

Bausparkasse Schwäbisch Hall AG

Investor Presentation



Vision	<ul style="list-style-type: none">- A leading provider of products and services in the cooperative Building and Living ecosystem in close cooperation with the cooperative banks
Mission	<ul style="list-style-type: none">- To create and preserve homes
Position	<ul style="list-style-type: none">- Sustainable real estate financing provider and part of the German Cooperative Banking Group- New business: housing financing €13.4 billion and Bausparen €31 billion
Earnings position/ Balance sheet	<ul style="list-style-type: none">- €20m profit before tax (IFRS consolidated)- Total assets €84.4bn (IFRS consolidated)
Sales network	<ul style="list-style-type: none">- Approximately 3,100 sales agents and almost 100% of cooperative banks
Customers	<ul style="list-style-type: none">- Around 6.3m customers in Germany- Almost 1.4m customers outside Germany
Cover pool/ Rating	<ul style="list-style-type: none">- Highly granular cover pool from purely residential loans- Our Pfandbriefe have been awarded the top Aaa rating
Funding	<ul style="list-style-type: none">- The issuance of Pfandbriefe serves to refinance housing financing
Outlook	<ul style="list-style-type: none">- Private households continue to be very keen to buy homes, but the market environment is challenging (including high inflation and interest rates). High volume of energy-efficient refurbishments expected in future- The energy renovation requirement is estimated at €80 billion p.a. in 2024¹- The volume of (debt) financing in the housing financing business with private households in Germany is expected to be around €173 billion in 2024²- Renaissance in Bausparen leads to anticipated high market level of €100 billion³

¹ Report of the Working Group for Contemporary Building: “Housing construction - the future of the existing building”, February 2022, own calculations

² Housing financing: MAD - Research; German Bundesbank: MFI interest rate statistics as of 09/2023, own projections

³ MAD - Research; Association of private building societies, own estimates

1. Schwäbisch Hall at a Glance

2. Business Strategy

3. Balance Sheet and Income Statement Data

4. Cover Pool

5. Funding

6. Rating

1. Schwäbisch Hall at a Glance

2. Business Strategy

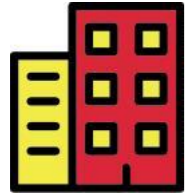
3. Balance Sheet and Income Statement Data

4. Cover Pool

5. Funding

6. Rating

Bausparkasse Schwäbisch Hall at a glance



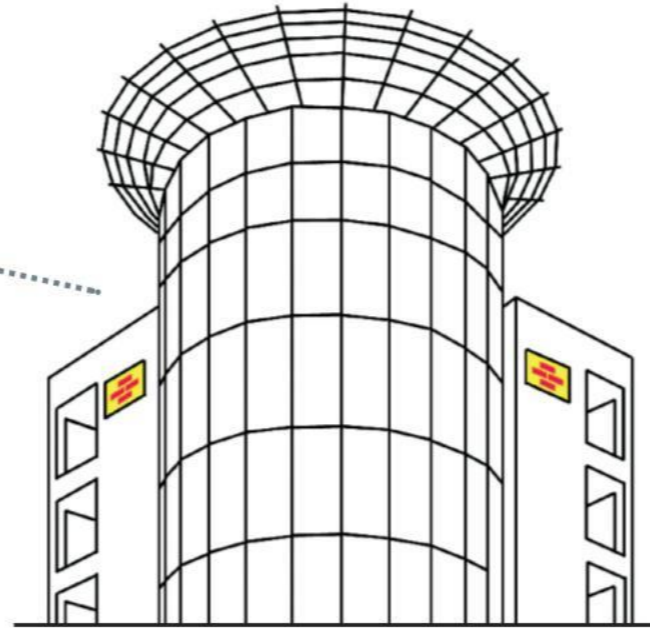
Largest German
Bausparkasse with
31.2% market share



Around 7m customers
in Germany and abroad (around 6.3m in DE)



One of Germany's largest providers
of housing finance with more than
**Around €13.4bn new housing
financing business**



Around 7m contracts
More than €321bn Bauspar sum in the portfolio

Data as at: 31 Dec. 2023

Our Success Story



Continuous growth – for 90 years

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

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

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

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

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



from 1994 Establishment of:
Schwäbisch Hall Training GmbH (SHT)
Schwäbisch Hall Kreditservice GmbH (SHK)
Schwäbisch Hall Facility Management GmbH (SHF)

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

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

from 2018 Establishment of: BAUFINEX: online sales platform
Schwäbisch Hall Wohnen: digital sales Impleco: digital ecosystem for all aspects of “Building and Living”

2022 At €51.1 billion, best sales performance in the Company’s history

*minority interests

Strategic domestic investments



Digital platform business / sales support



Processing for Bauspar and lending business



Training and consulting



Facilities management



Broker marketplace



Digital sales



Building and Living digital ecosystem



Optimising housing financing processes



Data-driven market cultivation solutions

Our Partners – the Basis of our Success



The German Cooperative Banking Group



Around **700** cooperative banks



Around **134,800** employees



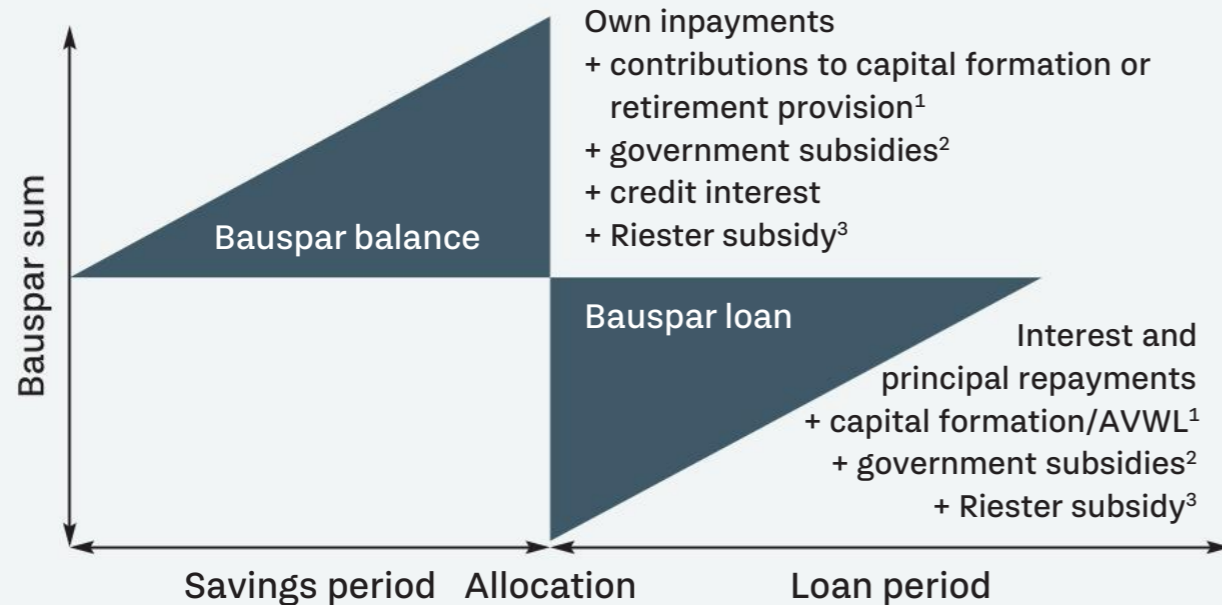
17.8 million members



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

finanzgruppe.de		 Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken	
 Schwäbisch Hall	 Union Investment		 e@sy Credit
 DZ PRIVATBANK	 Volksbanken Raiffeisenbanken		 DZ BANK
 VR Smart Finanz	 DZ HYP	 MünchenerHyp	 reisebank.

How Does Bausparen Work?



¹AVWL: payments by employer in addition to salary depending on industry
²Income limits and other conditions apply
³If eligible/conditions are satisfied
⁴Other allocation conditions apply



Saving equity capital

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



Taking out loans

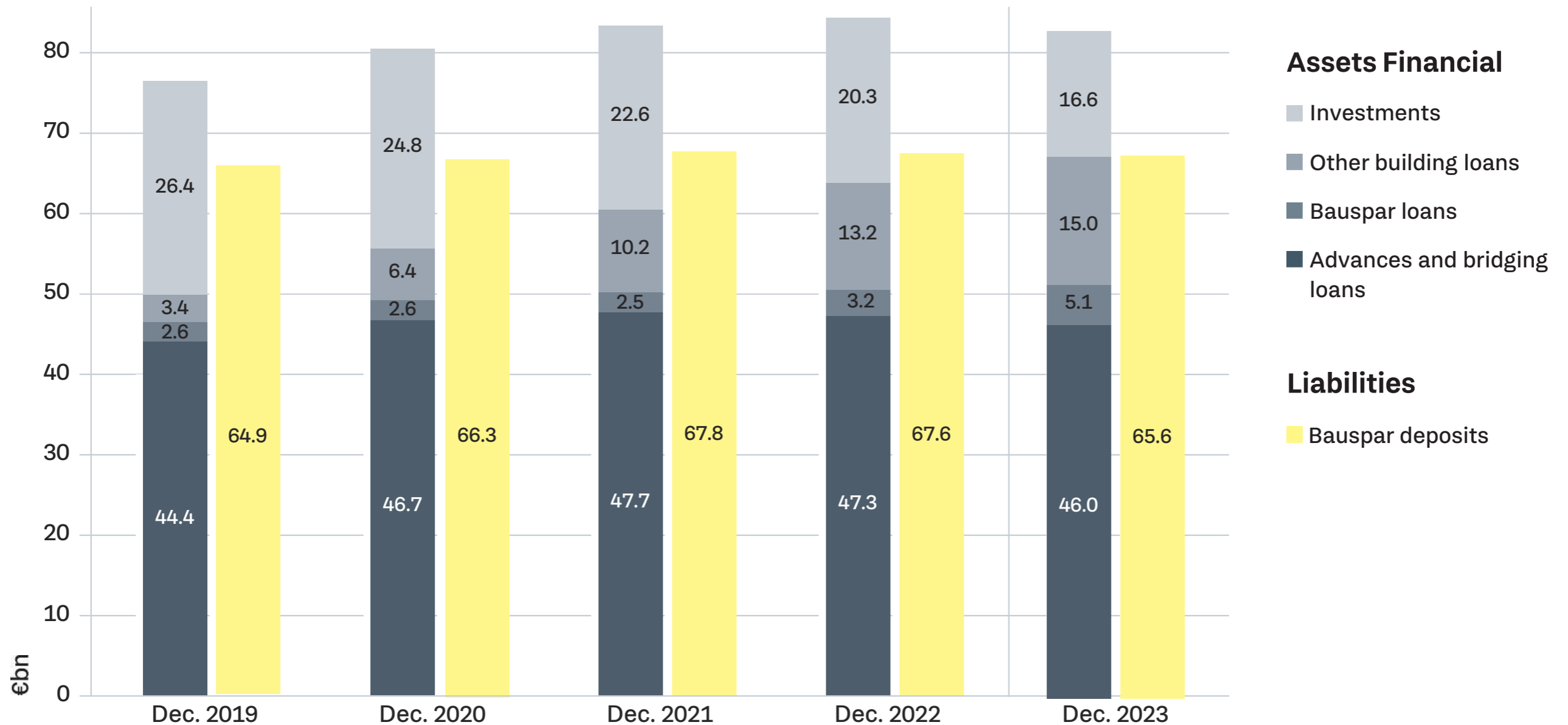
Once the agreed portion of the Bauspar sum has been saved⁴, a **low-interest Bauspar loan** can be taken out for the remainder



Paying back convenient instalments

In the **interest/principal repayment phase**, the customer pays back the loan in regular monthly instalments

Sustainable Growth



1. Schwäbisch Hall at a Glance

2. Business Strategy

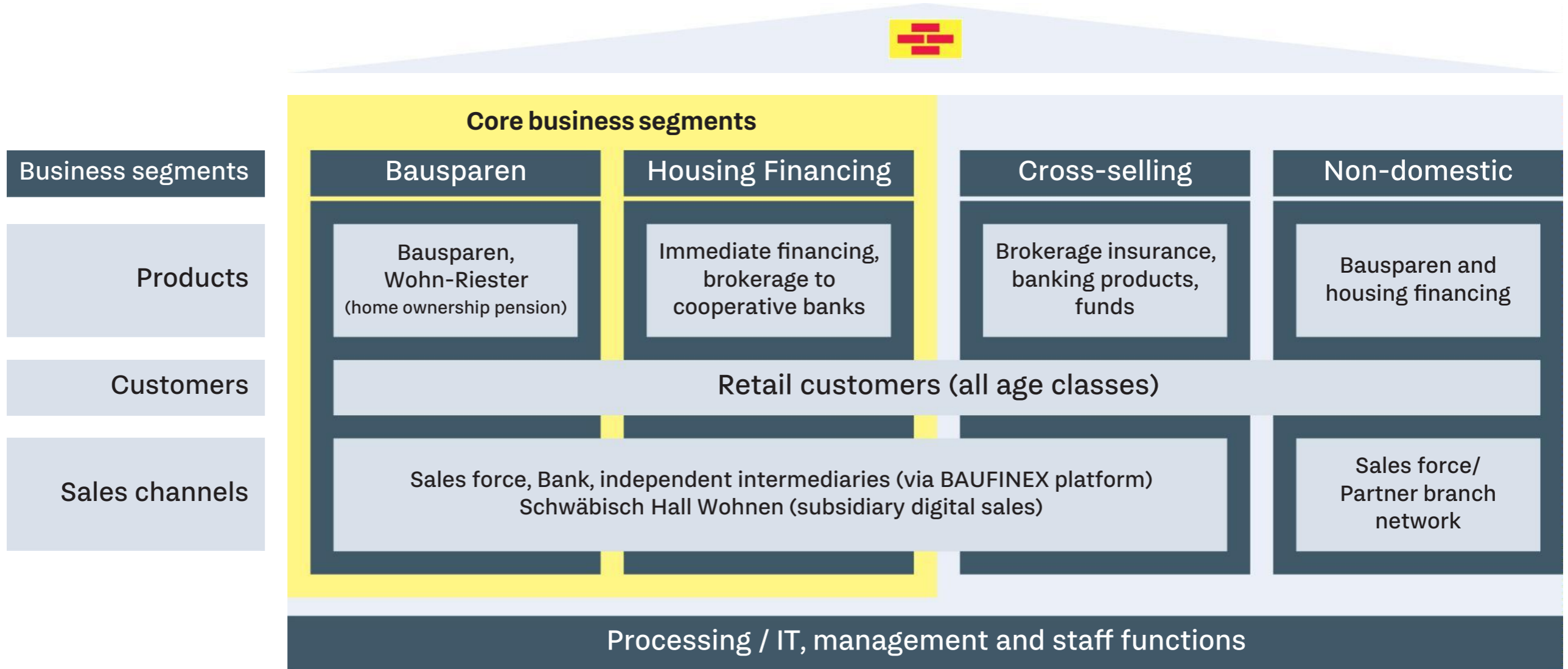
3. Balance Sheet and Income Statement Data

4. Cover Pool

5. Funding

6. Rating

Business Model and Business Segments



Our Ambition: No. 1 Provider of Housing Finance

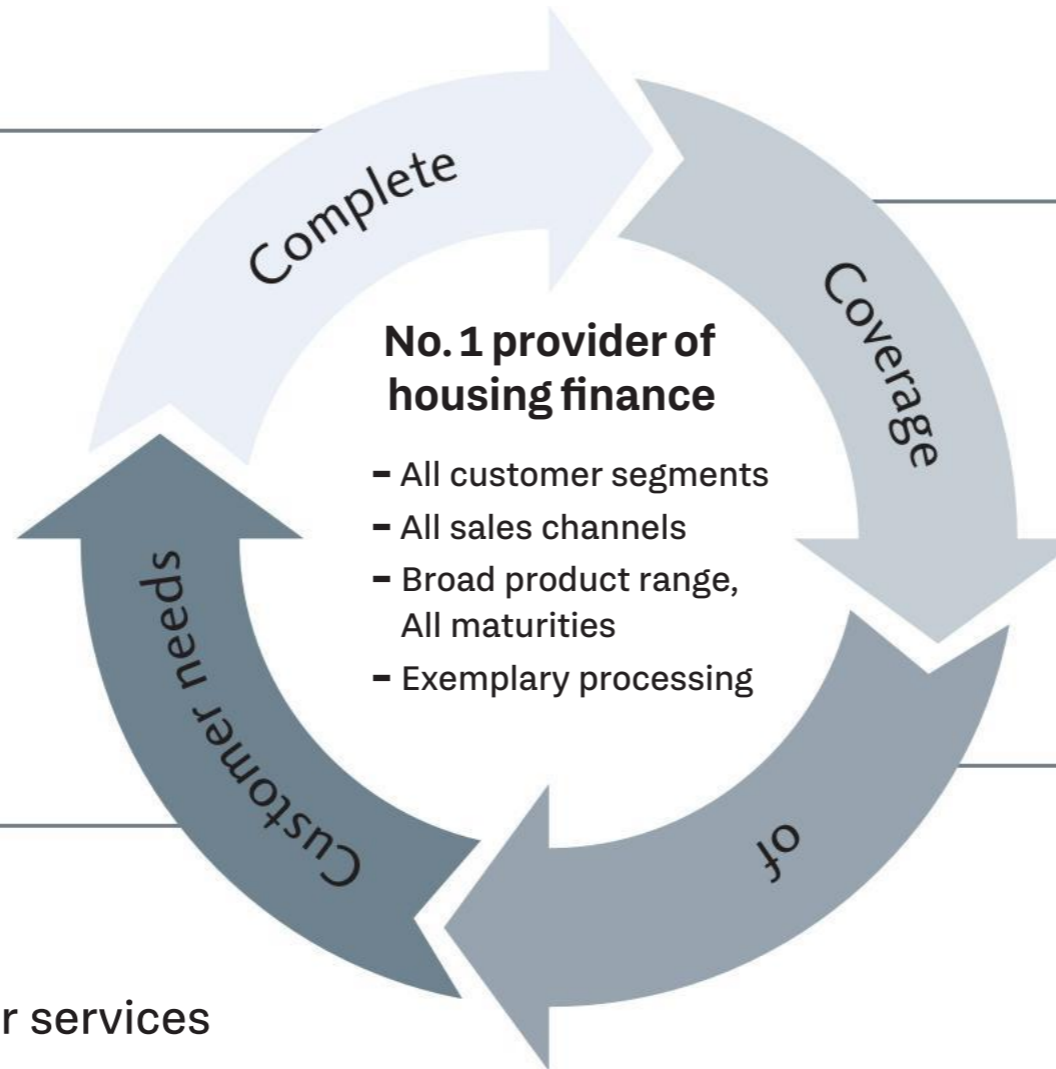


Sales/customer care

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

Service

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



Products, conditions/commissions

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

Processes

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



Powerful sales organisation

- ~ 3.100 force employees
- Nationwide cooperation with the cooperative banks
- BAUFINEX B2B-platform

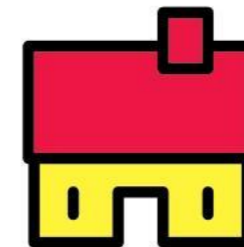
Broad customer base

BSH: ~ 6.3m customers
GCBG: ~ 30m customers



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

Above-average housing finance level compared with the market*



High brand recognition

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

*Source: BSH market research, new business growth 2012 – 2023

1. Schwäbisch Hall at a Glance

2. Business Strategy

3. Balance Sheet and Income Statement Data

4. Cover Pool

5. Funding

6. Rating

Schwäbisch Hall Group: selected financial data*

	31 Dec 2023	31 Dec 2022
Balance sheet total in €m	84,369	85,599
Equity in €m	4,454	4,215
Common Equity Tier 1 capital ratio in %	24.1	24.8
Profit before tax in €m**	20	143
Cost/income ratio in %	93.4	76.9
RORAC in %	0.7	4.7
LCR in % (only Bausparkasse SHA AG)	254.8	317.2
LTV in % (only Bausparkasse SHA AG)	56	-

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

*IFRS; **Number 28 (page 84f financial report)

Schwäbisch Hall Consolidated Balance Sheet



Assets

€m	31 Dec 2023	31 Dec 2022
Cash and cash equivalents	-	80
Loans and advances to banks	4,460	8,798
Loans and advances to customers*	66,989	66,373
Positive fair values of hedging instruments	15	32
Investments	10,226	9,479
Investments accounted for using the equity method	88	85
Intangible assets	154	187
Property, plant and equipment and right-of-use assets	95	110
Income tax assets (current + deferred)	766	618
Other assets	47	49
Loss allowances	-204	-212
Non-current assets and disposal groups classified as held for sale**	1,733	-
Total assets	84,369	85,599

Equity and liabilities

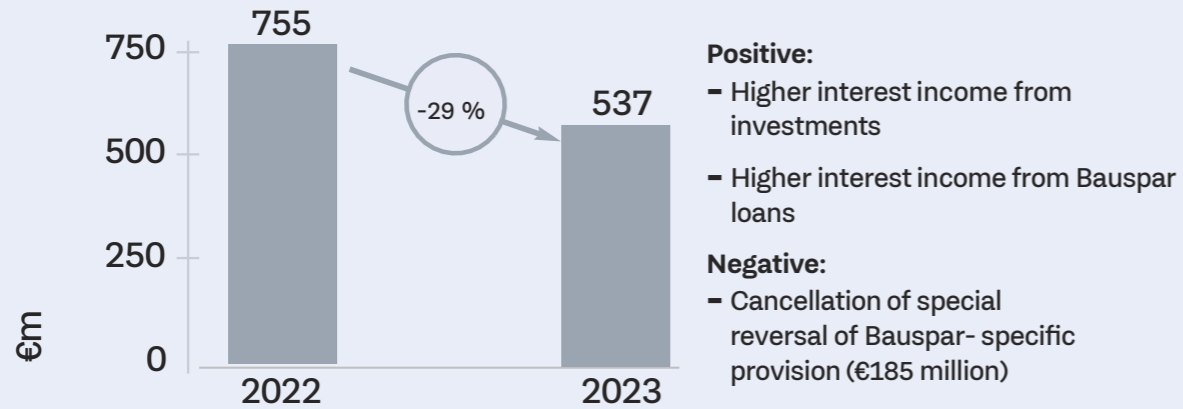
€m	31 Dec 2023	31 Dec 2022
Deposits from banks	9,470	10,459
Deposits from customers	64,152	66,851
Fair value changes of hedged items in portfolio hedges of interest rate risk	-138	-223
Issued bonds	3,031	2,510
Negative fair values of hedging instruments	176	220
Provisions	1,210	1,355
Income tax liabilities (current + deferred)	264	15
Other liabilities	217	197
Liabilities included in disposal groups qualifying as held for sale**	1,533	-
Equity	4,454	4,215
Total equity and liabilities	84,369	85,599

*incl. country borrower's note loans; **Sale of Fundamenta see number 28 (page 84f financial report)

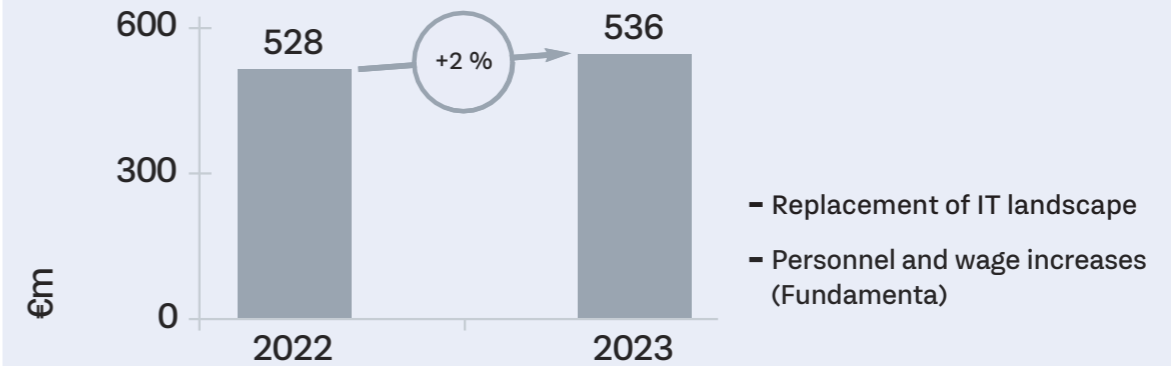
Income, Expense and Earnings Trends



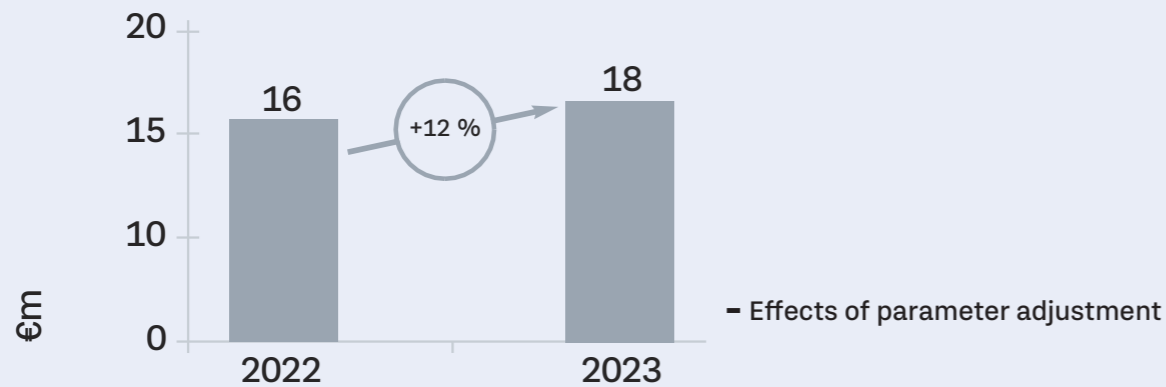
Net interest income / Net fee and commission income



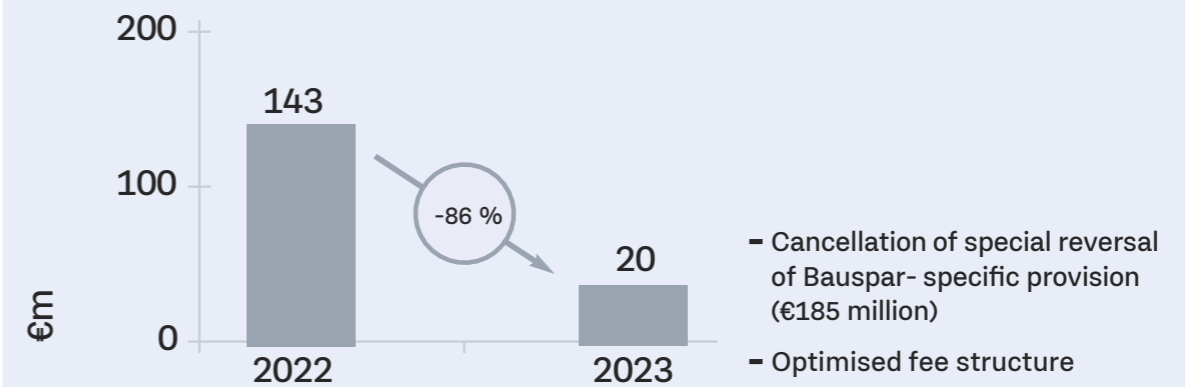
Administrative expenses



Loss allowances



Profit before tax



IFRS Income Statement* (condensed)



€m	31 Dec 2023	31 Dec 2022
Net interest income	550	744
Net fee and commission income	-13	11
Gains or losses on investments	-	-90
Other gains or losses on valuation of financial instruments	1	3
Gains or losses on derecognition of financial assets measured at amortised cost	-2	3
Loss allowances	-18	-16
Administrative expenses	-536	-528
Other net operating income	38	16
Profit before taxes**	20	143
Income taxes	14	-53
Net profit	34	90

*BSH-Group; **Sale of Fundamenta see number 28 (page 84f financial report)

1. Schwäbisch Hall at a Glance

2. Business Strategy

3. Balance Sheet and Income Statement Data

4. Cover Pool

5. Funding

6. Rating

You Can Build on This Cover Pool



Cover Pool: Private residential property finance



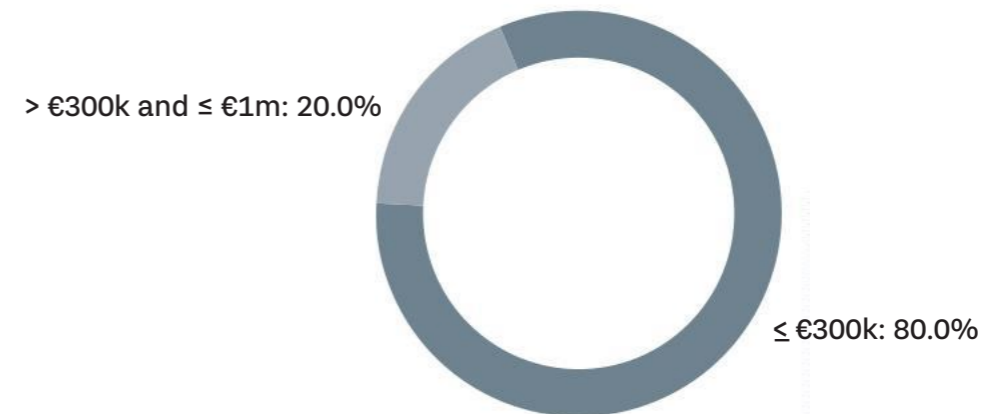
as of: 31 March 2024

- Residential property cover pool due to Bausparkassen Act (significant restrictions for commercial lending)
- Granular, Germany-wide **diversified loan portfolio**
 - Around 87% owner-occupied property
 - Around 77% single- and two-family houses
 - All collateral located in Germany
 - No foreign currencies

Usage category of regular cover assets

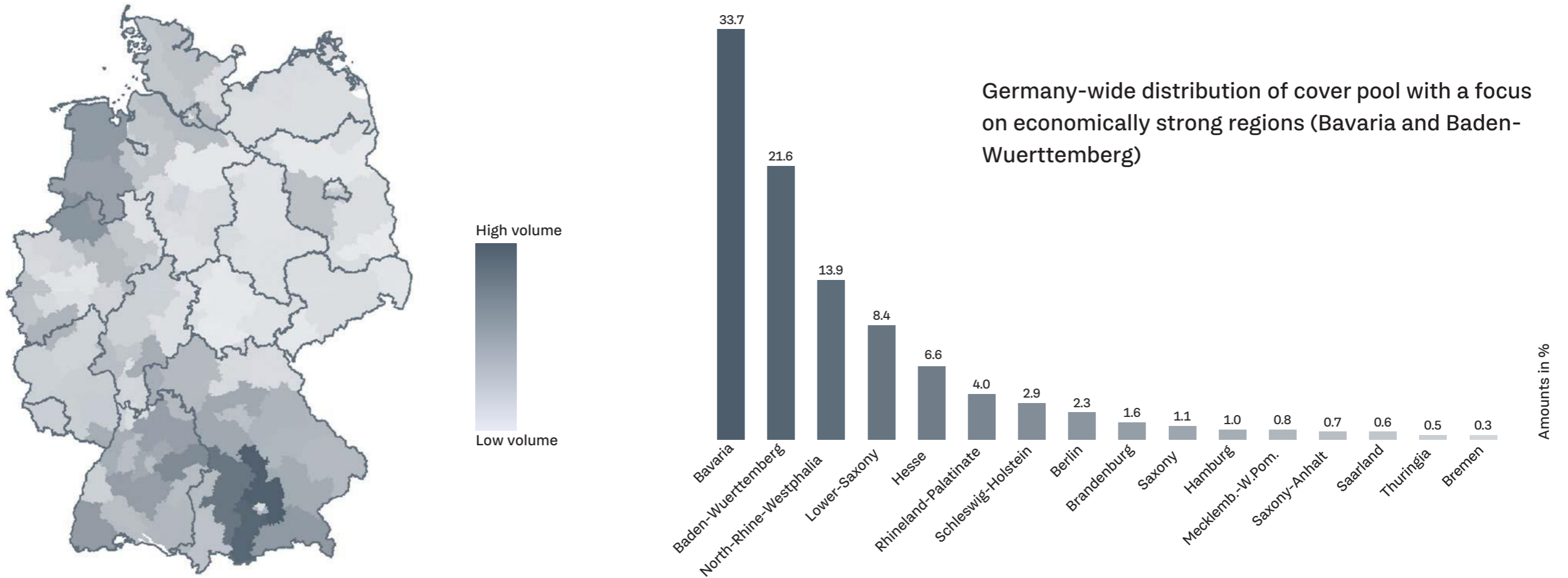


Granular cover assets: Size classes of mortgage cover



Regional distribution of regular cover pool assets

as of: 31 Dec. 2023



Living and encouraging corporate responsibility

Our annual sustainability report (GRI analysis) includes the following activities, deliverables and fields of action:

Products and services

- Supporting our customers with sustainable asset formation and private retirement provision using home ownership
- Products and services for sustainable building and living
- Measuring the ESG performance of the credit portfolio

Sustainable banking

- Climate strategy in the DZ BANK Group and the Schwäbisch Hall climate course
- Climate-friendly operation of Schwäbisch Hall's
- head office External commitments (e.g. Stiftung KlimaWirtschaft, Association for environmental management and sustainability in financial institutions)

Responsible employer

- HR policy based on stages of the employee life cycle with many additional benefits High level of employee
- satisfaction and identification with employer
- Regular awards, e.g. "Top Employer 2024"

Social commitment

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

We determine ESG-related KPIs for the credit portfolio (top-down)

The top-down method is based on statistical average values for the energy consumption (kWh/m²/a) and CO₂ emissions of real estate.¹

ESG KPIs (31.12.2023):



SDG impact

Proportion of Schwäbisch Hall financing that positively impacts the United Nations Sustainable Development Goals (SDGs): **approx. 41,5%**



CO₂ footprint

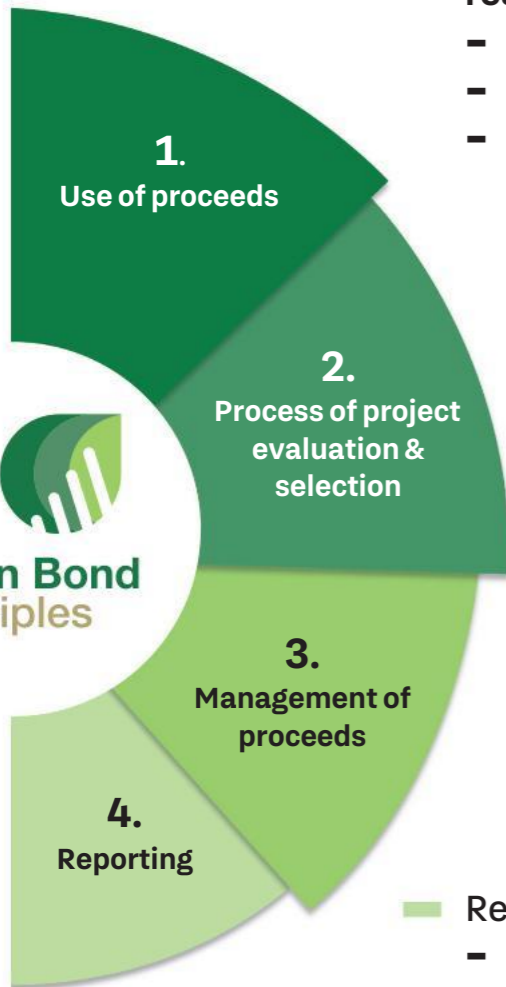
Co-financed CO₂ emissions through our lending business: **approx. 1.54 million t CO₂**

¹These values are derived on the basis of year of construction, year of modernisation, building type, purpose, square metres, heating structure, CO₂ emissions per energy source, property value, loan amount (net exposure) and other supplementary information, such as KfW loans or FuchsEco tariffs.

Green Bond Programme Based on ICMA Green Bond Principles



Green Pfandbriefe by Schwäbisch Hall:



- (Re-)Financing of Eligible Green Assets (mortgage loans) for **energy-efficient residential real estate** (see Green Bond Framework)

- New construction (top 15%* of the German national building stock)
- Acquisition (top 15%* of the German national building stock)
- Modernization

- **Admission of Eligible Green Loans to the Green Cover Pool** based on the Eligibility Criteria defined in the Green Bond Framework

- Selection of Green Mortgage Loans supported by IT systems
- Review and refinement of the eligibility criteria by a dedicated team of sustainability and funding experts

- Proceeds from Green Bonds are managed on a **portfolio basis**

- Earmarking of Eligible Green Loans and creation of a sub-portfolio from the Pfandbrief cover pool
- Monitoring that the volume of Eligible Green Loans permanently exceeds the volume of Green Bonds outstanding (“Green Overcollateralization”)

- Regular publication of **investor reports** as long as there are Green Bonds outstanding

- Allocation Report: Information on Green Assets and outstanding Green Bonds
- Impact Report: Information on energy savings and avoided carbon emissions



BSH issues Green Bonds exclusively as **Mortgage Pfandbriefe** in accordance with the Minimum Standards for Green Pfandbriefe of the Association of German Pfandbrief Banks (vdp) and the German Pfandbrief Act

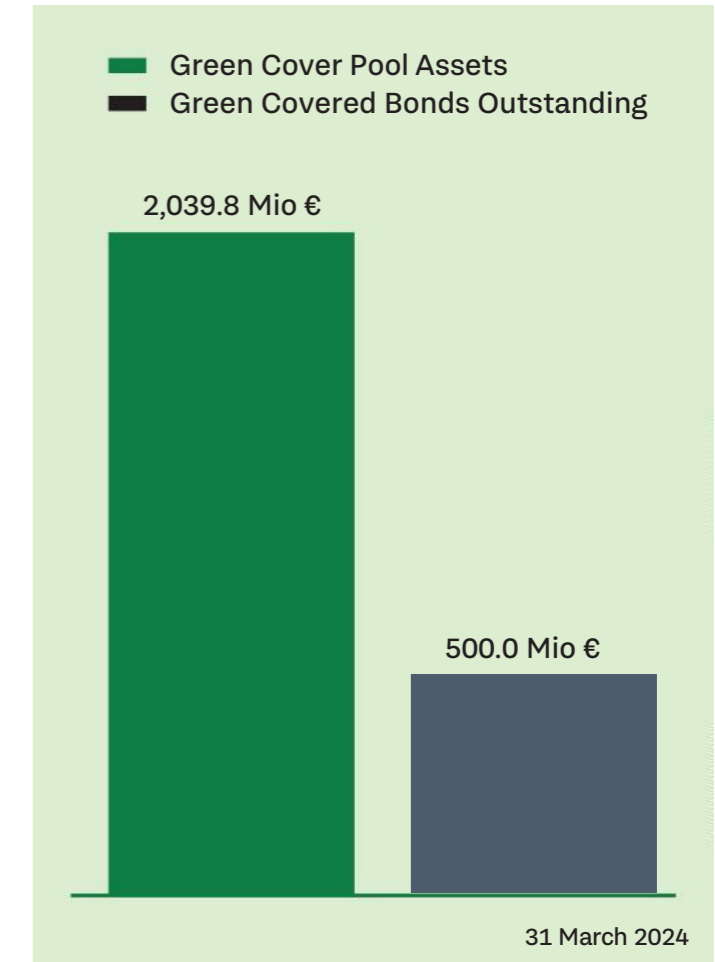
*Drees & Sommer study for member institutes of the Association of German Pfandbrief Banks (2022)

Highlights Green Cover Pool



Overview Green Cover Pool and Green Mortgage Covered Bonds Outstanding		31 March 2024
Green Mortgage Covered Bonds	€m	500.0
Green Cover Pool	€m	2,039.0
Green Cover Ratio	%	408

- The proceeds of the Green Bonds are used for financing and refinancing **energy-efficient buildings**
- Green cover pool assets comprise eligible **mortgage loans** as defined in the Green Bond Framework of Bausparkasse Schwäbisch Hall
- The Eligibility Criteria are defined with the aim that the energy-efficient buildings represent a selection of the **top 15%** of the national building stock in Germany*



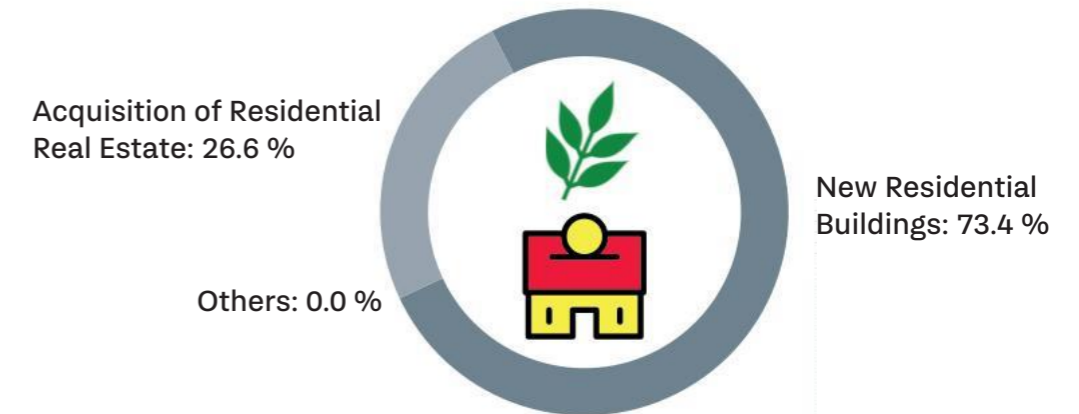
*based on a study conducted by Drees & Sommer for the Association of German Pfandbrief Banks (Verband deutscher Pfandbriefbanken –vdp)

Overview of the structure and quality of the Green Cover Pool



Green Allocation Indicators	31 March 2024
Over-Collateralization of Green Mortgage Covered Bonds Outstanding	308 %
Eligible Green Cover Pool Currently not Allocated to Outstanding Green Bonds	1,539,8 €m
Percentage of Eligible Green Cover Pool Allocated to Outstanding Green Bonds	25 %

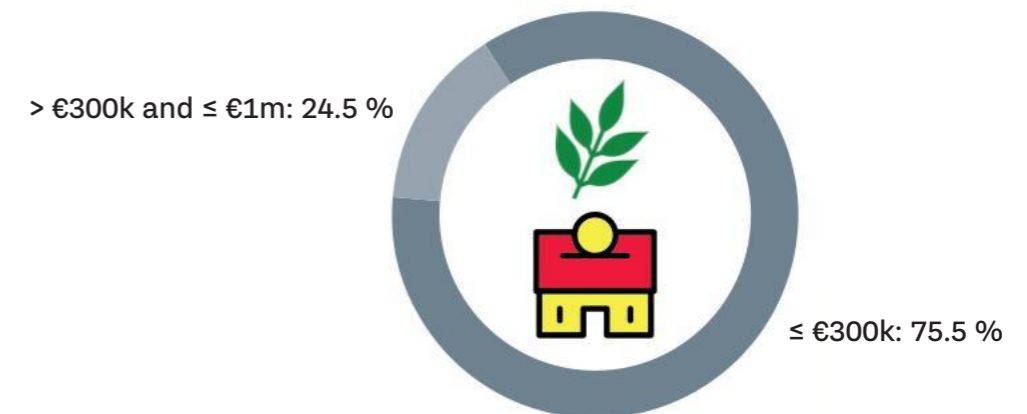
Usage category of green cover assets



Additional Informationen About the Mortgage Loans of the Green Cover Pool

Loan Purpose	€m	Loan Balance Cover Assets	€m
Acquisition of Residential Real Estate	541.8	≤ €300.000	1,539.0
New Residential Builds	1,497.9	> €300.000 ≤ €1m	500.8
Other	0.0	> €1m ≤ €10m	0.0
Total	2,039.8	> €10m	0.0

Granular cover assets: Size classes of mortgage cover



1. Schwäbisch Hall at a Glance

2. Business Strategy

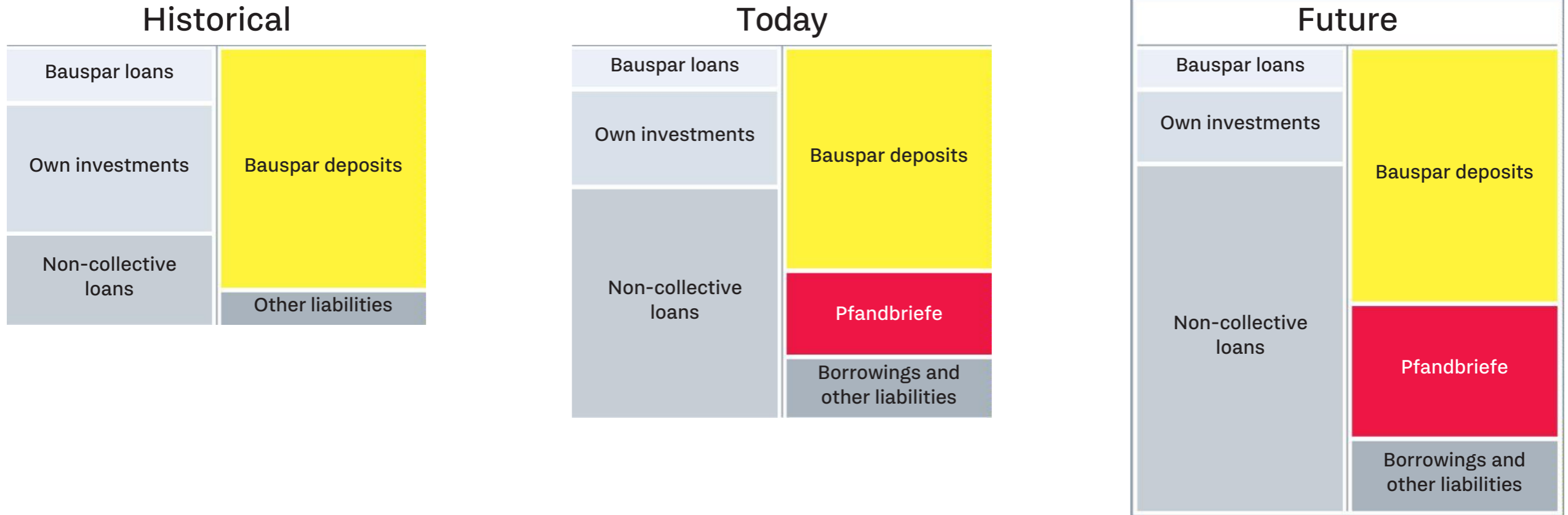
3. Balance Sheet and Income Statement Data

4. Cover Pool

5. Funding

6. Rating

Overview of Bausparkasse Schwäbisch Hall's Funding Structure



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

Our Target Vision for the Future Funding Structure



Asset	Liabilities	Note
Bauspar loans	Bauspar deposits	- The new lending business increases total assets
Own investments		- Issuance of Pfandbriefe as an additional, sustainable and low-cost source of funding in line with the business model
Non-collective loans	Pfandbriefe	- Future growth in cover pool will enable regular issuances in sub-benchmark and benchmark formats
	Borrowings and other liabilities	- Bauspar deposits will remain an important source of funding
		- Additional requirements will be met by borrowing

Future funding via Bauspar deposits and **Pfandbriefe**

ECBC membership and acquisition of covered bond label



Issuer	Kind of Pfandbrief	Maturity	Volume	Cupon	ISIN	ESG
BAUSCH	Hyp. Pfandbrief	16.01.2029	500 Mio. EUR	2.875	DE000A3824G4	Green 
BAUSCH	Hyp. Pfandbrief	13.09.2029	500 Mio. EUR	2.375	DE000A30VN02	-
BAUSCH	Hyp. Pfandbrief	22.10.2030	500 Mio. EUR	0.01	DE000A3H24G6	-
BAUSCH	Hyp. Pfandbrief	28.10.2031	500 Mio. EUR	0.20	DE000A3MP6H1	-
BAUSCH	Hyp. Pfandbrief	24.06.2032	500 Mio. EUR	2.875	DE000A30V8H6	-
BAUSCH	Hyp. Pfandbrief	27.04.2033	500 Mio. EUR	0.20	DE000A3E5S18	-
BAUSCH	Hyp. Pfandbrief	16.11.2033	500 Mio. EUR	3.00	DE000A383JG8	Green 
BAUSCH	Hyp. Pfandbrief	17.05.2034	500 Mio. EUR	2.00	DE000A30VH59	-

1. Schwäbisch Hall at a Glance

2. Business Strategy

3. Balance Sheet and Income Statement Data

4. Cover Pool

5. Funding

6. Rating

MOODY'S

S&P Global
Ratings

FitchRatings



	Moody's	S&P	Fitch
Issue ratings			
Hypothekenpfandbrief (German mortgage covered bonds)	Aaa	–	–
Bank ratings*			
Long-term	Aa2	A+*	AA-*
Outlook	stable	stable*	stable*
Short-term	P-1	A-1*	F1+*

Rating provider	Rating	Date of Rating
ISS ESG	Prime/ C+	2022

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

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

as of: March 2023

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

Details of the Rating Profile



Moody's Pfandbrief rating: Aaa

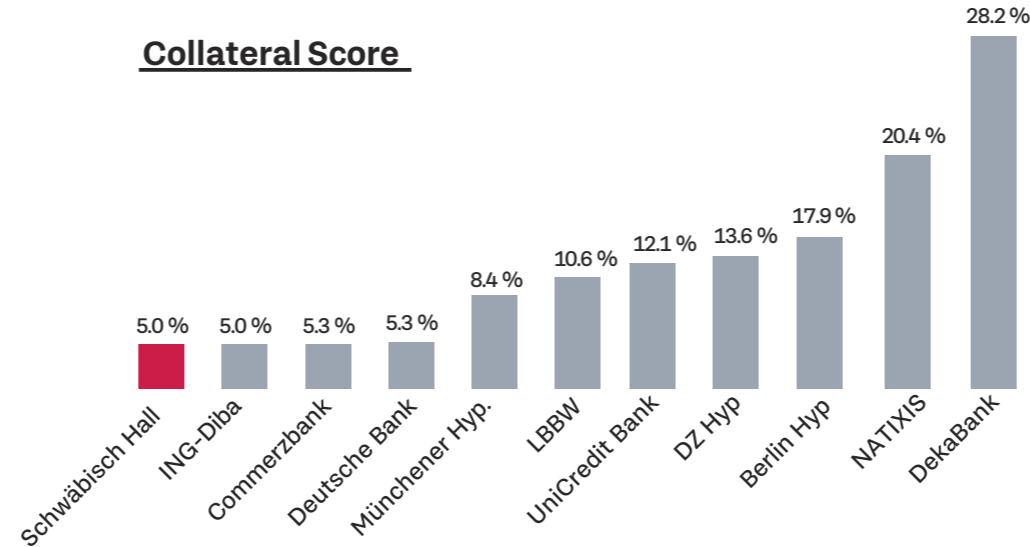
- Bausparkasse Schwäbisch Hall is rated **Aa2** (high quality and subject to very low credit risk)
- BSH's Pfandbriefe have been awarded the **top Aaa** rating (highest quality, with minimal credit risk)

Aaa
+6 Leeway

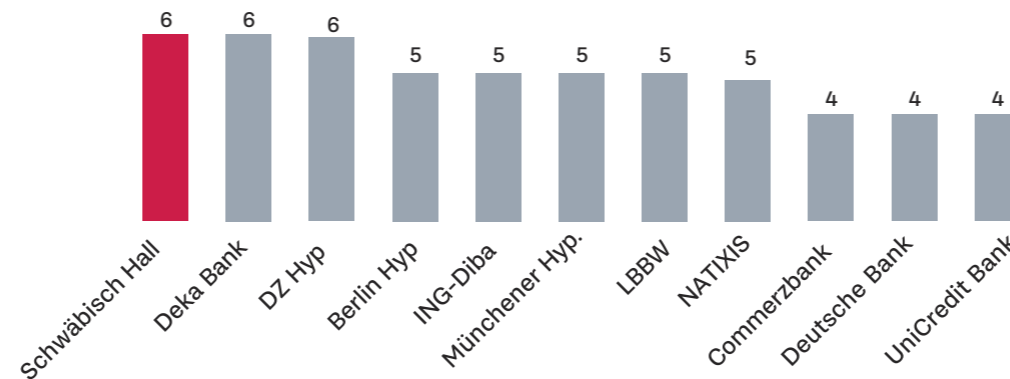
Very good combination of leeway and collateral score in the market

Selected rating details

Collateral Score

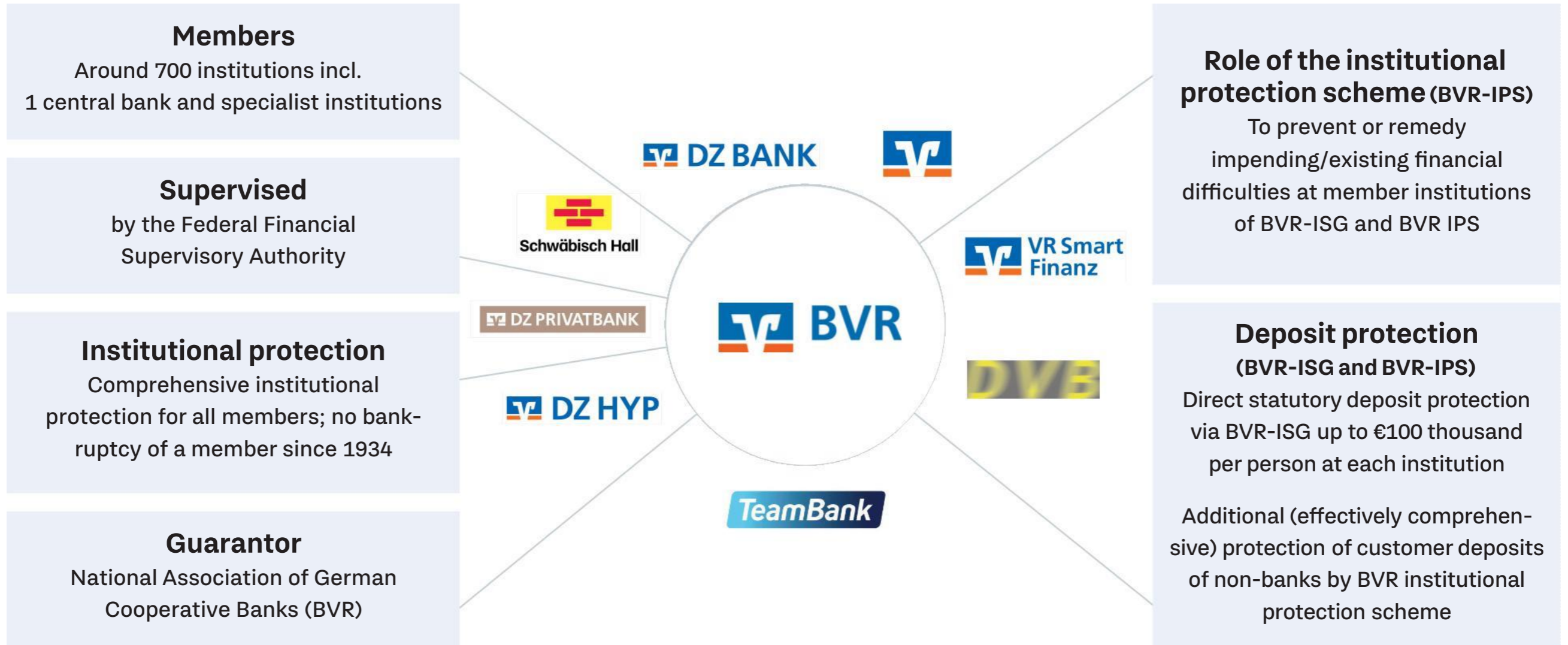


Leeway



- Moody's assesses the **credit risk of the Pfandbrief cover pool** based on the "collateral score"
- The better the **credit quality**, the **lower** the collateral score
- Schwäbisch Hall's Pfandbriefe have a **collateral score of 5.0%**
- **Another indicator** has also become established for Pfandbriefe: How many notches can the institution's rating fall before the Pfandbrief rating is cut (under otherwise identical conditions)? (= leeway)
- For Bausparkasse Schwäbisch Hall, the **leeway is 6 notches**

BVR Cooperative Institutional Protection Scheme



Any questions?
– We're happy to help!

Bausparkasse Schwäbisch Hall AG

Crailsheimer Straße 52

74523 Schwäbisch Hall, Germany

Rolf Hübner /Head of Operational Treasury

Telefon: 0791 - 46 - 3325

E-Mail: rolf.huebner@schwaebisch-hall.de

Thorsten Walz /Departmental Manager, Operational Treasury

Telefon: 0791 - 46 - 9882

E-Mail: thorsten.walz@schwaebisch-hall.de

Michael Wüst /Funding/Investor Relations/Operational Treasury Manager

Telefon: 0791 - 46 - 2421

E-Mail: michael.wuest@schwaebisch-hall.de

Regina Sofia Wagner /Head of Communications

Telefon: 0791 - 46 - 9741

E-Mail: regina.sofia.wagner@schwaebisch-hall.de

Disclaimer



This document was prepared by **Bausparkasse Schwäbisch Hall AG** and is intended for information purposes only. The information contained herein is not directed at any person or entity subject to US securities laws and may not be distributed in the US or in any jurisdiction in which its distribution is prohibited.

This document does not constitute either a public offer or an invitation to submit an offer to purchase securities or financial instruments. It cannot replace an independent examination of the opportunities and risks related to the product presented, taking into account the relevant investment objectives. No investment decision relating to any securities or other financial instruments may under any circumstances be made on the basis of this document, but only on the basis of a prospectus. In particular, **Bausparkasse Schwäbisch Hall AG** does not act as an investment adviser or on the basis of an asset management obligation. This document does not constitute any financial analysis.

The data, facts and information used in this document do not claim to be complete, accurate or appropriate but, to the best of our knowledge, have been taken from sources considered to be reliable, although we have not verified all such information ourselves. The information and statements are as at the preparation date of this document. They may change at any time or become outdated due to future developments without **Bausparkasse Schwäbisch Hall AG** being under any obligation to correct or update the information contained herein or to inform you of this. Accordingly, **Bausparkasse Schwäbisch Hall AG** makes no warranty or representation regarding the accuracy, completeness or correctness of the information or opinions contained herein. **Bausparkasse Schwäbisch Hall AG** accepts no liability for direct or indirect damage or losses caused by the distribution and/or use of this document and/or in connection with the distribution and/or use of this document.

This document may contain expectations and forecasts relating to the future. Such forward-looking statements, in particular with regard to the business and earnings performance of **Bausparkasse Schwäbisch Hall AG**, are based on planning assumptions and estimates and are subject to risks and uncertainties. Actual results may therefore differ from those currently projected.

The information contained in this document is the property of **Bausparkasse Schwäbisch Hall AG** and may not be disclosed to third parties or used for other purposes without the prior consent of **Bausparkasse Schwäbisch Hall AG**.