



**MÜNCHENER
HYPOTHEKENBANK**



CONTENT

3	Foreword of the Board of Management	23	Social responsibility
4	About this report	23	Human rights
5	FIELDS OF ACTION	23	Sustainable property financing
6	Sustainable business model	24	Social engagement
6	Business model and strategy	25	Customers and business partners
7	Value chain	25	Relations with customers and business partners
7	Sustainability approach	25	Outsourcing and service providers
9	Stakeholder engagement	26	Employees
10	Responsible corporate governance	26	Corporate and management culture
10	Governance	26	Employer attractiveness
10	Transparency and reporting	27	Fair pay
11	Disclosure in accordance with Article 8 of the EU Taxonomy	27	Employee development
15	Data protection	28	Diversity and equal opportunity
16	Compliance	28	Work-life balance
18	Environmental responsibility	29	Health management and occupational safety
18	Climate protection in core business	30	NOTES
19	Environmental and climate protection at the locations	31	Reporting templates
19	Carbon footprint pursuant to the "Greenhouse Gas Protocol"	40	GRI Index
21	ESG risk management	46	Report of the independent auditor
		49	Imprint

FOREWORD FROM THE BOARD OF MANAGEMENT

Dear reader

2023 was marked by numerous natural disasters around the world. Germany also experienced the effects of extreme heat and heavy rain. Man-made climate change is impossible to ignore; we need to work even harder to limit it and start adapting to the impacts now.

This represents a major challenge for society, policy and the economy, especially the property sector, and dramatically increases the relevance of sustainability criteria for constructing new buildings, but also for renovating and modernising existing buildings. The discussions this year surrounding the new German Building Energy Act (Gebäude-Energie-Gesetz, GEG) provide just one example. It is up to the banking industry to offer products that reflect this reality.

In 2023, Münchener Hypothekbank analysed the risks to its own portfolio arising from climate change and the increasing sustainability requirements and introduced measures to address them. It is also important to identify and exploit opportunities. Therefore, Münchener Hypothekbank has set its sights on increasing the proportion of green loans and creating new products and services to offer.

The Bank is committed to the Paris Climate Agreement. In the reporting year, Münchener Hypothekbank also began working on a medium-term CO₂ target in order to contribute towards these goals.

Great progress has been made in implementing the sustainability strategy adopted in the prior year, and the Bank has also set specific targets for 2024.

This report provides more information.

Dr Holger Horn
Chief Executive Officer

DR HOLGER HORN
CHIEF EXECUTIVE OFFICER





ABOUT THIS REPORT

Every year since 2012, Münchener Hypothekenbank eG (hereinafter referred to as "MHB") has reported on non-financial aspects and the material economic, environmental and social impacts of its business activities. The non-financial report for the 2022 financial year was published on MHB's website at the same time as the annual report in April 2023. This non-financial report for the 2023 financial year, which corresponds to the calendar year, was prepared in accordance with section 340a(1a) of the German Commercial Code (Handelsgesetzbuch, HGB) and section 289b(1) HGB, as well as with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation"). The reporting is guided by the Global Reporting Initiative (GRI) standards. The report covers the headquarters in Munich and our 11 other offices in Germany, but not any of the MHB subsidiaries.

Baden-Württembergischer Genossenschaftsverband e.V. (BWGV) was tasked with conducting a limited assurance audit of the non-financial report.

It is structured according to the topics identified as material in the sustainability strategy.

The European Corporate Sustainability Reporting Directive (CSRD) and the supplementary European Sustainability Reporting Standards (ESRS) apply to MHB from the 2024 financial year onwards.

Further information on the materiality analysis can be found in the non-financial report of 2021.

www.muenchenerhyp.de/en/NFR2021



FIELDS OF ACTION

6 SUSTAINABLE BUSINESS MODEL

- 6 Business model and strategy
- 7 Value chain
- 7 Sustainability approach
- 9 Stakeholder engagement

10 RESPONSIBLE CORPORATE GOVERNANCE

- 10 Governance
- 10 Transparency and reporting
- 11 Disclosure in accordance with Article 8 of the EU Taxonomy
- 15 Data protection
- 16 Compliance

18 ENVIRONMENTAL RESPONSIBILITY

- 18 Climate protection in core business
- 19 Environmental and climate protection at the locations
- 19 Carbon footprint pursuant to the "Greenhouse Gas Protocol"

21 ESG RISK MANAGEMENT

23 SOCIAL RESPONSIBILITY

- 23 Human rights
- 23 Sustainable property financing
- 24 Social engagement

25 CUSTOMERS AND BUSINESS PARTNERS

- 25 Relations with customers and business partners
- 25 Outsourcing and service providers

26 EMPLOYEES

- 26 Corporate and management culture
- 26 Employer attractiveness
- 27 Fair pay
- 27 Employee development
- 28 Diversity and equal opportunity
- 28 Work-life balance
- 29 Health management and occupational safety



SUSTAINABLE BUSINESS MODEL

Business model and strategy

MHB is a credit institution specialising in residential and commercial property financing for private and professional customers. It was founded in 1896 as "Bayerische Landwirtschaftsbank eGmbH" with the support of the Kingdom of Bavaria. Over the years, "Bayerische Landwirtschaftsbank" has evolved from its agrarian-oriented origins to become the MHB of today, a bank active in both national and international markets. The Bank is an independent credit institution with no majority shareholder and currently has around 57,000 members. The majority of the Bank's members are credit unions and private individuals. With assets totalling EUR 54.1 billion as of 31 December 2023 and 708¹ employees, MHB is categorised as a significant financial institution and is therefore subject to direct supervision by the European Central Bank (ECB).

MHB belongs to the Cooperative Financial Network (Genossenschaftliche FinanzGruppe), which comprises 737 Volksbanken, Raiffeisenbanken and other affiliated cooperative enterprises, such as DZ BANK, the insurer R+V Versicherung, Union Investment and the building society Bausparkasse Schwäbisch Hall.

Its core area of business is residential and commercial property financing in Germany and abroad. Hence, MHB is one of only a small number of banks specialising in property financing, offering private residential property financing as well as large-scale financing for commercial properties. It also invests

in highly liquid bank securities and government bonds, which are used especially to manage liquidity and the cover pool.

In residential property financing, MHB lends to private customers in Germany through its cooperation partners, including the Volksbanken and Raiffeisenbanken, other cooperative credit institutions and independent financial advisors and brokers. MHB works with PostFinance in Switzerland and with select brokers in Austria. Cooperation with the Volksbanken and Raiffeisenbanken is managed via a total of 11 MHB offices located in Augsburg, Berlin, Cologne, Dresden, Frankfurt am Main, Hamburg, Hanover, Munich, Münster, Nuremberg and Stuttgart.²

In the commercial property segment, the Bank chiefly finances residential buildings, office buildings, hotels and retail and logistics properties in Germany and abroad. The business comprises direct acquisition and syndicated business and, here too, is partly arranged via the Volksbanken and Raiffeisenbanken. The Bank's commercial property lending business is managed centrally from Munich and from the offices in Frankfurt am Main, Hamburg, Cologne and Berlin.

Funding is mainly obtained via Mortgage Pfandbriefe, which are rated Aaa, the highest possible rating, by Moody's. The Bank also issues unsecured bearer bonds on the capital market and raises funds on the money market. Its investors are predominantly institutional investors, such as asset managers and investment funds, pension funds, insurance companies and (central) banks, but also include some private investors.

In line with the prior year's planning, MHB completed the acquisition of M.M.Warburg & CO Hypothekenbank AG (hereinafter referred to as "Warburg Hypothekenbank") on 1 June 2023, and Warburg Hypothekenbank was merged with MHB at the end of June 2023.

Digitalisation, regulation and ECB monetary policy are causing major changes to existing structures in the banking sector, and sustainability has also assumed even greater significance. These developments influence MHB's business and risk strategy, which sets out a framework of action for the business activities. The MHB Board of Management as a whole is responsible for this strategy, which is reviewed regularly to ensure that its objectives are being met, revised where necessary and discussed with the Supervisory Board at least once a year. As part of the regular annual update in 2023, the topics of sustainability and digitalisation in particular were specified in more detail.

¹ Total number of employees as at the reporting date of 31 December 2023, excluding subsidiaries and excluding temporary staff, working students and agency workers.

² An average of around six employees in the regional offices.



Value chain

When considering MHB's value chain, both the upstream and downstream value chain need to be considered and analysed with regard to their impact on environmental, social and governance issues.

In terms of environmental impacts, the upstream value chain primarily comprises loan funding, as well as suppliers and service providers for the Bank's own operations. Regarding social aspects, suppliers' and service providers' employees and, indirectly, those involved in providing services and products are relevant.

However, MHB's greatest environmental impact occurs in its downstream value chain, i.e. in private and commercial property financing and the associated property valuation. This also indirectly includes building trades and construction services. Within the company, the primary downstream impacts that need to be taken into account concern the company's own employees, as well as employees of service providers, business partners and customers. No direct (business) relationships exist with other stakeholders in the downstream value chain, such as the employees of companies in the building trades.

Sustainability approach

SUSTAINABILITY IN THE BUSINESS STRATEGY

The banking industry plays an important role in promoting economic activities that enable sustainable development and contribute to achievement of the goals of the Paris Climate Agreement. At the same time, banks need to consider the impact of ESG issues (especially climate change) on their business. This fact is reflected in the regulatory requirements to integrate ESG issues into strategy and risk management and to expand disclosure and reporting on ESG issues. Sustainability is also becoming increasingly important for customers, brokers, investors and sustainability rating agencies. This entails new requirements for banks, but also creates opportunities, for example through growing demand for green financing products and bonds.

In 2023, MHB conducted a detailed ESG environment analysis, a climate risk analysis and an ESG risk inventory, and the results have been incorporated into the business and risk strategy. As a result, the Bank has initiated significant implementation steps that contribute to the management of ESG opportunities and risks; further expansion of these is planned

for 2024. MHB has adopted a climate objective for the Bank, particularly at the Board of Management level, which targets a defined increase in the proportion of sustainable financing in the portfolio. This is intended to go hand in hand with the development of new sustainable products and further development of existing ones, the creation of a Sustainable Finance Framework (covering all rules on sustainable products and investments, including the Green Bond Framework and Responsible Investment Policy) and measures to increase the verification rate of the underlying criteria for sustainable loans.

In addition, ESG objectives were adopted at departmental level to support the achievement of the sixth bank objective.

SUSTAINABILITY STRATEGY

The sustainability strategy was adopted in 2022. The aim of the strategy is to contribute to the achievement of the goals of the Paris Climate Agreement and to use the Bank's expertise in property financing to create added value for society through its business activities. The Bank has set specific objectives in seven areas of action and supplemented them with performance indicators. In the reporting year, as part of a supplementary sustainability roadmap for implementing this strategy, MHB identified the progress made to date, updated the timetables and responsibilities, further specified the objectives and ambitions that had been set and derived measures from these for the period up to the end of 2024.

A new materiality analysis in accordance with the CSRD requirements was started at the end of 2023. The results of the materiality analysis will play a significant role in determining the nature and scope of the sustainability reporting for the 2024 financial year and will influence the further development of the sustainability strategy.

The key action areas in MHB's sustainability strategy





RATINGS

MHB's sustainability performance is measured using selected ratings. The sustainability rating agency ISS ESG has given MHB a "C+" rating, thus awarding the bank prime status.

The ESG rating of the rating agency Sustainalytics also measures the extent to which MHB takes into account the environmental, social and governance topics that are most relevant to its business. Sustainalytics' ratings are based on a scoring system from 0 to 40+. The lower the risk score, the better the sustainability management. In 2023, MHB's risk score improved from 16.3 to 15.3. This corresponds to low risk and now puts the Bank in 10th place in the Thrifts and Mortgages peer group.³

In the MSCI ESG ratings assessment, MHB received an AA rating (on a scale from AAA to CCC) in the 2023 reporting year.

Stakeholder engagement

MHB's stakeholders include the supervisory authorities, investors and rating agencies, as well as the Supervisory Board, employees, customers, brokers and other business partners, associations, local communities and, in particular, MHB's owners. MHB maintains a close dialogue with all its stakeholders. For example, various meetings have been held with the ECB's Joint Supervisory Team to follow up on the thematic review "Climate and Environmental Risks" from 2022.

MHB also strives for transparent investor communication and maintains a dialogue with the rating agencies. Besides the general dialogue in the business process, the stakeholder dialogue also takes various other forms: active participation in and organisation of internal and external events, such as employee meetings, meetings with partner banks, a booth at Expo Real and similar activities, as well as various surveys with subsequent analysis. Training on the ESG scoring process and the current version of disclosure requirements was organised for individual committees of the Supervisory Board.

In order to keep abreast of all current developments related to sustainability issues, the Bank maintains intensive communication with other credit institutions and brokers, both directly and via various working groups. MHB is involved in associations such as the National Association of German Cooperative Banks (BVR), the regional cooperative associations, the Association of German Pfandbrief Banks (vdp), the European Covered Bond Council (ECBC) and the Association of Environmental Technology (VfU), in which it shares its knowledge and takes part in discussions. MHB regularly emphasises the relevance of sustainability and ESG in publications and interviews.

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RESPONSIBLE CORPORATE GOVERNANCE

Governance

MHB's lending and its issuing of securities, the jobs it offers and the salaries and taxes it pays all contribute to Germany's economic and social well-being.

The Bank is therefore committed to tax honesty and gears its business model towards long-term success. For example, it does not shift revenues to low-tax jurisdictions, nor does it establish special purpose entities for tax minimisation purposes in countries that are on Oxfam's tax haven list. The business model significantly limits liquidity and interest rate risks. The Bank is committed to responsible, risk-conscious lending and to funding that is geared towards the long term, with maturities matched as closely as possible through the issuing of Pfandbriefe.

Furthermore, the Bank ensures its long-term success through robust corporate governance. Anchored in policies and guidelines, this is intended to ensure the accountability and productivity of the Board of Management and Supervisory Board, as well as the employees. It also includes individual and collective knowledge, skills and experience. In the reporting year, the competency profiles and role profiles of the Board of Management and Supervisory Board were expanded to include ESG issues, reflecting the importance of the topic.

The Supervisory Board is regularly updated on sustainability topics. In addition, a diversity training was provided for the Supervisory Board and the Board of Management in March 2023, as well as trainings on taxonomy and CSRD in October and December. All training courses were conducted by external providers, and the lessons learned influenced the implementation of the topic areas.

In the 2023 financial year, the CEO retained responsibility for the topic of sustainability. Two sustainability advisors worked in the "Strategy and Organisation" staff department. At the level of the Board of Management, the Chief Risk Officer (CRO) is responsible for all risk topics, including ESG risks. Besides that, the Bank appointed ESG officers in all relevant departments in the reporting year. They act as the first point of contact within the department for ESG issues, provide support for coordination, data management and reporting and work to raise awareness of ESG issues among other colleagues.

Governance is addressed in the ESG Framework, including the structures and responsibilities for all sustainability topics, as well as ESG risk management topics. The ESG Committee meets monthly as well as on an ad-hoc basis in order to pool sustainability activities in MHB and ensure they are firmly anchored in the organisation. The ESG Committee is made up

of the heads of the departments affected by the ESG topics and advises the Board of Management on all matters relating to sustainability. Twelve meetings were held in the reporting year. Their main focus was on the implementation and further development of the sustainability strategy and the implementation of regulatory requirements. In addition, the ESG Board holds quarterly meetings in which the Board of Management as a whole is informed about ESG questions prepared by the ESG Committee and takes the necessary decisions as needed.

In 2023, the Bank's sustainability management was reviewed by the Internal Audit department and assessed as satisfactory. The issues that were identified were already successfully addressed in the reporting year.

Transparency and reporting

MHB reports on its activities, responsibilities, control mechanisms and processes in a transparent manner. General information is provided in the annual report, while information relating to sustainability can be found in this non-financial report and on the Bank's website. Here, we publish ratings results, the Green Bond Framework and the second-party opinion (SPO) on the sustainable loans and Green Bonds. The



impact report provides information on the reduction in greenhouse gas emissions achieved through the Green Mortgage Loans and the financing of certified commercial properties (for more on this topic, please see "Climate protection in core business"). For investors, MHB also publishes reports on its own website annually and over the course of the year concerning its sustainable bonds and sustainable portfolio.

The regulatory requirements placed on the Bank in terms of sustainability remained at a very high level. The EU, the ECB, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and German Federal Financial Supervisory Authority (BaFin) have drawn up various regulatory documents that have an impact on MHB's core business, risk management and reporting. The main regulatory topics are the EU Taxonomy, the CSRD, the ECB Guide on Climate-Related and Environmental Risks, disclosures in accordance with CRR II, the Guidelines on Loan Origination and Monitoring (LOaM) and the ESMA requirements on prospectuses.

To ensure that the Bank can fulfil existing and future regulatory requirements, the Board of Management has set up a project with the aim of specifying responsibilities and tasks and creating structures and processes as well as compiling the necessary data that will serve as the basis for this ("ESG regulation" project). The project commenced in November 2021 and, in May 2023, was extended again until December 2024.

Disclosure in accordance with Article 8 of the EU Taxonomy

REGULATORY PRINCIPLES

The Taxonomy Regulation (Regulation (EU) 2020/852) aims to encourage sustainable development initiatives in Europe's finance industry in the sense of the EU Green Deal and contribute to the achievement of the Paris climate targets. The Taxonomy Regulation is intended to help channel the flow of finance to sustainable economic activities and establish uniform criteria for their evaluation. Reporting requirements are defined in Article 8 of the Taxonomy Regulation and in the Disclosures Delegated Act (EU) 2021/2178 and are to be implemented in line with the gradual introduction of Taxonomy-alignment. The technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation are set out in the Climate Delegated Act (EU) 2021/2139. Further economic activities were added in Delegated Regulation (EU) 2023/2485. Delegated Regulation (EU) 2023/2486 (hereinafter referred to as the Environmental Delegated Act) also amended and supplemented the Disclosures Delegated Act and defined the technical screening criteria for economic activities in relation to environmental objectives 3 to 6.

The Taxonomy Regulation defines criteria for environmentally sustainable economic activities in relation to the following environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources

4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The Taxonomy Regulation applies to both non-financial companies and financial companies that are subject to the disclosure requirements of the Non-financial Reporting Directive (EU) 2014/95 (hereinafter referred to as "NFRD"). These entail an obligation for MHB to prepare a non-financial report.

For the 2021 and 2022 reporting years, only a reduced scope of reporting was necessary. In particular, the shares in the assets of Taxonomy-eligible and Taxonomy non-eligible economic activities were disclosed. Qualitative information was included in accordance with Annex XI of the Disclosures Delegated Act. An economic activity is deemed to be Taxonomy-eligible if it was included in the Climate Delegated Act (EU) 2021/2139 or the amended Delegated Act (EU) 2023/2485.

The 2023 reporting year was the first to be subject to the quantitative requirements set out in Annex V of the Disclosures Delegated Act. In this context, the Green Asset Ratio, which reflects the proportion of Taxonomy-aligned economic activities in the overall business, must be disclosed with reference the first two environmental objectives. For this purpose, the reporting templates, which contain additional key figures besides the Green Asset Ratio, must be disclosed in accordance with Annex VI of the Disclosures Delegated Act. In addition, further qualitative information must be reported in accordance with Annex XI of the Disclosures Delegated Act. An economic activity is deemed to be Taxonomy-aligned if it meets the following three criteria:



- Substantial contribution: The financed economic activity must make a substantial contribution to at least one of the environmental objectives.
- Do no significant harm (DNSH): Significant harm to another environmental objective must be ruled out.
- Minimum social safeguards: The financed economic activity must meet minimum social safeguards. These include respect for human rights and employees' rights, for example.

As of 1 January 2024, besides the disclosure of Taxonomy-eligible economic activities for the environmental objectives of climate change mitigation and climate change adaptation, Taxonomy-eligibility must also be assessed in terms of the other four environmental objectives.

PROCEDURE FOR IDENTIFYING TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

Due to the lack of clarity that still remains in some aspects of the legislative framework for the implementation of the Taxonomy Regulation and the related delegated acts, the calculation of the KPIs is based on several fundamental assumptions and simplifications. The most important assumptions and issues of interpretation are presented below.

Existing definitions and reporting items from financial reporting (FINREP) or other regulations are used wherever possible. The FINREP (gross) carrying values as at the reporting date of 31 December 2023 are the basis for calculating the KPIs for both the numerator and the denominator.

The relevant counterparties are households, companies subject to the NFRD (financial and non-financial companies) and local authorities.

Households

MHB's core business is lending to households. The household group is analysed on the basis of FINREP data. According to the Disclosures Delegated Act, the following transactions can be included:

- Loans collateralised by residential immovable property
- Loans granted for house renovation purposes
- Car loans

In its loan portfolio, MHB focuses on loans secured by residential property and loans granted for house renovation purposes, while car loans are not part of its business.

Against this background, MHB has identified the following Taxonomy-eligible economic activities:

- Economic activity 7.1: Construction of new buildings
- Economic activity 7.2: Renovation of existing buildings
- Economic activity 7.7: Acquisition and ownership of buildings

In accordance with Article 7(3) of the Disclosures Delegated Act, only customers from the European Economic Area (EEA, i.e. the EU, Liechtenstein, Iceland and Norway) are included. A portion of MHB's business volume is in non-EEA countries (in particular, Switzerland) and therefore is not assessed for Taxonomy-eligibility.

If a transaction is deemed to be eligible according to the criteria defined above, the underlying purpose of the transaction is also taken into account. In comparison to the 2022 reporting year, transactions without a purpose and transactions for which no purpose can be clearly derived cannot be clearly allocated to an economic activity and are therefore not Taxonomy-eligible.

Review of further counterparties in reference to Taxonomy-eligible economic activities

MHB currently has no material business relationships with public institutions such as regional and local authorities that could be included in the Taxonomy assessment.

In its commercial business, the Bank also primarily makes loans to property companies and small housing enterprises. These customers are not subject to the NFRD and are therefore not Taxonomy-eligible. Although MHB's portfolio currently contains no counterparties that are subject to the NFRD, some counterparties are expected to become subject to reporting requirements when the CSRD, ((EU) 2022/2464) comes into force and will therefore have to be included in the Taxonomy assessment in the future.

PROCEDURE FOR IDENTIFYING TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

For Taxonomy-eligible loans to households, the next step is an assessment of their Taxonomy-alignment. In the first step, the "substantial contribution" of an economic activity is assessed on the basis of the technical screening criteria. MHB reviews economic activities that finance the "acquisition and ownership of buildings" (7.7). Due to the current data situation, renovation loans cannot be included in the review of Taxonomy-alignment.



The substantial contribution to environmental objective 1 of loans collateralised by residential property is examined on the basis of the technical screening criteria of the Climate Delegated Act.

Transactions are assessed on the basis of their "substantial contribution" to economic activity 7.7, "acquisition and ownership of buildings", if they finance a property built by 2020. If an energy performance certificate exists with energy efficiency class of at least A, the transaction is deemed to be Taxonomy-aligned. If no energy performance certificate exists, or an energy efficiency class of at least A is not achieved, a transaction involving property located in Germany and with Germany as the registered domicile can still be Taxonomy-aligned if it is among the top 15 percent of the national or regional building stock. This is assessed using thresholds based on the Drees & Sommer study.⁴ According to the Climate Delegated Act, transactions that finance a property built in 2021 or later are assessed on the basis of the "substantial contribution" of economic activity 7.1, "construction of new buildings". The primary energy demand of these properties must be at least 10 percent below the threshold of the requirements for nearly zero-energy buildings, as documented by the energy performance certificate. MHB uses the thresholds of the Drees & Sommer study for the assessment.

In the second step of the Taxonomy-alignment assessment, the DNSH criteria must be met in accordance with the Climate Delegated Act for economic activities that contribute to environmental objective 1. As a general rule, to evaluate the DNSH criteria, it is necessary to perform a climate risk and vulnerability assessment.

MHB performed this assessment with the help of an assessment tool from an external provider.

The third step of the Taxonomy-alignment assessment for alignment with minimum social safeguards is not applicable for households.⁵ Moreover, MHB's private property financing business is confined to Germany, Austria and Switzerland. These markets are already subject to extensive legal requirements that serve to protect human rights, and MHB adheres to these. MHB also defines what it expects of its employees, business partners and service providers in a Policy on Human Rights and Diversity and ensures the exclusion of sanctioned customers. Further information can be found in the section of this report entitled "Social responsibility – Human rights".

The Taxonomy-aligned loans identified in this way are included in the calculation of the Green Asset Ratio (GAR), which amounts to 11.75 percent for 2023.

KEY FIGURES AND REPORTING TEMPLATES

MHB's Taxonomy-eligible and Taxonomy-aligned transactions are presented below using the framework of the templates in Annex VI of the Disclosures Delegated Act (EU) 2021/2178.

Template 0

Summary of the KPIs to be disclosed by credit institutions in accordance with Article 8 of the Taxonomy Regulation; includes the Green Asset Ratio (GAR) as the central KPI plus additional KPIs.

MHB has no counterparties that are subject to the NFRD and whose KPIs are included in MHB's Green Asset Ratio. For this reason, MHB reports the same Green Asset Ratio after CapEx

and turnover of counterparties (columns b and c). For the same reason, only the absolute value of Taxonomy-aligned assets is reported, without distinguishing CapEx from turnover of counterparties (column a). The KPIs in columns d to f report both Taxonomy-aligned economic activities and economic activities excluded from the Taxonomy assessment, which are measured by the total assets. The KPIs relating to off-balance sheet exposures (financial guarantees, assets under management) amount to 0 percent, as MHB has no such pertinent business. The KPIs for the trading portfolio as well as fees and commission income from services other than lending and asset management will be disclosed for the first time as at 31 December 2025.

Template 0: » see Appendix

Template 1

Covered assets for the calculation of the GAR; contains the covered assets, i.e. the total assets, for the calculation of the GAR as well as transactions excluded from the GAR. The exposures are broken down by counterparty or product type. In the reporting year, the disclosure of information for comparison with the 2022 reporting year was not yet required by law.⁶ MHB's economic activities are allocated to environmental objective 1 (climate change mitigation), as MHB sees this as its main contribution. The analysis of MHB's business activities has not yet revealed any activities that specifically address environmental objective 2 (climate change adaptation). Details on climate change mitigation measures in the core

⁴ Drees & Sommer; VDP (2023) EU Taxonomy: Acquisition and Ownership of Buildings. Derivation of Top 15% of existing building stock in Germany

⁵ Final Report on Minimum Safeguards of the Sustainable Finance Platform, p. 11: https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

⁶ Question 7, Commission Notice (C/2023/305) of 20 October 2023



business can be found in the section entitled "Environmental responsibility". At MHB, loans granted for house renovation purposes are also collateralised by property and are therefore reported in lines 25 and 26 of reporting template 1. As only the line for "Households" (line 24) is included in the GAR and double counting is to be avoided, this line does not correspond to the sum of loans for house renovation purposes (line 26) plus loans collateralised by immovable property (line 25). Economic activities towards financial companies not subject to the NFRD were included in lines 33 to 43.

Template 1: » see Appendix

Template 2

Information on transactions in sectors covered by the Taxonomy based on NACE codes of the counterparty's central business. As MHB has no counterparties subject to the NFRD in its portfolio as at 31 December 2023, reporting template 2 is to be left blank in the disclosure.

Template 2: » see Appendix

Template 3

Taxonomy-aligned portfolio business in relation to the covered assets from reporting template 1. As was the case with reporting template 1, the comparative period for the 2022 reporting year has not yet been reported.

Template 3: » see Appendix

Template 4

Taxonomy-aligned new business from the 2023 reporting year in proportion to the flows to total covered assets in the 2023 reporting year. Although the template provides for Taxonomy-eligible business in the denominator, the prevailing opinion supports using the flows to total covered assets in

the denominator instead due to better comparability with the GAR stock (cf. reporting template 3). Despite the reference to the net flow in the template based on the European Commission's FAQ,⁷ the new business follows from the actual new business from 2023, without taking into account any partial payments of existing transactions.

Template 4: » see Appendix

Template 5

Information on off-balance sheet exposures (financial guarantees, assets under management). As MHB has no such pertinent business, the reporting template is disclosed without values.

Template 5: » see Appendix

Template 6

KPI on fees and commissions income from services other than lending and asset management. As disclosure of the reporting template is not required until 31 December 2025, it does not contain any figures in the current reporting year.

Template 6: » see Appendix

Template 7

KPI trading book portfolio. As disclosure of the reporting template is not required until 31 December 2025, it does not contain any figures in the current reporting year. As there were no financial instruments in MHB's trading portfolio as at 31 December 2023, neither the quantitative reporting nor the accompanying qualitative information in accordance with Annex XI of the Disclosures Delegated Act (EU) 2021/2178 is disclosed.

Template 7: » see Appendix

Template 1 on activities in the areas of nuclear energy and fossil gas:

As at 31 December 2023, MHB's portfolio did not include any transactions relating to economic activities in the sense of Regulation 2022/1214 (nuclear energy and fossil gas). Therefore, "NO" responses are filled in on this reporting template, and reporting templates 2 through 5 on nuclear energy and fossil gas can be omitted as a result.

Template 1 on nuclear and fossil gas related activities: see Appendix: » see Appendix

OUTLOOK

In its sustainability strategy, MHB has set its sights on increasing the proportion of green financing. The requirements for Taxonomy-aligned economic activities are gradually being incorporated into product design, data collection and data management. In 2023, the Bank added a roadmap of measures to the sustainability strategy and provided more specifics on the timetable and responsibilities in particular.

Besides that, MHB is constantly working to improve its data management, which will make it possible to also include renovation loans in the assessment of Taxonomy-alignment in the next reporting periods. In future, for new business, the quality of the data concerning the energy efficiency of the financed properties will be higher as well, as submitting an energy efficiency certificate is now mandatory for the conclusion of

⁷ Question 65, DRAFT COMMISSION NOTICE on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice), 21 December 2023



a loan agreement. Further development of the existing sustainable products and market launch of a Taxonomy-aligned product are also planned for the future.

The CSRD is set to replace the NFRD on 1 January 2025. For this purpose, the EU CSRD must be transposed into national law by 30 June 2024, and a German CSRD Implementation Act must be passed. The CSRD gradually extends the reporting obligation under Art. 8 of the Taxonomy Regulation to more companies. This means that in future, it will be possible for the Green Asset Ratio to incorporate financed economic activities that are currently not included due to the lack of an NFRD obligation for counterparties.

The business strategy includes both the ESG environmental analyses and the assessment of the impact on the business model derived from them. It also addresses the measures that build on it as part of the risk and opportunity management. The strategy is revised annually, incorporating the Bank's sustainability management. This process takes the requirements of the Taxonomy Regulation into account accordingly.

Data protection

To protect personal data, MHB complies with laws (in particular, the European General Data Protection Regulation), regulations and more specific rules concerning processing and use of data. The Information Security and Data Protection Guidelines define processes and responsibilities for implementing the requirements, as well as forming the basis for the Bank's ISMS (information security management system), which also incorporates data protection. The information security and data protection officers monitor and control the ISMS. In this regard, the management system for information security is in line with ISO 27001, and internal and external audits are performed on a regular basis.

RAISING EMPLOYEE AWARENESS

Raising awareness of data protection and cybersecurity issues among employees is very important. All employees are bound by data secrecy and receive standard training every two years. Departments with specific requirements receive training annually. All new employees are automatically invited to complete the training within the first week. The training platform's processes have been improved to optimise the traceability of successful course completion. As of October, around 99 percent of internal employees and 48 percent of external employees had successfully completed the training or provided documentation of training completed elsewhere. A special workflow has been implemented to increase the completion rate among external employees; this is expected to significantly increase the percentage in 2024.

Employees are also informed about new topics as needed through ad hoc messages on the intranet. In the reporting year, a special awareness-raising campaign was carried out in the form of a "live hacking presentation" by an external specialist service provider. Lastly, a phishing simulation was implemented to raise and maintain employee awareness on an ongoing basis. These measures will continue in 2024.

DATA SUBJECT ACCESS REQUESTS IN ACCORDANCE WITH ART. 15 GDPR

In 2023, one data subject access request was received and was responded to promptly. There were no complaints from data subjects.

DATA BREACHES / DATA PROTECTION VIOLATIONS

Three data breaches occurred, two of which were reported to the data protection supervisory authority BayLDA as a precaution. Measures to prevent similar incidents have been taken and completed.

In November, the CDR Lab hosted a specialist conference at MHB on the practical implementation of the principles of Corporate Digital Responsibility (CDR). The CDR Lab is a participatory learning, exchange and project platform for companies, academia, NGOs and other institutions for the purpose of shaping digital responsibility. At the event, in addition to a welcome address by the responsible member of the Bank's Board of Management, MHB's data protection and information security officer gave a keynote speech entitled "CDR on the Example of Data Protection – Complain or Comply".



Compliance

The purpose of MHB's compliance management system is to ensure adherence to legal, regulatory and internal requirements and to promote a culture of compliance to prevent economic and reputational damage to the Bank.

For this purpose, the Bank has established a compliance function, which also includes responsibility for preventing corruption and bribery as well as money laundering and terrorist financing. The Bank's compliance officer, who also acts as the anti-money laundering officer, is responsible for the continuous optimisation of compliance processes. She is directly subordinate to management and reports to it.

By means of comprehensive legal monitoring, relevant regulatory changes are identified, and implementation processes are initiated in a timely manner. The compliance function works with the Board of Management and relevant business units to counter compliance risks with appropriate measures and to develop relevant guidelines.

In an annual report that is addressed to the Board of Management and forwarded by the latter to the Supervisory Board, the compliance function internally documents the most important activities and changes and the corresponding key figures.

COMBATING CORRUPTION AND BRIBERY

In view of the Bank's many and varied business relationships with national and international customers and business partners, combating all forms of corruption and bribery is given

high priority. The Bank does not tolerate corruption, bribery or unfair business practices of any kind by employees, the Board of Management, the Supervisory Board or third parties working on the Bank's behalf. There have been no known cases of corruption/bribery, and no trials or convictions have taken place.

In the reporting year, the Bank overhauled the structure of the Code of Conduct and added new content, particularly concerning ESG issues. The Code now meets the requirements of the EBA's Guidelines on Internal Governance (EBA/GL/2021/05) and has been adapted to market standards.

As a shared set of guidelines, the Code of Conduct sets out binding standards for lawful, responsible, ethical and sustainable conduct. It applies to all employees of MHB and its subsidiaries (including members of the Board of Management) as well as to external business partners. For that reason, it is now also available on the Bank's website and forms the basis for the new supplier guidelines, which are to be shared with all relevant business partners in the coming year.

Among other things, the Code of Conduct prohibits the negotiation or conclusion of agreements that restrain competition. Competitors are also to be treated with fairness and respect. Furthermore, employees are required to avoid conflicts of interest and report potential conflicts of interest. There were no legal proceedings in 2023 with respect to anti-competitive conduct.

In addition to the Code of Conduct, specific guidelines lay down a framework of action for employees and members of bodies to follow.

The policy on donations sets out binding guidelines for the acceptance and granting of gifts, hospitality and invitations.

The Bank's procurement policy ensures transparent and fair awarding of contracts to third parties. It defines differentiated processes for soliciting bids, inviting tenders and selecting bidders, as well as for approving and concluding contracts depending on the volume of the contract.

All the Bank's compliance guidelines are subject to an annual update and review process, which is managed centrally. Employees are informed promptly about changes to the requirements contained in the Code of Conduct and the respective guidelines. They are also made aware of current topics and trained as necessary.

Compliance with the guidelines that have been drawn up is monitored based on risk (as stipulated in the compliance function's control and monitoring plan). Organisational processes and responsibilities in the event of rule breaches or suspected criminal offences are clearly defined.

Employees can submit reports of concrete suspicions of fraudulent or other illegal acts anonymously via MHB's whistleblowing system. Employees are notified through the Bank's written rules about the established system and its channels. As in the prior year, no reports were received in 2023.



COMBATING MONEY LAUNDERING AND TERRORIST FINANCING

As a credit institution for property financing, MHB expressly undertakes to combat money laundering and the financing of terrorism. This is the responsibility of the anti-money laundering officer (in line with legal requirements). The money laundering risk management system complies with national and international requirements. It is based on the "three lines of defence" model and, in accordance with the German Money Laundering Act (Geldwäschegesetz, GwG), includes a risk analysis and internal safeguards. The risk analysis identifies institution-specific risks for the Bank. As part of the annual update, it was updated in 2023 by the anti-money laundering officer with the assistance of the operational units. Measures to reduce money laundering risks are derived from the analysis, and their implementation is monitored by the anti-money laundering officer. Notwithstanding the overall responsibility of the Board of Management, the Bank transferred responsibility for managing money laundering risks to a member of the Board of Management in line with section 4(3) GwG. All employees are required to attend a web-based training course, which makes them aware of how the Bank manages money laundering risks and what it does to prevent money laundering and terrorist financing. Employees in the front- and back-office departments are obligated to take web-based refresher courses every two years. In addition, user-oriented training courses are held that focus on typical money laundering offences connected with property transactions and financing. In the reporting year, all standard courses envisaged in the anti-money laundering training concept were completed in full by the employees designated to take them (see table). The anti-money laundering

officer monitors participation in training courses. The technical reports of the Financial Action Task Force on Money Laundering (FATF) and other domestic and foreign specialist studies are taken into account in this respect.

In the Bank's business operations, clear processes and due diligence obligations likewise are defined in accordance with the GwG and the supervisory requirements of BaFin and the ECB. For example, under these requirements, all new business relationships are assigned a risk category. The relevant persons undergo an identification and screening process.

Employees can submit internal reports of suspicious activity informally to the anti-money laundering officer or her deputy by telephone or email. The anti-money laundering officer (and her deputy) are solely responsible for reporting suspicious cases to the Financial Intelligence Unit (FIU), and she is not subject to the Board of Management's instructions in this respect. The anti-money laundering officer informs employees who have submitted an internal report of suspicious activity of whether or not the anti-money laundering officer has submitted a report of suspicious activity to the FIU, stating the reasons for her decision. If the anti-money laundering officer – for whatever reason – does not submit a report, employees can use the Bank's whistleblowing system, or the system put in place by the BaFin, to indicate that their report has not been dealt with correctly if they believe this to be the case.

CASES OF MONEY LAUNDERING AND FRAUD IN 2023:

Number of suspected money laundering cases	14
Number of suspected money laundering cases reported to the FIU	10
Number of cases of fraud	0
Number of anti-money laundering training courses completed	271 ⁸

⁸ Represents all employees required to attend standard training courses in 2023, in line with the Bank's anti-money laundering training concept.



ENVIRONMENTAL RESPONSIBILITY

Climate protection in core business

The Bank's greatest leverage for minimising negative impacts on the environment and supporting the fight against climate change lies in its core business and in its contribution to promoting a sustainable property industry. The process of defining a climate target was initiated in the reporting year, and a climate target is being developed for the loan portfolio in the first quarter of 2024. The first step in this process is carrying out a portfolio analysis to analyse the current status quo of the portfolio, including a distinction between retail and commercial business. The next step is the selection of a science-based climate scenario ("CRREM scenario"). The current status of the portfolio is then compared with this selected CRREM scenario. Building on this, the corresponding carbon reduction pathways are defined in order to derive the climate targets. For this purpose, a future portfolio development forecast is performed from a climate perspective, including the definition of key assumptions about portfolio growth or increasing energy efficiency. The climate targets can then be derived from the carbon reduction pathways, among other things.

The reference for this process is the achievement of the goals of the Paris Climate Agreement. The process takes identified climate risks in the business environment and business strategy into account and determines key performance indicators.

As a provider of property financing, MHB has supported energy-efficient construction for many years through its Green Loan, which offers a reduced interest rate for energy-efficient, privately used residential properties with an

annual maximum primary energy demand of 55 kWh/m². This is verified by means of an energy certificate or a certificate of compliance with Kreditanstalt für Wiederaufbau (KfW) standards for energy-efficient construction. MHB also offers special KfW loans. These loans promote energy-efficient construction via various KfW programmes for renovations, conversions or new builds.

When financing commercial property, MHB places importance on properties that have been furnished with a recognised certificate, such as DGNB, BREEAM, LEED or HQE with a corresponding rating of "good" or "very good". In its commercial property financing business, which is classified as sustainable, the Bank does not grant loans to natural persons or legal entities that achieve an appreciable proportion of their sales in controversial sectors, such as fossil energy.

A total of 24,972 green loans (as of 31 December 2023) were granted according to MHB's regular allocation reports,⁹ of which 24,784 were for residential properties and 188 for commercial properties.

To fund Green Loans for residential properties as well as the commercial properties in the portfolio that are certified as sustainable, MHB can issue funding products in a green format. The green products and their use of funds then correspond to the Green Bond framework, which is in line with the current Green Bond Principles of the International Capital Market Association (ICMA). Overall, the range of sustainable products in 2023 encompassed Green Pfandbriefe, Green Senior Preferred Bonds, Green Senior Non-Preferred Bonds, Green Tier 2 and Green Commercial Papers and Term Deposits.

ALLOCATION REPORT

Assets	Notional value in EUR m 31/12/2023		Liabilities
Cover pool residential	3,925.7	2,335.0	Green Pfandbriefe
Cover pool commercial	2,933.2		
Residential not in cover pool	833.8	1,810.9	Green Tier 2 & green senior bonds
Commercial not in cover pool	1,699.1	45.0	Green CP & green term money
Balance green portfolio	5,200.8		

Conversion into EUR with the ECB Euro foreign exchange reference rates

⁹ The selection criteria correspond to the MHB Green Bond Framework and the vdp minimum standards for green Pfandbriefe.



With the aim of adopting a medium-term CO₂ target next year, the Bank carried out a CO₂ analysis of its overall portfolio in 2023 (for the methodology, see the section entitled “Carbon footprint”) and reports the Scope 3 emissions in this report accordingly.

In the impact report, the Bank also reports to investors and other stakeholders about the level of CO₂ emissions reduction achieved through loans that were identified as sustainable according to the Green Bond Framework and granted sustainable funding in consequence. The relevant data are calculated in collaboration with the Wuppertal Institute for Climate, Environment and Energy and published annually in an impact report. The latest report shows that the overall portfolio of green loans in 2023 led to a reduction of 38,000 tonnes in CO₂ emissions, which equates to 4.4 fewer tonnes of CO₂ for every million euros lent. The impact report for 2023 will be published in the second quarter of 2024.

Environmental and climate protection at the locations

The Bank is conscious of its responsibility for all its locations. In line with this, available data on environmental impacts are recorded, analysed and used as the basis for setting clear objectives. In 2023, a decision was taken to introduce an environmental management system. The first step was to develop an environmental policy as part of the business strategy.

In addition to pure CO₂ emissions, the Bank also calculates its other environmental impacts. These include, in particular, the consumption of paper and water.

ANNUAL CONSUMPTION

	2020	2021	2022	2023 ¹⁰
Water (m ³)	14,036	4,807	7,689	6,500
Water per employee (m ³)	22	7	17	9
Wastepaper (m ³)	95	112	110	93.5
Wastepaper per employee (m ³)	0.15	0.18	0.18	0.13
Waste for recycling (m ³)	273	259	231	348 ¹¹
Waste for recycling per employee (m ³)	0.43	0.40	0.38	0.49

Consumption data for the headquarters in Munich

MHB purchases only EU Ecolabel and FSC-certified, climate-neutral ECF copy paper in plastic-free packaging. Home office options, which continue to be used to a significant degree, and with them the digitalisation of processes, further reduced paper purchases to 2.0 million sheets (2.3 million sheets in 2022).

The Bank also analyses its annual consumption figures.

Carbon footprint pursuant to the “Greenhouse Gas Protocol”

SCOPE 1

The headquarters in Munich does not generate any direct emissions through heating energy since this location relies on district heating. In other words, the building does not have a furnace. The same is also true of the offices in Augsburg, Frankfurt am Main, Hamburg, Hanover, Münster and Stuttgart. The office in Dresden is heated with natural gas. However, as is the case with the other regional offices, no further information related to CO₂ is currently available.

The introduction of the job ticket for public transport represented an initial step to reduce CO₂ emissions through mobility. 316 employees took advantage of this offer.

MHB has set itself the goal of continuously reducing CO₂ emissions from its vehicle fleet. To this end, a new car policy was adopted in the reporting year with an upper CO₂ limit for cars. The current average for the entire fleet in 2023 was 124 g/km.¹² The goal is to reduce this further.

Further measures were also examined to support even further expansion of the sustainable mobility concept at MHB in the coming years.

¹⁰ Estimates based on an extrapolation of the data available through 22 December 2023 and prior-year data; jumps can be explained by home office use.

¹¹ The conversion of the headquarters in Munich resulted in a high volume of waste disposal.

¹² This average was based on the following distribution of vehicle types: 22 percent hybrid vehicles or purely electric cars and 78 percent combustion vehicles.



SCOPE 2

ANNUAL CONSUMPTION

	2020	2021	2022 (updated)	2023 ¹³
Total CO ₂ consumption (tonnes) (district heating + electricity)	586.31	598.58	563.93	460.51
District heating (m ³)	1,728	1,780	1,519.27	1,250.73
District heating per employee (m ³)	2.75	2.78	2.82	1.8
Electricity (kWh)	1,575,869	1,637,942	1,529,161	1,365,355
Electricity per employee (kWh)	2,509.00	2,555.29	2,657.81	1,928.47

Consumption data for the headquarters in Munich

Scope 2 emissions are generated indirectly through consumption of electricity and district heating. Cooling in the warm months at the headquarters in Munich is also ensured through electrically generated refrigeration. To keep consumption at a moderate level, cooling ceilings were installed when the building was constructed.

For the headquarters in Munich, as well as at the offices in Augsburg, Berlin, Dresden, Hamburg, Cologne, Nuremberg and Stuttgart, MHB obtains electricity from energy suppliers that originates from 100 percent renewable energy.

In 2023, the Bank began a far-reaching conversion of the building management system with the aim of optimising the control of ventilation, heating, cooling and lighting and thereby conserving resources. In particular, in the reporting year, window handles, thermostatic valves and presence detectors were replaced with smart solutions, and the floor lamps were converted to LEDs.

As these steps were not taken until the end of 2023, the impact will not be measurable until 2024. Further steps are planned to start in the following year.

SCOPE 3

The majority of Scope 3 emissions are generated within the Bank's core business through the financing of buildings. To determine the carbon footprint of the loan portfolio, MHB introduced a carbon calculator in 2023. The calculation of CO₂ emissions is based on the internationally recognised PCAF Standard (Partnership for Carbon Accounting Financials). To calculate the financed emissions of a building, the portion of the building that is attributable to a financial institution is multiplied by the building's emission footprint.

As no actual emission values are recorded in the Bank, the method in the carbon calculator is based on derived or approximate values. If a valid energy performance certificate exists, the building's CO₂ emissions are approximated with the help of the energy data in the certificate. If no energy performance certificates exist, the TABULA method is used to approximate the energy demand of the residential properties. In this case, the approximation via the CRREM pathways and

scaling with the year of construction (or year of modernisation, if available) applies for commercial properties. If no information is available on the building's total area, it is approximated.

Using available building data and proxy values, a total financed value of 653,290 tonnes of CO₂ emissions as at 31 December 2023 was calculated.

The CO₂ emissions from the wider supply chain are taken into account in particular by ensuring that MHB reduces transport routes and sources products locally wherever possible. For business travel, the relevant policy recommends scrutinising whether it is necessary and, when reasonable, replacing it with teleconferences by phone or video. To encourage this, the technical resources and space available at MHB for hybrid and remote work were expanded and improved in the reporting year.

¹³ Estimates based on an extrapolation of the data available through 22 December 2023 and prior-year data.



ESG RISK MANAGEMENT

MHB's risk management system identifies and manages risks associated with the Bank's business activities, products, services and business relationships. The Risk Controlling department examines the potential impact on the Bank's own business and informs the management of current developments so the necessary decisions can be taken promptly. An ESG risk report was prepared for the first time as at 31 December 2022 and made available to the Board of Management, department heads and the Supervisory Board. The report, which is prepared every six months, covers all ESG risks with impacts on the existing traditional risk types, focusing on the risks identified as material. Thus the reporting focuses on climate risks for the lending business.

In the reporting year, climate risks of a physical nature (the financial impacts of climate change) and a transitory nature (financial losses that institutions may incur directly or indirectly as a result of the adaptation process of moving towards a lower-carbon, more environmentally sustainable economy) were quantified and analysed.

The Bank is thus gradually implementing the relevant requirements, such as the ECB Guide on Climate-Related and Environmental Risks, the BaFin Guidance Notice on Dealing with Sustainability Risks and the EBA Guidelines on Loan Origination and Monitoring, as part of the "ESG regulation" project.

ESG risks are not a separate risk type, but impact the existing risk types and are represented accordingly in the risk inventory:

ESG RISKS AND CREDIT RISK

Both physical and transitory risks can directly impact the credit risk (on the borrower or on the property serving as collateral for the loans). Acute physical risks in the form of extreme weather events may cause damage to properties serving as collateral and consequently lead to a decline in their value. Chronic physical risks, such as a constant rise in sea levels, can have a negative impact on the value of properties serving as collateral due to the fact that coastal regions could become uninhabitable in the long term, for example. The Bank has identified floods, tidal surges, storms, heat and extended precipitation as significant risk drivers for physical risks.

Transitory risks in the form of political measures and customer preferences leading to a shift in demand towards energy-efficient properties can also adversely affect property values. Political measures, such as with respect to energy upgrading/renovation, can impact not only property values but also the financial performance of commercial customers operating in the property industry.

Moreover, political measures and technological change can lead to a reduction in the disposable household income of private customers. With regard to transitory risks, the Bank has identified CO₂ emissions and regulatory shocks as significant risk drivers.

MHB's macroeconomic stress scenario already quantifies the potential impacts of climate risks. To calculate the impacts on recovery rates or default rates, it assumes depreciation of properties, rising unemployment rates or falling economic performance.

The influence of ESG risks on credit risk has led the Bank to take an ESG score into account in the lending decision process in commercial property financing since the reporting year. The plan is to gradually assign an ESG score for the existing portfolio business by the end of 2024 as part of the re-rating process.

A corresponding introduction of the ESG score for the retail business is planned for 2024.



ESG RISKS AND MARKET RISK

Both physical and transitory risks can cause disruptions to markets, such as sharp fluctuations in interest rates, exchange rates or credit spreads, which in turn would lead to drops in bond prices. With regard to interest rate changes, it is assumed that ESG risks lead to individual events or crises that would be associated with a short-term decline in interest rates, high levels of uncertainty on the market and possibly significant volatility. In addition to the qualitative assessment, a separate ESG scenario for market price fluctuations (interest rates, FX and credit spreads) has been set up and analysed on a quarterly basis for the quantitative analysis of materiality. ESG risks can also lead to changes in customer behaviour, such as a lower rate of unscheduled repayments or an increase in terminations due to property sales. This in turn would affect MHB's option risk, i.e. the risk that customers exercise their right of termination. Possible changes in customer behaviour are already examined as part of the annual validation and can therefore be identified in good time and taken into account accordingly.

ESG RISKS AND LIQUIDITY RISK

ESG risks could have varying impacts when it comes to liquidity risk. General disruptions to the markets may lead to calls for collateral, while changes in credit spreads may trigger a drop in the value of liquid assets. In addition, we anticipate a rise in demand for Green Pfandbriefe and are closely monitoring developments in guidelines on Green Pfandbriefe, as these could give rise to funding risks for the Bank. The Bank's aim is to be able to take appropriate action in good time to avoid or at least mitigate these effects. In addition to the qualitative assessment, a separate ESG scenario for market price fluctuations (interest rates, FX and credit spreads) is being set up for the quantitative analysis of materiality, and the effects on the HQLAs and the additional collateral payments are being analysed quantitatively.

ESG RISKS AND OPERATIONAL RISK

Environmental and climate risks can lead to operational risks such as damage to or loss of tangible assets. This is the case if buildings need to be repaired and customers cannot afford the payments. Such operational risks also include damage to important infrastructure for the Bank's business operations, such as buildings that it owns or leases and the energy supply for them. The results from the risk scenarios for business continuity management are therefore taken into account in the self-assessment of operational risks. In outsourcing management, physical and transitory risks (including location) are analysed as part of the annual risk analyses of outsourced activities.



SOCIAL RESPONSIBILITY

Human rights

MHB is committed to the United Nations Universal Declaration of Human Rights and the conventions of the International Labour Organisation (ILO). MHB's actions are also guided by the principles of the UN Global Compact. Acting in an ethically and socially responsible way has high priority at the Bank. In keeping with the principles of the UN Global Compact, the Bank also places importance on compliance with internationally recognised standards concerning human rights, environmental protection and decent working conditions, as well as concerning the prohibition of child labour. MHB's Code of Conduct and the Policy on Human Rights and Diversity reflect this stance and define what the Bank expects of its employees, business partners and service providers.

MHB's private property financing business is confined to Germany, Austria and Switzerland. In commercial property financing, the Bank also does business primarily in Germany and in the Western European market (Austria, the Netherlands, Luxembourg, France, Spain, Belgium and the UK). Here we finance existing properties with a focus on residential, office, retail and logistics properties. New business in the USA was discontinued in the reporting year, although the portfolio still contains syndicated loans. These markets are already subject to extensive legal requirements that serve to protect human rights, and MHB adheres to these. In addition, the exclusion of business with sanctioned customers is ensured by established processes. Special verification obligations also

apply to lending business that could entail reputational risks. If potential customers are suspected of disregarding human rights in individual business, the Bank orders a review.

MHB also considers potential ethical and social consequences in connection with the investments that it makes itself. The Bank's sustainable investment policy defines exclusion criteria based on the Freedom House Index and the Democracy Index. For example, the Bank avoids investments in countries where human and civil rights and democratic structures do not exist or are systematically violated. An annual screening process is carried out to check the conformity of the investments with the policy criteria.

MHB operates as an employer exclusively in Germany and complies with the stringent regulations and standards concerning working conditions and equality that apply in this country. Comprehensive guidelines ensure that the rules are implemented within the organisation, while clear processes are followed in the event of violations or abuses such as discrimination. The Bank also protects freedom of association and the right to collective pay bargaining.

The Works Council works in partnership with the management to represent employees' interests. The management attaches great importance to discussing all operational changes with the Works Council in a timely manner, as called for in the German Works Constitution Act (Betriebsverfassungsgesetz, BetrVG), so that the Works Council can exercise

its rights of co-determination. In addition, the Works Council strengthened and broadened its communication in the reporting year, and members of the Works Council made use of the release from their work duties provided for in the BetrVG in order to be able to represent the interests of the workforce to the fullest extent possible.

The Bank is also a member of the Arbeitgeberverband des privaten Bankgewerbes, the employers' association for the private banking industry, and applies the collective pay agreements negotiated with the relevant trade unions. The Bank's Code of Conduct forms the basis for all employees' daily activities. It is published centrally for all employees. It is provided to all new employees along with their employment contract, and they must confirm receipt of it in writing.

Sustainable property financing

MHB is a member of the Cooperative Financial Network, whose actions are guided by the idea of sustainable economic activity. The aim is to build a sustainable future together with customers, members and employees. In line with its guiding principle, the Bank is committed to the cooperative principles of solidarity, identity, regionality and subsidiarity and is conscious of the social responsibility it bears as a business partner and employer and in the creation of housing.



In keeping with this, MHB offers various sustainability loans. Besides the Green Loan mentioned above, these also include the reduced-interest family loan for low-to-medium income families with at least one child to purchase their own homes. This loan can also be combined with the Green Loan for especially energy-efficient properties.

The lending is done in a responsible way, taking the customer's financial means into account. Before a loan is granted, the budget, including the applicant's income and living expenses and the costs of any other loans, is reviewed. The loan is granted only if this budget meets MHB's minimum requirements. If problems arise in servicing or repaying a loan, employees partner with customers to work towards solutions as part of the intensive support process. Depending on the customer's individual situation, possible solutions are worked out to rectify payment problems and/or loans that are in arrears.

Customers in private and commercial property financing also receive support when dealing with delinquent loans, for example through restructuring measures or payment deferrals, by being referred to an ombudsperson or through government or public support measures. The foreclosure rate in 2023 stood at a low rate of 0.03 percent of individual loans extended.

Social engagement

Beyond its core business and supply chain, the Bank is involved in additional social activities. Besides donations and sponsoring, these have included collaboration with the Hildebrandt Group at the Academy of Fine Arts, Munich, since 2023. In the summer of the reporting year, the first exhibition of young artists opened at MHB headquarters. The plan is to update and further develop the exhibition at specific intervals. MHB makes its public premises available for this purpose and covers the material costs for the production of the works, which are created specially for the exhibition as part of the collaboration, as well as the transport costs for the artworks.

DONATIONS

Through its financial donations, MHB supports social causes in line with its cooperative values and commitment to solidarity. Donations are made exclusively to charitable organisations for social, cultural, sporting and academic purposes. The recipients of donation must meet the Bank's ethical requirements. Political donations are not allowed, nor are donations to individuals. In total, about EUR 19,000 was donated in the reporting year. The majority of this was used to support the "Stiftung Aktive Bürgerschaft" ("Active Citizenship Foundation"), which primarily promotes community foundations in Germany. This year again, MHB trainees created a fundraising campaign to support the "Lichtblick Seniorenhilfe e.V." initiative, which helps senior citizens with financial difficulties handle everyday challenges, and MHB contributed directly by rounding up the proceeds.

SPONSORING

MHB supports monetary benefits, benefits in kind and services in the areas of culture, sport, health, environmental protection, education or academia, or in the Cooperative Financial Network, in order to obtain an image advantage (sponsoring). Such activities are governed by the Code of Conduct. Transparent internal processes have been created for handling sponsoring and are monitored by Compliance. Within this framework, MHB sponsored the GENO Summer Games in 2023, and a team from the Bank participated in the sporting event organised by the Genossenschaftsverband Bayern (Bavarian Association of Cooperatives).



CUSTOMERS AND BUSINESS PARTNERS

Relations with customers and business partners

MHB maintains reliable long-term relationships with its customers based on trust. It takes into account legal requirements relating to consumer protection, in particular the EU Consumer Rights Directive, the EU Mortgage Credit Directive, the German Consumer Dispute Resolution Act (Verbrauchserstreitbeilegungsgesetz, VSBG) and the German Risk Limitation Act (Risikobegrenzungsgesetz, RisikoBegrG). In addition, in the interests of customers and members, the Bank has committed itself to responsible marketing and has laid down the relevant principles in its guidelines. In Germany, clear legal regulations apply to marketing activities for property financing, particularly with regard to the truthfulness, clarity and transparency of statements. These ensure that customers recognise and understand the nature and risks of the desired financing product. Promotional messages by MHB are consistent across all communication and marketing channels. The Bank does not engage in aggressive promotional activities or link advertising to inappropriate incentives. As MHB acts as a subsidiary product provider in private property financing, it attaches particular importance to ensuring that the marketing principles are also followed by sales partners when marketing and selling the financing solutions. To familiarise its sales partners' employees with the nature and risks of the financing products, they are given regular information and training.

Outsourcing and service providers

When choosing outsourcing providers, the Bank focuses on companies in Germany, the European Union or the EEA. Based on the legal framework in these countries, compliance can be assumed with recognised standards (e.g. concerning occupational health and safety or health protection, freedom to unionise and freedom of assembly, as well as environmental protection). Since the 2022 financial year, the regular risk assessment of outsourced activities has also taken into account the issues of assurance of compliance with minimum social safeguards, assessment of physical risks for the provision of the service by the service provider (owing to the location or the business model) and assessment of transitory risks in relation to the service provider's business model. The procurement manual states that in addition to the principles of sound financial management, the principles of environmental protection and sustainability must be observed.

The Bank works with service providers and suppliers primarily in the IT and facility management areas (including office supplies and cafeteria).

In 2022, Facility Management surveyed suppliers about supply chain management. The survey revealed that there is no need for action in the sense of supplier changes.



EMPLOYEES

With their knowledge, skills and commitment, MHB's employees constitute the basis for its success. Accordingly, the Bank's HR strategy focuses on recruiting, retaining and developing the employees it needs in order to implement the business strategy. To achieve this, developments on the banking market (in particular, the labour market in commercial and private property financing), MHB's business development and the development of the workforce were analysed in the reporting year in both qualitative and quantitative terms.

MHB's HR strategy is largely based on:

- Strengthening its employer brand and developing talent
- Creating an attractive work culture and favourable general conditions
- Expanding employee development, identifying and facilitating development opportunities
- Designing attractive remuneration systems while preserving the structures of a medium-sized company
- Optimising operational HR activities, taking advantage of digitalisation and expanding data-supported HR activities

In 2024, further development of the HR strategy is planned based on the updated business strategy with a corresponding target vision and action plan.

Similarly, the "Employees" area of action is also included in the sustainability strategy. This focuses on employee well-being and satisfaction and the goal of offering everyone

equitable opportunities to develop their own talents and careers. In keeping with this, various measures were taken and further developed in the reporting period, particularly on the following topics: "corporate and management culture", "employee development", "diversity and equal opportunity", "work-life balance" and "health management and occupational safety".

Corporate and management culture

MHB's corporate culture is characterised by a social, team-oriented, family-like working environment in line with its size and cooperative background. Systematic employee development and effective leadership are therefore very important to the Bank. Managers receive special onboarding and further development in select external seminars and in the wide-ranging in-house management training programme, which was also further developed and adapted in 2023. The programme includes the annual "Leadership Days", which focus on general information about new company agreements, HR management tools and changes in the law. Besides that, the Bank's management principles are taught in additional modules and coaching elements. In the reporting year, a new management seminar was developed on the topic "Mastering difficult management situations".

In periodic formal and informal feedback sessions (including annual evaluations), employees and managers discuss their duties, goals, perspectives and level of satisfaction. These meetings are intended to promote trust and collaboration, to highlight potential opportunities for advancement and to make it possible to pursue these. An internal manual provides guidance on these topics so as to establish a constructive feedback culture and open dialogue.

Employer attractiveness

In order to achieve the objectives of the HR strategy, it is important for MHB to be perceived as an attractive employer. The employee turnover rate in 2023 was 7.2 percent (excluding retirements), which roughly corresponds to the industry average. The year-on-year increase can be explained by the general effects of the skilled labour shortage and the recruitment market in conjunction with the uncertainty in the property market. For this reason, various measures were taken to increase the Bank's attractiveness and thereby strengthen employee retention. These include the expansion of social benefits (which are offered to all employees, regardless of whether they work full-time or part-time), the Board of Management's commitment to forego compulsory redundancies until further notice, tailored employee development for all employees and an expansion of the management development.



At MHB, 95.6 percent of employees have permanent employment contracts. The average duration of employment was just under 11 years, indicating general employee satisfaction overall.

Fair pay

MHB's remuneration systems are in compliance with the German Remuneration Regulation for Institutions (Institutsvergütungsverordnung, InstitutsVergV) and are published annually in the Bank's disclosure report required in line with section 16 InstitutsVergV. The remuneration of 50.6 percent of the Bank's employees is determined by collective pay agreements, and the remainder outside of such agreements. The Bank's remuneration strategy and principles establish the framework for appropriate compensation. MHB attaches particular importance to ensuring that employees are not incentivised to engage in excessive risk-taking behaviour.

Total compensation for employees not covered by collective agreements includes a bonus that is based on achievement of an individual's goals and the general performance of the Bank. A performance-related bonus is also calculated for employees who are covered by collective agreements, based on their personal performance and that of the Bank. This is an additional, voluntary form of compensation that the Bank offers to particularly high-performing employees.

As a sign of its esteem for its employees, both those under collective pay agreements and those who are not, and, to a modified extent, its trainees and working students, MHB paid all of them an inflation allowance in 2023, prorated to their working time, free of deductions for taxes and social insurance, and has also announced this for 2024.

Employee development

MHB encourages the further development of its workforce to give employees the best possible support in the face of changes and new requirements. The employee development budget for each department can be used to organise internal and external specialist seminars and events for further training in business administration or in knowledge of methods and soft skills as well as language courses in business English, French, Spanish or German as a foreign language. For professional training courses that involve more than just seminars and run for several months or even years, the Bank pays up to 50 percent of the tuition fees and grants employees special leave to take exams. In 2023, five agreements were concluded to support continuing professional education.

The Bank has both an online learning platform and its own in-house academy to make access to further training opportunities as simple and comprehensive as possible for all employees. In 2023, MHB employees attended a total of 1,450 training courses on the online learning platform. The in-house academy includes online and in-person training in the categories of leadership, methodological skills, specialist knowledge, employee development, networking and dialogue.

In 2023, a total of 452 employees took advantage of the courses, including seminars provided by the in-house BauFi academy, an internal training programme for developing and expanding specialist knowledge of property financing.

The programme is tailored specifically to MHB's requirements and enables employees to update and deepen their knowledge. Highly experienced employees can discuss specialist topics on an expert level in special modules.

In addition, orientation and training plans are drawn up not only for new hires but also in the event of transfers, ensuring that employees are optimally prepared for their duties.

Internal trainee programmes in various departments offer training and development opportunities to staff with high potential in the key business areas. In 2023, six trainees got an overview of the various specialist departments at MHB and received individual support from mentors. To invest in young talent, MHB also offers a dual study programme in "Business administration with a specialisation in banking, finance and risk management" in partnership with the Munich University of Applied Sciences (Hochschule München). In 2023, an additional student was hired, bringing the total number of students in the dual study programme to four. Two new dual study programmes at MHB were also implemented: HR management (in partnership with the Munich campus of the IU International University of Applied Sciences) and business informatics (in partnership with the Munich University of Applied Sciences). The first students in these programmes will start at the Bank in 2024.

For many years, MHB has been training young people to become qualified bankers, office administrators or IT specialists. The Bank is also one of the few companies in the industry to offer training on a part-time basis, which opens up career prospects for young parents, for example. In 2023, four new trainees started at MHB. In total, the Bank has 12 trainees.



Diversity and equal opportunity

Diversity provides enrichment; when this fundamental truth is recognised, diversity becomes a factor for success in achieving MHB's overall bank objectives. The Bank signed the German Diversity Charter in 2014 and made a significant commitment to its content (treating one another with mutual respect and appreciation, regardless of any diversity categories). In consequence, the HR policies are also geared towards the promotion of diversity. A further milestone was reached in the reporting year: In summer 2023, the diversity strategy was adopted by the Board of Management and presented to the Supervisory Board. The development of this strategy took various stakeholder expectations into account. The primary aim of the strategy is to create a diversity-sensitive corporate and management culture, prevent all forms of discrimination and ensure equitable hiring and opportunities for success in order to foster and exploit all the available talent and potential. The measures planned for implementation of this strategy will have an impact on corporate governance as well as the processes and corporate culture. In particular, the Bank has set the goal of increasing the proportion of women on the Supervisory Board to 20 percent by 2026 and achieving a 33 percent proportion on the Board of Management in the same period.

A diversity officer was appointed in 2023. In addition to the mandatory training on the German General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG) for all employees, new managers in particular received diversity training in the "Leadership Days", and the in-house academy introduced a seminar on conducting unbiased, diversity-compliant job interviews. Examples of other measures included new rules on gender-sensitive language, a concept for the advancement of women with corresponding

objectives and regular communication on diversity issues on the intranet to raise employee awareness. Further measures are planned for the coming years.

For a number of years now, MHB has had a representative and deputy representative for disabled employees, and in the reporting year, they represented 23 employees with disability or equivalent status, including five new instances of equivalent status. In their office, they look after the interest of colleagues with disability or equivalent status, as well as their integration.

They provide help and advice on a wide range of questions. In addition, they enforce rights to participate and be heard and take part in meetings of the Works Council.

DIVERSITY INDICATORS

	2023
Nationalities	31
Gender distribution	
men	364 (51.4%)
women	344 (48.6%)
Share of women	
Board of Management	0%
Level immediately below the Board of Management	18%
Second level	30%
Third level	25%
Supervisory Board	17%
Age structure¹⁴	
< 30 years	8.6%
30–50 years	53.8%
> 50 years	37.6%
Persons with disabilities	23 employees

Work-life balance

A good work-life balance, particularly the compatibility of career with family life, has high priority at MHB. An employee's needs and the areas of focus of their work-life balance vary by age and phase of life. Therefore, MHB offers its employees tailored solutions, including various flexible work models as well as flexitime and time-off accounts with the aim of supporting employees returning to work after parental leave or carer's leave. Employees can also work from home, as well as in the office or on the road.

In the reporting year, the results of the previous year's survey of all employees concerning an attractive, needs-driven redesign of the office workstations were analysed and incorporated into a furniture and interior design concept. Many of the requests could be implemented, and the concept was realised at the end of the reporting year.

MHB seeks to be family-friendly employer. As at the reporting date of 31 December 2023, 21 employees were on parental leave. As a Munich-based company, the Bank was able to again offer parents free childcare service in the Bank in the reporting year on the Day of Repentance and Prayer, which is a school holiday in Bavaria.

¹⁴ Only MHB, excluding employees who are currently in the non-working period of phased-in early retirement (Altersteilzeit) and excluding temporary staff.



Health management and occupational safety

Employee health is of central importance to the Bank. The sickness absence rate stood at 4.7 percent in the reporting year, which was significantly lower than the nationwide average in Germany.¹⁵ Nine accidents at or on the way to work were reported in 2023. MHB employs its 708¹⁶ staff members exclusively in Germany and complies with the strict provisions of German employment law and occupational safety. MHB's central Health and Safety Committee is responsible for identifying and preventing risks to health and safety in everyday work. The committee meets once a quarter. Among other things, it is in charge of establishing processes and measures to protect occupational safety and health. The Bank conducts regular fire safety inspections and workplace hazard assessments, for example. It also monitors and discusses psychological stress in the workplace and specific risks to pregnant employees. The committee is chaired by the CEO and discusses occupational safety and health protection issues, including with the Works Council, the HR department and the relevant specialist departments. The safety officers support the Health and Safety Committee in implementing processes and measures.

Updating the hazard assessments for safe operation is an ongoing topic. Due to the pandemic, it was not possible to carry out an evacuation drill again until 2023. The lessons learned from this drill were shared with all employees via the intranet.

Processes were also updated further and documented accordingly.

In addition to complying with legal requirements relating to occupational health and safety, MHB aims to support and protect the mental and physical well-being of its employees in a holistic manner. The works physician performed 150 cancer screenings, and 90 employees received a flu vaccination. In addition, 109 employees working at computer workstations had their vision checked.

In addition to risk screening, MHB offers a range of measures as part of its health management to promote its employees' health and fitness. These include the "PFIF!" programme, with which MHB promotes individual health and fitness courses. The Bank also subsidises fitness studio and sports club memberships. As at the reporting date of 31 December 2023, 160 employees had received this subsidy in the reporting year. In

addition, a health day was organised at the Bank for all employees in cooperation with a health insurance fund and the trainees. The focus was on healthy eating and healthy lifestyle, with various offerings available.

Accident insurance continues to be offered to all employees, regardless of hierarchy and salary, with worldwide, 24-hour coverage, including outside of working time. The insurance also covers any consequential damages or disability following an accident.

¹⁵ The average sickness absence rate in Germany was around 5.7 percent in 2023. Source: Statista

¹⁶ Total number of employees as at the reporting date of 31 December 2023, excluding subsidiaries and excluding temporary staff, working students and agency workers.



NOTES

31 REPORTING TEMPLATES

40 GRI INDEX

46 REPORT OF THE INDEPENDENT
AUDITOR

49 IMPRINT



REPORTING TEMPLATES

TEMPLATE 0: SUMMARY OF KPIS TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 TAXONOMY REGULATION

			Total environmentally sustainable assets		% coverage (over total assets) ³	% 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)	
			KPI ⁴	KPI ⁵				
1	Main KPI	Green asset ratio (GAR) stock	5,792.97	11.75	11.75	10.72	50.63	8.81
			Total environmentally sustainable activities		% 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)	
			KPI	KPI				
2	Additional KPIS	GAR (flow)	186.92	9.09	9.09	2.43	45.94	27.15
3		Trading book ¹						
4		Financial guarantees		0.00	0.00			
5		Assets under management		0.00	0.00			
6		Fees and commissions income ²						

¹ 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

² Fees and commissions income from services other than lending and AuM Institutions shall disclose forwardlooking information for this KPIS, including information in terms of targets, together with relevant explanations on the methodology applied.

³ % of assets covered by the KPI over banks' total assets

⁴ based on the Turnover KPI of the counterparty

⁵ based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Note 1: Across the reporting templates: cells shaded in black should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIS shall only apply starting 2026. SMEs'inclusion in these KPI will only apply subject to a positive result of an impact assessment.



TEMPLATE 2: GAR SECTOR INFORMATION

BREAKDOWN BY SECTOR – NACE 4 DIGITS LEVEL (CODE AND LABEL) IN € MILLION

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab		
	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		Total (CCM + CCA + WTR + CE + PPC + BIO)																	
	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD
	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount	[Gross] carrying amount													
		Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (WTR)		Of which environmentally sustainable (WTR)		Of which environmentally sustainable (CE)		Of which environmentally sustainable (CE)		Of which environmentally sustainable (PPC)		Of which environmentally sustainable (PPC)		Of which environmentally sustainable (BIO)		Of which environmentally sustainable (BIO)		Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)		Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)		
1																														
2																														
3																														
4																														
...																														

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty

2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.



TEMPLATE 3: GAR KPI STOCK

% (COMPARED TO TOTAL COVERED ASSETS IN THE DENOMINATOR); DISCLOSURE REFERENCE DATE 31.12.2023

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af	
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM + CCA + WTR + CE + PPC + BIO)							
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)							
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)							
	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Proportion of total assets covered			
GAR – Covered assets in both numerator and denominator																																
1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	73.06	26.42	26.42																								73.06	26.42	26.42			44.48
2 Financial corporations																																
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	73.61	26.62	26.62																							73.61	26.62	26.62			44.14	
25 of which loans collateralised by residential immovable property	73.58	26.65	26.65																							73.58	26.65	26.65			44.14	
26 of which building renovation loans	100.00																									100.00					3.65	
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																															0.34	
32 Total GAR assets	32.49	11.75	36.17																							32.49	11.75	36.17			100	

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR

3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets

4. Credit institutions shall duplicate this template for revenue-based and CapEx-based disclosures



TEMPLATE 4: GAR KPI FLOW

% (COMPARED TO FLOW OF TOTAL ELIGIBLE ASSETS); DISCLOSURE REFERENCE DATE 31.12.2023

	a	b	c	d	e	f	g	h	j	k	l	m	o	p	q	r	t	u	v	w	y	z	aa	ab	ad	ae	af	ag	ah	ai	aj	
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM + CCA + WTR + CE + PPC + BIO)							
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)							
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)							
	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Proportion of total new assets covered			
GAR – Covered assets in both numerator and denominator																																
1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	85.39		9.09		9.09																						85.39	9.09	9.09			36.94
2 Financial corporations																																
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	85.39	9.09	9.09																							85.39	9.09	9.09			36.67	
25 of which loans collateralised by residential immovable property	73.59	9.09	9.09																						73.59	9.09	9.09			36.67		
26 of which building renovation loans	100.00																								100					4.33		
27 of which motor vehicle loans																																
28 Local governments financing																															0.27	
29 Housing financing																																
30 Other local government financing																															0.27	
31 Collateral obtained by taking possession: residential and commercial immovable properties																																
32 Total GAR assets	31.31	3.33	3.33																							31.31	3.33	3.33			100	

1. Institution shall disclose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Credit institutions shall duplicate this template for revenue-based CapEx-based disclosures



TEMPLATE 5: KPI OFF-BALANCE SHEET EXPOSURES

% (COMPARED TO TOTAL ELIGIBLE OFF-BALANCE SHEET ASSETS); DISCLOSURE REFERENCE DATE 31.12.2023

a	b	c	d	e	f	g	h	j	k	l	m	o	p	q	r	t	u	v	w	y	z	aa	ab	ad	ae	af	ag	ah	ai	
Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
Of which Use of Proceeds					Of which Use of Proceeds				Of which Use of Proceeds				Of which Use of Proceeds				Of which Use of Proceeds				Of which Use of Proceeds				Of which Use of Proceeds					
Of which transitional					Of which transitional																									
Of which enabling					Of which enabling																									
1	Financial guarantees (FinGuar KPI)																													
2	Assets under management (AuM KPI)																													

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance-sheet exposures



TEMPLATE 6: KPI ON FEES AND COMMISSIONS INCOME FROM SERVICES OTHER THAN LENDING AND ASSET MANAGEMENT

F&C-KPI; DISCLOSURE REFERENCE DATE 31.12.2023

	a	b		c		d		e		f		g		i		j		k		m		n		o		q		r		s		u		v		w		y		z		aa		ab		ac			
		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		Total (CCM + CCA + WTR + CE + PPC + BIO)																																			
		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)									
		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)		Of which environmentally sustainable (%) (Taxonomy-aligned)									
	Total (Million EUR)	Of which transitional	Of which enabling																																														
1 Fees and Commission income from NFRD corporates – Services other than lending																																																	
2 Services towards financial corporations																																																	
3 Credit institutions																																																	
4 Other financial corporations																																																	
5 of which investment firms																																																	
6 of which management companies																																																	
7 of which insurance insurance unertakings																																																	
8 Non-financial undertakings																																																	
9 Counterparties not subject to NFRD disclosure obligations, including third-country counterparties																																																	

1. Institutions shall disclose in this template information on the percentage (%) of fees and commission income towards taxonomy relevant sectors and environmentally sustainable (with breakdown for transitional/adaptation and enabling activities) compared to total fees and commission income from NFRD corporates for services other than lending and asset management

Note: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs inclusion in these KPI will only apply subject to a positive result of an impact assessment.



TEMPLATE 7: KPI TRADING BOOK PORTFOLIO

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	
	Fair value	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)						Water and marine resources (WTR)						Circular economy (CE)										
	Absolute purchases	Absolute sales	Absolute purchases plus absolute sales	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Trading KPI	Absolute purchases	Absolute sales	Absolute purchases plus absolute sales	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Trading KPI	Absolute purchases	Absolute sales	Absolute purchases plus absolute sales	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Trading KPI	Absolute purchases	Absolute sales	Absolute purchases plus absolute sales	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Trading KPI		
1 Financial assets held for trading (debt securities and equity instruments) – NFRD corporates																														
2 Financial corporations																														
3 Credit institutions																														
4 Debt securities																														
5 Equity instruments																														
6 Other financial corporations																														
7 of which investment firms																														
8 Debt securities																														
9 Equity instruments																														
10 of which asset managers																														
11 Debt securities																														
12 Equity instruments																														
13 of which insurance companies																														
14 Debt securities																														
15 Equity instruments																														
16 Non-financial undertakings																														
17 Debt securities																														
18 Equity instruments																														
19 Counterparties not subject to NFRD disclosure obligations, including third-country counterparties																														
20 Debt securities																														
21 Equity instruments																														

* Table continues on the bottom half of the page

Continuation of the table above *

	ad	ae	af	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax										
	Pollution (PPC)						Biodiversity and Ecosystems (BIO)						Total (CCM + CCA + WTR + CE + PPC + BIO)																		
	Absolute purchases	Absolute sales	Absolute purchases plus absolute sales	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Trading KPI	Absolute purchases	Absolute sales	Absolute purchases plus absolute sales	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Trading KPI	Absolute purchases	Absolute sales	Absolute purchases plus absolute sales	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Of which environmentally sustainable (ESG-aligned)	Trading KPI											
1 Financial assets held for trading (debt securities and equity instruments) – NFRD corporates																															
2 Financial corporations																															
3 Credit institutions																															
4 Debt securities																															
5 Equity instruments																															
6 Other financial corporations																															
7 of which investment firms																															
8 Debt securities																															
9 Equity instruments																															
10 of which asset managers																															
11 Debt securities																															
12 Equity instruments																															
13 of which insurance companies																															
14 Debt securities																															
15 Equity instruments																															
16 Non-financial undertakings																															
17 Debt securities																															
18 Equity instruments																															
19 Counterparties not subject to NFRD disclosure obligations, including third-country counterparties																															
20 Debt securities																															
21 Equity instruments																															

Note: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs inclusion in these KPI will only apply subject to a positive result of an impact assessment.



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.	NO
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.	NO
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.	NO
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.	NO
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.	NO

GRI INDEX

General information

MHB bases its reporting on the standard of the Global Reporting Initiative (GRI). The bank feels committed to the principles of the UN Global Compact (UNGC) and would like to make a contribution to achieving the Sustainable Development Goals (SDGs). For this, the GRI indicators reported which also refer to the UNGC or the SDGs have been marked separately.

We contribute to the following SDGs



ORGANIZATIONAL PROFILE

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC/SDGs
GRI 2-1	Organizational details	Sustainable business model: Business model and strategy Social responsibility: Human rights	
GRI 2-2	Entities included in the organization's sustainability reporting	About this report	
GRI 2-3	Reporting period, frequency and contact point	About this report Imprint	
GRI 2-5	External assurance	Report of the independent auditor	
GRI 2-6	Activities, value chain and other business relationships	Sustainable business model: Business model and strategy Customers and business partners	
GRI 2-7	Employees	Sustainable business model: Business model and strategy Employees	UNGC: Principle 6
GRI 2-8	Workers who are not employees	Social responsibility: Human rights Customers and business partners	
GRI 2-9	Governance structure and composition	Sustainable business model: Business model and strategy Responsible corporate governance: Governance Employees: Corporate and management culture	
GRI 2-10	Nomination and selection of the highest governance body	Responsible corporate governance: Governance	
GRI 2-11	Chair of the highest governance body	Responsible corporate governance: Governance	



ORGANIZATIONAL PROFILE

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC/SDGs
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Responsible corporate governance: Governance	
GRI 2-14	Role of the highest governance body in sustainability reporting	Responsible corporate governance: Governance	
GRI 2-19	Remuneration policies	Employees: Fair pay	
GRI 2-23	Policy commitments	About this report Social responsibility: Human rights	UNGC: Principle 10
GRI 2-27	Compliance with laws and regulations	Responsible corporate governance: Compliance	
GRI 2-28	Membership associations	Sustainable business model: Stakeholder engagement	
GRI 2-29	Approach to stakeholder engagement	Sustainable business model: Stakeholder engagement	
GRI 2-30	Collective bargaining agreements	Social responsibility: Human rights	UNGC: Principle 3 SDG 8
GRI 3-1	Process to determine material topics	Non-Financial Report 2021 (unchanged)	
GRI 3-2	List of material topics	Sustainable business model: Sustainability approach	
GRI 3-3	Management of material topics	About this report	



ECONOMICS

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC/SDGs
GRI 3-3	Management approach economic performance	Sustainable business model	
GRI 201-1	Direct economic value generated and distributed	Sustainable business model: Business model and strategy Annual report 2022	SDG 8
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Risk management	
GRI 201-3	Defined benefit plan obligations and other retirement plans	Annual report 2022	
GRI 201-4	Financial assistance received from government	None	
GRI 3-3	Management approach indirect economic impacts	Social responsibility	
GRI 203-1	Infrastructure investments and services supported	Social responsibility: Sustainable property financing	SDG 9 + 11
GRI 203-2	Significant indirect economic impacts	Social responsibility: Sustainable property financing Social responsibility: Social engagement	SDG 3 + 11 + 13
GRI 3-3	Management approach Anti-corruption	Responsible corporate governance: Compliance	
GRI 205-1	Operations assessed for risks related to corruption	Responsible corporate governance: Compliance	SDG 16
GRI 205-2	Communication and training about anti-corruption policies and procedures	Responsible corporate governance: Compliance	SDG 16
GRI 205-3	Confirmed incidents of corruption and actions taken	Responsible corporate governance: Compliance	SDG 16
GRI 3-3	Management approach Anti-competitive Behavior	Responsible corporate governance: Compliance	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Responsible corporate governance: Compliance	SDG 16
GRI 3-3	Management approach tax	Responsible corporate governance	
GRI 207-1	Approach to tax	Responsible corporate governance: Governance	
GRI 207-2	Tax governance, control, and risk management	Responsible corporate governance: Governance	
GRI 207-3	Stakeholder engagement and management of concerns related to tax	Responsible corporate governance: Governance	



ECOLOGY

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC/SDGs
GRI 3-3	Management approach Materials	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8
GRI 301-1	Materials used by weight or volume	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 12
GRI 301-2	Recycled input materials used	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 12
GRI 3-3	Management approach Energy	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9
GRI 302-1	Energy consumption within the organization	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 7 + 12 + 13
GRI 302-2	Energy consumption outside of the organization	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 13
GRI 302-3	Energy intensity	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9 SDG 13
GRI 302-4	Reduction of energy consumption	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9 SDG 13
GRI 3-3	Management approach Water and Effluents	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9
GRI 303-3	Water withdrawal	Environmental responsibility: Environmental and climate protection at our locations	
GRI 3-3	Management approach Emissions	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9
GRI 3-3	Management approach waste	Environmental responsibility: Environmental and climate protection at our locations	
GRI 306-1	Waste generation and significant waste-related impacts	Environmental responsibility: Environmental and climate protection at our locations	SDG 12
GRI 306-3	Waste generated	Environmental responsibility: Environmental and climate protection at our locations	SDG 12
GRI 3-3	Management approach Environmental Compliance	Social responsibility: Human rights	



SOCIAL

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC/SDGs
GRI 3-3	Management approach employment	Employees	
GRI 401-1	New employee hires and employee turnover	Employees: Employer attractiveness	UNGC: Principle 6 SDG 5 + 8
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees: Employer attractiveness	SDG 3 + 8
GRI 401-3	Parental leave	Employees: Work-life balance	UNGC: Principle 6 SDG 5 + 8
GRI 3-3	Management approach Labor / Management Relations	Social responsibility: Human rights	
GRI 402-1	Minimum notice periods regarding operational changes	Social responsibility: Human rights	UNGC: Principle 3 SDG 8
GRI 3-3	Management approach Occupational Health and Safety	Employees: Health management and occupational safety	
GRI 403-1	Occupational health and safety management system	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-3	Occupational health services	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-5	Worker training on occupational health and safety	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-6	Promotion of worker health	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employees: Health management and occupational safety	SDG 3 + 8
GRI 3-3	Management approach Training and Education	Employees: Employee development	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Employees: Employee development	UNGC: Principle 6 SDG 4 + 8
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Employees: Employer attractiveness	UNGC: Principle 6 SDG 8
GRI 3-3	Management approach Diversity and Equal Opportunity	Employees: Diversity and equal opportunity	
GRI 405-1	Diversity of governance bodies and employees	Employees: Diversity and equal opportunity	UNGC: Principle 6 SDG 5 + 8
GRI 3-3	Management approach Non-discrimination	Employees: Diversity and equal opportunity	
GRI 406-1	Incidents of discrimination and corrective actions taken	Employees: Diversity and equal opportunity	UNGC: Principle 6 SDG 5 + 8
GRI 3-3	Management approach Freedom of Association and Collective Bargaining	Social responsibility: Human rights	UNGC: Principle 3



SOCIAL

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC/SDGs
GRI 3-3	Management approach Human Rights	Social responsibility: Human rights	UNGC: Principle 1 UNGC: Principle 2 UNGC: Principle 4
GRI 3-3	Management approach local communities	Social responsibility: Social engagement	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Social responsibility: Social engagement	
GRI 3-3	Management approach supplier social assessment	Customers and business partners	
GRI 414-1	New suppliers that were screened using social criteria	Customers and business partners: Outsourcing and service providers	UNGC: Principle 1 SDG 8
GRI 414-2	Negative social impacts in the supply chain and actions taken	Customers and business partners	UNGC: Principle 1 SDG 8
GRI 3-3	Management approach public policy	Social responsibility: Social engagement	UNGC: Principle 10
GRI 415-1	Political contributions	Social responsibility: Social engagement	SDG 16
GRI 3-3	Management approach marketing and labeling	Customers and business partners	
GRI 417-1	Requirements for product and service information and labeling	Customers and business partners: Relations with customers and business partners	SDG 12
GRI 3-3	Management approach customer privacy	Responsible corporate governance: Data protection	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible corporate governance: Data protection	SDG 16



REPORT OF THE INDEPENDENT AUDITOR

Report of the independent auditor on a business audit to obtain limited assurance on a separate non-financial report

To Münchener Hypothekbank eG, Munich

AUDIT OPINION

We have audited the separate non-financial report (hereinafter referred to as the "non-financial report") of Münchener Hypothekbank eG to comply with §§ 289b to 289e HGB for the financial year from 1 January 2023 to 31 December 2023 of a business management audit to obtain limited assurance.

Our audit does not cover the external documentation sources or expert opinions referred to in the non-financial report.

On the basis of the audit procedures performed and the audit evidence and the audit evidence obtained, nothing has come to our attention that causes us to believe that that lead us to the conclusion that the accompanying opinion that the

accompanying non-financial report for the financial year from 1 January 2023 to 31 December 2023 is not prepared, in all material respects, in accordance with § 340a Abs.1a in conjunction with §§ 289c to § 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted in this regard and with the concretising measures presented by the concretising criteria presented by the company's legal representatives.

We do not express an audit opinion on the external sources of external documentation or expert opinions.

BASIS FOR THE AUDIT OPINION

We conducted our audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". Our responsibilities under that standard are described in the section "Auditor's responsibilities for the audit of the non-financial report".

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EMPHASIS OF MATTER – PRINCIPLES FOR THE PREPARATION OF NON-FINANCIAL REPORTING

Without modifying our audit opinion, we draw attention to the disclosures in the non-financial report in which the principles for the preparation of the non-financial reporting are described.

The non-financial reporting was prepared by the Company to fulfill the requirements of §§ 289b to 289e HGB and the EU Taxonomy Regulation and supplementary and supplementary delegated acts. Consequently, the non-financial reporting is not suitable for other purposes.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE NON-FINANCIAL REPORTING

The legal representatives are responsible for the preparation the preparation of the non-financial report in accordance with § 340a (1) HGB in conjunction with §§ 289b to 289e HGB and Article 8 of the EU Taxonomy Regulation and the related and the delegated acts adopted for this purpose as well as with the criteria set out by the legal representatives of the company and criteria and for the internal controls that they



deemed necessary to enable the preparation of non-financial statements that are free from material misstatement, whether due from material misstatements due to fraud (i.e. manipulation of the non-financial reporting) or errors. This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial report as well as the making assumptions and estimates concerning individual non-financial estimates for individual non-financial disclosures that are reasonable in the appropriate in the circumstances.

The relevant regulations contain formulations and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have been published. Accordingly, the legal representatives have provided their interpretations of such formulations and terms in the EU Taxonomy section of the non-financial report. The legal representatives are responsible for the reasonableness of these interpretations.

As such formulations and terms may be interpreted differently by regulators or courts, the legality of these interpretations is uncertain.

The Supervisory Board is responsible for overseeing the process of preparing the non-financial report.

INDEPENDENCE AND QUALITY ASSURANCE OF THE AUDITING ASSOCIATION

We have complied with the German professional regulations on independence and other requirements of professional conduct.

Our auditing association applies the national statutory regulations and professional pronouncements – in particular the professional code of conduct for auditors and sworn accountants auditors (BS WP / vBP) and the professional code of conduct issued by the Institut der Wirtschaftsprüfer (IDW) and the IDW Quality Management Standard "Requirements for Quality Management of the Auditors' Practice" (IDW QMS 1). Accordingly, the auditing association maintains a comprehensive quality management system, which contains documented measures with regard to compliance with professional conduct requirements, professional standards and relevant statutory and other legal requirements.

RESPONSIBILITY OF THE AUDITING ASSOCIATION FOR THE AUDIT OF THE NON-FINANCIAL REPORTING

Our objective is to express a limited assurance conclusion based on our audit to express a conclusion with limited assurance whether any matters have come to our attention that cause us to have come to our attention that cause us to believe that the non-financial reporting is not prepared, in all material respects, in all material respects in accordance with the relevant German legal and European requirements as well as the concretising criteria presented by the legal representatives of the company.

In a limited assurance engagement, the assurance procedures performed are less extensive than in an audit to obtain a reasonable assurance, which means that considerably less assurance is obtained. The selection of audit procedures is at the dutiful discretion of the auditor.

Within the scope of our audit, we performed, among others, the following audit procedures:

- Assessment of the suitability of the information presented by the legal representatives in the non-financial report
- Interviewing the legal representatives and relevant employees involved in the preparation of the non-financial report about the preparation process, about the internal controls relating to this process and on disclosures in the non-financial reporting
- Identification and assessment of the risks of material misstatement in the non-financial report
- Analytical audit procedures on selected disclosures of the non-financial reporting
- Reconciliation of selected disclosures with the corresponding disclosures in the the annual financial statements and management report
- Evaluation of the presentation of the non-financial reporting
- Evaluation of the process for identifying taxonomy-compliant economic activities and the corresponding disclosures in the non-financial report.

As set out in the description of the responsibility of the legal representatives, the legal representatives must comply with the formulations and terms contained in the relevant provisions; the legality of these interpretations is subject to uncertainties. These uncertainties in interpretation also apply to our audit.



Therefore, we draw attention to the fact that the audit was prepared for the purposes of the Company and that the report about the results of the audit is intended solely for the Company. Consequently, it may not be suitable for a purpose other than the aforementioned purpose. The report is therefore not intended for third parties to make (asset) decisions based on it.

Our responsibility is solely to the company. Towards third parties, our audit opinion is not modified in this respect.

For the execution of the order and our responsibility, also insofar as this exists at all in relation to third parties, the General Terms and Conditions of Contract of the Baden-Württembergischer Genossenschaftsverband e. V. in the

version dated 1 August 2017. With regard to liability and its limitation, we refer to section 9 of these General Terms and Conditions of Contract.

Stuttgart, 19 March 2024

Baden-Württembergischer Genossenschaftsverband e. V.

Mathias Juhl

Wirtschaftsprüfer
(Certified Public Accountant)

Michael Kopf

Wirtschaftsprüfer
(Certified Public Accountant)



IMPRINT

Publisher

© Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10
80539 Munich
Register of Cooperatives
of the District Court of Munich Gen.-Reg 396

Coordination | Contact

Non-Financial-Riskmanagement
nachhaltigkeit@muenchenerhyp.de
Münchener Hypothekenbank eG

Concept | Design

RYZE Digital GmbH
www.ryze-digital.de

Photo credits

Cover:
Ruscha Voormann

Board of Management:

Tommy Lösch



Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10 | 80539 Munich
PO Box 22 13 51 | 80503 Munich
☎ +49 89 5387-0
✉ info@mhb.de
www.mhb.de/en