabilities from the collective *Bauspar* business are given in the table above.

For risk-bearing capacity calculations and for regulatory purposes, *Bauspar*-specific simulation models are used, which have also evolved accordingly due to the greater banking supervision requirements in recent years. Statistically derived parameters, previous historical values and the current market assessment flow into these models. The present value of the future cash flows expected from the collective contract portfolio, reduced by cost components and risk margins, is compared in the following with the balance of carrying amounts from the *Bauspar* business. The balance of carrying amounts from the *Bauspar* business amounts to €-55,678 million (surplus of liabilities) (previous year: €-60,338 million). By contrast, the present value of the collective amounts to €-48,656 million (previous year: €-52,854 million).

The assets held for sale and liabilities included in disposal groups in the previous year were attributable in full to the FLK disposal group.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE IN THE BALANCE SHEET

Financial instruments accounted for at fair value are categorised within the hierarchy in line with the fair value measurement method and the underlying assumptions.

Financial instruments are transferred between Level 1 and 2 due to the disappearance or emergence of active markets. They are transferred when there is a change in the inputs relevant for categorisation in the fair value hierarchy. Financial instruments are transferred between Level 1 and Levels 2 and 3 of the fair value hierarchy on the basis of a change in the estimated market observability of the inputs used in the valuation techniques. There were no transfers in the reporting period.

Fair values in Level 1 of the hierarchy are calculated by reference to prices in active markets for the financial instrument in question (quoted market prices).

The fair value of financial instruments categorised within Level 2 of the measurement hierarchy is measured by reference to prices in active markets for similar, but not identical, financial instruments, or by using valuation techniques that are predominantly based on observable measurement inputs. The fair value of derivative financial instruments is calculated using standard industry models customary that use observable inputs. Cash flows relating to derivative financial instruments are discounted using a yield curve that takes collateralisation into account.

The fair value of equity instruments in the form of shares and other variable-yield securities and interests in subsidiaries and associates in the fair value OCI category that are categorised within Level 3 of the fair value is measured using an income capitalisation approach in which future income and dividends (unobservable inputs) based on projected figures and estimates are discounted using risk parameters.

The carrying amount of equity instruments in the fair value OCI category allocated to Level 3 changed from €13,321 thousand to €13,561 thousand in the financial year due to additions of €2,483 thousand (previous year: €4,484 thousand) and changes in fair value of €-2,243 thousand (previous year: €-1,324 thousand). There were no fair value changes due to disposals during the financial year (previous year: €132 thousand).

The DCF method is applied as a valuation technique to measure the fair value of loans and advances to customers. The probability of default was identified as a material non-observable input and was 23% at the reporting date.

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE IN THE BALANCE SHEET

Financial instruments not measured at fair value in the balance sheet are managed on the basis of their carrying amounts; their fair values are determined solely for the purposes of notes disclosures and do not affect the Schwäbisch Hall Group's net assets and financial position.

The valuation techniques and inputs used to measure fair value for assets and liabilities not measured at fair value in the balance sheet are substantially the same as those used to measure fair value for assets and liabilities measured at fair value in the balance sheet.

The fair value of current financial instruments corresponds to their carrying amount. For non-current financial assets and securitised liabilities, unadjusted quoted market prices are used as Level 1 inputs, where available. The fair value of non-collective loans is determined by discounting contractually agreed cash flows at the risk-free interest rates applicable to the corresponding residual terms, taking risk costs into account. In addition, the present value method is used to measure the fair value of registered bonds and promissory note loans.

As no valuation technique that meets the requirements of IFRS 13 is currently available for determining the fair value of *Bauspar* loans and *Bauspar* deposits, their carrying amounts represent a reasonable estimate of fair value (see Note 6).

60 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities reference standard master agreements, although these generally do not meet the offsetting criteria of IAS 32.42, as the legal right to offset under these agreements depends on the occurrence of a future event.

The following table present financial assets that are subject to a legally enforceable bilateral netting agreement or similar agreement:

in € thousand	Gross amount of financial instruments before offsetting	Net amount of financial instruments (recognised amount)	Related amounts of financial instruments not set off	Related amounts not set off in the balance sheet		Net amount
				Financial Instruments	Cash collateral received/furnished	
Balance as at 31.12.2024						
Financial assets						
Derivative financial instruments	10,502	10,502	10,502	–	–	–
Total	**10,502**	**10,502**	**10,502**	**–**	**–**	**–**
Financial liabilities						
Derivative financial instruments	139,372	139,372	10,502	–	128,870	–
Repurchase agreements	147,587	147,587	–	146,543	–	1,044
Total	**286,959**	**286,959**	**10,502**	**146,543**	**128,870**	**1,044**
Balance as at 31.12.2023						
Financial assets						
Derivative financial instruments	14,896	14,896	14,896	–	–	–
Total	**14,896**	**14,896**	**14,896**	**–**	**–**	**–**
Financial liabilities						
Derivative financial instruments	175,945	175,945	14,896	–	161,049	–
Total	**175,945**	**175,945**	**14,896**	**–**	**161,049**	**–**

61 Repurchase agreements

Transfers in which the transferred assets remain on the balance sheet were performed in the Schwäbisch Hall Group in the financial year exclusively under genuine repurchase agreements between Bausparkasse Schwäbisch Hall AG and DZ BANK AG on the basis of the German master agreement for repurchase agreements at standard market conditions. The Bausparkasse acts exclusively as a securities provider. The master agreement provides for the unrestricted availability of the securities for the transferee or their transfer as collateral in absence of default by the counterparty, as well as the return of the same class. If the fair value of the securities transferred under the repurchase agreements increases or decreases, the relevant entity may be required to provide further collateral or require the provision of collateral.

Debt securities in the class of financial assets measured at fair value were transferred in repurchase agreements (repos) in financial year 2024.

in T€	Assets sold under repurchase agreements	Related financial liabilities measured at amortised cost
Financial year 2024		
Financial assets measured at fair value	**146,543**	**147,587**
Financial assets mandatorily measured at fair value through other comprehensive income	146,543	147,587
Total	**146,543**	**147,587**

The master agreement does not meet the offsetting criteria of IAS 32 because the legal right to offset depends on the occurrence of a future event.

No additional cash collateral was provided as part of securities repurchase agreements as at 31 December 2024. The fair value of securities sold under repurchase agreements amounted to €146,543 as at 31 December 2024.

62 Collateral

On the reporting date, loans and advances to customers amounting to €88,292 thousand (previous year: €103,790 thousand) were provided as collateral for building loans extended under KfW Group development loan programmes. KfW Group's receivables from Bausparkasse Schwäbisch Hall are secured by the assignment of receivables arising from transmission of the earmarked loan and the fiduciary holding of collateral made available for this purpose.

Bausparkasse Schwäbisch Hall AG also has receivables secured by mortgages and bearer bonds in the cover pool under sections 12 and 19 of the German *Pfandbrief* Act. As at 31 December 2024, the cover pool amounted to €7,003 million (previous year: €5,642 million), with mortgage *Pfandbriefe* with a nominal value of €4,125 million (previous year: €3,064 million) outstanding.

63 Items of income, expense, profit and loss

The influence of financial instruments on the earnings positions of the Schwäbisch Hall Group in accordance with IFRS 7 is presented in the following by means of supplementary disclosures.

NET GAINS AND LOSSES

Net gains and losses on financial instruments by IFRS 9 category are attributable to financial assets and financial liabilities in the amounts shown:

in € thousand	2024	2023
Derivative financial instruments mandatorily measured at fair value through profit or loss	**-355**	**-131**
Financial assets measured at fair value through other comprehensive income	**230,706**	**550,693**
Financial assets mandatorily measured at fair value through other comprehensive income	232,297	551,445
Net gains and losses recognised in profit or loss	147,010	124,489
Net gains and losses recognised in other comprehensive income	85,287	426,956
Financial assets designated at fair value through other comprehensive income	-1,591	-752
Net gains and losses recognised in profit or loss	652	572
Net gains and losses recognised in other comprehensive income	-2,243	-1,324
Financial assets measured at amortised cost	**1,211,262**	**1,181,946**
Financial liabilities measured at amortised cost	**-861,699**	**-858,970**

Net gains and losses comprise gains and losses on fair value measurement and impairment losses, and gains and losses from the sale and early repayment of the financial instruments concerned. They also include interest income and expense, current income, income from profit transfer agreements and expenses from loss absorption.

INTEREST INCOME AND EXPENSE

The following total interest income and expense was recognised for financial assets and financial liabilities that are not measured at fair value through profit or loss:

in € thousand	2024	2023
Interest income	**1,384,440**	**1,327,163**
from financial assets measured at cost, including finance leases	1,237,082	1,203,174
from financial assets measured at fair value through other comprehensive income	147,358	123,990
Interest expense on financial liabilities measured at amortised cost, including finance leases	**-861,699**	**-858,970**

INCOME AND EXPENSE ITEMS FROM COMMISSIONS

Net fee and commission income includes fee and commission expenses of €101,450 thousand (previous year: €89,417 thousand) and fee and commission income of €36,617 thousand (previous year: €29,686 thousand) from financial assets and financial liabilities that are not measured at fair value through profit or loss.

64 Hedge accounting

RISK MANAGEMENT STRATEGY

Fair value hedges are recognised as part of the risk management strategy to eliminate or mitigate accounting mismatches.

HEDGED ITEMS

Fair value hedged accounting is used in hedges of interest rate risk. Risk of interest rate changes in this context means the risk that the fair value or a fixed-income financial instruments will be adversely affected by a change in market interest rates. The hedged financial assets are financial assets in the "Financial assets measured at fair value through other comprehensive income" category and loans and advances to customers in the "Financial assets measured at amortised cost" category, and the financial liabilities are deposits from customers measured at amortised cost. Asset- and liability-side interest rate risk portfolios are identified and designated as hedged items in portfolio hedge accounting (portfolio fair value hedges). During the term of the hedging relationship, these portfolios are exposed to changes in the volume and number of included contracts, which are taken into account as part of the regular hedging cycle.

The hedging relationships are normally designated for one month. They are then closed and redesignated on the basis of the changed overall portfolio.

HEDGING INSTRUMENTS

Interest rate swaps are designated as hedging instruments to account for hedges of the fair value of financial assets and liabilities.

The hedging instruments are reported in positive and negative fair values of hedging instruments.

EFFECTIVENESS TEST

Hedge accounting requires the hedge to be effective both prospectively and retrospectively. The entity seeks to establish an effective hedging relationship for each maturity band to which at least one hedging instrument has been allocated. For this purpose, changes in the fair values of the hedging items, including the attributable future contractual cash flows, must almost fully offset changes in the fair values of the hedging instruments.

In the case of portfolio hedges, there is no direct economic relationship between the hedged item and the hedging instruments. The approximate offsetting of the changes in fair value is ensured by determining an individual hedge ratio based on the sensitivities of the hedged item and the hedging instruments.

Hedge effectiveness is tested and demonstrated at each month-end.

Portfolio hedges that continue to be accounted for in accordance with IAS 39 are deemed to be effective if changes in the fair values of the hedged items and the hedging instruments offset each other within the range of 80% to 125% defined by IAS 39. If this test establishes that the hedge is not sufficiently effectively, it must be terminated retrospectively as at the date of the most recent effective test.

In fair value hedges, prospective and retrospective effectiveness is tested using a regression model.

To do this, the accumulated changes in the fair value of the hedged items attributable to the hedged risk are compared for each individual maturity band with the changes in the fair value of the hedging instruments.

GAINS AND LOSSES FROM AND INEFFECTIVENESS OF HEDGE ACCOUNTING

Hedge ineffectiveness results from opposing changes in the fair value of hedging instruments and hedged items that do not fully offset each other.

Hedge ineffectiveness is recognised in "Other gains or losses on valuation of financial instruments" in the income statement. Hedge ineffectiveness may arise in fair value hedges of interest rate risk. This is because the changes in the fair values of hedged items and hedging instruments may not fully offset each other because of differences relating to maturities, cash flows and discount rates, or because of the early termination of hedging derivatives.

SCOPE OF RISKS MANAGED USING HEDGES AND IMPACT ON CASH FLOWS

Information on the volume of hedged items and hedging instruments that were designated in hedging relationships to hedge risk in interest rate changes is presented in the following:

in € thousand	Carrying amount	Nominal amount of hedging instruments	Adjustments from fair value hedges contained in carrying amount of hedged items		Changes in fair value as basis for measuring ineffectiveness for the period
			Existing hedging relationships	Terminated hedging relationships	
Balance as at 31.12.2024					
Assets	**937,970**	**465,000**	**19,031**	**–**	**8,580**
Positive fair values of hedging instruments	10,502	465,000			-2,021
Fair value changes of hedged assets in portfolio hedges of interest rate risk	927,468		19,031	–	10,601
Liabilities	**2,093,680**	**2,307,000**	**-94,650**	**-848**	**-12,259**
Negative fair values of hedging instruments	139,372	2,307,000			-3,109
Fair value changes of hedged liabilities in portfolio hedges of interest rate risk	1,954,308		-94,650	-848	-9,150
Balance as at 31.12.2023					
Assets	**938,207**	**370,000**	**8,387**	**–**	**19,803**
Positive fair values of hedging instruments	14,896	370,000			-18,526
Fair value changes of hedged assets in portfolio hedges of interest rate risk	923,311		8,387	–	38,329
Liabilities	**2,158,379**	**2,377,000**	**-136,906**	**-1,199**	**-19,115**
Negative fair values of hedging instruments	175,945	2,377,000			23,619
Fair value changes of hedged liabilities in portfolio hedges of interest rate risk	1,982,434		-136,906	-1,199	-42,734

The residual maturities of the hedging instruments entered into to hedge interest rate risk are presented in the following:

in € thousand	≤ 1 month	> 1 month – 3 months	> 3 months – 1 year	> 1 year – 5 years	> 5 years
Balance as at 31.12.2024					
To hedge interest rate risk	–	50,000,000	250,000,000	1,242,000,000	1,230,000,000
Average hedged interest rate in %	–	0,350	1,440	1,130	1,710
Total	**–**	**50,000,000**	**250,000,000**	**1,242,000,000**	**1,230,000,000**
Balance as at 31.12.2023					
To hedge interest rate risk	–	–	–	1,417,000,000	1,330,000,000
Average hedged interest rate in %	–	–	–	1,200	1,590
Total	**–**	**–**	**–**	**1,417,000,000**	**1,330,000,000**

65 Nature and extent of risks arising from financial instruments

The disclosures on credit risk in accordance with IFRS 7.35A-36 and the maturity analysis in accordance with IFRS 7.39(a) and (b) are made in the notes to the IFRS consolidated financial statements.

The disclosures on the nature and extent of risks arising from financial instruments (IFRS 7.31-42) are in part contained in the combined management report and in part in the notes to the IFRS consolidated financial statements. The disclosures published in the risk report are substantively part of these notes to the consolidated financial statements.

The information presented in the following is contained in the sections of the risk report in the combined described below:

- IFRS 7.33-34 (qualitative and quantitative disclosures): section "Risk management within comprehensive bank management" (page 35);
- IFRS 7.39(c) (managing liquidity risk): section "Liquidity risk" (page 45);
- IFRS 7.40-42 (market risk): section "Market risk" (page 43).

CREDIT RISK MANAGEMENT PRACTICES

The rules for recognising impairment losses are based on the calculation of expected losses in the lending business and from other assets. The application of the impairment loss rules is limited to financial assets as well as loan commitments and financial guarantee contracts that are not measured at fair value through profit or loss. These include:

- financial assets measured at amortised cost;
- financial assets in the form of debt instruments measured at fair value through other comprehensive income.

The impairment rules also apply to:

- loan commitments and financial guarantee contracts under IFRS 9 and not measured at fair value through profit or loss;
- lease receivables and
- trade other receivables in accordance with IFRS 15.

Under IFRS 9, the three-stage approach is used to calculate expected losses, with additional consideration of POCIs:

- Stage 1: a 12-month expected credit loss is applied to financial assets without a significantly increased credit risk compared with the acquisition date and not impaired at acquisition. Interest is recognised in the basis of the gross carrying amount.
- Stage 2: loss allowances are calculated in the amount of lifetime expected credit losses for financial assets whose credit risk has increased significantly since initial recognition but that are not credit-impaired. Interest is recognised in the basis of the gross carrying amount.
- Stage 3: financial assets are credit-impaired if they are considered to be in default in accordance with Article 178 of the CRR, as operationalised in the Schwäbisch Hall Group's definition of default. Because of the matching indicators and events that are considered Level 3 criteria under IFRS 9 and simultaneously lead to default under Article 178 of the CRR, these classifications are identical. If there is any default, the asset is therefore also categorised within Level 3 as impaired. Loss allowances are likewise recognised in the amount of the lifetime expected credit losses. Interest income on credit-impaired financial assets is calculated using the effective interest method on the amortised cost of the assets, net of loss allowances.
- POCI (purchased or originated credit-impaired assets): Financial assets that are already classified as credit-impaired upon initial recognition are not allocated to the three-stage impairment model, but are instead reported separately. POCI financial assets are not reported at their gross carrying amount, but rather at their fair value. Accordingly, interest income for POCI financial assets is recognised using a risk-adjusted effective interest rate.

No POCI assets were identified in the reporting period.

The review of whether there has been a significant increase in the credit risk of financial assets or financial guarantee contracts and loan commitments compared with the credit risk at acquisition date is performed continuously. It is assessed using quantitative and qualitative analyses.

The quantitative analyses are usually performed by reference to the expected credit risk over the entire residual life of the financial instruments under review. This also takes into account macroeconomic information in the form of "shift factors". These shift factors are used to adjust the model-based probability of default profiles from economic and regulatory risk management (see “Impact of macroeconomic developments” chapter). The credit risk at the reporting date for the residual maturity for the quantitative transfer criterion is generally compared with the credit risk of the asset estimated at the acquisition date for the relevant maturity. In the case of exposures with a non-investment grade rating, where only a slight relative deterioration in credit quality is possible, the survival probability is also taken into account.

The thresholds indicating a significant increase in credit risk are determined for each portfolio separately as the ratio of current changes in the lifetime probability of default (lifetime PDs) to historical lifetime PDs. Internal risk measurement systems, external credit ratings and risk forecasts are also used to assess the credit risk of financial assets. The maximum value for these transfer thresholds represents a 200% increase, i.e. an increase of 300% over the initial value (300% credit risk backstop criterion).

Four qualitative transfer criteria additionally apply to assets:

- more than 30 days past due,
- for which forbearance measures have been agreed or which involve a loan with a repayment subsidy,
- with business partners assigned to the risk early identification watch list or
- for which a sudden and significant increase in credit risk is expected.

These also exhibit a significant increase in credit risk and are categorised within Stage 2, unless categorisation within Stage 3 is necessary. Being more than 30 days past due is a backstop criterion, as financial assets are usually transferred to Level 2 well before a being more than 30 days past due because of the other transfer criteria. The “sudden and significant increase in credit risk” criterion only applies to suspended repayment loans when there is an increase in the annuity. This criterion has been factored into the lending process since 2016.

For securities with low default risk or an investment grade rating, the increase in default risk is also measured and changes in the rating are monitored. However, under the low credit risk exemption, crossing the quantitative transfer threshold only leads to a transfer to Level 2 for securities in the narrower sense if a qualitative transfer criterion is met or if the security is assigned a rating outside the investment grade range. For Bausparkasse Schwäbisch Hall, this low credit risk exemption does not apply to loans and advances. The Group-wide measure for staging securities as specified by DZ BANK is applied at Bausparkasse Schwäbisch Hall: in order to take into account negative macroeconomic expectations for certain sectors, such as the construction industry, that are not yet reflected in the individual ratings, these sectors have been permanently assigned to level 2 (in-model adjustment).

If it is established on the reporting date that there is no longer a significant increase in credit risk compared with earlier reporting dates, the financial assets concerned are transferred back to Stage 1 and the loss allowances are returned to the level of the expected 12-month expected credit loss. For retransfer from Stage 3, the default status is not lifted until after a corresponding good behaviour period in line with the regulatory definition.

Expected losses are determined as the probability-weighted present value of expected defaults over the expected total term from default events within the next twelve months for assets assigned to Stage 1 of the impairment model. For assets assigned to Stages 2 or 3 of the impairment model, the determination is based on default events over the entire remaining term for assets. The expected losses are discounted at their original effective interest rate. As a rule, this calculation uses the regulatory model harmonised with the requirements of IFRS 9, consisting of probability of default, loss rate (including probability of recovery) and expected loan amount at the date of default. The estimated probability of default in this regard contains not only historical, but also forward-looking default information. These are reflected in the calculation of loss allowances in the form of shifts in the statistically calculated probabilities of default (shift factors). For individual Stage 3 exposures, the expected loss is also calculated using this input-based approach, depending on the portfolio or, in individual cases, on the basis of individual expert estimates about estimated cash flows and probability-weighed scenarios at the level of individual transactions.

Directly recognised impairment losses reduce the carrying amounts of assets directly. In contrast to loss allowances, directly recognised impairment losses are not estimated, but are recognised at a known exact amount if this is justified by the uncollectibility of the debt (for example by disclosing an insolvency ratio). Write-downs can be charged as directly recognised impairment losses and/or the utilisation of existing loss allowances. Directly recognised impairment losses are usually recognised after the completion of all recovery and enforcement measures. Directly recognised impairment losses are also recognised for immaterial minor amounts.

IMPACT OF MACROECONOMIC DEVELOPMENTS

The established processes and models for determining IFRS 9 expected losses at individual exposure or portfolio level are generally retained.

Current economic developments are primarily taken into account by updating the macroeconomic forecasts. In doing so, Bausparkasse Schwäbisch Hall used the macroeconomic forecasts for the years 2025–2029 from the DZ BANK's Research division that are taken into account when determining expected losses.

Expected macroeconomic trends are reflected by adjusting the model-based default probability profiles used in economic and regulatory risk management. The shift factors are used to include current economic trends ("point-in-time focus") as well as forecasts of future economic conditions for the years in the macroeconomic forecast horizon in the calculation of loss allowances. The macroeconomic scenarios include in particular future developments in the labour market, gross domestic product, inflation and real estate and energy prices, and are based primarily on economic forecasts by the DZ BANK Group's Economic Round Table (VRT).

To ensure an undistorted expected loss, the VRT must consider several scenarios when drawing up the macroeconomic forecast. These must include at least one baseline scenario and one risk scenario that have a significant probability of occurring in a relevant macroeconomic environment. The probability of occurrence is determined by the VRT participants in relation to the scenarios. The basis for the shift factors used as at 31 December 2024 is made up of the three macroeconomic scenarios of the DZ BANK Group VRT from November 2024 (base scenario 70%, risk scenario 20%, opportunity scenario 10%). These shift factors are then derived using models of stress testing developed for IFRS 9 or existing stress testing models from macroeconomic inputs for various levels of probability of default.

The risk parameters adjusted using the macroeconomic scenarios are incorporated into the calculation of the loss allowance on a probability-weighted basis. The methods and assumptions, including the forecasts, are regularly validated.

The models are not able to adequately reflect the current market situation due to the current macroeconomic uncertainties. For this reason, an expert-based override of the shift factors statistically determined on the basis of DZ BANK's macroeconomic forecasts is applied. This ensures that the shift factors used correspond to the expert expectations as well as to the forecast changes in the macroeconomic factors for the calculation of expected losses.

The methodology for the override process of the model shift factors at Group level is unchanged as at 31 December 2023. A plausibility check of the shift factors continues to take account of the industry-wide impact. This encompasses all identifiable material increases in risk attributable to current developments or influencing factors in the economic environment that are not yet reflected in the rating. In financial year 2024, these included in particular economic uncertainty in the wake of the US presidential election, geopolitical crises, shortages of raw materials – especially gas – supply chain shortages and higher inflation with a sharp rise in energy prices.

Since 2022, climate and environmental parameters are explicitly included in the scenario analysis. These therefore flow into the loss allowances via the shift factors. The focus is initially on including the price of CO_2, which then represents an influencing variable for measuring macroeconomic variables. This is done based on the interactions of the NGFS (Network for Greening the Financial System) scenarios, which show how climate change and its mitigation can affect important economic variables. As far as the effects on macroeconomic variables are concerned, DZ BANK's forecasts are based on the legal situation in Germany and the technical assumptions of the European Central Bank (ECB). The effects on the macroeconomic variables have so far been limited. The introduction of a CO_2 price is likely to result in a long-term increase in the annual average inflation rate in Germany and the eurozone. This price effect is already priced into the underlying inflation rates. It cannot be ruled out that achieving the climate targets will require a significant increase in the price of CO_2 and have negative macroeconomic effects.

As at the reporting date, three macroeconomic scenarios (baseline, risk and opportunity) were taken into account, weighted at 70 per cent for the baseline scenario, 20 per cent for the risk scenario and 10 per cent for the opportunity scenario. In the previous year, two macroeconomic scenarios were considered, with an 80 per cent weighting for the baseline scenario and 20 per cent for the risk scenario.

The baseline scenario is based on the assumption that the Republican agenda will be implemented moderately in the US, thereby keeping the growth momentum in Germany at a moderate level. The expectation for Germany is weak economic development with a constant rate of inflation. Inflation rates are expected to remain above the ECB's inflation target. The baseline scenario with a 70% weighting corresponds to DZ BANK's forecasts of November 2024.

The risk scenario is based on the assumption that aggressive tariff increases in the US will lead to an escalation of the trade conflict between the US and the eurozone and trigger a recession in Germany The risk scenario is included in the weighting with a 20% probability.

The opportunity scenario assumes a positive resolution of the trade conflict between the USA and the eurozone and the initiation of new growth momentum by the German government. The expectation regarding inflation in Germany is in keeping with the baseline scenario, although stronger GDP growth is assumed in this scenario. The opportunity scenario is included in the weighting with a 10% probability.

In particular, the following macroeconomic forecasts for the years 2024 to 2028 are also included in the calculation of expected loss as at the reporting date, with the ECB scenarios of December 2024 also lying within their range:

		2024	2025	2026	2027	2028
Unemployment, Germany						
Base scenario	in %	3.40	3.50	3.50	3.40	3.40
Risk scenario	in %	3.40	3.80	3.70	3.60	3.60
Opportunity scenario	in %	3.40	3.40	3.30	3.10	2.90
Real GDP growth, Germany (seasonally and calendar-adjusted)						
Base scenario	as % year-on-year	–	0.25	0.50	0.50	0.50
Risk scenario	as % year-on-year	–	-0.50	-1.00	–	0.50
Opportunity scenario	as % year-on-year	–	0.25	1.00	2.00	2.00
Inflation, Germany						
Base scenario	as % year-on-year	2.25	2.25	2.25	2.25	2.25
Risk scenario	as % year-on-year	2.25	3.00	2.50	2.50	2.25
Opportunity scenario	as % year-on-year	2.25	2.25	2.25	2.25	2.25

The calculated values were validated using Group-wide expert surveys and supplemented by management’s estimates. This ensures that the shift factors used correspond to the expert expectations as well as to the forecast changes in the macroeconomic factors for the calculation of expected losses.

The adjustments described represent adjustments to inputs in the models for reflecting the macroeconomic developments. It was not therefore necessary to develop additional post-model adjustments in the Schwäbisch Hall Group.

No significant deterioration of the value of collateral held in the form of real estate liens is currently being observed. Any valuation haircuts on real estate held as collateral are subject to continuous monitoring, taking into account ongoing macroeconomic developments.

Real estate prices stabilised in the financial year and are trending upwards again, and there are continued assumptions of a good collateralisation situation.

The macroeconomic developments did not lead to any significant transfers in the reporting period between the stages of the credit loss model for the gross carrying amounts of financial instruments in the classes “Financial assets measured at fair value”, “Financial assets measured at amortised cost” and the nominal amounts of the class “Financial guarantee contracts and loan commitments”.

Additions to loss allowances, which are presented in the statement of changes in loss allowances, are also attributable to the changes in the macroeconomic forecasts used to determine expected losses.

LOSS ALLOWANCES AND GROSS CARRYING AMOUNTS

In the Bausparkasse Schwäbisch Hall Group, loss allowances are recognised for the amount of expected credit losses for the classes “Financial assets measured at fair value in other comprehensive income”, “Financial assets measured at amortised cost”, “Finance leases” and “Financial guarantee contracts and loan commitments”. Trade receivables form part of the class “Financial assets measured at amortised cost”.

There were finance lease receivables in the previous year with a gross carrying amount of €1,055 thousand in the Schwäbisch Hall Group, and reported in assets held for sale. A loss allowance of €32 thousand was recognised for these receivables. There were no finance lease receivables in the Schwäbisch Hall Group as at the reporting date.

FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Stage 1		Stage 2	
in € thousand	**Loss allowances**	**Fair value**	**Loss allowances**	**Fair value**
Balance as at 01.01.2023	**2,079**	**7,543,891**	**–**	**–**
Additions/increase in credit utilisation	2,975	593,408	584	–
Change to financial assets due to stage transfer	-29	-49,338	29	49,338
Transfer from Stage 1	-29	-49,338	29	49,338
Reversals and repayments	-1,228	-287,925	–	–
Amortisation, changes in fair value	–	494,237	–	-15,217
Other changes	-539	–	-192	–
Balance as at 31.12.2023	**3,258**	**8,294,273**	**421**	**34,121**
Additions/increase in credit utilisation	2,128	1,372,088	23	–
Reversals and repayments	-1,612	-286,909	-44	–
Amortisation, changes in fair value	–	116,368	–	3,942
Other changes	-165	–	6	–
Balance as at 31.12.2024	**3,609**	**9,495,820**	**406**	**38,063**

FINANCIAL ASSETS MEASURED AT AMORTISED COST

in € thousand	Stage 1		Stage 2		Stage 3	
	Loss allowances	Gross carrying amount	Loss allowances	Gross carrying amount	Loss allowances	Gross carrying amount
Balance as at 01.01.2023	**57,577**	**72,863,732**	**80,948**	**3,798,829**	**73,120**	**524,995**
Additions/increase in credit utilisation	6,692	10,927,483	2,481	281,869	–	–
Change to financial assets due to stage transfer	107,188	-340,555	-97,556	242,479	-9,632	98,076
Transfer from Stage 1	-3,987	-1,810,918	3,828	1,773,705	159	37,213
Transfer from Stage 2	107,764	1,448,182	-122,974	-1,681,379	15,210	233,197
Transfer from Stage 3	3,411	22,181	21,590	150,153	-25,001	-172,334
Loss allowances utilised/directly recognised impairment losses on gross carrying amounts	–	–	–	-17	-1,829	-4,730
Reversals and repayments	-4,090	-12,523,859	-13,409	-688,431	-7,650	-87,395
Changes in risk parameters	-93,861	–	109,366	–	17,171	–
Additions	28,226	–	192,799	–	34,986	–
Reversals	-122,087	–	-83,433	–	-17,815	–
Amortisation	–	-108,004	–	-10,107	–	-1,272
Currency translation differences and other changes	325	69,514	140	7,248	1,465	1,413
Reclassification to assets held for sale	-7,552	-1,560,237	-1,793	-114,634	-14,768	-29,533
Balance as at 31.12.2023	**66,279**	**69,328,074**	**80,177**	**3,517,236**	**57,877**	**501,554**
Additions/increase in credit utilisation	3,469	8,793,412	865	167,922	–	–
Change to financial assets due to stage transfer	66,629	-1,673,814	-73,255	1,490,876	6,626	182,937
Transfer from Stage 1	-5,675	-2,593,305	5,509	2,554,923	166	38,383
Transfer from Stage 2	70,456	898,859	-90,313	-1,191,425	19,857	292,565
Transfer from Stage 3	1,848	20,632	11,549	127,378	-13,397	-148,011
Loss allowances utilised/directly recognised impairment losses on gross carrying amounts	–	–	–	–	-1,509	-4,115
Reversals and repayments	-3,340	-9,016,203	-13,754	-939,464	-7,284	-100,484
Changes in risk parameters	-70,380	–	97,282	–	18,799	–
Additions	19,873	–	176,443	–	38,942	–
Reversals	-90,253	–	-79,161	–	-20,143	–
Amortisation	–	-28,503	–	–	–	–
Balance as at 31.12.2024	**62,657**	**67,402,966**	**91,315**	**4,236,570**	**74,509**	**579,892**

ASSETS HELD FOR SALE THAT WERE PREVIOUSLY REPORTED AS FINANCIAL ASSETS MEASURED AT AMORTISED COST

	Stage 1		Stage 2		Stage 3	
in € thousand	Loss allowances	Gross carrying amount	Loss allowances	Gross carrying amount	Loss allowances	Gross carrying amount
Balance as at 01.01.2023	**–**	**–**	**–**	**–**	**–**	**–**
Reclassification to assets held for sale	7,552	1,560,237	1,793	114,634	14,768	29,533
Balance as at 31.12.2023	**7,552**	**1,560,237**	**1,793**	**114,634**	**14,768**	**29,533**
Additions/increase in credit utilisation	187	60,474	14	278	–	–
Change to financial assets due to stage transfer	868	-7,545	1,806	6,298	-2,674	1,247
Transfer from Stage 1	-219	-36,001	210	34,671	9	1,330
Transfer from Stage 2	352	26,573	-464	-32,952	112	6,379
Transfer from Stage 3	735	1,883	2,060	4,579	-2,795	-6,462
Reversals and repayments	-167	-34,177	-47	-2,119	-321	-572
Changes in risk parameters	-947	–	-1,727	–	2,879	–
Additions	87	–	311	–	3,319	–
Reversals	-1,034	–	-2,038	–	-440	–
Amortisation	–	-22,859	–	-2,190	–	-317
Currency translation differences and other changes	-253	-52,312	-58	-3,846	-324	-1,031
Changes in the basis of consolidation	-7,240	-1,503,818	-1,781	-113,055	-14,328	-28,860
Balance as at 31.12.2024	**–**	**–**	**–**	**–**	**–**	**–**

FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS

	Stage 1		Stage 2		Stage 3	
in € thousand	**Loss allowances**	**Nominal amount**	**Loss allowances**	**Nominal amount**	**Loss allowances**	**Nominal amount**
Balance as at 01.01.2023	**4,622**	**4,547,959**	**1,896**	**69,338**	**886**	**9,602**
Additions/increase in credit utilisation	2,360	3,755,102	67	739	–	–
Change to financial assets due to stage transfer	587	-37,661	-573	34,000	-14	3,661
Transfer from Stage 1	-233	-48,267	226	44,031	8	4,237
Transfer from Stage 2	689	9,789	-1,132	-11,867	442	2,077
Transfer from Stage 3	131	817	333	1,836	-464	-2,653
Reversals and repayments	-4,173	-5,722,657	-1,483	-56,801	-595	-8,475
Changes in risk parameters	89	–	1,771	–	185	–
Additions	1,576	–	3,120	–	418	–
Reversals	-1,487	–	-1,349	–	-233	–
Reclassification to liabilities included in disposal groups	-82	-13,635	–	–	–	–
Currency translation differences and other changes	4	514	–	–	–	–
Balance as at 31.12.2023	**3,407**	**2,529,622**	**1,678**	**47,276**	**462**	**4,788**
Additions/increase in credit utilisation	1,840	4,712,039	10	1,498	–	–
Change to financial assets due to stage transfer	291	-36,309	-417	30,626	126	5,683
Transfer from Stage 1	-69	-44,327	66	39,086	3	5,241
Transfer from Stage 2	319	7,858	-649	-9,144	330	1,286
Transfer from Stage 3	41	160	166	684	-207	-844
Reversals and repayments	-2,541	-5,537,682	-1,367	-37,275	-392	-7,363
Changes in risk parameters	-799	–	1,100	–	168	–
Additions	276	–	1,931	–	294	–
Reversals	-1,075	–	-831	–	-126	–
Balance as at 31.12.2024	**2,198**	**1,667,670**	**1,004**	**42,125**	**364**	**3,108**

LIABILITIES INCLUDED IN DISPOSAL GROUPS THAT WERE PREVIOUSLY REPORTED IN FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS

	Stage 1	
in € thousand	**Loss allowances**	**Nominal amount**
Balance as at 01.01.2023	**–**	**–**
Reclassification to liabilities included in disposal groups	82	13,635
Balance as at 31.12.2023	**82**	**13,635**
Additions/increase in credit utilisation	198	31,471
Reversals and repayments	-168	-27,142
Changes in risk parameters	2	–
Additions	2	–
Change in the basis of consolidation	-111	-17,506
Currency translation differences and other changes	-3	-457
Balance as at 31.12.2024	**–**	**–**

CONTRACTUAL ADJUSTMENTS

The negotiation or adjustment of the contractually agreed cash flows of a financial asset leads to a modified asset.

In the case of modifications that do not result in the derecognition of the financial asset (contract modifications that are not substantial), the adjustments to the contractually agreed cash flows are recognised in profit or loss as a modification gain or loss in the amount of the difference between the original gross carrying amount, taking into account any impairment, and the modified present value, determined on the basis of the modified cash flows discounted using the original effective interest rate. If the contract modifications are not substantial due to changes in credit risk, the first step is to utilise the previously recognised loss allowance. Any difference still remaining thereafter is reported in the gain or loss from loss allowances. Gains or losses from market-related contract modifications that are not substantial are recognised as gains or losses from modification and are included in net interest income.

If substantial contract modifications are made to financial assets, the existing financial asset is derecognised and a new financial asset is recognised.

All of the contractual modifications carried out in the Schwäbisch Hall Group in the past are not considered to be substantial modifications of financial assets.

The amortised cost of modified financial assets, whose contractual cash flows were modified during the financial year and which were allocated to Stages 2 and 3 of the credit loss model, amounted to €0 thousand before the contract modification (previous year: 0 thousand).

The gross carrying amount of financial assets for which cash flow adjustments were made that were allocated to Stage 2 and Stage 3 of the credit loss model since initial recognition, but which were transferred into Stage 1 of the credit loss model during the reporting period, amounts to €5,614 thousand (previous year: €42,626 thousand). These are attributable in full to discontinued operations.

MAXIMUM EXPOSURE TO CREDIT RISK

The Schwäbisch Hall Group is exposed to credit risk arising from financial instruments. The maximum exposure to credit risk is the carrying amounts of the financial assets measured at fair value or amortised cost or the nominal amounts of financial guarantee contracts and loan commitments. Collateral is not taken into account. The following collateral is held to hedge the maximum exposure to credit risk:

		of which secured by				
in € thousand	Maximum credit risk	Warranties, guarantees	Land charges, mortgages	Chattel mortgages/ assignments/ pledging of receivables	Financial collateral	Other collateral
Balance as at 31.12.2024						
Financial assets measured at fair value	**9,544,617**	**–**	**1,402,149**	**597,772**	**–**	**810,496**
Financial assets measured at fair value through profit or loss	10,734	–	–	–	–	–
Financial assets measured at fair value through other comprehensive income	9,533,883	–	1,402,149	597,772	–	810,496
Financial assets measured at amortised cost	**71,990,994**	**151,842**	**51,023,253**	**670,695**	**9,584,895**	**1,226,238**
of which: credit-impaired	–	–	363,992	–	76,476	560
Financial guarantee contracts and loan commit-ments	**1,712,903**	**–**	**1,292,239**	**–**	**29,444**	**10,968**
of which: credit-impaired		–	2,745	–	–	–
Balance as at 31.12.2023						
Financial assets measured at fair value	**8,343,503**	**–**	**1,370,542**	**419,632**	**–**	**752,490**
Financial assets measured at fair value through profit or loss	15,109	–	–	–	–	–
Financial assets measured at fair value through other comprehensive income	8,328,394	–	1,370,542	419,632	–	752,490
Financial assets measured at amortised cost	**73,142,573**	**161,984**	**51,436,526**	**670,531**	**9,390,476**	**1,348,872**
of which: credit-impaired	–	–	334,525	–	67,060	1,005
Financial guarantee contracts and loan commit-ments	**2,581,686**	**–**	**2,157,656**	**–**	**31,513**	**7,993**
of which: credit-impaired		–	3,340	–	48	–
Balance as at 31.12.2023						
Assets held for sale in financial assets measured at amortised cost	**1,680,292**	**–**	**1,218,114**	**–**	**24,189**	**–**
of which: credit-impaired	–	–	13,501	–	234	–
Liabilities included in disposal groups in financial guarantee contracts and loan commitments	**13,635**	**–**	**11,316**	**–**	**290**	**–**
of which: credit-impaired		–	–	–	–	–

CREDIT CONCENTRATION RISK

The Bausparkasse Schwäbisch Hall Group's credit risk exposure from financial instruments is broken down by sectors using the Bundesbank industrial sector codes and geographically using the annually updated International Monetary Fund (IMF) country group classification. The volume, measured using fair values and gross carrying amounts of financial assets or the credit risk arising from financial guarantee contracts and loan commitments, is classified based on the following rating classes:

- investment grade: equivalent to internal rating grades 1A–2A;
- non-investment grade: equivalent to internal rating grades 2B–3E;
- default: equivalent to internal rating grades 4A–4B;
- not rated: no rating necessary or not rated.

A detailed overview of internal rating grades can be found in the "Opportunity and risk report" in the Combined management report. The "not rated" category comprises counterparties for which no rating classification is required.

CREDIT RISK CONCENTRATIONS BY SECTOR:

in € thousand		Financial sector	Public sector (administration/ government)	Corporates	Retail
Balance as at 31.12.2024					
Investment grade		**11,017,592**	**3,698,291**	**2,094,598**	**51,011,932**
Fair value	Stage 1	6,173,761	1,731,995	1,590,064	–
	Stage 2	–	–	38,063	–
Gross carrying amount	Stage 1	4,831,122	1,965,969	430,759	48,689,632
	Stage 2	–	327	9,424	1,135,879
Nominal amount	Stage 1	12,709	–	26,288	1,172,348
	Stage 2	–	–	–	14,073
Non-investment grade		**44,005**	**–**	**825,102**	**14,191,692**
Gross carrying amount	Stage 1	39,586	–	696,278	10,749,619
	Stage 2	3,492	–	106,935	2,980,513
Nominal amount	Stage 1	927	–	20,605	434,792
	Stage 2	–	–	1,284	26,768
Default		**1,249**	**–**	**8,005**	**573,747**
Gross carrying amount	Stage 3	1,249	–	8,005	570,639
Nominal amount	Stage 3	–	–	–	3,108
Balance as at 31.12.2023					
Investment grade		**11,224,504**	**4,101,176**	**1,972,062**	**50,017,439**
Fair value	Stage 1	5,129,006	1,646,273	1,518,994	–
	Stage 2	–	–	34,121	–
Gross carrying amount	Stage 1	6,071,636	2,453,259	391,473	47,401,437
	Stage 2	–	–	6,108	958,712
Nominal amount	Stage 1	23,862	1,644	21,366	1,655,367
	Stage 2	–	–	–	1,923
Non-investment grade		**30,173**	**–**	**779,615**	**15,625,634**
Gross carrying amount	Stage 1	26,017	–	676,718	12,307,535
	Stage 2	2,580	–	72,736	2,477,100
Nominal amount	Stage 1	1,576	–	26,280	799,527
	Stage 2	–	–	3,881	41,472
Default		**–**	**–**	**4,145**	**502,196**
Gross carrying amount	Stage 3	–	–	4,145	497,408
Nominal amount	Stage 3	–	–	–	4,788

CREDIT RISK CONCENTRATIONS BY COUNTRY:

in € thousand		Germany	Other industrialised nations	Advanced economies	Emerging markets
Stand zum 31.12.2024					
Investment grade		**62,550,971**	**5,266,364**	**1,465**	**3,613**
Fair value	Stage 1	4,481,335	5,014,485	–	–
	Stage 2	–	38,063	–	–
Gross carrying amount	Stage 1	55,722,760	189,644	1,465	3,613
	Stage 2	1,142,740	2,890	–	–
Nominal amount	Stage 1	1,190,063	21,282	–	–
	Stage 2	14,073	–	–	–
Non-investment grade		**14,881,897**	**173,111**	**2,850**	**2,941**
Gross carrying amount	Stage 1	11,357,491	123,221	2,285	2,486
	Stage 2	3,052,431	37,489	565	455
Nominal amount	Stage 1	444,703	11,621	–	–
	Stage 2	27,272	780	–	–
Default		**576,767**	**5,790**	**16**	**428**
Gross carrying amount	Stage 3	573,741	5,708	16	428
Nominal amount	Stage 3	3,026	82	–	–
Balance as at 31.12.2023					
Investment grade		**62,978,696**	**4,331,086**	**1,114**	**4,285**
Fair value	Stage 1	4,207,542	4,086,731	–	–
	Stage 2	–	34,121	–	–
Gross carrying amount	Stage 1	56,135,429	177,017	1,079	4,280
	Stage 2	962,866	1,949	–	5
Nominal amount	Stage 1	1,670,936	31,268	35	–
	Stage 2	1,923	–	–	–
Non-investment grade		**16,267,946**	**163,131**	**1,789**	**2,556**
Gross carrying amount	Stage 1	12,876,280	130,535	1,283	2,172
	Stage 2	2,534,636	16,994	402	384
Nominal amount	Stage 1	812,635	14,644	104	–
	Stage 2	44,395	958	–	–
Default		**501,164**	**4,385**	**310**	**482**
Gross carrying amount	Stage 3	496,432	4,329	310	482
Nominal amount	Stage 3	4,732	56	–	–

66 Maturity analysis

in € thousand	≤ 1 month	> 1 month – 3 months	> 3 months – 1 year	> 1 year – 5 years	> 5 years	Indefinite maturity	Total
Balance as at 31.12.2024							
Financial assets	**988,578**	**1,460,624**	**6,155,070**	**31,618,963**	**55,119,452**	**13,561**	**95,356,248**
Cash and cash equivalents	1	–	–	–	–	–	1
Loans and advances to banks	223,161	115,234	323,877	1,887,121	1,018,623	–	3,568,016
Loans and advances to customers	721,033	1,206,529	5,139,378	24,707,073	46,370,475	–	78,144,488
Positive fair values of hedging instruments[1]	2,765	864	-1,787	3,457	9,018	–	14,317
Investments	25,512	137,997	693,602	5,021,312	7,721,336	13,561	13,613,320
Other assets	16,106	–	–	–	–	–	16,106
Financial liabilities	**-816,470**	**-1,127,522**	**-763,021**	**-6,336,522**	**-6,163,524**	**-62,717,797**	**-77,924,856**
Deposits from banks	-458,324	-1,016,644	-688,211	-4,977,228	-2,804,160	-194,459	-10,139,026
Deposits from customers	-319,630	-612	-1,331	-7,656	-52,600	-62,523,338	-62,905,167
Issued bonds	-14,375	-1,000	-55,800	-1,280,699	-3,264,856	–	-4,616,730
Negative fair values of hedging instruments[1]	-7,917	-9,266	-17,679	-70,939	-41,908	–	-147,709
Other liabilities	-16,224	-100,000	–	–	–	–	-116,224
Financial guarantee contracts and loan commitments	**-1,711,581**	**–**	**-271**	**–**	**-1,051**	**–**	**-1,712,903**
Balance as at 31.12.2023							
Financial assets	**1,852,695**	**2,180,205**	**4,563,182**	**29,733,900**	**56,172,042**	**13,321**	**94,515,345**
Cash and cash equivalents	3	–	–	–	–	–	3
Loans and advances to banks	802,560	475,872	160,084	1,860,089	1,440,246	–	4,738,851
Loans and advances to customers	772,284	1,209,414	4,175,962	23,761,511	47,118,516	–	77,037,687
Positive fair values of hedging instruments[1]	3,034	1,535	1,402	331	14,288	–	20,590
Investments	261,144	493,384	225,734	4,111,969	7,598,992	13,321	12,704,544
Other assets	13,670	–	–	–	–	–	13,670
Financial liabilities	**-1,362,575**	**-295,193**	**-211,048**	**-4,299,483**	**-7,490,351**	**-64,253,124**	**-77,911,774**
Deposits from banks	-941,508	-213,203	-137,400	-4,052,182	-4,230,920	-432,621	-10,007,834
Deposits from customers	-400,068	-612	-2,114	-9,315	-54,010	-63,820,503	-64,286,622
Issued bonds	–	–	-38,788	-156,150	-3,154,913	–	-3,349,851
Negative fair values of hedging instruments[1]	-8,446	-11,378	-32,746	-81,836	-50,508	–	-184,914
Other liabilities	-12,553	-70,000	–	–	–	–	-82,553
Financial guarantee contracts and loan commitments	**-2,580,492**	**–**	**-72**	**–**	**-1,121**	**–**	**-2,581,685**

[1] Net values

The maturity analysis compares contractual cash inflows with a positive sign with contractual cash outflows with a negative sign. For financial guarantee contracts and loan commitments, the cash outflows are disclosed as at the earliest possible stage.

The contractual maturities do not correspond to the actually expected cash inflows and outflows, particularly in the case of financial guarantee contracts and loan commitments.

Other disclosures

67 Financial guarantee contracts and loan commitments

in € thousand	31.12.2024	31.12.2023
Loan commitments	**1,712,275**	**2,581,240**
Credit facilities to customers	1,712,275	2,581,240
Financial guarantee contracts	**628**	**446**
Other guarantees and warranties	628	446
Total	**1,712,903**	**2,581,686**

The information disclosed on financial guarantee contracts and loan commitments refers to the nominal amounts of the relevant obligations entered into.

68 Revenue from contracts with customers

DISCLOSURES ON REVENUE FROM CONTRACTS WITH CUSTOMERS

in € thousand	2024	2023
Revenue types	**153,189**	**140,058**
Fee and commission income from the *Bauspar* business	36,617	29,686
Fee and commission income from cross-selling	72,791	60,641
Other operating income	43,781	49,731
Primary geographical markets	**153,189**	**140,058**
Germany	153,189	140,058
Type of revenue recognition	**153,189**	**140,058**
At a point in time	119,250	100,494
Over time	33,939	39,564

Commission income from cross-selling includes fee and commission income from brokering building loans to primary banks, from fund investments at Union Investment and from insurance brokerage at R+V Versicherung.

In the case of brokering building loans to primary banks, the performance obligation arises when the contract is concluded and is correspondingly recognised.

When brokering fund investments and insurance contracts, fee and commission income arises over the entire insurance term or the entire investment period once the contract has been concluded. Performance obligations at the time of the conclusion of the contract are recognised as of the applicable point in time. Fee and commission income earned during the contractual period of brokered fund investments and insurance contracts is recognised over time.

In the case of facility management services, the performance obligation arises over the term of the contract and is correspondingly satisfied over time.

Performance obligations over time are satisfied over the course of time. They are mainly invoiced monthly or quarterly within a year. As a rule, payment is due once the service has been rendered.

CHANGES IN RECEIVABLES FROM CONTRACTS WITH CUSTOMERS

in € thousand	Other receivables (other assets)
Balance as at 01.01.2023	**8,835**
Additions	8,154
Disposals	-8,363
Balance as at 31.12.2023	**8,626**
Additions	12,951
Disposals	-7,872
Balance as at 31.12.2024	**13,705**

Receivables from contracts with customers in which the recognised income is not subject to the effective interest method are accounted for in accordance with IFRS 15.

The Schwäbisch Hall Group generates licensing revenue over time during the financial year. The transaction price already received is offset by a performance obligation that has, in part, not yet been fulfilled, which is reported as a contract liability in the amount of €1,500 thousand (previous year: €0 thousand) as of the reporting date. This performance obligation is satisfied over the remaining term of the licence agreement.

69 Employees

The average number of employees comprises the fully consolidated companies of the Schwäbisch Hall Group by employee group:

	2024			2023
	Total	Continuing operations	Discontinued operations	Total
Female employees	**2,022**	**2,012**	**378**	**2,390**
Full-time employees	862	875	323	1,198
Part-time employees	1,160	1,137	55	1,192
Male employees	**1,341**	**1,329**	**202**	**1,531**
Full-time employees	1,200	1,191	199	1,390
Part-time employees	142	138	3	141
Total employees	**3,363**	**3,341**	**580**	**3,921**
Female junior employees	76	70	1	71
Male junior employees	152	154	3	157
Total junior employees	**228**	**224**	**4**	**228**

The employee data for the financial year relates entirely to continued operations following the deconsolidation of FLK before the end of the first quarter.

70 Auditors' fee

The total fee charged by the Group auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Stuttgart, its affiliated companies and other companies in the international PwC network for the reporting year is broken down as follows by type of service:

	2024		2023	
in € thousand	Total	of which: Germany	Total	of which: Germany
Audit services	1,124	1,053	995	891
Other assurance services	623	623	50	50
Other services	4	–	4	–
Total	**1,751**	**1,676**	**1,049**	**941**

The fees for audit services comprise expenses for the audit of the annual and consolidated financial statements and the audit of the combined management report of Bausparkasse Schwäbisch Hall. They also include the fees for audits of the subsidiaries and specialised funds included in the consolidated financial statements and audited by the auditor of the consolidated financial statements. The expenses for other assurance services primarily include various attestations, reporting packages and the voluntary audit of the Group sustainability statement, for which the professional seal is or can be applied.

71 Remuneration of the Management Board and Supervisory Board of Bausparkasse Schwäbisch Hall

The remuneration of the Management Board of Bausparkasse Schwäbisch Hall in the Group under IAS 24.17 amounted to €4,785 thousand in the reporting period (previous year: €4,631 thousand) under IFRSs. These are broken down into current benefits of €2,768 thousand (previous year: €2,779 thousand), termination benefits of €905 thousand (previous year: €808 thousand) and share-based payments of €1,112 thousand (previous year: €1,044 thousand). Remuneration of the Management Board in the reporting period and the previous year includes the total bonus awarded for each year. The remuneration of the Supervisory Board amounts to €287 thousand (previous year: €298 thousand) and consists of current benefits.

There are defined benefit obligations of €8,868 thousand (previous year: €11,008 thousand) for members of the Management Board. Provisions of €52,426 thousand (previous year: €49,991 thousand) were recognised under IFRSs for current pensions and pension entitlements for former members of the Management Board or their surviving dependants. Additional information on defined benefit pension obligations are contained in note 56, and on share-based payment transactions in note 72.

The total remuneration granted to the Management Board of Bausparkasse Schwäbisch Hall under section 314 (1) no. 6 (a) of the HGB for fulfilling its duties in Bausparkasse Schwäbisch Hall and its subsidiaries amounted to €3,880 thousand in the reporting period (previous year: €3,823 thousand), and €287 thousand (previous year: €298 thousand) for the Supervisory Board.

The total remuneration of former members of the Management Board and their surviving dependants under section 314 (1) no. 6 (b) of the HGB amounted to €3,531 thousand (previous year: €3,252 thousand). Provisions of €61,513 thousand (previous year: €58,341 thousand) were recognised under German GAAP for current pensions and pension entitlements for former members of the Management Board or their surviving dependants.

The members of the Management Board did not receive any loans (previous year: €0 thousand) under section 314 (1) no. 6 (c) of the HGB, while members of the Supervisory Board were granted loans of €4 thousand on an arm's length basis (previous year: €691 thousand). Loans totalling €552 thousand (previous year: €0 thousand) were granted at market rates to former members of the Supervisory Board and their surviving dependants.

The members of the Advisory Board were paid attendance fees of €78 thousand (previous year: €90 thousand).

72 Share-based payment transactions

Bausparkasse Schwäbisch Hall has entered into agreements with the members of its Management Board, the managing directors of Schwäbisch Hall Kreditservice GmbH, the divisional managers and selected executives (risk takers) on the payment of multi-year variable remuneration. Share-based payment is awarded if the variable remuneration reaches or exceeds €50,000.

The amount of the variable remuneration depends on the achievement of agreed targets. The targets of the members of the Management Board of Bausparkasse Schwäbisch Hall have a multi-year assessment basis and include the core goals of the corporate strategy; the targets of all other risk takers have a one-year assessment basis. The parameters considered in the remuneration are key performance indicators that are relevant to the management of a *Bausparkasse*.

If the variable remuneration reaches or exceeds €50,000, 20% of the bonus is paid immediately in the following year and 20% after a one-year retention period. 60% of the bonus payment is spread over a deferral period of up to five years and is subject to a subsequent retention period of one year in each case. All amounts designated for deferred payment during the deferral period and during the retention period are linked to the development of the enterprise value of the *Bausparkasse*.

The enterprise value is determined annually by means of an enterprise valuation. The reduction in the enterprise value results in a decrease in the retained bonus components within defined bandwidths. If the enterprise value grows, there is no increase in the retained shares.

Negative performance contributions are taken into account in the determination of the bonus as well as in the determination of the proportionate deferrals and at the end of the retention period. This can lead to a decrease in or loss of the variable remuneration. In addition, a bonus component already paid out can be clawed back and claims for payment of a bonus can be extinguished up to two years after the end of the respective retention period if the manager or risk taker was significantly involved in or responsible for conduct that led to significant losses or a significant regulatory sanction for the institution, or seriously violated relevant external or internal rules regarding suitability and conduct (claw-back arrangements).

The following overview shows changes in share-based remuneration components not yet paid out:

in € thousand	Management Board	Risk takers
Share-based remuneration not paid out as at 01.01.2023	**1,854**	**541**
Share-based remuneration granted in reporting period	714	335
Share-based remuneration paid out that was granted in financial year 2020	-164	-101
Share-based remuneration paid out that was granted in financial year 2019	-95	-10
Share-based remuneration paid out that was granted in earlier financial years	-207	-25
Share-based remuneration not paid out as at 31.12.2023	**2,103**	**741**
Share-based remuneration granted in reporting period	775	273
Share-based remuneration paid out that was granted in financial year 2020	-178	-84
Share-based remuneration paid out that was granted in financial year 2019	-98	-60
Share-based remuneration paid out that was granted in earlier financial years	-303	-35
Share-based remuneration not paid out as at 31.12.2024	**2,299**	**835**

73 Events after the reporting period

There were no events after the end of the reporting period that are reportable under IAS 10.

74 Related party disclosures

Transactions are entered into with related parties in the course of usual business activity. Related parties are subsidiaries, joint ventures, associates, including their subsidiaries, DZ BANK AG, as the parent company, the companies it controls and the companies over which it exercises significant influence. Related persons are key management personnel who are directly or indirectly responsible and accountable for the planning, management and supervision of the activities of Bausparkasse Schwäbisch Hall, as well as their close family members. In the Schwäbisch Hall Group, the members of the Management Board and Supervisory Board of Schwäbisch Hall AG and DZ BANK AG are deemed to be key management personnel for the purposes of IAS 24.

Related party transactions involve typical *Bauspar* products and financial services that were concluded on an arm's length basis.

There were loans to related persons of €4 thousand at the end of the financial year (previous year: €691 thousand) in the Schwäbisch Hall Group. Note 71 contains detailed information on the remuneration of key management personnel.

The following table shows the relationships with the parent company, unconsolidated subsidiaries, other related parties, pension plans for employees and joint ventures:

in € thousand	31.12.2024	31.12.2023
Interest income and current income	**84,760**	**124,599**
DZ BANK AG (parent company)	70,265	105,767
Other related parties	14,407	18,779
Subsidiaries	81	47
Pension plans for employees	7	6
Interest expenses	**-122,517**	**-60,667**
DZ BANK AG (parent company)	-122,463	-60,609
Other related parties	–	-58
Subsidiaries	-54	–
Fee and commission income	**23,265**	**20,242**
Other related parties	19,252	18,280
Subsidiaries	4,013	1,962
Fee and commission expenses	**-1,451**	**-1,386**
DZ BANK AG (parent company)	-231	-247
Other related parties	-1,220	-1,139
Other net operating income	**5,152**	**12,783**
DZ BANK AG (parent company)	258	5,239
Other related parties	4,936	5,710
Subsidiaries	-42	1,834
Loans and advances to banks	**1,605,935**	**2,565,968**
DZ BANK AG (parent company)	1,325,727	2,133,507
Other related parties	280,208	432,461
Loans and advances to customers	**233**	**214**
Pension plans for employees	233	214
Positive fair values of hedging instruments	**10,502**	**14,896**
DZ BANK AG (parent company)	10,502	14,896
Investments	**1,480,288**	**1,884,343**
DZ BANK AG (parent company)	678,796	1,083,674
Other related parties	801,492	800,669
Other assets	**6,948**	**3,359**
Other related parties	2,858	1,806
Subsidiaries	4,090	1,553
Deposits from banks	**9,400,469**	**8,926,954**
DZ BANK AG (parent company)	9,400,469	8,926,909
Other related parties	–	45

in € thousand	31.12.2024	31.12.2023
Deposits from customers	**3,924**	**6,287**
Subsidiaries	3,924	6,287
Negative fair values of hedging instruments	**139,372**	**175,945**
DZ BANK AG (parent company)	139,372	175,945
Other liabilities	**73**	**4**
Subsidiaries	73	4
Financial guarantee contracts	**8**	**21**
Subsidiaries	8	21
Loan commitments	**694**	**747**
Pension plans for employees	694	747

Loans and advances to banks result primarily from investments in registered bonds (€1,487 million; previous year: €1,664 million), of which €280 million (previous year: €382 million) related to registered *Pfandbriefe* and €291 million (previous year: €291 million) to covered bonds of DZ BANK AG. The coupons on the registered securities range from 0.72% to 2.16%.

The balance due to other related companies presented in financial investments results entirely from bearer *Pfandbriefe*. The bearer bonds issued by the parent company are unsecured and mostly have floating rates (nominal value €501 million; previous year: €251 million). The interest rates on the floaters were between 3.51% and 3.85% as at the reporting date; the coupons on the fixed-rate bonds were between 0.01% and 3.0%.

Liabilities to banks result from the issuance of unsecured promissory note loans amounting to €7,738 million (previous year: €7,989 million), money market transactions amounting to €1,155 million (previous year: €603 million), current account liabilities amounting to €359 million (previous year: €331 million) and repo transactions amounting to €148 million (previous year: €0). The promissory note loans include liabilities in the nominal amount of €600 million (previous year: €600 million) that are subordinated in accordance with Article 45 of the BRRD. Interest rates on the promissory note loans ranges from 0.01% to 5.15%, and on money market transactions from 2.81% to 3.41%.

75 Management Board

Mike Kammann
– Chief Executive Officer –

Responsible for Accounting and Reporting, Financial Controlling (including collective management), Internal Auditing, Loans, Communication, Human Resources, Legal and Compliance, Corporate Development. General Office/Politics/International Markets

Peter Magel
Responsible for Sales, Regional Offices, Operational Treasury

Kristin Seyboth
Responsible for Process Management, IT Operations, IT Solutions and Projects, IT Control, Purchasing and Supplier Management, Savings Activities

Dr Mario Thaten
Responsible for Marketing (including Product Management, Risk Control)

76 General executive managers

Claudia Klug

Katharina Thomas

77 Supervisory bodies

SUPERVISORY BOARD

Dr Cornelius Riese
– Chairman of the Supervisory Board –
Co-Chief Executive Officer
DZ BANK AG Deutsche Zentral-Genossenschaftsbank

Ninon Kiesler
– Deputy Chair of the Supervisory Board –
Employee
Bausparkasse Schwäbisch Hall AG

Ulrike Brouzi
Member of the Management Board
DZ BANK AG Deutsche Zentral-Genossenschaftsbank

Oliver Frey
Member of the Management Board
Vereinigte Volksbank eG

Martin Gross
Regional District Manager
ver.di – Regional district of Baden-Württemberg

Andrea Hartmann
Employee
Bausparkasse Schwäbisch Hall AG

Frank Hawel
Sector Coordinator, Specialist Group for Banks,
Insurers, Sparkassen and the Bundesbank
plus Gambling
ver.di – Regional district of Baden-Württemberg

Ansgar Käter
Chair of the Management Board
VerbundVolksbank OWL eG
(member of the Supervisory Board since 14 October 2024)

Katharina Kaupp
General Manager, Trade Union Secretary
ver.di – District of Heilbronn-Neckar-Franken

Manfred Klenk
Employee
Schwäbisch Hall Facility Management GmbH

Marija Kolak
President
National Association of
German Cooperative Banks (BVR)

Thomas Leiser
Senior Employee
Bausparkasse Schwäbisch Hall AG

Wilhelm Oberhofer
Member of the Management Board
Raiffeisenbank Kempten-Oberallgäu eG

Frank Overkamp
Former Chief Executive Officer
Volksbank Gronau-Ahaus eG
(member of the Supervisory Board until 3 May 2024)

Ingmar Rega
Former Chief Executive Officer
Genoverband e. V.

Sonja Schäfer
Employee
Schwäbisch Hall Kreditservice GmbH

Heiko Schmidt
Employee
Bausparkasse Schwäbisch Hall AG

Jörg Stahl
Co-Spokesman of the Management Board
Volksbank in der Region eG

Manfred Stang
Chief Executive Officer
Sparda-Bank Südwest eG

Werner Thomann
Member of the Supervisory Board
Volksbank eG – Die Gestalterbank

Bernhard Vogel
Employee
Bausparkasse Schwäbisch Hall AG

OMBUDSMAN

In accordance with section 12 of the German *Bausparkassen* Act (BauSparkG)

Harald Christ
Businessman

78 Supervisory body offices held by members of the Management Board and employees

WITHIN BAUSPARKASSE SCHWÄBISCH HALL AG

As at the reporting date, members of the Management Board and employees also held offices on the statutory supervisory bodies of large corporations. These and other significant offices are listed in the following. Offices at companies included in the consolidated financial statements are indicated with an asterisk (*).

MEMBERS OF THE MANAGEMENT BOARD

Mike Kammann (Chief Executive Officer)	Schwäbisch Hall Kreditservice GmbH, Schwäbisch Hall (*) Sino-German Bausparkasse Co. Ltd., Tianjin (*)
Peter Magel	Prvá stavebná sporiteľ'nˇa, a. s., Bratislava (Erste Bausparkasse AG) (*) Schwäbisch Hall Kreditservice GmbH, Schwäbisch Hall (*)
Dr Mario Thaten	Sino-German Bausparkasse Co. Ltd., Tianjin (*)

EMPLOYEES

Claudia Klug (General Executive Manager)	Schwäbisch Hall Facility Management GmbH, Schwäbisch Hall (*)
Dr Rainer Eichwede	Prvá stavebná sporiteľ'nˇa, a.s., Bratislava (Erste Bausparkasse AG) (*)
Dr Dirk Otterbach	Schwäbisch Hall Facility Management GmbH, Schwäbisch Hall (*)
Frank Schurr	Schwäbisch Hall Kreditservice GmbH, Schwäbisch Hall (*)

ALSO WITHIN THE GROUP

As at the reporting date, offices were also held on the statutory supervisory bodies of the following large corporations in Germany.

Andrea Hartmann	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

79 List of shareholdings

Name	Location of registered office	Country	Ownership interest (%)	Share of voting rights (%)	Equity in € thousand	Profit or loss in € thousand
Consolidated subsidiaries						
Schwäbisch Hall Kreditservice GmbH[1]	Schwäbisch Hall	Germany	100.00	100.00	116,585	-23,361
Schwäbisch Hall Facility Management GmbH	Schwäbisch Hall	Germany	100.00	100.00	17,396	-1,770
Schwäbisch Hall Wohnen GmbH	Schwäbisch Hall	Germany	100.00	100.00	1,790	891
BAUFINEX GmbH	Schwäbisch Hall	Germany	70.00	70.00	1,421	423
Consolidated structured subsidiaries						
UIN Union Investment Institutional Fonds Nr. 817	Frankfurt/Main	Germany	-	-	3,138,431	29,232
Equity-accounted joint ventures						
Prvá stavebná sporiteľňa, a. s.	Bratislava	Slovakia	32.50	32.50	324,483	12,472
Sino-German Bausparkasse Co. Ltd.	Tianjin	China	24.90	24.90	413,231	10,787
Unconsolidated subsidiaries						
Schwäbisch Hall Transformation GmbH	Schwäbisch Hall	Germany	100.00	100.00	761	-1,662
BAUFINEX Service GmbH[1]	Berlin	Germany	50.00	75.00	25	–
VR Kreditservice GmbH[1]	Hamburg	Germany	100.00	100.00	25	–
Unconsolidated associates						
Impleco GmbH	Berlin	Germany	44.23	44.23	7,729	-2,938

[1] There is a profit and loss transfer agreement

80 Information on the *Bauspar* collective of Bausparkasse Schwäbisch Hall AG

The following table provides an overview of the development and movements of the *Bauspar* contract portfolio over the course of financial year 2024:

in € thousand	Not allocated		Allocated		Total	
	Number of contracts	*Bauspar* sum in € thousand	Number of contracts	*Bauspar* sum in € thousand	Number of contracts	*Bauspar* sum in € thousand
A. Portfolio at end of previous year	**6,434,896**	**301,075,790**	**573,625**	**20,495,937**	**7,008,521**	**321,571,727**
B. Additions in financial year by						
1. New business honoured (contracts)[1]	412,222	27,177,563	–	–	412,222	27,177,563
2. Transfer	13,121	583,410	1,438	122,750	14,559	706,160
3. Allocation waiver and revocation of allocation	4,698	224,421	–	–	4,698	224,421
4. Splitting	108,714	–	386	–	109,100	–
5. Allocation or acceptance of allocation	–	–	535,010	17,221,526	535,010	17,221,526
6. Other	90,036	3,761,729	43	2,665	90,079	3,764,394
Total	**628,791**	**31,747,123**	**536,877**	**17,346,941**	**1,165,668**	**49,094,064**
C. Disposals in financial year by						
1. Allocation or acceptance of allocation	535,010	17,221,526	–	–	535,010	17,221,526
2. Reduction	–	930,750	–	–	–	930,750
3. Dissolution	229,557	7,689,636	367,416	9,627,444	596,973	17,317,080
4. Transfer	13,121	583,410	1,438	122,750	14,559	706,160
5. Merging[1]	80,802	–	7	–	80,809	–
6. Contract expiration	–	–	78,118	2,305,059	78,118	2,305,059
7. Allocation waiver and revocation of allocation	–	–	4,698	224,421	4,698	224,421
8. Other	90,036	3,761,729	43	2,665	90,079	3,764,394
Total	**948,526**	**30,187,051**	**451,720**	**12,282,339**	**1,400,246**	**42,469,390**
D. Net additions/disposals	**-319,735**	**1,560,072**	**85,157**	**5,064,602**	**-234,578**	**6,624,674**
E. Portfolio at end of financial year	**6,115,161**	**302,635,862**	**658,782**	**25,560,539**	**6,773,943**	**328,196,401**

[1] Including increases

The development of the allocation fund of the *Bauspar* collective of Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, was as follows in the financial year:

in €	Total
A. Additions	
I. Carried forward from the previous year (surplus)	
Amounts not yet disbursed	**59,294,807,861.37**
II. Additions in financial year	
1. Savings amounts (including offset house-building premiums)	9,263,752,941.65
2. Repayment amounts [1] (including offset house-building premiums)	1,714,798,960.40
3. Interest on *Bauspar* deposits	657,685,646.23
4. Technical security reserve [2]	–
Total	**70,931,045,409.65**
B. Withdrawals	
I. Withdrawals in financial year	
1. Allocated sums, where disbursed	
a) *Bauspar* deposits	10,141,909,722.68
b) Building loans	3,677,081,199.74
2. Repayment of *Bauspar* deposits on as yet unallocated *Bauspar* contracts	1,377,337,752.63
3. Technical security reserve	–
II. Surplus of additions	
(amounts not yet disbursed) at end of the financial year [3]	**55,734,716,734.60**
Total	**70,931,045,409.65**

Comments:

[1] Repayment amounts are the portions of repayment amounts attributable solely to repayment.

[2] The allocation to the technical security reserve was made in the Group in the amount of the statutory appropriation

[3] Among other things, the surplus of additions includes:

a) *Bauspar* deposits of allocated *Bauspar* contracts not yet disbursed	115,406,766.14
b) *Bauspar* loans from allocations not yet disbursed	3,111,435,815.28

Schwäbisch Hall, 18 February 2025

Bausparkasse Schwäbisch Hall Aktiengesellschaft
Bausparkasse der Volksbanken und Raiffeisenbanken

Management Board

Kammann **Magel** **Seyboth** **Thaten**

Independent Auditor’s Report

Independent Auditor's Report

Independent Auditor's Report

To Bausparkasse Schwäbisch Hall Aktiengesellschaft
– *Bausparkasse der Volksbanken und Raiffeisenbanken* –, Schwäbisch Hall

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Bausparkasse Schwäbisch Hall Aktiengesellschaft – Bausparkasse der Volksbanken und Raiffeisenbanken –, Schwäbisch Hall , and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Bausparkasse Schwäbisch Hall Aktiengesellschaft – Bausparkasse der Volksbanken und Raiffeisenbanken –, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) (the IFRSs) as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other information" section.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

I. Measurement of *Bauspar*-technical provisions (provisions relating to building society operations)
II. Loss allowances for the building loans business

Our presentation of these key audit matters has been structured in each case as follows:
1. Matter and issue
2. Audit approach and findings
3. Reference to further information:

Hereinafter we present the key audit matters:

I. MEASUREMENT OF *BAUSPAR*-TECHNICAL PROVISIONS (PROVISIONS RELATING TO BUILDING SOCIETY OPERATIONS)

1. In the Group's consolidated financial statements *Bauspar*-specific provisions (provisions relating to building society operations) amounting to € 833 million are reported under the "Provisions" balance sheet item. These include Bauspar-technical provisions that relate to the Group's obligations from interest bonuses (particularly loyalty bonuses) on *Bauspar* deposits. According to the tariff terms and conditions, interest bonuses are granted to *Bauspar* customers subject to the occurrence of various conditions, such as the *Bauspar* customer's choice to exercise their option to receive the interest bonus, compliance with a waiting period, which, if the option is exercised, begins on the valuation date on which the target valuation figure and a certain minimum *Bauspar* deposit are reached, the attainment of a minimum term of the *Bauspar* contract, and the waiver of the right to draw down the allocated *Bauspar* loan. The interest bonuses represent obligations that are uncertain in terms of their amount and maturity. They are measured at the amount that is the best estimate of the expenses required to settle the present obligation at the reporting date. In the reporting period, the company made the change in estimate presented in the notes to the consolidated financial statements with regard to the forecast period used in the simulation calculation. The amount of the provisions is determined using the so-called balance sheet method, which is based on a forecast of the loyalty bonus payout and the credited interest on credit balances from the basic scenario of the *Bauspar*-technical simulation calculation (collective simulation) and a forecast period of 50 years. In the course of selecting the parameters for these simulation calculation, the executive directors also make assumptions regarding the future behaviour of *Bauspar* customers on the basis of historical data and the forecast capital market rate of interest. The forecast quality of the underlying model for the *Bauspar*-technical simulation calculation is validated annually. The calculation of the *Bauspar*-technical provisions required the use of judgments and assumptions by the executive directors. Minor changes in these assumptions in the model used for the *Bauspar*-technical simulation calculation can have a significant impact on the measurement of the *Bauspar*-technical provisions for interest bonuses.

   Due to the material significance of these provisions for the assets, liabilities and financial performance of the Group as well as the associated estimation uncertainties and the considerable scope for judgment on the part of the executive directors in measuring the provisions, the measurement of the *Bauspar*-technical provisions was of particular significance in the context of our audit.

2. Given the significance of *Bauspar*-technical provisions for the Group's overall business, we assessed as part of our audit, together with our internal specialists for *Bauspar*-specific mathematics, the model used for the *Bauspar*-technical simulation calculation, the calculation of the provisions using the balance sheet method as well as the estimates and assumptions made by the executive directors. Among other things, we used our industry knowledge and our industry experience as a basis. We also assessed the proper processing of the underlying assumptions and parameters as part of the process for determining and recognizing the Bauspar-technical provisions. Therewith, we assessed the calculated result for the amount of the provisions and verified the consistent application of the underlying model.

   Based on our audit procedures, we were able to assure that the estimates and the assumptions made by the executive directors for the purpose of measuring the *Bauspar*-technical provisions are substantiated and sufficiently documented.

3. The Group's disclosures relating to Bauspar-technical provisions are contained in sections 2, 6, 27 and 56 of the notes to the consolidated financial statements.

II. LOSS ALLOWANCES FOR THE BUILDING LOANS BUSINESS

1. One of the primary focal points of the Group's business activities is the building loan business, which is reported in the Group's consolidated financial statements under the "Loans and advances to banks" and "Loans and advances to customers" balance sheet items. The measurement of the loss allowances for the building loans business is determined in particular by the structure and quality of the portfolio, general economic factors and the executive directors' estimates with respect to future loan defaults, including the consideration of macroeconomic developments on the building loans business.

   Specific loss allowances (corresponds to level 3 of the expected loss model in accordance with IFRS 9) on receivables from building loans for non-notable exposures are determined on the basis of parameters using histories of losses, which are adjusted for forecast future losses, or on the basis of individual estimates for notable exposures by experts as to the recoverable cash flows using probability-weighted scenarios at the individual transaction level. Existing collateral is taken into account. The amount of the specific loss allowances for notable exposures reflects the difference between the outstanding loan amount and the present value of the returns expected from the exposure or for non-notable exposures, credit losses expected over the term.

Statistical models for estimating the expected credit loss (corresponds to level 1 and 2 of the expected loss model in accordance with IFRS 9) are used to determine the general loss allowances on building loans. Building loans for which the credit risk has not increased significantly since initial recognition are measured at the amount equal to the 12-month expected credit losses. For building loans for which the credit risk has increased significantly since initial recognition but which haven't defaulted, the general loss allowances are measured at the amount equal to the lifetime expected credit losses. The calculation is based on the following parameters: probability of default; loss given default; and expected loan amount at the time of default. On the one hand, the probability of default and loss given default take into account historical information. On the other hand, current economic developments and forward-looking assumptions on macroeconomic development are incorporated in the form of shifts in the statistically determined probabilities of default and loss given defaults (shift factors). To take account of economic developments due to macroeconomic conditions, the Bausparkasse has updated the macroeconomic forecasts and made expert-based adjustments to the statistically determined shift factors.

The loss allowances for the building loans business is, firstly, of great significance for the assets, liabilities and financial performance of the Group in terms of amount and, secondly, involves considerable scope for judgment on the part of the executive directors with regard to forecasts of macroeconomic variables and scenarios as well as the expected cash flows from a building loan. Furthermore, the measurement parameters applied, which are subject to material uncertainties including the impacts of macroeconomic developments, have a significant impact on the recognition and the amount of any loss allowances required. Against this background, this matter was of particular significance during our audit.

2. As part of our audit, we initially assessed the appropriateness of the relevant IT system and the Group's relevant internal control system and tested the effectiveness of the controls, particularly with regard to the collection of business data, the risk classification of borrowers, the determination of loss allowances, and the validation of the measurement models. Moreover, we evaluated the measurement of receivables from building loans, including the proper application of the accounting policies and the appropriateness of estimated values, on the basis of sample testing of loan exposures. For this purpose, we assessed, among other things, the available documentation of the Group with respect to the economic circumstances as well as the recoverability of the related collateral. In addition, for the purpose of assessing the specific and general loss allowances, we evaluated the measurement models used by the Group, the underlying inputs, macroeconomic assumptions and parameters as well as the results of the validation procedures. We involved our internal specialists in the field of mathematical finance for the purpose of auditing the measurement models. We assessed the executive directors' estimate as to the impact of macroeconomic developments with respect to the borrower's financial circumstances and the appropriateness of the model parameters and assumptions. We examined the necessity of the expert-based adjustment of the shift factors and assessed how it was determined. Based on our audit procedures, we were able to satisfy ourselves that overall the assumptions made by the executive directors for the purpose of testing the impairment of the building loans portfolio are appropriate, and that the controls implemented by the Group are appropriate.

3. The Group's disclosures relating to loss allowances for the building loans business are contained in sections 23, 35, 51 and 65 of the notes to the consolidated financial statements.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the following unaudited parts of the group management report:

- the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) contained in the "Other" section of the group management report
- the section "Sustainability Report 2024 of the Schwäbisch Hall Group" of the group management Report

The other information comprises further all other parts of the publication "Financial Report according to IFRS 2024" – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 3 May 2024. We were engaged by the supervisory board on 16 December 2024. We have been the group auditor of the Bausparkasse Schwäbisch Hall Aktiengesellschaft – Bausparkasse der Volksbanken und Raiffeisenbanken –, Schwäbisch Hall , without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Peter Schüz.

Stuttgart, 19 February 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Peter Schüz	ppa. Robin Aigeldinger
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Report of the Supervisory Board

Report of the Supervisory Board

SUPERVISORY BOARD AND COMMITTEES

In financial year 2024, the Supervisory Board of Bausparkasse Schwäbisch Hall AG (BSH) performed the tasks assigned to it in accordance with the law, the Articles of Association and the Rules of Procedure. It advised the Management Board, monitored its management activities and decided on items of business presented to it that required approval.

In particular, the Supervisory Board discussed the strategic direction of BSH as a leading provider of products and services in the cooperative Building and Living ecosystem, as well as its liquidity, refinancing, and capital situation. Other focus areas included the current regulatory challenges, the risk situation and the refinement of the systems and procedures for managing the material risks. The Supervisory Board was at all times involved in decisions of fundamental importance. The Management Board informed the Supervisory Board regularly, promptly, and comprehensively about all issues relevant to BSH, in particular strategy, planning, business development and the earnings situation, the risk situation, risk management, remuneration systems, regulatory matters, IT and organisation, as well as compliance.

BSH refined its "Horizon 2025" business strategy in the past financial year. The strategic alignment of "Horizon 2025", with two business areas, *Bausparen* and housing financing, has proven its worth. The extension of the value chain in the growth area of real estate offers BSH an opportunity to work with the German Cooperative Banking Group to develop new sources of non-interest income in the Building and Living ecosystem. The capacity for change, combined with a strong focus on technology and data, as well as a focus on sustainability, are key competitive factors. Systematically focusing our actions on customers, sales partners and employees is essential for the Company's future viability. All these considerations have been incorporated into the refined #Fokus100 business strategy.

The mission is "To create and preserve sustainable homes" and is supported by the vision "Schwäbisch Hall is the reliable partner that enables our customers to realise their home ownership dreams". Working with the cooperative banks, we tailor end-to-end solutions within the Building and Living ecosystem, thereby strengthening the German Cooperative Banking Group.

The strategic top KPIs operationalise these ambitions in the dimensions "Markets and Customers", "Finance", "Digital Transformation & Processes", "Sustainability" and "Customers, Partners & Employees".

The main topics of discussion were the refinement of the #Fokus100 strategy, the measures to position the company as a provider of E2E construction financing, the introduction of the new *Fuchs06 Bauspar* tariff, the final implementation of the NEXT project and accompanying measures to further improve the profitability of the business model.

In order to fulfil its duties and to comply with the statutory provisions, the Supervisory Board formed a joint Risk and Audit Committee, a Remuneration Committee, a Nomination Committee and a Mediation Committee under section 27 (3) of the German Co-Determination Act (MitbestG).

In January 2024, the Supervisory Board performed a self-evaluation in accordance with the requirements of the German Banking Act (KWG). This confirmed that the structure, size, composition and performance of the Supervisory Board, and the knowledge, skills and experience of both the individual members of the Supervisory Board and the board as a whole met the legal requirements and the requirements of the Articles of Association. The simultaneous evaluation of the Management Board and the individual members of the Management Board by the Supervisory Board led to the same conclusion.

There was no evidence of fundamental and far-reaching conflicts of interest involving members of the Supervisory Board.

In the reporting period, the members of the Supervisory Board consider that adequate human and financial resources were available to facilitate initiation into their office and to enable further training to maintain the necessary expertise. For example, Bausparkasse Schwäbisch Hall AG offers to cover the costs for participation by the members of the Supervisory Board in an external provider's modular advanced training programme tailored specifically to the needs of Supervisory Board members, which they can make use of on an individual basis as needed. In addition, the Supervisory Board organised a workshop with experts in financial year 2024 that focused in particular on *Bauspar*-specific issues relating to the duties of the Supervisory Board. In addition to the Corporate Sustainability Reporting Directive (CSRD), the workshop also focused on digital transformation in the Schwäbisch Hall Group, the upcoming changes resulting from Basel III as of 1 January 2025 and a status report on "Real estate sales at Schwäbisch Hall Wohnen GmbH" (SHW).

COOPERATION WITH THE MANAGEMENT BOARD

The Management Board reported regularly, promptly and comprehensively, both in writing and verbally, to the Supervisory Board about the position and development of the Bausparkasse and the Schwäbisch Hall Group, and the general course of business. Furthermore, the Management Board informed the Supervisory Board about strategic developments on an ongoing basis. Additionally, the Management Board reported in detail about the earnings position, operational and medium-term planning, the risk situation, risk management, the modernisation of the IT infrastructure and the performance of domestic and non-domestic investees. It also addressed the risk report, the internal audit report and the compliance report.

The Supervisory Board discussed the aforementioned issues with the Management Board, advised it and monitored its management activities. The Supervisory Board was at all times involved in decisions of fundamental importance.

MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board held three meetings in financial year 2024. The joint Risk and Audit Committee met twice. The Nomination Committee and the Remuneration Committee each met twice. It was not necessary for the Mediation Committee to meet during financial year 2024. The members of the Supervisory Board and its committees regularly attended the meetings during financial year 2024 and participated in the written resolution procedures of the relevant bodies. The Supervisory Board regularly received reports from the committee chairs on the work of the committees and discussed them. During its meetings and by means of written procedures, the Supervisory Board also made decisions on matters requiring approval, such as equity investments, loans to members of governing bodies and large exposures.

In its meetings, the Supervisory Board primarily received and discussed the report by the Management Board on current business performance, the earnings and risk position, and the strategic outlook. The Supervisory Board examined the annual financial statements and management report of Bausparkasse Schwäbisch Hall AG as well as the consolidated financial statements and the Group management report as at 31 December 2023, and approved them in accordance with the recommendation by the joint Risk and Audit Committee. The Supervisory Board also addressed the operational and strategic planning in detail and the implementation of the strategy, and took note of these matters. In line with the recommendations by the aforementioned committee, the Supervisory Board also resolved to approve the report of the Supervisory Board to the Annual General Meeting and the agenda for the Annual General Meeting on 3 May 2024, including the resolutions contained in the agenda.

The Supervisory Board's committees discharged their duties prescribed by law and the Articles of Association and – where necessary – adopted relevant recommendations for resolutions to the Supervisory Board. The committee chairs reported regularly to the Supervisory Board on the work of the committees.

The Supervisory Board addressed the issue of succession planning for the Management Board in detail. In this context, the appointment of Ms Katharina Thomas to the Management Board of the Bausparkasse effective 1 April 2025 was discussed and a resolution was adopted in line with the recommendation by the Nomination Committee. In 2024, the Nomination Committee also conducted a skills evaluation for the Management Board. Additionally, the committee reviewed and updated the training policy for the Management Board and Supervisory Board.

In addition, the Supervisory Board addressed issues relating to remuneration in accordance with the German Remuneration Regulation for Institutions (IVV) and – where necessary – adopted resolutions in line with the recommendation by the Remuneration Committee. Further, the Supervisory Board addressed the structure of the employee remuneration systems, the appropriateness of the remuneration systems, the Remuneration Report and the determination of the total amount of variable remuneration for financial year 2023.

In the course of its duties, the joint Risk and Audit Committee also addressed the election of the auditor for financial year 2024 and supervised the engagement of the auditor for non-audit services.

In urgent cases, the Supervisory Board approved significant transactions via the written resolution procedure. Furthermore, the Chairman of the Supervisory Board was also kept informed about significant developments and decisions outside of the meetings. Additionally, the Chairman of the Supervisory Board and the Chief Executive Officer of Bausparkasse Schwäbisch Hall AG, as well as the chairs of the Supervisory Board's committees and the responsible members of the Management Board, had regular discussions ahead of key decisions and significant transactions.

COOPERATION WITH THE AUDITORS

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the annual financial statements and consolidated financial statements prepared by the Management Board for financial year 2023 as well as the management report and Group management report, including the accounting, and issued an unqualified auditor's opinion in each case. The audit reports were submitted to the members of the Supervisory Board in a timely manner and discussed in detail. The Supervisory Board concurred with the findings of the audit.

ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

During their meetings, the Supervisory Board and the joint Risk and Audit Committee established from among its members examined in detail the annual financial statements and management report of Bausparkasse Schwäbisch Hall AG and the consolidated financial statements and the Group management report for the period ended 31 December 2024. The Chair of the joint Risk and Audit Committee comprehensively informed the Supervisory Board about the extensive deliberations of the committee regarding the aforementioned annual financial statements and management reports. The representatives of the auditor took part in the meeting of the Supervisory Board to adopt the annual financial statements and in the preparatory meeting of the joint Risk and Audit Committee, in order to report in detail on the material findings of the audit. They were also available to members of the Supervisory Board to provide information. The Supervisory Board did not raise any objections to the financial reporting.

It is not necessary to prepare a report on relationships with affiliated companies (dependent company report) due to the profit and loss transfer agreement between DZ BANK AG, Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main and Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, which was extended for at least a further five years in March 2021.

In the course of its audit of the 2024 annual financial statements, the auditor did not find any indications that transactions were carried out with affiliated companies that were not at arm's length during the reporting period.

At its meeting on 6 March 2025, the Supervisory Board approved the annual financial statements of Bausparkasse Schwäbisch Hall AG and the consolidated financial statements as at 31 December 2024 prepared by the Management Board. The annual financial statements is therefore adopted.

CHANGES IN THE SUPERVISORY BOARD AND MANAGEMENT BOARD

Frank Overkamp left the Supervisory Board at the end of the Annual General Meeting on 3 May 2024. Ansgar Käter was appointed by the court to succeed Mr Overkamp effective 14 October 2024. Ingmar Rega resigned from the Supervisory Board effective 27 February 2025.

The Supervisory Board would like to thank the Management Board and all of the employees of the Schwäbisch Hall Group for their work in 2024.

Schwäbisch Hall, March 2025

Bausparkasse Schwäbisch Hall AG
– Bausparkasse der Volksbanken und Raiffeisenbanken –

Dr Cornelius Riese
Chairman of the Supervisory Board

Advisory Board of
Bausparkasse Schwäbisch Hall

Advisory Board of Bausparkasse Schwäbisch Hall AG

Advisory Board of Bausparkasse Schwäbisch Hall AG

The task of the Advisory Board is to advise the Management Board as part of an active exchange of views.

Bausparkasse Schwäbisch Hall’s Advisory Board consists of up to 40 members, at least 75% of whom are full-time members of the management boards of cooperative banks. The remaining members may be representatives of cooperative associations, central banks and other network companies or customer groups:

Matthias Martiné
– Chairman of the Advisory Board–
Spokesman of the Management Board
Volksbank Darmstadt Mainz eG,
Mainz

Joachim Hausner
– Deputy Chairman of the Advisory Board –
Spokesman of the Management Board
VR Bank Bamberg-Forchheim eG,
Bamberg

Kurt Abele
Chief Executive Officer
VR-Bank Ostalb eG,
Aalen

Holger Benitz
Former Member of the Management Board
Vereinigte Volksbank eG
Bramgau Osnabrück Wittlage,
Osnabrück

Friedhelm Beuse
Member of the Management Board
Volksbank im Münsterland eG,
Münster

Dirk Cormann
Spokesman of the Management Board
Volksbank Heinsberg eG,
Heinsberg
(Member of the Advisory Board since 3 May 2024)

Ingo Freidel
Member of the Management Board
Volksbank Stendal eG,
Hansestadt Stendal

Matthias Frentzen
Member of the Management Board
Dortmunder Volksbank eG,
Dortmund
(Member of the Advisory Board until 3 May 2024)

Klaus Gimperlein
Spokesman of the Management Board
VR Bank Metropolregion Nürnberg eG,
Nürnberg

Dr Hauke Haensel
Chief Executive Officer
Volksbank Pirna eG,
Pirna

Gerd Haselbach
Chief Executive Officer
Raiffeisenbank im Kreis Calw eG,
Neubulach
(Member of the Advisory Board until 3 May 2024)

Martin Heinzmann
Chief Executive Officer
Volksbank Mittlerer Schwarzwald eG,
Wolfach

Björn Henkel
Member of the Management Board
VR-Bank Mitte eG,
Duderstadt

Rita Herbers
Member of the Management Board
Hamburger Volksbank eG
Hamburg

Sabine Hermsdorf
Member of the Management Board
Volksbank Alzey-Worms eG,
Worms

Matthias Hirling
Member of the Management Board
Donau-Iller Bank eG,
Ehingen (Donau)
(Member of the Advisory Board since 3 May 2024)

Helmut Hollweck
Member of the Management Board
PSD Bank Nürnberg eG,
Nürnberg

Jörg Horstkötter
Co-Chief Executive Officer
Volksbank Delbrück-Rietberg eG,
Delbrück
(Member of the Advisory Board until 3 May 2024)

Andreas Jeske
Member of the Management Board
VR Bank in Holstein eG,
Pinneberg
(Member of the Advisory Board since 3 May 2024)

Thomas Krießler
Member of the Management Board
Volksbank Mittlerer Neckar aG,
Esslingen am Neckar

Matthias Kruse
Spokesman of the Management Board
Volksbank Bad Salzuflen eG,
Bad Salzuflen
(Member of the Advisory Board since 3 May 2024)

Michael C. Kuch
Member of the Management Board
VR Bank RheinAhrEifel eG,
Koblenz

Rüdiger Kümmerlin
Member of the Management Board
Volksbank Kraichgau eG,
Wiesloch

Alexander Langowski
Member of the Management Board
VR Bank München Land eG,
Oberhaching
(Member of the Advisory Board since 3 May 2024)

Rouven Lewandowski
Member of the Management Board
Raiffeisenbank Mainschleife-Steigerwald eG,
Volkach

Stephan Liesegang
Chief Executive Officer
Sparda-Bank Hamburg eG,
Hamburg

Rainer Lukas
Member of the Management Board
Volksbank Raiffeisenbank Nordoberpfalz eG,
Weiden

Peter Marsch
Member of the Management Board
Wiesbadener Volksbank eG,
Wiesbaden

Jürgen Neutgens
Member of the Management Board
Volksbank Köln Bonn eG,
Bonn
(Member of the Advisory Board since 3 May 2024)

Heino Oehring
Member of the Management Board
Harzer Volksbank eG,
Wernigerode

Martina Palte
Member of the Management Board
Berliner Volksbank eG,
Berlin

Caroline von Plotho
Member of the Management Board
VR-Bank Ehningen-Nufringen eG,
Ehningen
(Member of the Advisory Board since 3 May 2024)

Dr Jan Rolin
Member of the Management Board
Bank 1 Saar eG,
Saarbrücken

Peter Scherf
Member of the Management Board
Volksbank in Ostwestfalen eG,
Bielefeld

Roland Seidl
Member of the Management Board
meine Volksbank Raiffeisenbank eG,
Rosenheim

Achim Seiler
Member of the Management Board
Vereinigte VR Bank Kur- und Rheinpfalz eG,
Speyer
(Member of the Advisory Board since 3 May 2024)

Stefan Sendlinger
Member of the Management Board
VR-Bank Rottal-Inn eG,
Pfarrkirchen

Thomas Stauber
Chief Executive Officer
Volksbank Bodensee-Oberschwaben eG,
Tettnang
(Member of the Advisory Board until 3 May 2024)

Markus Strahler
Member of the Management Board
Volksbank in Schaumburg und Nienburg eG,
Rinteln

Georg Straub
Member of the Management Board
Volksbank Lindenberg eG,
Lindenberg

Andreas Thorwarth
Member of the Management Board
Volksbank pur eG,
Karlsruhe
(Member of the Advisory Board since 3 May 2024)

Karsten Voß
Former Member of the Management Board
Volksbank Raiffeisenbank eG,
Itzehoe
(Member of the Advisory Board until 3 May 2024)

Martin Wangemann
Member of the Management Board
Volksbank Vorpommern eG,
Stralsund

Michael Weidmann
Deputy Chief Executive Officer
Sparda-Bank Hessen eG,
Frankfurt am Main

Dr Lars Witteck
Spokesman of the Management Board
Volksbank Mittelhessen eG,
Gießen

Service

Memberships

BAUSPARKASSE SCHWÄBISCH HALL IS A MEMBER OF THE FOLLOWING PROFESSIONAL ASSOCIATIONS AND INSTITUTIONS OF THE HOUSING AND BANKING SECTORS:

National Association of German Cooperative Banks (BVR), Berlin

German Cooperative and *Raiffeisen* Confederation – reg. assoc. (DGRV), Berlin

German *Raiffeisen* Confederation – reg. assoc. (DRV), Berlin

German Association for Housing, Urban and Spatial Development – reg. assoc. (DV), Berlin

Association of Private *Bausparkassen* – reg. assoc., Berlin

vhw – Bundesverband für Wohnen und Stadtentwicklung – reg. assoc. (Federal association for housing and urban development), Berlin

Association of German *Pfandbrief* Banks reg. assoc. (vdp), Berlin

Arbeitsgemeinschaft Baden-Württembergischer Bausparkassen (Working Group of Baden-Württemberg *Bausparkassen*), Stuttgart

Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten – reg. assoc. (VfU), Frankfurt a. M.

European Federation of Building Societies, Brussels

IUHF International Union for Housing Finance, Brussels

The Institute of International Finance (IIF), Washington DC

Adresses

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Crailsheimer Straße 52
74523 Schwäbisch Hall
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Email: service@schwaebisch-hall.de

Regional offices

Division	Address	Telephone
North-East Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-West Pomerania, Lower Saxony, Saxony, Saxony Anhalt, Schleswig-Holstein, Thuringia	Überseering 32 22297 Hamburg	040 82222-1600
South Bavaria and Baden-Württemberg	Crailsheimer Straße 52 74523 Schwäbisch Hall	0791 46-2276
West Hesse, North Rhine-Westphalia, Rhineland-Palatinate, Saarland	Lyoner Straße 15 60528 Frankfurt am Main	069 669097-60
Specialised banks Cooperative institutions (throughout Germany)	Lyoner Straße 15 60528 Frankfurt am Main	069 669097-0

Abroad

Country	Address	Telephone	Fax	Website
China	**Sino-German Bausparkasse Co. Ltd.** Nr. 19, Guizhou Road, Heping District Tianjin 300051 PEOPLE'S REPUBLIC OF CHINA	+ 86 22 58086699		www.sgb.cn
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DZ BANK Group

The DZ BANK Group forms part of the German Cooperative Banking Group, which comprises around 700 local cooperative banks and is one of Germany's largest private-sector financial services organisations measured by total assets. Within the German Cooperative Banking Group, DZ BANK AG functions as a central institution. Its task is to support the work of the local cooperative banks and to boost their competitiveness. It is also active as a commercial bank and is the holding company for the DZ BANK Group.

The DZ BANK Group includes Bausparkasse Schwäbisch Hall, DZ HYP, DZ PRIVATBANK, R+V Versicherung, TeamBank, Union Investment Group, VR Smart Finanz and various other specialised institutions. With their strong brands, the companies of the DZ BANK Group constitute key pillars in the range of financial products and services offered by the German Cooperative Banking Group. The DZ BANK Group deploys its strategy and range of services for the cooperative banks and their customers through its four business lines – Retail Banking, Corporate Banking, Capital Markets and Transaction Banking.

This combination of banking, insurance, *Bausparen* and investment services offerings has a long and successful tradition in the German Cooperative Banking Group. The specialised institutions in the DZ BANK Group provide highly competitive products at reasonable prices within their specific areas of expertise. This ensures that the cooperative banks in Germany are able to offer their customers a comprehensive range of outstanding financial services.

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