



/ HIGH
Performance BANKING

Baader Bank Aktiengesellschaft

Separate combined
non-financial report 2023

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1. INTRODUCTION

1.1 ABOUT BAADER BANK

Baader Bank Aktiengesellschaft (Baader Bank or Baader Bank AG) is a majority family-owned, listed bank. It has a full banking licence, is a member of the Association of German Banks (Bundesverband deutscher Banken e.V.) and is part of its deposit protection scheme. The head office of Baader Bank is located in Unterschleissheim near Munich. There are further national offices located in Frankfurt am Main and Stuttgart.

As at the balance sheet date of 31 December 2023, the Baader Bank Group comprised the parent company Baader Bank and seven companies – of which three are subsidiaries and four are sub-subsidiaries. Baader Bank, together with its subsidiaries and sub-subsidiaries, is hereinafter referred to as the "Baader Bank Group". All the information presented in the report relates to the companies of the Baader Bank Group (exceptions are indicated).

In addition to Baader Bank, the Baader Bank Group currently comprises the following companies:

- Baader Helvea AG, the wholly-owned Swiss subsidiary of Baader Bank, has its headquarters in Zurich. Baader Helvea AG holds a 100% interest in Baader Helvea Ltd which has its headquarters in London and Baader Helvea Inc. which has its headquarters in New York. Together with Baader Helvea AG, these companies form the Baader Helvea Group.
- Baader Bank holds a 100% interest in Selan Holding GmbH, headquartered in Unterschleissheim. This company in turn holds a 100% interest in the Croatian wind farm operator Selan d.o.o. and in Vjetropark Vratarusa d.o.o., which together with Selan Holding GmbH form the Selan Group.
- The subsidiary Baader & Heins Capital Management AG, in which Baader Bank has a 75% interest, has its head office in the same building as the Group's headquarters in Unterschleissheim.

In addition, Baader Bank has other non-controlling interests that are not part of this report as non-fully consolidated subsidiaries.

1.2 ABOUT THIS REPORT

The separate combined non-financial report of Baader Bank AG and Baader Bank Group relates to the 2023 financial year (1 January to 31 December 2023). It was prepared in accordance with sections 340a para. 1a in conjunction with 289b para. 3 as well as 340i para. 5 in conjunction with section 315b para. 3 of the German Commercial Code (Handelsgesetzbuch — HGB) and published outside the combined management report.

The report was prepared on the basis of the relevant provisions of the Commercial Code for non-financial reporting. The selection of the report contents for the issues to be reported in accordance with sections 315c para. 1, 289c para. 2, 3 HGB (environmental concerns, employee issues, social issues, human rights as well as anti-corruption and anti-bribery) is based on the areas of action identified in a materiality analysis. Information required to be reported by Baader Bank in accordance with article 8 of Regulation (EU) 2020/852 ("EU Taxonomy Regulation") can be found in part 3.2 of the report following the presentation of the five issues.

No specific framework is used for reporting and only the standards of the Global Reporting Initiative (GRI Standards) are used as additional guidance for selected aspects. The existing legal (and regulatory) requirements are already very extensive and provide sufficient guidance for preparation of the report.

In accordance with section 171 para. 1 sentence 4 of the German Stock Corporation Act (Aktiengesetz — AktG), the Supervisory Board is required to audit this separate combined non-financial report. To support this audit, the Supervisory Board has commissioned a business audit in accordance with ISAE 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" to obtain a limited assurance by KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG). KPMG has issued an unqualified audit opinion on a limited assurance engagement. The auditor's audit opinion can be found at the end of this report.

1.3 DESCRIPTION OF BUSINESS MODEL

With its securities and banking services on the capital market, Baader Bank acts as a partner for companies, stock exchanges and trading partners (including direct banks, institutional investors, companies, asset managers, fintechs, institutional buyers and portfolio managers) in Europe. Operationally, Baader Bank implements its strategy in six business lines. Baader Bank's core business is based, among other things, on the profitable processing of securities transactions and comprises the provision of services in particular in the business lines Market Making, Capital Markets and Brokerage. The Research Services, Account Services and Fund Services business lines supplement the range of services by providing complementary services to client groups in Market Making and Brokerage as well as in the Capital Markets business line. The basis of the business model is the in-house IT platform, which functions as a system, process and connection infrastructure. It links all Baader Bank divisions and thus creates high cross-selling potential between the individual divisions. The individual business lines are briefly described below:

Market Making

Market Making comprises all the business activities that are defined as order book broker, specialist or quality liquidity provider or specialist activities, depending on the trading model of the respective stock exchange. Market Making is carried out by Baader Bank on a total of six regulated stock exchanges in Germany (Berlin Stock Exchange, Frankfurt Stock Exchange, Stuttgart Stock Exchange, Munich Stock Exchange and gettex, and Frankfurt Certificates Stock Exchange). Depending on the respective market model, Baader Bank quotes prices and executes orders for exchange-traded domestic and foreign shares, bonds, funds, participation certificates, exchange-traded products (ETPs) and securitised derivatives. This service is provided on the basis of uniform internal standards, stock exchange regulations and regulatory requirements. In OTC securities trading, Baader Bank cooperates with partner banks, usually direct banks or online brokers, quotes prices on OTC trading platforms as market makers during trading hours and enters into bilateral trading relationships as a counterparty.

Capital Markets

In the Capital Markets division, Baader Bank serves corporate clients in the primary and secondary markets, who act to seek or issue capital. The range of services comprises independent advice on capital market transactions, as well as the execution and structuring of equity transactions or hybrid financing alternatives. There is cross-selling potential for Special Execution services. The services offered within the scope of Special Execution cover all tradable instruments, ranging from all forms of capital increases against cash or non-cash contributions, including debt-equity swaps, public offers of securities, establishment of the fungibility of securities on the stock exchange, and in the bond and participation certificate area, to capital reductions and squeeze-outs. In addition, the Special Execution Team assists with segment changes and class changes, provides ongoing support in the m:access market segment and acts as the paying agent for shares, bonds and ETPs.

Brokerage

The Brokerage business line comprises all the services to be provided for clients on the secondary market as well as the placement and sale of primary and secondary market transactions. Baader Bank's main services in this area include low-touch trading (brokerage) for clients on national and international stock exchanges and trading platforms to which Baader Bank is connected. This includes automated order execution in equities, bonds, ETPs and securitised derivatives, as well as derivatives and crypto assets. Additionally, high-touch trading and sales trading are offered as direct individual support and order execution for institutional clients.

Account Services

Baader Bank includes the deposit and securities account business under Account Services, with all original banking functions and services provided exclusively within the framework of B2B(2C) cooperation agreements with (online) asset managers, fintechs, neo-brokers and institutional buyers. Its cooperation partners benefit from Baader Bank's global trading connections and modern IT infrastructure. As a full-service bank and platform provider, Baader Bank follows an intermediary approach and acts as a B2B partner in account and securities account management and the systematic processing of all order management and reporting processes in compliance with MiFID II requirements, providing links to a broad international trading network.

Research Services

In the Research Services division, Baader Bank offers independent, pan-European stock and sector research, as well as research on selected companies and industries from the GSA (Germany, Switzerland and Austria) region. The target group is corporate clients in connection with seeking capital, as well as investors who are looking for investment ideas. Within the framework of a fundamental, technical and quantitative top-down approach, Baader Bank's Equity Research Team develops index targets, analyses relevant macroeconomic topics, defines economic scenarios and makes statements on market timing (strategy research) and European sector trends. At the level of individual securities, sector specialists from the Baader Bank Group regularly prepare comprehensive studies for investors and provide estimates for investments. In addition to equity research, Baader Bank's ETF research product supports institutional investors in making decisions on asset allocation and implementing investment strategies. ESG research is also included in the service portfolio.

Fund Services

In the Fund Services business line, Baader Bank provides services in the area of financial portfolio management as defined under the applicable regulatory requirements. As an outsourcing partner for portfolio management companies, it supports the portfolio management of fund products such as UCITS funds, special funds, offshore funds and derivatives overlay mandates. In addition, Baader Bank provides comprehensive support for investment advisors, asset managers and insurance companies in executing fund mandates. Baader Bank also assumes the buy-side trading desk function, numerous order management services and administrative pre- and post-trade processes.

Subsidiaries' business lines

Baader Bank's offering is rounded off by the range of products and services offered by its subsidiaries. This essentially includes the research and brokerage activities with institutional investors by the Baader Helvea Group and the brokerage of promissory note loans, registered securities and money market investments to German institutional investors by Baader & Heins AG. The Selan Group generates income from the supply of wind energy produced by the wind turbines belonging to Selan d.o.o., located in Croatia, and develops concepts for the expansion and further development of the Senj site for the purposes of wind- and solar-energy production.

1.4 ESG AND SUSTAINABILITY AT BAADER BANK

ESG (Environmental, Social, Governance) is a central element of Baader Bank's corporate culture. Even the founder of the family business, Uto Baader, placed great importance on clear governance, socially structured collaboration and ecological aspects. For example, Baader Bank's group headquarters in Unterschleissheim has been built with environmental aspects in mind and is managed accordingly. In addition, the Baader Bank Group has included a wind farm for environmentally friendly power generation since 2015. In the area of governance, Baader Bank is committed to ensuring transparent corporate governance and compliance with all legal and regulatory requirements. Baader Bank also attaches great importance to the promotion and support of its workforce through a wide range of offers.

In order to achieve the overarching goal of the bank's overall strategy for maintaining and expanding business success, ESG aspects will be more closely integrated into the strategic orientation in the future. In addition to the economic perspective, environmental, social and socially relevant factors must also be sufficiently taken into account in order to ensure the bank's competitiveness and so that it can continue to operate as a reliable and proven partner. The basis for this is the ESG strategy, which was adopted for the first time in 2022.

Among the environmental aspects, the conservation of resources (e.g. electricity, paper), emission reduction (e.g. business trips, energy consumption) and the preservation of ecosystems must be embraced. The social component is to be dominated by social justice and employment protection. The company's health management and donation activities are also to be given greater consideration.

Against the background of the ever-increasing environmental, social and governance challenges, and taking growth and strategy into account, Baader Bank, together with its subsidiaries, endeavours to continue to make an appropriate contribution to relevant ESG issues now and in future. The focus is on further development of the ESG strategy as well as further integration of sustainability aspects into Baader Bank's business activities.

With a view to the 2024 financial year, sustainability issues will play an even greater role for Baader Bank, both strategically and in terms of regulatory requirements. Organisationally, further necessary control measures are being taken to adequately address this development. In this regard, Baader Bank deployed personnel internally to deal with ESG issues with effect from 1 February 2022 and has since further developed and expanded its functions and structures in this regard. In 2023, for example, the position of Sustainability Officer was filled on the organisational side and, in view of the additional requirements for reporting obligations under the Corporate Sustainability Reporting Directive (CSRD), a comprehensive ESG programme was set up to supplement the existing organisational structures. From an organisational viewpoint, at the end of 2023 the ESG team was also set up in the Group Strategy & Communication division to ensure closer integration with communication and strategy issues.

1.5 MATERIALITY ANALYSIS

Pursuant to sections 340a para. 1a, 340i para. 6 HGB, the Baader Bank Group is obliged to add a non-financial statement to its management report for the 2023 financial year. Accordingly, a materiality analysis was carried out for the first time, covering the 2023 reporting year. The materiality analysis is based on the current ESG strategy and the dialogue conducted in the ESG area with relevant internal and external stakeholders. From the perspective of Baader Bank, the major stakeholders are not only the bank's executive bodies, employees, cooperation partners, stock exchanges and service providers, but also public authorities, associations, training institutions and the media.

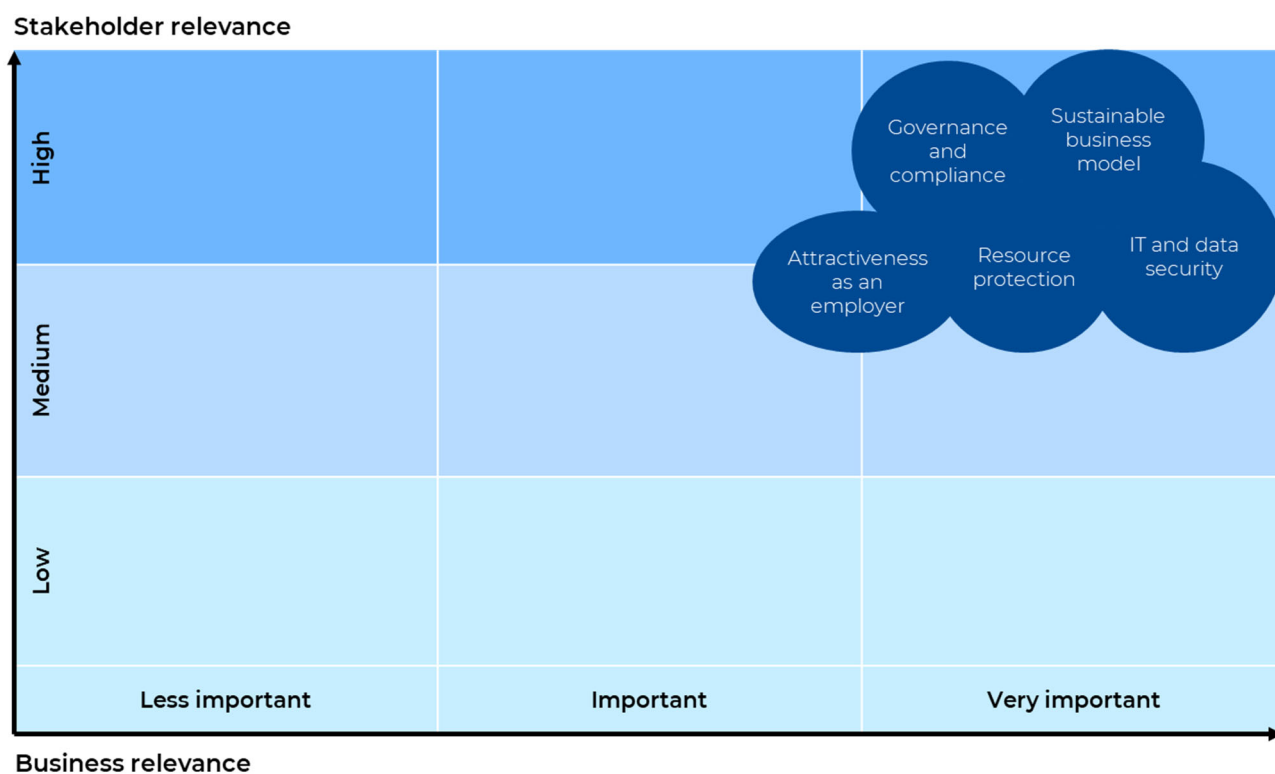
In order to establish further details of the sustainability aspects that are essential for the Baader Bank Group in the 2023 financial year, the responsible representatives of the ESG, Risk Management, Group Strategy, Credit, Human Resources, Corporate Services, Group Communication, Group Accounting, Group Legal and Group Controlling divisions were brought together in an interdisciplinary working group. In a continuous dialogue with the representatives involved, the data and facts on sustainability that were available for the key components of the range of services were structured and the relevant and/or reportable issues were identified.

The relevant issues were also identified with the involvement and support of external consultants who, among other activities, conducted ESG workshops adapted to the needs of Baader Bank. Lastly, representatives of the interdisciplinary working group took part in various discussion groups and training events on ESG and sustainability issues over the year under review, in order to reach an opinion on all the relevant sustainability aspects in dialogue with external stakeholders. Newsletters and webinars from various providers are also used and evaluated as up-to-date sources of information.

The focus of the analysis was on key issues within the meaning of section 289c para. 3 HGB, i.e. all the information required for an understanding of business development and business results, the situation of the Baader Bank Group and the impact of its activities on the aspects mentioned in section 289c para. 2 HGB (environmental concerns, employee issues, social issues, human rights as well as anti-corruption and anti-bribery).

The ongoing Ukraine war, the interest rate policy of the European Central Bank, new/additional regulatory requirements and/or the increased regulatory requirements in the area of ESG, as well as the increased focus on society as a whole and the business policy significance of sustainability issues were identified as significant exogenous factors in the 2023 financial year with an influence

on these non-financial aspects. On the basis of these considerations and procedures, Baader Bank has reached the following materiality matrix:



Baader Bank has identified five areas of action: sustainable business model, resource protection, governance and compliance, IT and data security and attractiveness as an employer.

The issues underlying the above fields of action were assigned to the statutory non-financial aspects in accordance with section 315c para. 1 in conjunction with section 289c para. 2 HGB as follows:

Areas of action	Issues	Non-financial aspect
Sustainable business model	Profitability	Social issues
	Strategy implementation	Social issues
Resource protection	Operation of properties	Environmental concerns
	Travel and fleet management	Environmental concerns
	Contribution to renewable energy	Environmental concerns
IT and data security	High-performance IT infrastructure	Social issues
	Protection against cyber attacks	Social issues
	Information security and data protection	Social issues
Governance and compliance	Compliance with regulatory requirements	Respect for human rights/anti-corruption and anti-bribery
	Internal policies and rules	Respect for human rights/anti-corruption and anti-bribery
Attractiveness as an employer	Remuneration and company benefits	Employee issues
	Continuing education and training	Employee issues
	Workplace health and safety	Employee issues

1.6 ESG RISKS

The risk report in the combined management report provides comprehensive information on the Baader Bank Group's risk management system and risk strategy. Baader Bank's main types of risk include market price risk, counterparty risk, liquidity risk and operational risk. Baader Bank assigns ESG risks to the overarching types of risk. These types of risk are generally taken into account through the risk factors of the relevant major types of risk.

The Baader Bank Group's general ESG risk profile is determined by the risk profile inherent in the business model and the corresponding balance sheet structure of the Baader Bank Group. According to the Baader Bank Board of Directors, this does not result in any risks that are very likely to occur and that have or will have a serious impact on non-financial aspects or on Baader Bank. Baader Bank manages the inherent ESG risks through the associated ESG risk drivers and thus through the existing types of risk. This requires that these ESG risks are incorporated promptly into the existing models, if possible and reasonable on the basis of scientific findings.

2. NON-FINANCIAL ASPECTS

The Board of Directors defines the general conditions, codes of conduct and minimum standards for the Baader Bank Group within the framework of its management responsibility by means of the Written Set of Regulations (WSR). The WSR forms the basis for legally compliant and ethically responsible conduct. Employee issues, social issues, environmental concerns, respect for human rights as well as anti-corruption and anti-bribery are central to WSR guidelines and policies. The Baader Bank Code of Conduct is an important building block for establishing the corporate culture within the company organisation. It obliges all employees to act in a legally compliant, ethically oriented, sustainable and environmentally friendly manner, characterised by a commitment to democracy, tolerance and the UN Human Rights Charter. The non-financial aspects are addressed specifically as follows:

2.1 ENVIRONMENTAL CONCERNS

The responsible use of natural resources and the protection of the environment are an integral part of Baader Bank's corporate responsibility. The focus is on continuously reducing resource consumption and avoiding CO₂ emissions. Resource conservation (e.g. electricity, paper) and emission reduction (e.g. travel expenses, heating costs) are set as sub-targets in the ESG strategy.

Baader Bank's head office in Unterschleissheim was constructed in accordance with state-of-the-art environmental principles, especially with regard to water, heating and air-conditioning, and is managed accordingly. The building includes a green roof and a green atrium area, which is home to a wide variety of plant species. Grey water is used for the sanitary facilities and for watering the plants. Baader Bank uses geothermal energy and the waste heat from the data centre, as well as groundwater to cool and heat the offices. Since 1 January 2021, 100% of the electricity has been sourced from regional green electricity at the Unterschleissheim and Frankfurt sites. The consumption of paper was also further reduced. The charging infrastructure for electric cars was expanded significantly in 2022. This is intended to further promote the electro-mobility of employees. The CO₂ emissions from business trips were recorded in detail in 2023, with the aim of documenting and managing the changes going forward, thereby optimising fleet and travel management. Baader Bank's resource and CO₂ consumption in 2023 was as follows:

Buildings and vehicle fleet

Fuel oil (emergency power)	470 litres
Use of the vehicle fleet	91,884 litres
Petrol	11,946 litres
Diesel	79,938 litres
Total	92,354 litres

Electricity (fleet)	39.23 MWh
District heating (heating)	9.22 MWh
Total	48.45 MWh

Air travel

Distance	794,516 km
CO ₂ consumption	214 tonnes

In the second quarter of 2023, Baader Bank began to certify its administration building at its headquarters in Unterschleissheim according to the LEED (Leadership in Energy and Environmental Design) method. The LEED certification procedure, developed by the US Green Building Council (USGBC), is an internationally recognised method for certifying properties from a sustainability perspective. The system has been diversified to meet the requirements of the various construction tasks and is also available for existing buildings, such as Baader Bank. Each of the properties is assessed on the basis of the eight themes: "Infrastructure integration of the location", "Property qualities", "Water efficiency", "Energy + Global environmental impacts", "Material cycles + Resource conservation", "Indoor air quality", "Innovations" and "Bonuses for criteria with special significance due to location". Points are awarded for the criteria of the themes described above. Based on the number of points achieved, a project can achieve one of four LEED assessment levels: "Certified", "Silver", "Gold" or "Platinum". Baader Bank is currently aiming for Gold certification. Baader Bank expects the results of the inspection and the certification to be completed by the end of 2024.

Since 2015, Baader Bank has been operating a wind farm with a capacity of around 42 megawatts in Senj, Croatia, through a subsidiary or sub-subsidiary. Since it was acquired by Baader Bank, its efficiency has been increased continuously. With its net wind yield of over 100,000 MWh, it supplies around 30,000 households in Croatia on average. The operating company Selan d.o.o. has made a commitment to the Croatian environmental authorities to sustainably manage the environment and nature. The wind farm therefore complies with all relevant national and international regulations for the conservation of biodiversity and the prevention of adverse impacts on the environment. In 2020, proactive measures were also taken to improve biodiversity in the form of a voluntary Biodiversity Action Plan according to the International Performance Standard PS6 (IFC). Among other things, in 2021 the operator decided to reduce its operations in the breeding and rearing phase in order to protect birds and bats. By generating energy from wind, Baader Bank aims to achieve a balanced environmental footprint and contribute to the use/financing of renewable energy.

In the lending business, Baader Bank promotes those Lombard loans in which the borrower can prove that it uses the loan funds sustainably in terms of climate and environment, by granting improved interest conditions (ESG bonus). Baader Bank takes into account the information provided by the borrower in the context of non-financial reporting under the NFRD (Non-Financial Reporting Directive), investment and strategy papers with sustainability targets or comparable documentation, as well as the investment objectives of a client portfolio, if the portfolio is oriented toward previously defined investment-specific sustainability targets and the financial instruments held in the securities account can be regularly reviewed for their sustainability approach.

Baader Bank uses Refinitiv's ESG scoring model to assess whether the portfolio of financial instruments held in the securities deposits meets the sustainability targets promoted by Baader Bank. Refinitiv's ESG scores are designed to measure a company's relative ESG performance, commitment and effectiveness in 10 key areas (emissions, environmental product innovation, human rights, shareholders etc.) transparently and objectively based on publicly reported data. The relevant ESG scoring matrix developed by Refinitiv is defined as follows:

ESG scores	Definition by Refinitiv
0–25	The first quartile in this area indicates poor relative ESG performance and insufficient transparency in public reporting on key ESG data.
25–50	Second quartile: figures in this area indicate satisfactory relative ESG performance and a moderate degree of transparency in public reporting on key ESG data.
50–75	Third quartile: figures in this area indicate good relative ESG performance and an above-average level of transparency in public reporting on key ESG data.
75–100	The fourth quartile in this area indicates excellent relative ESG performance and a high degree of transparency in public reporting on key ESG data.

For the granting of an ESG bonus, at least 70% of the lent securities account holding must consist, on a market value basis, of financial instruments that can be assessed by Refinitiv and the assessable assets (market value) should reach an average (ESG score) of at least 50 and thus have a "good or excellent relative ESG performance and an above-average or high degree of transparency in public reporting on key ESG data".

2.2 EMPLOYEE ISSUES

Baader Bank pays particular attention to the company's impact on the outside world and on its employees, and involves the latter in key decisions to ensure its attractiveness as an employer. Respect for the rights of our employees is one of our most natural values. Two employee representatives on the Supervisory Board of Baader Bank also ensure the interests of the employees.

In the year under review, the number of Baader Bank employees increased from 512 to 584 as of 31 December 2023. The 584 employees, 156 of whom are female and 428 are male, come from 41 countries. The number and distribution of Baader Bank employees is currently as follows:¹

¹ The key figures in the report refer to the number of employees as at the respective reporting date.

**KEY FIGURES FOR EMPLOYEES AT
BAADER BANK AG**
31 December 2023
31 December 2022

Employees		
Total employees	584	512
Women	156	136
Men	428	376
Full-time employees	483	419
Part-time employees	101	93
Women	58	56
Men	43	37
Trainees (including students on integrated degree programmes)	0	0
Temporary employees (number of cases)	15	11
Age		
Average age (in years)	41	41
Structure (number)		
Over 60 years	16	12
51 to 60 years	119	110
31 to 50 years	319	279
Up to 30 years	132	111
Miscellaneous		
Average length of time with company (in years)	7.17	7.67
Sickness rate in %	3.10	3.40

Within the Baader Bank Group, there are 618 employees from 45 countries. The number and distribution of Baader Bank Group employees is currently as follows:

**KEY FIGURES FOR EMPLOYEES AT
BAADER BANK GROUP**
31 December 2023
31 December 2022

Employees		
Total employees	618	548
Women	168	149
Men	450	399
Full-time employees	504	441
Part-time employees	114	107
Women	65	63
Men	49	44
Trainees (including students on integrated degree programmes)	0	0
Temporary employees (number of cases)	15	11
Age		
Average age (in years)	41	41
Structure (number)		
Over 60 years	22	14
51 to 60 years	126	120
31 to 50 years	341	299
Up to 30 years	135	115
Miscellaneous		
Average length of time with company (in years)	7.31	7.64

Baader Bank is actively promoting an increase in the proportion of female managers at the different levels of management in the bank. Participation in cross-mentoring programmes for female managers is designed to promote the participation of women in management positions. Over the last two years, the proportion of women has been as follows.

WOMEN IN MANAGEMENT POSITIONS AT BAADER BANK AG	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	Female	Male	Female	Male
Total managers	10	78	7	76
Board of Directors	0	2	0	3
Management level 1	1	23	1	23
Management level 2	3	27	1	25
Management level 3	6	26	5	25

WOMEN IN MANAGEMENT POSITIONS AT THE BAADER BANK GROUP	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	Female	Male	Female	Male
Total managers	11	89	8	87
Board of Directors	0	7	0	8
Management level 1	1	23	1	23
Management level 2	4	29	2	27
Management level 3	6	30	5	29

Baader Bank attaches particular importance to the high level of qualification and the continuing education and training of its employees. In view of this, human resources (HR) activities in 2023 once again focused on supporting specialists and junior managers, as well as on measures to improve the work-life balance of the Bank's employees. Job-related development plans give our employees a roadmap for their professional development. Sufficient budgets are provided for in-house training.

An attractive, performance-related and sustainable remuneration system is a key element in promoting the attractiveness of the Baader Bank Group as an employer. In addition to fixed remuneration elements, the Baader Bank Group's remuneration system also includes variable remuneration elements. In particular, the variable remuneration elements are designed in such a way that, although achievement of the desired targets is incentivised, unreasonable risk incentives are excluded. This includes sustainability risks in the same way as other types of risk. This ensures that the evaluation and remuneration of employees in the Baader Bank Group does not incentivise them to consciously take sustainability risks.

The Baader Bank Group's remuneration system is also oriented toward long-term value creation for the Baader Bank Group and its clients. At Board of Directors level, the long-term incentive plans for the directors are geared toward long-term value creation for shareholders and the continued existence of the Group. In the area of employee compensation, this is ensured by the fact that a high proportion of the variable remuneration is not only linked to the performance contribution of individual employees, but also to overarching goals of the institution and the organisational unit.

Compliance with internal and external governance guidelines is taken into account, as is the Group's long-term capital and liquidity planning. Baader Bank's remuneration policy and thus the remuneration systems used are continuously being developed. They also take into account the greater incorporation of sustainability risks into existing remuneration systems, for example through additions to the remuneration guidelines.

Baader Bank pursues a corporate culture that enables all employees, regardless of origin, gender or sexual orientation, to take advantage of the same opportunities and also offers various company services for this purpose. For example, all employees benefit from a wide range of support services to promote a healthy work-life balance. In this regard, Baader Bank is working with a private employee assistance programme provider to provide support to its employees in the areas of care and social counselling, crisis intervention, child emergency care and health promotion. In addition, bicycles or hardware can be leased for private use and childcare during the holidays is provided, for example. The topic of external social commitment is an integral part of management development. Dialogue on this topic is conducted regularly with social institutions outside the bank.

In addition to the occupational health and safety measures in connection with the COVID-19 pandemic, the Work from Home option was continued for the majority of employees in 2023. Individual solutions using Work from Home options for reconciling work and family life are a matter of course at Baader Bank.

Occupational safety is ensured at all locations in accordance with the statutory regulations by regular support from a specialist for occupational safety and an occupational medical practitioner. Baader Bank offers its employees free services from the Munich-based health start up wellabe (formerly Bodylabs) as part of digital company health management and health promotion. In a mobile laboratory on site, over 60 parameters (cardiovascular system, metabolism, lung function, body shape etc.) are measured in around 20 minutes. This allows a statement to be made about the areas in which prevention is needed. Via an app or a web browser, each employee can register anonymously and receive recommendations on how to improve their own health and lifestyle based on the measurements.

Baader Bank AG also offers its employees a free flu vaccination once a year. Vaccination is carried out by the company doctor at Baader Bank. In addition, the preventive health check up for computer workstations (G37 for short) prescribed by the German Employers' Liability Insurance Association (VBC) is offered annually. The aim of the check up is to identify occupational diseases at an early stage and to counteract them accordingly. The approximately 10-minute examination is carried out by the company doctor at Baader Bank. With its own provident fund, Baader Unterstützungskasse e.V., the Group has an independent institution for company pension benefits.

2.3 SOCIAL ISSUES

The financial sector plays a key role in the transformation toward a sustainable economic course, while contributing significantly to social security and stability through its services and economic strength. Accordingly, a sustainable business model and the resulting business success of Baader Bank is a major aspect of Baader Bank's long-term contribution to social security and stability for its employees, its clients and cooperation partners. In addition, Baader Bank performs an important role in the Market Making business line for maintaining the integrity and continuity of the capital markets, thus performing a function for society as a whole. Baader Bank's business strategy is designed to take these aspects into account in the short, medium and long-term, in order to play its role responsibly in the transformation process toward a more sustainable economic course.

The expansion of Baader Bank's position as one of the leading partners for securities and banking services in Europe, while respecting the premises of the overall bank strategy and taking into account economic efficiency aspects, makes a significant contribution to securing Baader Bank's economic value added. The strategic goal of further developing Baader Bank into an integrated and scalable platform with an intermediary strategy in Europe continued to be pursued in 2023.

The stability and integrity of the IT infrastructure as well as the protection against cyber attacks are important components in implementing this platform strategy. Baader Bank is accordingly focused in this area. This is reflected in a high level of investment, as well as a large number of projects and proposals to increase the effectiveness and efficiency of the main processes – with a focus on automation and digitalisation in the reporting year – and protection against cyber attacks. Accordingly, Baader Bank is staying abreast of continuing digitalisation in the financial sector by developing its processes in a targeted and sustainable manner.

In order to ensure transparency and proper management of business operations, the organisational structure of the internal audit offices in this area was also optimised in the past financial year. Among other things, adjustments to the organisational structure of the internal audit offices have been implemented. The bank's second line was significantly strengthened as early as February 2022 with the establishment of the new "Group Corporate Security" division. Additional resources have also been allocated once again over the course of the year to meet the increasing regulatory requirements. In implementing the regulatory requirements and applying the guidelines of the Federal Office for Information Security and the General Data Protection Regulation, the high requirements for information security and data protection are continuously monitored and the internal procedures, processes and guidelines are adapted accordingly. With regard to governance, the management of the "Group Corporate Organisation & Security" division reports directly to the Board of Directors at regular intervals. Reporting is carried out in consultation with the external data protection officer and the data protection management team, which reports directly to the management of the "Group Corporate Organisation & Security" division.

2.4 RESPECT FOR HUMAN RIGHTS

Respect for human rights, both in our own business segment and indirectly through client relationships, is an integral part of the Baader Bank Group's business model.

Baader Bank recognises the Universal Declaration of Human Rights of the UN General Assembly and the European Convention on Human Rights. Together with the Baader Bank Code of Conduct, they form the binding framework for the Baader Bank Group's actions. The Code of Conduct is an important building block of our corporate culture. It obliges all employees to act in a legally compliant, ethically oriented, sustainable and environmentally friendly manner, characterised by a commitment to democracy, tolerance and the UN Human Rights Charter.

The companies in the Baader Bank Group do not tolerate discrimination against employees or third parties on the basis of age, gender, origin, nationality, religion, political opinion, ideology, disability or sexual identity.

2.5 ANTI-CORRUPTION AND ANTI-BRIBERY

2.5.1 COMPLIANCE ORGANISATION

Baader Bank has a Compliance department due to legal and regulatory requirements. Its task is to advise Baader Bank and its employees on all measures that are necessary to avoid conflicts of interest between the bank, employees and clients (counterparties) and to protect the bank. In addition, the Compliance department ensures that Baader Bank complies with the legal regulations and requirements. Baader Bank's compliance framework consists of the compliance guidelines that formulate requirements for setting up and/or structuring of the compliance functions as well as their duties and the compliance standards for operational implementation of these requirements.

Baader Bank's Compliance division reports directly to the entire Board of Directors and supports it in monitoring effective compliance management. Together with the compliance managers of the Baader Bank Group, the division ensures that Baader Bank's compliance programme is implemented and continuously developed. The Supervisory Board is also regularly informed about the activities of the Compliance division by means of written reports. In addition, all major developments and findings in the context of monitoring are summarised in an annual report by the Compliance division and made available to the Bank's Board of Directors and Supervisory Board.

In order to increase awareness of compliance rules, regular in-person and online training courses for Baader Bank employees are provided on a mandatory basis. At Baader Bank, employees, suppliers and trading partners can contact an EQS whistleblowing portal anonymously if they have information about economic crimes, breaches of stock exchange law or other compliance violations, for the purpose of pointing to misconduct and criminal offences in the company.

2.5.2 MONEY LAUNDERING AND FRAUD PREVENTION

In accordance with legal requirements, Baader Bank has established uniform internal safeguards and procedures for the exchange of information within and across the Baader Bank Group for the purposes of combating money laundering, terrorist financing and other criminal acts.

The Anti-Money Laundering Officer at Baader Bank is responsible for compliance with the money laundering regulations within the Baader Bank Group. Baader Bank's Anti-Money Laundering Officer has the necessary professional competence to carry out the tasks assigned to him.

To ensure orderly business practices, Baader Bank regularly trains its employees on compliance, protecting against money laundering and terrorist financing, fraud prevention, data protection and information security. Training is provided through specific learning programmes. They must be completed promptly after the start of employment and on a regular basis. Employees who miss training are cautioned. In the event of repeated absences, the matter is escalated via the manager up to reporting to the Board of Directors.

3. EU TAXONOMY

3.1 BASIC PRINCIPLES

Pursuant to article 8 of Regulation (EU) 2020/852 ("EU Taxonomy Regulation"), all undertakings that are required to publish a non-financial statement under article 19a or article 29a of Directive 2013/34/EU must disclose how and to what extent the company's activities are linked to environmentally sustainable economic activities. The reporting requirements are specified in the Delegated Regulation on article 8 of the Taxonomy Regulation (Regulation (EU) 2021/2178). In order to ensure that companies can be compared, the EU Taxonomy Regulation sets out a classification system for environmentally sustainable economic activities. This system is used to classify the company's own economic activities in terms of their environmental sustainability. The classification system is divided into six environmental objectives:

- Climate change mitigation
- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Prevention and reduction of environmental pollution
- Protection and restoration of biodiversity and ecosystems

An economic activity is taxonomy-eligible if, as described in the delegated acts of the EU Taxonomy Regulation, it can be attributed to an environmental objective, regardless of whether the technical screening criteria are met. An economic activity is considered to be taxonomy-aligned and thus environmentally sustainable if that economic activity contributes substantially to one or more of the environmental objectives, does not significantly harm to one or more of those environmental objectives, is carried out in compliance with minimum (social) safeguards and complies with the technical screening criteria. As of 1 January 2023, non-financial undertakings will have to provide information on taxonomy eligibility and taxonomy alignment for the first two environmental objectives (climate change mitigation and adaptation to climate change) for the first time, covering the 2022 reporting year. For the reporting year 2023, non-financial undertakings will also have to

report taxonomy eligibility for new activities under the first two environmental objectives and environmental objectives three to six.

Financial firms such as Baader Bank must disclose KPIs other than those used by companies in the real economy. The Green Asset Ratio (GAR) is the key performance indicator for credit institutions and shows the proportion of assets that finance and invest in taxonomy-aligned economic activities relative to the total assets that are included, i.e. taxonomy-related assets. In addition, a green ratio for off-balance-sheet exposures and qualitative information must be disclosed.

3.2 OVERVIEW OF KPIS TO BE DISCLOSED BY CREDIT INSTITUTIONS IN ACCORDANCE WITH ARTICLE 8 TAXONOMY REGULATION

Main KPI		Total environmentally sustainable assets ¹⁾	KPI ²⁾	KPI ²⁾	% 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)
Green asset ratio (GAR) stock		0.60	0.02%	0.16%	3%	87%	10%
Additional KPIs	<i>GAR (flow)</i>	0.60	0.02%	0.16%	2%	48%	8%
	<i>Trading book⁴⁾</i>				X	X	X
	<i>Financial guarantees</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	X	X	X
	<i>Assets under Management</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	X	X	X
	<i>Fees and commissions income⁵⁾</i>				X	X	X

1) absolute value in EUR million for environmentally sustainable assets by Turnover KPI

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

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

4) 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

5) Fees and commissions income from services other than lending and AuM.

Institutions shall disclose forward-looking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

3.3 ASSETS USED TO CALCULATE GAR (BASED ON TURNOVER KPI)

Based on Turnover KPI		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
EUR mn		Total [gross] carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM+CCA)						
			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 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			
	GAR - Covered assets in both numerator and denominator	111.78	0.68	0.60									0.68	0.60			
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	111.78	0.68	0.60									0.68	0.60			
2	Financial corporations																
3	Credit institutions																
4	Loans and advances																
5	Debt securities, including UoP																
6	Equity instruments				X					X					X		
7	Other financial corporations																
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments				X					X					X		
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments				X					X					X		
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments				X					X					X		
20	Non-financial undertakings	27.28	0.68	0.60									0.68	0.60			
21	Loans and advances																
22	Debt securities, including UoP	26.66	0.68	0.60									0.68	0.60			
23	Equity instruments	0.62			X					X							
24	Households	84.51															
25	of which loans collateralised by residential immovable property																
26	of which building renovation loans																
27	of which motor vehicle loans																
28	Local governments financing																
29	Housing financing																
30	Other local government financing																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	3,475.88															

Table continued on page 20

Based on Turnover KPI		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
EUR mn		Total [gross] carrying amount	Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Mitigation (CCM)					TOTAL (CCM+CCA)				
			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 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	
33	Financial and Non-financial undertakings	115.49	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	104.95	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
35	Loans and advances	28.13	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
36	of which loans collateralised by commercial immovable property		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
37	of which building renovation loans		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
38	Debt securities	16.82	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
39	Equity instruments	60.00	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	10.54	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
41	Loans and advances		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
42	Debt securities		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
43	Equity instruments	10.54	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
44	Derivatives		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
45	On demand interbank loans	3,238.24	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
46	Cash and cash-related assets		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
47	Other assets (e.g. Goodwill, commodities etc.)	122.15	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
48	Total G&R assets	3,587.67	0.68	0.60									0.68	0.60			
49	Other assets not covered for G&R calculation	393.23	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
50	Central governments and Supranational issuers	295.96	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
51	Central banks exposure	30.75	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
52	Trading book	66.52	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
53	Total assets	3,980.90	0.68	0.60									0.68	0.60			
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																	
54	Financial guarantees																
55	Assets under management																
56	Of which debt securities																
57	Of which equity instruments																

3.4 ASSETS USED TO CALCULATE GAR (BASED ON CAPEX KPI)

Based on CapEx KPI		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
EUR mn		Total [gross] carrying amount	Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Mitigation (CCM)					TOTAL (CCM+CCA)				
			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 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
	GAR - Covered assets in both numerator and denominator	111.78	7.77	5.63				0.08					7.85	5.63			
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	111.78	7.77	5.63				0.08					7.85	5.63			
2	Financial corporations																
3	Credit institutions																
4	Loans and advances																
5	Debt securities, including UoP																
6	Equity instruments				X				X						X		
7	Other financial corporations																
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments				X				X						X		
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments				X				X						X		
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments				X				X						X		
20	Non-financial undertakings	27.28	7.77	5.63				0.08					7.85	5.63			
21	Loans and advances																
22	Debt securities, including UoP	26.66	7.77	5.63									7.77	5.63			
23	Equity instruments	0.62			X			0.08	X				0.08		X		
24	Households	84.51															
25	of which loans collateralised by residential immovable property																
26	of which building renovation loans																
27	of which motor vehicle loans																
28	Local governments financing																
29	Housing financing																
30	Other local government financing																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	3,475.88															

Table continued on page 22

Based on CapEx KPI		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
EUR mn	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Mitigation (CCM)					TOTAL (CCM+CCA)					
		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 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				
33	Financial and Non-financial undertakings	115.49	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	104.95	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
35	Loans and advances	28.13	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
36	of which loans collateralised by commercial immovable property		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
37	of which building renovation loans		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
38	Debt securities	16.82	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
39	Equity instruments	60.00	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	10.54	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
41	Loans and advances		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
42	Debt securities		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
43	Equity instruments	10.54	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
44	Derivatives		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
45	On demand interbank loans	3,238.24	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
46	Cash and cash-related assets		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
47	Other assets (e.g. Goodwill, commodities etc.)	122.15	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
48	Total GAR assets	3,587.67	7.77	5.63				0.08					7.85	5.63			
49	Other assets not covered for GAR calculation	393.23	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
50	Central governments and Supranational issuers	295.96	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
51	Central banks exposure	30.75	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
52	Trading book	66.52	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
53	Total assets	3,980.90	7.77	5.63				0.08					7.85	5.63			
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																	
54	Financial guarantees																
55	Assets under management																
56	Of which debt securities																
57	Of which equity instruments																

3.5 GAR SECTOR INFORMATION (BASED ON TURNOVER KPI)

a		b		c		d		f		g		h		i		j		l		m		n		p	
Based on Turnover KPI		Climate Change Mitigation (CCM)						Climate Change Adaption (CCA)						TOTAL (CCM+CCA)											
		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									
Breakdown by sector - NACE 4 digits level (code and label)		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount											
		EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)										
1	M70.11; Activities of head offices	19.73	0.60	X	X	0.00	0.00	X	X	19.73	0.60	X	X												
2	A01.10; Growing of non-perennial crops	6.93	0.00	X	X	0.00	0.00	X	X	6.93	0.00	X	X												
3	L68.31; Intermediation service activities for real estate activities	0.00	0.00	X	X	0.03	0.00	X	X	0.03	0.00	X	X												
4	C21.00; Manufacture of basic pharmaceutical products and pharmaceutical preparations	0.00	0.00	X	X	0.59	0.00	X	X	0.59	0.00	X	X												
...				X	X			X	X			X	X												

3.6 GAR SECTOR INFORMATION (BASED ON CAPEX KPI)

a		b		c		d		f		g		h		i		j		l		m		n		p	
Based on CapEx KPI		Climate Change Mitigation (CCM)						Climate Change Adaption (CCA)						TOTAL (CCM+CCA)											
		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									
Breakdown by sector - NACE 4 digits level (code and label)		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount											
		EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)	EUR mn	Of which environmentally sustainable (CCM)										
1	M70.11; Activities of head offices	19.73	5.63	X	X	0.00	0.00	X	X	19.73	5.63	X	X												
2	A01.10; Growing of non-perennial crops	6.93	0.00	X	X	0.00	0.00	X	X	6.93	0.00	X	X												
3	L68.31; Intermediation service activities for real estate activities	0.00	0.00	X	X	0.03	0.00	X	X	0.03	0.00	X	X												
4	C21.00; Manufacture of basic pharmaceutical products and pharmaceutical preparations	0.00	0.00	X	X	0.59	0.00	X	X	0.59	0.00	X	X												
...				X	X			X	X			X	X												

3.7 GAR KPI STATUS (BASED ON TURNOVER KPI)

Based on Turnover KPI		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Climate Change Mitigation (CCM)					Disclosure reference date T Climate Change Adaptation (CCA)					TOTAL (CCM+CCA)					Proportion of total assets covered
% (compared to total covered assets in the denominator)		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)						
		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				
GAR - Covered assets in both numerator and denominator		0.02	0.02									0.02	0.02				2.81
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	0.02	0.02									0.02	0.02				2.81
2	Financial corporations																
3	Credit institutions																
4	Loans and advances																
5	Debt securities, including UoP																
6	Equity instruments			X					X					X			
7	Other financial corporations																
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments			X					X					X			
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments			X					X					X			
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments			X					X					X			
20	Non-financial undertakings	0.02	0.02									0.02	0.02				0.69
21	Loans and advances																
22	Debt securities, including UoP	0.02	0.02									0.02	0.02				0.67
23	Equity instruments																0.02
24	Households																2.12
25	of which loans collateralised by residential immovable property																
26	of which building renovation loans																
27	of which motor vehicle loans																
28	Local governments financing																
29	Housing financing																
30	Other local government financing																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Total GAR assets	0.02	0.02									0.02	0.02				90.12

3.8 GAR KPI STATUS (BASED ON CAPEX KPI)

Based on CapEx KPI		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM+CCA)					Proportion of total assets covered
% (compared to total covered assets in the denominator)		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-eligible)			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			
	GAR - Covered assets in both numerator and denominator	0.22	0.16				0.00	0.00				0.22	0.16				2.81
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	0.22	0.16				0.00	0.00				0.22	0.16				2.81
2	Financial corporations																
3	Credit institutions																
4	Loans and advances																
5	Debt securities, including UoP																
6	Equity instruments			X					X					X			
7	Other financial corporations																
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments			X					X					X			
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments			X					X					X			
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments			X					X					X			
20	Non-financial undertakings	0.22	0.16				0.00	0.00				0.22	0.16				0.69
21	Loans and advances																
22	Debt securities, including UoP	0.22	0.16									0.22	0.16				0.67
23	Equity instruments						0.00	0.00	X			0.00	0.00	X			0.02
24	Households																2.12
25	of which loans collateralised by residential immovable property																
26	of which building renovation loans																
27	of which motor vehicle loans																
28	Local governments financing																
29	Housing financing																
30	Other local government financing																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Total GAR assets	0.22	0.16				0.00	0.00				0.22	0.16				90.12

3.9 GAR KPI INFLOWS (BASED ON TURNOVER KPI)

Based on Turnover KPI		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Climate Change Mitigation (CCM)					Disclosure reference date T					TOTAL (CCM+CCA)					Proportion of total assets covered
% (compared to total covered assets in the denominator)		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)						
		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				
GAR - Covered assets in both numerator and denominator		0.02	0.02									0.02	0.02				2.40
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	0.02	0.02									0.02	0.02				2.40
2	Financial corporations																
3	Credit institutions																
4	Loans and advances																
5	Debt securities, including UoP																
6	Equity instruments			X					X					X			
7	Other financial corporations																
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments			X					X					X			
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments			X					X					X			
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments			X					X					X			
20	Non-financial undertakings	0.02	0.02									0.02	0.02				0.68
21	Loans and advances																
22	Debt securities, including UoP	0.02	0.02									0.02	0.02				0.67
23	Equity instruments																0.01
24	Households																1.71
25	of which loans collateralised by residential immovable property																
26	of which building renovation loans																
27	of which motor vehicle loans																
28	Local governments financing																
29	Housing financing																
30	Other local government financing																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Total GAR assets	0.02	0.02									0.02	0.02				90.12

1) Inflows are presented in the denominator relative to the total assets that are included

3.10 GAR KPI INFLOWS (BASED ON CAPEX KPI)

Based on CapEx KPI		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Climate Change Mitigation (CCM)					Disclosure reference date T Climate Change Adaptation (CCA)					TOTAL (CCM+CCA)					Proportion of total assets covered
% (compared to total covered assets in the denominator)		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)						
				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	
	GAR - Covered assets in both numerator and denominator	0.22	0.16				0.00	0.00				0.22	0.16				2.40
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	0.22	0.16				0.00	0.00				0.22	0.16				2.40
2	Financial corporations																
3	Credit institutions																
4	Loans and advances																
5	Debt securities, including UoP																
6	Equity instruments			X					X					X			
7	Other financial corporations																
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments			X					X					X			
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments			X					X					X			
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments			X					X					X			
20	Non-financial undertakings	0.22	0.16				0.00	0.00									0.68
21	Loans and advances																
22	Debt securities, including UoP	0.22	0.16														0.67
23	Equity instruments			X			0.00	0.00	X					X			0.01
24	Households																1.71
25	of which loans collateralised by residential immovable property																
26	of which building renovation loans																
27	of which motor vehicle loans																
28	Local governments financing																
29	Housing financing																
30	Other local government financing																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Total GAR assets	0.22	0.16				0.00	0.00				0.22	0.16				90.12

1) Inflows are presented in the denominator relative to the total assets that are included

3.11 KPI OFF-BALANCE-SHEET EXPOSURES

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM+CCA)				
		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)				
		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
	% (compared to total eligible off-balance sheet assets)															
1	Financial guarantees (FinGuar KPI)															
2	Assets under management (AuM KPI)															

3.12 ACTIVITIES IN THE FIELDS OF NUCLEAR ENERGY AND FOSSIL GAS

Standard reporting templates in accordance with article 8 paras. (6) and (7) EU Taxonomy Regulation

The information referred to in article 8 paras. (6) and (7) EU Taxonomy Regulation shall be submitted for each applicable key performance indicator (KPI) as follows.

Template 1: Activities in the fields of nuclear energy and fossil gas

Cell	Activities	Yes/No
Activities in the field of nuclear energy		
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 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.	No
Activities in the field of fossil gas		
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

3.13 QUALITATIVE INFORMATION

Annex XI to Delegated Regulation (EU) 2021/2178 requires credit institutions to provide qualitative information, in addition to quantitative KPIs, that enables them to demonstrate how they identify key performance indicators. This is designed to promote the markets' understanding of the key performance indicators.

3.12.1 BACKGROUND INFORMATION TO SUPPORT QUANTITATIVE INFORMATION

The data is based on the data of the companies included in the Baader Bank Group at the end of the 2023 financial year. The data thus relates to the scope of consolidation under supervisory law. Since the traditional lending business only plays a minor role due to the business model, and the portfolio of securities serves the purpose of providing the liquidity reserve and collateral in connection with securities trading, business activity is only marginally linked to economic activities that are classified as environmentally sustainable economic activities as defined in articles 3 and 9 EU Taxonomy Regulation and which should therefore be assessed as taxonomy-aligned. In addition, a large part of Baader Bank's business activities are carried out by business partners who are not subject to the requirement to submit a non-financial statement in accordance with Directive 2013/34/EU (Non-Financial Reporting Directive). For this group of counterparties, therefore, it was not possible to provide information on environmentally sustainable economic activities.

All disclosures are based on the regulatory consolidated financial statements as of 31 December 2023.

a) Main KPI: status of Green Asset Ratio (GAR)

In accordance with the specifications of the European Commission, the following assets were used for calculating the GAR in the numerator and denominator:

- Exposures to financial undertakings and non-financial undertakings for loans and advances, debt securities and equity instruments not held for trading

The total book value of these exposures is EUR 111.78 million with a taxonomy-eligible proportion of EUR 0.68 million (turnover) and EUR 7.77 million (CapEx) and a taxonomy-aligned share of EUR 0.60 million (turnover) and EUR 5.63 million (CapEx). For the calculation, we use the published taxonomy-eligible portion of the exposure of financial companies as well as the published taxonomy-eligible and taxonomy-aligned portion of the turnover and capital expenditure (CapEx) of non-financial companies. Baader Bank therefore uses only mandatory information from companies in accordance with article 8 EU Taxonomy Regulation for the classification of taxonomy eligibility and taxonomy alignment, and does not use any of the estimates.

The KPIs are calculated twice, as the company (counterparty) publications are included in the calculations and both turnover-based and CapEx-based KPIs are available in each case.

The taxonomy-aligned assets are essentially allocated to the debt securities of the liquidity reserve.

In order to identify the reportable companies, Baader Bank has identified all non-reportable assets using the exclusion principle (mainly companies from non-EU countries and SMEs) or

assets to be ignored on the basis of other exclusion criteria (states) and analysed the remaining delta using its own client information and externally available data. Based on the Baader Bank's business model, the exclusion principle was appropriate in that very few assets were expected to be affected in terms of products and client groups.

When assessing the exposures for taxonomy eligibility or taxonomy alignment, a distinction is made between two procedures. A distinction is made between whether the use of the proceeds by the borrower/issuer is unknown (general loans and securities) or known (loans with an intended use).

General loans and securities are weighted with the turnover-based and CapEx-based KPI of the borrower/issuer and are thus included in the calculation of the GAR in the two calculation variants.

The GAR calculation includes shares and bonds with the issuer's turnover-based or CapEx-based KPI. Fund units were not held as at the reporting date. Debt securities for which the proceeds of the issue were allocated to a specific sustainable purpose were not identified.

Baader Bank uses the KPIs published by its counterparties for the 2022 reporting year when valuing general loans and securities. If no information was available, these positions were assessed as non-taxonomy-eligible or non-taxonomy-aligned. Baader Bank has not yet engaged an external data provider.

Exposures to relevant subsidiaries of NFE-obligated companies were not identified, but were generally assessed on the basis of the subsidiary's published KPIs. If no KPIs are available at the subsidiary level, these exposures would be classified as non-taxonomy-eligible or non-taxonomy-aligned.

Loans with an intended use whose application of funds (financed economic activity) is described in the EU Taxonomy Regulation are not part of Baader Bank's business model.

- At Baader Bank, exposures to loans and advances not held for trading, debt securities and equity instruments for private households do not include any
 - Real estate financing secured by residential real estate (loans for housing construction)
 - Loans for private real estate renovations and modernisation, where they are not secured by residential real estate
 - Car financing

The reported total book value of EUR 84.51 million includes exclusively receivables from retail clients in connection with securities trading transactions and therefore does not qualify for taxonomy eligibility or taxonomy alignment.

- Exposures to loans and advances, debt securities and equity instruments not held for trading, arising from local government financing:
 - This is not part of Baader Bank's business model and the reported total book value is therefore EUR 0 million.
- Exposure to residential and commercial property collateral obtained by taking possession:

- This is not part of Baader Bank's business model and the reported total book value is therefore EUR 0 million.

Assets not included in the numerator but included in the denominator:

- Exposures to entities that are not required to disclose non-financial information in accordance with article 19a or article 29a Directive 2013/34/EU. These are companies that fall below the criteria of the reporting obligations under article 19a or article 29a Accounting Directive and are therefore not subject to reporting. This could be, for example, SMEs (small and medium-sized enterprises), but also companies from non-EU countries. These exposures total EUR 115.49 million.
- Derivatives. Since Baader Bank, as a trading book institution, only holds derivative positions in its trading portfolio (and the trading book is not included in the GAR calculation – see below), EUR 0 million is reported.
- Short-term interbank loans. The presentation in the table shows the balance sheet receivables from credit institutions of EUR 3,238.49. This item also includes the deposit facility vis-à-vis the Deutsche Bundesbank.
- Other asset categories, such as intangible assets, property, plant and equipment and other balance sheet assets, which were not classified in any other reporting category. These amount to EUR 122.15 million in total

In total, the following assets are not included in the GAR calculation (neither in the numerator nor denominator):

- Exposures to states
- Exposures to central banks
- Exposures arising from the trading book
 - The trading book consists of securities (shares and bonds) in the trading portfolio and, to a small extent, derivatives. The value of the trading portfolio position is related to the reporting date and is essentially derived from the bank's market making activities. Control measures are currently not applied in relation to ESG aspects.

This deduction item amounts to a total of EUR 393.23 million.

As of 31 December 2023, Baader Bank calculated a Green Asset Ratio (GAR) of 0.02% (turnover KPI) and 0.16% (CapEx KPI), respectively. The Green Asset Ratio shows the proportion of assets that finance and invest in taxonomy-aligned economic activities relative to the total assets recognised by the bank.

The taxonomy-aligned assets and thus the Green Asset Ratio are influenced exclusively by the bank's portfolio of securities. Currently, reporting of taxonomy-aligned assets focuses on environmental objectives 1 and 2. Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplements the EU taxonomy by adding technical screening criteria for four further environmental objectives. As of the 2023 reporting year, financial undertakings will initially only have to make the disclosures in relation to taxonomy eligibility with regard to the four other environmental objectives. The full reporting requirements for taxonomy alignment apply from the 2025 reporting year onwards. Taxonomy-eligible transactions must be assigned to one environmental objective, i.e. the most relevant. Double counting is not allowed. As regards general loans and securities, companies' KPIs were available only for the first environmental objective (climate change mitigation) and for the

second environmental objective (adaptation to climate change). Accordingly, the columns in the reporting templates for the information on environmental objectives three to six remain blank and are hidden in the current report.

The extension of the EU Taxonomy to include nuclear and gas entered into force on 1 January 2023, so that the corresponding information from companies would be processed for the first time in this report (for general financing and securities). Baader Bank has no financed economic activities in the nuclear and gas sectors and they are therefore not part of the Green Asset Ratio.

b) GAR (inflows)

Inflows for the non-financial companies category were determined based on which of the assets in the portfolio were received as of 31 December 2023 in the 2023 financial year. For the private households category, the inflows were determined as a delta between the holdings as at 31 December 2022 and 31 December 2023. This is due to the fact that loans to private households are Lombard loans (overdrafts) based on credit lines and an inflow date cannot be determined at this time.

c) Financial guarantees

Baader Bank has not provided any financial guarantees. This results in a KPI not needing to be determined or reported.

d) Assets under management

In its Fund Services business line, Baader Bank is an outsourcing partner of capital management companies for the portfolio management of fund products and also has assets under management (AuM) in this context. However, due to the applicability of the Datapoints reporting level (EU 2015/534 article 14 para. (7)), there is no reporting obligation for the AuM in the FINREP reporting system for Baader Bank. Similarly, the AuM are not represented in the taxonomy.

e) Trading book and fee and commission income

The KPIs "Fee and commission income" and "Trading book portfolio" will not apply until 2026.

In general, information on prior-year comparisons can only be provided on the next reporting date. The corresponding sections of the table are therefore not filled in the Annex. They will be added in the next report.

On 21 December 2023, the European Commission published a new FAQ document (Draft Commission Notice III) on the application of the EU Taxonomy Regulation. It answers questions on the application and interpretation of certain legal provisions of Delegated Regulation (EU) 2021/2178 of 6 July 2021 on the content and presentation of the taxonomy information (Disclosure Delegated Act) for financial undertakings. The FAQs explain the provisions contained in the applicable legislation.

Since the information was only published shortly before the reporting date (31 December 2023), these explanations could not yet be fully applied to reporting for the 2023 reporting year. An analysis and application are planned for the 2024 financial year.

3.12.2 EXPLANATIONS ON THE NATURE AND OBJECTIVES OF TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Baader Bank has no target figure for taxonomy alignment and is not currently planning to introduce one.

3.12.3 DESCRIPTION OF COMPLIANCE WITH THE EU TAXONOMY REGULATION IN BUSINESS STRATEGY, PRODUCT DESIGN PROCESSES AND COLLABORATION WITH CLIENTS AND COUNTERPARTIES AND ADDITIONAL INFORMATION TO SUPPORT THE STRATEGIES OF THE FINANCIAL ENTITY

The Board of Directors adopted an ESG strategy in 2024. It covers the entire business activities of Baader Bank and is part of the current strategy programme "High Performance Banking 2022–2026" and thus of the Group's business and risk strategy. It defines a sustainable business model, resource protection, governance & compliance, IT and data security as well as the attractiveness as an employer as the main strategic fields of action and also takes into account the EU Taxonomy Regulation. This means that the EU Taxonomy Regulation is also firmly established in Baader Bank's business strategy.

However, taking into account Baader Bank's current business model and the resulting balance sheet structure, there are currently just a few options for taking action in the ESG area. It is nevertheless part of Baader Bank's ESG mission statement that wherever appropriate and worthwhile for the business model, an active contribution should be made to the transformation toward a more sustainable economy. One example is that Baader Bank, in cooperation with its clients (cooperation partners), is developing products and pricing that take ESG aspects into account and reward them.

4. AUDIT REPORT OF THE INDEPENDENT AUDITOR

To the Supervisory Board of Baader Bank AG, Unterschleissheim

We have audited the separate combined non-financial report of Baader Bank AG, Unterschleissheim (hereinafter referred to as "the Company" or "Baader Bank") for the period from 1 January to 31 December 2023 in order to obtain a limited assurance.

Responsibility of legal representatives

The legal representatives of the Company are responsible for preparing the separate combined non-financial report for the period from 1 January 2023 to 31 December 2023 in accordance with sections 340i para. 5 in conjunction with 315c in conjunction with 289c to 289e of the German Commercial Code (Handelsgesetzbuch — HGB) and article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the 'EU Taxonomy Regulation') and the delegated acts adopted for this purpose, as well as their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted for this purpose, as set out in the section "EU Taxonomy" of the separate combined non-financial report.

This responsibility of the Company's legal representatives includes selecting and applying appropriate non-financial reporting methods, making assumptions and making estimates of individual non-financial statements that are appropriate in the circumstances. In addition, the legal representatives are responsible for internal controls which they deem to be necessary in order to facilitate the preparation of a non-financial statement without material misstatements due to fraud (manipulation of the non-financial statement) or error.

The EU Taxonomy Regulation and the delegated acts adopted for this purpose contain formulations and terms that are still subject to significant uncertainty with regard to interpretation and for which clarifications have not yet been published in all cases. As a result, the legal representatives have laid down their interpretation of the EU Taxonomy Regulation and the delegated acts adopted in this regard in the section "EU Taxonomy" of the separate combined non-financial report. They are responsible for the reasonableness of this interpretation. Due to the inherent risk that indefinite legal terms may be interpreted differently, the legal conformity of the interpretation is fraught with uncertainties.

Ensuring the independence and quality of the auditor

In carrying out the engagement, we have observed the requirements for independence and quality management arising from the national legal regulations and professional bulletins, in particular the professional statutes for auditors and sworn auditors as well as the IDW quality management standard: Requirements for quality management in auditing practice (IDW QMS 1 (09.2022)).

Responsibility of the auditor

Our task is to deliver an audit opinion with limited assurance on the separate combined non-financial report on the basis of the audit we conduct.

We conducted our business audit in compliance with the International Standard on Assurance Engagements ISAE 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the IAASB, as a limited assurance engagement. This standard requires us to plan and carry out the audit in such a way that we can assess with limited assurance whether we have become aware of facts that lead us to the conclusion that the Company's separate combined non-financial report has not been drawn up in compliance, in all material matters, with sections 340i para. 5 in conjunction with 315c in conjunction with 289c to 289e HGB and

the EU Taxonomy Regulation and the delegated acts adopted for this purpose as well as the interpretation by the legal representatives as presented in the section "EU Taxonomy" of the separate combined non-financial report.

In the case of a business audit to obtain a limited assurance, the audit procedures performed are less extensive than those performed for an audit to obtain reasonable assurance, such that considerably lower audit certainty is obtained. The selection of audit procedures is at the discretion of the auditor.

As part of our audit, we carried out the following audit procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and the involvement of stakeholders
- Surveys of employees responsible for the materiality analysis at Group level in order to gain an understanding of the procedure for identifying key topics and the relevant reporting limits at Baader Bank AG
- A risk assessment, including media analysis, of relevant information about Baader Bank AG's sustainability performance during the reporting period
- Identification of probable risks of material misstatements in the report
- Survey of relevant employees who were involved in preparing the report about the preparation process as well as about the internal control system related to this process
- Assess the design and implementation of systems and processes for assessing, processing and monitoring disclosures relating to environmental concerns, employee issues and social issues, respect for human rights and anti-corruption and anti-bribery, including data consolidation
- Surveys of employees at Group level who are responsible for assessing disclosures relating to concepts, due diligence processes, results and risks, conducting internal control procedures and consolidating the disclosures
- Analytical evaluation of the data and trends of the quantitative disclosures reported for consolidation at Group level from all locations
- Surveys of responsible employees at Group level to gain an understanding of the approach to assessing key performance indicators, including qualitative information, in accordance with the EU Taxonomy Regulation
- Appraisal of the design and implementation of systems and processes for assessing, processing and monitoring disclosures relating to the key performance indicators in accordance with the EU Taxonomy Regulation, including any accompanying information to be provided in accordance with the relevant Annexes
- View selected internal and external documents
- Appraisal of the overall presentation of the disclosures in the report

The legal representatives must interpret indefinite legal terms when assessing the disclosures in accordance with article 8 EU Taxonomy Regulation. Due to the inherent risk that indefinite legal terms may be interpreted differently, the legal conformity of the interpretation and accordingly our audit in this regard are fraught with uncertainties.

Audit opinion

On the basis of the audit procedures carried out and the audit evidence obtained, we have not become aware of any facts that would lead us to believe that the separate combined non-financial report of Baader Bank AG for the period from 1 January to 31 December 2023 has not been drawn up in compliance, in all material matters, with sections 340i para. 5 in conjunction with 315c in conjunction with 289c to 289e HGB, the EU Taxonomy Regulation and the delegated acts adopted for this purpose as well as the interpretation by the legal representatives as presented in the section "EU Taxonomy" of the separate combined non-financial report.

Restriction on use/General Engagement Terms clause

This audit report is addressed to and intended exclusively for the Supervisory Board of Baader Bank AG, Unterschleissheim. We assume no responsibility toward third parties in this respect. The assignment in which we performed the above-mentioned services for the Supervisory Board of Baader Bank AG, Unterschleissheim, was based on the General Engagement Terms for German Public Auditors and Public Audit Firms of 1 January 2024. By acknowledging and using the information contained in the audit opinion, each recipient confirms acknowledgement of the regulations stipulated in the General Engagement Terms (including the limitation of liability to EUR 4 million for negligence as laid down in section 9 of the General Engagement Terms) and recognises their validity in relation to us.

Berlin, 26 April 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

Protze
Auditor

pp. Maier

5. LEGAL NOTICE

Baader Bank is a public limited company [Aktiengesellschaft] governed by the law of the Federal Republic of Germany, with its registered office in Munich:

Baader Bank Aktiengesellschaft

Weihenstephaner Str. 4
85716 Unterschleissheim
Germany

T +49 89 5150 0

F +49 89 5150 1111

service@baaderbank.de

Baader Bank Aktiengesellschaft is registered with the Munich District Court under number HRB 121537 and is subject to oversight by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)), Marie-Curie-Straße 24–28, 60439 Frankfurt am Main and Graurheindorfer Str. 108, 53117 Bonn.

The VAT identification number of Baader Bank Aktiengesellschaft is DE 114123893.

The LEI (Legal Entity Identifier) is used to uniquely identify all companies and funds with registered office in Germany that are subject to reporting in accordance with future regulatory requirements: 529900JFOPPEDUR61H13.

The Creditor Identifier (CI) enables a direct debit recipient (creditor) to be uniquely identified in the context of SEPA direct debits: DE54ZZZ00000118113.

The GIIN (Global Intermediary Identification Number) is used for reporting to the Internal Revenue Service (USA) under the Foreign Account Tax Compliant Act (FATCA) and for establishing Baader Bank AG as a FATCA-compliant institution: HPMLSE.00000.LE.276

The members of the Board of Directors are Nico Baader (Chairman) and Oliver Riedel (Deputy Chairman)

The Chairman of the Supervisory Board is Helmut Schreyer.

This separate combined non-financial report is available digitally on the Internet at www.baaderbank.de.

Date of publication

30 April 2024

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