Annual Report 2024
Aareal Bank Group

Aareal
YOUR COMPETITIVE ADVANTAGE.

Key Indicators

	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Results		
Operating profit from continuing operations (€ mn)	294	221
Consolidated net income from continuing operations (€ mn)	212	127
Consolidated net income (€ mn)	2,274	48
Consolidated net income allocated to ordinary shareholders (€ mn)[1]	2,241	42
Cost/income ratio (%)[2]	31.4	29.6
Earnings per ordinary share from continuing operations (€)[1)3]	3.00	1.63
RoE after taxes from continuing operations (%)[1]	5,9	3.4

	31 Dec 2024	31 Dec 2023
Statement of financial position		
Property finance (€ mn)	33,471	32,876
Equity (€ mn)	5,460	3,300
Total assets (€ mn)	47,814	46,833
Regulatory indicators[4]		
Basel IV (phase-in)		
Risk-weighted assets (€ bn)	14.3	13.7
Common Equity Tier 1 ratio (CET1 ratio) (%)	20.2	19.4
Tier 1 ratio (T1 ratio) (%)	22.3	21.6
Total capital ratio (TC ratio) (%)	26.6	23.5
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.2	13.4
Employees[5]	**1,198**	**1,201**

	31 Dec 2024	31 Dec 2023
Moody's		
Issuer rating	Baa1	A3
Senior Preferred	Baa1	A3
Senior Non-Preferred	Baa3	Baa2
Bank deposit rating	Baa1	A3
Outlook	stable	negative
Mortgage Pfandbrief Rating	Aaa	Aaa
Fitch Ratings[6]		
Issuer default rating	BBB	BBB
Senior Preferred	BBB+	BBB+
Senior Non-Preferred	BBB	BBB
Deposit ratings	BBB+	BBB+
Outlook	stable	stable
ESG Ratings[7]		
MSCI	A	AA
ISS-ESG	prime (C)	prime (C)
CDP	Management Level B	Awareness Level B

[1] The allocation of earnings is based on the assumption that interest payable on the AT1 bond is recognised on an accrual basis.

[2] Structured Property Financing and Banking & Digital Solutions segments: in line with common practice in the banking sector, bank levy and contributions to the deposit guarantee scheme are not included; one-off costs are also excluded.

[3] Without taking into account income of non-controlling interests

[4] 31 December 2023: including profits for 2023 and pro rata temporis accrual of interest on the AT1 bond, since there was no distribution of the 2023 annual profit in 2024. Regulatory indicators as at 31 December 2023 refer to the entire Group including Aareon.
31 December 2024: including profits for 2024 less a proposed dividend and including pro rata temporis accrual of interest on the AT1 bond.
The SREP recommendations concerning the NPL inventory were taken into account, as well as the ECB's NPL guidelines for regulatory capital requirements for new NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB tests.
Adjusted total risk exposure amount (in accordance with Article 3 CRR II – RWAs), using the higher of (i) total RWAs calculated in accordance with CRR II currently in force and (ii) total RWAs applying the partial regulation for the "output floor" (50 % phase-in / 72.5 % fully phased) in connection with commercial property lending, equity exposures, CVA and OpRisk, based on the European Commission's final implementation of Basel IV, by way of Regulation (EU) 2024/1623 dated 31 May 2024 (CRR III). No such adjustment was applied to RWA calculations at the end of 2024.

[5] Excluding the Aareon sub-group

[6] The ratings as at 31 December 2023 incorporate the rating action on 14 February 2024.

[7] Please refer to our website (www.aareal-bank.com/en/responsibility/reporting-on-our-progress/) for more details.

Contents

Preface

Group Management Report

Consolidated Financial Statements

Independent Auditor's Reports

Responsibility Statement

Transparency

Preface

Preface

Letter from the Chairman of the Management Board

from left:

Christof Winkelmann
Member of the Management Board

Nina Babic
Member of the Management Board

Dr Christian Ricken
Chairman of the Management Board

Andrew Halford
Member of the Management Board

Dear readers,

2024 was yet another year shaped by numerous geopolitical crises and significant economic uncertainties and one that demanded a great deal from us all. It was also a challenging year for Aareal Bank but, as you have come to expect from us, we rose to the occasion once again.

In the past financial year, Aareal Bank once again demonstrated its high resilience and performance capacity, increasing its operating profit even further to € 294 million. This is up 33 per cent year on year and our best result since 2018.

Given the ongoing challenges in commercial property markets, this is quite a remarkable achievement. Our strong earnings power allowed us to more than offset still-high loan impairment charges (LICs) and investments in efficiency enhancement measures. Net interest income was up by 5 per cent to € 1.1 billion. While LICs decreased by 22 per cent to € 396 million, they still remained high due the tense market situation on the US office property market.

Through our active management, we reduced our inventory of non-performing loans to € 1.4 billion in spite of a difficult environment. The non-performing exposure (NPE) ratio was 2.8 per cent at the end of December, meeting our medium-term target of under 3 per cent.

At the same time, we have costs well under control and our cost/income ratio of 31 per cent ranks us among the best banks in Europe. Administrative expenses amounted to € 377 million for the full year, including € 34 million in one-off costs for efficiency measures. Leaving aside these one-off costs, administrative expenses remained stable thanks to our strict cost discipline.

Aareal Bank's liquidity position and capital position are equally robust. Our CET1 ratio is a very strong 20.2 per cent, well above regulatory requirements.

The sale of Aareon, announced in June, was closed successfully on 1 October 2024, yielding net sales proceeds of € 2 billion. Consolidated net income (including Aareon) allocated to ordinary shareholders was € 2.2 billion, which also includes the gain on the Aareon sale. We intend to distribute these extraordinary proceeds largely to our owners.

Given the many challenges facing us today, we cannot afford to rest on our laurels. Aareal Bank is exceptionally well positioned for further growth – growth that will remain firmly anchored in our proven risk strategy. There is still enormous potential both in terms of profitability and costs and we will unlock this by strengthening our core business, expanding into new areas and enhancing our efficiency.

To this end, we critically reviewed our growth, cost and risk strategies in the fourth quarter of 2024. This resulted in our new "Aareal Ambition" strategy programme, which focuses on investments in growth and technology while also introducing efficiency measures, particularly in IT and process optimisation. "Aareal Ambition" aims to increase the Bank's return on equity after taxes, adjusted for one-off effects, to at least 13 per cent by 2027.

Specifically, we plan to grow the credit portfolio in the Structured Property Financing segment to around € 37 billion by 2027 and to expand our capital-light syndication business to approximately € 9 billion. To further diversify our portfolio, we want to build on existing strengths while focusing more and more on future-oriented asset classes and regions. In the Banking & Digital Solutions segment, we want to increase market penetration within the existing client base and to move into new client segments in Germany and Europe.

We will continue our conservative risk strategy while also preserving our strong liquidity, robust capitalisation and strict cost discipline. At the same time, we will optimise and digitalise our processes while investing in state-of-the-art IT infrastructure to drive cost savings. Together, these measures will position Aareal Bank for the future.

I would like to take this opportunity to express my sincere thanks to our staff for their hard work and dedication, which paved the way for our strong performance over the past years – and for making me feel very welcome ever since I joined the Bank last August.

As you are well aware, we have set ourselves ambitious targets. But we also have the strength and determination to achieve them and look forward to having you with us on this journey.

Best regards,

Dr Christian Ricken,
Chairman of the Management Board

Group Management Report

Group Management Report

Fundamental Information about the Group

Business model

Aareal Bank AG, headquartered in Wiesbaden, Germany, is the Group's parent company. The Group-wide strategy focuses on sustainable business success.

The Group's strategic business activities are commercial property financing, payments processes, corporate banking services and tenant deposit solutions for the German property sector and related industries.

Aareal Bank comprises two business segments: Structured Property Financing and Banking & Digital Solutions.

The squeeze-out resolution under company law that was put to a vote at the request of Aareal Bank AG's parent company Atlantic BidCo GmbH was agreed to by the ordinary Annual General Meeting at the start of May 2024. The squeeze-out under company law took effect on 25 October 2024; since then, Atlantic BidCo GmbH has been Aareal Bank AG's sole shareholder. Atlantic BidCo GmbH is held by funds controlled, managed or advised by Advent International Corporation and Centerbridge Partners as well as CPP Investment Board Europe S.à r.l., a wholly-owned subsidiary of Canada Pension Plan Investment Board, and other minority shareholders.

At the end of June 2024, Aareal Bank and Advent International Corporation announced that they had concluded an agreement with TPG, a leading private equity company, and CDPQ, a global investment group, on the acquisition of Aareon. The financial terms of the sale were based on an enterprise value for Aareon Group (with Aareon AG as the parent entity) of approximately € 3.9 billion, corresponding to an equity value of around € 2.1 billion for Aareal Bank's stake in Aareon. Following the required regulatory approval, the transaction – and hence the sale of Aareon – was closed on 1 October 2024.

Structured Property Financing

In the Structured Property Financing segment, Aareal Bank facilitates property investments for its domestic and international clients, and is active in Europe, North America and the Asia/Pacific region. Aareal Bank finances commercial property investments, especially hotels, alternative living (student housing, micro-living, etc.) retail, logistics, office and residential properties, with a focus on existing buildings.

Aareal Bank's sales operations combine local market expertise with specific know-how for the hotel, logistics, retail and alternative living sectors, providing its clients with specialist teams in the Group's head office located in Wiesbaden. The industry experts work closely with the local teams, ensuring that the full scope of requisite know-how is available for every transaction. This allows Aareal Bank to offer financing concepts that meet the special requirements of its domestic and international clients, as well as conclude structured portfolio and cross-border financings.

In addition to the network of sector specialists in Wiesbaden, branch offices are also located in Paris, Rome, London, Stockholm and Warsaw.

Aareal Bank Group's activities on the North American market are carried out through the subsidiary Aareal Capital Corporation, operating from New York City. The Singapore subsidiary Aareal Bank Asia Limited conducts the sales activities in the Asia/Pacific region.

Funding

Aareal Bank is an active issuer of Pfandbriefe, which account for a major share of its long-term funding. Moody's "Aaa" Pfandbrief rating confirms the quality of the cover assets pools. To cater to a broad investor base, Aareal Bank uses a wide range of other refinancing tools, including senior preferred and senior non-preferred bonds, as well as promissory notes and bonds. Depending on market conditions and investor demand, the Bank places large-sized public issues or private placements. In the Banking & Digital Solutions segment, the Bank also generates deposits from the housing industry, which represent a strategically important additional source of funding. Furthermore, it has recourse to institutional money market deposits, and to retail deposits via a trust model.

Banking & Digital Solutions

In the Banking & Digital Solutions segment, Aareal Bank Group provides sector-specific payments processes to its clients from the institutional housing industry, the commercial property sector, as well as to the energy and utilities industry. Aareal Bank helps its clients structure their core business processes more efficiently so they are fit for purpose for the long term. It does so in combination with the BK01 software suite provided by First Financial Software GmbH, which facilitates integrated payment flow processing between ERP systems and the Bank's accounts platform. Aareal Bank, First Financial Software GmbH and Aareon have entered into a strategic partnership for this purpose. Wherever the property sector and the energy industry cross over, Aareal Bank and its partners contribute to optimising payments and adjacent processes. Payments processed using BK@1 on Aareal Bank's accounts platform generate deposits that factor into the Group's funding. The digital tenant deposit solutions and selected financing products enhance the range of services the B&DS segment offers the German property sector. Aareal Bank's investment offerings for property and energy industry companies support clients to actively manage their investments and cash. The Banking & Digital Solutions segment includes the subsidiaries collect Artificial Intelligence GmbH, a payment solutions provider for AI-based invoicing and dunning systems, and plusForta GmbH, an online broker for tenant deposit guarantees.

Management system

Aareal Bank Group is managed at Group level using key financial performance indicators, taking the Group's risk-bearing capacity into account, and is additionally differentiated by business segment. Group management is based on medium-term Group planning, prepared annually, which is geared towards the Group's long-term business strategy. An extensive (management) reporting system regularly provides the information required for management and monitoring purposes.

The following indicators implemented within the scope of business and return management are Aareal Bank Group's key financial indicators. With the beginning of 2025, the management system was supplemented by clearly identifiable non-recurring items. Accordingly, the business will henceforth be managed based on the three new financial KPIs set out below.

- **Group**
  - Operating profit from continuing operations (until 31 December 2024)
  - Adjusted[1] operating profit (as of 1 January 2025)
  - Return on equity (RoE)[2] from continuing operations (until 31 December 2024)
  - Adjusted[1] return on equity (RoE)[3] (as of 1 January 2025)
  - Common Equity Tier 1 ratio (CET1 ratio) – Basel IV (phase-in) (until 31 December 2024)
  - Common Equity Tier 1 ratio (CET1 ratio) – Basel IV (fully phased) (as of 1 January 2025)

- **Structured Property Financing segment**
  - New business[4]
  - Aareal Bank Group's credit portfolio

- **Banking & Digital Solutions segment**
  - Average deposit volume from the housing industry

The Group's existing risk management system is used to manage and monitor the individual risk exposures of Aareal Bank Group entities in a centralised manner. All management-relevant information is systematically collected and analysed, to develop suitable strategies for risk management and monitoring. We also employ forecasting models for balance sheet structure, liquidity and portfolio development for strategic business and revenue planning. In addition to business-related management tools, we also use various

---

[1] Costs for efficiency enhancement measures, investments in IT-infrastructure and other material non-recurring effects
[2] RoE = consolidated net income excluding consolidated net income attributable to non-controlling interests and AT1 coupon/average equity (IFRS) excluding non-controlling interests, AT1 bond and dividends
[3] RoE = adjusted consolidated net income excluding consolidated net income attributable to non-controlling interests and AT1 coupon/average equity (IFRS) excluding non-controlling interests, AT1 bond and dividends
[4] New business = newly-originated loans plus renewals

other instruments to optimise our organisation and workflows. These include comprehensive cost management, centralised management of project activities and Human Resources controlling, for example.

The Structured Property Financing segment also deploys supplementary management tools and indicators. The property financing portfolio is actively managed throughout Aareal Bank Group, with the aim of optimising its risk diversification and profitability. To develop risk- and return-oriented strategies for our portfolio, we evaluate market and business data, using this as a basis to simulate potential lending strategies, and to identify a target portfolio, which is part of Group planning. This helps us identify – and to respond to – market changes at an early stage. Active portfolio management allows us to optimally allocate equity to the most attractive products and regions from a risk/return perspective, within the scope of our strategy. By taking into consideration maximum allocations to individual countries, products and property types in the portfolio, we ensure a high level of diversification and avoid risk concentrations.

The Banking & Digital Solutions segment also has a specific management indicator for its business: the average deposit volume from the housing industry is a key financial indicator applied here.

Report on the Economic Position

Macro-economic environment

The global economy was on a moderate growth trajectory in 2024 with a mixed picture painted across the regions. While the economy recovered only marginally in the euro zone and the United Kingdom, the economic development in the United States once again outperformed the other industrialised nations. Inflation in the advanced economies continued to fall in 2024, with the annual increase in consumer prices in the euro zone and the United Kingdom temporarily reaching their 2 % target. Key interest rates were lowered in most advanced economies (except for Australia), allowing the most important central banks to pursue a less restrictive monetary policy course since mid-2024. Even so, price pressure remained high due to persistent service inflation and the tight labour markets.

2024 was again defined by influential political events. Elections to the European Parliament and the French National Assembly together with the collapse of Germany's three-party coalition government demonstrated the high level of political uncertainty in Europe and the threat of a political shift away from European cohesion. The Labour Party won the general election in the United Kingdom in July but faced challenges in presenting a satisfactory budget aimed at encouraging investment and growth. The presidential election in the US triggered a remarkable reaction on the financial markets with rising dollar exchange rates and equity valuations. However, markets in the rest of the world weakened in face of potential tariffs and disruptions to trade. Armed conflicts continued to intensify with no progress being made on reaching a peaceful solution. The escalation of the war between Israel and Hamas drew Iran and Lebanon into the conflict, but the impact on oil prices and global supply chains was short-lived. The war between Russia and Ukraine continued to escalate with large numbers of casualties reported on both sides.

Economy

Real gross domestic product in the euro zone in 2024 increased by 0.8 % year on year. Growth in private consumption was weak and the slowdown in industry continued to weigh on economic growth, which was burdened by previous interest rate increases and low external demand outside of Europe. Different economic structures and the related varying importance of the manufacturing sector and exports largely explain the dissimilar growth patterns between euro zone countries. Germany, in particular, stagnated in the first half of 2024 and reported marginal growth only in the second half of the year. This growth was not enough to make up for the overall decline in 2024. In France, the underlying cyclical momentum remained weak, while political uncertainty undermined investments. In Southern Europe, the economic recovery continued to gather pace in Spain while slowing down in Italy.

The economies developed more positively over the previous year in some non-euro zone EU member states. Economic output in the Czech Republic and Sweden increased by 1.0 % and 0.6 % respectively year on year. In Poland, GDP was up 2.4 %.

The United Kingdom enjoyed moderate economic growth in 2024, with a GDP growth rate of 0.8 % year on year. Economic growth was above trend in the first half-year, driven by positive momentum in the private sector. The construction sector and the manufacturing industry also expanded. However, momentum eased in the second half-year, especially in the services sector. Although the Bank of England lowered its bank rate in August and November, financing conditions remained restrictive and previous monetary policy tightening impacted on the real economy during the year as a whole.

Real economic output in the US rose by 2.8 % year on year in 2024. The growth rate of 0.4 % in the first quarter failed to meet expectations, but high domestic demand and a robust labour market paved the way for strong growth in the remainder of the year with remarkable growth rates in the second and third quarter. A solid domestic economy, helped by private consumption, was the growth driver in 2024 too. The trade deficit fell continually in 2024 but, together with restrictive financing conditions, still slowed down economic growth. GDP in Canada increased by 1.3 % year on year.

The Australian economy was subdued in 2024 with real GDP growth of 1.0 % over the previous year. The tense political situation and inflationary pressure continued to put the brakes on discretionary spending and corporate investment remained subdued too. Thanks to fiscal stimuli, growth momentum improved moderately in the second half-year.

All in all, labour markets in the advanced economies were characterised by low unemployment rates and strong labour demand in 2024. This ran contrary to forecasts of a challenging environment and the risk of recession. Companies hesitated about letting employees go and found it difficult to fill vacancies. The labour market in Europe remained tight and showed the first signs of a slowdown. The euro zone unemployment rate of 6.3 % at the end of the year edged down slightly from the previous year. Unemployment in the United Kingdom was 4.3 % at the end of the third quarter of 2024. The labour market in the US remained in good shape and employment growth cooled only marginally. The unemployment rate was 4.1 % at the end of the year.

Annual rate of change in real gross domestic product

%	2024[1]	2023[2]
Europe		
Euro zone	0.8	0.4
Belgium	1.0	1.3
Germany	-0.2	-0.3
Finland	-0.4	-1.2
France	1.1	0.9
Italy	0.5	0.7
Luxembourg	1.4	-1.1
Netherlands	0.9	0.1
Austria	-1.0	-1.0
Spain	3.1	2.7
Other European countries		
Denmark	2.7	2.5
UK	0.8	0.4
Poland	2.4	0.1
Sweden	0.6	-0.2
Switzerland	1.3	0.7
Czech Republic	1.0	-0.1
North America		
Canada	1.3	1.5
USA	2.8	2.9
Asia / Pacific		
Australia	1.0	2.1
Maldives	7.3	4.7

[1] Preliminary figures; [2] Adjusted to final results

Financial and capital markets, monetary policy and inflation

International financial markets in 2024 were defined by falling inflation, expectations of key rate cuts and political shocks. Leading central banks adhered to their path of monetary policy tightening up until the end of the second quarter, before initiating key interest rate cuts. 10-year government bond yields fluctuated in 2024, driven by concerns about public debt and expectations of lower key rates.

Lower inflation rates and signs of weak economic growth prompted the European Central Bank (ECB) to introduce monetary policy easing in 2024 and cut interest rates in four consecutive steps in June, September, October and December. Key interest rates were lowered to 3.15 % (main refinancing operations), 3.4 % (marginal lending facility) and 3 % (deposit facility). The ECB's Governing Council indicated that key interest rates would remain at restrictive levels for as long as necessary, depending on data, until inflation returned to the target of 2 % in the medium term. The securities holdings from the asset purchase programme (APP) were reduced and principal payments from maturing securities bought under the pandemic emergency purchase programme (PEPP) were no longer reinvested in full.

Inflation in the US persisted above the target level of 2 % in 2024 and the labour market remained tight. As a result, the US Federal Reserve (Fed) abided by its monetary policy in the first half of the year before starting to lower interest rates in September. The key rate corridor was 4.25 % to 4.5 % at the end of the year, with rate cuts largely anticipated and priced in by the market. However, the Fed predicted fewer key rate cuts for 2025 in its last FOMC meeting amid concerns that inflation would not fall as quickly as previously forecast. The Fed also reduced its holdings of US Treasuries and mortgage-backed securities it had taken on during the Covid-19 pandemic.

The Bank of England (BoE) had left its bank rate unchanged at 5.25 % for quite some time, before lowering it to 5.0 % in August and to 4.75 % in November. Its decision was based on the progress made in lowering inflation and on the normalisation of many indicators of expected inflation. The BoE explained that monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning to the 2 % target have dissipated further. It also continued to reduce its government bond holdings.

Other important central banks also lowered their key interest rates in 2024: the Bank of Canada to 3.25 % and Riksbank in Sweden to 2.75 %. The Reserve Bank of Australia kept the level unchanged at 4.35 %.

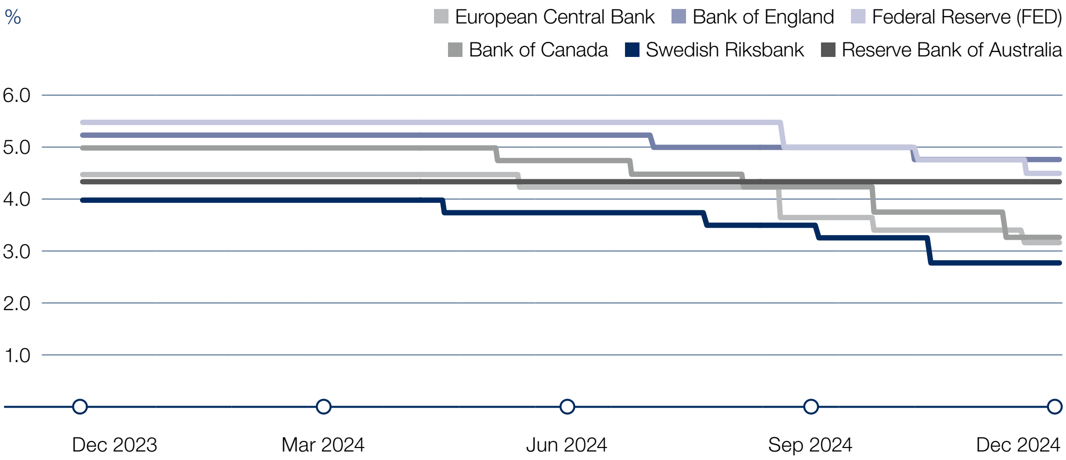
Short-term interest rates in the euro zone at year-end 2024 were below those for year-end 2023. The same applied to the pound sterling, the US dollar, the Swedish krona and the Canadian dollar. Short-term Australian dollar interest rates rose, albeit only moderately. Long-term interest rates presented a mixed picture during the year. Interest rates for the US dollar, pound sterling, Swedish krona and the Australian dollar rose relative to the start of the year. They rose slightly in the euro zone while falling somewhat more for the Canadian dollar.

As the central banks adopted a restrictive monetary policy and Donald Trump was re-elected as President of the United States, uncertainty on the capital markets increased, leading to a very volatile performance especially on the interest rate and spread markets. Credit spreads of covered bonds also came under widening pressure, triggered by the spread widening in the public sector. In concrete terms, yields declined in the third quarter due to expectations of lower interest rates but rose in the fourth quarter because of political uncertainties in the US and fiscal policy concerns in the United Kingdom and France. While the yield curve inversion for medium-term maturities between 2 and 10 years was reversed, it remains in place at the short and the very long end. This development was supported by a soft landing in the US and abating risks of recession in Europe, and the curbing of inflation rates and gradual key rate cuts played a role here too.

Currency markets in 2024 were defined to a considerable degree by monetary policy expectations in the first half of the year and by political uncertainty in the second half. Both the Fed and the ECB follow a data-driven approach for managing inflation, so that more general macroeconomic factors influence the direction of the EUR/USD exchange rate. An appreciation of the euro in the second and third quarter was followed by a marked decline relative to the US dollar after Trumps re-election. Strong demand for the US dollar and political concerns in France and Germany together with only weak demand in the euro zone contributed to the depreciation. The exchange rate at the end of 2024 was USD 1.04 per euro. The euro was stable against the Canadian dollar during 2024 and appreciated slightly from CAD 1.46 per euro at the start of the year to CAD 1.49 per euro at year-end. Against the pound sterling, the euro fell slightly over the course of the year, from GBP 0.87 to the euro at the beginning of the year to GBP 0.83 at year-end. The depreciation started in June when the ECB started to lower rates in response to an unfavourable growth outlook. The euro rose against the Swedish krona from SEK 11.10 per euro at the beginning of the year to SEK 11.46 at year-end. The euro appreciated against the Australian dollar, rising from AUD 1.63 at the start of the year to AUD 1.68 per euro at the end of the year.

Inflation rates in most advanced economies continued to decline in 2024, although lower levels were reached over the course of the year than at the end. Euro zone inflation reached 2.4 % in December compared to the same month of the previous year. Inflation was 2.9 % and 2.5 % respectively at the end of the year in the US and the United Kingdom. The general decline was driven by lower energy prices. The price of crude oil peaked in April, before soaring in July on the back of escalating tensions in the Middle East. It then trended lower and remained stable for the rest of the year. Food prices also contributed to the decline in overall inflation. Core inflation at the end of the year remained significantly above the respective central banks' targets. It eased at a slower pace, mainly due to the tight labour markets and price increases in the services sector.

Key rate developments in 2024[1)]



1) The upper level of the corridor for Fed key rates is shown in the chart.

Regulatory environment

The environment in which banks are operating continues to be defined by highly dynamic regulatory requirements, as well as by changes in banking supervision. This includes, in particular, the EU Banking Package which stipulates implementation of the final draft of the Basel III framework into EU law (known as Basel IV), as resolved by the Basel Committee (BCBS). The final Regulation (CRR III) and Directive (CRD VI) of the EU Banking Package were published in the EU Official Journal on 19 June 2024 and came into effect on 9 July 2024. At the same time, the European Banking Authority (EBA), as per its roadmap, worked on implementing its mandates in 2024 to prepare technical standards, which in turn serve to further develop and specify the rules and provisions. The first-time application of the new regulations most relevant for the Bank is scheduled for 1 January 2025 – two years later than initially planned by the BCBS. The first CoRep report must be submitted by 31 March 2025, but the supervisory authorities are granting the banks a longer submission deadline until the end of June 2025 (previously: mid-May 2025).

New reporting on interest rate risk in the banking book will complement existing CoRep reporting. The first reference date for the application of these reporting requirements was 30 September 2024. The supervisory authorities brought forward these requirements through ad-hoc reports for the reporting dates of 31 December 2023, 31 March 2024 and 30 June 2024.

On 29 May 2024, BaFin published the final version of the eighth MaRisk amendment for implementing the EBA guidelines for the management of interest rate risks and credit spread risks. The transition period for implementing the changes resulting from the new requirements runs until 31 December 2024.

Moreover, both national and European regulators are imposing various new requirements – including in connection with IT/information security risks, or regarding the prevention of money laundering/terrorist financing and tax evasion. Furthermore, politicians and banking supervisors are deeming it necessary to establish sustainability more strongly within society, and as a regulatory requirement within the economy. To this end, a standard taxonomy was introduced in the EU, which provides the basis for the classification of economic activities with regard to sustainability targets. The taxonomy also forms the basis for a large number of disclosure obligations for financial and non-financial entities. The number of data points to be published in 2024 also further increased in connection with the requirement for large capital market-oriented institutions to include qualitative and quantitative information on ESG risks in the regulatory disclosure report on a half-yearly basis, as stipulated by the CRR II. The CSRD (Corporate Sustainability Reporting Directive), which had not been transposed into German law by 31 December 2024, generates uncertainty in sustainability reporting. The industry-wide recognised solution is to implement the ESRS (European Sustainability Reporting Standards) as a framework for the still valid NFRD (Non-Financial Reporting Directive). This also increases the disclosure requirements for the 2024 financial year.

The ECB's Supervisory Review and Evaluation Process (SREP) ensures a common approach on the supervisory review of banks, within the framework of Pillar 2. The SREP is built around a business model analysis, an assessment of governance, and of the capital and liquidity risks. Results from the individual areas are aggregated in a score value from which the ECB derives supervisory measures on holding additional capital and/or additional liquidity buffers.

The EU also adopted a package of measures to overhaul its anti-money laundering and countering of terrorist financing frameworks. Aside from a new EU regulation and the revision of current EU directives, it stipulates the creation of a new European anti-money laundering and terrorist financing authority, which is to be established by 2025. Final resolutions about the foundation of this authority and its general responsibilities were already passed in December 2023. The remaining elements of the package were published in the EU Official Journal as at 19 June 2024 and generally include an implementation period of three years, or sometimes shorter as the establishing authorities have to publish detailed standards. Aareal Bank's resulting need for adjustments is currently being analysed and processed within the relevant implementation deadlines.

Sector-specific developments and business performance

Structured Property Financing segment

The environment of raised interest rates continued to influence commercial property markets in 2024. Lending standards were still very restrictive at the start of the year, in particular, before easing somewhat as the year progressed. As a whole, high financing costs and uncertainty about the outlook in many economies burdened the property market. The persistent differences in price expectations between buyers and sellers in some areas and for parts of the office market, combined with the continued high level of interest rates, pose the most significant obstacles overall to business activity. Against this background, property valuations remained under pressure, despite evidence that they were stabilising or even bottoming out in some segments.

The start of Interest rate cuts, especially by the Fed, the ECB and the BoE, was an important turning point during the year. Falling interest rates also help to counter the upside pressure on yields and to support property valuations. These provided the first positive impetus in some markets for a gradual return of investor confidence. However, the impact was limited, as market conditions are only gradually returning to normal due to the still elevated interest rate environment. Further interest rate cuts will probably be necessary to encourage investors to step up their activities again.

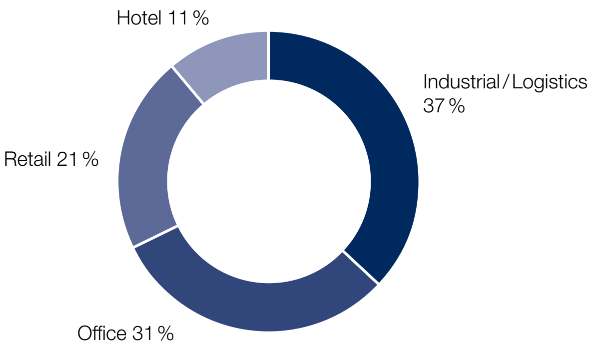
Global transaction volumes for the full year 2024 exceeded the previous year's level (+7 %). However, slight differences were observed between the regions with regard to relative development. Volumes in North America were up 2 %, remaining roughly in line with the previous year; they rose by 7 % in Europe and by as much as 15 % in the Asia/Pacific region. In terms of property types[1)], offices, hotels and logistics properties saw rising volumes across the globe, while transaction activity involving retail properties was somewhat less pronounced.

[1)] Property types are office, logistics, retail and hotel properties.

Investors focused on properties that offer long-term potential value or comply with specific trends such as sustainability or conformity with ESG standards. This includes preferably properties with a high ability to re-let, stable tenant profiles or attractive locations that are deemed to be resilient against market volatility. Demand remained strong for well-located logistics and residential properties, supported by stable fundamental data. Greater restraint among investors continued to impact office property. This is due to the transition to hybrid working models, which has caused uncertainty among potential buyers. The current correction in prices and values means that many owners are confronted with unrealised losses and have few incentives to sell their properties, creating difficulties for the market in the pricing process. Lenders focused their interest primarily on residential and logistics properties, food stores, as well as on high-quality office properties in preferred locations.

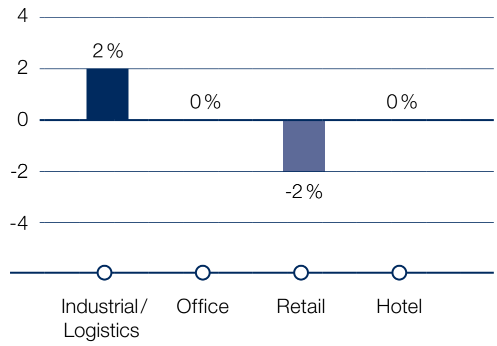
Share of transaction volume observed worldwide in 2024

in %



Change in the relative share of transaction volume observed worldwide in 2024 vs. 2023

percentage points



Aareal Bank generated new business[1] of € 10.9 billion in the full year 2024 (2023: € 10.0 billion), exceeding both the target range communicated at the beginning of the year (€ 8 billion to € 9 billion) and the raised target of € 9 billion to € 10 billion. New business development was very dynamic, especially in the second half of the year, contrary to the general market trend, and many existing clients extended their credit relationships. The share of newly-originated loans was 58 % (2023: 62 %) or € 6.3 billion (2023: € 6.2 billion). Renewals amounted to € 4.6 billion (2023: € 3.8 billion). Aareal Bank concluded new green financing business of around € 3.9 billion; the portfolio volume of green financings rose by a total of € 2.8 billion to approximately € 7.6 billion. It should be noted that changes to the portfolio volume can also result from existing clients issuing the required undertaking and related certificates for the first time, or from other financings losing their status as green instruments. Green loans meet the minimum energy efficiency requirements of the Aareal Green Finance Framework and the client undertakes to meet these requirements throughout the term of the loan. Properties are classified as green if they adhere to the EU taxonomy criteria, have an above-average sustainability rating by recognised rating agencies or comply with energy efficiency criteria.

All in all, Aareal Bank Group's property financing portfolio expanded to € 33.5 billion as at the end of 2024 (year-end 2023: € 32.9 billion).

At approximately 73 %, Europe accounted for the largest share of new business (2023: 66 %), followed by North America with 23 % (2023: 29 %) and the Asia/Pacific region with 4 % (2023: 5 %).[2]

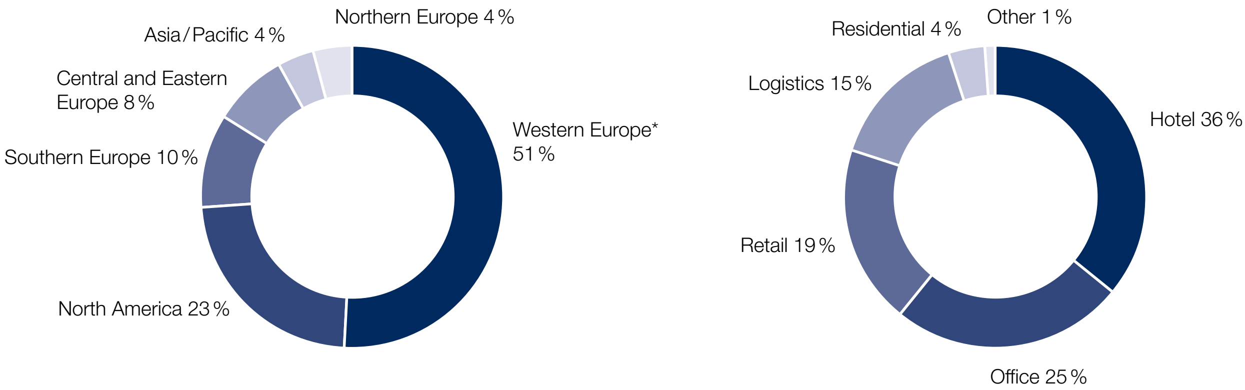
[1] New business, excluding former WestImmo's private client business and local authority lending business

[1] New business is allocated to the individual regions on the basis of the location of the property used as collateral. For exposures that are not collateralised by property, allocation is based on the borrower's country of domicile.

With a share of 36 %, hotel properties accounted for the largest share in new business in terms of property type (2023: 42 %), followed by office property with 25 % (2023: 27 %), ahead of retail property with 19 % (2023: 12 %), logistics property with 15 % (2023: 9 %) and residential property with 4 % (2023: 9 %). Other property and financings accounted for a marginal share of less than 1 % (2023: less than 1 %) of new business.

New business[1] 2024

by regions | by type of property (%)



* Incl. Germany
[1] New business, excluding former WestImmo's private client business and local authority lending business

Europe

Transaction volumes increased by around 7 % in Europe. Activities were down in France and Germany, while volumes rose in the United Kingdom, Sweden, Italy and Poland. Looking at property types, logistics properties and especially hotels recorded growth. Transaction volumes for office properties were slightly lower while activity in retail properties remained at the previous year's level.

Average prime rents in the office property segment increased during the year. London, Stockholm, Paris and Munich recorded marked increases over year-end 2023, while other markets such as Warsaw or Berlin were stable. Vacancy rates put in a mixed performance but increased on average; they rose, for example, in Stockholm and some French metropolitan areas but fell in London. In the retail sector, rental levels in shopping centres remained stable in most European markets. High street rents rose in many cities, such as in Barcelona, Rome and London, but remained constant in Helsinki and Vienna. Prime rents for logistics properties continued to rise, albeit less pronounced than in the previous year. However, rents in some sub-markets, such as rural Poland or the outskirts of Brussels, continued to increase at a greater pace, driven by ongoing strong demand. At the same time, the vacancy rates in this segment remained low but increased slightly on average.

Following the significant increases of previous years, average prime rents for office properties remained stable in 2024. This was the case especially in some German cities. French and UK sub-markets on the other hand reported increases of up to 25 basis points. Yields were largely stable too in secondary locations. The upside trend seen last year in average rents for logistics properties eased. Only marginal increases on average were determined compared with the start of the year and yields were meanwhile stable in many places. In contrast, yields increased somewhat more substantially in some French and Polish sub-markets. In the retail sector, prime yields for high-street properties remained stable and rose slightly on a European average for shopping centres. This development was also evident in secondary locations, with growth recorded in Stockholm in particular.

Travel activity remained dynamic within and to Europe in 2024, supported by higher disposable income. Current data point to an increase in longer trips, especially driven by the slow travel trend, where the focus is on fewer but longer stays and spending more per trip. The volume of overnight stays exceeded that of the previous year in most European countries. A slight decline was recorded in France, while overnight stays in Spain and the Netherlands each rose by around 3 %. Overnight stays in Denmark were unchanged from the previous year. The increase for the entire European Union was roughly 1.5 %. These circumstances led to a year-on-year increase in occupancy rates and revenues per available room in European hotel properties. However, they were more moderate on average than in previous years. Sub-markets such as Madrid and Vienna continued to see strong growth, while London and Paris recorded a more moderate rise.

Aareal Bank originated new business of around € 7.9 billion (2023: € 6.6 billion) in Europe during the year under review. As in previous years, at around € 5.5 billion (2023: € 4.0 billion), Western Europe accounted for the largest share. Southern Europe followed with € 1.1 billion (2023: € 1.1 billion), Central and Eastern Europe – where we concluded business exclusively in Poland – with € 0.9 billion (2023: € 1.2 billion) and Northern Europe with € 0.4 billion (2023: € 0.3 billion).

North America

Transaction volumes in North America remained at the level of the previous year (up 2 % vs. 2023). However, the quarterly figures suggest that the decline in transaction activity since 2022 has bottomed out, as both total transaction volumes and the number of properties transferred have stabilised. Volumes increased for office properties, while slight declines were seen in hotels, retail and logistics properties.

Rents offered for prime and secondary office properties remained stable in 2024 in major US cities such as New York, Chicago and Los Angeles. A slight decline was observed in San Francisco. This stability continued to be associated with a higher level of incentives for new tenants, such as rent-free periods. Average vacancies rose during the year from 13.4 % to 14.1 % so that the upside trend of recent years remained intact. In the retail sector, average shopping mall rents increased slightly across the country, whereas rental levels in New York City remained stable. Average rents for logistics properties increased moderately, in contrast with the sharp prior-year increase. Although rents continued to increase significantly in many sub-markets, the number of markets with stable or slightly declining rents grew.

Office property rents in the prime and secondary segments rose across the country in 2024, albeit to a lesser extent that in previous years. Marked increases were seen in San Diego, Los Angeles and Chicago. Yields for retail properties remained largely stable, with only minor changes vis-a-vis the previous year. This contrasted with the ongoing increase in the average rental level for logistics properties, even though this growth eased in the course of the year.

The hotel market in North America continued to benefit from strong demand from domestic and international tourists. In the US, revenues in the luxury and upper upscale category increased on average. Although occupancy rates stabilised following the strong increases of recent years, they continued to rise slightly, which led to solid growth in revenues per available room. The picture was similar across all hotel categories and average occupancy rates remained at the prior-year level. The hotel markets in Canada developed in a similar manner but were somewhat more positive overall.

New business of approximately € 2.5 billion (2023: € 2.9 billion) was originated across North America in 2024, most of which was attributable to the US.

Asia/Pacific region

Transaction volumes for commercial property in the Asia/Pacific region were around 15 % higher 2024 year on year. Australia stood out with growth of 75 %. Marked increases were posted by all property types within the Australian market, with the exception of hotel properties.

Prime rents for logistics properties in Australia continued to rise in 2024. At the same time, yields for logistics properties rose only moderately, by roughly 25 basis points in Perth and Melbourne, and therefore considerably less than in 2023.

In contrast to the year before, hotel performance in the Asia/Pacific region in 2024 was positive. Occupancy rates and revenues increased in most markets, reflecting the ongoing recovery in international tourism. Long-haul routes have recovered almost completely from the effects of the Covid-19 pandemic, despite the increase in travel expenses. Chinese foreign tourism still has some catching up to do, as travel activity in 2024 is likely to be down around 25 % from 2019 levels. Nonetheless, the gradual recovery remains very decisive, as China is a key source of tourism in many APAC markets. The Maldives benefited once again from a sharp rise in visitor numbers; approximately 2.0 million tourists visited the islands, a year-on-year increase of 9%. Despite the increase in visitors, hotel indicators remained stable. This was due to the higher number of hotels and resorts, and the related increase in accommodation facilities. In Australia's key markets, occupancy rates and revenues per available room improved. Although the performance of New Zealand's hotel markets was mixed, the Queenstown sub-market saw higher occupancy rates and revenues than in 2023.

The Bank originated new business of € 0.5 billion in the Asia/Pacific region in 2024 (2023: € 0.5 billion), most of which was attributable to Australia.

Banking & Digital Solutions segment

The housing and commercial property sectors in Germany proved to be stable market segments in 2024 too, even though the market environment was still influenced by high interest rates. Rents also rose disproportionately in the third quarter of 2024, by 0.9 % quarter on quarter and by 5.2 % year on year. Despite the interest rate turnaround that was initiated, rising rents and high demand are offset by persistently high interest rates, so that financing costs for new construction projects are expected to remain elevated. This will also impact the number of building permits granted: 157,200 new apartments were granted in the period from January to September 2024, which is 38,500 fewer or 19.7 % less than in the prior-year period.

The long-term strategic partnership that was agreed between Aareal Bank, Aareon and First Financial Software GmbH towards the end of 2023, to strengthen client growth and cross-selling, was implemented at operational level during the reporting period. Progress is being made on winding down Baugrund Immobilien-Management GmbH. This was initiated in 2022 and should be concluded in 2025.

Despite the paradigm shift in interest rates, which was initiated by the ECB in mid-2024, we continued to offer attractive interest rates to our clients and attracted new deposit volumes (including from new clients) for various deposit categories. The segment's volume of deposits averaged at € 13.7 billion in the financial year 2024 (2023: € 13.6 billion). All in all, this reflects the strong trust our clients continue to place in Aareal Bank, despite the difficult macroeconomic situation. At present, more than 4,000 corporate clients throughout Germany are using our process-optimising products and banking services, and the trend continues to rise. However, due to the aforementioned strategic partnership with First Financial Software GmbH, commission payments were made and license agreements transferred, which reduced net commission income to € -5 million (2023: € 33 million). Cost components in administrative expenses were reduced at the same time. Commission income, excluding the effects of the strategic partnership, was up slightly from the prior-year period. High interest rate levels, combined with the persistently high volume of deposits, made a notable contribution to stronger operating profit in the BDS segment.

Financial Position and Financial Performance

Financial performance

Group

Consolidated net income of Aareal Bank Group

€ mn	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Net income from continuing operations		
Net interest income	1,060	1,014
Loss allowance	370	441
Net commission income	-4	39
Net derecognition gain or loss	31	23
Net gain or loss from financial instruments (fvpl)	-44	-71
Net gain or loss from hedge accounting	3	1
Net gain or loss from investments accounted for using the equity method	1	3
Administrative expenses	377	341
Net other operating income/expenses	-6	-6
Operating profit from continuing operations	**294**	**221**
Income taxes	82	94
Consolidated net income from continuing operations	**212**	**127**
Net income from sold operations	2,062	-79
Consolidated net income	**2,274**	**48**
Consolidated net income attributable to non-controlling interests	0	-23
Consolidated net income attributable to shareholders of Aareal Bank AG	2,274	71

Since and due to the agreement (announced in June 2024) to sell the Aareon software subsidiary, Aareal Bank Group has continued to report business results separately: Aareon is presented as a sold operation. The banking business (Structured Property Financing and Banking & Digital Solutions) is presented as a continuing operation and will be the sole focus of reporting after the closing on 1 October 2024. The previous year's figures have been adjusted accordingly.

Operating profit from continuing operations of € 294 million for the 2024 financial year clearly exceeded the prior-year figure of € 221 million in spite of higher costs, reflecting continued strong income growth and lower loss allowance.

Net interest income of € 1,060 million was slightly above the prior-year figure of € 1,014 million. This reflected the year-on-year increase in the credit portfolio size, solid margins, normalised interest rate levels and the continued high volume of deposits from the housing industry.

Loss allowance totalled € 370 million (2023: € 441 million), largely attributable to individual new loan defaults of US office properties plus expenses of € 60 million for additions to the existing management overlay.

Commission income in the Banking & Digital Solutions segment increased slightly year on year. This was offset by new and increased commission expenses incurred in connection with the strategic partnership with Aareon and First Financial Software GmbH, which reduced net commission income to € -4 million (2023: € 39 million).

Net derecognition gain of € 31 million (2023: € 23 million) was largely attributable to positive market-induced effects from early loan repayments. The prior-year figure had also been primarily influenced by effects from early loan repayments, and by income from the Treasury portfolio.

Net gain or loss from financial instruments (fvpl) and from hedge accounting totalled € -41 million (2023: € -70 million), reflecting negative valuation effects from credit risk-induced valuation losses on property loans, especially in the US. Due to strong market dynamics, negative valuation effects from market developments for currency and interest rate hedging derivatives also played a role. Negative valuation effects from credit risk-induced valuation losses on property loans had been the only material factor impacting the previous year's figure.

Administrative expenses rose to € 377 million (2023: € 341 million), due to transaction-related expenses from the concluded sale of Aareon and due to the Bank's efficiency enhancement measures (around €34 million), exceeding original expectations. The cost/income ratio in the banking business was 31 %, i. e. still at a very low – and thus very good – level even by international standards. As is customary in the banking sector, the ratio excludes the bank levy and contributions to the deposit guarantee scheme. Costs incurred for efficiency measures implemented, investments in the IT infrastructure and other material one-off effects are also disregarded.

Net other operating income/expenses amounted to € -6 million (2023: € -6 million); the figure was adversely affected above all by write-downs on a property in the US. The operating performance of our hotel operations in Italy had a positive effect; as in the previous year, the net figure includes reversals of provisions.

This results in operating profit from continuing operations of € 294 million (2023: € 221 million), including approximately € 34 million in costs incurred for efficiency enhancement measures. Hence, the adjusted operating profit was € 328 million. Taxes totalled € 82 million (2023: € 94 million).

Net income from sold operations after taxes of € 2,062 million (2023: € -79 million) largely comprises the proceeds from the concluded sale of Aareon, transaction-related expenses totalling around € 175 million and Aareon's current results of € -7 million.

This results in consolidated net income for the 2024 financial year of € 2,274 million (2023: € 48 million). Non-controlling interest income (2023: € -23 million) is predominantly no longer applicable (€ 0 million). Therefore, consolidated net income now equals consolidated net income attributable to shareholders of Aareal Bank AG (2023: € 71 million). RoE from continuing operations was 5.9 % (2023: 3.4 %) and the adjusted RoE 6.8 %.

Structured Property Financing segment

Segment result

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net interest income	791	776
Loss allowance	370	441
Net commission income	1	6
Net derecognition gain or loss	31	23
Net gain or loss from financial instruments (fvpl)	-43	-71
Net gain or loss from hedge accounting	3	1
Net gain or loss from investments accounted for using the equity method	0	1
Administrative expenses	278	231
Net other operating income/expenses	-5	-4
Operating profit	**130**	**60**
Income taxes	30	44
Segment result	**100**	**16**

Operating profit in the Structured Property Financing segment amounted to € 130 million in the 2024 financial year (2023: € 60 million), significantly outperforming the previous year. This development was mainly due to lower loss allowance.

Net interest income of € 791 million (2023: € 776 million) was slightly higher due to a year-on-year increase in the credit portfolio and solid margins.

Loss allowance totalled € 370 million (2023: € 441 million), largely attributable to individual new loan defaults of US office properties plus expenses of € 60 million for additions to the existing management overlay.

Net derecognition gain of € 31 million (2023: € 23 million) was largely due to positive market-induced effects from early loan repayments. The prior-year figure had also been primarily influenced by effects from early loan repayments, and by income from the Treasury portfolio.

Net gain or loss from financial instruments (fvpl) and from hedge accounting totalled € -40 million (2023: € -70 million), reflecting negative valuation effects from credit risk-induced valuation losses on property loans, especially in the US. Due to strong market dynamics, negative valuation effects from market developments for currency and interest rate hedging derivatives also played a role. Negative valuation effects from credit risk-induced valuation losses on property loans had been the only material factor impacting the previous year's figure.

Administrative expenses rose to € 278 million in 2024 (2023: € 231 million), due to transaction-related expenses from the concluded sale of Aareon, efficiency enhancement measures implemented in the Bank (around € 34 million), and the regular review and adjustment of intra-Group pricing between the Structured Property Financing and Banking & Digital Solutions segments.

Net other operating income/expenses amounted to € -5 million (2023: € -4 million); the figure was adversely affected above all by write-downs on a property in the US. The operating performance of our hotel operations in Italy had a positive effect; as in the previous year, the net figure includes reversals of provisions.

Overall, operating profit for the Structured Property Financing segment was € 130 million (2023: € 60 million). After income taxes of € 30 million (2023: € 44 million), the segment result amounted to € 100 million (2023: € 16 million).

Banking & Digital Solutions segment

Segment result

€ mn	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Net interest income	269	238
Loss allowance	0	0
Net commission income	-5	33
Net gain or loss from financial instruments (fvpl)	-1	0
Net gain or loss from investments accounted for using the equity method	1	2
Administrative expenses	99	110
Net other operating income/expenses	-1	-2
Operating profit	**164**	**161**
Income taxes	52	50
Segment result	**112**	**111**

Thanks to the normalised market interest rate environment on the continued high volume of deposits, net interest income in the Banking & Digital Solutions segment increased to € 269 million (2023: € 238 million).

Net commission income increased slightly year on year. This was offset by new and increased commission expenses incurred in connection with the strategic partnership with Aareon and First Financial Software GmbH, which reduced net commission income to € -5 million (2023: € 33 million).

Segment administrative expenses declined to € 99 million (2023: € 110 million), largely reflecting the transfer of a majority stake in First Financial Software GmbH to Aareon. The regular review and adjustment of intra-Group pricing between the Structured Property Financing and Banking & Digital Solutions segments in 2024 also affected expenses.

Overall, segment operating profit in the 2024 financial year was € 164 million (2023: € 161 million). After income taxes, the segment result amounted to € 112 million (2023: € 111 million).

Financial position – assets and liabilities

Consolidated total assets of Aareal Bank Group rose to € 47.8 billion as at 31 December 2024 (31 December 2023: € 46.8 billion), reflecting the slight increase in the property financing and securities portfolio.

Cash funds and money market receivables

The cash funds and money market receivables item contains excess liquidity invested at short maturities. As at 31 December 2024, this comprised predominantly cash funds and deposits with central banks and money-market receivables from banks.

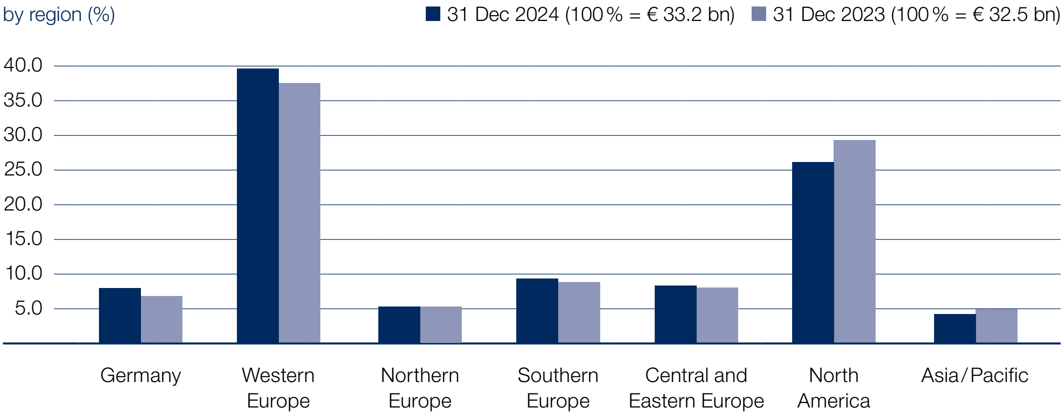
Property financing portfolio

The volume of Aareal Bank Group's property financing portfolio[1] stood at € 33.2 billion as at 31 December 2024 (31 December 2023: € 32.5 billion). Including former WestImmo's private client business (which is being run down) and its local authority lending business, it amounted to € 33.5 billion (31 December 2023: € 32.9 billion), We therefore maintained our target portfolio size of between € 33 billion and € 34 billion at year-end.

At the reporting date (31 December 2024), Aareal Bank Group's property financing portfolio was composed as shown below, compared to year-end 2023:

Property financing volume[1] (amounts drawn)

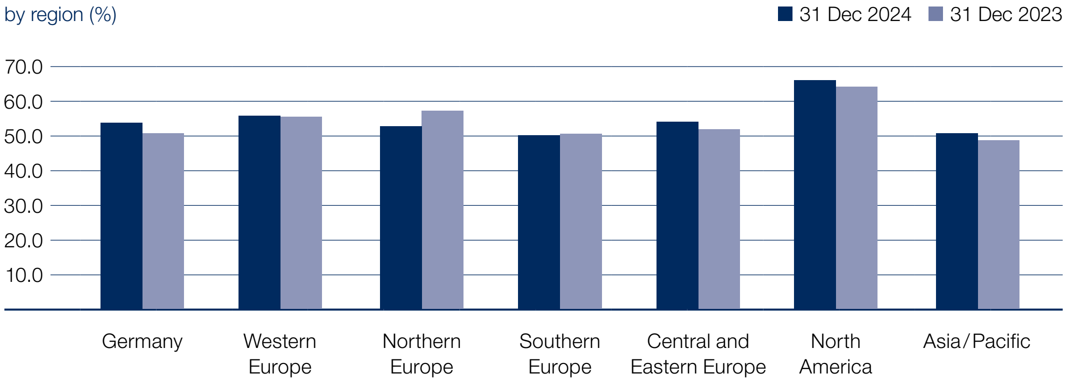
by region (%)



[1] Excluding former WestImmo's private client business and local authority lending business

Average LTV of property financing[1)]

by region (%)

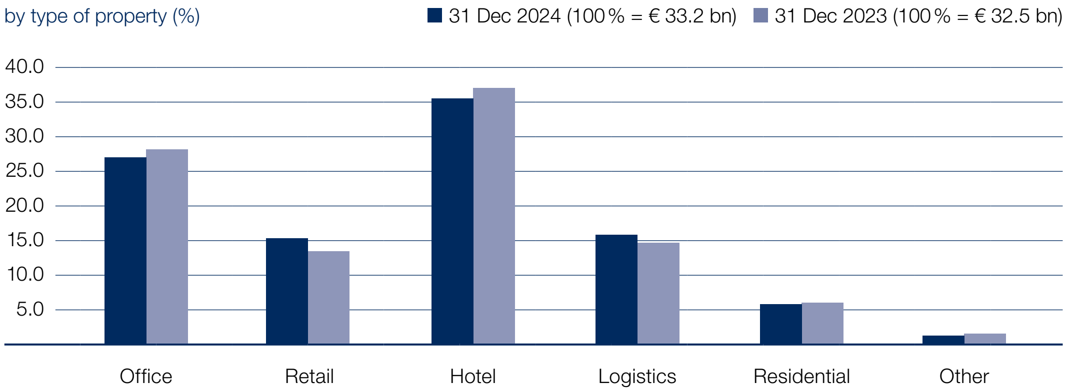


[1)] Excluding former WestImmo's private client business and local authority lending business

Note that the loan-to-value ratios are calculated on the basis of drawdowns and market values, including supplementary collateral with sustainable value, excluding defaulted property financings.

Property financing volume[1)] (amounts drawn)

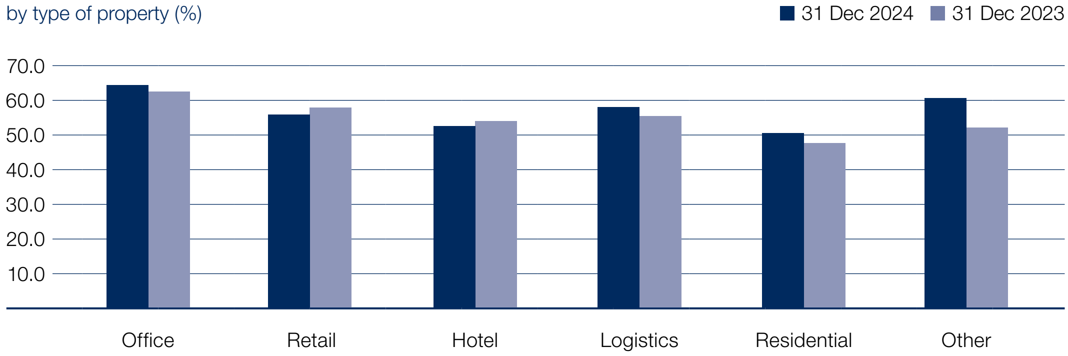
by type of property (%)



[1)] Excluding former WestImmo's private client business and local authority lending business

Average LTV of property financing[1]

by type of property (%)



[1] Excluding former WestImmo's private client business and local authority lending business

Note that the loan-to-value ratios are calculated on the basis of drawdowns and market values, including supplementary collateral with sustainable value, excluding defaulted property financings.

Portfolio allocation by region and continent did not change significantly during the period under review. The portfolio share of exposures in Western Europe rose by approximately 2.1 percentage points while the share of exposures to North America was down by around 3.2 percentage points. It remained relatively stable for all other regions.

The breakdown of the portfolio by property type did not change significantly either during the period under review. Compared to year-end 2023, the retail property share increased by approximately 1.9 percentage points, while the share of hotel property fell by approximately 1.5 percentage points and the share of office property by around 1.1 percentage points. The share of all other property types remained almost unchanged.

All in all, the high degree of diversification by region and property type within the property financing portfolio was maintained during the period under review.

Treasury portfolio

In terms of its ratings structure, Aareal Bank's Treasury portfolio has a very high credit quality and is very liquid. As part of the overall management of the Bank, it fulfils two major tasks: On the one hand, the bulk of the securities are held for the liquidity portfolio, which accounts for a major part of the liquidity reserve from both the economic and normative perspective of risk-bearing capacity. In addition to the liquidity portfolio, part of the Treasury portfolio is also used as a collateral portfolio. We define this mainly as the securities and promissory note loans that are used as collateral for the two Pfandbrief programmes.

Key aspects taken into account for portfolio management are good credit quality and the related value stability, as well as a high degree of liquidity, depending on the intended use.

As at 31 December 2024, the total nominal volume of the Treasury portfolio[1] was € 8.2 billion (31 December 2023: € 7.1 billion).

In terms of asset classes, the portfolio comprises public-sector borrowers, covered bonds and a very small portion of bank bonds (financials), with the public-sector asset class accounting for the largest share of the portfolio (currently at around 69 %). Approximately 31 % was allocated to covered bonds.

The high credit quality requirements are also reflected in the portfolio's rating breakdown. 99.8 % of the portfolio has an investment grade rating[2], with 88.3 % having an AAA to AA- rating.

[1] As at 31 December 2024, the securities portfolio was carried at € 8.4 billion (31 December 2023: € 7.3 billion).

[2] The rating details are based on the composite ratings.

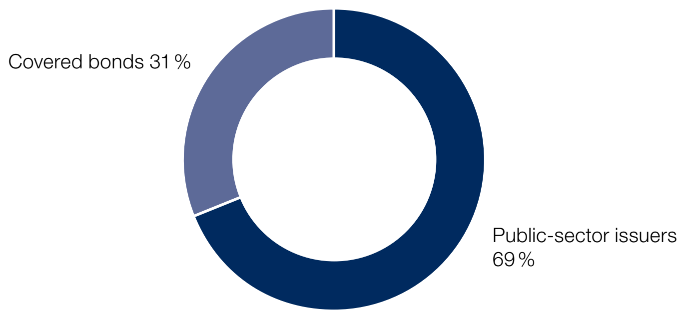
The portfolio currently comprises almost exclusively (94 %) securities denominated in euros, and its average remaining term as at the reporting date was 5.5 years.

Given the high requirements as regards liquidity of the positions as part of their use for the liquidity portfolio, 92 % of the portfolio can be pledged as collateral with the ECB and 88 % fulfils the requirements for "High Quality Liquid Assets" (as defined in the Liquidity Coverage Ratio (LCR)).

Treasury portfolio as at 31 December 2024

%

Total volume (nominal): € 8.2 bn



Financial position – liquidity

Money-market liabilities and deposits from the housing industry

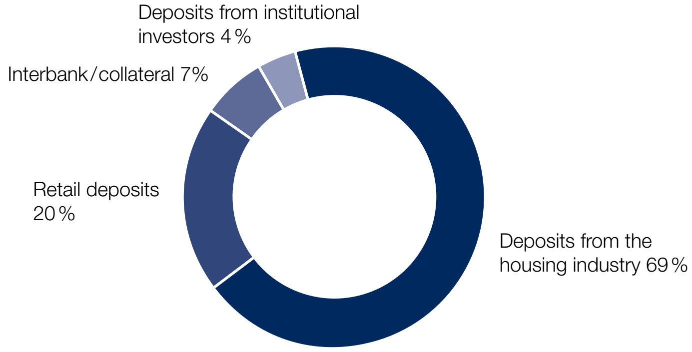
In addition to deposits from housing industry clients, Aareal Bank also uses deposits from institutional investors including retail deposits for short-term refinancing. To raise funds from retail deposits, it launched several cooperations in 2022 by way of a trust model. These cooperations included Raisin and Deutsche Bank. Aareal Bank also uses interbank and repo transactions to manage liquidity and cash positions.

As at 31 December 2024, Aareal Bank had € 12.2 billion (31 December 2023: € 12.7 billion) at its disposal in deposits generated from the business with the housing industry. Money-market liabilities amounted to € 5.4 billion (31 December 2023: € 6.1 billion). This figure also contained € 0.6 billion in deposits from institutional investors and € 3.5 billion in retail deposits.

Money market funding mix as at 31 December 2024

%

Total volume: € 17.7 bn



Long-term funding and equity

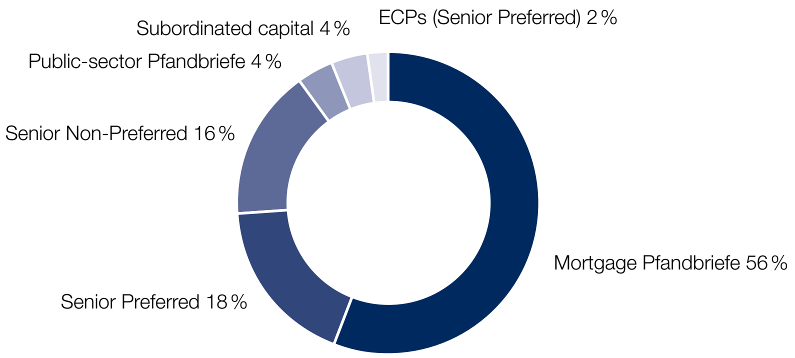
Funding structure

Aareal Bank Group is solidly funded, a development visible by its high share of long-term funding. This encompasses registered and bearer Pfandbriefe, promissory note loans, medium-term notes, other bonds and subordinated issues. According to its legal characteristics, we recognise European Commercial Paper (ECP) as debt even though their maturity is usually less than one year. Subordinated capital includes subordinated liabilities and the Additional Tier 1 (AT1) bond.

As at 31 December 2024, the notional volume of the long-term funding portfolio was € 22.5 billion. Carrying amounts of the long-term funding portfolio totalled € 21.1 billion.

Capital market funding mix as at 31 December 2024

% Total volume (nominal): € 22.5 bn

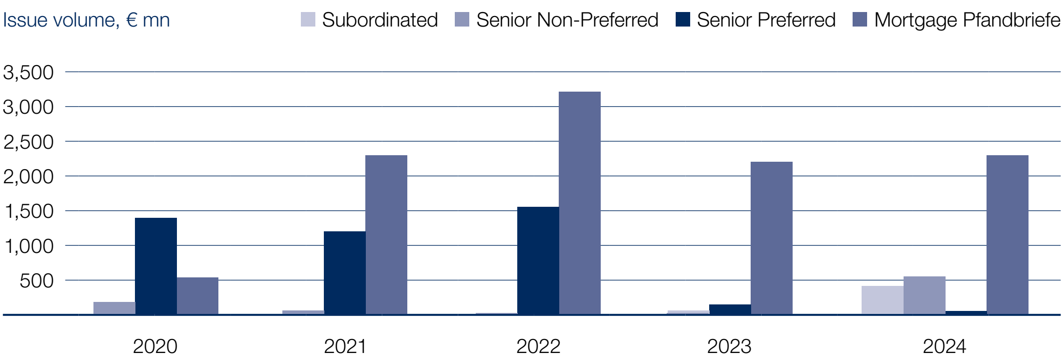


Funding activities

During the entire 2024 financial year, Aareal Bank Group was able to place € 3.3 billion on the capital markets. This included three benchmark Pfandbrief issues of € 500 million each, a GBP 325 million foreign currency transaction plus a € 400 million Tier 2 issue and Aareal Bank's € 500 million debut senior non-preferred benchmark transaction, which was issued in green format.

Since we conduct our business activities in a range of foreign currencies, we have secured our foreign currency liquidity over the longer term by means of appropriate measures.

Issuing activities – 2020 to 2024



Equity

Aareal Bank Group's total equity as disclosed in the statement of financial position amounted to € 5,460 million as at 31 December 2024 (31 December 2023: € 3,300 million). This increase was due to the consolidated net income for 2024 which resulted mainly from the gain realised on the sale of Aareon. € 300 million was attributable to the Additional Tier 1 (AT1) bond. Please also refer to the statement of changes in equity, and to our explanations in Note 61 of the consolidated financial statements.

At 20.2 %, the Common Equity Tier 1 ratio (CET1 ratio) – Basel IV (phase-in) – was markedly above the standardised capital requirement of 15 % at the end of 2024, as expected.

Regulatory indicators[1)]

€ mn	31 Dec 2024	31 Dec 2023
Basel IV (phase-in)		
Common Equity Tier 1 (CET1) capital	2,877	2,661
Tier 1 (T1) capital	3,177	2,961
Total capital (TC)	3,793	3,218
%		
Common Equity Tier 1 ratio (CET1 ratio)	20.2	19.4
Tier 1 ratio (T1 ratio)	22.3	21.6
Total capital ratio (TC ratio)	26.6	23.5
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio)	15.2	13.4

1) Aareal Bank AG utilises the rules set out in section 2a of the KWG in conjunction with Article 7 of the CRR, pursuant to which regulatory indicators of own funds may only be determined at Group level. In this respect, the following disclosures relate to Aareal Bank Group.
31 December 2023: including profits for 2023 and pro rata temporis accrual of interest on the AT1 bond, since no payout of profits for 2023 was made in 2024.
Regulatory indicators as at 31 December 2023 refer to the entire Group including Aareon.
31 December 2024: including profits for 2024 less a proposed dividend and including pro rata temporis accrual of interest on the AT1 bond.
The SREP recommendations concerning the NPL inventory and the ECB's NPL guidelines for the regulatory capital of new NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB tests were taken into account.
Adjusted total risk exposure amount (in accordance with Article 3 CRR II – RWAs), using the higher of (i) total RWAs calculated in accordance with CRR II currently in force and (ii) total RWAs applying the partial regulation for the "output floor" (50 % phase-in / 72.5% fully phased) in connection with commercial property lending, equity exposures, CVA and OpRisk, based on the European Commission's final implementation of Basel IV, by way of Regulation (EU) 2024/1623 dated 31 May 2024 (CRR III). No such adjustment was applied to RWA calculations at the end of 2024.

Regulatory capital[1)]

€ mn	31 Dec 2024	31 Dec 2023
Common Equity Tier 1 (CET1) capital		
Subscribed capital and capital reserves	900	900
Eligible retained earnings	2,385	2,088
Accumulated other comprehensive income	-118	-118
Amounts to be deducted from CET1 capital	-290	-209
Total Common Equity Tier 1 (CET1) capital	**2,877**	**2,661**
AT1 bond	300	300
Sum total of Additional Tier 1 (AT1) capital	**300**	**300**
Sum total of Tier 1 capital (T1)	**3,177**	**2,961**
Tier 2 (T2) capital		
Subordinated liabilities	548	193
Other	68	64
Sum total of Tier 2 capital (T2)	**616**	**257**
Total capital (TC)	**3,793**	**3,218**

[1)] 31 December 2023: including profits for 2023 and pro rata temporis accrual of interest on the AT1 bond, since there was no distribution of the 2023 annual profit in 2024. Regulatory indicators as at 31 December 2023 refer to the entire Group including Aareon.
31 December 2024: including annual results for 2024 less a proposed dividend and including pro rata temporis accrual of interest on the AT1 bond. The SREP recommendations concerning the NPL inventory and the ECB's NPL guidelines for the regulatory capital of new NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB tests were taken into account.

Analysis of risk-weighted assets (RWA)[1)]

€ mn	Risk-weighted assets (RWA) 31 Dec 2024	Minimum capital requirements Total 31 Dec 2024	Risk-weighted assets (RWA) 31 Dec 2023	Minimum capital requirements Total 31 Dec 2023
Credit risk (excluding counterparty credit risk)	12,211	977	11,454	916
Counterparty credit risk	443	35	520	42
Market risk[2)]	–	–	–	–
Operational risk	1,614	129	1,283	103
Additional RWA pursuant to Article 3 of the CRR	–	–	463	37
Total	**14,268**	**1,141**	**13,720**	**1,098**

[1)] Adjusted total risk exposure amount (in accordance with Article 3 CRR – RWAs), pursuant to currently applicable law (CRR II) and applying the partial regulation for the "output floor" in connection with commercial property lending and equity exposures, based on the European Commission's final implementation of Basel IV, by way of Regulation (EU) 2024/1623 dated 31 May 2024 (CRR III). The adjusted risk-weighted exposure amount for commercial property lending and equity exposures is determined using the higher of (i) total RWAs calculated in accordance with CRR II currently in force, and (ii) the figure calculated in accordance with the revised CRSA (pursuant to CRR III), applying the transitional provisions for 2025 (50 % output floor).
[2)] 31 December 2023 and 2024: there was no requirement to cover market risk with regulatory capital since, under Article 351 of the CRR, the sum total of the net foreign currency position in aggregate did not exceed 2% of regulatory capital.

Our Employees

Our employees play a key role in the future development of Aareal Bank Group: their motivation, entrepreneurial mindset, sense of responsibility and the development of forward-looking solutions are decisive for the Group's performance and competitiveness. This applies once again in our complex business, which is based in many cases on long-standing client relationships characterised by trust. It is therefore of the utmost importance for us to broaden our employees' general knowledge base through our junior staff programme and the targeted promotion of internal transfers and further development, and to allow this to have an impact on our client relationships. Please refer to the Sustainability Statement in the Group Management Report for further (and more detailed) explanations on staffing levels, continued professional development, talent promotion and similar topics.

Risk Report

Risk Management

The ability to assess risks correctly and manage them strategically is a core skill in banking. This means that being able to control risks in all their relevant variations is central to a bank's long-term commercial success. This economic motivation for a highly developed risk management system increases continually as regulatory requirements for risk management become more and more far-reaching.

Aareal Bank reviews the appropriateness and effectiveness of its corporate governance systems (including risk governance systems) on a regular basis.

The Bank's risk management activities also incorporate sustainability risks, i. e. ESG risks relating to environmental, social and governance factors. Aareal Bank considers sustainability risks to include overarching risks or risk drivers whose occurrence may have an actual or potentially negative impact on the Bank's financial position, financial performance or reputation. Such risks manifest themselves in existing financial and non-financial risk types, which means that they are managed implicitly according to the risk types under which they are classified. ESG risks are a component of the regular risk inventory process. Physical climate-related risks that have an impact on credit, liquidity, property and business risk were identified as major short-term risk factors. These are complemented by major mid- to long-term risk factors: climate-related and environmental transition risks as well as governance factors such as sustainability management, disclosure policy and data protection. In addition, there is changing market behaviour as an overarching factor. The management and monitoring of ESG risks are optimised on an ongoing basis, with various risk indicators and limits being integrated into the risk management cycle.

Risk management – scope of application and areas of responsibility

Aareal Bank AG has implemented extensive systems and procedures for monitoring and managing the Group's risk exposure.

Uniform methods and procedures are using across all entities of Aareal Bank Group to monitor material risks that are generally associated with banking business. Specific risk-monitoring methods tailored to suit the relevant risk exposure at the individual entities are deployed here. In addition, risk monitoring for these entities is carried out at Group level via the relevant control bodies of the respective entity and via equity investment risk controlling.

Overall responsibility for Aareal Bank Group's risk management and risk monitoring lies with the Management Board and – in its function of monitoring the Management Board – with the Supervisory Board of Aareal Bank AG. The diagram below provides an overview of the responsibilities assigned to the respective organisational units.

Type of risk	Risk management	Risk monitoring
Overall responsibility: Management Board and Supervisory Board of Aareal Bank AG		
Loan loss risks		
Property Financing	Loan Markets & Syndication Credit Management Credit Portfolio Management Capital Markets Management Workout	Risk Controlling
Treasury business	Treasury	Risk Controlling
Country risks	Treasury Credit Management Capital Markets Management	Risk Controlling
Interest rate risk in the banking book (IRRBB)	Treasury, Asset-Liability Committee	Risk Controlling Finance & Controlling
Market risk	Treasury, Asset-Liability Committee	Risk Controlling
Operational risk	Process owners	Non-Financial Risks
Investment risk	Group Strategy	Risk Controlling Finance & Controlling Controlling bodies
Property risks	Workout	Risk Controlling
Business and strategic risk	Group Strategy	Risk Controlling
Liquidity risk	Treasury	Risk Controlling
Process-independent monitoring: Internal Audit		

The Management Board formulates the business and risk strategies, as well as what is known as the Risk Appetite Framework. For this purpose, "risk appetite" means the maximum risk exposure that is not expected to threaten the Bank's continued existence, even if the risks in question are assumed to materialise. For individual business units (the "First Line of Defence"), the Risk Appetite Framework defines guidelines for handling risks independently and responsibly.

The risk monitoring function (the "Second Line of Defence") regularly measures the utilisation of risk limits, and reports on the risk situation. In this context, the Management Board is assisted by the Risk Executive Committee (RiskExCo), which develops proposals for resolutions in line with delegated tasks, and promotes risk communication and a healthy risk culture within the Bank. In line with regulatory requirements, the risk management system was supplemented by a recovery plan that defined threshold values for key indicators – both from an economic and a normative perspective. These are designed to ensure that any negative market developments with an impact on our business model are identified at an early stage and that suitable steps are taken to safeguard continued business operations in the long term. Risk Controlling is responsible for monitoring financial risks at portfolio level, while the Non-Financial Risks division performs this function for non-financial risks. Both divisions report directly to the Chief Risk Officer (CRO).

In addition, Group Internal Audit (as the "Third Line of Defence") reviews the organisational structure and procedures and the risk processes – including the Risk Appetite Framework – and assesses whether these are appropriate. Internal processes also ensure that the Compliance function is involved whenever there are matters relating to compliance.

In order to perform its control function efficiently, the Supervisory Board established a Risk Committee that is responsible above all for risk strategies and for managing and monitoring all material types of risk.

Strategies

The business policy set by the Management Board and duly acknowledged by the Supervisory Board provides the conceptual framework for Aareal Bank Group's risk management. The Risk Appetite Framework, which also outlines the key elements of the risk culture put into practice, is consistent with the business strategy and builds on the defined risk appetite. Taking the Risk Appetite

Framework as a basis and carefully factoring in the Bank's risk-bearing capacity, we formulated detailed strategies for managing each material type of risk, in terms of both capital and liquidity. Taken together, these represent the Group's risk strategy. These strategies are designed to ensure that risks are managed professionally and carefully. Accordingly, they include general definitions and specifications to ensure a uniform understanding of risks throughout the Group. The strategies also provide a cross-sectional, binding framework that applies to all divisions. The Bank has implemented adequate risk management and risk control processes to implement these strategies and to safeguard its risk-bearing capacity.

The business strategy, Risk Appetite Framework and risk strategies are reviewed on an ongoing basis and updated if necessary. Besides the regular review of the business strategy (with any necessary adjustments) and in turn, of the Group risk strategy, an independent validation of the Bank's risk-bearing capacity and its material risk models is conducted at least once a year. This involves above all examining the appropriateness of risk measurement methods, processes and risk limits. During the financial year under review, the strategies were adopted by the Management Board, duly noted, and approved by the Supervisory Board.

The Bank has defined escalation and decision-making processes for dealing with limit breaches. Risk Controlling prepares independent risk reports for the management in good time.

Aareal Bank Group maintains a decentralised Internal Control System (ICS), i.e. the respective control activities are outlined in the Written Set of Procedural Rules for the individual processes of divisions, subsidiaries or other units. Internal controls may run upstream, downstream or parallel to workflows; this applies to automatic control and monitoring functions and also to corresponding manual steps. Accordingly, the ICS covers all control activities and aims to ensure that qualitative and quantitative standards are adhered to (compliance with legal or regulatory requirements, compliance with limits, etc.).

The appropriateness and effectiveness of controls are reviewed by the respective divisions or subsidiaries on an event-driven basis, but at least every six months. The findings are discussed with the corresponding units within the Second and Third Lines of Defence (Risk Controlling, Compliance and Internal Audit), validated by a central ICS coordination unit, and reported to the Management Board and the Supervisory Board. In the event of any irregularities or violations, the Management Board – and in some cases, depending on the severity of the event, the Supervisory Board as well – must be notified without delay so that adequate measures or audit activities can be initiated at an early stage.

Risk-bearing capacity and risk limits

The Bank's ability to carry and sustain risk (as determined within the framework of the Internal Capital Adequacy Assessment Process (ICAAP)) is a key factor determining the structure of its risk management system. To ensure risk-bearing capacity at all times, Aareal Bank Group has adopted a dual management approach comprising two complementary perspectives: the normative and the economic perspective.

The normative perspective aims to ensure that Aareal Bank Group is able to fulfil all of its regulatory requirements over a multi-year period. Accordingly, this perspective accounts for all material risks that may impact upon relevant regulatory indicators over the multi-year planning period.

The normative ICAAP perspective is incorporated in Aareal Bank Group's planning process, which includes above all capital planning. Group planning covers three planning years, comprising both baseline and adverse scenarios. The Group planning results are shown as a projected consolidated income statement for Aareal Bank Group. Planning also covers the balance sheet structure, key regulatory indicators and additional internal management indicators.

Besides the planning process itself, intra-year computation adjustments to Aareal Bank Group's planning process included the monitoring of management indicators on an ongoing basis and checking whether limits in the normative perspective were being complied with. A number of different regulatory ratios make up the management indicators in the normative perspective and these are monitored with specified limits.

We use the ICAAP economic perspective, the purpose of which is to safeguard Aareal Bank Group's economic substance and above all to protect creditors against economic losses. The procedures and methods are part of the Supervisory Review and Evaluation Process (SREP) and are applied in order to identify and quantify economic risks, and to determine the required capital backing.

The purpose of internal capital is to serve as a risk-bearing component under the economic perspective. Within Aareal Bank Group, the current regulatory Common Equity Tier 1 (CET1) capital forms the basis for determining economic aggregate risk cover. Additional Tier 1 (AT1) capital is not added to internal capital. Tier 2 capital and projected results to be incurred during the risk analysis horizon are not factored in.

Moreover, the value-oriented approach adopted under the economic perspective requires suitable adjustments to be made to regulatory Tier 1 capital in order to bring aggregate risk cover in line with the economic assessment. Specifically, this may entail adjustments regarding conservative valuation, hidden encumbrances or a management buffer (including adjustments for climate risks)

Aareal Bank Group consistently applies a period of one year (or 250 trading days) as a risk analysis horizon; this also serves as the holding period as part of risk models under the economic perspective. The independent validation of the corresponding risk models and parameters verifies the appropriateness of model assumptions.

Looking at correlation effects between material types of risk within the framework of the economic ICAAP perspective, Aareal Bank Group has prudently to aggregate risk levels, i.e. accordingly, no risk-mitigating correlation effects are being taken into account. Where we measure risks on the basis of quantitative risk models for the purposes of calculating risk-bearing capacity, these are based on a confidence interval of 99.9 %.

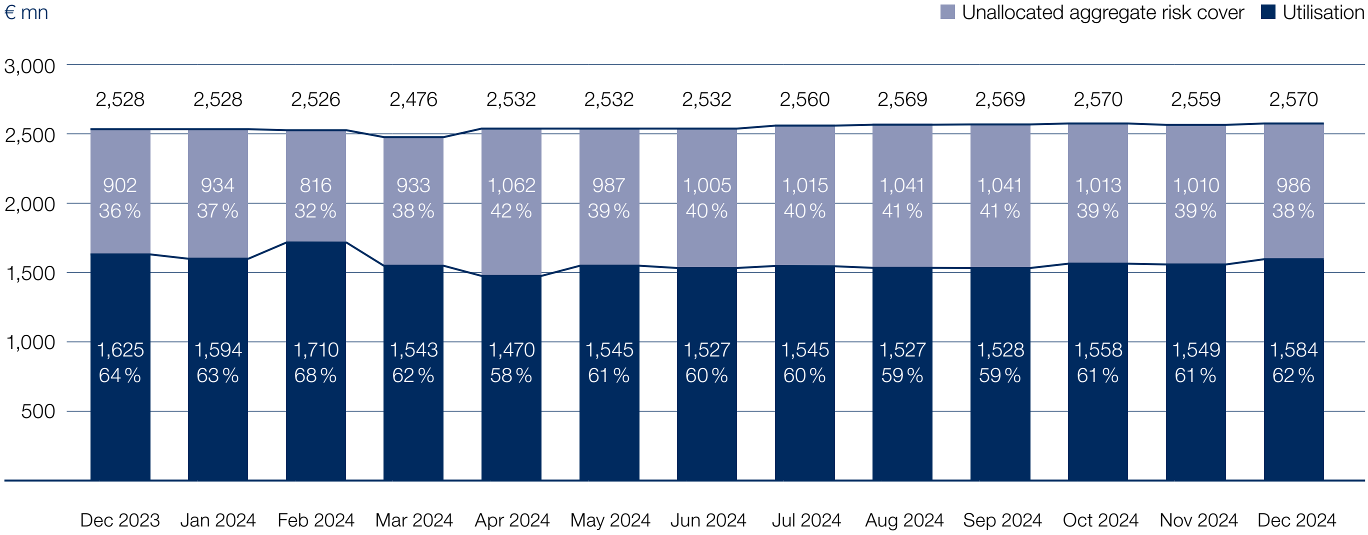
Limits for specific risk types are determined in such a way that aggregate limits do not exceed economic aggregate risk cover less a risk buffer. This risk buffer is designed, among other things, to account for risks that are not explicitly covered by limits and to also absorb other fluctuations of internal capital over time. Individual limits are set on the basis of existing risk exposures and historical levels of potential risks, provided that these are in line with the Bank's business and risk strategy. Specific limits have been set so that each limit can be used in line with planned business development and for common market fluctuations.

A detailed monthly report provides information regarding the utilisation of individual limits for the material types of risk, as well as on the overall limit utilisation. These are monitored as part of daily reporting. No limit breaches at the aggregate risk level were detected during the period under review.

Risk-bearing capacity (ICAAP – economic perspective)

€ mn	31 Dec 2024	31 Dec 2023
Relevant Common Equity Tier 1 (CET1) capital	2,737	2,661
Economic adjustments	-167	-133
Aggregate risk cover	**2,570**	**2,528**
Utilisation of aggregate risk cover		
Loan loss risks	746	680
Interest rate risk in the banking book (IRRBB)	90	99
Pension risks	92	118
Market risks	288	385
Operational risks	129	103
Investment risks	40	43
Property risks	109	100
Business and strategic risks	90	97
Total utilisation	**1,584**	**1,625**
Utilisation (% of aggregate risk cover)	**62 %**	**64 %**

Utilisation of aggregate risk cover during the course of 2024



Since risk cover potential is not an adequate means to assessing the risk-bearing capacity when it comes to monitoring the Bank's ability to meet its payment obligations (liquidity risk in the narrower sense), we have defined special tools within the framework of the Internal Liquidity Adequacy Assessment Process (ILAAP) for managing and monitoring this type of risk.

Stress testing

Within the scope of ICAAP and ILAAP, scenario analyses are carried out in all perspectives as a core element of our risk management system. This involves conducting stress tests for all material risks, using both historical parameters as well as hypothetical stress-testing scenarios. So that we can also assess cross-relationships between the various types of risk, we have defined multi-factor stress scenarios, known as "global" stress tests. For instance, the impact that the 2007 financial and economic crisis had on individual types of risk and aggregate risk is analysed within the scope of a historical scenario. In the hypothetical scenario, current potential developments are derived from factors such as political developments and are combined with significant macro-economic deterioration. The stress-testing methodology that is implemented also takes into account the impact of any risk concentrations. Stress scenarios are analysed both from an economic and a normative perspective, factoring in the respective cross-relationships. This means that any economic risks that may materialise (from a normative view) over the analysis period are incorporated in the normative perspective unless they are sufficiently covered already. ESG risks are integrated into the stress-testing methodology and ESG-related stress test calculations include climate change scenarios, together with a scenario relating to change in society.

The Management Board and the Supervisory Board are informed of the results of the stress analyses on a quarterly basis.

Credit business

Division of functions and voting

Aareal Bank Group's structural organisation and business processes reflect regulatory requirements regarding the organisational structure and procedures in the credit business.

Processes in the credit business are designed to respect the clear functional division of Sales units ("Markt") and Credit Management ("Marktfolge") up to and including senior management level. In addition, the Risk Controlling division, which is not involved in making lending decisions, is responsible for monitoring all material risks while ensuring an adequate and target-oriented risk reporting system at portfolio level.

Lending decisions regarding credit business classified as relevant for the Bank's risk exposure require two approving votes, one submitted by a Sales unit and one by a Credit Management unit. The Bank's Schedule of Powers clearly defines the relevant lending authorities within Sales units and Credit Management. If authorised persons are unable to come to a unanimous lending decision, the loan in question cannot be approved or must be submitted to the next-highest decision-making level for a decision.

We have implemented and documented the clear separation of Sales and Credit Management processes across all relevant divisions.

Process requirements

The credit process comprises the credit approval and further processing phases, each governed by a control process. Credit exposures subject to increased risks involve supplementary processes for intensified handling, for handling problem loans, and – if necessary – for recognising allowance for credit losses. The corresponding processing principles are laid down in the Bank's standardised rules and regulations. Key factors determining the counterparty credit risk of a credit exposure are identified and assessed on a regular basis, taking into account sector risks and, in some cases, country risks. Critical factors regarding an exposure are highlighted and analysed assuming different scenarios where appropriate.

Suitable risk classification procedures are applied to evaluate risks for lending decisions, as well as for regular or event-driven monitoring of exposures. This classification scheme is reviewed at least once a year; depending on the risk situations, the review cycle may be shortened significantly. The findings of the risk assessment also influence pricing.

The organisational guidelines contain provisions governing escalation procedures and further handling in the event that limits are breached or that individual risk parameters deteriorate. Measures involved may include providing extra collateral or conducting an impairment test.

Early risk detection procedures

Early identification of credit risk exposure, using individual or combined (early warning) criteria is a core element of our risk management approach.

In particular, the procedures applied for detecting risks early on serve the purpose of identifying, in good time, borrowers or exposures for which higher risks are beginning to emerge. For this purpose, we generally monitor individual exposures and the parties involved (such as borrowers or guarantors) regularly throughout the credit term, assessing quantitative and qualitative factors, with the aid of instruments such as periodic monitoring and internal ratings. The intensity of the ongoing assessments is based on the risk level and size of the exposure. The Group's risk management processes ensure that counterparty credit risk is assessed at least once a year.

Extensive IT resources are deployed to identify risk positions and also to monitor and assess risks. Overall, the existing set of tools and methods enables the Bank to adopt risk management measures at an early stage wherever required.

One crucially important factor in this context is actively managing client relationships, i.e. approaching clients in time to jointly develop a solution to any problems that may arise. Wherever necessary, we enlist expert assistance from the independent restructuring and recovery functions.

Risk classification procedures

Aareal Bank's risk classification procedures are tailored to the requirements of the respective asset class for the initial, regular or event-driven assessment of counterparty credit risk. Responsibility for development, quality assurance and monitoring with regard to the implementation of risk classification procedures – and also for annual validation – lies with two separate divisions outside the Sales units, which are independent of one another.

The ratings determined using internal risk classification procedures are an integral element of the Bank's approval, monitoring, and management processes.

Property financing business

The Bank employs a two-level risk classification procedure for large commercial property finance exposures, specifically designed to match the requirements of this type of business.

First of all, the client's probability of default (PD) is determined using a rating procedure. The method used here comprises two main components: a property rating and a corporate rating.

The relative impact of the two components on the rating result is determined by the structure of the exposure in question. The client's current and future default probability is determined based on specific financial indicators, together with qualitative aspects and expert knowledge.

The second step involves calculating the loss given default (LGD). The LGD estimates the extent of the economic loss in the event of a borrower defaulting. In simple terms, this is the amount of the claim not covered by the proceeds from the realisation of collateral.

When evaluating collateral, haircuts are applied or recovery rates used, depending on the type of collateral involved and specific realisation factors. Where domestic properties are to be financed, recovery rates are taken from a pool of data used across the Bank, while recovery rates for international properties are derived using statistical methods, given the low number of realisations.

In this context, PD and LGD procedures are also applied for accounting purposes, i. e. for determining model-based loss allowance. Concerning the scenario analyses to be taken into account when determining individual LGDs, an updated scenario mix is applied to the customary process and model. This probability-weighted scenario mix reflects the uncertainty of future developments and supplements our baseline scenario by adding divergent developments. These scenarios are also applied to modelling scenario-driven PDs. At present, this is being mapped using an overlay since technical implementation in the models applied in a production environment has yet to be finalised.

The expected loss (EL) in the event of an exposure defaulting is determined as the product of PD, LGD and EAD. As a risk parameter related to the financing, EL is used as an input factor for the tools used to manage the property financing business.

Financial institutions

Aareal Bank Group uses an internal rating procedure for financial institutions to classify the risk exposure to banks, financial services providers, securities firms, public-sector development banks and insurance companies. This procedure takes into account qualitative and quantitative factors and our client's group affiliation. By assessing relevant financial indicators and factoring in expert knowledge, the Group assigns financial institutions to a specific rating grade.

Sovereign states and local authorities

Aareal Bank Group also employs internal rating methods for sovereign borrowers and regional governments and for local and other public-sector entities. In this context, rating grades are assigned using clearly defined risk factors, such as fiscal flexibility or the level of debt. Our rating analysts' expert knowledge also influences the rating.

In general, the risk classification procedures employed by the Bank are dynamic methods that are constantly adapted to changing risk structures and market conditions.

Trading activities

Functional separation

We have implemented a consistent functional separation between Sales units and Credit Management along the entire process chain for concluding, settling and monitoring trading transactions.

On the Sales side, the process chain comprises the Treasury division, while Credit Management tasks are carried out by the independent Capital Markets Management and Risk Controlling divisions. Beyond this, Finance & Controlling and Audit are responsible for tasks that are not directly related to processes.

We have laid down organisational guidelines providing for binding definitions of roles and responsibilities along the process chain, with clearly defined change processes in place as well.

The detailed assignment of responsibilities is outlined below.

Treasury is responsible for risk management and trading activities as defined by the Minimum Requirements for Risk Management ("MaRisk"). Treasury is also responsible for asset/liability management, and for managing the Bank's market and liquidity risk exposures. In addition, we have established an Asset-Liability Committee (ALCO) to develop strategies for the Bank's asset/liability management and proposals for implementing these strategies. The ALCO meets at least monthly and comprises the CFO, the CRO and other members appointed by the Management Board.

Capital Markets Management is responsible for controlling trading activities, confirming trades to counterparties, and for trade settlement. The division is also responsible for verifying that trades that have been entered into are in line with prevailing market conditions. Legal performs the legal assessment of non-standard agreements and of new standard/master agreements.

To assess counterparty credit risk in the trading business, a rating is prepared for all counterparties and issuers on a regular or event-driven basis. The rating is a key indicator used to determine the limit for the relevant counterparty or issuer.

The Risk Controlling division is responsible for identifying, quantifying and monitoring market price, liquidity and counterparty credit risk exposure from trading activities and also for providing prompt, independent risk reporting to senior management.

Process requirements

Processes are geared towards ensuring end-to-end risk management, from concluding the trade to monitoring portfolio risk. The monitoring and reporting function comprises deploying adequate risk measurement systems, deriving limit systems and ensuring that Aareal Bank Group's overall risk exposure from trading activities is transparent in terms of scope and structure.

Change processes (as defined in Section AT 8 of the MaRisk) are managed consistently via Group-wide framework directives.
As well as this, processes and systems are designed in such a way that new products can be incorporated into the risk monitoring system quickly and effectively so that the Sales units can ble flexible in their business activities.

A standardised process exists for intensified handling of counterparties and issuers and also for dealing with problems. This process involves identifying early warning indicators, applying them for the purposes of risk analysis and determining any further action to be taken. In the event of counterparty or issuer default, the RiskExCo will be involved in devising a plan of action together with the Bank's divisions that are involved.

Escalation and decision-making processes have been defined to deal with limit breaches.

Loan loss risks

Definition

Aareal Bank defines loan loss risk as the risk of losses being incurred due to (i) a deterioration in a business partner's credit quality, (ii) a business partner defaulting on contractual obligations, (iii) collateral being impaired or (iv) a risk arising when collateral is realised. Both credit business and trading activities may be subject to counterparty credit risk. Counterparty credit risk exposure from trading activities may refer to risk exposure vis-à-vis counterparties or issuers. Country risk and the risk from the NPL inventory are also defined as forms of counterparty credit risk.

Credit risk strategy

Based on the Bank's overall business strategy, Aareal Bank's credit risk strategy sets out all material aspects of the Group's credit risk management and policies. The credit risk strategy serves as a strategic guideline for dealing with each relevant category of risk within Aareal Bank Group and also provides a binding, overarching framework applicable to all divisions.

The credit risk strategy will be reviewed, at least once a year to determine whether it is still suitable for the Bank's risk-bearing capacity and its business environment; amendments will be made as necessary. In this context, we also incorporate ESG criteria to assess the sustainable intrinsic value of the properties in question. The relevant process is initiated by senior management and implemented by Risk Controlling, which submits to senior management a proposal that has been agreed upon with all divisions. Following this, the adopted credit risk strategy is discussed by the Supervisory Board.

Essentially designed for a medium-term horizon, the credit risk strategy is adapted whenever necessary to reflect material changes in the Group's credit risk and business policies, or in the Group's business environment.

Risk measurement and monitoring

Regulatory requirements are taken into account when organising Aareal Bank's operations and workflows in the credit and trading businesses.

Processes in the credit and trading businesses are designed to respect the clear functional division of Sales units ("Markt") and Credit Management ("Marktfolge") up to and including senior management level. The independent Risk Controlling division is responsible for identifying, quantifying and monitoring all material risks at portfolio level, and for maintaining a target-oriented risk reporting system.

Aareal Bank employs different risk classification procedures depending on the requirements of the type of business that is subject to the initial, regular or event-driven assessment of counterparty credit risk. Forward-looking and macro-economic information is taken into consideration for risk classification procedures and when valuing collateral. These procedures and parameters are subject to regular review and adjustment. The Sales units are not responsible for development quality assurance or for monitoring the implementation of procedures.

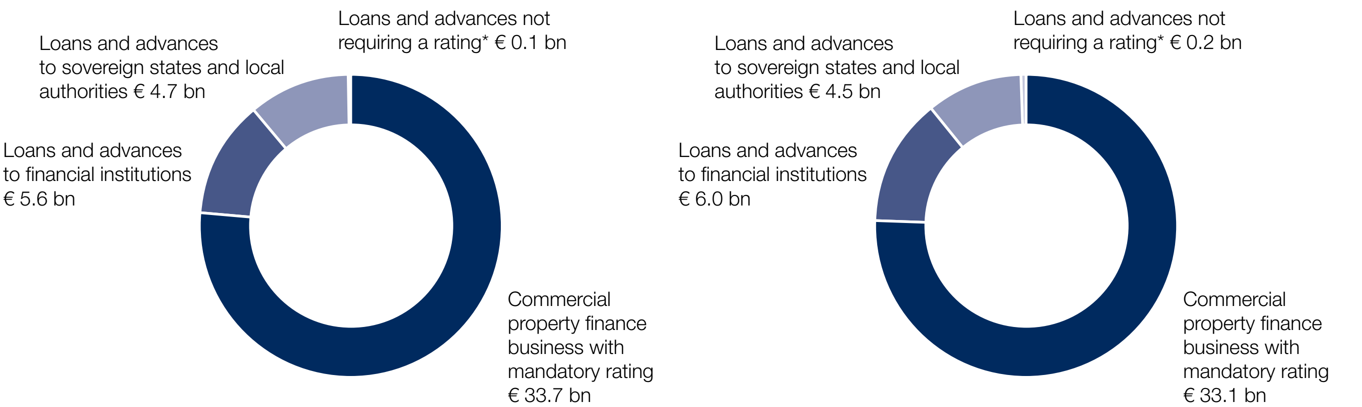
In light of geopolitical and macro-economic uncertainty, special attention is being paid to economic forecasts. In this ongoing review, we also rely on projections published by the ECB in addition to those issued by our usual data providers.

We use a credit portfolio model to measure, control and monitor concentration and diversification effects for default risk on a portfolio level, supplemented by limits at individual and sub-portfolio level to facilitate operating management. Separate models are used to measure migration and realisation risks in the NPL portfolio. For all models, potential losses are determined using a 99.9 % confidence interval and a one-year risk horizon. Based on these instruments, the Bank's decision-makers are regularly informed of the performance and risk content of property financing exposures, and of business with financial institutions. Above all, the models in question allow the Bank to include rating changes and correlation effects when assessing risk concentrations.

Breakdown of on-balance sheet and off-balance sheet business (gross carrying amounts)

by rating procedure, € bn

31 Dec 2024 | 31 Dec 2023



* Including the private client business of former WestImmo

Within the process-oriented monitoring of individual exposures, the Bank uses various tools to monitor exposures on an ongoing basis. Apart from the tools described above, these include rating reviews, monitoring payment arrears and analysing the largest exposures individually on a regular basis. The intensity of loan monitoring is based on the credit risk exposure.

The following tables provide a breakdown of both gross carrying amounts of on-balance sheet and off-balance sheet credit business, money-market business and capital markets business. They are arranged by rating classes and loss allowance stages in line with credit risk management at Group level. Figures are based on Aareal Bank Group's internal default risk rating classes. The default definition follows the definition pursuant to Article 178 of the CRR, which is relevant for management purposes.

On-balance sheet commercial property finance business with mandatory rating

	31 Dec 2024					31 Dec 2023				
	Stage 1	Stage 2	Stage 3	fvpl[1]	Total	Stage 1	Stage 2	Stage 3	fvpl[1]	Total
€ mn										
Class 1	–	–	–	–	**–**	–	–	–	–	**–**
Class 2	–	–	–	–	**–**	50	–	–	–	**50**
Class 3	297	18	–	–	**315**	48	–	–	–	**48**
Class 4	492	–	–	–	**492**	734	–	–	–	**734**
Class 5	3,087	115	–	41	**3,243**	3,359	19	–	18	**3,396**
Class 6	3,291	5	–	73	**3,369**	4,249	–	–	68	**4,317**
Class 7	7,695	403	–	–	**8,098**	6,268	79	–	5	**6,352**
Class 8	5,886	656	27	34	**6,603**	4,393	912	–	32	**5,337**
Class 9	4,484	1,332	–	6	**5,822**	4,254	2,551	–	0	**6,805**
Class 10	778	1,079	–	26	**1,883**	1,378	794	–	23	**2,195**
Class 11	91	460	–	–	**551**	234	372	–	–	**606**
Class 12	–	383	–	–	**383**	–	188	–	–	**188**
Classes 13-15	–	630	–	103	**733**	–	426	–	–	**426**
Defaulted	–	–	1,088	98	**1,186**	–	–	1,468	109	**1,577**
Total	**26,101**	**5,081**	**1,115**	**381**	**32,678**	**24,967**	**5,341**	**1,468**	**255**	**32,031**

[1] fvpl = at fair value through profit or loss (in accordance with IFRSs)

Off-balance sheet commercial property finance business with mandatory rating

	31 Dec 2024					31 Dec 2023				
	Stage 1	Stage 2	Stage 3	fvpl[1]	Total	Stage 1	Stage 2	Stage 3	fvpl[1]	Total
€ mn										
Classes 1-3	2	–	–	–	**2**	1	–	–	–	**1**
Class 4	27	–	–	–	**27**	7	–	–	–	**7**
Class 5	35	–	–	–	**35**	13	–	–	–	**13**
Class 6	33	–	–	–	**33**	134	–	–	–	**134**
Class 7	196	–	–	–	**196**	151	–	–	–	**151**
Class 8	127	3	–	–	**130**	167	21	–	–	**188**
Class 9	199	64	–	–	**263**	205	102	–	–	**307**
Class 10	83	62	–	2	**147**	122	–	–	3	**125**
Class 11	3	8	–	–	**11**	100	49	–	–	**149**
Classes 12-15	–	74	–	–	**74**	–	3	–	–	**3**
Defaulted	–	–	48	42	**90**	–	–	10	–	**10**
Total	**705**	**211**	**48**	**44**	**1,008**	**900**	**175**	**10**	**3**	**1,088**

[1] fvpl = at fair value through profit or loss (in accordance with IFRSs); commitments for loan portions earmarked for syndication

On-balance sheet loans and advances to financial institutions

	31 Dec 2024					31 Dec 2023				
	Stage 1	Stage 2	Stage 3	fvpl[1]	Total	Stage 1	Stage 2	Stage 3	fvpl[1]	Total
€ mn										
Class 1	738	–	–	–	**738**	478	–	–	–	**478**
Class 2	145	–	–	–	**145**	418	–	–	–	**418**
Class 3	393	–	–	–	**393**	281	–	–	–	**281**
Class 4	974	–	–	–	**974**	2,579	–	–	–	**2,579**
Class 5	144	–	–	–	**144**	55	–	–	–	**55**
Class 6	429	–	–	–	**429**	281	–	–	–	**281**
Class 7	1,843	–	–	–	**1,843**	1,141	–	–	–	**1,141**
Class 8	668	–	–	–	**668**	593	–	–	–	**593**
Class 9	176	–	–	–	**176**	87	–	–	–	**87**
Class 10	14	35	–	–	**49**	30	8	–	–	**38**
Classes 11-18	0	–	–	–	**0**	–	–	–	–	**–**
Defaulted	–	–	–	–	**–**	–	–	–	–	**–**
Total	**5,524**	**35**	**–**	**–**	**5,559**	**5,943**	**8**	**–**	**–**	**5,951**

[1] fvpl = at fair value through profit or loss (in accordance with IFRSs)

On-balance sheet loans and advances to sovereign states and local authorities

	31 Dec 2024					31 Dec 2023				
	Stage 1	Stage 2	Stage 3	fvpl[1]	Total	Stage 1	Stage 2	Stage 3	fvpl[1]	Total
€ mn										
Class 1	1,649	–	–	–	**1,649**	1,887	–	–	–	**1,887**
Class 2	1,114	–	–	–	**1,114**	1,317	–	–	–	**1,317**
Class 3	860	–	–	–	**860**	451	146	–	–	**597**
Class 4	417	–	–	–	**417**	40	–	–	–	**40**
Class 5	93	–	–	–	**93**	12	–	–	–	**12**
Class 6	548	–	–	–	**548**	112	–	–	–	**112**
Class 7	1	–	–	–	**1**	24	–	–	–	**24**
Class 8	–	–	–	–	**–**	550	–	–	–	**550**
Class 9	–	–	–	–	**–**	–	–	–	–	**–**
Classes 10-20	–	–	–	–	**–**	–	–	–	–	**–**
Defaulted	–	–	–	–	**–**	–	–	–	–	**–**
Total	**4,682**	**–**	**–**	**–**	**4,682**	**4,393**	**146**	**–**	**–**	**4,539**

[1] fvpl = at fair value through profit or loss (in accordance with IFRSs)

Monthly reporting covers the material aspects of credit risk, including detailed information on specific credit portfolio developments (broken down by country, property and product type, risk classes, collateral categories, etc.). Risk concentrations are also a key factor here.

Trading activities are restricted to counterparties for whom the requisite limits are in place. All trades are immediately taken into account for the purposes of borrower-related limits. Compliance with limits is monitored in real time by Risk Controlling. Persons who are responsible for positions are informed regularly and without delay about relevant limits and their current usage.

Aareal Bank essentially pursues a “buy and manage” strategy in managing its credit portfolio. While its primary objective is to hold the majority of loans extended on its balance sheet until maturity, strategic exit measures are deployed for actively managing the portfolio and the risks involved.

In summary: during the period under review, the existing set of tools and methods continued to enable the Bank to adopt suitable risk management or risk mitigation measures where required, without any undue delay.

Credit risk mitigation

The Bank accepts various types of collateral to reduce default risk exposure. This includes impersonal collateral, such as liens on immobile (property) and mobile assets, liens on receivables such as rents, and third-party undertakings such as guarantees.

As an international property finance house, Aareal Bank focuses on property when collateralising loans and advances. As a rule, loans are granted and the security interest perfected in accordance with the jurisdiction in which the respective property is located.

Mortgage lending values or fair values are set or determined in accordance with the responsibilities for decision-making on lending, and form an integral part of the lending decision. The values to be determined by the Bank are generally pegged on the valuation prepared by a valuer, which is subject to an internal plausibility check. Any diverging assessment must be substantiated in writing. In any case, the market and mortgage lending values determined by the Bank must not exceed the values assessed by independent internal or external valuers.

To mitigate credit risk, the Bank also accepts collateralisation by pledging shareholdings in property companies or special-purpose entities that are not listed on a stock exchange. The Bank has set out detailed provisions governing the valuation of such collateral.

The Bank also accepts guarantees, indemnities and financial collateral (such as securities or payment claims) as standard forms of collateral. The collateral value of the indemnity or guarantee is determined by the guarantor's credit quality. For this purpose, the Bank differentiates between banks, public-sector banks and other guarantors. The value of financial collateral is determined according to the type of collateral. Haircuts are generally applied when determining the value of guarantees/indemnities and financial collateral.

The defined credit processes provide for collateral value to be reviewed on a regular basis. The risk classification is adjusted if there are material changes in collateral value. An extraordinary review of collateral is carried out in the event that the Bank becomes aware of information indicating a negative change in collateral value. The Bank also ensures that disbursement is only made once the agreed conditions for payment have been met. Collateral is recorded in the Bank's central credit system, including all material details.

Credit risk mitigation for trading activities

To reduce counterparty credit risk in Aareal Bank's trading business, the master agreements for financial derivatives[1)] and master agreements for securities repurchase transactions (repos)[2)] used by the Bank provide for credit risk mitigation techniques, via mutual netting framework agreements ("contractual netting agreements").

The master agreements for financial derivatives used by the Bank contain netting agreements at a single transaction level ("payment netting") and arrangements for terminating individual transactions under a master agreement ("close-out netting").

Generally speaking, all master agreements for financial derivatives are based on the principle of a common agreement. This means that, in the event of a termination or counterparty default, the individual claims are netted and only this net amount can be claimed from the defaulted counterparty. This claim must not be affected by any insolvency, i.e. it must be legally valid and enforceable. This in turn means that the jurisdictions in question must recognise the concept of a common agreement, which protects the net amount of the claim from being seized by the insolvency administrator.

1) Any comments below referring to the German Master Agreement on Financial Derivatives (Deutscher Rahmenvertrag für Finanztermingeschäfte – "DRV") also pertain to the master agreement (the "ISDA Master Agreement") issued by the International Swaps and Derivatives Association Inc. (ISDA). Both are standardised agreements recommended by leading associations, including the Association of German Banks (Bundesverband deutscher Banken – "BdB").

2) Any comments below referring to master agreements for securities repurchase agreements (repos) also pertain to the master agreement (the "Global Repurchase Agreement") issued by the International Capital Markets Association Inc. (ICMA). Both are standardised agreements recommended by leading associations, including the Association of German Banks (Bundesverband deutscher Banken – "BdB").

Above all, the close-out netting is subject to (international) legal risks. The Bank reviews these legal risks by referring to legal opinions regarding the validity and enforceability of contractual netting agreements in the case of a counterparty's insolvency. These legal opinions are evaluated based on various criteria such as product type, jurisdiction of the registered office and branch office of the counterparty, individual contract supplements and other criteria, and using a database specifically developed for this purpose. This means that the Bank decides in the case of each individual transaction whether close-out netting is viable, thus allowing set-off against other individual transactions covered by the relevant framework agreement. The Bank uses eligible contractual netting agreements within the meaning of Article 296 of the CRR for all transactions with financial institutions. In many cases there are additional collateral agreements in place that further reduce the relevant credit risk.

Furthermore, counterparty credit risk is reduced by settling derivatives via central counterparties (CCPs). Aareal Bank uses Eurex Clearing AG and LCH Limited for this purpose.

The Bank also enters into repo transactions both on a bilateral basis and via Eurex Clearing AG as a central counterparty. For repo transactions, payment or delivery netting is agreed upon on a single transaction level, depending on the counterparty. For this purpose, the Bank applies the Financial Collateral Comprehensive Method in accordance with chapter 4 (Articles 223 et seqq.) of the CRR.

In principle, framework agreements for securities repurchase transactions (repos) also provide for close-out netting of all individual transactions that are covered by a contractual netting agreement. However, as far as repos are concerned, the Bank has not yet made use of the regulatory option to reduce the capital backing for all individual transactions that are covered by a contractual netting agreement.

The Bank uses an internal rating system to assess the credit quality of counterparties. Capital Markets Management is responsible for the daily valuation of the Bank's trades, including collateral accepted or pledged, using validated valuation procedures.

Collateral for financial derivatives is usually provided in cash. Securities repurchase agreements (repos) are usually collateralised through the exchange of securities.

Some collateral agreements provide for higher collateral levels if a contracting party's rating is significantly downgraded.

Country risks

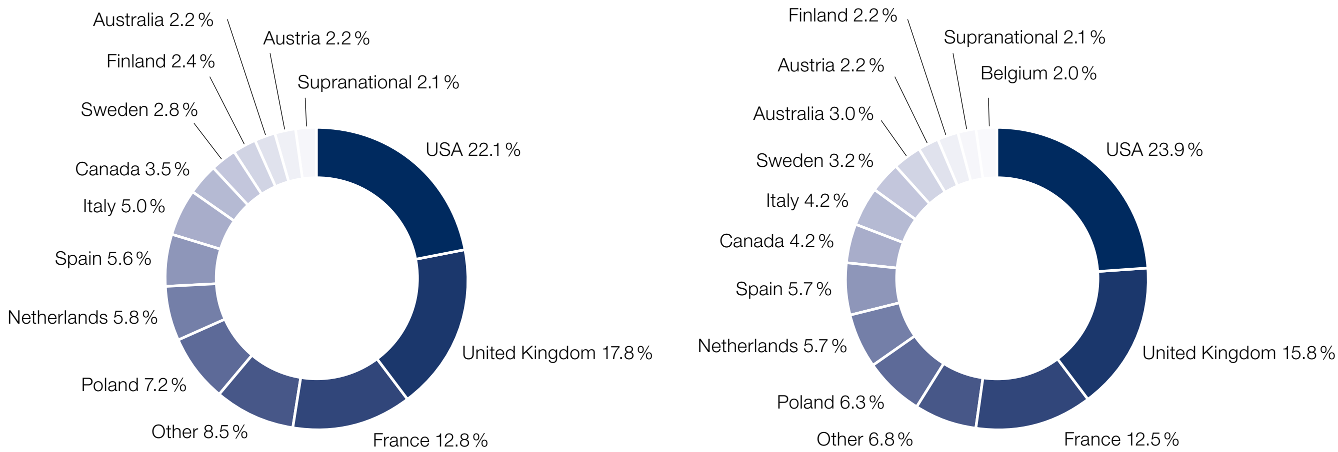
Our comprehensive approach to risk management also includes measuring and monitoring country risk exposure. When defining country risk, Aareal Bank considers – in addition to the risk of sovereign default or default of state entities – the risk that a counterparty could, despite being willing and able to pay, find itself unable to meet its payment obligations as a result of government action, due to restrictions being imposed on making payments to creditors (transfer risk). Country risk exposure is managed using a cross-divisional process. The respective country limits are determined on the basis of a country risk assessment by the Bank's senior management. The Risk Controlling division is responsible for monitoring country limits and limit utilisation on an ongoing basis and also for periodical reporting.

The diagram below illustrates the risk exposure by country (comprising receivables and off-balance sheet obligations) in the Bank's international business at year-end. In the property financing business, country exposures are allocated according to the location of the property used as collateral. For exposures that are not collateralised by property, allocation is based on the borrower's country of domicile. This reflects the exposure of the property finance business as well as the activities of Treasury.

Breakdown of country exposure in the international business

%

31 Dec 2024 | 31 Dec 2023



Interest rate risk in the banking book

Definition

Interest rate risk in the banking book (IRRBB) is defined as the risk exposure of instruments held in the banking book which are sensitive to changes in interest rates, caused by yield curve shifts.

For Aareal Bank, this includes:

- Risks arising from maturity transformation in the event of yield curve shifts (gap risk)
- Risks from cash flows that are sensitive to interest rates, in terms of spreads to the general yield curve (basis risk)
- Risks from explicit and implied options (option risk)
- Risks from changes in Aareal Bank's specific funding spreads (funding risk).

Risk measurement and monitoring

Risk Controlling informs the members of the Management Board responsible for Treasury and risk monitoring about the risk position and the present-value exposure to interest rate risk in the banking book on a daily basis (the "economic value of equity" perspective). This is supplemented on a monthly basis by an analysis of possible deviations of planned income in the event of adverse interest rate scenarios (the earnings perspective). The interest rate scenarios used for measuring potential plan deviations comprise interest rate shocks (both increases and reductions) and also time-based increases or reductions of the interest rate projection used to determine planned interest income.

The present value VaR concept has been broadly accepted as the predominant method for measuring economic interest rate risk in the banking book. VaR quantifies risk as the maximum loss that will occur within a certain period of time and given a defined probability.

A variance-covariance approach (delta-normal method) is used throughout the Group to determine the VaR indicator. Calculated on a daily basis for the Group, the VaR figure factors in the correlation between individual risk types. Statistical parameters used in the

VaR model are calculated directly from a 250-day historical data pool maintained within the Bank. The loss potential is determined applying a 99.9 % confidence interval under the economic perspective.

By their very nature, VaR calculations are based on various assumptions regarding the future development of the business and related cash flows. Key assumptions used include current account balances and deposits at notice, which are factored into calculations by applying a suitable replication portfolio for a period of up to ten years (2.1 years on average). Financial wholesale deposits are excluded from modelling as per the EBA guidelines on the management of interest rate risks of non-trading book activities (EBA/GL/2022/14).

Loans are taken into account using their fixed-interest period (for fixed-rate exposures) or their expected maturity (variable-rate exposures). Aareal Bank Group's consolidated equity is not factored in as a risk-mitigating item, which tends to overstate VaR.

In addition to this and in line with EBA/GL/2022/14 (Guidelines on the management of interest rate risk arising from non-trading book activities), the change in net interest income is determined in the relevant interest rate shock scenarios. Net interest income is the difference between interest income and interest expenses from all interest-bearing assets and liabilities of the banking book, including derivatives and off-balance sheet items in accordance with IFRSs. Unlike the present value approach, net interest income not only includes the earnings contributions of the modelled existing business as at the planning or forecast date, but also the income and expenses from planned new business and prolongations. Changes essentially reflect the diverging developments of forward interest rates prior to and after an interest shock, together with the resulting modelled impact on client behaviour.

Interest rate sensitivity

An additional instrument used to quantify interest rate risk exposure is the calculation of interest rate sensitivity, expressed by what is known as the "delta" parameter. The first step in determining this parameter is to calculate the present values of all asset and equity/liability items on the statement of financial position. Next, the interest rates of yield curves used for this calculation are subjected to a one basis point parallel shift up (a method known as the "key rate method"). Delta is the present value of the profit or loss resulting from this yield curve change.

Present-value impact of an interest rate shock

The following tables show the changes in present value as prescribed by BaFin circular 06/2019. Here, EBA guidelines EBA/GL/2018/02 on the management of interest rate risk arising from non-trading book activities are still applied.

The standard test prescribed there outlines present-value changes in the banking book in the event of a maximum 200 basis point parallel shift for each currency. As in the previous years, the ratio of the aggregate results to Aareal Bank Group's regulatory capital is well below the prescribed threshold of 20 %.

	31 Dec 2024		31 Dec 2023	
	-200 bp	+200 bp	-200 bp	+200 bp
€ mn				
EUR	-12	25	-43	40
GBP	3	0	12	-18
USD	34	-49	36	-45
Other	7	-7	8	-8
Total	**32**	**-31**	**13**	**-31**
Ratio to regulatory capital requirements in accordance with Basel III (%)	**0.9**	**0.8**	**0.4**	**1.0**

In addition, present-value changes are determined (and their ratio to Tier 1 capital shown) for six early-warning indicators, applying the prescribed scenarios. The ratio of the aggregate result to Aareal Bank Group's Tier 1 capital in accordance with Basel III is well below the prescribed threshold of 15 %.

€ mn	31 Dec 2024	31 Dec 2023
Parallel up	-32	-35
Interest rate coefficient for parallel shock up (%)	1.1	1.2
Parallel down	–	18
Interest rate coefficient for parallel shock down (%)	–	0.6
Steepener	-1	-2
Interest rate coefficient for steepener shock (%)	–	0.1
Flattener	-21	-13
Interest rate coefficient for flattener shock (%)	0.7	0.4
Short rates shock up	-36	-32
Interest rate coefficient for short rates shock up (%)	1.2	1.1
Short rates shock down	–	1
Interest rate coefficient for short rates shock down (%)	0.0	0.0
Tier 1 capital in accordance with Basel III	**3,037**	**2,961**

Net interest income is a metric derived from the income statement. The earnings risk is measured based on the changes in net interest income for the next twelve months as a result of a parallel shift of the yield curve by 200 basis points. In this context, assumptions regarding client behaviour and the competitive environment in such a scenario are especially subject to idealised model parameters.

Pension risks

Pension risks arise from measuring pension obligations that have been entered into and plan assets that are held under pension plans. Risk is mitigated by structuring plan assets – essentially a special investment fund held in trust – accordingly.

VaR, which requires sensitivity data for risk factors (representing exposure) and a covariance matrix of these risk factors (volatility and correlation) to map market dynamics, is calculated as the simplest stochastic model in the delta-normal approach.

Pension risks are managed directly by the Asset-Liability Committee (ALCO); for this purpose, the ALCO has also assumed the function of Investment Committee for the plan assets. Pension obligations and plan assets are subject to regular risk reviews and assessments.

Market risks

Definition

Market risks are broadly defined as the threat of losses due to changes in market parameters. The term refers to market risks that are not assigned to the IRRBB. In particular, it also includes any type of spread risk exposure relating to instruments held in the banking book that are sensitive to changes in interest rates and not included in IRRBB or in credit risk.

For Aareal Bank, this includes:

- Risks resulting from fluctuations in spot foreign exchange (FX) rates (spot FX risk)
- Risks resulting from fluctuations in forward foreign exchange rates (forward FX risk)
- Risks from the regulatory review of the trading book (Financial Risk in the Trading Book – FRTB)

Since Aareal Bank did not pursue any trading book activities (as defined by the CRR) during the period under review, trading book risks had no relevance.

Commodities are irrelevant for the Bank's business. Currency risks are controlled through derivatives.

Additional elements of market risk are:

- Valuation risks due to changes in credit spreads (credit spread risk)
- Risks from fluctuations in the value of fund assets (fund risk)
- Risks from adjustments to the credit valuation of OTC derivatives (CVA risk)

This means that credit spread risk in the banking book (CSRBB) is assigned to market risk. The requirements of new EBA Guidelines on the management of interest rate risk and credit spread risk arising from non-trading book activities (EBA/GL/2022/14) have been applicable since 31 December 2023. The calculation of credit spread risks was reviewed and adjusted when these new guidelines were being implemented. One material adjustment in this context involved incorporating in the risk indicators those sensitivities that were associated with the Bank's own benchmark issues regarding suitable Pfandbrief and senior unsecured spreads.

Risk measurement and monitoring

Risk Controlling informs the members of the Management Board responsible for Treasury and risk monitoring about the risk position and exposure to other market risks on a daily basis.

The VaR concept has been broadly accepted as the predominant method for measuring economic market risk. VaR quantifies risk as the maximum loss that will occur within a certain period of time, and given a defined probability.

A variance-covariance approach (delta-normal method) is used to determine the aggregated VaR indicator for market risk. Determined on a daily basis for the Group, the VaR figure takes into account the correlation between individual risk types. Statistical parameters used in the VaR model are calculated directly from a historical data pool maintained within the Bank, which covers at least 250 days[1]. The loss potential is determined by applying a 99.9 % confidence interval.

Backtesting

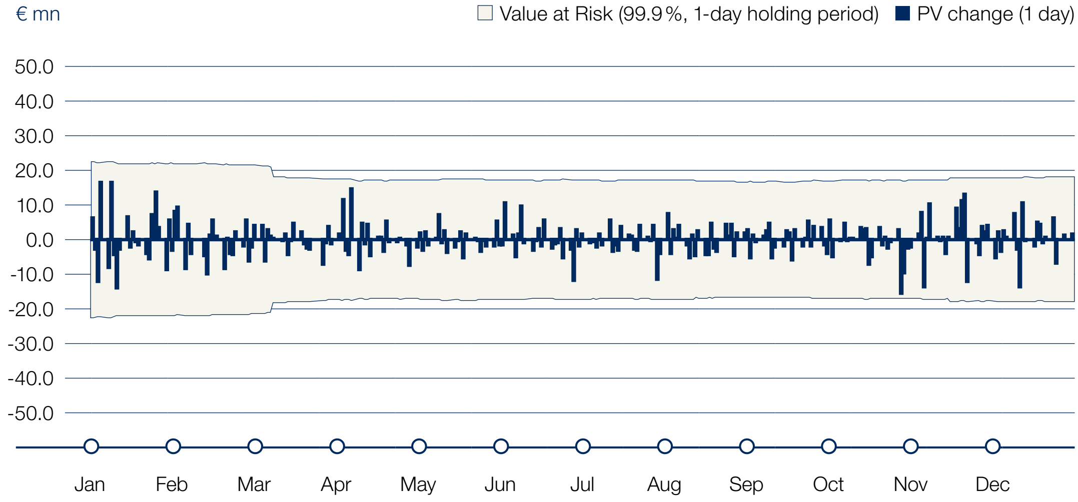
The quality of forecasts made using statistical models is checked through a monthly backtesting process. The quality of the statistical procedure used to measure risk is checked using a method referred to as binomial test, whereby daily profits and losses from market fluctuations are compared with the upper projected loss limit (VaR) forecast on the previous day (known as "clean back-testing"). In line with the selected confidence interval of 99.9 %, only a small number of negative outliers are expected.

The backtesting exercise shown below comprises all risk positions subject to daily changes from the "Market risks" category.

No negative outliers were observed at Group level during the past 250 trading days, affirming the high forecasting quality of the VaR model we use.

[1] Historical data covering two years is used for the sub-risk type of credit spread risk.

Present values and 1-day VaR during the course of 2024



Operational risks

Definition

The Bank defines operational risk as the threat of losses caused by inappropriate internal procedures, human resources and systems (or their failure), or through external events. This definition also includes legal risks. To the extent that they are caused by operational risks, ESG risk factors as well as model and reputational risks are also taken into consideration within this type of risk.

Risk strategy

The primary purpose of the risk strategy is to provide strategic guidance on the conscious and professional handling of operational risk. The strategy covers the organisational framework as well as the fundamentals of reporting related to this topic, supplementing and specifying the existing central rules set out in the Risk Appetite Framework.

To facilitate a holistic risk management of operational risk, Aareal Bank has implemented a governance structure that puts the “three lines of defence” concept into operational practice. Given that the management approach is essentially organised in a decentralised manner, located in the various divisions or subsidiaries, there is a distinct emphasis on a strong first line of defence, which is responsible for risks on a single-risk basis. The centralised OpRisk Controlling department, which is part of the Non-Financial Risks division, monitors the first-line activities as an independent second line of defence. In this context, the general second line of defence is supplemented by various specialised monitoring and/or specialist functions having special expertise concerning specific NFR risks.

Process risks are addressed through the internal control system (ICS). The design of the Group-wide ICS emphasises mitigating material process-inherent risks through appropriate and effective key controls which are compiled for Aareal Bank in a dedicated inventory.

The Non-Financial Risks division is responsible for monitoring compliance risks and also risks related to financial crime. The Group-wide objective of the compliance management system is to mitigate liability risks in the form of potential fines and penalties for the Bank or its subsidiaries and their board members. In addition, Aareal Bank’s positive reputation as a group of companies with integrity vis-à-vis external stakeholders such as business partners, counterparties and investors is to be maintained and further strengthened. The Anti-Financial Crime strategy serves to manage risks related to money laundering, terrorist financing, sanction breaches and fraud in a professional and conscious manner. It encompasses applicable qualitative standards (for example, listing business areas and sectors not served) and quantitative key risk indicators (such as thresholds for high-risk clients and politically exposed persons) for the purpose of risk monitoring.

In order to mitigate legal risks, Aareal Bank's central Legal department and decentralised legal units monitor any litigation the Bank is involved in (whether in or out of court), deal with any legal issues of fundamental importance and provide legal advice on day-to-day business. Legal compiles all information concerning any legal disputes at Group level, whether in or out of court. The Bank's decentralised operating legal entities, as well as the legal departments of individual Group entities, submit quarterly reports on legal risks identified to Aareal Bank's Legal department. Where particular risks have occurred, such reports are submitted on an event-driven basis. When required, Aareal Bank's legal department discusses and coordinates any concrete measures with the reporting unit. The Legal department reports to the Management Board, on (at least) a quarterly basis, as well as on an event-driven basis. Tax risks including related legal risks are monitored and managed separately by Aareal Bank's tax department. The tax compliance management system actively reduces the risk related to tax law compliance and fraud cases, for example by setting standardised work instructions and controls, both within the tax department and in interfaces with other divisions.

Information Security & Data Protection has central responsibility for monitoring risks affecting operational resilience. The division defines Bank-wide requirements and initiates different measures for mitigating information security risk and achieving the level of security aimed for the Information Security Framework Directive. This includes raising awareness among internal and external employees by means of suitable training courses and exchanging information on cyber threats via the communication channels with ECB, BaFin and BSI. To reduce outsourcing risk, the outsourcing organisational units regularly assess the performance of external service providers using defined criteria. The results of this process and the control measures taken are consolidated and communicated to the Bank's Management. Business Continuity Management (BCM) mitigates business continuity risks by defining the emergency organisation, which involves setting out and testing emergency and crisis plans for the Bank's business processes that are identified as time-critical. In the event of an emergency or crisis, its business will be managed in accordance with these plans.

Risk measurement and monitoring

The policy pursued by Aareal Bank aims to achieve a risk-minimising or loss-limiting effect at an early stage by employing a proactive approach.

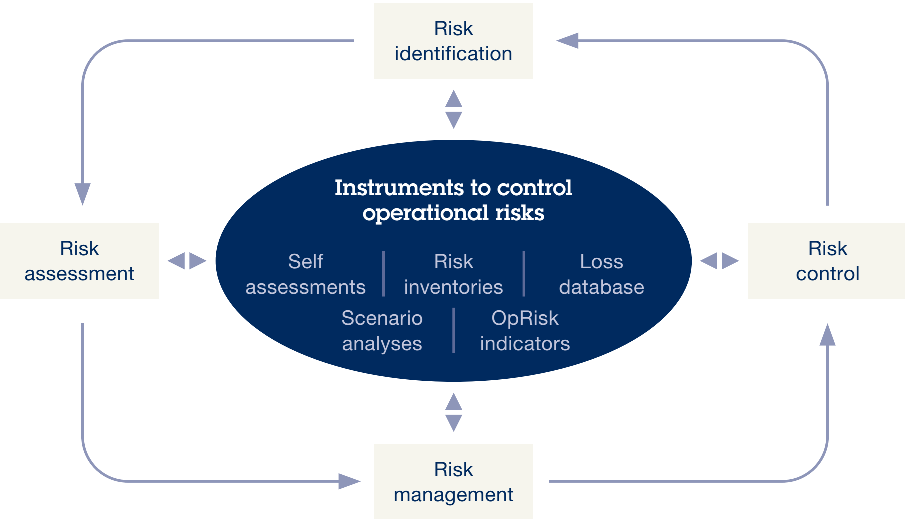
The Bank currently uses the following risk control tools to manage operational risks:

- Self-assessments: analysing these can make management aware of any potential risks within the organisational structure
- Risk inventories and subsequent risk assessments that include systematically identifying and compiling all relevant risks periodically and subjecting them to a qualitative and quantitative assessment
- A loss database in which relevant risk events incurred are reported and can then be monitored until they are officially closed
- Operational risk indicators for all risk levels that show current threat potential using a defined "traffic light" system
- Stress tests based on hypothetical and historical scenarios and also on sensitivity analyses of risk inventory data, carried out to identify developments that may potentially threaten the Bank's continued existence.

Data is collected on a decentralised basis and all of the Group's material operational risks are compiled centrally.

The tools described above are used to prepare the regular risk reporting to the Bank's senior management. Taken together, these tools for managing operational risks form an integrated control circuit that allows risks to be identified, evaluated, managed and controlled. The responsibility for implementing operative risk-reducing measures rests with those in charge of the Bank's risk management. The extent to which freely available funds are used for operational risks – as part of the Bank's risk-bearing capacity – is determined based on the regulatory standardised approach under Pillar I.

Management of operational risks



No material risk concentrations were evident in the 2024 financial year. Risk events are recorded in a database on an ongoing basis. The aggregate impact of such risk events during the year under review amounted to less than 10% of the regulatory capital to be maintained for operational risks. Supplementary operational risk management tools – i.e. monitoring indicators, scenario analyses and self-assessment in particular – do not indicate a potentially elevated risk either.

Investment risks

Definition

Aareal Bank defines investment risk as the threat of unexpected losses incurred due to an impairment of the investment's carrying amount, or to a default of loans extended to investees. The concept of investment risk also encompasses additional risks arising from contingencies vis-à-vis the relevant Group entities.

Risk measurement and monitoring

The investment risk model breaks down investments outside the regulatory scope of consolidation into two groups, whereby risk-equivalent exposures are determined for material investments using the regulatory IRB formula. The latter was modified to include a concentration risk component to account for the eventuality of individual equity investments representing a significant concentration risk from an overall bank perspective. For non-material investments, equity coverage is determined using the simple risk weight function for investments in accordance with the CRR. Risk exposure for investments within the regulatory scope of consolidation is measured using the look-through principle, based on the assets of the respective investment.

The existing procedures used to measure and monitor risk exposure are supplemented by subjecting the equity portfolio to regular stress testing.

Group Strategy, together with Finance & Controlling and Risk Controlling, is responsible for measuring and monitoring investment risk exposure.

Risk Controlling submits a quarterly equity investment risk report to the Bank's Management Board.

Property risks

Definition

We define property risk as the threat of unexpected losses arising from changes in the value of property held by the Bank or by fully consolidated subsidiaries.

Due to the nature of property risk (involving marketing risks, for example), special methods and procedures are employed to deal with this risk. All relevant property holdings are subjected to regular audits, including a review and assessment of their risk situation.

Risk measurement and monitoring

In order to measure and monitor risks, property yields are analysed for different regions and property types, and over the time horizons available: on this basis, potential yield increases for different regions and property types over a one-year horizon are determined by applying a 99.9 % confidence interval. A property's risk contribution results from the difference between the current market value and the property value adjusted for the yield increase.

The model also factors in idiosyncratic shock events for each property, which may occur independently of general market developments.

Property holdings increased as at the reporting date following the acquisition of property SPVs from US lending exposures.

Business and strategic risks

Definition

Business and strategic risks are defined as risks that may potentially prevent corporate objectives from being achieved. For example, these may result from changes in the competitive environment or from an unsuitable strategic positioning in the macro-economic environment. We distinguish between allocation risk and investment risk. Allocation risk is defined as a divergence of operating results due to lower-than-expected income from allocated capital that cannot be offset through reductions in costs or administrative expenses. Investment risk is defined as the risk of the Bank being unable to compensate for any divergence in operating results through activities or investments in alternative business segments that generate results to the same or a similar extent.

Risk measurement and monitoring

As allocation risk is already covered by various planning scenarios, it is incorporated in aggregate risk cover.

Investment risk is measured across segments. It is quantified based on the assumption that additional upfront investment is required to establish an investment opportunity that was previously unavailable. This upfront investment is assumed to represent potential risk.

Liquidity risks

Definition

Liquidity risk in the narrower sense is defined as the risk that payment obligations cannot be met in full or on time. Aareal Bank Group's liquidity risk management system is designed to ensure that the Bank has sufficient cash and cash equivalents to honour its payment obligations at any future point in time. The risk management processes have been designed to cover not only the liquidity risk in the narrower sense (insolvency risk), but also market liquidity risk and refinancing risk – this includes cost risk, which is measured and limited accordingly as a component of the IRRBB. All elements have been integrated in an overarching ILAAP, which maps liquidity risks in both the normative and the economic perspective. Within the framework of Group planning, the Bank considers not only ICAAP risk parameters but also ILAAP risk parameters for a three-year horizon.

Risk measurement and monitoring

Treasury is responsible for managing liquidity risks, while Risk Controlling carries out ongoing monitoring and submits a daily liquidity report to Treasury, while also contributing to the monthly risk report for the entire Management Board. The following tools are used for this purpose:

Cash flow forecast

We have developed a cash flow forecast that provides information on our liquidity risk. This forecast report maps the cash flows of all balance sheet items and derivatives on a daily basis over a ten-year horizon. This liquidity risk information helps to assess the Bank's short-term liquidity position, broken down by currency or product. Strategic liquidity is taken into account using this ten-year cash flow profile. We use statistical modelling to incorporate the expected cash flow profile of products without a fixed contractual lifetime.

Liquidity run-off profile

The appropriateness of the Bank's liquidity from an economic perspective is assessed using a liquidity run-off profile (liquidity risk model). Here, the aggregate of all conservatively expected cash inflows and outflows over a three-month period is compared with the liquidity stock. This liquidity stock comprises all assets that can be liquidated at very short notice. The difference between the two figures (in absolute terms) indicates excess liquidity, once all claims assumed in the run-off profile have been fulfilled through the liquidity stock. There were no liquidity shortages throughout the period under review.

Stress testing

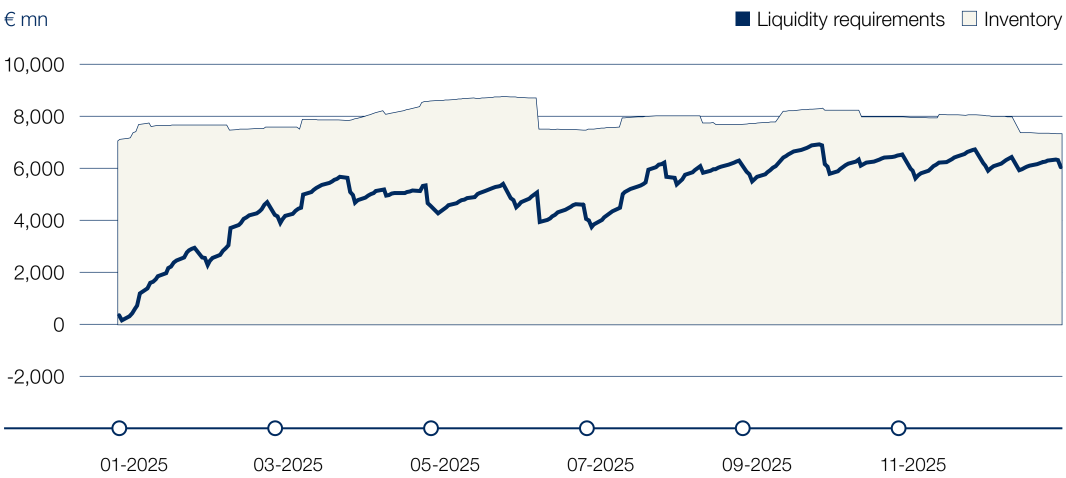
We also employ stress tests and scenario analyses to assess the impact of sudden stress events on the Bank's liquidity situation. The various standardised scenarios used – which include historic, idiosyncratic, market-wide and combined scenarios – are evaluated on the basis of the liquidity run-off profile.

We generally consider the withdrawal of deposits from the housing industry as the most significant scenario. Even in this stress scenario, liquidity is sufficient to cover the expected liquidity needs under stress conditions.

Time to illiquidity

To safeguard adequate liquidity beyond the three-month horizon covered by the liquidity run-off profile, we use the concept of "time to illiquidity" ("TtI") as a parameter. A liquidity run-off profile was developed for this purpose, comparing liquidity requirements occurring with the liquidity stock for a one-year period. Time to illiquidity denotes the remaining period (expressed in days) during which the Company can be regarded as sufficiently liquid, even under adverse conditions. In other words, liquidity requirements (including security add-on for adverse future events) do not exceed the liquidity stock. The calculations are based on contractual cash flows and the short-term risk assessment methodology (liquidity run-off profile), as well as the portfolio development within the current plan scenario.

The following chart shows the projected development of the liquidity stock, together with aggregate liquidity requirements (incorporating planned portfolio developments and including security add-ons for adverse future events) until the end of 2025. The chart demonstrates that the liquidity stock will always exceed liquidity requirements, even under adverse conditions.



Further details are provided in the comments on the Bank's liquidity in the section on the financial position.

Funding profile

Diversifying the Bank's funding profile by type of investor and by product is another key aspect of our approach to liquidity risk management. Core sources of funding such as customer deposits and funds invested by institutional clients – alongside covered and uncovered bond issues – make up the foundation of our liability profile. In this context, we refer to the comments regarding the breakdown of funding between money markets and capital markets, as set out in the description of financial position.

Concentration limits

As well as measuring the risk indicators themselves, we monitor concentrations of liquid assets and of funding sources, determining the percentage share of the ten largest counterparties and/or positions relative to the total portfolio.

A limit is set for each indicator in order to restrict the dependency upon individual positions or counterparties.

LCR forecast

We developed the LCR forecast as a measurement tool designed to ensure that we comply with the regulatory Liquidity Coverage Ratio at all times. A preview of the Liquidity Coverage Ratio is calculated over a horizon of up to three years, determining the ratio of highly liquid assets to cumulative net cash outflows for various end-of-month dates – allowing us to identify any potential liquidity shortfalls or reserves.

NSFR forecast

A forecast of the net stable funding ratio is another cornerstone of our liquidity management. It is calculated over a horizon of up to three years. This measurement tool allows us to forecast the regulatory Net Stable Funding Ratio for future dates, thus identifying any potential liquidity shortfalls or reserves in terms of the NSFR at an early stage.

Long-term liquidity run-off profile

The long-term liquidity run-off profile (Long Term LAB) provides a forecast of the economic perspective and determines the likely liquidity run-off profile (liquidity risk model) over a period of up to three years. This liquidity run-off profile compares the expected liquidity requirements and available liquidity for different scenarios at various points in time in the future. In this way, any potential liquidity shortfalls or liquidity reserves arising in the future are identified with regard to the liquidity run-off profile.

Accounting-related ICS and RMS

Tasks of the accounting-related Internal Control System (ICS) and the Risk Management System (RMS)

The accounting-related Internal Control and Risk Management System includes principles, procedures and measures to ensure the effectiveness and the efficiency of internal and external accounting, in accordance with applicable legal provisions. The tasks of the accounting-related Internal Control System mainly include ensuring proper conduct of business activities, guaranteeing proper internal and external accounting, as well as ensuring compliance with relevant statutory and legal requirements applicable to the Company.

The objective of the accounting-related Risk Management System is to identify, assess and limit risks which may impede the compliance of the financial statements with applicable rules and regulations. As with any other Internal Control System, the accounting-related ICS and RMS can only provide reasonable – but not absolute – assurance with regard to achieving this objective, regardless of how much care is used to design and operate this system.

Organisation of the accounting-related ICS and RMS

Aareal Bank's Internal Control System reflects the principles established by the Minimum Requirements for Risk Management (MaRisk) related to the company-specific design of the ICS. The design of this Internal Control System comprises organisational and technical measures to control and monitor the Company's activities, covering all entities of Aareal Bank Group. The Management Board of Aareal Bank AG is responsible for designing, implementing, applying, refining and reviewing an appropriate Internal Control System, in particular with regard to the accounting process. The Management Board makes decisions regarding the scope and the design of specific requirements; it has defined the responsibilities for the individual process steps in connection with accounting by means of organisational guidelines, and has delegated these responsibilities to individual organisational units.

Aareal Bank prepares its financial statements in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – "HGB") and its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. The Finance & Controlling division controls accounting processes, to ensure conformity with legal requirements, as well as with any further internal and external provisions. The accounting-related requirements that have to be applied are documented in guidelines and IT requirements.

For the consolidated financial statements in accordance with IFRSs, the companies that form part of the Group create an IFRS package as at the respective reporting date. This includes financial statements prepared under IFRSs and in accordance with the IFRS Group Accounting Manual, as well as the Notes and consolidation information (intercompany balances). All packages are recorded by the Finance & Controlling division in a consolidation software and aggregated for the purpose of preparing the consolidated financial statements.

The Supervisory Board is responsible for monitoring the Management Board. Within the scope of financial reporting, it approves the single-entity financial statements of Aareal Bank AG as well as the consolidated financial statements and the Group Management Report. Measures taken by the Supervisory Board to ensure an efficient performance of its control functions include the establishment of an Audit Committee, which is primarily responsible for financial reporting issues and monitors the effectiveness of Aareal Bank's Internal Control System. It analyses and assesses the presented financial statements and internal risk reports as well as the quarterly reports submitted by Internal Audit. In addition, the Audit Committee is responsible for determining the focal points of the audit, as well as for evaluating the external auditors' findings. The Audit Committee includes an expert in the fields of accounting or auditing, pursuant to section 100 (5) of the German Public Limited Companies Act (Aktiengesetz – "AktG").

Internal Audit also assumes a monitoring function not related to the process. It reports directly to the Management Board, and provides auditing and consulting services which are designed to optimise Aareal Bank's business processes with regard to accuracy, safety and efficiency. The Internal Audit division supports the Management Board by evaluating the effectiveness and appropriateness of the process-dependent Internal Control System and of the Risk Management System in general. Any detected weaknesses regarding the identification, evaluation and reduction of risks are reported and addressed within the context of specific action plans.

Internal Audit also performs Group audit functions for Aareal Bank's subsidiaries, within the context of the Group's risk management. The review of the risk management's effectiveness and appropriateness covers the risk management and risk control systems, reporting, information systems, and the accounting process. To perform its tasks, Internal Audit has full and unrestricted information rights with respect to activities, processes and IT systems of Aareal Bank AG and its subsidiaries. Internal Audit is informed on a regular basis about material changes related to the Internal Control and Risk Management System.

The review of process-integrated controls conducted by Internal Audit is based on a set of internal regulations, procedural instructions and guidelines of Aareal Bank Group. The audit activities of Internal Audit comprise all of the Group's operational and business processes, and are carried out using a risk-based approach.

The Management Board regularly assesses the appropriateness and effectiveness of the ICS and RMS. This assessment is primarily based on the result of the semi-annual ICS report and monthly risk reporting and provides the Management Board with an overview of the key elements of Aareal Bank Group's ICS and RMS. As part of the reporting, the Management Board thus receives a summary of the assessment activities regarding the appropriateness and effectiveness of the ICS and RMS, as well as of any anomalies that were identified during these activities. The information contained in the ICS report and risk reporting are also presented to Aareal Bank AG's Supervisory Board as a report on the effectiveness of the ICS and RMS. The assessment of the ICS is based on the evaluation of the decentralised ICS officers, which includes internal and external audit results in particular. On this basis, the Management Board has no evidence that the ICS or RMS in their entirety are not appropriate or effective as at 31 December 2024.

Irrespective of this, the effectiveness of any risk management and control system is subject to an inherent restriction. Therefore, no system – even if it was evaluated as appropriate and effective – can guarantee a 100 % prevention of risks or process violations under all circumstances. In addition to the ICS and RMS, and especially for those processes and procedures that, due to high momentum and a large number of new regulations, are not yet at the same stage of maturity as established processes, Aareal Bank has established a Code of Conduct for its employees. By establishing ethical conduct as both a guideline for corporate action and a minimum requirement when dealing with new or unregulated matters, this Code of Conduct is instrumental in minimising violations of internal and external regulations.

Components of the accounting-related ICS and RMS

Within Aareal Bank, various measures related to the Bank's organisational structures and procedures help to fulfil the monitoring duties within the framework of its Internal Control System.

A prerequisite for the monitoring system to work efficiently is a Written Set of Procedural Rules governing the distribution of tasks between the individual divisions and the scope of the respective activities. The organisational structure of the Finance & Controlling division is set out in the Bank's organisational guidelines. Aareal Bank's accounting system is structured observing the principle of separation of functions, which makes for a split between operative and administrative roles, and is designed to ensure a sufficient level of control.

Various guidelines exist for activities and processes. These guidelines are set out in the Written Set of Procedural Rules of Aareal Bank and can be accessed and viewed by all affected employees. There are requirements as regards data entry and control – as well as data storage – which have to be observed in general by all of the Bank's posting units. If necessary, results are reconciled across divisions or companies. Uniform accounting methods and measurement techniques are guaranteed through guidelines applicable throughout the Group. The requirements of these Group-wide guidelines substantiate legal provisions, and are adjusted on an ongoing basis to take current standards into account. The valuation techniques used, as well as the underlying parameters, are controlled regularly, and adjusted if necessary.

In addition, the Bank's Risk Manual summarises the material elements of Aareal Bank Group's Risk Management System. Specifically, the Manual describes the organisational workflows as well as methods and instruments used in the context of risk management. In this context, reference is made to our explanations in the Risk Report.

Clearly-defined rules as regards delegation of authorities facilitating the allocation of professional responsibilities also contribute to reliable financial reporting. Any decisions taken are always based on relevant authorities. Internal controls defined on the basis of risk considerations are embedded in the accounting process. Compliance with the principle of dual control in all material processes is one of the principles for ensuring accurate accounting. Where no integrated approval system/dual control feature has been implemented in the accounting IT systems for material transactions, this has been integrated and documented in the manual process workflows.

Adherence of accounting to generally accepted accounting principles is ensured by both preventive and detective controls, as well as through a review of processed data. The preparation of the consolidated financial statements is characterised by multiple analyses and plausibility checks. Besides the evaluation of individual accounting issues, these include comparisons of periods, and between plan and actual data. Control processes have been implemented for both manual and automated accounting transactions.

In order to increase the level of control quality, all relevant divisions are involved in the reconciliation process. An example of cross-divisional reconciliation is the process for the preparation of annual and interim reports. All divisions involved must ensure and (prior to preparation by the Management Board) confirm the quality of the sections of the reports they are responsible for. This represents an additional control level for the data to be disclosed.

In terms of organisational workflows, the accounting-related Internal Control and Risk Management System is based on a comprehensive standardisation of processes and software. Aareal Bank Group uses both standard and customised software. The consolidation software provides technical support to the reconciliation of Group-internal relationships, in a clearly-defined process. The data of the units included is reported using a uniform standardised chart of accounts. The Group's accounting-related IT systems were designed in such a way that both manual controls and automatic plausibility checks are performed for material technical and procedural system steps of the applications used. The controls regarding IT system processing are both integrated in the processes and performed independently of processes. Process-integrated controls comprise, for example, the review of error and exception reports or the regular analysis of internal service quality, whereas IT reviews conducted by Internal Audit are process-independent.

Data and IT systems must be protected from unauthorised access. A differentiated access authorisation concept is in place for the systems used for finance and accounting, preventing manipulation of data. Access authorisations are allocated to the responsible employees, reviewed regularly, and adjusted if necessary in accordance with internal criteria.

Aareal Bank reviews its accounting-related Internal Control and Risk Management System on an ongoing basis. Necessary adjustments are made with respect to the accounting process based on the Bank's reviews. Adjustments may have to be made, for example, in connection with changes in the Group structure, to the business model, or due to new legal requirements.

Aareal Bank has to comply with legal requirements. If these requirements change, for example in the form of new laws or changes in accounting standards, the processes or IT systems will be adjusted as required in separate projects across divisions – based on a clearly-defined allocation of functions, and the accounting-related Risk Management System will be adjusted to take the amended rules into account. Current developments of statutory and legal provisions applicable for Aareal Bank are constantly monitored and reported to the responsible divisions. The Risk Committee also initiates any required adjustments to be made to systems and processes, and reports the results to the Management Board.

Report on Expected Developments and Opportunities

Macro-economic environment

Economic activity and the financial and commercial property markets are all exposed to numerous risks, and the economic outlook for 2025 will depend greatly on how the United States and China perform. While Donald Trump's second term in the White House could have serious repercussions on trade and migration, the recession in China could spread to other economies around the globe. What is more, geopolitical tensions and conflicts could continue in 2025 – with far-reaching implications for the economy and politics. Risks arising from the consequences of past monetary policy tightening, government indebtedness, political instability and global warming remain key issues.

Donald Trump could use the power granted to him as the 47th president of the United States to restrict immigration to the US and to impose higher tariffs on imports from China, Europe and other trading partners. With a Republican majority in both chambers, the new US Congress is likely to uphold tax cuts and increase government spending. While a more expansive fiscal policy could strengthen the US economy in the short term, strategic tariffs imposed by the US are likely to be met with retaliation from the countries in question. This could lead to a global trade war that, with less trade and greater price pressure, could have a strong impact on the global economy over time. A reduction in immigration would make it more difficult to achieve the labour force required for sustainable economic growth.

Geopolitical conflicts – such as the ongoing Russia-Ukraine war or the war between Israel and Hamas – also pose a significant risk for the global economy as they can weigh on economic growth in many different ways. Not only do they lead to loss of human life, destroy capital and infrastructure, and disrupt supply chains – which in turn results in food and energy shortages – but they also impact investor confidence. Armed conflicts, increasing trade tensions and political animosities between China and the Western world, along with tensions between China and Taiwan, could also put a drag on global economic growth. A broader definition of relevant risks includes terrorism, cyber attacks and sabotage of critical infrastructure.

Despite positive inflationary developments and interest rate cuts by major central banks, core inflation remains high as a result of tight labour markets and soaring service prices, indicating that companies are passing on higher prices to their customers. Such monetary tightening could continue to have serious consequences and may trigger an increase in bond yields and negative corrections on the equity and property markets. In addition, limited liquidity on the funding markets could place enormous pressure on financial institutions and, combined with uncertainty about economic momentum, inhibit lending activity. Bank profitability is also negatively affected by the ECB's decision to cut the interest rate on minimum reserves to 0 % and by the further tightening of regulatory requirements. Lifting the level of minimum reserve requirements – an option that is currently being discussed by some Eurosystem central banks – would make life even more difficult for banks.

Another risk is the significant increase in government indebtedness and bond yields in many economies as a result of the extensive fiscal support measures taken during the Covid-19 pandemic, but also due to economic downturns, political uncertainty and concerns about the sustainability of government debt. Also, risk premiums for heavily indebted countries could rise again given that asset purchase programmes have been phased out and terminated and that debt levels in advanced economies such as the US and France have risen. Corporate debt has also reached a high level in many advanced economies, mainly owing to bond issuance. Declining cash flows and a looming inability to make interest payments can lead to the credit quality of these bonds being downgraded.

In the longer term, the political shift away from European cohesion poses a significant threat not only to the EU, but also to Europe as a whole. Insufficient coordination and cooperation on migration issues and the slowdown in economic growth have fuelled the rise of populism, among other things, and heightened electoral successes for populist and EU-sceptic parties in many countries – and in the EU Parliament itself. The reform backlog and structural economic problems in some euro zone countries create further uncertainty. Even though the EU's investment package is aimed at supporting these countries in particular, there is a risk that the measures will not be sufficient to resolve structural problems.

The efforts of many countries and companies to limit global warming require a far-reaching transformation of the economy as a whole. This is an opportunity for companies to switch to environmentally friendly property and equipment and to re-assign labour – both factors that will be key for a more sustainable future. At the same time, the macro-economic impact of this transition is uncertain and the actual effects depend on a number of factors. This structural change also entails costs that will be borne by companies and consumers alike. For instance, decarbonising the economy, for instance, not only relates to energy supply but also requires significant changes in industry, transport, construction and agriculture. In addition to the transition costs incurred in decarbonising the global economy, the costs that are directly attributable to climate change will also increase over the medium term. Extreme weather events and natural disasters could intensify over time, not only causing physical damage but also impacting the real economy – for example in the form of rising food prices, disruptions to supply chains and repercussions on the labour markets. The increase in physical damage will depend on how well the global community succeeds in reducing greenhouse gas emissions.

In the context of macro-economic development, these factors are also significant for the financial and capital markets, and could entail material risks for global economic growth if they were to materialise to a considerable extent. On the other hand, fiscal stimulus in advanced economies provides opportunities, alongside a boost to private consumption if monetary policy is eased faster than expected and if excess savings are reduced further. Productivity increases – for example by introducing digital technologies or through advancements in using AI – are another boosting factor.

Economy

The growth momentum experienced by the global economy in 2024 is expected to continue in 2025. The prospects of fiscal policy easing in the US plus fiscal policy support in China should help to improve the forecast for global growth marginally. While major central banks are likely to succeed in reining in inflation rates and keeping them at an average of around 2% in the medium to long term, short-term inflation rates could fall below the 2% target. This growth and inflation outlook should allow central banks to continue reducing key interest rates and to pursue a less hawkish monetary policy, while fiscal policy remains the key driver of economic growth.

Real GDP growth in the euro zone is expected to show a gradual increase in 2025, reaching 1.1% for the full year. The main challenges here continue to be an ailing industrial sector, cautious consumers and, above all, a weak German economy. The economy is set to benefit from monetary policy easing, as the ECB is expected to continue cutting interest rates. At the same time, fiscal tightening is on the cards in 2025 as governments shift their focus from support measures to reducing general government deficits. Finally, trade barriers could increase as Donald Trump is planning to raise tariffs, which could also hamper European economic growth.

With increasing real income and savings driving consumer expenditure, the United Kingdom is also expected to post real growth of 1.1% in 2025. Even though recent government budget changes indicate that fiscal policy should act as a moderate tailwind for economic growth, the consequences of earlier monetary policy tightening will continue to affect the real economy – a prime example being interest rates for private households remaining higher for longer. On the other hand, Trump's tariffs are likely to have only a limited impact on the UK.

The US economy is expected to follow a more dynamic growth pattern than many other advanced economies in 2025. This can be attributed to solid employment growth, an ongoing investment boom and potential additional fiscal stimulus measures during Donald Trump's second tenure. Real GDP is expected to climb by 2.6% in 2025. Spending and tax-related measures under a Republican administration could bump up the budget deficit. However, due to legislative delays and the staggered impact of measures, it is likely that growth for 2025 will only be affected to a limited extent. At the same time, negative effects resulting from higher tariffs and reduced migration under Trump will manifest themselves gradually and may impact long-term economic growth.

On the other side of the Pacific, Australia's restrictive monetary policy will continue to weigh on growth and the outlook here may worsen due to a strong dollar and a weaker Chinese economy.

Financial and capital markets, monetary policy and inflation

The risks and uncertainty factors referred to above are also significant for the financial and capital markets. Even though many central banks have already initiated a monetary policy easing cycle, global bond yields at the end of 2024 are higher year on year, mainly because quantitative tightening programmes are still in place, reducing central bank balance sheets and increasing upward pressure on yields. All of this is exacerbated by the political uncertainty in the US and concerns regarding fiscal stability in the United Kingdom and France, which are expected to persist over 2025. On the positive side, credit terms might improve as leading central banks are expected to maintain monetary policy easing in 2025.

Inflation is set to follow a downward trend, with the overall inflation rate in some economies possibly falling below the 2% threshold in the near future. For example, favourable food and energy price developments should drive inflation in the euro zone below the ECB's 2% target in 2025, boosting real income and, in turn, consumer spending. In the UK, inflation is likely to edge upwards, due among other things to a stronger US dollar that will push up the price of imported goods. Pricing in the US could be volatile in 2025 because the Trump administration's fiscal, trading and migration policy could well create additional inflationary pressure. The persistent service inflation seen in the advanced economies in 2024 is only likely to subside marginally in the shorter term. In addition, the increasing political uncertainty and deglobalisation risks could make it more difficult to reach central bank inflation targets.

Real economic growth is expected to be solid but unspectacular in the short term, lacking in momentum while inflation is set to decrease. In such an environment, central banks are expected to pursue a less restrictive monetary policy in 2025 and to continue to cut interest rates – albeit at different paces. The ECB and the Bank of England have taken an increasingly dovish stance, which could support interest rate cuts at shorter intervals, given a tighter fiscal policy. Meanwhile, the Fed has indicated that it will make fewer rate cuts in 2025. As some Fed representatives have included political uncertainty factors in their forecasts, the market assumes that it will take longer for key interest rates to return to a neutral level.

Regulatory environment

It is likely that the trend towards a tighter regulatory framework will continue in the years ahead.

This includes above all the final steps for fully implementing the EU Banking Package that stipulates the implementation of the final draft of the Basel III framework into EU law (known as Basel IV), as resolved by the Basel Committee (BCBS). The final Regulation (CRR III) and Directive (CRD VI) of the EU Banking Package were published in the EU Official Journal on 19 June 2024 and came into effect on 9 July 2024. At the same time, the European Banking Authority (EBA), as per its roadmap, worked on implementing its mandates in 2024 to prepare technical standards, which in turn serve to further develop and specify the rules and provisions. The scheduled first-time application of the new regulations that are most relevant for the Bank is 1 January 2025 – two years later than initially planned by the BCBS. The first CoRep report must be submitted as at 31 March 2025, but the supervisory authorities are granting the banks a longer submission deadline until the end of June 2025 (previously: mid-May 2025). Quarterly reporting requirements regarding interest rate risk in the banking book will have to be met regularly from the reporting date of 30 September 2024 onwards. The supervisory authorities brought forward these requirements through ad-hoc reports for the reporting dates of 31 December 2023, 31 March 2024 and 30 June 2024.

To improve the sector's resilience vis-à-vis information and communication technology risks, the EU Commission and the European Council adopted the "Regulation on digital operational resilience for the financial sector" (known as the Digital Operational Resilience Act (DORA)) at the end of 2022. It has entered into force 17 January 2025; henceforth, all serious ICT incidents will be reported centrally to BaFin.

In addition, requirements for sustainable business and ESG risk management will increasingly define the regulatory landscape in the years to come. To that end, CRD VI – which is to be transposed into national law by January 2026 at the latest – is setting out more requirements that will be further specified through corresponding publications by the EBA. Another material foundation here is the introduction and further expansion of the EU taxonomy for classifying economic activities. Disclosure requirements for the 2024 financial year and beyond have increased due to the (first-time) application of the Corporate Sustainability Reporting Directive (CSRD). In addition, the number of data points to be published for 2024 has increased due to the requirement for large capital market-oriented institutions to include qualitative and quantitative information on ESG risks in the regulatory disclosure report on a half-yearly basis, as stipulated by the CRR II.

ESG risk management will also play an increasingly important role in the context of risk management and the SREP. As such, the EBA published its guidelines on the management of environmental, social and governance (ESG) risks on 9 January 2025, specifying the identification, measurement, management and monitoring of ESG risks and plans for increasing resilience. The supervisory authorities are also considering including ESG factors when determining regulatory capital requirements.

2024 also saw a trend towards the (re)introduction of capital buffer requirements, with supervisory authorities in many countries defining or increasing countercyclical capital buffers and/or capital buffers for systemic risks. If it continues, this trend will lead to further increases in capital buffer requirements.

Sector-specific and business developments

Structured Property Financing segment

The macro-economic risks and headwinds described above are also of great relevance for the development of property markets.

Demand for commercial properties will vary again in 2025, depending on the region and property type. Even though financing costs are expected to remain at a high level, we are seeing the first signs of the property markets stabilising. This means that commercial properties should finally be on the brink of recovery after a difficult number of years. With central banks beginning to cut interest rates, valuation levels seem to have reached or even exceeded their low point in most sectors. At the same time, we are seeing signs that credit terms are improving and investment activity is recovering.

The prospect of further monetary policy easing remains a positive factor, a trend that – following the first interest rate cuts in 2024 – is set to continue in 2025, leading to lower capital costs and a better financing environment. This in turn could boost investments in the commercial property markets and channel capital flows into these as well. Encouragingly, commercial property yields are also stabilising. Even though local market conditions and investor preferences continue to play a role, declining capital costs should continue to mitigate the upward pressure on yields. The decrease in new construction activity is also helping to align supply with demand. As well as this, gradually easing lending standards and better availability of debt capital could provide an additional stimulus for market activity and pave the way for more optimistic market sentiment.

Even though the market is expected to recuperate, there are potential risks and uncertainty factors that need to be considered. Potential risks include (geo)political uncertainty, which could impact the stability of markets and lead to more reticence among investors. Another is that the economy proves to be weaker than expected, which could dampen demand for commercial property. And if, contrary to expectations, restrictive lending standards and high financing costs were to materialise at the same time, this could hamper investment activity and a potential recovery. In addition, as fixed-rate loans are subject to continual refinancing, average effective interest rates on the overall market will continue to rise in the short term. This may have a negative impact on the viability of debt service or investors' free cash flow after debt servicing, especially when fixed-rate periods or hedging instruments expire. The situation may even be exacerbated by tenant defaults as a consequence of negative economic developments and, in turn, lower demand.

Aareal Bank believes that strong competitive pressures will persist and could even increase on the financing markets, especially in regions (and for property types) that have already experienced high demand in recent years. Office properties in particular vary greatly in performance: while demand for high-quality buildings in central locations remains high, lower-quality properties and those located in peripheral locations still report weaker demand and performance. As the expected level of financing costs and lending standards should counteract a marked increase in loan-to-value ratios (LTV), we assume that LTV ratios for new business will be largely stable. Nonetheless, changes in the market environment could increase the pressure on gross and net margins or lead to moderately higher LTVs. Transaction activity is expected to gain more and more momentum over the course of 2025.

Should the trend towards increased remote working continue or even intensify, companies may increasingly decide to rent less office space. The transition to this new way of working exerts pressure on rental prices for office properties and on the demand for office space. However, we are already seeing a certain degree of stabilisation, with more and more larger corporates asking their employees to return to the office. It can be assumed that the impact varies depending on the market, the country and the quality of the properties in question. In addition, generative AI applications are expected to exert considerable influence on the economy, as tasks – especially in office work – are being automated. AI could leave its mark on this sector, resulting in a further decline in demand for space, provided that this is not offset by an increase in office work. On the other hand, the changing world of work will lead to a growing demand for communal and flexible working spaces. There is also the possibility that office properties that do not meet the changed tenant requirements may leave the market for good, which could lead to a shortage of office supply, preventing a decline in rent levels.

Aareal Bank expects financing costs to remain the key driver for valuations in 2025. Even though central banks have started to cut interest rates, long-term bond yields should not return to pre-pandemic levels for the time being. This restricts the yield compression potential and makes valuations more dependent on rental increases. Market values are expected to remain stable on average, accompanied by first positive drivers for capital value growth although these are not likely to unfold until subsequent years. This development will depend greatly on the property's quality and location, and individual sub-markets might experience further downside pressure. At the same time, compliance with sustainability criteria (ESG) is an increasingly important factor for market value development.

With regard to retail properties, Aareal Bank expects consumer spending to continue supporting the outlook for value-driving rental revenues. Even though revenue forecasts in most markets are optimistic, risks still remain. For example, weaker labour markets could result in consumer spending failing to meet expectations, which in turn could impact rental growth. However, the sustained low unemployment rates should limit any negative effects on the retail segment.

While hotels saw a significant recovery in both occupancy and income over the past few years, depending on their respective location and segment, this recovery seems to be coming to an end. Nonetheless, with real income increasing and unemployment remaining low, sector fundamentals and income are set to remain healthy and above pre-pandemic levels in the short term, even if hotel revenues are unlikely to grow much more, given that room rates have already increased substantially. Free cash flow is impacted by the increased operating costs that are a side effect of the high inflation seen in previous years. Interest levels remain high, restricting the potential for short-term market value increases.

Our assessment of the alternative living segment – which comprises both co-living (i.e. shared living for a given period of time) and student accommodation – remains positive. With universities having returned to face-to-face teaching, demand – especially from international students – has already recovered significantly and remains high. The supply of new buildings here continues to lag behind the rise in student numbers at many university and technical college locations. As a result, demand is outpacing supply. Given that these property types are seen as having a certain resilience, especially in times of economic uncertainty, we expect investor interest to remain high in this segment.

For the current year, we once again expect the market values of office properties to continue experiencing the greatest price pressures on average compared with other property types. We also expect rental growth to slow as a result of potential changes in space requirements and the increasing influence of sustainability standards. Office properties that fail to comply with corporate environmental and sustainability criteria or statutory climate-related requirements are set to show a weaker performance. However, the trend towards more sustainable office properties also gives financiers the opportunity to be a part of the office property transformation towards a greener economy. One significant downside risk for this forecast is that the market values of office properties could decline more than expected. The market is still undergoing a period of price recalculation, a process that is rendered more difficult by the small number of transactions. If there were a marked increase in the number of office properties in serious distress, yields would most likely rise due to higher risk premiums, which in turn could cause market values to plummet.

Our assessment for logistics properties remains positive, as structural demand drivers are still in place and should lead to positive rental growth forecasts in the near future. However, growth is likely to be more moderate than the exceptionally strong increases seen in recent years. Overall demand will continue to be underpinned by a shift from just-in-time to just-in-case production – an attempt by companies to counter supply chain challenges and prevent delays. Logistics properties also benefit from the ongoing trend of logistics companies offering additional services (such as simple product steps) alongside transport, storage and distribution services. In the medium term, we expect higher investments in the areas of digital transition and robotics to improve supply chain efficiency while smart technologies drive operational growth.

Generally speaking, it is still very difficult to make accurate estimations concerning the economy, markets and the impact of these on Aareal Bank. Because of this, we are simulating further potential macro-economic scenarios in addition to our “baseline” scenario.

In line with current Group planning, our baseline scenario assumes the following macro-economic parameters:

in %	2024	2025	2026	2027
“Baseline” scenario				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	0.8	1.2	1.5	1.6
USA	2.8	2.6	2.7	2.6
UK	0.9	1.4	1.7	1.8
Unemployment (%)				
Euro zone	6.4	6.4	6.4	6.3
USA	4.1	4.3	4.0	3.8
UK	4.4	4.7	4.6	4.5
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.0	3.0	3.0	3.1
USA	4.2	4.2	4.1	4.1
UK	4.1	4.3	4.0	3.6
Portfolio-weighted property price development (2024 basis = 100%)	100 %	99 %	100 %	102 %

We are aiming for new business of between € 9 billion and € 10 billion for the Structured Property Financing segment in the 2025 financial year. Factoring in repayments, we therefore expect Aareal Bank Group's property financing portfolio volume to amount to approximately € 34 – 35 billion, subject to exchange rate fluctuations. We use syndications and other instruments to manage our portfolio and risk exposure.

The forecasts are based on the assumption that the macro-economic risks and uncertainty factors described above will not materialise to a significant extent, or only in a manageable manner: otherwise, they might influence performance, for example with regard to new business.

Banking & Digital Solutions segment

Germany's housing and commercial property industries are expected to continue their solid performance in 2025 in spite of the geopolitical and macro-economic uncertainty. The demand for housing will continue to outstrip supply, given that persistently high construction finance interest rates are bound to affect the viability of financing new construction projects, despite the continued easing of construction costs and shortage of materials.

This means that further rent increases can generally be expected, as people are continuing to move to metropolitan areas and university cities (a trend that is expected to last until at least 2035). Coupled with the low number of new building permits, this will increase pressure on the housing market. The existing trend towards smaller households has an exacerbating effect.

Even though the Bank's market share in the institutional housing industry is already high, we see excellent opportunities in 2025 for acquiring new clients and intensifying existing client relationships. We plan to achieve this by continuing to invest in expanding the "Housing Industry Ecosystem", through the cross-sector development of interface products, and by moving into related ecosystems, such as companies from the energy and waste disposal industries. The long-term strategic partnership between Aareal Bank, Aareon and First Financial Software GmbH will also continue to contribute to this.

We anticipate an average deposit volume from the housing industry of between € 13 billion and € 14 billion for the Banking & Digital Solutions segment, which will make a significant contribution to consolidated net interest income.

Strategic focus

Aareal Bank's positive performance in recent years has been due in no small part to its "Aareal Next Level" strategy, which was launched in 2020 and refined within the scope of a 360-degree review in 2021 / 2022. The key strategic convictions that guided us when conceiving "Aareal Next Level" are still viable today. In spite of the challenging market environment, Aareal Bank is expanding its strategic positioning and exploiting the opportunities that present themselves in all areas of its business. Aareal Bank has also strengthened its operational resilience, allowing the Bank to hold its own even when there are significant headwinds in our core markets. We are constantly reviewing the strategic framework, benchmarking our performance against that of our peers and making adjustments wherever necessary. We have also improved upon our strategic framework with our new "Aareal Ambition" strategy.

Built on Aareal Bank's strong market position and excellent reputation, "Aareal Ambition" pursues the following four strategic targets: STRENGTHENING THE CORE: strengthening Aareal Bank's core business to exploit unique selling points effectively and increase earnings sustainably in all our segments, EXPANDING BEYOND: making use of new opportunities in related markets by pursuing clear growth initiatives and focusing more on capital-light business, ENHANCING EFFICIENCY: improving the infrastructure by changing workflows, taking efficiency enhancement measures and making strategic platform investments, and MAINTAINING DISCIPLINE: maintaining solid capital and liquidity indicators, and continuing to follow a RARORC-based approach to new business within our existing and unchanged risk strategy.

Our four strategic targets are based on five components. In the Structured Property Financing segment, we will use our expertise to pursue strategic on- and off-balance sheet growth. In the Banking & Digital Solutions segment, we will build on our excellent foundation and increase the market share of our strong client base in Germany while also exploiting opportunities in related industries and offering our products and services to a broader international audience. As far as INFRASTRUCTURE is concerned, we will improve our activities by increasing the efficiency of our processes and taking advantage of a powerful IT scalability. For RISK, FUNDING &

CAPITAL, we will expand our market reach and optimise profitability while maintaining solid capital and liquidity indicators. And with regards to PEOPLE, our strong pipeline of talents and improved management structure will ensure that we perform well.

All in all, the strategy aims to achieve sustainable growth and boost profitability. Specifically, we want to increase return on equity – based on a reference CET1 ratio (Basel IV, fully phased) of 13.5 % – to over 13 % in 2027.

Group targets

We expect that sentiment towards the commercial real estate sector will continue to gradually improve over the course of the year resulting in further selective increases in transaction volumes, albeit income growth will be adversely impacted by anticipated reductions in global interest rates. The net effect of the above, combined with tight cost control and further reductions in credit impairment charges, is anticipated a further increase in adjusted[1)] consolidated operating profit to between € 375 million and € 425 million and an adjusted[1)] return on equity (RoE) of between 7 % and 8 % in the 2025 financial year.

Depending on market conditions and exchange rate movements, we expect our new business (including renewals) to be between € 9 billion and 10 billion resulting in a credit portfolio of between € 34 billion and 35 billion by the end of 2025.

The average deposits from the housing industry that are managed by our Banking and Digital Solutions segment are expected between € 13 billion and € 14 billion.

We expect a Basel IV fully phased CET1 ratio significantly in excess of 13.5 %.

Corporate Governance Statement

The Corporate Governance Statement is publicly available on the Company's website (www.aareal-bank.com/en/about-us/corporate-governance/), and in the "Transparency" section of the Group Annual Report.

Statement pursuant to Section 312 of the AktG

The Management Board has prepared a report on the relationships with affiliated companies (Subordinate Status Report) for the financial year 2024 pursuant to section 312 of the AktG, issuing the following statement: "Based on the circumstances of which the Management Board was aware at the point in time the legal transactions were entered into, Aareal Bank AG received appropriate consideration for all legal transactions listed in the report on the relationships with Atlantic BidCo GmbH and affiliated companies."

[1)] Between € 20 and € 25 million in costs for efficiency enhancement measures and IT infrastructure investments are expected in 2025.

Combined Sustainability Statement

General information

As the parent undertaking of Aareal Bank Group, Aareal Bank AG presents the combined non-financial statement for Aareal Bank AG and Aareal Bank Group, which is based on the reporting entity structure for the consolidated financial statements. The sustainability statement covers the 2024 financial year and was prepared in accordance with section 340a (1a) in conjunction with section 289b (3), section 289c and section 340i (5) in conjunction with section 315b (3) of the German Commercial Code (Handelsgesetzbuch – HGB) in the version as amended by the German CSR Directive Implementing Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG), since the CSRD (Corporate Sustainability Reporting Directive) had not yet been transposed into national law in Germany as at the time of preparation. The sustainability statement has been prepared on the basis of the ESRSs (European Sustainability Reporting Standards) as the European framework. The change to this framework in comparison to financial year 2023 is due to the expected transposition into national law of the CSRD and the requirement to apply the ESRSs. Aareal Bank AG specifies and oversees the globally applicable policies and rules as parent undertaking of Aareal Bank Group. As required by section 289d of the HGB, Aareal Bank AG hereby states that it does not use a framework to prepare the sustainability statement. Furthermore, there is no difference in the key performance indicators for Aareal Bank Group and Aareal Bank AG, since Aareal Bank AG accounts for over 90% of Aareal Bank Group's total assets.

ESRS 2: General disclosures

Basis for preparation

BP-1 5

The sustainability statement is prepared on a consolidated basis. The basis of consolidation for the sustainability statement corresponds in principle to that used for financial reporting. However, unconsolidated equity investments are also taken into consideration when examining the value chain. This information has been explicitly identified. None of the subsidiaries are required to submit a sustainability statement in their own right. This report contains rounded numbers, which may result in slight differences when aggregating figures and calculating percentages. Where no specific reference is made to Aareal Bank AG, the information provided in this statement refers to Aareal Bank Group.

The Group's value chain is taken into account throughout the entire sustainability reporting process. Besides to Aareal Bank AG, this applies to all subsidiaries, equity investments assessed as part of the value chain, and other upstream and downstream links in the value chain. For example, the double materiality assessment includes the upstream and downstream value chain. Upstream, impacts, risks and opportunities (hereinafter referred to as IROs) relating to Aareal Bank Group's suppliers and service providers are reviewed. Downstream, IROs relating to clients (borrowers) are examined. Indirect business relationships with the operators and tenants of the properties financed by Aareal Bank are also taken into account here as far as possible and where appropriate. The value chains of those subsidiaries whose business models differ from the rest of the Group – plusForta GmbH and La Sessola Service S.r.l. – have also been taken into account in the sustainability statement and are included in the information provided.

In line with this, policies, actions and targets in relation to ESG factors also extend in part to Aareal Bank Group's value chain. For example, the Code of Conduct for Suppliers aims to ensure that the business practices adopted by upstream actors in the value chain do not conflict with Aareal Bank Group's ethical principles. Similarly, Aareal Bank's downstream AFC (anti-financial crime) strategy serves to detect borrowers that are not involved in illegal business activities, that Aareal Bank Group has excluded for ethical reasons, or that are engaged in sanctioned activities. Equally, potential tenant and utilisation risks for the assets are explicitly included in the cash flow and credit views, carefully analysed and incorporated in the holistic assessment of the exposure during loan origination. As regards property operation – and hence explicitly also the "indirect" relationships between Aareal Bank AG and building operators/users/tenants – Aareal Bank AG specifically stresses economic and reputational factors, since an economic business model and a tenant base that reflects this are critical to successful debt service coverage by borrowers. ESG factors play a major role here: in the area of social and governance matters, business models pursued by (potential) tenants or operators – i.e. indirect business partners – that are viewed negatively by society are subjected to critical assessment and incorporated in a holistic assessment of whether or not to extend a loan. In the case of existing loan commitments, detailed examinations of such issues are also made in conspicuous situations. Environmental matters are given a high priority: the goal is to achieve transparency regarding the environmental impacts for a property that arise from its operation by users/operators/tenants. The main focus here is on energy consumption and carbon emissions – the reasons why the building or its operation have a demonstrable impact on climate change.

Equally, the acquisition process that leads to accounts being opened in the BDS (Banking & Digital Solutions) business segment entails a deliberate decision to enter into a business relationship with potential clients, in line with the BDS's know your customer (KYC) policy. Apart from economic matters, the main focus here is on reputational risks, and on the clients' structure, positioning and behaviour. This process, which is first initiated by the sales employee concerned in their role as the first line of defence, is supported by the involvement of the Onboarding Committee as a standard procedure. Potential new clients are presented to the Onboarding Committee, which then decides in light of the matters mentioned above on whether onboarding should take place. At the same time, clients undergo ongoing monitoring as part of the KYC process. Here, too, the Anti Financial Crime department provides support for the AFC strategy requirements mentioned above, including screening of negative information, in the case of clients with a high-potential money laundering risk.

The main focus of the metrics disclosed in relation to the value chain is on environmental aspects. Category 15 Scope 3 emissions (Investment Emissions, which include financed carbon emissions) are particularly relevant here. Aareal Bank Group produces annual reports with the relevant metrics. Chief among these are the Impact and Allocation Report associated with the Green Finance Framework (current version: October 2023) and the PCAF Report, which are also made publicly available on Aareal Bank AG's website. The transition plan to be developed in 2025 will also contain a decarbonisation pathway for the loan portfolio, which will serve as the basis for developing medium- and long-term decarbonisation targets. This will enable concrete targets to be set in relation to the downstream value chain.

Special provisions were not applied regarding the non-disclosure in EU Member States and the option set out in section 7 of the ESRSs to omit certain information for reasons of confidentiality.

BP-2 9-11
The definitions of short-, medium- and long-term time horizons used in this report correspond to those given in the ESRSs. Estimates made in the report and the associated assumptions are explained in the following.

Financed emissions within the meaning of the Global GHG Accounting and Reporting Standard: Where no actual data are available for financed emissions (i.e. carbon emissions by credit-financed properties of all categories that are attributable to Aareal Bank AG), estimates are used that are generated on the basis of market-leading databases such as the PCAF European building emission factor database.

Environmental data collection: When collecting operating environmental and emissions data, efforts are consistently made to ensure that the calculations are based on real data. Nevertheless, it is not uncommon for data needed not to be available at the time of collection and therefore not to be included in the calculations. This applies in particular to electricity and energy consumption data, since the relevant invoices are often only provided by the energy suppliers after a considerable delay. In such cases estimates, projections or prior-year figures are used to plug any gaps in data coverage. Equally, emissions from air travel are calculated using the accepted RFI (Radiative Forcing Index) factor. This is necessary since the aircraft type and fuel used cannot be determined for all flights that are taken.

The figures that are calculated using estimates, projections and prior-year figures are included in the published key data sheets and the annual report, and are reported during ESG ratings. The VfU-Kennzahlentool is used to enable projections and estimates to be made on a well-founded, reliable basis; it is continuously updated by the Verein für Umweltmanagement and Nachhaltigkeit in Finanzinstituten (VfU) and includes the latest calculation factors. The VfU tool is a respected, established standard for the financial sector, and is used by a large number of financial institutions to calculate their carbon footprints.

The GHG (greenhouse gas) factors contained in the VfU metrics are taken from the ecoinvent database. Ecoinvent is the world's leading LCI (life cycle inventory) database with more than 20,000 datasets. It was established in 2003 and is based on scientific quality assurance principles. Ecoinvent's datasets cover a wide range of products, services and processes, from construction materials through foodstuffs down to resource extraction and the waste management industry. Ecoinvent is widely regarded as the largest, most consistent and most transparent database on the market.

The ecoinvent processes adopt a life cycle approach, i.e. in addition to the GHG emissions for the process itself (e.g. the combustion of petrol in Scope 1), the pro rata upstream emissions are always provided for Scope 3 reporting (in the example given this would be the refining and transport of petrol, the manufacture of cars and the construction of roads, etc.).

In addition to the ecoinvent GHG factors, country mix data such as the "Strommix Deutschland" that are published by public authorities are made available for selection and use in the VfU metrics supply in individual cases. Unreported consumption figures in the electricity, heating, water, paper and waste categories are projected using FTE numbers at those locations for which data are not captured. The projection is based on the reported consumption figures per FTE in a specific region (Germany or international).

Prior-year figures are used in particular in cases in which there are no significant changes in the scope of the location concerned and there are no indications of any substantial deviations in consumption. Indicators that could point to substantial deviations in consumption are significant changes in headcount or a major difference in the space used. Where possible, Aareal Bank Group works consistently to improve the data pool by requesting data at an early stage and engaging in dialogue with the responsible contacts. The emissions metrics disclosed by Aareal Bank Group are based on the data supplied by all locations and subsidiaries, and by equity interests. The high volume of ESRS E1 requirements and the fact that the data was requested shortly after the end of the financial year meant that no meter readings were available for locations that lease their office space and hence cannot perform such readings themselves. For this reason, extrapolations were used at those locations in which the data were incomplete. However, these measurement uncertainties do not relate to the Aareal Bank AG's headquarters, where most of the emissions disclosed are produced, since all inputs required for precisely calculating emissions were made available by the deadline in January.

Workplace accidents: The following five-stage estimation methodology is used to estimate the "number of hours worked by people in its own workforce during the reporting period" pursuant to ESRS 1 S1-14: The starting point used is the number of statutory working days during the reporting period on which the majority of the workforce are employed. The paid days of annual vacation granted to Aareal Bank AG employees in Germany are then subtracted from this figure. Germany is taken as the basis because the majority of the workforce is employed there and this therefore represents a good basis for the workforce as a whole. This figure is then adjusted for the average absence days in the German banking sector during the reporting period, as taken from report published by the German health insurance schemes. This figure, which is expressed in days, is then converted into hours by multiplying it by the hours worked per day at Aareal Bank AG in Germany, assuming a 100 % activity rate. Finally, adjustments are made for the number of employees, the activity rate, and staff leaving and joining by multiplying the figure by the average number of FTEs (full-time equivalents) recorded in the Group statistics.

BP-2 15

The topic of bribery and corruption was classified as not material according to the double materiality assessment performed in accordance with the ESRSs. To ensure compliance with the requirements of the HGB, the aspects of corruption and bribery are reported in accordance with the CSR-RUG. This has also been indicated in the appropriate places.

BP-2 16

References in the sustainability statement

ESRS reporting requirement	Reference
S1-6 – Characteristics of the undertaking's employees	Note (39) Administrative expenses

Governance

GOV-1 21 G1-1 5 GOV-1

Aareal Bank AG has a two-tier/dual board system; i.e. a distinction is made between the senior management (Management Board) and monitoring (Supervisory Board) functions.

The Management Board is responsible for managing the company. It is obliged to act in the best interests of the Company when doing so, and to increase its sustainable enterprise value. The Management Board ensures that all provisions of law are complied with, and endeavours to make sure that Group companies observe and comply with them.

The Management Board develops the enterprise strategy, coordinates it with the Supervisory Board and ensures its implementation. The Management Board ensures appropriate and sustainable risk management and risk control throughout the Company. The Management Board cooperates in a spirit of trust with Aareal Bank AG's other executive bodies, and with employee representatives.

The members of the Management Board have the necessary knowledge and experience to be able to conduct Aareal Bank AG's business in a due and proper manner. In particular, all Management Board members have specific ESG skills, ensuring that the sustainability strategy is implemented effectively. In addition, all Management Board members are informed ad hoc at least once a year on ESG-related topics (ESG risks and opportunities) by the Sustainability department or the Bank's Sustainability Officer.

The expertise of the administrative, senior management and supervisory bodies on business conduct matters comprises the expertise of the individuals on them.

The following distinctions must be made with respect to Aareal Bank AG's Management Board:

Aareal Bank AG's Chief Executive Officer (CEO) has particular expertise in the following areas: strategic planning, portfolio management, M&A and governance of equity investments, commercial property finance, IT, risk management, human resources and succession planning, corporate communications, communication with key stakeholders, the BDS segment, ESG and innovation management.

Aareal Bank AG's Chief Risk Officer (CRO) has particular expertise in the following areas: the effectiveness of risk management systems at credit institutions, the management of all material risk types, designing effective control units at credit institutions, supervisory requirements, money laundering and terrorist financing, credit approval trends and quality, loan administration and control, intensified processing and NPLs, assessing the effectiveness of the governance framework, ESG and the SPF segment.

Aareal Bank AG's Chief Financial Officer (CFO) has particular expertise in the following areas: financial/accounting, liquidity and funding planning; non-financial data; investor relations; treasury, the management of market, liquidity, IRRBB and business risks, strategic planning and ESG.

Aareal Bank AG's Chief Market Officer (CMO) has particular expertise in the following areas: the SPF segment; loan structuring and syndication; funding; the management of credit, property and market risks, designing internal control systems for the lending process and ESG.

The Supervisory Board advises and monitors the Management Board in the management of the Company, particularly in regard to business development and compliance with relevant banking and financial supervision regulations. The Supervisory Board collaborates closely with the Management Board for the benefit of the Company. It dedicates sufficient time to the discussion of strategies, risks and remuneration systems for the Management Board and employees.

Aareal Bank AG's Supervisory Board consists of 12 people, four of whom are employee representatives. One out of the 12 Supervisory Board members is not independent, i.e. 8.3 % of Supervisory Board members are not independent while 91.7 % are independent.

Supervisory Board members have the necessary knowledge and experience to be able to perform their oversight tasks in a due and proper manner. The Chairmen of the Supervisory Board and its committees also have the expertise in their respective areas of responsibility that is needed to make a material contribution to shaping the business and the organisation above and beyond their control activities. For example, the Chairman of the Supervisory Board has expertise in the areas of bank and financial services, strategic planning, M&A, regulatory requirements, risk management, digitalisation, ESG and accounting.

For further information, see the members' CVs, which have been published on Aareal Bank AG's home page.

GOV-1. 21a, d Composition and diversity of the members of the administrative, management and supervisory bodies

	31 December 2024		
	Number	Percentage of total	Percentage – female
Executive members	**4**		
Male	3	75.00	
Female[1]	1	25.00	33.33
Other	–		
Non-executive members	**12**		
Male	8	67.67	
Female[2]	4	33.33	50.00
Other	–		

[1] The ratio of male to female executive members is 3:1. [2] The ratio of male to female non-executive members is 2:1.

GOV-1 22–23

The Management Board consists of Chief Executive Officer Dr Christian Ricken, Chief Risk Officer Nina Babic, Chief Financial Officer Andrew Halford and Chief Market Officer Christof Winkelmann.

A number of different bodies that also address ESG topics have been established at Aareal Bank AG. Within those bodies, the Management Board members are directly involved in implementing ESG-related targets. For example, Aareal Bank AG's CMO chairs the RSF ExCo. The CEO, CRO and CFO are members of this committee, which advises, develops and manages the SPF segment. Among other things, the committee addresses performance tracking including target-actual comparisons; this also applies to ESG KPIs from regular ESG reporting (e.g. green loans, green property volumes and ESG transparency). Another body is the Risk ExCo, whose members include the CRO and the CFO, although the latter does not have any voting rights so as to avoid potential conflicts of interest with his responsibility for the Treasury function. The goal of the RiskExCo is to support the full Management Board in taking a holistic approach to risk management and risk control. The thematic selection and preparation of additional ESG topics takes place in the ESG Expert Group, among other things. This specialist body comprises ESG experts from a variety of different Aareal Bank AG departments. It prepares the regular consideration of strategically relevant ESG topics by the full Management Board during Management Board meetings. In addition, decision-relevant ESG topics are identified and prepared for various ExCOs (Executive Committees).

The Supervisory Board has established the following committees: the Executive and Nomination Committee, the Remuneration Control Committee, the Risk Committee, the Audit Committee, and the Technology and Innovation Committee.

The Supervisory Board has set up a number of committees that address sustainability-related questions, among other things, and prepare them for consideration by the Supervisory Board. For example, the Risk Committee addresses risk-related sustainability matters. The Executive and Nomination Committee prepares resolutions to be taken by the Supervisory Board concerning fundamental issues, personnel matters and capital measures. It also oversees corporate governance at the Company. The Remuneration Control Committee is responsible for monitoring whether the remuneration systems for the Bank's Management Board and employees are appropriate. The Audit Committee is responsible for the preliminary examination of the sustainability statement. It also deals with matters relating to accounting at, and audits of Aareal Bank AG and its affiliated companies in accordance with section 15 ff. of the German Public Limited Companies Act (Aktiengesetz – AktG), including risk management. The Technology and Innovation Committee supports the Company's own technology- and IT development activities and identifies new technology trends on the market.

The Group Compliance Officer, who is also the Group Anti-Money Laundering Officer, is responsible for the continuous optimisation of Group-wide compliance processes. He answers directly to, and reports to, the Bank's senior management. The Group Sustainability Officer is responsible for centrally coordinating sustainability management activities. The Group Sustainability Officer reports directly to the Chairman of the Management Board, who has overall responsibility for Aareal Bank Group's sustainability strategy. In addition, ESG topics are a fixed component of the regular Management Board and Supervisory Board meetings.

The Management Board receives ad hoc reports about material ESG-related impacts, risks and opportunities. These also address handling and management of the IROs concerned.

Depending on their strategic relevance, targets can be resolved at the level of the Management Board or of the managing directors. Target setting and monitoring of the progress made towards achieving the targets are ensured through specific reporting by the employees tasked with implementing them to the relevant bodies (for example in Management Board meetings).

The Supervisory Board addresses ESG topics ad hoc and also keeps itself informed of current developments (e.g. via ESG training, among other things). In addition, it has access to the specialist knowledge provided by Aareal Bank AG's sustainability team, the Group Sustainability Officer and the ESG Expert Group. These have a full overview of the material ESG-related impacts, risks and opportunities at Aareal Bank Group. The Management Board, Supervisory Board and committees addressing ESG-related topics can draw on the sound specialist knowledge that they provide, especially in relation to environmental matters.

GOV-2 26

Aareal Bank AG's Management Board and Supervisory Board are involved in the CSRD implementation process. In line with this, these bodies were informed in a number of Management Board and Audit Committee meetings in 2023 and 2024 about implementation of the due diligence requirements, as part of preparation of the ESRS. This was done by the Sustainability team, the main department tasked with the implementation.

The Management Board and Supervisory Board are kept constantly informed of material impacts, risks and opportunities related to Aareal Bank AG's business model by the divisions responsible in each case. In addition, the results of the ESG risk inventory are presented to the Management Board and Supervisory Board once a year.

Management of most of the material ESG-related IROs is also discussed in Management Board meetings with the divisions responsible; this takes place both ad hoc and on a topic-related basis at least once a year.

ESG matters are embedded in Aareal Bank AG's business strategy. In particular, ESG-related risks – which mostly relate to (potential) impacts – are taken into consideration in the loan origination process, during portfolio analysis and during business development. This is done for example by analysing ESG scores, preparing the PCAF report and the Allocation & Impact report, or incorporating the information when developing new products. This applies to both assets (loan origination, CRE ratings and payment services offerings) and equity and liabilities (funding). Identified ESG-related risks are included in Aareal Bank AG's end-to-end risk analysis and hence form part of risk monitoring and risk management.

GOV-2 26 c

Aareal Bank AG's Management Board and Supervisory Board are obliged to establish a risk culture within the Company so as to comply with the EBA guidelines on internal governance. To do this, Aareal Bank prepares an annual risk culture report that also addresses the audit findings regarding the implementation of regulatory requirements relating to ESG risks. No separate audit is performed for this reporting.

In addition, Aareal Bank AG regularly (at least annually) identifies all relevant, material risk types as the basis for managing them (risk inventory). The sustainability risks (or ESG risks) are a sub-aspect of the familiar risk types and are compiled using a structured questionnaire. The following bodies are involved in the risk inventory process: the RiskExCo, the Management Board and the Supervisory Board (Risk Committee).

The administrative, management and supervisory bodies, or their relevant committees, addressed the following material impacts, risks and opportunities during the reporting period:

Environmental IROs:

- Negative impacts on climate change of carbon emissions caused by Aareal Bank Group's own operations, for example as a result of energy consumption for its office operations, employees' business trips, the use of company cars or datacentre usage
- Negative impacts on climate change resulting from financed carbon emissions in connection with properties financed by Aareal Bank AG
- Positive impacts resulting from the granting of transformation credits, which contribute to energy efficiency improvements and hence to a less carbon-intensive property portfolio
- Climate-related transition risks relating to potential declines in the market values of buildings in both the Bank's portfolio and its loan portfolio, and to potential breaches of climate protection legislation and funding risks
- Climate-related physical risks relating to potential declines in the market values of buildings in both the Bank's portfolio and its loan portfolio
- Opportunities for expanding the business by offering green finance solutions or developing ESG-aligned asset classes as a new business opportunity

Employee-related IROs:

- Positive impacts of remote working arrangements
- Positive impacts of the employee communication formats offered
- Positive impacts of the training and CPD offered
- Positive impacts of the avoidance of violence and harassment in the workplace

Governance-related IROs:

- Positive impacts of a good corporate culture

Information security-related IROs:

- Information and communications technology (ICT) risks triggered by unauthorised internal or external access to ICT systems (e.g. cyberattacks) and the associated additional time and expense

GOV-3 29

The Management Board's variable remuneration includes sustainability targets; however, there are no sustainability-related incentive systems but only a sustainability-related remuneration policy.

One of the Group targets in the remuneration systems is ESG-related, reflecting the growing importance of ESG/sustainability-related matters. In addition, the target-setting arrangements for the Management Board members provide for at least one ESG-related strategic target. As a consequence, approximately 10% of the variable remuneration for Management Board members directly depends upon them achieving ESG-related targets. The amount of the Management Board members' variable remuneration does not depend on achieving any GHG emissions reduction targets.

The 2024 targets relate to the following factors:

- Achievement of the green loan targets
- Ethical behaviour and respect
- Gender diversity for new hires
- Promotion of gender diversity
- Implementation of the CSRD requirements

In line with section 25d (7) sentence 2 (12) of the German Banking Act (Kreditwesengesetz – KWG), Aareal Bank AG's Supervisory Board has established a Remuneration Control Committee, which checks that the remuneration systems for the Management Board and employees are appropriately structured. Aareal Bank AG's remuneration systems are designed to support the Bank's business strategy as well as its long-term and sustainable success, whilst respecting the Bank's risk culture. To achieve these aims, a remuneration strategy has been implemented that determines the remuneration specifications in line with the regulatory requirements, particularly with the German Regulation on Remuneration in Financial Institutions (Institutsvergütungsverordnung – "IVV"). The Supervisory Board and the Management Board have a declared interest in ensuring that the remuneration systems for the Management Board and employees are closely aligned. The remuneration systems and the underlying remuneration inputs are reviewed for appropriateness at least once a year. The review is performed with the assistance of the Human Resources division, the Remuneration Officer and the control units.

GOV-3 Integration of sustainability-related performance in incentive schemes

	Total remuneration	Remuneration relating to GHG emission reduction targets	Percentage of remuneration recognised linked to climate related considerations
Management Body	12	No	4.50
Supervisory body[1]	2	No	–

[1] The Annual General Meeting 2023 resolved on the revised remuneration for the members of the Supervisory Board. Accordingly, the members of Aareal Bank AG's Supervisory Board do not receive variable remuneration.

GOV-4 30 and 32 Core elements of due diligence

		Paragraphs in the sustainability statement
	Core elements of due diligence	
a)	Embedding due diligence in governance, strategy and business model	GOV-2, GOV-3, SBM-3
b)	Engaging with affected stakeholders in all key steps of the due diligence	GOV-2, SBM-2, IRO-1
c)	Identifying and assessing adverse impacts	IRO-1, SBM-3
d)	Taking actions to address those adverse impacts	E1-3
e)	Tracking the effectiveness of these efforts and communicating	E1-4, E1-5, E1-6, E1-7, E1-8, S1-5, S1-6, S1-9, S1-14, S1-16, S1-17

GOV-5 36

Preparation and drafting of the sustainability statement is ensured by Aareal Bank Group's comprehensive internal documentation, Group-wide rules and regulations, and control processes. The most important elements of and internal responsibilities for sustainability reporting at Aareal Bank Group are set out in a Written Set of Procedural Rules (Framework Directive). The processes which must be followed when preparing the ESRS sustainability statement are described in internal procedural guidelines. Use of an internal control system ensures that risks are avoided during sustainability reporting.

Aareal Bank Group's internal control system (ICS) for sustainability reporting is part of its overall ICS. Aareal Bank Group has aligned the ICS with the framework set up by th e Committee of Sponsoring Organizations of the Treadway Commission (COSO) and applicable to the relevant industries. As a result, the ICS is one of the components of proper business organisation and is closely linked to the issues of risk and compliance management. The ICS is a mechanism guided by the principle of proportionality and designed to help identify risks with a view to implementing measures to mitigate them so that the corporate objectives can be achieved efficiently and in accordance with the rules. As such, it represents the entirety of all principles, procedures and measures introduced by management to ensure that its decisions are implemented within the organisation in pursuit of the following objectives:

- Ensuring the effectiveness and commercial efficiency of business activities in dealing with the available resources, including the protection of assets as well as the prevention and investigation of asset impairments
- Ensuring the regularity and reliability of internal and external financial reporting
- Ensuring compliance with the statutory/regulatory, contractual and internal provisions and guidelines relevant to the company

Under the COSO framework, risk assessment is a continuous process for ensuring that all risks relevant to the ICS are identified and evaluated. Aareal Bank Group has a risk management system (RMS) that forms an integral part of integrated bank management for identifying, evaluating and monitoring risks. A regular end-to-end risk inventory ensures that all risks are identified and assessed. This also includes the identification and evaluation of operational risks, and thus also ICS-relevant risks (process-inherent risks). The organisational unit for operational risks, as the central OR controlling function, is responsible for defining suitable principles, procedures, standards and instruments for identifying and assessing operational risks. The concrete tasks involved in identifying and managing operational risks are derived from the published OR Guidelines. Risk management is performed locally in the divisions concerned.

Among the relevant process-inherent risks that were identified in the context of the ICS are errors in external/internal communication, errors in preparing reports associated with or drawing on the financial statements, and breaches of statutory and supervisory regulations and banking supervisory requirements. In addition, such risks cover the data capture and report generation process. Risk mitigation is ensured by strictly following the internal controls, and hence ensuring that the ICS is appropriate and effective.

Aareal Bank Group's ICS is designed to mitigate material process-inherent risks through appropriate and effective key controls. The results of the risk analysis process are taken into account in the Written Set of Procedural Rules for preparing the sustainability statement, the corresponding procedural guidelines, the key controls and the reporting rules (Non-Financial Reporting Directive; in future the CSRD). This means that the open issues identified in the risk analysis are resolved by adapting framework and procedural requirements. In addition to ad hoc sustainability reporting, the Management Board is informed regularly (at least once a year) in a Management Board meeting addressing the ICS annual report of the results of the risk assessment and the internal controls, and of their appropriateness and effectiveness.

Strategy

SBM-1 40

Aareal Bank AG's business segments are commercial property finance and the provision of payment transactions, corporate banking and tenancy bond management solutions for the German housing industry and related industries. Its subsidiary Aareon, a European supplier of software-as-a-service (SaaS) solutions for the property industry, was sold during the reporting period. In the area of commercial property finance, Aareal Bank AG is active on the European, North American and Asia/Pacific markets, offering finance for hotels, alternative living (student housing, micro living, etc.), and retail, logistics, office and residential real estate. Its main clients are institutional investors, private equity firms, family offices, and listed property companies. Its account and payments products focus on clients from the institutional housing industry, the commercial property industry and the energy and utilities industries in Germany.

SBM-1 40a iii Headcount of employees by geographical areas

	31 December 2024
Germany	1,088
Europe excluding Germany	85
North America	43
Asia/Pacific	9
Total	**1,225**

SBM-1 40b-c Breakdown of revenue by significant ESRS sectors

€ mn		Revenue 2024
ESRS sector	**ESRS code**	
Banking[1]	FBM	1,047
Hotels & Lodging	HHL	38

[1] In contrast to IFRS 8 segment reporting, the BDS deposit-taking business is included in addition to Structured Property Financing.

Aareal Bank Group is not active in the coal, oil, gas, chemicals, arms manufacturing or tobacco sectors.

Aareal Bank Group operates in both the financial sector and the property industry. Both of these industries are of major importance in the sustainable/green transformation of the economy. Banks play a key role in promoting and implementing sustainable development through their financing. These financing activities mean that they have a steering role to play.

Aareal Bank Group is aware of its corporate responsibility and hence aims to help shape market developments when it comes to implementing ESG matters. This is why, for example, it monitors political developments at national and European level closely, contributing its expertise in some areas during legislative consultation procedures. Its focus when pursuing environmental and climate-related targets is on client-specific needs. Aareal Bank Group has therefore set itself the goal of supporting its clients on their "road to Paris", i. e. in reaching the targets set out in the Paris Agreement on climate change. Aareal Bank Group demonstrates great ambition when it comes to implementing its responsibility as a business: based on the premise of "strategic sustainability", it focuses on making an active contribution to protecting the climate and on anchoring ESG principles in the decision-making process.

The Structured Property Financing business segment is particularly relevant to reaching the sustainability targets relating to climate change mitigation in future. This segment covers both the Group's property finance portfolio and its funding activities. As a basic principle, all properties relevant to Aareal Bank AG's business, regardless of their asset class or geographical location, play a key role in meeting the climate targets that have already been set and that will be developed going forward as part of the transition plan.

This is because the building sector accounts for a significant proportion of global energy consumption and resulting greenhouse gas emissions. As a result, this sector has a responsibility to realise potential savings in this area, which could be substantial in some cases – something that politicians are also reminding it of. The need to reduce the carbon footprint of the financed property portfolio is therefore one of the most significant ESG-related challenges for the coming years. At the same time, the property industry represents a major lever, since substantial savings are possible in coming years.

ESG criteria play an increasingly important role not only in lending but also in attracting funding, in our investment portfolio, and in our digital product portfolio. Above and beyond this, Aareal Bank considers the inclusion of ESG risks to be a fundamental necessity for ensuring its long-term business success. At the same time, enhancing the ESG transparency of the properties financed by Aareal Bank AG provides a basis for managing its asset- and equity and liability-side business activities in such a way as to help achieve international climate protection efforts. In its investment portfolio, Aareal Bank AG applies these criteria both out of ethical conviction and from a risk perspective, so as to avoid any losses in value as far as possible.

Aareal Bank Group enhanced its existing ESG target agenda during the reporting year, and extended its medium-term ESG targets for its core business with a horizon of 2026. It continued to pursue its existing targets and Aareal Bank Group is either on track to reach them or has already done so Furthermore, ESG-compliant business will be gradually expanded further over the coming years. The target for 2024 – to extend additional new green loans in the amount of € 1.75 billion – was met. The aim is for the volume of green loans furnished by Aareal Bank to total € 6 – 7 billion by 2026. On the equity and liabilities side, € 500 million in long-term green funding instruments was issued as planned on the market in 2024 in the form of the first green senior non-preferred bond.

SBM-1 42

Aareal Bank AG provides financing, banking and payment solutions for the property sector and related industries, and is present on the three continents of Europe, North America and the Asia / Pacific region. Aareal Bank comprises the two Aareal Bank AG business segments – Structured Property Financing (SPF) and Banking & Digital Solutions (BDS) – which are based in Wiesbaden, plus the subsidiaries and equity investments assigned to these segments. In addition, Aareal Bank Group's business includes, to a lesser extent, brokering tenant deposit guarantees (plusForta GmbH), payment solutions for AI-based receivables management (collect Artificial Intelligence GmbH), and the operation of a hotel (La Sessola Service S.r.l.). Furthermore, the disclosures for ESRS 2 AR 14 d are presented in the topical disclosures for SBM-3.

Aareal Bank Group uses upstream products and services to provide its client-focused service offering. Due to its business model as a pure-play service provider, even Aareal Bank Group's material inputs and cost categories are immaterial for its upstream value creation. These include IT costs, lending business expenses (e.g. assessment, property control, legal costs, business information services), audit and advisory costs (and especially specialist advice and auditing) and facility management (especially rental payments and energy supplies). The relevant participants in the upstream value chain are identified on the basis of the major cost categories. One significant cost category results from the procurement and utilisation of hardware such as employee terminals, servers and network infrastructure, plus various software solutions. Key participants as regards lending business expenses include property valuers, property control service providers, law firms and business information service providers, which are used e.g. for credit quality checks or market studies and analyses. The audit and advisory costs category results from the services provided by auditors and consultancies. The key players identified in the upstream value chain for facility management are letting agencies and utility companies.

Apart from these inputs, the continuous procurement of funding on reasonable terms is critical for Aareal Bank Group's business success. The Bank's Treasury activities (including its funding operations) ensure its short-, medium- and long-term funding and implementation on the money/capital market (excluding the deposit-taking business at BDS) and perform asset/liability management for the Group (in particular, operational interest-rate, currency and liquidity management). This safeguards the Group's solvency by entering into short-, medium- and long-term funding transactions and by making long-term investments in liquid assets (Treasury portfolio). Treasury operates on the international money and capital markets, with Europe as its home market and the euro as its main currency. The extent to which other currencies and markets are involved essentially depends on lending business activities and their funding requirements. A wide range of money and capital market instruments are used as part of the funding mix to achieve a broadly-diversified range of funding vehicles. Aareal Bank Group also offers green funding products so as to safeguard its ability to access short-, medium- and long-term funding at attractive conditions from as broad an investor base as possible, and is planning to use its green asset pool (i.e. the asset-side loans suitable for use as cover) continuously on to ensure long-term green funding on the equity and liabilities side of its balance sheet.

Aareal Bank Group's downstream value chain differs in its two core business areas, Structured Property Financing and BDS.

Structured Property Financing: The Structured Property Financing segment encompasses Aareal Bank AG's property financing and funding activities. In this area, the Bank supports its clients in making commercial property investments. These consist of hotels; alternative living (student housing, micro living, etc.); retail, logistics, office and residential properties, and – in the case of housing industry clients from the BDS segment – commercial residential properties (multi-family homes to be rented out by our BDS clients). Constructing and operating properties involves comparatively large carbon emissions. Many risks that are typical for the property sector are of only minor relevance to Aareal Bank AG, since it provides financing for buildings that have already been completed (i. e. it does not finance any new builds).

BDS: Aareal Bank AG's Banking & Digital Solutions (BDS) segment offers sector-specific payments processing to clients from the institutional housing industry, the commercial property industry, and the energy and utilities sectors. Together with First Financial Software GmbH's BK01 software, which enables integrated payments processing between clients' ERP systems and account systems, Aareal Bank Group helps design its clients' fundamental business processes so as to be more efficient and more sustainable. Aareal Bank AG, First Financial Software GmbH and Aareon have entered into a strategic partnership for this. Together with its partners, Aareal Bank Group also works at the interface between the property industry and the energy sector to support the cross-sector optimisation of payment processing and associated business processes. The deposits that are processed in conjunction with payment transactions processed via Aareal Bank AG's account systems (BK@1) contribute to the Bank's funding base, among other things. Other services that the segment provides to the German property industry are digital tenancy bond solutions and selected financial offerings. Aareal Bank AG's offerings are aimed at companies from both the property industry and the energy sector, assisting them with active asset and cash management. The Banking & Digital Solutions segment includes subsidiaries collect Artificial Intelligence GmbH – a payment solutions provider for AI-based receivables management – and plusForta GmbH, an online broker of tenant deposit guarantees. These products help Aareal Bank AG's clients ensure efficient, customer-driven processes for their own customers.

The property industry contributes significantly to the strength and growth of the economy and provides society with places to live and work. In addition, it has close links to the financial sector due to its substantial volumes of loans and capital requirements. Consequently, Aareal Bank Group can add significant value to society by constantly ensuring its own economic performance. In its Structured Property Financing business segment, it helps create value by adopting a flexible yet conservative business strategy, building on its sound capital base and funding activities. Aareal Bank Group has been accompanying and supporting the sustainable transformation of the economy and society for years with its systematic approach to sustainability. It aims to help meet international climate protection goals such as those set out in the Paris Agreement on climate change and the United Nations' Sustainable Development Goals (SDGs). This is because, as a financial services provider focusing on the property industry, Aareal Bank Group is active in a sector that is instrumental to the "green" transition. The Banking & Digital Solutions segment's business success is based on stable, long-term contractual and client relationships and the use of tailor-made banking and payments solutions.

SBM-2 45, S1 12 SBM-2

Aareal Bank Group has set itself the goal in its business strategy of adding value for its stakeholders. Stakeholder dialogue allows it to ascertain the current opinions, needs and wishes of its key stakeholder groups and to incorporate them in the development of its business strategy and individual products. Aareal Bank has a structured strategy process for this that includes all relevant stakeholder groups. This process takes their different interests into account to the extent that these are also in the Company's interests. The key stakeholder groups are regularly included in the business strategy review process, which takes place at least annually but also ad hoc. These groups comprise both internal stakeholders (employees, the Management Board and the Supervisory Board) and external stakeholders (owners, investors, clients). By giving balanced consideration to various stakeholder interests, Aareal Bank Group believes it is well positioned to successfully master the challenges that lie ahead and to grow independently in its business. ESG matters are an integral part of Aareal Bank Group's business strategy.

Aareal Bank Group considers its key stakeholder groups for the implementation and enhancement of its business model to be clients, investors, employees and owners. Internally, the Management Board and the Supervisory Board play a key role in determining, monitoring and adjusting the business strategy.

The Management Board develops the strategy and is responsible for it. The strategy is discussed together with the Supervisory Board. Aareal Bank Bank's owners are included in the strategy development process via a consultative body (Advisory Council).

The Bank's employees are responsible for developing the content of, and implementing, the strategic actions. Outside of the regular strategy process, a number of different formats are used to poll and discuss employee views on current topics affecting Aareal Bank Group and its strategic positioning, including human rights. These include both in-person and online town hall meetings, regular Bank-wide employee talks and the internal employee magazine. Since Aareal Bank Group's strategy is always based on its clients' needs and complies with the "follow the customer" principle, regular direct dialogue with clients is extremely important. Ways in which this is done include regular strategy discussions, client events and one-on-one client meetings. Investors do not participate directly in the strategy process. However, they are informed in detail of events that are relevant to the capital market. In addition, their feedback and input are obtained in investor discussions, some of which take the form of individual meetings, and in road shows.

In addition to these key stakeholder groups, the views of other stakeholders are taken into consideration in the case of strategic decisions and during the double materiality assessment process. Such stakeholders include policymakers and supervisory bodies, the public and the media, suppliers and rating agencies (both financial ratings and dedicated ESG ratings). The information from contacts, which generally take place monthly, plus current and planned legislation and (banking) regulations contribute to the framework for Aareal Bank Group's strategic positioning. This ensures that these stakeholder groups are also included – indirectly – in the strategy development process. For example, Aareal Bank Group can accommodate current and planned political initiatives and supervisory considerations in good time through written and oral contact with people named in the Lobbying Register (e.g. via background discussions, position papers, events, association work) and in Joint Supervisory Team meetings and other reporting formats. Contacts with the media and the public take the form of the website with its contact forms; the Bank's social media presence; donations, sponsoring and sponsorships; media activities (press work and advertisements); the annual media conference; press calls on the quarterly results; and ad hoc press contacts (e.g. trade fair discussions, visits to editorial offices, background briefings and press queries). Thanks to Aareal Bank Group's ad hoc (active) participation in ratings that are particularly relevant to its stakeholders (e.g. MSCI ESG, ISS ESG, CDP and Sustainalytics), it is aware of rating agencies' financial and non-financial requirements and can incorporate these to a certain extent in its ongoing positioning.

Both the stakeholders who are most directly important for Aareal Bank Group's strategy and all other relevant affected stakeholder groups and users of the sustainability statement are included in Aareal Bank's double materiality assessment. The views of the stakeholder groups identified are included in the assessments of (potential) impacts, risks and opportunities via the representatives appointed for these stakeholders within the Company. The CSRD materiality assessment identifies the stakeholder groups using market research, benchmarking against other banks, and collecting existing stakeholder engagement initiatives; these materials are reviewed annually to ensure they remain up to date. The impacts, risks and opportunities focusing on climate protection and employee matters that are identified as part of the double materiality assessment correspond to the topics that are already taken into account in the strategy process. The strategic elements relating to the topics are already embedded in the Group strategy. The management is informed of the interests of affected stakeholders as part of the materiality assessment, via the results of regular employee surveys, through direct dialogue with relevant stakeholder groups (e.g. investors, supervisors, the Supervisory Board and the Advisory Council) and by the Works Council.

Following Atlantic BidCo GmbH's successful takeover of Aareal Bank AG, the Group's strategy was reviewed and input from investors included. This process took the form of a "strategy challenge" and resulted in the Value Creation Plan (VCP), which is driving Aareal Bank Group's strategic transformation. The business strategy was adjusted during the reporting period by selling the Aareon business segment that used to belong to the Group. Spinning off Aareon lifted the enterprise value at both Aareal Bank Group and Aareon. Aareal Bank Group is currently conducting its regular strategy review process, which should be completed by Q1 2025. Adapting the business strategy is not expected to lead to any material changes in relationships with Aareal Bank Group's stakeholder groups. The Bank is also continuing to work together with Aareon, e.g. in the form of its strategic partnership with First Financial Software GmbH.

SBM-3 49

In the course of its double materiality assessment impacts, risks and opportunities (IROs) relating to the standards E1 Climate change, S1 Own workforce and G1 Business conduct, and to the entity-specific topic of information security have been identified as being material. As regards climate change, these IROs mainly relate to its own operations and to its financing of properties. In relation to its own workforce, most of the impacts identified as being caused by Aareal Bank AG as an employer were positive. In the area of business conduct, the corporate culture and risk culture were considered to be positive. (Potential) risks were identified for the entity-specific topic of information security.

Impact, risk and opportunity management

IRO-1 53, IRO-2 56, 59

The material IROs are determined using the double materiality assessment. The assessment is performed from the perspective of stakeholder groups that either are or could be affected by Aareal Bank Group's business activities ("affected parties"), or that have a credible interest in the information contained in the sustainability statement ("users of the sustainability statement"). A total of 12 relevant stakeholder groups were defined for Aareal Bank Group. Of these, eight have been classified as affected parties. The stakeholder groups are represented during the assessment by internal Group experts from different departments. The views of the affected stakeholder groups are known from a variety of stakeholder engagement initiatives. However, the assessments also draw on scientific studies, newspaper and magazine articles and internal Group expertise.

A longlist of topics for assessment is drawn up before the materiality assessment is performed This contains all topics taken into account in the double materiality assessment. It is based on the list of sustainability matters set out on Commission Delegated Regulation (EU) 2023/2772 (ESRS) (ESRS 1, AR 16) and was expanded to include the entity-specific topic of "information security". The experts involved in the assessment independently formulate the impacts, risks and opportunities from the perspective of the stakeholder groups they represent, and assess them in the assessment templates provided for this. The experts decide independently what topics on the longlist they will formulate and assess IROs for, and what topics are relevant from the perspective of the stakeholders whom they represent. The assessment of the (potential) IROs is performed on the basis of assessment templates, with the experts using these to assess the impacts, risks and opportunities for the topics contained in the longlist. A gross approach is applied for both the assessment of (potential) negative impacts and the assessment of risks and opportunities. This means that voluntary mitigating actions are not taken into account during the assessment, in contrast to those mitigating actions that are legally required (i.e. compliance with the law as it stands). Specifically relevant issues (such as sector-specific features, office locations, value chain relationships, statutory requirements and so on) are taken into account for each standard and sustainability topic when identifying and assessing IROs. Information on this is provided in the IRO-1 disclosures in the following subsection.

The IRO assessment includes both its own business activities and its upstream and downstream value chain. For example, in its own operations impacts on the Bank's own workforce or impacts arising from the use of different sorts of fuels (e.g. for heating, electricity and mobility) are examined. Both upstream and downstream links in the value chain are included in the assessment. Thus a relevant proportion of negative impacts is also derived from financing commercial properties ("financed emissions"). The assessments are made by topic, since impacts, risks and opportunities determine each other in some cases. This means that the existence of impacts, risks and opportunities is checked at the same time for each topic. Where a topic is examined from the impact or financial perspective, a check is also always made as to whether impacts, risks or opportunities relating to the other perspective are associated with the assessment.

The result of the assessments is an overall figure per IRO, which is produced using a number of different parameters. For both impact and financial materiality, a check is made per IRO as to whether the figure is above or below a previously defined threshold. If it is above the threshold, the topic or the standard to which the IROs in question are assigned is classified as material and must therefore be reported on. In addition, both in the case of the assessment of (potential) impacts and for the assessment of risks and opportunities, information is provided about the time horizon within which the impacts, risks or opportunities described will materialise (short-term – medium-term – long-term) and about where they are located in the value chain.

(Potential) impacts are assessed using the three characteristics of scale, scope and irredeemable character (the last for negative impacts only). In the case of potential impacts, the likelihood of occurrence is also included in the assessment. For actual impacts, this is always set to 100 % (=1). When assessing (potential) positive impacts, the scale and scope are weighted equally and multiplied by the likelihood of occurrence. In the case of actual positive impacts, the likelihood of occurrence is 100 % (= 1). The overall score for (potential) positive impacts is calculated using the following formula:

((Scale + scope) / 2) * likelihood of occurrence

When assessing (potential) negative impacts, the scale, scope and irredeemable character are weighted equally and multiplied by the likelihood of occurrence. In the case of actual negative impacts, the likelihood of occurrence is 100 % (= 1). The overall score for (potential) negative impacts is calculated as follows:

((Scale + scope + irredeemable character) / 3) * likelihood of occurrence

ESRS 1 AR. 11 states that, in the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood. This means that, when assessing potential breaches of fundamental human rights, the likelihood of occurrence is notionally assessed as being 100 % (=1), regardless of the actual expected likelihood of it occurring.

(Potential) impacts are assessed in all of Aareal Bank Group's business segments. These also relate to all geographies in which the Group operates. Logical priorities are adopted for the various topics during this process. For example, the assessments for the S1 standard primarily relate to the Bank's workforce at its main location in Wiesbaden – the place where most of Aareal Bank Group's staff work. Viewed from the perspective of the results, the activities in Structured Property Financing focus primarily on climate-related impacts. This is due to the property sector's comparatively large carbon footprint.

The risks and opportunities are assessed using the financial effect and the likelihood of occurrence. The overall figure for opportunities and risks is calculated using the following formula:

Expected financial impact * likelihood of occurrence

When assessing opportunities and risks, the expected financial effect is the result either of the Company's or the business model's dependency on resources (e.g. natural resources or human resources) or their dependency on business relationships. Values are assigned based on how severe the impacts of ESG-related risks or opportunities are in relation to the usability of resources or the continuation of business relationships, and hence ultimately to the Company's financial results. The financial magnitude is assessed using threshold values for potential loss or profit amounts. The potential loss or profit amounts are multiplied by the estimated likelihood of occurrence to produce an overall figure for the individual risks or opportunities.

ESG-related risks are assessed both in the CSRD double materiality assessment and in Aareal Bank Group's ESG risk inventory. The processes in the double materiality assessment and the ESG risk inventory are linked in terms of both their content and the methodology used. ESG-related risks – like other risks – are assessed for the potential loss involved. In addition, values are assigned for their impacts on all risk types as part of the overall risk analysis. The result of the annual risk inventory prioritises the sustainability risks by identifying those ESG matters that are expected to have a material influence on Aareal Bank Group. These are integrated in the monitoring and management of the affected financial and non-financial risks. The process used in and the results of the materiality assessment are integrated in the ESG risk inventory on an ongoing basis. The risk topics that are identified as material in the materiality assessment serve as a basis for the ESG risk inventory questionnaire. In addition, the threshold values for the risk inventory process are transferred annually for, and used in, the double materiality assessment. The process of assessing opportunities that is performed as part of CSRD implementation has not yet been integrated in the general management process.

Once the IROs have been formulated and assigned values by the departments, workshops on value creation steps and specific topics are held, and expert interviews conducted, to discuss the results of the value assignment process. The values assigned in the individual templates are compared with each other and discrepancies in the assessments and possible missing IROs are discussed. After the templates completed by the experts have been reviewed and the workshops have been held, the results are validated. This is done by consolidating values for related topics. The result of the materiality assessment is a shortlist of material topics. This shortlist is produced by collating all IROs with overall scores above the defined threshold. Consequently, the shortlist consists of all topics that have been assessed as material from at least one of the two perspectives (impact materiality and financial materiality) at the assessment level that must be reported by the Company. Further information on the topical input parameters is given in the IRO-1 disclosures for the topical standards.

The IROs assessed are all assigned to sub-topics and in some cases also sub-sub-topics in the topic list set out in the ESRS (ESRS 1, AR. 16). Similarly, the ESRS Disclosure Requirements and Application Requirements – where possible – are also assigned to these sub-topics and sub-sub-topics. Finally an examination is made at datapoint level of what information must be assessed as material, based on the material sub-topics and sub-sub-topics. This is repeated for all datapoints, Disclosure Requirements and Application Requirements whose materiality has been determined from the results of the double materiality assessment. This means that the procedure selected to determine the datapoints that have to be reported is closely modelled on the process set out in ESRS 1, Appendix E.

Voluntary disclosures and datapoints whose omission in the first year of application of the CSRD/the ESRS is permitted have not be included in most cases. Other datapoints (such as those relating to the transition plan) cannot be disclosed in the first reporting year. The aim is for them to be determined in coming years. All in all, it is planned to expand the datapoints reported, at least in relation to certain topics, for the coming reporting periods. The methodology used in, and results of, the double materiality assessment will be reviewed in 2025.

IRO-2 56 List of Disclosure Requirements complied with in preparing the sustainability statement

Reporting requirements	Page number
BP-1 – General basis for preparation of the sustainability statement	63
BP-2 – Disclosures in relation to specific circumstances	64
GOV-1 – The role of the administrative, management and supervisory bodies	65
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	67
GOV-3 – Integration of sustainability-related performance in incentive schemes	69
GOV-4 – Statement on due diligence	70
GOV-5 – Risk management and internal controls over sustainability reporting	70
SBM-1 – Strategy, business model and value chain	71
SBM-2 – Interests and views of stakeholders	73, 231
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	74, 218, 231, 252, 260
IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities	75, 83
IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	77
E1-1 – Transition plan for climate change mitigation	218
E1-2 – Policies related to climate change mitigation and adaptation	220
E1-3 – Actions and resources in relation to climate change policies	221
E1-4 – Targets related to climate change mitigation and adaptation	225
E1-5 – Energy consumption and mix	226
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	227
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	230
E1-8 – Internal carbon pricing	231
S1-1 – Policies related to own workforce	233
S1-2 – Processes for engaging with own workforce and workers' representatives about impacts	237
S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns	240
S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	241
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	246
S1-6 – Characteristics of the undertaking's employees	247
S1-9 – Diversity metrics	249
S1-14 – Health and safety metrics	249
S1-16 – Remuneration metrics (pay gap and total remuneration)	250
S1-17 – Incidents, complaints and severe human rights impacts	251
G1-1 – Business conduct policies and corporate culture	252

IRO-2 56 (2) List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		66
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		66
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				70
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		71
ESRS 2 SBM-1 Involvement in activities related to hemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		71
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		71
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		71
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	218
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		218
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #1 of Annex 2	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		225
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex 1				N/A

>

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				227
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				N/A
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity			229
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		229
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	218
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			N/A
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			N/A
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		N/A

>

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				N/A
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #1 of Annex 2				N/A
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #1 of Annex 2				N/A
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				N/A
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #1 of Annex 2				N/A
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #1 of Annex 2				N/A
ESRS 2 – SBM-3 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				N/A
ESRS 2 – SBM-3 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				N/A
ESRS 2 – SBM-3 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				N/A
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				N/A
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				N/A
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				N/A
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				N/A
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				N/A
ESRS 2 SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				N/A
ESRS 2 SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				N/A

>

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				234
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		234
ESRS S1-1 processes and measures for pre-venting trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				234
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				234
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				240
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		249
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				N/A
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		250
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				250
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				251
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		N/A
ESRS 2 SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and number 13 Table #3 of Annex I				N/A
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				N/A
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and number 4 Table #3 of Annex 1				N/A

>

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		N/A
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				N/A
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				N/A
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N/A
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				N/A
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				N/A
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		N/A
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #1 of Annex 3				N/A
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #1 of Annex 3				N/A
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				N/A
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				N/A

The following sections sets out the specific assumptions and research used to assess materiality in the topical standards.

E1 20-21 IRO-1, AR15

The Aareal Bank AG's strategic business area is commercial property finance. Property values can be negatively affected by acute and chronic physical climate risks, leading to higher risk costs or defaults. ESG risks are identified and inventorised in a structured manner as part of the regular risk inventory so as to develop an understanding of sustainability risks, including physical climate risks and climate transition risks, their characteristics and possible impacts on the Bank's business and risk situation.

After the relevant ESG factors have been identified, a structured assessment is performed of the effect that these risk factors have on the financial and non-financial risk types via the various transmission channels. This is done using both qualitative and quantitative criteria. Material impacts are determined in particular by examining the portfolios and the Bank's own operations. It is assumed that the emissions caused by the Bank's operations and the portfolio have significant negative impacts on climate change.

The hazard posed by physical risks to the collateralised properties and the properties held in the Bank's own portfolio is checked using data supplied by an external service provider. This also involves classifying the physical risks for high-emissions scenarios such as RCP 8.5. The stress test for physical risks concentrates on short-term scenarios, since this is where the greatest danger for the current portfolio is considered to be. The short loan term means that long-term climate risks can be managed by adapting the portfolio. The data sourced for each property from the external data supplier comprise the hazards associated with a variety of physical risks (e.g. flood, storm, drought) under various RCP/SSP scenarios at different points in time (2030, 2050, 2100). The property data are captured at the level of coordinates. This permits analysis of how acutely endangered a property is. A number of acute and chronic risks were developed with the external data supplier. These risks are classified for each property and the size of the hazard is established for each risk. This forms part of the annual Disclosure Report. Properties that exceed a hazard threshold defined in the Credit Manual must demonstrate appropriate protection, e.g. via insurance.

In addition, physical risks are modelled using a physical shock scenario. The scenario is chosen so as to maximise the impact on the Bank's portfolio. Workout losses and losses caused by the absence of rental effects are determined depending on the hazard and the drop in fair value. Losses on individual properties are aggregated into clusters with a radius of 30 km. The losses calculated in this way are gross effects, i.e. they are determined without taking insurance or other precautionary measures into account. Any such insurance and other precautionary measures for the properties affected in these regions are then reviewed, and the information is used to derive net cluster losses. The locations of the properties are used to determine the physical risks. In the concrete scenario, it is assumed that a physical scenario occurs, meaning that the likelihood does not play a role in this case. The fair value losses in the flood scenario are derived in the same way as the losses in the 2022 ECB climate stress test. The fair value losses occur in the ad hoc scenario, while a period of six months is assumed in the case of the loss of rental income.

With regard to own operations and to the value chain in the Structured Property Financing segment, acute and chronic physical climate risks in particular are strongly interdependent; this applies over both the short term and the medium- and long-term time horizons.

ESG risks are not considered as a separate type of risk, but as a driver of existing risks that are directly or indirectly influenced by the environment (and by social issues or governance). Consequently, acute and chronic physical risks are not only examined for their relevance to the Bank, but also for the extent to which they negatively impact properties (assets) and hence the Bank's core business (Structured Property Financing).

The impact of the ESG risk factors on Aareal Bank Group is determined from short-term (up to 1 year), medium-term (1–5 years) and long-term (> 5 years) perspectives.

The main transmission channel for the environmental and climate factors are the collateralised properties of the loan exposures. These are exposed to physical climate and environmental risks due to their location. The assessment of acute and chronic physical risks, which manifest themselves in a more frequent occurrence of extreme weather events or a long-term change in climatic and ecological conditions, is carried out with the help of external data service providers. Individual risk scores for climate hazards and extreme weather events can be used to determine the individual hazard of a property.

Aareal Bank Group has also developed an ESG score that takes physical factors in the form of external hazard scores into account. The hazard per property also forms part of this ESG score. In line with this, less-endangered properties score better than more strongly endangered ones. As part of the scoring process, each financed property is examined for its physical risk hazard using data supplied by an external service provider. Where necessary, it must be demonstrated that measures have been taken, or insurance taken out, against the risks concerned. For physical climate and environmental risks, the internal scenario and stress test analyses simulate short-term shock scenarios such as flood events and their impact on the collateralised properties for the loan exposures. In addition, for each financing transaction the CredaRate ESG score provides a score that reflects the risk and the impact for the environmental (including climate), social and governance dimensions. In this way, the portfolio is regularly examined and a physical stress test is performed for the physical risk that would potentially have the most severe effect on building values.

The goal is to achieve business operations that are as low-emission as possible; unavoidable emissions will be offset. Transition risks associated with the operation of the Bank's own buildings (including foreclosed assets) are included in the Bank's internal climate stress tests.

One focus of the annual risk inventory is on identifying transition risks for the commercial property finance portfolio and analysing threatened business areas and assets. Data on the carbon emissions for, and energy consumed by, these properties are obtained as far as possible. These are used as the basis for the transition stress tests, supplemented where appropriate by fallback data based on the property type and the country in which the property is located. The fair values are a core element of credit risk. They are subjected to a regular review and assessment process, enabling transition changes that materialise, and particularly carbon prices and necessary energy efficiency improvements, to be included in a timely manner. The fair value discounts used for this are determined using a DCF method, based on the carbon costs and energy efficiency improvements. It is assumed that measures already taken (e.g. the carbon price) are included in the fair values. Future events such as higher carbon prices or energy efficiency improvements are included in the transition stress test. A transition stress reflecting possible transition scenarios (and especially the NGFS Orderly and Disorderly scenarios) is calculated for all properties. The carbon costs for the individual scenarios are supplied by the NGFS. The carbon emission and energy consumption values form part of the CredaRate ESG score. The Bank's stress test uses the difference in the costs for the Delayed Transition (Disorderly) and Net Zero 2050 (Orderly) scenarios to the Current Policies scenario in its stress scenarios, on the assumption that the current carbon price (Current Policies) is already factored in to the fair values. The conservative assumption made is that the carbon costs will be borne in their entirety by the owners. The "Delayed Transition" Disorderly scenario assumes that the rise in carbon costs occurs five years earlier than in the original NGFS scenario. The stress test amount generated in the Orderly scenario serves as the basis for a management buffer that forms part of the ICAAP. The scenarios considered assume that global warming will reach 1.5 degrees Celsius (1.5°C) but that it will not exceed this figure, or will only do so to a limited extent (see the NFGS). The transition scenario takes changes in carbon prices for the next 20 years plus energy efficiency improvements into account. These are considered to be given in the scenario and are reflected in the current fair value using a discounted cash flow method.

With regard to the Bank's own operations and the value chain in the Structured Property Financing segment, transition risks relating to the switch to a lower-carbon, sustainable economy are strongly interdependent in the medium and long term. As is the case with physical climate and environmental risks, the collateralised properties for the loan exposures are also affected by transition measures via their energy consumption and carbon emissions. Since institutions' climate-related and environmental transition risks are primarily expected to materialise in the medium to long term, the long-term perspective adopts a forward-looking approach and is particularly relevant for designing scenarios and stress tests for transition risks. These risks are measured and assessed on the basis of the properties' carbon emissions as documented by their energy performance certificates (EPCs) together with the transition scenarios published by the NGFS. The scenarios examine both an orderly transition to a more sustainable economy ("Orderly") and a disorderly transition ("Disorderly"). The exposure of properties that are incompatible with the 1.5°C goal are included in the stress test for business risks. This stress test determines the exposure to incompatible properties and calculates a margin loss for them. In addition, Aareal Bank Group has set itself the goal of developing a transition plan. As part of this process, the existing portfolio is being screened and various criteria that will influence new business are being determined. The NGFS's "Delayed Transition" and "Net Zero 2050" scenarios are used for the transition risks. The fact that these scenarios were developed by universities and research institutions means that they are science-based and plausible. The results of the stress tests are included in the ICAAP's economic perspective. In the case of the physical risks, the data for a variety of recognised scenarios per property are sourced from an established external supplier. These data look at a number of different timeframes and are updated to reflect current developments. Risk management of physical risks takes the form of insurance, proof of which must be provided by the client. Consequently, the amounts concerned are not directly included in the financial statements.

Both the risks and the impacts of Aareal Bank Group's business activities are assessed once a year and ad hoc for each new transaction acquired. Assessing the credit finance portfolio for its carbon footprint (see E1-3) transparently demonstrates the volume of the carbon emissions caused and financed by the Bank's core business. This comprises all carbon emissions actively influencing climate change and whose reduction can therefore help limit the latter. In addition, carbon avoidance in the green asset pool (i.e. the cover assets available for green funding activities) is examined as part of the annual Green Bond Allocation & Impact Report. Moreover, the annual determination of the Bank's own carbon footprint (see E1-6) assesses the impacts of its own operations on climate change. All in all, therefore, the Bank ensures an end-to-end view of the influences its business activities have on climate change, and allows them to be managed using an overall policy.

E2 11 IRO-1

As part of its annual materiality assessment, Aareal Bank Group reviews its locations and business activities for their actual and potential impacts, risks and opportunities related to pollution.

Aareal Bank AG offers its clients intangible banking services that do not lead to any relevant amount of environmental pollution, as regards pollution of the air, water or soil. Equally, only minor environmental pollution is incurred in the upstream value chain when the bank services are performed, since the majority of the goods procured are not physical in nature.

In addition, a qualitative pollution review was performed for the downstream value chain. However, this did not lead to any material impacts, risks or opportunities, since Aareal Bank Group does not finance any operating establishments for production facilities or other, similar plant. In addition, the majority of the SPF portfolio consists of existing properties.

Aareal Bank Group's technical experts base their investigation and assessment of relevant impacts, risks and opportunities on a thorough understanding of the upstream value chain, including the requirements and practices of its suppliers and in particular of its property finance clients. The results of the methods and instruments used, such as waste analysis, water consumption measurement, waste water disposal, paper consumption measurement and company car usage, are used as the basis for their assessment.

No direct consultations were held with the communities affected. Consultation of relevant stakeholder groups is ensured through interactions, which are held at least once a year, and discussions between the stakeholders and the technical experts in the course of the financial year.

The procedure used to determine material impacts, risks and opportunities related to pollution mirrors that for other sustainability matters, and takes the form of consultations with technical experts and the representatives of relevant stakeholder groups. As a result of the materiality assessment, the topic was classified as not material for Aareal Bank Group.

E3 8 IRO-1

During the annual materiality assessment, Aareal Bank Group reviews its assets and business activities for their actual and potential impacts, risks and opportunities in relation to water and marine resources. This comprises both the Bank's own business activities and the value chain, so as to ensure that all relevant matters and stakeholders are taken into consideration.

Given the nature of the Bank's own operations, the volume of water used play a minor role. A risk assessment based on Directive 2000/60/EC (Water Framework Directive) was performed for Aareal Bank Group's locations. In addition, a qualitative water use review was performed for the downstream value chain. However, this did not lead to any material impacts, risks or opportunities, since Aareal Bank Group does not finance any operating establishments for water-intensive production facilities or other, similar plant. In addition, the majority of the SPF portfolio consists of existing properties. Few physical goods are included in the upstream value chain.

Aareal Bank's technical experts base their investigation and assessment of relevant impacts, risks and opportunities on a thorough understanding of the property finance value chain. The results of the methods and instruments used, such as water consumption at the Bank's own locations, are used as the basis for their assessment.

No direct consultations were held with the communities affected. Consultation of relevant stakeholder groups is ensured through regular interactions and discussions between the stakeholders and the technical experts in the course of the financial year.

The procedure used to determine material impacts, risks and opportunities related to water and marine resources mirrors that for other sustainability matters, and takes the form of consultations with technical experts and the representatives of relevant stakeholder groups. As a result of the materiality assessment, the topic was classified as not material for Aareal Bank Group.

E4 17, 19 IRO-1

During the annual materiality assessment, Aareal Bank Group reviews its own business activities and its value chain for their actual and potential impacts, risks and opportunities in relation to biodiversity and ecosystems. No material IROs were identified in 2024. One of the activities performed as part of the review was a location analysis for all of the Group's own locations. This checks whether the locations are situated in or near areas of biodiversity that are worthy of protection, as defined in the ESRSs. The analysis is based on maps showing areas of biodiversity that are worthy of protection (nature reserves, national parks, species protection areas and the like) around the world, and also includes a distance analysis that examines how far away the locations are from the nearest area of biodiversity that is worthy of protection. The analysis confirmed that none of Aareal Bank Group's own locations are in or near an area of biodiversity that is worthy of protection, and that hence no relevant impacts, risks or opportunities are to be expected. Consequently, no remedies in relation to biodiversity need to be taken either. Aareal Bank Group's business model means that any dependency on ecosystem services is strictly limited.

Any dependencies on biodiversity and ecosystems and any risks associated with their loss are identified and assessed at Aareal Bank Group by experts from a variety of divisions. A qualitative review is performed to determine whether any dependencies exist. At present, no distinction is made when assessing biodiversity-related risks between physical risks, transition risks and systemic risks. In 2024, no material risks or opportunities were identified for Aareal Bank Group's business model.

No direct consultations were held with the communities affected. Consultation of relevant stakeholder groups is ensured through interactions, which are held at least once a year, and discussions between the stakeholders and the technical experts in the course of the financial year.

The procedure used to determine material impacts, risks and opportunities related to biodiversity and ecosystems mirrors that for other sustainability matters, and takes the form of consultations with technical experts and the representatives of relevant stakeholder groups. As a result of the materiality assessment, the topic was classified as not material for Aareal Bank Group.

E5 11 IRO-1

During the annual materiality assessment, Aareal Bank Group reviews its assets and business activities for their actual and potential impacts, risks and opportunities in relation to the circular economy. This comprises both the Bank's own business activities and the value chain, so as to ensure that all relevant matters and stakeholders are taken into consideration.

Given the nature of the Bank's own operations, the volume of resources used plays a minor role. In addition, a qualitative resource use review was performed for the downstream value chain. However, this did not lead to any material impacts, risks or opportunities, since Aareal Bank Group does not finance any operating establishments for resource-intensive production facilities or other, similar plants. In addition, the majority of the SPF portfolio consists of existing properties, and therefore is not associated with resource-intensive new building. Few physical goods are included in the upstream value chain.

Aareal Bank Group's technical experts base their investigation and assessment of relevant impacts, risks and opportunities on a thorough understanding of the entire property finance value chain. The results of the methods and instruments used, such as waste footprints at different locations and the need for physical goods, are used as the basis for their assessment. The waste analysis looks at waste volumes and types in banking operations. Only small proportions/small absolute amounts of waste are classified as hazardous waste such as electronic waste. In addition, all of this waste is recycled.

No direct consultations were held with the communities affected. Consultation of relevant stakeholder groups is ensured through interactions, which are held at least once a year, and discussions between the stakeholders and the technical experts in the course of the financial year.

The procedure used to determine material impacts, risks and opportunities related to resource use and the circular economy mirrors that for other sustainability matters, and takes the form of consultations with technical experts and the representatives of relevant stakeholder groups. As a result of the materiality assessment, the topic was classified as not material for Aareal Bank Group.

G1-1 6 IRO-1

The following criteria were included when assessing impacts, risks and opportunities in relation to G1: dedicated banking regulations; compliance with the applicable laws in the countries in which Aareal Bank Group does business; the obligation to establish a whistleblowing system, and corruption risk rankings for the countries in which Aareal Bank Group does business.

IRO-1
Sector-specific regulatory requirements and the need for operational resilience in the face of ICS security risks were used as the starting points for the assessment of the entity-specific topic of information security.

Minimum disclosures on policies and actions
The minimum disclosures are described in detail in the individual topical chapters.

Metrics and targets
The metrics and targets are described in detail in the individual topical chapters.

Environmental information

Disclosures pursuant to Article 8 of EU Regulation 2020/852

The objective of EU Regulation 2020/852 (the EU Taxonomy Regulation) is to allocate funding to sustainable activities and hence to promote the transition to a sustainable economy. It aims to achieve this by defining guidance and criteria for economic activities qualifying as sustainable. Economic activities should promote the following environmental objectives:

- Climate change mitigation: An economic activity qualifies as contributing substantially to climate change mitigation if it contributes substantially to the stabilisation of greenhouse gas concentrations in the atmosphere.
- Climate change adaptation: Adaptation solutions that either substantially reduce the risk of the adverse impact of the current limate and the expected future climate on the economic activity, or that substantially reduce the adverse impact.
- The sustainable use and protection of water and marine resources: An economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources where that activity either contributes substantially to achieving the good status of bodies of water, including bodies of surface water and groundwater, or to preventing the deterioration of bodies of water.
- The protection and restoration of biodiversity and ecosystems: Nature and biodiversity conservation, including achieving the good condition of natural and semi-natural habitats and species or preventing their deterioration
- Pollution prevention and control: Preventing or reducing pollutant emissions into air, improving levels of air quality, cleaning up waste, etc.
- Transition to a circular economy: The use of natural resources, including sustainably sourced bio-based and other raw materials, in production more efficiently by increasing the durability, reparability, upgradability or reusability of products

In accordance with the Commission Delegated Act, the EU Taxonomy calculations are performed at the highest level of prudential consolidation. In addition, the FINREP financial information reporting obligation, plus additional information, serves as the data foundation for the calculations. Aareal Bank AG subsidiaries that are not included in the regulatory basis of consolidation are reported as equity interests. No equity interests were covered by the NFRD as at the reporting date and they have therefore not been included in the numerator.

Pursuant to Annex XI, EU Taxonomy reporting is performed using qualitative disclosures and templates in compliance with Commission Delegated Regulation 2021/2178 (Annex VI and Annex XII in relation to nuclear and fossil gas activities). As at the 2024 year-end, the total green asset ratio (the main KPI) was 0.21 % of total covered assets for turnover and 0.22 % for CapEx, compared to 0.08 % (turnover) and 0.11 % (CapEx) for the financial year 2023. This slight improvement can be explained by the expansion of the reporting requirement, as a result of which financial institutions had to report taxonomy information for the first time in 2024.

Consequently, financial undertakings had a greater influence on Aareal Bank AG's green asset ratio in financial year 2024 in the context of EU Taxonomy alignment. The year-on-year changes regarding non-financial undertakings were marginal. Since exposures to households, including private properties, represent a relatively minor proportion of Aareal Bank AG's portfolio, there were no significant changes compared to financial year 2023 in this area either. In addition, the Bank is running off this portfolio. What is more, as in the previous year, it has not yet been possible to report any foreclosed assets as Taxonomy-aligned in line with the valuation requirements. At present, the total ratio of Taxonomy-aligned assets only covers the two environmental objectives of climate change mitigation and climate change adaptation. With effect from financial year 2025, information on Taxonomy alignment must also be disclosed for the other four environmental objectives; however, given its business focus Aareal Bank AG does not expect any significant changes in the GAR to result from this expansion. For financial year 2024 no Taxonomy eligibility information was disclosed for the four new environmental objectives, since none of Aareal Bank AG's relevant counterparties published such information on Taxonomy eligibility and no other relevant economic activities could be identified either.

In line with its business model, which includes the Structured Property Financing segment, Aareal Bank AG provides support for German and international clients investing in property in Europe, North America and the Asia/Pacific region. This means that in particular the technical screening criteria for the "Acquisition and ownership of buildings" EU Taxonomy activity must be applied to property investments relating to the portfolio. However, a significant proportion of the business is conducted outside the EU. In addition, a large proportion of the finance extended is attributable to counterparties that are not covered by NFRD or CSRD reporting requirements and that therefore cannot be included in the numerator for the green asset ratio (GAR).

The comparatively large proportion of activities conducted in non-EU countries and with small and medium-sized enterprises results in a low green asset ratio compared to other banking groups that are active solely in EU countries, or whose portfolios are structured differently. For example, Aareal Bank AG currently has a significantly smaller share of retail residential business – an area that can currently be considered to be the main driver for the green asset ratio at other banking groups. The structural differences between the banks' business models must be borne in mind when comparing the published green asset ratios. Aareal Bank Group is monitoring current initiatives and proposals (e.g. from the Platform on Sustainable Finance) for expanding the green asset ratio numerator (non-EU) and for potentially using estimates that could possible improve the current ratio in future.

For the above-mentioned reasons, Regulation 2020/852 is not a major component of Aareal Bank AG's strategic focus at present. The high standard set by the technical screening criteria requires a lengthy transformation. Aareal Bank Group intends to continuously evaluate Taxonomy alignment of the underlying economic activities and of its portfolio. Thus the Green Finance Frameworks for the asset and equity and liabilities side of the Bank's business already include Taxonomy alignment as a qualifying feature of green loans or green assets.

Aareal Bank AG does not do any business activities for assets under management relating to off-balance sheet assets. In the case of financial guarantees, Aareal Bank AG does not currently do any business with companies falling within the scope of NFRD or CSRD reporting requirements, and consequently no Taxonomy-specific information was disclosed here in financial year 2024.

Aareal Bank Group engages in constructive dialogue with relevant stakeholders (including clients and counterparties) to constantly improve both its own processes and the availability and quality of ESG data. For example, an internal data collection process is being established at present, and discussions are being held with external data providers to improve current and future data quality and data availability. However, assessment of the technical screening criteria is limited by the lack of complete data. For example, energy performance certificates (EPCs) are not available for all buildings in the core markets, since in some cases they do not exist in the countries concerned.

In the case of new business, data needed to meet the technical screening criteria, such as EPC data, are collected obligatorily within the remit of the Bank's strategic business focus and in line with its internal requirements.

Basic assumptions:

- Exposures for which insufficient information was available to determine their Taxonomy eligibility were disclosed as Taxonomy-non-eligible economic activities.

- The analysis of the exposures for the GAR flow KPI is based on the start of maturity of the exposure in the reporting period. For simplicity's sake, only exposures that are disclosed in the statement of financial position as at the closing date are examined. This means that only those exposures that were newly entered into during the financial year were included in the analysis.

The precise start of the maturity of other demand deposits cannot be determined, since these receivables are payable on demand. Consequently, other demand deposits were not included in the list of the GAR flow assets KPI, since the other demand deposits only exhibit limited annual volatility and recognising this information precisely for each day would entail an unreasonable amount of effort.

- In the case of derivatives, a distinction was made between trading and non-trading derivatives in line with the Taxonomy Regulation. The Bank does not hold any derivatives for trading or derivatives in the regulatory trading book pursuant to Article 104 of the Capital Requirements Regulation (CRR) (e.g. for short-term profit taking or for selling in the near term). However, under IFRS 9 and FINREP derivatives that are not in a designated hedging relationship must be classified and reported as held for trading". These derivatives were assigned to the "Trading book" line in the Taxonomy tables. Derivatives in designated hedging relationships are reported under "Derivatives".
- Exposures to households comprise financing for private residential property. This portfolio represents a discontinued business from Aareal Bank Group's perspective. In Aareal Bank Group's opinion, the information needed to assess Taxonomy alignment at the level of individual transactions can only be captured with a disproportionate amount of effort. This being the case and given the small size of this subportfolio in comparison to the commercial real estate portfolio, no assessment has been made at the individual transaction level.
- Where the use of proceeds was unknown, the published Taxonomy KPIs (turnover and CapEx) for the identified NFRD and CSRD undertakings were used in the GAR numerator. If an NFRD or CSRD undertaking only disclosed turnover information, only this information has been used to calculate the turnover GAR.
- Exposures to local authorities are assigned to the items in the other asset categories in line with questions 15, 16 and 47 of the FAQ 3 document dated November 2024, since the use of proceeds is unknown.

EU Taxonomy

Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets[4]	KPI[1]	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)
Main KPI	**Green asset ratio (GAR) stock**	**89**	**0.21 %**	**0.22 %**	**89.07**	**82.66**	**10.93**

[1] based on the turnover KPI of the counterparty; [2] based on the CapEx KPI of the counterparty
[3] % of assets covered by the KPI over banks' total assets; [4] Total environmentally sustainable assets in accordance with the turnover KPI

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	**GAR (flow)**	**15**	**0.23 %**	**0.19 %**	**96.62**	**85.38**	**3.38**
	Trading book[1]	N/A	N/A	N/A			
	Financial guarantees	0	0	0			
	Assets under management	N/A	N/A	N/A			
	Fees and commissions income[2]	N/A	N/A	N/A			

[1] For credit institutions that do not meet the conditions of Article 94(1) of the CRR or Article 325a(1) of the CRR
[2] Fees and commissions income from services other than lending and AuM * For credit institutions that do not meet the conditions of Article 94(1) or Article 325a(1) of the CRR

Assets for the calculation of GAR – turnover

31 December 2024

		a	b	c	d	e	f
			Disclosure reference date T				
			Climate Change Mitigation (CCM)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
€ mn		Total gross carrying amount			of which Use of Proceeds	of which transitional	of which enabling
	GAR – Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,547	893	89	–	42	36
2	**Financial undertakings**	2,343	702	49	–	3	2
3	Credit institutions	2,286	688	49	–	3	2
4	Loans and advances	37	6	0	–	0	0
5	Debt securities, including UoP	2,249	682	49	–	3	2
6	Equity instruments	–	–	–		–	–
7	Other financial corporations	57	13	0	–	0	0
8	of which investment firms	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–
12	of which management companies	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–
20	**Non-financial undertakings**	81	68	39	–	39	34
21	Loans and advances	22	22	–	–	–	–
22	Debt securities, including UoP	59	47	39	–	39	34
23	Equity instruments	–	–	–		–	–
24	**Households**	124	124	–	–	–	–
25	of which loans collateralised by residential immovable property	124	124	–	–	–	–
26	of which building renovation loans	–	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–
28	**Local government financing**	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–

>

€ mn	a	b	c	d	e	f
		Disclosure reference date T				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	Total gross carrying amount			of which Use of Proceeds	of which transitional	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	550	550	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	39,944	–	–	–	–	–
33 **Financial and Non-financial undertakings**	34,317					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	18,802					
35 Loans and advances	17,317					
36 of which loans collateralised by commercial immovable property	16,569					
37 of which building renovation loans	–					
38 Debt securities	1,246					
39 Equity instruments	239					
40 Non-EU country counterparties not subject to NFRD disclosure obligations	15,515					
41 Loans and advances	15,024					
42 Debt securities	482					
43 Equity instruments	9					
44 **Derivatives**	672					
45 **On demand interbank loans**	1,450					
46 **Cash and cash-related assets**	0					
47 **Other categories of assets (e.g. goodwill, commodities etc.)**	3,505					
48 Total GAR assets	**43,041**	**1,443**	**89**	**–**	**42**	**36**
49 **Assets not covered for GAR calculation**	5,282					
50 Central governments and Supranational issuers	1,959					
51 Central banks exposure	2,605					
52 Trading book	718					
53 Total assets	**48,323**	**1,443**	**89**	**–**	**42**	**36**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations						
54 Financial guarantees	–	–	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A	N/A	N/A

>

€ mn		g	h	i	j
		Disclosure reference date T			
		Climate Change Mitigation (CCA)			
		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 enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0	0	–	–
2	**Financial undertakings**	0	0	–	–
3	Credit institutions	0	0	–	–
4	Loans and advances	0	0	–	–
5	Debt securities, including UoP	0	0	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	0	0	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–	–	–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–	–	–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–	–	–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–	–	–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local government financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–

>

€ mn	g	h	i	j
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	**0**	**0**	**–**	**–**
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposures				
52 Trading book				
53 Total assets	**0**	**0**	**–**	**–**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	k	l	m	n
	Disclosure reference date T			
	Water and marine resources (WTR)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–	–	–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–	–	–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–	–	–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–	–	–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local government financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

	k	l	m	n
	Disclosure reference date T			
	Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn			of which Use of Proceeds	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

		o	p	q	r
		Disclosure reference date T			
		Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn				of which Use of Proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–	–	–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–	–	–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–	–	–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–	–	–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local government financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–

>

	o	p	q	r
	Disclosure reference date T			
	Circular economy (CE)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn			of which Use of Proceeds	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	s	t	u	v
	Disclosure reference date T			
	Pollution (PPC)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

	s	t	u	v
	Disclosure reference date T			
	Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn			**of which Use of Proceeds**	**of which enabling**
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	**–**	**–**	**–**	**–**
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	**–**	**–**	**–**	**–**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

		w	x	z	aa
		Disclosure reference date T			
		Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn				**of which Use of Proceeds**	**of which enabling**
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which: building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–

>

€ mn	w	x	z	aa
	Disclosure reference date T			
	Biodiversity and Ecosystems (BIO)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn		ab	ac	ad	ae	af
		Disclosure reference date T TOTAL (CCM + CCA + WTR + CE + PPC + BIO) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				of which Use of Proceeds	of which transitional	of which enabling
	GAR – Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	894	89	–	42	36
2	**Financial undertakings**	702	49	–	3	2
3	Credit institutions	689	49	–	3	2
4	Loans and advances	6	0	–	0	0
5	Debt securities, including UoP	683	49	–	3	2
6	Equity instruments	–	–		–	–
7	Other financial corporations	13	0	–	0	0
8	of which investment firms	–	–	–	–	–
9	Loans and advances	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–
11	Equity instruments	–	–		–	–
12	of which management companies	–	–	–	–	–
13	Loans and advances	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–
15	Equity instruments	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–
17	Loans and advances	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–
19	Equity instruments	–	–		–	–
20	**Non-financial undertakings**	68	39	–	39	34
21	Loans and advances	22	–	–	–	–
22	Debt securities, including UoP	47	39	–	39	34
23	Equity instruments	–	–		–	–
24	**Households**	124	–	–	–	–
25	of which loans collateralised by residential immovable property	124	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–
29	Housing financing	–	–	–	–	–
30	Other local government financing	–	–	–	–	–

>

€ mn	ab	ac	ad	ae	af
	Disclosure reference date T				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			of which Use of Proceeds	of which transitional	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	550	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–
33 **Financial and Non-financial undertakings**					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35 Loans and advances					
36 of which loans collateralised by commercial immovable property					
37 of which building renovation loans					
38 Debt securities					
39 Equity instruments					
40 Non-EU country counterparties not subject to NFRD disclosure obligations					
41 Loans and advances					
42 Debt securities					
43 Equity instruments					
44 **Derivatives**					
45 **On demand interbank loans**					
46 **Cash and cash-related assets**					
47 **Other categories of assets (e.g. goodwill, commodities etc.)**					
48 Total GAR assets	**1,444**	**89**	**–**	**42**	**36**
49 **Assets not covered for GAR calculation**					
50 Central governments and Supranational issuers					
51 Central banks exposure					
52 Trading book					
53 Total assets	**1,444**	**89**	**–**	**42**	**36**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations					
54 Financial guarantees	–	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A	N/A

31 December 2023

€ mn		ag	ah	ai	aj	ak	al
			Disclosure reference date T-1				
			Climate Change Mitigation (CCM)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Total gross carrying amount			of which Use of Proceeds	of which transitional	of which enabling
	GAR – Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,954	933	32	–	–	9
2	**Financial undertakings**	1,038	208	–	–	–	–
3	Credit institutions	1,038	208	–	–	–	–
4	Loans and advances	15	4	–	–	–	–
5	Debt securities, including UoP	1,023	205	–	–	–	–
6	Equity instruments	–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–
12	of which management companies	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–
20	**Non-financial undertakings**	59	40	32	–	–	9
21	Loans and advances	–	–	–	–	–	–
22	Debt securities, including UoP	59	40	32	–	–	9
23	Equity instruments	–	–	–		–	–
24	**Households**	162	162	–	–	–	–
25	of which loans collateralised by residential immovable property	162	162	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–
28	**Local governments financing**	1,173	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–
30	Other local government financing	1,173	–	–	–	–	–

>

	ag	ah	ai	aj	ak	al
	Disclosure reference date T-1					
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
€ mn	Total gross carrying amount			of which Use of Proceeds	of which transitional	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	522	522	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	38,394	–	–	–	–	–
33 **Financial and Non-financial undertakings**	35,654					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	19,835					
35 Loans and advances	17,790					
36 of which loans collateralised by commercial immovable property	14,030					
37 of which building renovation loans	1,304					
38 Debt securities	1,801					
39 Equity instruments	244					
40 Non-EU country counterparties not subject to NFRD disclosure obligations	15,819					
41 Loans and advances	15,542					
42 Debt securities	269					
43 Equity instruments	8					
44 **Derivatives**	831					
45 **On demand interbank loans**	1,340					
46 **Cash and cash-related assets**						
47 **Other categories of assets (e.g. goodwill, commodities etc.)**	568					
48 Total GAR assets	**41,347**	**933**	**32**	**–**	**–**	**9**
49 **Assets not covered for GAR calculation**	5,243					
50 Central governments and Supranational issuers	3,325					
51 Central banks exposure	992					
52 Trading book	926					
53 Total assets	**46,590**	**933**	**32**	**–**	**–**	**9**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations						
54 Financial guarantees	10	–	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A	N/A	N/A

>

€ mn	am	an	ao	ap
	Disclosure reference date T-1			
	Climate Change Adaptation (CCA)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

	am	an	ao	ap
	Disclosure reference date T-1			
	Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn			of which Use of Proceeds	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	**–**	**–**	**–**	**–**
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	**–**	**–**	**–**	**–**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	aq	ar	as	at
	Disclosure reference date T-1			
	Water and marine resources (WTR)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

	aq	ar	as	at
	Disclosure reference date T-1			
	Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn			of which Use of Proceeds	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	au	av	aw	ax
	Disclosure reference date T-1			
	Circular economy (CE)			
	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 enabling**
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

€ mn	au	av	aw	ax
	Disclosure reference date T-1			
	Circular economy (CE)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

	ay	az	ba	bb
	Disclosure reference date T-1			
	Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn			of which Use of Proceeds	of which enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

€ mn	ay	az	ba	bb
	Disclosure reference date T-1			
	Pollution (PPC)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	**–**	**–**	**–**	**–**
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	**–**	**–**	**–**	**–**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

		bc	bd	be	bf
		Disclosure reference date T-1			
		Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn				of which Use of Proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which: building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–

>

	bc	bd	be	bf
	Disclosure reference date T-1			
	Biodiversity and Ecosystems (BIO)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn			of which Use of Proceeds	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

		bg	bh	bi	bj	bk
		Disclosure reference date T-1				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				of which Use of Proceeds	of which transitional	of which enabling
€ mn						
	GAR – Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	933	32	–	–	9
2	**Financial undertakings**	208	–	–	–	–
3	Credit institutions	208	–	–	–	–
4	Loans and advances	4	–	–	–	–
5	Debt securities, including UoP	205	–	–	–	–
6	Equity instruments	–	–		–	–
7	Other financial corporations	–	–	–	–	–
8	of which investment firms	–	–	–	–	–
9	Loans and advances	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–
11	Equity instruments	–	–		–	–
12	of which management companies	–	–	–	–	–
13	Loans and advances	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–
15	Equity instruments	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–
17	Loans and advances	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–
19	Equity instruments	–	–		–	–
20	**Non-financial undertakings**	40	32	–	–	9
21	Loans and advances	–	–	–	–	–
22	Debt securities, including UoP	40	–	–	–	–
23	Equity instruments		–		–	–
24	**Households**	162	–	–	–	–
25	of which loans collateralised by residential immovable property	162	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–
29	Housing financing	–	–	–	–	–
30	Other local government financing	–	–	–	–	–

>

€ mn	bg	bh	bi	bj	bk
	Disclosure reference date T-1				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			of which Use of Proceeds	of which transitional	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	522	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–
33 **Financial and Non-financial undertakings**					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35 Loans and advances					
36 of which loans collateralised by commercial immovable property					
37 of which building renovation loans					
38 Debt securities					
39 Equity instruments					
40 Non-EU country counterparties not subject to NFRD disclosure obligations					
41 Loans and advances					
42 Debt securities					
43 Equity instruments					
44 **Derivatives**					
45 **On demand interbank loans**					
46 **Cash and cash-related assets**					
47 **Other categories of assets (e.g. goodwill, commodities etc.)**					
48 **Total GAR assets**	**933**	**32**	**–**	**–**	**–**
49 **Assets not covered for GAR calculation**					
50 Central governments and Supranational issuers					
51 Central banks exposure					
52 Trading book					
53 **Total assets**	**933**	**32**	**–**	**–**	**–**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations					
54 Financial guarantees	–	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A	N/A

GAR sector information – turnover

	a	b	c	d
	Climate Change Mitigation (CCM)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (CCM)	€ mn	of which environmentally sustainable (CCM)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	47	39		

	e	f	g	h
	Climate Change Mitigation (CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (CCA)	€ mn	of which environmentally sustainable (CCA)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	i	j	k	l
	Water and marine resources (WTR)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (WTR)	€ mn	of which environmentally sustainable (WTR)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	m	n	o	p
	Circular economy (CE)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (CE)	€ mn	of which environmentally sustainable (CE)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	q	r	s	t
	Pollution (PPC)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (PPC)	€ mn	of which environmentally sustainable (PPC)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	u	v	w	x
	Biodiversity and Ecosystems (BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (BIO)	€ mn	of which environmentally sustainable (BIO)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	y	z	aa	ab
	TOTAL (CCM + CCA + WMR + CE + P + BE)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	€ mn	of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	47	39		

GAR KPI stock – turnover

31 December 2024

		a	b	c	d	e
		Disclosure reference date T				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to flow of total eligible assets)				of which Use of Proceeds	of which transitional	of which enabling
	GAR – Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.08	0.21	–	0.10	0.08
2	**Financial undertakings**	1.63	0.11	–	0.01	–
3	Credit institutions	1.60	0.11	–	0.01	–
4	Loans and advances	0.01	–	–	–	–
5	Debt securities, including UoP	1.58	0.11	–	0.01	–
6	Equity instruments	–	–		–	–
7	Other financial corporations	0.03	–	–	–	–
8	of which investment firms	–	–	–	–	–
9	Loans and advances	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–
11	Equity instruments	–	–		–	–
12	of which management companies	–	–	–	–	–
13	Loans and advances	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–
15	Equity instruments	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–
17	Loans and advances	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–
19	Equity instruments	–	–		–	–
20	**Non-financial undertakings**	0.16	0.09	–	0.09	0.08
21	Loans and advances	0.05	–	–	–	–
22	Debt securities, including UoP	0.11	0.09	–	0.09	0.08
23	Equity instruments	–	–		–	–
24	**Households**	0.29	–	–	–	–
25	of which loans collateralised by residential immovable property	0.29	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–
29	Housing financing	–	–	–	–	–
30	Other local government financing	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	1.28	–	–	–	–
32	**Total GAR assets**	**3.35**	**0.21**	**–**	**0.10**	**0.08**

>

	f	g	h	i
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)			of which Use of Proceeds	of which enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

% (compared to flow of total eligible assets)	j	k	l	m
	Disclosure reference date T			
	Climate Change Mitigation (WTR)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

		n	o	p	q
		Disclosure reference date T			
		Climate Change Mitigation (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				**of which Use of Proceeds**	**of which enabling**
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which: building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**

>

	r	s	t	u
	Disclosure reference date T			
	Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)			of which Use of Proceeds	of which enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

		v	w	x	z
		Disclosure reference date T			
		Biodiversity and Ecosystems (BIO)			
		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 enabling
% (compared to flow of total eligible assets)					
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which: building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	–	–	–	–

>

% (compared to flow of total eligible assets)	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			of which Use of Proceeds	of which transitional	of which enabling	
GAR – Covered assets in both numerator and denominator						
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.08	0.21	–	0.10	0.08	5.27
2 **Financial undertakings**	1.63	0.11	–	0.01	–	4.85
3 Credit institutions	1.60	0.11	–	0.01	–	4.73
4 Loans and advances	0.01	–	–	–	–	0.08
5 Debt securities, including UoP	1.59	0.11	–	0.01	–	4.65
6 Equity instruments	–	–		–	–	–
7 Other financial corporations	0.03	–	–	–	–	0.12
8 of which investment firms	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–
11 Equity instruments	–	–		–	–	–
12 of which management companies	–	–	–	–	–	–
13 Loans and advances	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–
15 Equity instruments	–	–		–	–	–
16 of which insurance undertakings	–	–	–	–	–	–
17 Loans and advances	–	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–	–
19 Equity instruments	–	–		–	–	–
20 **Non-financial undertakings**	0.16	0.09	–	0.09	0.08	0.17
21 Loans and advances	0.05	–	–	–	–	0.04
22 Debt securities, including UoP	0.11	0.09	–	0.09	0.08	0.12
23 Equity instruments	–	–		–	–	–
24 **Households**	0.29	–	–	–	–	0.26
25 of which loans collateralised by residential immovable property	0.29	–	–	–	–	0.26
26 of which: building renovation loans	–	–	–	–	–	–
27 of which motor vehicle loans	–	–	–	–	–	–
28 **Local governments financing**	–	–	–	–	–	–
29 Housing financing	–	–	–	–	–	–
30 Other local government financing	–	–	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	1.28	–	–	–	–	1.14
32 Total GAR assets	**3.35**	**0.21**	**–**	**0.10**	**0.08**	**89.07**

31 December 2023

		ag	ah	ai	aj	ak
		Disclosure reference date T-1				
		Climate Change Mitigation (CCM)				
		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
% (compared to flow of total eligible assets)						
	GAR – Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.26	0.08	–	–	0.02
2	**Financial undertakings**	0.50	–	–	–	–
3	Credit institutions	0.50	–	–	–	–
4	Loans and advances	0.01	–	–	–	–
5	Debt securities, including UoP	0.49	–	–	–	–
6	Equity instruments	–	–		–	–
7	Other financial corporations	–	–	–	–	–
8	of which investment firms	–	–	–	–	–
9	Loans and advances	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–
11	Equity instruments	–	–		–	–
12	of which management companies	–	–	–	–	–
13	Loans and advances	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–
15	Equity instruments	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–
17	Loans and advances	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–
19	Equity instruments	–	–		–	–
20	**Non-financial undertakings**	0.10	0.08	–	–	0.02
21	Loans and advances	–	–	–	–	–
22	Debt securities, including UoP	0.10	0.08	–	–	0.02
23	Equity instruments	–	–		–	–
24	**Households**	0.39	–	–	–	–
25	of which loans collateralised by residential immovable property	0.39	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–
29	Housing financing	–	–	–	–	–
30	Other local government financing	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	1.26	–	–	–	–
32	**Total GAR assets**	**2.26**	**0.08**	**–**	**–**	**0.02**

>

% (compared to flow of total eligible assets)	al	am	an	ao
	Disclosure reference date T-1			
	Climate Change Mitigation (CCA)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

% (compared to flow of total eligible assets)	ap	aq	ar	as
	Disclosure reference date T-1			
	Climate Change Mitigation (WTR)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**–**	**–**	**–**	**–**

>

	at	au	av	aw
	Disclosure reference date T-1			
	Climate Change Mitigation (CE)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)			of which Use of Proceeds	of which enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**–**	**–**	**–**	**–**

>

% (compared to flow of total eligible assets)	ax	ay	az	ba
	Disclosure reference date T-1			
	Pollution (PPC)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

% (compared to flow of total eligible assets)	bb	bc	bd	be
	Disclosure reference date T-1			
	Biodiversity and Ecosystems (BIO)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

% (compared to flow of total eligible assets)	bf	bg	bh	bi	bj	bk
	Disclosure reference date T-1					
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			of which Use of Proceeds	of which transitional	of which enabling	
GAR – Covered assets in both numerator and denominator						
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.26	0.08	–	–	0.02	6.34
2 **Financial undertakings**	0.50	–	–	–	–	2.23
3 Credit institutions	0.50	–	–	–	–	2.23
4 Loans and advances	0.01	–	–	–	–	0.03
5 Debt securities, including UoP	0.49	–	–	–	–	2.20
6 Equity instruments	–	–		–	–	–
7 Other financial corporations	–	–	–	–	–	–
8 of which investment firms	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–
11 Equity instruments	–	–		–	–	–
12 of which management companies	–	–	–	–	–	–
13 Loans and advances	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–
15 Equity instruments	–	–		–	–	–
16 of which insurance undertakings	–	–	–	–	–	–
17 Loans and advances	–	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–	–
19 Equity instruments	–	–		–	–	–
20 **Non-financial undertakings**	0.10	0.08	–	–	0.02	0.13
21 Loans and advances	–	–	–	–	–	–
22 Debt securities, including UoP	0.10	0.08	–	–	0.02	0.13
23 Equity instruments	–	–		–	–	–
24 **Households**	0.39	–	–	–	–	0.35
25 of which loans collateralised by residential immovable property	0.39	–	–	–	–	0.35
26 of which: building renovation loans	–	–	–	–	–	–
27 of which motor vehicle loans	–	–	–	–	–	–
28 **Local governments financing**	–	–	–	–	–	2.52
29 Housing financing	–	–	–	–	–	–
30 Other local government financing	–	–	–	–	–	2.52
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	1.26	–	–	–	–	1.12
32 Total GAR assets	**2.26**	**0.08**	**–**	**–**	**0.02**	**88.75**

GAR KPI flow – turnover

		a	b	c	d	e
		Disclosure reference date T				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to flow of total eligible assets)				of which Use of Proceeds	of which transitional	of which enabling
	GAR – Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.97	0.23	–	0.01	0.01
2	**Financial undertakings**	2.97	0.23	–	0.01	0.01
3	Credit institutions	2.97	0.23	–	0.01	0.01
4	Loans and advances	–	–	–	–	–
5	Debt securities, including UoP	2.97	0.23	–	0.01	0.01
6	Equity instruments	–	–		–	–
7	Other financial corporations	–	–	–	–	–
8	of which investment firms	–	–	–	–	–
9	Loans and advances	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–
11	Equity instruments	–	–		–	–
12	of which management companies	–	–	–	–	–
13	Loans and advances	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–
15	Equity instruments	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–
17	Loans and advances	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–
19	Equity instruments	–	–		–	–
20	**Non-financial undertakings**	–	–	–	–	–
21	Loans and advances	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–
23	Equity instruments	–	–		–	–
24	**Households**	–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–
29	Housing financing	–	–	–	–	–
30	Other local government financing	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	1.93	–	–	–	–
32	**Total GAR assets**	**4.90**	**0.23**	**–**	**0.01**	**0.01**

>

% (compared to flow of total eligible assets)	f	g	h	i
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**–**	**–**	**–**	**–**

>

% (compared to flow of total eligible assets)	j	k	l	m
	Disclosure reference date T			
	Climate Change Mitigation (WTR)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**–**	**–**	**–**	**–**

>

		n	o	p	q
		Disclosure reference date T			
		Climate Change Mitigation (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				of which Use of Proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which: building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**

>

		r	s	t	u
		Disclosure reference date T			
		Pollution (PPC)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				of which Use of Proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which: building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	–	–	–	–

>

		v	w	x	z
		Disclosure reference date T			
		Biodiversity and Ecosystems (BIO)			
		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 enabling
% (compared to flow of total eligible assets)					
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**				0
25	of which loans collateralised by residential immovable property				0
26	of which: building renovation loans				0
27	of which motor vehicle loans				0
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**	**–**	**–**	**–**	**–**

>

% (compared to flow of total eligible assets)	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			of which Use of Proceeds	of which transitional	of which enabling	
GAR – Covered assets in both numerator and denominator						
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.97	0.23	–	0.01	0.01	9.37
2 **Financial undertakings**	2.97	0.23	–	0.01	0.01	9.37
3 Credit institutions	2.97	0.23	–	0.01	0.01	9.37
4 Loans and advances	–	–	–	–	–	–
5 Debt securities, including UoP	2.97	0.23	–	0.01	0.01	9.37
6 Equity instruments	–	–		–	–	–
7 Other financial corporations	–	–	–	–	–	–
8 of which investment firms	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–
11 Equity instruments	–	–		–	–	–
12 of which management companies	–	–	–	–	–	–
13 Loans and advances	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–
15 Equity instruments	–	–		–	–	–
16 of which insurance undertakings	–	–	–	–	–	–
17 Loans and advances	–	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–	–
19 Equity instruments	–	–		–	–	–
20 **Non-financial undertakings**	–	–	–	–	–	–
21 Loans and advances	–	–	–	–	–	–
22 Debt securities, including UoP	–	–	–	–	–	–
23 Equity instruments	–	–		–	–	–
24 **Households**	–	–	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–	–	–
26 of which: building renovation loans	–	–	–	–	–	–
27 of which motor vehicle loans	–	–	–	–	–	–
28 **Local governments financing**	–	–	–	–	–	–
29 Housing financing	–	–	–	–	–	–
30 Other local government financing	–	–	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	1.93	–	–	–	–	1.86
32 Total GAR assets	**4.90**	**0.23**	**–**	**0.01**	**0.01**	**96.62**

KPI off-balance sheet exposures – turnover – stock

31 December 2024

	a	b	c	d	e
	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	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
% (compared to total eligible off-balance sheet assets)					
1 Financial guarantees (FinGuar KPI)	–	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A

	f	g	h	i
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	j	k	l	m
	Disclosure reference date T			
	Water and marine resources (WTR)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	n	o	p	q
	Disclosure reference date T			
	Circular economy (CE)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	r	s	t	u
	Disclosure reference date T			
	Pollution (PPC)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	v	w	x	z
	Disclosure reference date T			
	Biodiversity and Ecosystems (BIO)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	aa	ab	ac	ad	ae
	Disclosure reference date T				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			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)	N/A	N/A	N/A	N/A	N/A

31 December 2023

	a	b	c	d	e
	Disclosure reference date T-1				
	Climate Change Mitigation (CCM)				
	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
% (compared to total eligible off-balance sheet assets)					
1 Financial guarantees (FinGuar KPI)	–	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A

	f	g	h	i
	Disclosure reference date T-1			
	Climate Change Mitigation (CCA)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	j	k	l	m
	Disclosure reference date T-1			
	Water and marine resources (WTR)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	n	o	p	q
	Disclosure reference date T-1			
	Circular economy (CE)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	r	s	t	u
	Disclosure reference date T-1			
	Pollution (PPC)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	v	w	x	z
	Disclosure reference date T-1			
	Biodiversity and Ecosystems (BIO)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	aa	ab	ac	ad	ae
	Disclosure reference date T-1				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			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)	N/A	N/A	N/A	N/A	N/A

KPI off-balance sheet exposures – turnover – flow

	a	b	c	d	e
	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	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
% (compared to total eligible off-balance sheet assets)					
1 Financial guarantees (FinGuar KPI)	–	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A

	f	g	h	i
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	j	k	l	m
	Disclosure reference date T			
	Water and marine resources (WTR)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	n	o	p	q
	Disclosure reference date T			
	Circular economy (CE)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	r	s	t	u
	Disclosure reference date T			
	Pollution (PPC)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	v	w	x	z
	Disclosure reference date T			
	Biodiversity and Ecosystems (BIO)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	aa	ab	ac	ad	ae
	Disclosure reference date T				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			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)	N/A	N/A	N/A	N/A	N/A

Assets for the calculation of GAR – CapEx

31 December 2024

	a	b	c	d	e	f
	Disclosure reference date T					
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
€ mn	Total gross carrying amount			of which Use of Proceeds	of which transitional	of which enabling
GAR – Covered assets in both numerator and denominator						
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,547	836	96	–	3	51
2 **Financial undertakings**	2,343	636	48	–	3	3
3 Credit institutions	2,286	622	47	–	3	3
4 Loans and advances	37	6	0	–	0	0
5 Debt securities, including UoP	2,249	615	47	–	3	3
6 Equity instruments	–	–	–		–	–
7 Other financial corporations	57	14	1	–	0	0
8 of which investment firms	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–
11 Equity instruments	–	–	–		–	–
12 of which management companies	–	–	–	–	–	–
13 Loans and advances	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–,–
15 Equity instruments	–	–	–		–	–
16 of which insurance undertakings	–	–	–	–	–	–
17 Loans and advances	–	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–	–
19 Equity instruments	–	–	–		–	–
20 **Non-financial undertakings**	81	77	48	–	–	47
21 Loans and advances	22	22	–	–	–	–
22 Debt securities, including UoP	59	55	48	–	–	47
23 Equity instruments	–	–	–		–	–
24 **Households**	124	124	–	–	–	–
25 of which loans collateralised by residential immovable property	124	124	–	–	–	–
26 of which: building renovation loans	–	–	–	–	–	–
27 of which motor vehicle loans	–	–	–	–	–	–
28 **Local governments financing**	–	–	–	–	–	–
29 Housing financing	–	–	–	–	–	–
30 Other local government financing	–	–	–	–	–	–

>

€ mn	a	b	c	d	e	f
	Disclosure reference date T					
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	Total gross carrying amount			of which Use of Proceeds	of which transitional	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	550	550	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	39.944	–	–	–	–	–
33 **Financial and Non-financial undertakings**	34,317					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	18,802					
35 Loans and advances	17,317					
36 of which loans collateralised by commercial immovable property	16,569					
37 of which building renovation loans	–					
38 Debt securities	1,246					
39 Equity instruments	239					
40 Non-EU country counterparties not subject to NFRD disclosure obligations	15,515					
41 Loans and advances	15,024					
42 Debt securities	482					
43 Equity instruments	9					
44 **Derivatives**	672					
45 **On demand interbank loans**	1,450					
46 **Cash and cash-related assets**	0					
47 **Other categories of assets (e.g. goodwill, commodities etc.)**	3,505					
48 **Total GAR assets**	**43,041**	**1,386**	**96**	**–**	**3**	**51**
49 **Assets not covered for GAR calculation**	5,282					
50 Central governments and Supranational issuers	1,959					
51 Central banks exposure	2,605					
52 Trading book	718					
53 **Total assets**	**48,323**	**1,386**	**96**	**–**	**3**	**51**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations						
54 Financial guarantees	–	–	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A	N/A	N/A

>

€ mn	g	h	i	j
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	9	0	–	–
2 **Financial undertakings**	9	0	–	–
3 Credit institutions	2	0	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	2	0	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	6	0	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

€ mn	g	h	i	j
	Disclosure reference date T			
	Climate Change Mitigation (CCM)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	9	0	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	9	0	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

		k	l	m	n
		Disclosure reference date T			
		Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn				of which Use of Proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which: building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–

>

€ mn	k	l	m	n
	Disclosure reference date T			
	Water and marine resources (WTR)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	o	p	q	r
	Disclosure reference date T			
	Circular economy (CE)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

	o	p	q	r
	Disclosure reference date T			
	Circular economy (CE)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn			of which Use of Proceeds	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	s	t	u	v
	Disclosure reference date T			
	Pollution (PPC)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

€ mn	s	t	u	v
	Disclosure reference date T			
	Pollution (PPC)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	w	x	z	aa
	Disclosure reference date T Biodiversity and Ecosystems (BIO) 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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

		w	x	z	aa
		Disclosure reference date T			
		Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn				of which Use of Proceeds	of which enabling
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33	**Financial and Non-financial undertakings**				
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35	Loans and advances				
36	of which loans collateralised by commercial immovable property				
37	of which building renovation loans				
38	Debt securities				
39	Equity instruments				
40	Non-EU country counterparties not subject to NFRD disclosure obligations				
41	Loans and advances				
42	Debt securities				
43	Equity instruments				
44	**Derivatives**				
45	**On demand interbank loans**				
46	**Cash and cash-related assets**				
47	**Other categories of assets (e.g. goodwill, commodities etc.)**				
48	**Total GAR assets**	–	–	–	–
49	**Assets not covered for GAR calculation**				
50	Central governments and Supranational issuers				
51	Central banks exposure				
52	Trading book				
53	**Total assets**	–	–	–	–
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54	Financial guarantees	–	–	–	–
55	Assets under management	N/A	N/A	N/A	N/A
56	of which debt securities	N/A	N/A	N/A	N/A
57	of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	ab	ac	ad	ae	af
	Disclosure reference date T				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			of which Use of Proceeds	of which transitional	of which enabling
GAR – Covered assets in both numerator and denominator					
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	845	96	–	3	51
2 **Financial undertakings**	644	48	–	3	3
3 Credit institutions	624	47	–	3	3
4 Loans and advances	6	0	–	0	0
5 Debt securities, including UoP	618	47	–	3	3
6 Equity instruments	–	–		–	–
7 Other financial corporations	20	1	–	0	0
8 of which investment firms	–	–	–	–	–
9 Loans and advances	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–
11 Equity instruments	–	–		–	–
12 of which management companies	–	–	–	–	–
13 Loans and advances	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–
15 Equity instruments	–	–		–	–
16 of which insurance undertakings	–	–	–	–	–
17 Loans and advances	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–
19 Equity instruments	–	–		–	–
20 **Non-financial undertakings**	77	48	–	–	47
21 Loans and advances	22	–	–	–	–
22 Debt securities, including UoP	55	48	–	–	47
23 Equity instruments	–	–		–	–
24 **Households**	124	–	–	–	–
25 of which loans collateralised by residential immovable property	124	–	–	–	–
26 of which: building renovation loans	–	–	–	–	–
27 of which motor vehicle loans	–	–	–	–	–
28 **Local governments financing**	–	–	–	–	–
29 Housing financing	–	–	–	–	–
30 Other local government financing	–	–	–	–	–

>

€ mn	ab	ac	ad	ae	af
	Disclosure reference date T				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			of which Use of Proceeds	of which transitional	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	550	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–
33 **Financial and Non-financial undertakings**					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35 Loans and advances					
36 of which loans collateralised by commercial immovable property					
37 of which building renovation loans					
38 Debt securities					
39 Equity instruments					
40 Non-EU country counterparties not subject to NFRD disclosure obligations					
41 Loans and advances					
42 Debt securities					
43 Equity instruments					
44 **Derivatives**					
45 **On demand interbank loans**					
46 **Cash and cash-related assets**					
47 **Other categories of assets (e.g. goodwill, commodities etc.)**					
48 Total GAR assets	**1,395**	**96**	**–**	**3**	**51**
49 **Assets not covered for GAR calculation**					
50 Central governments and Supranational issuers					
51 Central banks exposure					
52 Trading book					
53 Total assets	**1,395**	**96**	**–**	**3**	**51**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations					
54 Financial guarantees	–	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A	N/A

31 December 2023

	€ mn	ag	ah	ai	aj	ak	al
			Disclosure reference date T-1				
			Climate Change Mitigation (CCM)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Total gross carrying amount			of which Use of Proceeds	of which transitional	of which enabling
	GAR – Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,954	807	47	–	–	2
2	**Financial undertakings**	1,038	68	–	–	–	–
3	Credit institutions	1,038	68	–	–	–	–
4	Loans and advances	15	0	–	–	–	–
5	Debt securities, including UoP	1,023	67	–	–	–	–
6	Equity instruments	–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–
12	of which management companies	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–
20	**Non-financial undertakings**	59	56	47	–	–	2
21	Loans and advances	–	–	–	–	–	–
22	Debt securities, including UoP	59	56	47	–	–	2
23	Equity instruments			–		–	–
24	**Households**	162	162	–	–	–	–
25	of which loans collateralised by residential immovable property	162	162	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–
28	**Local governments financing**	1,173	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–
30	Other local government financing	1,173	–	–	–	–	–

>

€ mn	ag	ah	ai	aj	ak	al
		Disclosure reference date T-1				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	Total gross carrying amount			of which Use of Proceeds	of which transitional	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	522	522	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	38,394	–	–	–	–	–
33 **Financial and Non-financial undertakings**	35,654					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	19,835					
35 Loans and advances	17,790					
36 of which loans collateralised by commercial immovable property	14,030					
37 of which building renovation loans	1,304					
38 Debt securities	1,801					
39 Equity instruments	244					
40 Non-EU country counterparties not subject to NFRD disclosure obligations	15,819					
41 Loans and advances	15,542					
42 Debt securities	269					
43 Equity instruments	8					
44 **Derivatives**	831					
45 **On demand interbank loans**	1,340					
46 **Cash and cash-related assets**						
47 **Other categories of assets (e.g. goodwill, commodities etc.)**	568					
48 Total GAR assets	**41,347**	**807**	**47**	**–**	**–**	**2**
49 **Assets not covered for GAR calculation**	5,243					
50 Central governments and Supranational issuers	3,325					
51 Central banks exposure	992					
52 Trading book	926					
53 Total assets	**46,590**	**807**	**47**	**–**	**–**	**2**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations						
54 Financial guarantees	10	–	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A	N/A	N/A

>

€ mn	am	an	ao	ap
	Disclosure reference date T-1			
	Climate Change Adaptation (CCA)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

€ mn	am	an	ao	ap
	Disclosure reference date T-1			
	Climate Change Adaptation (CCA)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	aq	ar	as	at
	Disclosure reference date T-1			
	Water and marine resources (WTR)			
	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 enabling**
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

	aq	ar	as	at
	Disclosure reference date T-1			
	Water and marine resources (WTR)			
	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 enabling
€ mn				
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

		au	av	aw	ax
		Disclosure reference date T-1			
		Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
€ mn				of which Use of Proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which: building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–

>

€ mn	au	av	aw	ax
	Disclosure reference date T-1			
	Circular economy (CE)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 Total GAR assets	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 Total assets	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	ay	az	ba	bb
	Disclosure reference date T-1			
	Pollution (PPC)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

€ mn	ay	az	ba	bb
	Disclosure reference date T-1			
	Pollution (PPC)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

€ mn	bc	bd	be	bf
	Disclosure reference date T-1			
	Biodiversity and Ecosystems (BIO)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–

>

€ mn	bc	bd	be	bf
	Disclosure reference date T-1			
	Biodiversity and Ecosystems (BIO)			
	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 enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. goodwill, commodities etc.)**				
48 **Total GAR assets**	–	–	–	–
49 **Assets not covered for GAR calculation**				
50 Central governments and Supranational issuers				
51 Central banks exposure				
52 Trading book				
53 **Total assets**	–	–	–	–
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A

>

	bg	bh	bi	bj	bk
	Disclosure reference date T-1				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
€ mn			of which Use of Proceeds	of which transitional	of which enabling
GAR – Covered assets in both numerator and denominator					
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	807	47	–	–	2
2 **Financial undertakings**	68	–	–	–	–
3 Credit institutions	68	–	–	–	–
4 Loans and advances	0	–	–	–	–
5 Debt securities, including UoP	67	–	–	–	–
6 Equity instruments	–	–		–	–
7 Other financial corporations	–	–	–	–	–
8 of which investment firms	–	–	–	–	–
9 Loans and advances	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–
11 Equity instruments	–	–		–	–
12 of which management companies	–	–	–	–	–
13 Loans and advances	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–
15 Equity instruments	–	–		–	–
16 of which insurance undertakings	–	–	–	–	–
17 Loans and advances	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–
19 Equity instruments	–	–		–	–
20 **Non-financial undertakings**	56	47	–	–	2
21 Loans and advances	–	–	–	–	–
22 Debt securities, including UoP	56	47	–	–	2
23 Equity instruments	–	–		–	–
24 **Households**	162	–	–	–	–
25 of which loans collateralised by residential immovable property	162	–	–	–	–
26 of which: building renovation loans	–	–	–	–	–
27 of which motor vehicle loans	–	–	–	–	–
28 **Local governments financing**	–	–	–	–	–
29 Housing financing	–	–	–	–	–
30 Other local government financing	–	–	–	–	–

>

€ mn	bg	bh	bi	bj	bk
	Disclosure reference date T-1				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			of which Use of Proceeds	of which transitional	of which enabling
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	522	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33 **Financial and Non-financial undertakings**					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35 Loans and advances					
36 of which loans collateralised by commercial immovable property					
37 of which building renovation loans					
38 Debt securities					
39 Equity instruments					
40 Non-EU country counterparties not subject to NFRD disclosure obligations					
41 Loans and advances					
42 Debt securities					
43 Equity instruments					
44 **Derivatives**					
45 **On demand interbank loans**					
46 **Cash and cash-related assets**					
47 **Other categories of assets (e.g. goodwill, commodities etc.)**					
48 Total GAR assets	**807**	**47**	**–**	**–**	**2**
49 **Assets not covered for GAR calculation**					
50 Central governments and Supranational issuers					
51 Central banks exposure					
52 Trading book					
53 Total assets	**807**	**47**	**–**	**–**	**2**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations					
54 Financial guarantees	–	–	–	–	–
55 Assets under management	N/A	N/A	N/A	N/A	N/A
56 of which debt securities	N/A	N/A	N/A	N/A	N/A
57 of which equity instruments	N/A	N/A	N/A	N/A	N/A

>

GAR sector information – CapEx

	a	b	c	d
	Climate Change Mitigation (CCM)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (CCM)	€ mn	of which environmentally sustainable (CCM)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	55	48		

	e	f	g	h
	Climate Change Mitigation (CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (CCA)	€ mn	of which environmentally sustainable (CCA)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	i	j	k	l
	Water and marine resources (WTR)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (WTR)	€ mn	of which environmentally sustainable (WTR)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	m	n	o	p
	Circular economy (CE)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (CE)	€ mn	of which environmentally sustainable (CE)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	q	r	s	t
	Pollution (PPC)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (PPC)	€ mn	of which environmentally sustainable (PPC)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	u	v	w	x
	Biodiversity and Ecosystems (BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (BIO)	€ mn	of which environmentally sustainable (BIO)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	–	–		

	y	z	aa	ab
	TOTAL (CCM + CCA + WMR + CE + P + BE)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	€ mn	of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	€ mn	of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
Breakdown by sector – NACE 4 digits level (code and label)				
42.00 Civil engineering	55	48		

GAR KPI stock – CapEx

31 December 2024

		a	b	c	d	e
		Disclosure reference date T				
		Climate Change Mitigation (CCM)				
		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
% (compared to flow of total eligible assets)						
	GAR – Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.94	0.22	–	0.01	0.12
2	**Financial undertakings**	1.48	0.11	–	0.01	0.01
3	Credit institutions	1.44	0.11	–	0.01	0.01
4	Loans and advances	0.01	–	–	–	–
5	Debt securities, including UoP	1.43	0.11	–	0.01	0.01
6	Equity instruments	–	–		–	–
7	Other financial corporations	0.03	–	–	–	–
8	of which investment firms	–	–	–	–	–
9	Loans and advances	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–
11	Equity instruments	–	–		–	–
12	of which management companies	–	–	–	–	–
13	Loans and advances	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–
15	Equity instruments	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–
17	Loans and advances	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–
19	Equity instruments	–	–		–	–
20	**Non-financial undertakings**	0.18	0.11	–	–	0.11
21	Loans and advances	0.05	–	–	–	–
22	Debt securities, including UoP	0.13	0.11	–	–	0.11
23	Equity instruments	–	–		–	–
24	**Households**	0.29	–	–	–	–
25	of which loans collateralised by residential immovable property	0.29	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–
29	Housing financing	–	–	–	–	–
30	Other local government financing	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	1.28	–	–	–	–
32	**Total GAR assets**	**3.22**	**0.22**	**–**	**0.01**	**0.12**

% (compared to flow of total eligible assets)	f	g	h	i
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.02	–	–	–
2 **Financial undertakings**	0.02	–	–	–
3 Credit institutions	0.01	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	0.01	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	0.01	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**0.02**	**–**	**–**	**–**

>

	j	k	l	m
	Disclosure reference date T			
	Climate Change Mitigation (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)			of which Use of Proceeds	of which enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 **Total GAR assets**	–	–	–	–

>

		n	o	p	q
		Disclosure reference date T			
		Climate Change Mitigation (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				**of which Use of Proceeds**	**of which enabling**
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which: building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	–	–	–	–

>

	r	s	t	u
	Disclosure reference date T			
	Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)			**of which Use of Proceeds**	**of which enabling**
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**–**	**–**	**–**	**–**

>

% (compared to flow of total eligible assets)	v	w	x	z
	Disclosure reference date T			
	Biodiversity and Ecosystems (BIO)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

% (compared to flow of total eligible assets)	aa	ab	ac	ad	ae	af
	Disclosure reference date T					
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			of which Use of Proceeds	of which transitional	of which enabling	
GAR – Covered assets in both numerator and denominator						
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.96	0.22	–	0.01	0.12	5.27
2 **Financial undertakings**	1.50	0.11	–	0.01	0.01	4.85
3 Credit institutions	1.45	0.11	–	0.01	0.01	4.73
4 Loans and advances	0.01	–	–	–	–	0.08
5 Debt securities, including UoP	1.44	0.11	–	0.01	0.01	4.65
6 Equity instruments	–	–		–	–	–
7 Other financial corporations	0.05	–	–	–	–	0.12
8 of which investment firms	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–
11 Equity instruments	–	–		–	–	–
12 of which management companies	–	–	–	–	–	–
13 Loans and advances	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–
15 Equity instruments	–	–		–	–	–
16 of which insurance undertakings	–	–	–	–	–	–
17 Loans and advances	–	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–	–
19 Equity instruments	–	–		–	–	–
20 **Non-financial undertakings**	0.18	0.11	–	–	0.11	0.17
21 Loans and advances	0.05	–	–	–	–	0.04
22 Debt securities, including UoP	0.13	0.11	–	–	0.11	0.12
23 Equity instruments	–	–		–	–	–
24 **Households**	0.29	–	–	–	–	0.26
25 of which loans collateralised by residential immovable property	0.29	–	–	–	–	0.26
26 of which: building renovation loans	–	–	–	–	–	–
27 of which motor vehicle loans	–	–	–	–	–	–
28 **Local governments financing**	–	–	–	–	–	–
29 Housing financing	–	–	–	–	–	–
30 Other local government financing	–	–	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	1.28	–	–	–	–	1.14
32 Total GAR assets	**3.24**	**0.22**	**–**	**0.01**	**0.12**	**89.07**

31 December 2023

		ag	ah	ai	aj	ak
		Disclosure reference date T-1				
		Climate Change Mitigation (CCM)				
		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
% (compared to flow of total eligible assets)						
	GAR – Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.95	0.11	–	–	–
2	**Financial undertakings**	0.16	–	–	–	–
3	Credit institutions	0.16	–	–	–	–
4	Loans and advances	–	–	–	–	–
5	Debt securities, including UoP	0.16	–	–	–	–
6	Equity instruments	–	–		–	–
7	Other financial corporations	–	–	–	–	–
8	of which investment firms	–	–	–	–	–
9	Loans and advances	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–
11	Equity instruments	–	–		–	–
12	of which management companies	–	–	–	–	–
13	Loans and advances	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–
15	Equity instruments	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–
17	Loans and advances	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–
19	Equity instruments	–	–		–	–
20	**Non-financial undertakings**	0.13	0.11	–	–	–
21	Loans and advances	–	–	–	–	–
22	Debt securities, including UoP	0.13	0.11	–	–	–
23	Equity instruments	–	–		–	–
24	**Households**	0.39	–	–	–	–
25	of which loans collateralised by residential immovable property	0.39	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–
29	Housing financing	–	–	–	–	–
30	Other local government financing	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	1.26	–	–	–	–
32	**Total GAR assets**	**1.95**	**0.11**	**–**	**–**	**–**

>

% (compared to flow of total eligible assets)	al	am	an	ao
	Disclosure reference date T-1			
	Climate Change Mitigation (CCA)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**–**	**–**	**–**	**–**

>

% (compared to flow of total eligible assets)	ap	aq	ar	as
	Disclosure reference date T-1			
	Climate Change Mitigation (WTR)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**–**	**–**	**–**	**–**

>

		at	au	av	aw
		Disclosure reference date T-1			
		Climate Change Mitigation (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				of which Use of Proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which: building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	–	–	–	–

>

	ax	ay	az	ba
	Disclosure reference date T-1			
	Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)			of which Use of Proceeds	of which enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	**–**	**–**	**–**	**–**

>

		bb	bc	bd	be
		Disclosure reference date T-1			
		Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				of which Use of Proceeds	of which enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which: building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**

>

% (compared to flow of total eligible assets)	bf	bg	bh	bi	bj	bk
	Disclosure reference date T-1					
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			of which Use of Proceeds	of which transitional	of which enabling	
GAR – Covered assets in both numerator and denominator						
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.95	0.11	–	–	–	6.25
2 **Financial undertakings**	0.16	–	–	–	–	2.19
3 Credit institutions	0.16	–	–	–	–	2.19
4 Loans and advances	–	–	–	–	–	0.03
5 Debt securities, including UoP	0.16	–	–	–	–	2.16
6 Equity instruments	–	–		–	–	–
7 Other financial corporations	–	–	–	–	–	–
8 of which investment firms	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–
11 Equity instruments	–	–		–	–	–
12 of which management companies	–	–	–	–	–	–
13 Loans and advances	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–
15 Equity instruments	–	–		–	–	–
16 of which insurance undertakings	–	–	–	–	–	–
17 Loans and advances	–	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–	–
19 Equity instruments	–	–		–	–	–
20 **Non-financial undertakings**	0.13	0.11	–	–	–	0.12
21 Loans and advances	–	–	–	–	–	–
22 Debt securities, including UoP	0.13	0.11	–	–	–	0.12
23 Equity instruments	–	–		–	–	–
24 **Households**	0.39	–	–	–	–	0.34
25 of which loans collateralised by residential immovable property	0.39	–	–	–	–	0.34
26 of which: building renovation loans	–	–	–	–	–	–
27 of which motor vehicle loans	–	–	–	–	–	–
28 **Local governments financing**	–	–	–	–	–	2.48
29 Housing financing	–	–	–	–	–	–
30 Other local government financing	–	–	–	–	–	2.48
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	1.26	–	–	–	–	1.10
32 Total GAR assets	**1.95**	**0.11**	**–**	**–**	**–**	**87.47**

GAR KPI flow – CapEx

		a	b	c	d	e
		Disclosure reference date T				
		Climate Change Mitigation (CCM)				
		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
	% (compared to flow of total eligible assets)					
	GAR – Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.33	0.19	–	0.01	0.01
2	**Financial undertakings**	2.33	0.19	–	0.01	0.01
3	Credit institutions	2.33	0.19	–	0.01	0.01
4	Loans and advances	–	–	–	–	–
5	Debt securities, including UoP	2.33	0.19	–	0.01	0.01
6	Equity instruments	–	–		–	–
7	Other financial corporations	–	–	–	–	–
8	of which investment firms	–	–	–	–	–
9	Loans and advances	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–
11	Equity instruments	–	–		–	–
12	of which management companies	–	–	–	–	–
13	Loans and advances	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–
15	Equity instruments	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–
17	Loans and advances	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–
19	Equity instruments	–	–		–	–
20	**Non-financial undertakings**	–	–	–	–	–
21	Loans and advances	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–
23	Equity instruments	–	–		–	–
24	**Households**	–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–
29	Housing financing	–	–	–	–	–
30	Other local government financing	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	1.93	–	–	–	–
32	**Total GAR assets**	**4.26**	**0.19**	**–**	**0.01**	**0.01**

>

	f	g	h	i
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)			of which Use of Proceeds	of which enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**	–	–	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–
26 of which: building renovation loans	–	–	–	–
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

% (compared to flow of total eligible assets)	j	k	l	m
	Disclosure reference date T			
	Climate Change Mitigation (WTR)			
	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 enabling
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

		n	o	p	q
		Disclosure reference date T			
		Climate Change Mitigation (CE)			
		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 enabling
% (compared to flow of total eligible assets)					
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–
26	of which: building renovation loans	–	–	–	–
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	**–**	**–**	**–**	**–**

>

	r	s	t	u
	Disclosure reference date T			
	Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)			**of which Use of Proceeds**	**of which enabling**
GAR – Covered assets in both numerator and denominator				
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2 **Financial undertakings**	–	–	–	–
3 Credit institutions	–	–	–	–
4 Loans and advances	–	–	–	–
5 Debt securities, including UoP	–	–	–	–
6 Equity instruments	–	–		–
7 Other financial corporations	–	–	–	–
8 of which investment firms	–	–	–	–
9 Loans and advances	–	–	–	–
10 Debt securities, including UoP	–	–	–	–
11 Equity instruments	–	–		–
12 of which management companies	–	–	–	–
13 Loans and advances	–	–	–	–
14 Debt securities, including UoP	–	–	–	–
15 Equity instruments	–	–		–
16 of which insurance undertakings	–	–	–	–
17 Loans and advances	–	–	–	–
18 Debt securities, including UoP	–	–	–	–
19 Equity instruments	–	–		–
20 **Non-financial undertakings**	–	–	–	–
21 Loans and advances	–	–	–	–
22 Debt securities, including UoP	–	–	–	–
23 Equity instruments	–	–		–
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which: building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**	–	–	–	–
29 Housing financing	–	–	–	–
30 Other local government financing	–	–	–	–
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32 Total GAR assets	–	–	–	–

>

	% (compared to flow of total eligible assets)	v	w	x	z
		Disclosure reference date T			
		Biodiversity and Ecosystems (BIO)			
		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 enabling
	GAR – Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–
2	**Financial undertakings**	–	–	–	–
3	Credit institutions	–	–	–	–
4	Loans and advances	–	–	–	–
5	Debt securities, including UoP	–	–	–	–
6	Equity instruments	–	–		–
7	Other financial corporations	–	–	–	–
8	of which investment firms	–	–	–	–
9	Loans and advances	–	–	–	–
10	Debt securities, including UoP	–	–	–	–
11	Equity instruments	–	–		–
12	of which management companies	–	–	–	–
13	Loans and advances	–	–	–	–
14	Debt securities, including UoP	–	–	–	–
15	Equity instruments	–	–		–
16	of which insurance undertakings	–	–	–	–
17	Loans and advances	–	–	–	–
18	Debt securities, including UoP	–	–	–	–
19	Equity instruments	–	–		–
20	**Non-financial undertakings**	–	–	–	–
21	Loans and advances	–	–	–	–
22	Debt securities, including UoP	–	–	–	–
23	Equity instruments	–	–		–
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which: building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	–	–	–	–
29	Housing financing	–	–	–	–
30	Other local government financing	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–
32	**Total GAR assets**	–	–	–	–

>

		aa	ab	ac	ad	ae	af
		Disclosure reference date T					
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total new assets covered**
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				of which Use of Proceeds	**of which transitional**	**of which enabling**	
% (compared to flow of total eligible assets)							
	GAR – Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.33	0.19	–	0.01	0.01	9.37
2	**Financial undertakings**	2.33	0.19	–	0.01	0.01	9.37
3	Credit institutions	2.33	0.19	–	0.01	0.01	9.37
4	Loans and advances	–	–	–	–	–	–
5	Debt securities, including UoP	2.33	0.19	–	0.01	0.01	9.37
6	Equity instruments	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–
20	**Non-financial undertakings**	–	–	–	–	–	–
21	Loans and advances	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–
23	Equity instruments	–	–		–	–	–
24	**Households**	–	–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–
26	of which: building renovation loans	–	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	1.93	–	–	–	–	1.86
32	**Total GAR assets**	**4.26**	**0.19**	**–**	**0.01**	**0.01**	**96.62**

KPI off-balance sheet exposures – CapEx – stock

31 December 2024

	a	b	c	d	e
	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	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
% (compared to total eligible off-balance sheet assets)					
1 Financial guarantees (FinGuar KPI)	–	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A

	f	g	h	i
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	j	k	l	m
	Disclosure reference date T			
	Water and marine resources (WTR)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	n	o	p	q
	Disclosure reference date T Circular economy (CE) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			of which Use of Proceeds	of which transitional
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	r	s	t	u
	Disclosure reference date T Pollution (PPC) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			of which Use of Proceeds	of which transitional
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	v	w	x	z
	Disclosure reference date T Biodiversity and Ecosystems (BIO) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			of which Use of Proceeds	of which transitional
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

% (compared to total eligible off-balance sheet assets)	aa	ab	ac	ad	ae
	Disclosure reference date T				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			of which Use of Proceeds	of which transitional	of which enabling
1 Financial guarantees (FinGuar KPI)	–	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A

31 December 2023

% (compared to total eligible off-balance sheet assets)	a	b	c	d	e
	Disclosure reference date T-1				
	Climate Change Mitigation (CCM)				
	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
1 Financial guarantees (FinGuar KPI)	–	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A

% (compared to total eligible off-balance sheet assets)	f	g	h	i
	Disclosure reference date T-1			
	Climate Change Mitigation (CCA)			
	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
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	j	k	l	m
	Disclosure reference date T-1			
	Water and marine resources (WTR)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	n	o	p	q
	Disclosure reference date T-1			
	Circular economy (CE)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	a	b	c	d	e
	Disclosure reference date T-1				
	Climate Change Mitigation (CCM)				
	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
% (compared to total eligible off-balance sheet assets)					
1 Financial guarantees (FinGuar KPI)	–	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A

	v	w	x	z
	Disclosure reference date T-1			
	Biodiversity and Ecosystems (BIO)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	aa	ab	ac	ad	ae
	Disclosure reference date T-1				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			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)	N/A	N/A	N/A	N/A	N/A

KPI off-balance sheet exposures – CapEx – flow

	a	b	c	d	e
	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	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
% (compared to total eligible off-balance sheet assets)					
1 Financial guarantees (FinGuar KPI)	–	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A

% (compared to total eligible off-balance sheet assets)	f	g	h	i
	Disclosure reference date T			
	Climate Change Mitigation (CCA)			
	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
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

% (compared to total eligible off-balance sheet assets)	j	k	l	m
	Disclosure reference date T			
	Water and marine resources (WTR)			
	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
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

% (compared to total eligible off-balance sheet assets)	n	o	p	q
	Disclosure reference date T			
	Circular economy (CE)			
	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
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	r	s	t	u
	Disclosure reference date T			
	Pollution (PPC)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	v	w	x	z
	Disclosure reference date T			
	Biodiversity and Ecosystems (BIO)			
	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
% (compared to total eligible off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	–	–	–	–
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

	aa	ab	ac	ad	ae
	Disclosure reference date T				
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			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)	N/A	N/A	N/A	N/A	N/A

Nuclear energy and fossil gas

Commission Delegated Regulation 2021/2178 supplements the Taxonomy by examining the six activities in relation to nuclear energy and fossil gas separately

Nuclear and fossil gas related activities – turnover – stock

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2 – turnover – stock

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.01	3	0.01	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	86	0.20	86	0.20	0	0.00
8	**Total applicable KPI**	**89**	**0.21**	**89**	**0.21**	**0**	**0.00**

Template 3 – turnover – stock

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.02	0	0.02	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	3	2.89	3	2.89	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	86	97.09	86	97.05	0	0.05
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**89**	**100.00**	**89**	**99.95**	**0**	**0.05**

Template 4 – turnover – stock

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	10	0.02	10	0.02	–	–
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–

>

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,345	3.13	1,345	3.12	0	0.00
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**1,355**	**3.15**	**1,355**	**3.15**	**0**	**0.00**

Template 5 – turnover – stock

		31 Dec 2024	31 Dec 2024
		€ mn	%
	Economic activities		
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.00
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.00
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	41,594	96.64
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**41,597**	**96.65**

Nuclear and fossil gas related activities – turnover – flow

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2 – turnover – flow

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01	0	0.01	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14	0.23	14	0.23	0	0.00
8	**Total applicable KPI**	**15**	**0.23**	**15**	**0.23**	**0**	**0.00**

Template 3 – turnover – flow

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	2.18	0	2.18	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	14	97.82	14	97.80	0	0.02
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**15**	**100.00**	**15**	**99.98**	**0**	**0.02**

Template 4 – turnover – flow

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.01	1	0.01	–	–
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–

>

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	292	4.65	292	4.65	0	0.00
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**293**	**4.66**	**293**	**4.66**	**0**	**0.00**

Template 5 – turnover – flow

		31 Dec 2024	31 Dec 2024
		€ mn	%
	Economic activities		
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,971	95.09
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**5,972**	**95.10**

Nuclear and fossil gas related activities – CapEx – stock

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Template 2 – CapEx – stock

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.00	2	0.00	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.00	2	0.00	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	93	0.22	93	0.22	0	0.00
8	**Total applicable KPI**	**96**	**0.22**	**96**	**0.22**	**0**	**0.00**

Template 3 – CapEx – stock

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.26	0	0.26	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2	1.73	2	1.73	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2	1.70	2	1.70	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	93	96.31	93	96.24	0	0.08
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**96**	**100.00**	**96**	**99.92**	**0**	**0.08**

Template 4 – CapEx – stock

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–

>

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.00	1	0.00	–	–
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,297	3.01	1,289	2.99	9	0.02
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**1,298**	**3.02**	**1,290**	**3.00**	**9**	**0.02**

Template 5 – CapEx – stock

		31 Dec 2024	31 Dec 2024
		€ mn	%
	Economic activities		
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	41,646	96.76
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**41,646**	**96.76**

Nuclear and fossil gas related activities – CapEx – flow

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Template 2 – CapEx – flow

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01	0	0.01	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	12	0.18	12	0.18	0	0.00
8	**Total applicable KPI**	**12**	**0.19**	**12**	**0.19**	**0**	**0.00**

Template 3 – CapEx – flow

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.60	0	0.60	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	2.82	0	2.82	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	12	96.58	12	96.54	0	0.04
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**12**	**100.00**	**12**	**99.96**	**0**	**0.04**

Template 4 – CapEx – flow

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
	Economic activities						
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00	0	0.00	–	–

>

		Total (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		€ mn	%	€ mn	%	€ mn	%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.01	0	0.01	–	–
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	255	4.06	255	4.06	0	0.00
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**256**	**4.07**	**255**	**4.07**	**0**	**0.00**

Template 5 – CapEx – flow

		31 Dec 2024	31 Dec 2024
		€ mn	%
	Economic activities		
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	6,231	95.74
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**6,231**	**95.74**

Nuclear and fossil gas related activities – turnover – off-balance – stock and flow for CapEx and turnover

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Based on FAQ 28 in the Commission Notice published in November 2024, Aareal Bank AG has not disclosed Templates 2 to 5, since no exposures in its off-balance sheet business correspond to the activities in lines 1 to 6 of Template 1.

ESRS E1: Climate change

Policies related to climate change mitigation and adaptation

E1-1 Transition plan for climate change mitigation

E1-1 14-17

Aareal Bank Group had not yet published a comprehensive transition plan as at the 31 December 2024 reporting date. As a provider of commercial property finance, Aareal Bank AG is aware of its significant responsibility and of the relevance of the building sector to meeting international climate action goals. It continued implementing a series of projects and initiatives during the reporting year, laying a solid foundation for this. For example, the Bank used a project to create a high level of transparency regarding the financed carbon emissions in its Commercial Real Estate Financing (CREF) portfolio for the first time and disclosed them in a separate report in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard. These projects and initiatives are described in detail in E1-3. The Bank is planning to publish the information regarding the publication of a transition plan that is required under the ESRSs for financial year 2026.

In addition, the Bank is aware that its own operations offer a further lever for reducing the resulting carbon emissions. In line with this, its environmental management activities focus on a number of actions to continuously improve its energy efficiency; these are described in greater detail in E1-3. One particular focus here is on the headquarters buildings in Wiesbaden. Aareal Bank Group is not excluded from the EU Paris-aligned Benchmarks.

Material impacts, risks and opportunities and their interaction with the strategy and the business model

E1 18-19 SBM-3 ESRS 2 48

Both impacts and risks and opportunities have been identified with respect to climate change. A large majority of the risks and opportunities identified in the double materiality assessment relate to Standard E1 Climate change. One negative impact that has to be mentioned is energy consumption and the associated carbon emissions caused by Aareal Bank Group's own operations. A number of different fuel sources are used to operate buildings at the Bank's own locations, to power its data centres, to run company cars and in business travel by Aareal Bank Group employees; these lead to carbon dioxide being emitted, which contributes negatively to climate change. Going forward, increasing climate change means a greater need for energy to cool office buildings can also be expected. What is more, the Bank's payment services and banking products (especially digital offerings such as Aareal Portal) require server capacity in the value chain, the provision of which also entails energy consumption and carbon emissions. In addition to business travel by Aareal Bank Group staff, travel by consultants and external product representatives also leads to carbon dioxide emissions. However, climate-friendly working policies and mobility solutions also have positive impacts on the Bank's own operations. They include the following things, among others: remote working, a company car policy with defined carbon thresholds, charging stations for electric vehicles at the Bank's headquarters in Wiesbaden (which dispense green electricity), subsidised local transport tickets and bicycle leasing.

In addition to the emissions from its own business operations, the Bank considers its financed emissions from loan origination as being particularly relevant. The properties financed by Aareal Bank AG must be seen as part of its value chain. They need energy to operate, which results in carbon emissions. These contribute significantly to climate change. At the same time, Aareal Bank AG's green loans and transformation loans can contribute to energy-efficiency improvements to the (global) building portfolio, and hence help operators make energy savings and thus contribute positive to climate change mitigation.

Given the chronic effect of climate change, a large proportion of climate-related impacts are particularly relevant in the long term, even though emissions and savings already happen in the short term to some extent. Apart from the impacts, a variety of climate-related risks and opportunities have been identified.

Opportunities – particularly medium- and long-term ones – include expanding the lending business by offering green finance solutions (green loans and finance for energy-efficiency improvements), accessing new ESG-compliant asset classes and the growing need to adapt buildings to climate change.

Transition risks are material for Aareal Bank Group as climate change progresses. For example, paying inadequate attention to climate change mitigation (e.g. by offering too few „green products“) can be expected over the long term to result in reputational risks and impaired funding opportunities. In addition, in the long term there will be an increasing likelihood of breaches of increasingly strict statutory and regulatory requirements, which could lead to negative consequences such as fines. In the medium term it is also possible that the fair values of financed properties may fall due to statutory changes with respect to energy consumption and carbon values. Material acute and chronic physical risks exist in relation to the buildings in Aareal Bank Group's own portfolio and Aareal Bank AG's financed properties.

Aareal Bank Group measures these risks by performing a number of different annual ESG and climate stress tests to assess the impact of sustainability matters on the ICAAP's economic perspective. The ICAAP (Internal Capital Adequacy Assessment Process) is the process used to implement the internal capital adequacy concept. The process also involves examining what impacts different scenarios have on the Bank's internal capital. The scope of the transition stress tests covers the properties in the CREF and the properties owned by the Bank. This allows us to take into account not only the perspective of our own business activities but also and above all that part of our downstream value chain relating to the properties financed by the Bank. The scope of the physical stress test covers the properties in the CREF portfolio. Prior to the stress test, a qualitative risk inventory is performed to analyse transition and physical factors, and their impact on the risks faced by the Bank. The upstream portion of the value chain and downstream parts above and beyond property finance did not fall within the scope of the climate stress test in the reporting year. The hypothetical „Orderly“ climate stress ESG scenario is based on the Net Zero 2050 climate scenario published by the NGFS (Network for Greening the Financial System) and analyses an orderly transition to a lower-carbon and more sustainable economy. It looks at impacts to credit risk, real estate risk and business risk. The hypothetical „Disorderly“ climate stress ESG scenario is based on the NGFS's „Delayed Transition“ climate scenario. It looks at impacts to credit risk and real estate risk. The Orderly and Disorderly scenarios were used to calculate figures for the expected loss and the unexpected loss (UL). The UL from the Orderly scenario is a key element in determining the ICAAP management buffer, while the UL from the Disorderly scenario is monitored using the limit set out in the credit risk strategy. In addition, impacts on operational risk and reputational risk are assumed. Conservative assumptions are made regarding future necessary building energy efficiency improvements (especially in the case of credit risk). The hypothetical „Societal Change“ ESG scenario is based on the possibility of sustainability-related societal changes impacting the Bank's business environment, and focuses in particular on incorporating the impacts of societal changes on the world of work and travel behaviour, and on credit risk and operational risk, plus necessary investments and accompanying losses.

A physical stress test is also performed in addition to the transition scenario analyses. The physical stress test only takes acute scenarios with a time horizon of less than one year into account. The risk value calculated when evaluating the results of the stress test does not include protective measures or insurance. In a next step, the properties affected are reviewed by Cover Management to determine whether insurance or other protective measures such as dykes exist. The physical event with the greatest potential impact that was identified was a flood scenario. The hazard for each building is determined using data supplied by an external provider and the impact on the property value is calculated using a loss function. The losses per individual property are aggregated into clusters with a radius of 30 km and the three clusters with the largest cluster losses are reviewed within the Bank to determine whether the protection for the properties offered by insurance or other measures is sufficient. In another scenario, the Bank looks not only at the impact on capital in transition climate scenarios but also at the impact on liquidity. This is done by simulating cash outflows at housing associations due to the need for energy efficiency improvements. Conservative assumptions were adopted for the scenario. The ESG and climate scenarios look at the Bank's economic perspective and serve to preserve its capital in the long term. The results of the most recent stress test as at 31 December 2024 show once again that the impacts of the transition climate stress scenarios are moderate compared to the other stress scenarios (e.g. the historical financial crisis in 2008). The uncertainty factors that are taken into account are write-downs of building values due to carbon levies and potential energy efficiency improvements. The physical stress scenario – which includes the impacts of flood, storm and drought damage on the buildings (losses in fair value and/or rental income) as uncertainty factors – also shows that, given current assumptions, a physical scenario would have a minor impact due to the fact that physical risks are managed using insurance.

If elevated risk factors are identified in the course of this process, a variety of measures are considered to combat the risks concerned. For example, potential action options are evaluated and assessed, and suitable countermeasures developed. Where a predefined amber threshold for a control parameter is exceeded, the full Management Board decides whether to take appropriate measures. In addition, the case is continuously monitored.

The Bank always considers environmental matters – and in particular climate-related matters – when making business decisions, thus ensuring that it has an overview of the short-, medium- and long-term impacts of its activities. It always acts responsibly and with a view to the sustainable transformation of the economy and society when doing business, taking action and reaching decisions. This principle is embedded in its business strategy and is expressed in particular in the continuous expansion and enhancement of the green product structures on both the assets and the equity and liabilities side of its business. On the assets side, the Bank is continuing to enhance its business to meet clients' needs – resulting again to continued strong demand being seen for green loans in the reporting year. The Bank is in regular contact with its investors and aligns itself with their requirements and needs, so as to safeguard its long-term capital market access. This includes issuing green funding instruments such as green bonds and green European Commercial Paper (ECP).

The Bank endeavours to continuously review its product range, and to enhance it where necessary, due to the dynamic market development in this area in view of client and investor expectations. This ensures the Bank's long-term business success and lays the foundations for continuing to make a positive contribution to reaching its climate targets.

In line with its „strategic sustainability" approach, Aareal Bank Group focuses particularly on making an active contribution to climate change mitigation and on embedding ESG principles in decision-making processes – things that are embedded in its business strategy – while always complying with its five target dimensions for ESG: „Ambition", „Investment", „Client", „Risk" and „Regulation". Aareal Bank Group defines „Ambition" as its active contribution to transformation, while „Investment" describes safeguarding investability on both the assets and equity and liabilities side of its balance sheet. The definition of the „Client" target dimension is taken to mean retaining existing clients and acquiring new ones, while „Risk" comprises the management of relevant risks. The final target dimension, „Regulation", describes compliance with regulatory requirements.

Management of impacts, risks and opportunities in relation to climate change mitigation and climate change adaptation

E1-2 – Strategies related to climate change mitigation and adaptation

E1-2 20-25

Limiting climate change and adapting to the changes associated with it are incorporated in the business strategy that applies to all of the Bank's global business activities. This business strategy is resolved by Aareal Bank AG's full Management Board following discussion by the Supervisory Board, and reflects Aareal Bank Group's basic strategic orientation. The business strategy defines the Bank's broader definition of sustainability, its sustainability mission statement, its level of ambition regarding its ESG performance, and qualitative and quantitative ESG targets at the corporate level. In addition, the business strategy defines performance-related

ESG KPIs. Aareal Bank Group acts in the best interests of its stakeholders at all times when developing and updating its business strategy. Aareal Bank Group has identified the opportunities and risks that are relevant to its business model and monitors these regularly, including in relation to their relevance for shaping its business strategy. The Bank constantly tracks changes in client and investor behaviour with respect to their growing need for green offerings on both the assets and equity and liabilities side of the business, and derives opportunities for its own business model from them. These are then examined during the strategy process and taken into account as appropriate when designing our business strategy. One particular example is the continuous expansion and enhancement of our green product range in all segments. With regard to risks, the main focus is on the transition risks associated with climate change and the changes resulting from it, and on physical climate risks. In addition, at a strategic level the commercial real estate sector's particular exposure to transition and physical risks is taken into consideration, and this is ultimately used to define the strategic direction and ESG targets. The identified risk matters are given particular prominence in the relevant risk strategies and risk models, and in the underlying frameworks.

The risk strategy is part of the overall strategy and is resolved by the full Management Board. It is binding and valid for all of Aareal Bank AG's Sales and Credit Management units and for the Risk Management units, Finance & Controlling and Corporate Affairs, as well as for those Aareal Bank AG subsidiaries that are directly active in the financial sector and that are viewed integrally. It is reviewed and updated as part of a defined process. The risk strategy is aligned with the business strategy and the Risk Appetite Statement, which contain objectives and targets for the two segments – Structured Property Financing (SPF) and Banking & Digital Solutions (BDS) – based on a multi-year horizon. It documents the main objectives and features of risk management. It contains approaches for mitigating and limiting the material risk types identified in the risk inventory. It also includes the mission statement for credit risk management and the risk appetite policy of Aareal Bank Group, which both identify, using the current risk profile, to what extent Aareal Bank Group is willing to take on risk. Aareal Bank Group's risk strategy consists of modular sub-risk strategies, including its credit risk strategy. ESG criteria play an increasingly important role in lending decisions, especially when it comes to assessing the sustainable value of the properties in question. ESG criteria of relevance to credit risks were identified within the scope of the risk inventory. All jurisdictions assess ESG criteria on the basis of the available information in lending decisions. The collected ESG data provides the basis for various stress tests, which are designed to estimate the potential impact of changes in the climate protection legislation (including shocks) and the physical impact of climate change.

As regards opportunities, Aareal Bank Group adheres closely to the Green Finance Framework defined for this purpose. This was set out in the Green Finance Frameworks for Lending and Liabilities and is based on the Loan Market Association's Green Loan Principles and the ICMA Green Bond Principles. This is supported by the opportunities identified in the double materiality assessment, which identified ESG-compliant asset classes and the extension of the product portfolio to include green products plus energy efficiency improvements as opportunities for the Bank's business model. These frameworks enable the origination of green loans, which are linked to compliance with defined green qualification criteria. In addition, green funding instruments that comply with predefined green standards can be placed on the market. These green products offer clients, investors and the Bank itself a variety of opportunities such as reduced collateral risks or a broader investor base. Consequently, they allow the Bank to leverage business opportunities for green finance and funding by specifically addressing customer and investor needs and offering suitable products. The ESG Expert Group and the Green Finance Committee oversee the design of the Green Finance Framework, the appropriateness of the qualification criteria defined there, and compliance with the requirements set out in it on an ongoing basis. Material changes to the frameworks require the consent of the full Management Board. All of the Bank's clients and investors have access to green asset- and equity and liabilities-side products that are originated or issued under the Green Finance Frameworks. The Frameworks potentially apply to all jurisdictions and asset classes in which Aareal Bank AG does business. It relates to the properties financed by Aareal Bank in its downstream value chain.

E1-3 – Actions and resources in relation to climate change policies

E1-3 26-29, AR21

Aareal Bank Group accompanies and supports the sustainable transformation of the economy and society by adopting a systematic approach to sustainability. It wants to do its bit to help meet the international climate protection goals set out in the Paris Agreement on climate change and the United Nations' Sustainable Development Goals (SDGs). Aareal Bank Group sees incorporating climate-related matters in its business model as a material criterion for securing its business success in the long term, so as to fulfil its responsibility to the environment and society. It considers ESG to be an integral part of its business strategy that is aligned with this and continuously enhanced. Aareal Bank AG is aware that it can make its largest positive contribution to limiting climate change to an acceptable level by optimising its loan portfolio in accordance with environmental criteria. Consequently, it has made this insight an integral component of its business strategy and of the derivation of the levels of ambition resulting from it. Above and beyond this, however, it is also aware of the relevance of the environmental and climate impacts resulting from its own operations, and endeavours to systematically align them with its strategic ambitions.

As part of the strategic ESG targets anchored in its business strategy, Aareal Bank Group primarily focuses on continuously extending its green finance activities on both the assets and the equity and liabilities sides of its balance sheet, and on increasing the transparency of Aareal Bank AG's loan portfolio.

Aareal Bank AG already expanded its product range a number of years ago to include green lending and green funding products, and has significantly increased their volume. In addition, major progress was made with respect to ESG portfolio transparency.

A number of actions were taken to achieve the targets in the reporting year:

- On the assets side, new green loans of approximately € 3.9 billion were entered into, increasing the total volume of green loans to € 7.6 billion. Green loans verifiably meet the green qualification criteria set out in the Green Finance Framework – Lending and hence contribute at a number of levels to the success of the sustainable transformation. In particular, loans that meet the minimum energy-efficiency requirements for buildings are associated with minimising the carbon involved in the latters' use and hence with a positive contribution by them to limiting climate change. Other matters such as social aspects also play a role in certification using sustainability certificates. Aareal Bank AG's green lending products cover all geographical jurisdictions in which it does business and form part of its downstream value chain. The green credit products offered focus in particular on the needs of clients and investors, but are also in the interests of other stakeholders such as employees, society and external business partners. The maturities of the products vary and are customised to fit clients' needs.

- On the equity and liabilities side, the first green senior non-preferred bond with a total volume of € 500 million and a maturity of two years was successfully placed on the capital market in the reporting year. In addition, Aareal Bank AG had € 467 million in green European Commercial Paper (ECP) outstanding as at the 31 December 2024 reporting date. All green instruments issued and their underlying collateral are based on the Aareal Green Finance Framework – Liabilities, the uniform framework that defines Aareal Bank AG's standards for green equity and liabilities side products. Aareal Bank AG's green issues therefore help to direct investments towards sustainable buildings and contribute at a number of levels to the success of the sustainable transformation. In particular, funding in the green asset pool that meets the minimum energy-efficiency requirements for buildings is associated with minimising the carbon involved in the latters' use and hence with a positive contribution by the buildings concerned to limiting climate change. Other matters such as ESG-related aspects can also play a role in certification using green building certificates. The range of green funding products offered is targeted particularly towards investors' requirements. The relevance of labelling a bond as "green" depends on the product type and the specific investor segment.

Along with its asset- and equity and liabilities-side products, Aareal Bank AG is working to continuously enhance its ESG data pool with a view to ensuring the informative value of the climate performance information for its lending and funding activities. The goal is to further increase transparency in terms of data availability and quality. A number of measures that were launched in previous years were continued in the reporting year.

This includes in particular the actions listed below:

- The collection of environmental and climate-related data at the level of the financed properties, e.g. information on their energy efficiency, sustainable building certifications, carbon emissions and the year that energy efficiency improvements were last made. Such data enable Aareal Bank AG to assess the environmental quality and development of its property financing portfolio. For example, it makes it possible to determine the share of Green Building Certificates, the energy efficiency and the carbon emissions derived from this. These data will continue to be collected on an ongoing basis in line with the processes defined in the Credit Manual and the Quality Manual; this applies to all countries and property types where Aareal Bank Group is active. The Bank aims to use a continuous improvement process to successively enhance the completeness and quality of the data pool. The data are of interest firstly to Aareal Bank Group itself but also to external stakeholders such as clients, investors, associations and other market participants.

- Aareal Bank Group's membership of, and active participation in, the D/A/CH/Li region of the PCAF network (Commercial Real Estate and Mortgages subgroup) allowed it to work together with other financial and banking market participants to continue driving forward use of the PCAF standard in practice. In addition, Aareal Bank AG put in place the data pool needed to provide high-quality information on its climate performance in the reporting year and, building on this, published its first report on financed carbon emissions in its Commercial Real Estate Financing portfolio in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard. As expected, this created a high degree of climate transparency in the portfolio for the first time and made an important contribution to the goal of achieving a large measure of transparency. A comprehensive and qualitatively robust pool of data on the loan portfolio's carbon footprint serves as the foundation for all other strategic considerations in connection with the necessary process of decarbonisation. In particular, this comprises the preparations for developing a climate transition plan that is aligned with science-based targets. An initiative to be launched in 2025 will continue the work to identify and assess the key levers and mechanisms required to pursue a long-term transition plan. Carbon transparency was achieved for all countries and property classes in the loan portfolio and is of interest in particular to investors, clients and ratings agencies, but also to the relevant employee groups/levels of management.

- In addition, Aareal Bank AG prepared its first Green Bond Allocation & Impact Report, which also contains the methodology used to calculate carbon avoidance, together with an external team of experts. This makes it possible for the first time to provide investors in green equity and liabilities-side products not just with information about the products' composition but also with specific information about energy savings and carbon avoidance for the funding in the green asset pool. This information was collected for all collateral contained in the green asset pool, regardless of the country and property class involved, and a variety of KPIs based on it were calculated and published at pool level. Comprehensive transparency in relation to green funding helps Aareal Bank Group's investors to make specific decisions in relation to their ambitions to limit climate change, and to specifically direct investment flows towards sustainable, low-carbon buildings.

These projects and initiatives form the starting point for pushing forward with long-term transition planning in the next steps. One of the main measures was the launch of a project for this, which also includes developing Aareal Bank Group's climate pathway. An initiative to be launched in 2025 will continue the work to identify and assess the key levers and mechanisms required to pursue a long-term transition plan.

The following fundamental management measures to increase energy efficiency and reduce emissions were taken to reach Aareal Bank AG's emissions target, which aims to achieve climate-neutral operations through offsetting in the reporting year. These measures lay the foundations for action in line with the principle of „avoid, reduce, offset":

- The use of verifiably emission-free green energy: Using green energy reduces Scope 2 (market based) carbon emissions. Once again, all electricity requirements in this area at the Wiesbaden headquarters were met by certified and verifiably emission-free green electricity. Aareal's headquarters in Wiesbaden is also the Bank's largest location. In addition, most of Aareal Bank Group's other German locations sourced green electricity. In addition, Wiesbaden sources a high proportion of district heating from environmentally friendly CHP plants and renewable energy. This action relates to our own business operations. Potential stakeholder groups include clients, investors and employees. The action is performed on an annual basis, and there is an ongoing contractual relationship with the electricity provider to source green electricity. There are no plans to terminate it at this time.

- Reliable calculation of environmental and emissions metrics: In 2024, environmental and emissions data for financial year 2023 were calculated for the first time using the VfU-Kennzahlen (VfU metrics) tool. Capturing the Bank's own environmental KPIs and drawing up its own climate footprint are a key management tool for reducing carbon emissions here. In addition, this lays the foundations for achieving its target of climate-neutral own operations through offsetting. This tool, which has been published and continuously updated for the last 20 years or so by the Association for Environmental Management in Banks, Savings Banks and Insurance Companies (Verein für Umweltmanagement and Nachhaltigkeit in Finanzinstituten – VfU) is an established sector standard solution that is already used by a wide range of financial institutions. The data for financial year 2024 were also captured using this tool. The process covers all of Aareal Bank Group's domestic and foreign locations including significant subsidiaries, equity interests and foreclosed assets. The data are supplied by the responsible staff members at the locations concerned, who capture and provide all data that can be captured with reasonable effort. If the early timing of data capture means that no data are available at the time of the query, Aareal Bank Group reserves the right to fill the gaps with prior-year data, estimates and projections with the assistance of the VfU-Kennzahlentool. This action relates to Aareal Bank Group's own business operations.

Potential stakeholder groups include clients, investors and employees. The action is performed annually in the context of sustainability reporting. There are no plans to discontinue data collection in future.

In addition, further energy efficiency enhancement measures were implemented; these were planned up front by Facility Management with the aim of achieving the Bank's target of climate-neutral own operations through offsetting. In a preliminary measure, another comprehensive energy audit in accordance with the German Energy Services Act (Gesetz über Energiedienstleistungen und andere Energieeffizienzmaßnahmen – EDL-G) was performed in 2023. This resulted in a list of measures to be taken in the 2024 reporting year to further improve energy and resource efficiency at our Wiesbaden location. The following measures apply solely to the Bank's main location in Wiesbaden. Potentially affected stakeholder groups are employees, clients and business partners. The actions can be described as follows:

- Implementation of a metering policy: A metering policy has been implemented so as to capture consumption data in individual parts of the building. This is a key tool for managing the reduction of consumption with a view to achieving climate-neutral operations. Reliable meter reading allows emission-intensive devices, sections of buildings, etc. to be identified and countermeasures to be taken where necessary. Under this plan, the parts are being fitted with separate heat meters to measure their heat consumption. Consumption is captured using M-Bus meters, which can be transferred to the building management system so as to permit digital energy monitoring. Digital metering systems already exist for electricity consumption. This action relates to the Bank's own operations. The action is being implemented on an ad hoc basis, was launched in 2024 and is scheduled to be completed in 2025. The costs amount to approximately € 60,000, with carbon savings of 97.2 tonnes being expected.

- Replacement of heat pumps: In addition, a number of heat pumps in the building were replaced in 2024 by more energy-efficient pumps. Aareal Bank AG expects to reduce its consumption as a result, which is why energy-efficient pumps contribute to achieving climate-neutral business operations through offsetting. However, no precise forecast for emission savings can be made at present. This action relates to the Bank's own operations. It was both launched and completed in 2024 and led to investment costs of approximately € 30,000.

- Retrofitting of lighting: Ongoing LED retrofitting of the lighting in lifts, kitchens and corridors started in 2023 and was continued in 2024. Aareal Bank AG expects to reduce its consumption as a result, which is why energy-efficient pumps contribute to achieving climate-neutral business operations through offsetting. However, no precise forecast for emission savings can be made at present. This action relates to the Bank's own operations. Above and beyond this, lighting elements are being constantly replaced.

Roughly € 2 million in total was budgeted for energy costs (electricity, heating, gas, equipment and water) for the Wiesbaden, Essen and Berlin sites (OpEx) in reporting year 2024. It is assumed that the energy efficiency measures already mentioned will permit this amount to be reduced in the coming years, initially to approximately € 1.6 million in 2025 and later to approximately € 1.5 million in 2026 and 2027, respectively.

The following energy efficiency enhancement actions have also been planned for 2025 so as to ensure efficient progress towards the goal of limiting the Bank's own greenhouse gas emissions and achieving climate neutrality through offsetting in the future as well.

- Solar thermal system: Actions include upgrading the solar thermal system on one of the office buildings at the headquarters in Wiesbaden and assessing the roof areas on another building there. Aareal Bank AG expects to reduce its consumption as a result, which is why energy-efficient pumps contribute to achieving climate-neutral business operations through offsetting. However, no precise forecast for emission savings can be made at present. This action relates to the Bank's own operations. The action is scheduled to be both launched and completed in 2025.

- Modernisation of heating pumps: In addition, there are plans to modernise the heating pumps in one of the office buildings in 2025. Heating at the Bank's headquarters takes the form of district heating, with the distribution substations for the individual heating circuits being fed by a variety of pumps; the heat for these heating circuits is metered. The process of replacing individual pumps in various parts of the building with high-efficiency pumps was started in 2019, since these consume roughly 2.5 times less electricity than the previous models. Aareal Bank AG expects to reduce its consumption as a result, which is why energy-efficient pumps contribute to achieving climate-neutral business operations through offsetting. However, no precise forecast for emission savings can be made at present. This action relates to the Bank's own operations. The action is scheduled to be both launched and completed in 2025.

- Upgrading of ventilations systems: In addition, it is planned to upgrade the supply air system in Aareal Bank AG's underground car park, plus the supply and exhaust air systems in another part of the building, in 2025. Aareal Bank AG expects to reduce its consumption as a result, which is why energy-efficient pumps contribute to achieving climate-neutral business operations through offsetting. Emissions savings are currently expected to amount to roughly 12.2 t CO_2. This action relates to the Bank's own operations. The action is scheduled to be both launched and completed in 2025.

The implemented and planned measures are climate change mitigation actions. No climate change adaptation actions have been taken as yet for the Bank's own office buildings. Unavoidable emissions for 2023 were offset, and offsetting of the corresponding emissions for the 2024 financial year was planned and included in the internal departmental budgets, in order to reach the ultimate goal of achieving climate neutrality in operations through offsetting and reduction, as set out in our business strategy. In addition, Aareal Bank AG's employees are made aware of energy-saving measures on an ongoing basis.

Other key decarbonisation levers in the Bank's own operations apart from the above-mentioned efficiency measures comprise the efficient recycling of packaging, promoting the circular economy and the use of renewable energy sources such as biogas. Added to this, using energy-efficient technical equipment reduces carbon emissions. As a matter of principle, the implementation of technical measures to increase energy efficiency depends not only on the human resources available but also on suppliers and on the availability of materials on the market.

Metrics and targets related to climate change mitigation and adaptation

E1–4 – Targets related to climate change mitigation and adaptation

E1-4 30-34, AR25, AR30c

With respect to its own operations, Aareal Bank Group is pursuing the target set out in its business strategy of limiting its own greenhouse gas emissions while achieving climate neutrality by offsetting. This target is not currently based on the use of scientific methods. Rather, the approach taken is to „avoid, reduce, offset". In line with this, the first step is always to attempt where possible to completely avoid, or to reduce carbon emissions in the Bank's own operations by taking the actions and initiatives described. All stakeholders are included as a matter of principle in implementing the target. In addition to the Bank's staff – who are made aware of the need to reduce emissions – the most relevant stakeholders here are the Facility Management staff responsible for implementing the savings measures at the Bank's main location in Wiesbaden. Aareal Bank Group's central Sustainability Management function is responsible for setting the target and is in constant contact with affected and supporting units within the Group. For example, it works together with Aareal Bank AG's Facility Management to develop, assess and implement actions to achieve the goal of climate neutrality. Among other things, these initiatives and actions include sourcing of green electricity and the use of low-emission heating, the constant optimisation and electrification of the vehicle fleet and enhanced digital collaboration so as to reduce travel. Emissions that cannot be avoided or reduced have been offset since financial year 2023 using a specialist provider, ultimately permitting climate-neutral operations to be achieved through offsetting.

In addition to the emission reduction target for its own operations that has already been mentioned, Aareal Bank Group has set itself a variety of goals aimed at further reducing the negative influences produced by Aareal Bank AG's financing activities and managing material climate-related IROs.

Aareal Bank Group's business strategy underscores its ambition to support its clients on the way to achieving the climate protection goals set out in the Paris Agreement, while simultaneously strengthening the Bank's own aims. The target agenda underpinning this ambition is a key part of the business strategy and comprises targets for both lending and funding, ESG transparency in the loan portfolio and in the Bank's own activities, and transparency in relation to integrating ESG with Aareal Bank Group's governance activities. It includes continuously expanding the Bank's green finance activities and creating a high degree of carbon transparency in its loan portfolio, as set out in the Bank's business strategy.

The main focus of the strategic ESG targets anchored in the business strategy is on continuously extending the Group's green finance activities. Aareal Bank AG already expanded its product range a number of years ago to include green lending and green funding products, and has significantly increased their volume. Aareal Bank AG is planning to continue on this path in future, as can be seen from the short- and medium-term targets that its has quantified.

In 2024, Aareal Bank AG exceeded its target volume of € 1.5 billion additional green loans under its 2023 Green Finance Framework. New green loans totalling approximately € 3.9 billion were entered into in the year as a whole, lifting the total portfolio of green loans by € 2.8 billion to approximately € 7.6 billion. The figure of € 3.9 billion comprises both new business and loan renewals. In this context, it should be noted that changes in the existing loan portfolio can also occur because some existing clients may have submitted the necessary undertaking and certificates for the first time, or because other loans have lost their „green“ status. Aareal Bank AG is targeting a green loan volume in the range of € 7-8 billion by 2027.

As regards the equity and liabilities side of its balance sheet, Aareal Bank AG has set itself the goal of further improving its green funding base by effectively deploying the funds in its green asset pool for green funding activities. We reached our 2024 target of an additional € 0.5 billion of green long-term funding activities by issuing our first green senior non-preferred bond. Aareal Bank AG is planning additional green funding activities in the amount of € 500 million in 2025 as well.

In addition, Aareal Bank Group is pursuing the goal of achieving full carbon transparency in relation to its lending business activities so as to better measure and manage the green finance activities going forward. As a provider of commercial property finance, Aareal Bank AG has recognised the major relevance of the carbon emissions financed by the loans it grants, and by signing the PCAF Commitment Letter back in 2021 undertook to measure and disclose these for the first time by the end of financial year 2024. Further underscoring this ambition, Aareal Bank AG defined as a strategic goal the publication in financial year 2024 of its first PCAF Report on the financed carbon emissions in the Bank's commercial real estate financing portfolio.

E1-4 34 b, 34c, AR 25a, AR 25b

As already explained in E1-1, Aareal Bank Group is planning to publish the information regarding the publication of a transition plan that is required under the ESRSs for financial year 2026, so as to manage decarbonisation of its business activities. The goal is to use this as the basis for deriving robust targets for 2030, 2035 and 2050. Nevertheless, Aareal Bank Group aims to use the actions described above to maintain the current level of our existing decarbonisation activities. Aareal Bank AG is also continuing to follow the principle of „avoid, reduce, offset“, and is aiming to achieve climate-neutral business operations through offsetting.

E1-5 – Energy consumption and mix

E1-5 35-39

The following energy consumption and mix disclosures cover all of the Bank's national and international locations, plus the subsidiaries and equity interests over which Aareal Bank has financial and operational control. All data were collected and calculated using the VfU Kennzahlentool. The figures were reviewed on an ongoing basis together with the tool developer during the calculation process, and were quality-assured. Further details of the methodology for the VfU Kennzahlentool is given in E1-6.

The following energy consumption figures for Aareon must be added to the figures for energy consumption disclosed below. The following energy consumption figures for Aareon must be added to the figures for energy consumption disclosed below. Aareon's total fossil energy consumption amounted to 6,698 MWh; no energy from nuclear sources was consumed. Total energy consumption from renewable sources was 2,072 MWh, bringing Aareon's total energy consumption to 8,770 MWh. All in all, this results in cumulative total energy consumption for Aareal Bank Group and Aareon of 14,275 MWh.

Aareon's figures are being reported separately because all other data are as at the reporting date, but Aareon was only owned by Aareal Bank AG up to and including September. The figures disclosed for Aareon are prior-year data, since it was not possible to obtain energy data of the necessary quality for financial year 2024 as at the reporting date of 31 December 2024 due to the lack of operational control. No comparisons to previous years can be made since this report is the first to have been prepared under the ESRS and no prior-year data are therefore available.

Energy consumption and mix

MWh		1 Jan - 31 Dec 2024
6	**Total fossil energy consumption**	**1,622**
	Share of fossil sources in total energy consumption (%)	**29**
7	**Consumption from nuclear sources**	**38**
	Share of consumption from nuclear sources in total energy consumption (%)	**1**
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	–
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	3,845
10	Consumption of self-generated non-fuel renewable energy	–
11	**Total renewable energy consumption**	**3,845**
	Share of renewable sources in total energy consumption (%)	**70**
	Total energy consumption	**5,505**

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

E1-6 44-55, AR41

2024 saw a number of changes in the capture of environmental and emissions data that make a comparison between financial year 2024 and previous years more difficult. Firstly, the sale of Aareal's former subsidiary Aareon led to significant changes in the climate footprint. In addition, switching the data capture process to the VfU-Kennzahlentool led to more comprehensive capture of the data relating to operational environmental and emissions metrics. Although the VfU-Kennzahlentool was already used for capturing the data relating to operational environmental and emissions metrics in financial year 2023, we are constantly attempting to expand the scope of the data captured and to improve the quality of the metrics disclosed. However, all this reduces comparability with prior-year data.

Aareal Bank Group's carbon footprinting includes all Scope 1 and 2 emissions as defined in the GHG Protocol, plus selected Scope 3 emissions that identified as being particularly relevant for Aareal Bank such as business travel, working from home and – particularly relevant – the financed emissions in Aareal Bank AG's loan portfolio. This last category has been disclosed separately due to its disproportionately large size in comparison to the other Scope 3 categories. In addition, we use both the location-based and the market-based methods in relation to the Scope 2 emissions for transparency reasons, and disclose the resulting carbon footprints for them separately. Since the 2023 reporting year, the capture and calculation of Aareal Group's greenhouse gas footprint for Scope 1, 2 and 3 (with the exception of the financed carbon emissions in the loan portfolio) has been based on the methodology used with the VfU metrics. The VfU metrics were published in 1996 by the Verein für Umweltmanagement and Nachhaltigkeit in Finanzinstituten e. V. (VfU) and are continuously updated. The data were captured in close cooperation with the company that was the lead developer for the tool. Additionally, all input and output parameters were continuously validated by an external expert. The VfU Kennzahlen product consists of an automated tool and an accompanying manual. Aareal Bank Group's reporting for reporting years 2023 and 2024 is based on the 2024 version of the VfU metrics. Moreover, the process of determining the financed carbon emissions in the loan portfolio was performed in close cooperation with external experts for both data capture and data evaluation. In-process data validation was also performed.

At a methodological level, the VfU metrics are based on the following principles. The core metrics comprise six operational environmental management categories: building energy (electricity and heat), business travel, water consumption, waste volumes, paper consumption, and coolant and extinguishing agent losses. Subcategories for data capture (e.g. different sorts of electricity, different means of transport, etc.) exist within these six categories.

The seventh category in the VfU core metrics covers the greenhouse gas (GHG) emissions from the six environmental data categories above. For pragmatic reasons, the measure used is GHG equivalents (CO_2e), with individual greenhouse gases such as methane and nitrous oxide being ignored. These are contained in the upstream stages of the process (e.g. methane emissions associated with the provision of natural gas), but are converted into CO_2e. This is methodologically permissible, since the VfU processes are largely based on combustion processes, and hence to approximately 90 % on carbon emissions, anyway. The VfU factors contained in the VfU metrics are based on the ecoinvent database. Ecoinvent is the world's leading LCI (life cycle inventory) database with more than 20,000 datasets. It was established in 2003 and is based on scientific quality assurance principles. ecoinvent's datasets cover a wide range of products, services and processes, from construction materials to foodstuffs, and from resource extraction to the waste management industry. The ecoinvent processes adopt a life cycle approach, i. e. in addition to the GHG emissions for the process itself (e. g. the combustion of petrol in Scope 1), the pro rata upstream emissions are always provided for Scope 3 reporting (in the example given this would be the refining and transport of petrol, the manufacture of cars and the construction of roads, etc.). The version of the VfU metrics used is that for 2024; this is based on ecoinvent 3.10 (dating from autumn 2023) and the IPCC-21 GWP 100-year time horizon. In addition to the Ecoinvent GHG factors, country mix data such as the "Strommix Deutschland" that are published by public authorities are made available for selection and use in the VfU metrics supply in individual cases. Unreported consumption figures in the electricity, heating, water, paper and waste categories are projected using FTE (full time equivalent) numbers at those locations for which data are not captured. The projection is based on the reported consumption figures per FTE in a specific region (Germany or international). Coolant and extinguishing agent losses have not yet been reported. Experience shows that these account for 1-4 % of GHG footprints under the VfU metrics, depending on leaks or incidents involving large cooling or extinguishing systems.

The emissions caused by foreclosed assets need to be added to the Scope 1 and 2 emissions disclosed in the table below. These amount to Scope 1 emissions of 5,784 t CO_2 and Scope 2 (location based) emissions of 10,119 t CO_2. Consequently, total Scope 1 and 2 emissions from foreclosed assets amount to 15,903 t CO_2. However, Aareal Bank AG does not have operational control over the emissions produced in relation to the foreclosed assets, which are therefore disclosed separately.

Scope 3 category 15 includes both the financed emissions from the Commercial Real Estate Financing (CREF) portfolio in the amount of 607,197 t CO_2 and the emissions related to investments in the Treasury portfolio in the amount of 609,459 t CO_2. Detailed disclosures on the financed carbon emissions in the loan portfolio are provided in the annual PCAF Report.

The figures for Scope 1 and 2 emissions given in the table have declined substantially compared to the prior-year figures. This is due to the sale of Aareon, which previously accounted for a significant share of emissions from own operations. Consequently, Aareon accounts for total carbon emissions of 3,176 t CO_2 (location-based). These total emissions are the sum of 1,699 t of Scope 1 emissions, 1,295 t of location-based and 450 t of market based Scope 2 emissions, and 182 t of Scope 3 emissions. The Scope 3 emissions disclosed here include Aareon's business trips only. Aareon's figures are being reported separately because all other data are as at the reporting date, but Aareon was only owned by Aareal Bank AG up to and including September. The figures disclosed for Aareon are prior-year data, since it was not possible to obtain emissions data of the necessary quality for financial year 2024 as at the reporting date of 31 December 2024 due to the lack of operational control.

Consequently, Aareal Bank Group's total Scope 1 and 2 emissions in 2024 including Aareon and foreclosed assets amounted to 7,942 t CO_2 for Scope 1 and 13,382 t CO_2 for Scope 2 (location-based).

No comparisons to previous years can be made since this report is the first to have been prepared under the ESRS and no prior-year data are therefore available. In addition, a base year and the required milestones will only be defined once the transition plan has been developed.

Table E1-6 AR 48 Breakdown of GHG emissions

	Retrospective				Milestones and target years			
	Base year	Comparison	2024	% 2024/2023	2025	2030	(2050)	Annual % target/ Base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO_2e)	N/A	N/A	459	N/A	N/A	N/A	N/A	N/A
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	N/A	N/A	100	N/A	N/A	N/A	N/A	N/A
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO_2e)	N/A	N/A	1,968	N/A	N/A	N/A	N/A	N/A
Gross market-based Scope 2 GHG emissions (tCO_2e)	N/A	N/A	419	N/A	N/A	N/A	N/A	N/A
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)	N/A	N/A	1,225,685	N/A	N/A	N/A	N/A	N/A
1 Purchased goods and services	N/A	N/A	38	N/A	N/A	N/A	N/A	N/A
Optional sub-category: Cloud computing and data centre services	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
2 Capital goods	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	N/A	N/A	643	N/A	N/A	N/A	N/A	N/A
4 Upstream transportation and distribution	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
5 Waste generated in operations	N/A	N/A	15	N/A	N/A	N/A	N/A	N/A
6 Business traveling	N/A	N/A	1,122	N/A	N/A	N/A	N/A	N/A
7 Employee commuting	N/A	N/A	2,259	N/A	N/A	N/A	N/A	N/A
8 Upstream leased assets	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
9 Downstream transportation	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
10 Processing of sold products	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
11 Use of sold products	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
12 End-of-life treatment of sold products	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
13 Downstream leased assets	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
14 Franchises	N/A	N/A	–	N/A	N/A	N/A	N/A	N/A
15 Investment	N/A	N/A	1,221,608	N/A	N/A	N/A	N/A	N/A
Total GHG emissions								
Total GHG emissions (location-based) (tCO_2e)	**N/A**	**N/A**	**1,228,122**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Total GHG emissions (market-based) (tCO_2e)	**N/A**	**N/A**	**1,226,563**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Table E1-6 AR 54 GHG intensity per net revenue

$t CO_2e$/€ mn	2024
GHG intensity per net revenue	
Total GHG emissions (location-based) per net revenue	1,180
Total GHG emissions (market-based) per net revenue	1,178

Table E1-6 AR 55 Net revenue used to calculate GHG intensity

€	2024
Net revenue used to calculate GHG intensity	
Net revenue (other)	N/A
Total net revenue (in financial statements)[1]	1,041

[1] Overall net revenue has been aligned with the segment reporting and comprises the material revenue components for credit institutions.

In accordance with ESRS E1-6 53-55, the intensities disclosed in tables E1-6 AR54 comprise the total GHG emissions (Scopes 1-3). To ensure meaningful comparability of the data, it must be noted that Scope 1 and 2 emissions are captured in full, whereas the Scope 3 emissions categories collected in accordance with the GHG Protocol were selected on the basis of their materiality. Consequently, comparing Scope 3 emissions requires a differentiated look at the individual categories.

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

E1-7 56b,59 AR61

Aareal Bank Group's basic approach is to „avoid, reduce, offset". In line with this, offsetting is only performed for emissions that could not be avoided or reduced using the measures to reduce the carbon footprint from operations described in E1-3. Both the reduction measures and climate offsetting contribute to the target of climate-neutral operations through offsetting described in E1-4. The „corresponding adjustments" methods was used for the first time in reporting year 2024 to offset unavoidable emissions from the Bank's own operations in financial year 2023. The partner that Aareal Bank AG uses to offset the unavoidable emissions has obtained certification for its climate change mitigation projects from both the UN – or to be precise the UN's Clean Development Mechanism (CDM) – and the Gold Standard and applies the principle of „avoid before reduce before offset". In line with this, the offsetting partner only performs carbon offsets for companies if these have already implemented, or are planning, ambitious avoidance and reduction actions within the bounds of what is technically and economically feasible. In addition, all projects are presented transparently and the provider has teams of project specialists who monitor the offsetting projects on the ground.

Aareal Bank AG offsets the unavoidable emissions from its own operation using the Corresponding Adjustments method. Corresponding adjustments avoid double-counting of emissions certificates since only the acquiring country, and not the project country concerned, can count them towards their climate footprint. The offsetting project in question has been successfully operating for a number of years already; it has existed since 2009 and has been constantly enhanced since then. The relevant local production facility was opened in 2020. It is registered as CDM-compliant with the United Nations Framework Convention on Climate Change (UNFCCC) and additionally as a Gold Standard project, and has already been successfully verified a number of times. The certifications guarantee sustainable carbon savings by using independent auditors that are accredited by the UN. At the same time, the projects offer substantial ancillary benefits for the population in the project country concerned (e.g. health protection, the alleviation of poverty, jobs, equal rights and much more).

The provider continuously monitors compliance with the standards using an independent and unpaid advisory council comprising representatives of ministries and NGOs.

As already mentioned, all unavoidable Scope 1, Scope 2 and Scope 3 emissions from business travel in financial year 2023 were offset in 2024. This amounted to 4,825 t CO_2e. The credits cancelled in 2024 for 2023 relate both to Aareal Bank AG and to all subsidiaries including Aareon. All offsetting was performed using a reduction project located outside Europe, which is certified under both the Gold-Standard and the CDM, and which is in line with Article 6 of the Paris Agreement on climate change. The emissions to be offset in financial year 2024 in the amount of 2,000 t CO_2eq, consisting of Scopes 1 and 2 as well as business trips from Scope 3, will be retired in 2025. Aareal Bank has entered into a long-term partnership with the provider concerned and plans to continue this in the future as well.

E1-7 AR 64 Information about carbon credits cancelled in the reporting year

%	2024
Carbon credits cancelled in the reporting year	
Total (tCO_2e)	4,825
Share from removal projects	–
Share from reduction projects	100
Gold Standard certified	100
Clean Development Mechanism	100
Recognised quality standard 3	–
Share from projects within the EU	–
Share of carbon credits that qualify as corresponding adjustments	100

Information on carbon credits planned to be cancelled in future

$t\ CO_2e$	Amount until 31 Dec 2024
Carbon credits planned to be cancelled in the future	
Total	2,000

E1-8 – Internal carbon pricing

E1-8 62-63

Aareal Bank Group does not currently use an internal carbon pricing system. Assessments of the economic efficiency of energy improvement measures use the national carbon prices that are linked to the use of fossil fuels as part of the operational costs in their feasibility studies. In addition, the trend in carbon prices that is used in the NGFS scenarios for modelling transition risks as part of the regular climate stress tests is also taken into account for the collateral in the credit finance portfolio.

Social Information

ESRS S1: Own workforce

Material impacts, risks and opportunities on own workforce and their interaction with the strategy and the business model

S1 12-16 SBM-2, 3 ESRS 2 48

All members of staff who could be affected by material impacts are included in the ESRS sustainability reporting disclosures (ESRS 2). These comprise senior executives and non-executive employees, employees with fixed-term or permanent contracts, vocational trainees, students on dual-track degree programmes, interns and contingent labour sourced using the employee leasing process.

Building on the Code of Conduct that is binding on staff, Aareal Bank Group requires colleagues and all other stakeholders to be treated with respect and solidarity. Conflicts are resolved in such a manner that the persons involved are treated with respect and their legitimate interests are taken into account as far as possible.

Our staff play a crucial role in Aareal Bank Group's development: motivation, the ability to think and act in an entrepreneurial manner, taking responsibility and developing forward-looking solutions are critical to Aareal Bank Group's performance and competitive ability. This is all the more true in the present complex business, which in many cases is based on trust-driven client relationships built up over many years. This is embedded in the business strategy.

The material impacts, risks and opportunities for workers are determined in conjunction with Aareal Bank AG's business strategy and business model. Aareal Bank AG has used a multi-stage process to identify potential topics by analysing and including requirements such as those set out in the EFRAG (European Financial Reporting Advisory Group) benchmark analysis reporting, among other things. In the impact, risk and opportunity (IRO) assessment the material topics were prioritised – and the results assessed – and then defined through validation.

Below, the material risks and potential positive impacts and opportunities resulting from staff members' employment relationships in relation to their work-life balance are described. Key things that should be mentioned here are agreements on remote working and offerings aimed at staff retention (e.g. the working environment, working conditions and development opportunities) and staff health.

Remote working – positive impact:

Aareal Bank AG staff can organise their work individually so as to create the best possible balance between their work, their families and their individual life situations. Aareal Bank AG aims to offer a working environment in which all members of staff feel comfortable, and that offers them an infrastructure providing optimum support for their daily tasks. This applies both to remote and to on-site working.

Information, consultation and participation rights of workers – positive impact:

Aareal Bank AG has implemented a number of human resources tools in relation to employee information, consultation and participation rights that apply at all levels of the employee hierarchy. Structured Appraisal and Target-Setting Dialogues are mandatory meetings that are held at least once a year with Aareal Bank AG staff to discuss their performance, personal development and concrete development steps. In addition, staff surveys are conducted and staff also have the opportunity of asking Aareal Bank AG's Management Board questions directly.

Health and safety – positive impact:

The health and safety of Aareal Bank AG staff take priority. Our Company Health Management offers programmes and external counselling and advice designed to actively promote employee health.

Aareal Bank AG staff can also take advantage of the Employee Assistant Programme (EAP).

Gender equality and equal pay for work of equal value – positive impacts:

The Bank sees compliance with the general principle of equal treatment and equal opportunities as material factors in the Company's success.

Fair pay regardless of gender is important to Aareal Bank AG, which focuses here on targeted measures, analyses of remuneration structures and transparency towards staff.

Training and skills development – positive impact and opportunity:

Learning@Aareal is an end-to-end approach to training and development that reflects the needs of today's working world. The focus is on developing staff skills and competencies through blended learning, i.e. by combining digital (eLearning) and classroom offerings.

The staff development dialogue builds on the employee's current tasks and, in the employee's and the Company's interests, promotes and enhances both soft skills and hard (professional, methodological and digital) skills.

Employment and inclusion of people with disabilities – positive impact:

Equal opportunities are important for Aareal Bank AG. For example, technical and spatial requirements are adapted as necessary to enable people with disabilities to work at every level. Aareal Bank AG enables the inclusion of staff with disabilities in its work processes, i.e. it works together with Human Resources to promote their integration in day-to-day operations and the provision of integration offerings such as barrier-free access, furniture, parking spaces, etc.

The Representative Body for Disabled Employees promote the inclusion of people with disabilities within the Company.

Measures against violence and harassment in the workplace – positive impact:

Aareal Bank AG actively opposes all forms of mobbing or harassment. It continuously improves its structures, processes, measures and offerings to ensure and promote the health and safety of all members of staff.

Diversity – positive impact:

Aareal Bank Group sees its diversity as a factor influencing the Company's success. Aareal Bank Group respects all people regardless of their ethnic or geographical origin, religion, beliefs, disability, sexual orientation, gender or age. It promotes diversity within the Aareal Bank Group and prohibits any behaviour that restricts individuals' personal rights, or calls these into question.

Material impacts from the climate transition plan:

Aareal Bank Group does not yet have a climate transition plan. Voluntary measures taken to reduce carbon emissions have positive impacts on members of staff.

The "Mobile Working" works agreement gives Aareal Bank AG staff flexibility as to their working locations. This results in reduced distances to and from work, and can therefore save up to 50% of previous journeys, potentially cutting carbon emissions as a result.

In addition, Aareal Bank AG offers a series of climate-friendly mobility solutions. These include a company car policy with defined carbon thresholds, charging stations for electric vehicles at the Bank's headquarters in Wiesbaden (which dispense green electricity), subsidised local transport tickets and bicycle leasing. The solutions help avoid carbon emissions and support members of staff by providing climate-friendly mobility solutions.

Impacts, risks and opportunities management for own workforce

S1-1 – Policies related to own workforce

S1-1 17-19

The Code of Conduct for Employees resolved by the Management Board applies to all Aareal Bank Group employees, including senior executives (leitende Angestellte) and Management Board, supervisory body and committee members. It sets out the mandatory principles of conduct for Aareal Bank Group. No breaches of these principles are tolerated.

The principles of conduct are designed to ensure a culture of integrity and mutual trust throughout the Group. In line with this, topics covered by the Code of Conduct (applies to Aareal Bank Group) and the Diversity Guidelines (apply to Aareal Bank AG) include, among other things, equal opportunities and diversity, fairness and protecting human rights such as the prohibition on forced labour and child labour.

As regards occupational safety, procedural guidelines and occupational safety instructions have been established for Aareal Bank AG employees. The aim is to comply with and ensure occupational safety at Aareal Bank AG. Occupational safety officers and specialists are responsible for ensuring compliance. Aareal Bank Group has a whistleblowing system that offers staff the opportunity to submit reports anonymously as an action against violence and harassment. The statutory requirement to maintain the confidentiality of the procedure is guaranteed at an organisational level and has been set out in the "Whistleblowing Procedure" procedural guidelines.

The “Mobile Working” works agreement entered into by Aareal Bank AG and its General Works Council enables Aareal Bank AG staff employed in Germany to temporarily work for up to 50% of their time in locations other than their normal workplace at the Company. This helps them to improve the balance between the demands of their jobs, their families and their individual life situations.

Learning@Aareal is an end-to-end approach to human resources development that reflects the needs of today’s working world. The focus is on developing specific staff skills and qualifications using blended learning – i. e. a combination of digital (eLearning) and classroom offerings – plus coaching, mentoring, team development and an onboarding policy for new hires. In addition, Learning@Aareal is designed to be international: it offers large amounts of English-language content and its language learning programme complements employees’ personal and professional development with a wide range of opportunities to learn and improve their language skills. Aareal Bank AG’s strategic development approach uses a skills matrix as the basis for growing talent at an organisational level. Bringing together the skills matrix, Learning@Aareal, clear selection procedures, and management and expert career paths facilitates sustained staff development and is flanked by a mandatory staff development dialogue for all managers and employees. This has been included in guidelines, such as in the “Structured Appraisal and Target-Setting Dialogue”, resp. “Structured Appraisal and Target-Setting Dialogue - setting targets”. In the latter, employees and their line managers discuss and agree individual development measures, helping staff to develop their skills and invest their talent in a forward-looking way over a medium- to long-term horizon in the coming years. The staff development dialogue builds on the employee’s current tasks and, in the employee’s and the Company’s interests, promotes and enhances both soft skills and hard (professional, methodological and digital) skills.

Aareal Bank AG’s USP Programme (“USP” stands for “unique selling proposition”) has been assisting with the onboarding process for new hires since 2022. The programme aims to help ensure that key knowledge is passed on by experienced experts to all new staff. Following the Welcome Workshop, it offers new staff a focused overview of Aareal Bank AG’s core business areas in their first year with the Company. In addition, the Management Board, with the support of the Human Resources division, examines the pool of potential candidates for positions and related succession options, as part of Aareal Bank AG’s human resources planning. The goal is to be able to adequately fill key specialist and management positions in the Company without significant delays.

Aareal Bank AG also participates in a cross-mentoring programme. This is a personal and professional development initiative involving knowledge- and experience-sharing between staff working in different sectors. Mentees and mentors alike benefit from each other’s experience, expertise, maturity, curiosity and views. The different viewpoints offered by matching people from different companies are a critical success factor.

Attracting and growing young talent is another key aspect. The specialist knowledge required in the business divisions makes it necessary to invest continuously – and in a targeted manner – in training the next generation. For this reason, training new talent is an integral part of the sustainable succession planning and structured knowledge management.

Aareal Bank AG prepares regular quarterly reports tracking new hires, initial training and CPD, and promotions so as to provide a transparent overview of opportunities for staff and their development. These reports are forwarded to managers and the Management Board as needed.

S1-1 20-24, AR 17

Aareal Bank Group’s goal is to promote the protection of human rights in its national and international operations within its sphere of influence. As a signatory to the United Nations Global Compact, Aareal Bank AG pledged to respect and maintain human rights back in 2012.

In addition, Aareal Bank AG bases its activities on core charters and initiatives such as the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. Aareal Bank AG’s human resources work is based among other things on the core labour standards issued by the International Labour Organization (ILO), and on stricter national labour and social standards. In addition, Aareal Bank AG regularly commissions recognised audits of its human resources work and the quality of its processes and measures, which also act as an early warning system.

Cultural diversity enriches the corporate culture. One particularly clear indication of Aareal Bank’s commitment to diversity and equity regardless of people’s ethnic or national origin, religion, beliefs, disability, sexual identity, gender or age is the fact that it has signed up to Germany’s Diversity Charter (“Charta der Vielfalt”).

In 2019, Aareal Bank AG's Management Board resolved Human Rights Guidelines to strengthen human rights within the framework of business activities. In 2024, these Human Rights Guidelines were integrated with, and replaced by, the Bank's policy statement in accordance with the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). This Human Rights Policy Statement – which pursuant to the LkSG must be issued by corporate management – was resolved by Aareal Bank AG's Management Board. It applies to all staff in Aareal Bank AG's own area of business as defined by the LkSG. This policy statement was prepared on the basis of the LkSG risk analyses that were performed, and now serves as Aareal Bank Group's overarching human rights strategy document. The policy statement sets out how Aareal Bank Group, as a global enterprise, discharges its responsibility to protect human rights and environmental rights within its sphere of influence.

Since 2024, Aareal Bank Group has also been taking a range of measures to implement the human rights and environmental due diligence obligations set out in the LkSG in its own operations and in its supply chain. Risk management (including incorporating human rights and environmental matters in the procurement process), the LkSG risk analyses performed and the implementation of an LkSG complaints procedure serve to identify risks. In addition to the preventive measures provided for in the LkSG, Aareal Bank Group is also creating the (contractual and other) bases for potential remedies in the case of impacts on human rights. Further information on this can be found in the Human Rights Policy Statement that has been published on the Company's website. In addition, the Bank's Management Board has appointed a Human Rights Officer to monitor its due diligence obligations under the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). This officer is assisted in their work by the Compliance organisation. The Bank's reporting on its respect for human rights is used to inform the Management Board of the measures implemented, their effectiveness, the risk identified, any breaches and the actions taken to remedy them.

Aareal Bank Group has addressed the risk of human rights violations by suppliers by setting out the human rights and environmental expectations it has of suppliers in its Human Rights Policy Statement, and by introducing contractual rules relating to the Code of Conduct for Suppliers in its Procurement operations. The Code comprises rules of conduct relating to human rights (e.g. the prohibition on child labour and forced labour), environmental protection and occupational safety, and compliance with the ILO conventions, and ensures that these principles also apply in the direct supply chain. By signing up to and agreeing to abide by our Code of Conduct, suppliers undertake to comply with the laws and official regulations applicable in the jurisdiction concerned and to behave in an ethically correct manner. In addition, Aareal Bank AG addresses irregular or unusual behaviour at its business partners using the monitoring procedure established by the Purchasing department. Violations by suppliers of the Code of Conduct can result in measures up to and including the termination of the business relationship.

Aareal Bank AG reports on respect for human rights both in its annual "Communication on Progress" (COP), which is published on the UN Global Compact website and – in relation to combating modern slavery – in its UK Modern Slavery Act declaration, which can be accessed on the corporate website. This provides information on an annual basis of whether any instances of forced labour, human trafficking or involvement in or encouragement of such activities have become known throughout the Group.

By signing up to the UN Global Compact, Aareal Bank AG has undertaken to uphold the associated internationally recognised Ten Principles, and reports on this in its annual Communication on Progress (COP).

The UN Guiding Principles on Business & Human Rights (UNGPs) do not fall within the scope of this obligation.

In line with the corporate values set out in its Code of Conduct, Aareal Bank Group respects all people regardless of their ethnic or geographical origin, religion, beliefs, disability, sexual orientation, gender or age, and also respects each and every individual's dignity, rights and privacy. Equally, it attaches importance to gender-neutral, fair remuneration. Regular analyses of the base salary and remuneration ratios for women and men in comparable positions create transparency. Aspects such as qualifications, professional experience and training are the only factors taken into account when setting employee remuneration. Variable remuneration is paid exclusively on a performance basis, as measured by reviews and the extent to which predefined targets have been reached.

In addition, Aareal Bank AG commissions an annual external comparison of the remuneration paid to non-pay scale employees at Aareal Bank AG.

The Management Board has expressly undertaken in the Code of Conduct to respect human rights and to observe the principles of diversity and equal treatment. In addition, it has appointed a Human Rights Officer to monitor our due diligence obligations under the LkSG. The Bank's reporting on its respect for human rights is used to inform the Management Board of the measures implemented, their effectiveness, any infringements and the actions taken to penalise them. A report is also submitted to the Management Board on the results of the risk analyses performed in accordance with the LkSG.

As a preventive measure, all members of Aareal Bank AG's staff are obliged to take part in awareness-raising measures and training on the topics of the AGG and equal treatment.

Whistleblowing procedure:

A confidential (and anonymous) whistleblowing channel exists as a measure against violence and harassment in the workplace, and can be used to report suspected breaches of the rules, fraudulent behaviour or white-collar crime. Reports of human rights and environmental risks and breaches of the LkSG requirements can also be submitted. In its corporate values, Aareal Bank AG commits itself to behaving with integrity in its dealings with one another. Although Aareal Bank AG generally assumes that its employees, including the management bodies, will observe the law at all times, precautions must be taken to deal with any illegal acts, acquiescences or omissions and/or the threat of significant damage to the Company. An objective and professional whistleblowing procedure has been established as an independent process to give Aareal Bank AG staff the opportunity to identify and report potential grievances, as required by law. Moreover, a whistleblowing system is a material pillar of a good compliance and risk culture, and prevents discrimination.

Employees reporting issues are guaranteed confidentiality and protection. For staff, Aareal Bank AG's whistleblowing system is a voluntary, confidential reporting system that they can use to raise concerns online or by phone – including anonymously, if desired.

AGG Complaints Office and EAP:

Aareal Bank AG has set up a complaints process to react to and process complaints, and to grant employees rights of redress if discrimination is established; it is on the alert for formal structures and informal cultural issues that could prevent employees from voicing concerns and complaints. Moreover, Aareal Bank AG has programmes in place to facilitate access to skills development.

In addition, all employees can use the EAP (see the "Health and safety" section) e.g. to discuss sensitive matters, such as violence and harassment that they have experienced in the workplace, with experienced specialists, and to obtain advice about additional steps. Aareal Bank AG staff can access documents about this on Aareal Bank AG's intranet, among other places.

All in all, it can be said that Aareal Bank AG has a workplace accident prevention policy or management system. Aareal Bank AG has implemented specific measures to eliminate discrimination, aligning itself with the requirements set out by politicians. A wide range of hazard analyses are regularly performed for this.

Aareal Bank AG has assigned responsibility for the equal treatment of, and equal opportunities for, staff to a member of its top management team, and has implemented clear enterprise-wide guidelines and processes for this (e.g. the whistleblowing procedure) so as to manage equal working practices and combine facilitation with the desired performance in this area.

This also includes training offerings (and mandatory training courses) for Aareal Bank AG staff.

Where necessary and required, Aareal Bank AG has adapted the physical environment for staff so as to safeguard their health and safety, and that of its clients and of other visitors with disabilities.

Aareal Bank AG assesses whether there is a danger that job requirements are systematically defined in such a way that certain groups could be disadvantaged. See also strategies/guidelines on this.

S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

S1-2 27-28 and AR25-AR26

Economic Committee:

Aareal Bank AG involves staff in the Company's economic decisions via the employee representatives, within the framework provided by the statutory requirements. The rights and duties of employee representatives are set out in the German Works Constitution Act (BetrVG). The local Works Council is primarily responsible for employee matters. The role of the Economic Committee is to discuss economic issues with the Employer and to inform the (General) Works Council of the content of the items discussed. The Economic Committee thus acts as the (auxiliary) body for the (General) Works Council, addressing the enterprise's economic position on a ongoing basis. The Economic Committee assists the (General) Works Council by maintaining an overview of the economic consequences of the work performed by the works councils, and where appropriate also by contributing its own suggestions and alternatives.

Aareal Bank AG complies with the statutory requirements of the countries in which it operates. This also applies to labour law and applicable staff participation rights.

The responsible workers' representative body exercises its right of co-determination in employee recruitment during hiring at the Bank's German locations. In addition, Aareal Bank AG reports annually on the proportion of women in management positions and in the workforce throughout the world. "Women in management" are defined as all female non-pay scale employees at the Company who exercise a professional management role or who have the right to issue instructions to employees.

Employee representatives are regularly informed of current developments in scheduled monthly meetings with Human Resources and in their monthly meetings with the Management Board. In addition, employees at all locations are involved in works meetings and events held during the year. They can use these events to ask questions and submit suggestions.

Aareal Bank AG's General Works Council comprises Works Council members from all establishments at its German locations. Aareal Bank AG's General Works Council appoints an Economic Committee. In accordance with section 106 of the German Works Constitution Act (BetrVG), the Economic Committee is informed of economic affairs affecting the Company; among other things, it was informed of questions relating to corporate supply chain due diligence before the policy statement in accordance with the LkSG was published. In addition, the General Works Council is responsible for issues affecting the entire Group or multiple establishments.

Aareal Bank AG's Supervisory Board is codetermined.

Works councils are bodies comprising one or more persons. The number of members depends on the size of the establishment concerned. Works councils are elected by eligible employees in a secret and direct election for a term of office of four years. All employees in the establishment who are aged 16 and over are eligible to vote. All employees in the establishment who are aged 18 and over and who have been with the establishment for at least six months are eligible to stand for election. Senior executives (leitende Angestellte) and members of top management/the Management Board are neither eligible to vote nor eligible to stand for election. Work on works councils is voluntary and no separate remuneration is paid for this. In addition to the local works councils there is a general works council, which is composed of members of the local works councils.

The tasks performed by works councils are defined in the BetrVG. In line with this, the works council's job is to represent the interests of employees against the Employer. In doing so, it must take the interests of the Company into account. Other tasks include monitoring that the laws, regulations, collective agreements and works agreements that have been passed and entered into to protect staff are observed and complied with. Moreover, works councils must ensure that the principle of equal treatment, and in particular of gender equality, is observed.

Works councils have a far-reaching task in relation to participation:

- They have co-determination rights in relation to social matters such as organising working times, and the rules governing operations and employee conduct in the establishment. This also covers regulating the start and end of the working day, and how work is spread across the days of the week.

- The responsible employee body also exercises its co-determination rights in relation to human resources issues such as the recruitment of staff at the German locations, transfers and terminations. This means that the Employer can only take certain measures if the works council has agreed to them in advance. These measures include new hires, transfers, salary adjustments, ordering overtime, etc.

All works council members are naturally bound by a duty of confidentiality, since they receive confidential information both about company matters and about personal issues relating to members of staff.

Employers are required to inform works councils in good time and comprehensively about planned measures, so as enable them to perform their tasks in a due and proper manner.

Regular Structured Appraisal and Target-Setting Dialogues – which are set out in the “Structured Appraisal and Target Setting Dialogue and Variable Remuneration” works agreement – are mandatory at all levels, ensuring employee engagement. Here managers discuss their employees’ performance with them at least once a year plus – if desired – their individual development and specific development measures. Dialogues can also be held if a new manager is appointed during the year, if a manager considers the employee’s performance to be inadequate, if an employee’s responsibilities change significantly, or ad hoc if requested by the employee. Aareal Bank AG regularly asks employees for feedback, either during the Structured Appraisal and Target-Setting Dialogues or above and beyond this. For example, Aareal Bank AG polls employees every two years as well as conducting other surveys and holding workshops ad hoc as needed. At Aareal Bank AG, the 2023 employee survey was the third full, anonymous survey to be performed in four years.

In addition, Aareal Bank AG’s “Buddy@Aareal” programme offers new hires the opportunity to establish networks and to discuss any questions they may have about Aareal Bank AG with a dedicated contact person for three months. New hires participate in a “welcome workshop” and hold discussions with divisional representatives.

Tasks of the Economic Committee:

- Discussion of economic issues: The Employer must inform the Economic Committee in good time and comprehensively about economic issues affecting the Company and the resulting economic impacts on human resources planning. The Economic Committee discusses and considers together with the Employer economic topics such as the Company’s economic and financial position, the introduction of new working methods or environmental protection questions.

- Information transfer: The Economic Committee informs the (General) Works Council about all matters covered in the Economic Committee discussions so as to enable it to exercise its participation rights.

Activities associated with employees’ learning processes are discussed with the Works Council in the “Training and Development” Committee. In addition, the internal work safety specialist discusses the impact on workplace design with Works Council representatives, while Human Resources discusses and implements health and safety measures with the employee representatives. This means that occupational safety is embedded in Aareal Bank AG’s corporate strategy, management and organisation.

Aareal Bank Group complies with the conventions drawn up by the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the Ten Principles of the UN Global Compact.

Aareal Bank AG surveys staff directly at regular intervals on working conditions at the Company as part of its employee survey.

The processes and rules for submitting reports described in the “Whistleblowing Procedure” procedural guidelines are intended to protect the whistleblower, the person accused and witnesses against discrimination as a result of the reports.

Above and beyond this, change-related issues (such as support for succession planning, reinforcing the feedback culture) derived from the employee survey are included in the targets for senior executive (leitende Angestellte) and managing directors. The targets are set on the basis of the results for the divisions produced in the employee survey and are directed at concrete items with optimisation potential.

Disability:

Employees with disabilities are integrated into our work processes. For example, technical and spatial requirements are adapted as necessary to enable people with disabilities to work at every level. Employees with disabilities are welcome to meet with their manager, the Human Resources division, or the disabled person’s representative at any time to obtain support for their specific situation. The Representative Body for Disabled Employees assists with improving the working conditions for, and promoting the inclusion, of people with disabilities at Aareal Bank AG.

Areal Bank AG’s Occupational Safety Committee (the Arbeitsschutzausschuss or ASA), which includes the Representative Body for Disabled Employees among other members, is tasked with consulting on occupational safety issues and accident prevention, adopting resolutions and implementing specific requirements for staff with disabilities. Specific groups of people profit particularly from certain opportunities and risks, although in principle all groups investigated may feel impacts. For example, the “Employment and inclusion of people with disabilities” matter affects people with disabilities in particular, although the entire workforce can experience the positive impact of this opportunity. Similarly, under-represented groups can benefit in particular from the “Gender equality and equal pay for work of equal value” and “Diversity” matters, although the positive impacts extend to all groups of people within the Aareal Bank Group.

Moreover, in line with the requirements of the German Transparency of Remuneration Act (Entgelttransparenzgesetz – EntgTranspG), staff in Germany have the opportunity to obtain individual information about their salaries. All pay-scale employees, non-pay-scale employees and senior executives (leitende Angestellte) at Aareal Bank AG are entitled to obtain individual information. Employees can submit such a request for information in writing to Human Resources.

They will be told whether it is possible to provide information given the size of the comparison group. If it is possible to provide information, the employee is informed of the result in writing.

Aareal Bank AG maintains a continuous dialogue with its staff. A strong feedback culture is critical if Aareal Bank AG is to enhance and extend its culture in the way it wants to. In line with this, Aareal Bank AG regularly asks employees to tell it their expectations, needs, and opinions using a number of different formats. One example is the Aareal Talk format with the Aareal Bank AG’s Management Board. It allows staff not only to be provided with information by the Management Board but also to ask questions about Aareal Bank AG’s economic development and strategic focus. Sessions are normally held once a quarter. Another dialogue format is the Management Meeting, in which executives and experts can discuss topics with the Management Board.

Aareal Bank AG’s intranet provides staff with an internal information platform. This ensures a number of key functions:

- Communication: The intranet offers integrated information and communications functions that enable staff to communicate quickly and easily with one another.
- Access to information, documents, policies and guidelines, and relevant resources.
- Collaborative work: The shared task processing functions and project management tools offered via the intranet promote collaborative work and enable members of staff to contact each other transparently and quickly using a central platform.

Aareal ONE, the Group-wide digital employee magazine, provides information about people and topics and background topics. The magazine provides information in German and English on current events at the Group and issues affecting the sector, explains strategic connections and reflects on the latest developments and trends at Group companies.

Aareal ONE also offers space for readers to discuss the information provided. A comment function allows readers to comment on articles throughout Aareal Bank AG and internationally, and to rate articles with a “like”.

In the case of individual conflicts of interest, Aareal Bank supports staff with specific mediation offerings. These are facilitated using external mediators.

Aareal Bank AG uses its “Aareal Change Circle” to track the effectiveness and results of our change initiatives. This focuses mainly on the topics specified by Aareal Bank AG together with a representative cross-section of managers from the divisions. Another key element is the systematic inclusion of these topics in Aareal Bank AG's target agreement process. This ensures that topics that were identified together with the workforce are included in Aareal Bank AG's strategic agenda. In addition, Aareal Bank AG takes part in external ratings such as "Top-Employer" and "Logib-D" so as to obtain an external benchmark for measuring the effectiveness of changes.

Internally, the system of regular employee surveys makes it possible to check on progress by measuring reference values.

S1-3 – Processes to remediate negative impacts and channels for its own workforce to raise concerns

S1-3 32-33

Since Aareal Bank Group has not identified any material negative impacts, no processes for remedying them need to be described.

Aareal Bank AG has mechanisms in place to handle complaints relating to workforce matters. Aareal Bank AG has a confidential (and anonymous) whistleblowing channel that can be used to report suspected breaches of the rules, fraudulent behaviour or white-collar crime. This guarantees the employee reporting the issue confidentiality and protection. Staff can use the voluntary, confidential whistleblowing system to raise concerns online or by phone – including anonymously, if desired. No negative impacts on the Bank's own workforce were identified in the course of the materiality assessment that was performed.

The objective, professional whistleblowing procedure has been established as an independent process, which is described in detail in the internal "Whistleblowing procedure" procedural guidelines. These also specify that Aareal Bank AG staff have a variety of different ways of reporting potential irregularities. The "Speak-up" whistleblowing tool permits reports to be submitted anonymously. In addition, staff can submit reports to the following bodies or departments:

- Complaints Management (supported by the Legal department): This is available both to employees and to externals/third parties
- Human Resources
- Works Council/Executive Staff Representative Committee
- Contact form on the Aareal Bank AG's website
- Central Fraud Prevention Office (attached to the Compliance department)
- AGG Complaints Office: For reports relating to the AGG
- Representative Body for Disabled Employees

Regardless of the channel used or the body they are submitted to, reports are passed on to the Whistleblowing Office and processed in accordance with the applicable legal requirements (e.g. the German Whistleblower Protection Act (Hinweisgeberschutzgesetz – HinSchG)). The Whistleblowing Office conducts an analysis in accordance with the principle of dual control, no matter via which submission channel a report was received. In addition, further experts ("case team") are called in for the analysis. The case team must be provided with the necessary materials, personnel and financial resources.

The timing of the analysis of a received report depends primarily on the concrete situation. However, the following timeline provides a point of reference:

- Within the first 48 hours
  - 1. Preliminary examination
  - 2. Examination of the degree of substantiation
  - 3. Identification of the (groups) of persons involved
  - 4. Risk classification
  - 5. In the event of a high risk, notification of the identified stakeholders
  - 6. Formation of the case team and provision of information to team members
  - 7. Initiation of initial measures for asset recovery/loss minimisation

- Within the first week
  - 1. Notification of the whistleblower that the report has been received (at the latest seven days after receipt of the report)
  - 2. Start of detailed investigation and analysis of the facts
  - 3. Identification of potential witnesses
  - 4. Initiation of further measures for asset recovery/loss minimisation
  - 5. Communication with third parties (news media), if necessary
  - 6. Determination of legal consequences (e.g. filing of criminal charges), if necessary
- Within one month after completion of the case analysis
  - 1. Determination of potential labour and employment law consequences
  - 2. Follow-up: Convening of the Fraud Prevention Committee (FPC) to identify systemic measures and investigate the circumstances that allowed the case to happen (identification and elimination of weak points, e.g. in the internal control system or business processes)
  - 3. Determination of potential legal consequences (e.g. filing of criminal charges)

After 3 months at the latest, the whistleblower shall be notified, if possible, of the progress made in the case and of the follow-up measures taken.

The “Whistleblowing procedure” procedural guidelines have been published, and can be accessed by all employees, on the Bank’s intranet. In addition, attention is regularly drawn to the whistleblowing system on Aareal Bank AG’s intranet by publishing information about reports.

The Head of Compliance is responsible for this.

Attention is drawn several times a year to the whistleblowing system on Aareal Bank AG’s intranet by publishing information about reports.

The “Whistleblowing procedure” procedural guidelines specifically state that persons who submitted a report about a concrete violation or the suspicion of such a violation in good faith may not be disciplined, discriminated against or made liable because of the report. If a report turns out to be incorrect, this may not have any detrimental consequences for whistleblowers acting in good faith, especially with regard to their employment contract or professional advancement at Aareal Bank AG. Employees or managers discriminate against whistleblowers in connection with the submission of reports must expect disciplinary measures. The management bodies and the Works Council shall support honest whistleblowers and ensure that they are treated objectively and fairly. Any employee who assists the whistleblower in submitting or substantiating the report shall also be protected.

S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

S1-4 35-37, 38c-d, 40

Only positive impacts and opportunities and no negative impacts were identified.

The following section describes the actions relating to the various positive impacts and opportunities resulting from the impacts and dependencies on the Bank’s own workforce as regards achieving a work-life balance: The goal of these actions is to retain staff at Aareal Bank AG and to ensure their health and safety, and equality. Another of Aareal Bank AG’s goals is to ensure that employee rights are upheld. All the actions mentioned here apply until further notice.

Remote working – positive impact:

Aareal Bank AG's remote working options support its employees in relation to childcare, if a family member needs looking after or if staff want more flexible working times. The Bank offers its workforce remote working options in the form of working from home.

It uses both digital tools and innovative space utilisation concepts to optimally support collaboration in the hybrid working age. Another key goal for Aareal Bank AG is to design its office space in such a way that this facilitates enjoyable, efficient work.

Information, consultation and participation rights of workers – positive impact:

Managers discuss their employees' performance with them plus – if desired – their individual development and specific development measures in Structured Appraisal and Target-Setting Dialogues. Dialogues can also be held if a new manager is appointed during the year, if a manager considers the employee's performance to be inadequate, if an employee's responsibilities change significantly, or ad hoc if requested by the employee. Members of staff are regularly asked for feedback, either during the Structured Appraisal and Target-Setting Dialogues or above and beyond these.

Aareal Bank AG polls employees every two years as well as conducting other surveys and holding workshops ad hoc as needed. At Aareal Bank AG, the 2023 employee survey was the third full, anonymous survey to be performed in four years. The response rates were extremely high and constructive feedback was provided. More than 80 % of staff said that they were happy with Aareal Bank AG as an employer. Additionally, we saw another increase in agreement with the management and communication focus areas.

As part of the Aareal Talk format, employees have the opportunity to put direct questions to the Management Board online following publication of the quarterly results. For example, the new CEO, Dr Christian Ricken, also used this format to introduce himself to the workforce. All Aareal Bank AG divisions then deepened this dialogue by holding face-to-face meetings in which discussion with the CEO continued.

Health and safety – positive impact:

Aareal Bank works together with the B.A.D. Health Centre in Wiesbaden to provide a wide range of health programmes including preventive counselling on nutrition, cardiovascular fitness, back health and relaxation. Competence training on how to reconcile the demands of the job and long-term care is also offered, as are dedicated opportunities for information sharing about dementia.

The Employee Assistant Program (EAP) is available to employees in all life situations and offers solutions-oriented advice and concrete assistance. Employees can call on experienced medical personnel (such as doctors, psychologists and educational professionals with specialist training in a variety of areas) 24 hours a day, 365 days a year. These cover a wide range of topics, including managing the work-life balance, family issues, body problems, health and critical life situations.

In addition, employees can take part in EAP live talks on topics such as happiness, ADHD and burnout, which are designed to boost mental health. Internal support for employees also includes intranet posts, information sharing opportunities on current developments, online business yoga, special health campaigns such as colon cancer and diabetes screening, and influenza vaccines. Comprehensive programmes promoting flexible working times and locations (flexible working time models, part-time working, and remote working offerings where operational requirements permit), plus a broad range of support measures designed to help employees achieve a successful work-family and work-care balance make it easier for staff to organise their work. Aareal Bank AG also offers employees a range of health promotion offerings comprising a mix of information, preventive measures, exercise and ergonomics, nutrition, mental health and relaxation, that are consistently tailored to employees' current needs.

Gender equality and equal pay for work of equal value – positive impacts:

At Aareal Bank AG, the choice between expert and management career paths provides employees with attractive professional development opportunities that play to their respective strengths. Employee performance and skills are the sole criteria when deciding to appoint internal and external candidates for positions and on promotions. Managers identify and develop the skills of all genders equally and at all levels.

Training and skills development – positive impact and opportunity:

Aareal Bank AG's Learning@Aareal is designed to be international: it offers large amounts of English-language content and its language learning programme complements employees' personal and professional development with a wide range of opportunities to learn and improve their language skills.

Aareal Bank AG's strategic development approach uses a skills matrix as the basis for growing talent at an organisational level. Bringing together the skills matrix, Learning@Aareal, clear selection procedures, and management and expert career paths facilitates sustained staff development and is flanked by a mandatory staff development dialogue for all managers and employees. In the latter, employees and their line managers discuss and agree individual development measures, helping staff to develop their skills and invest their talent in a forward-looking way over a medium- to long-term horizon in the coming years.

Aareal Bank AG's USP Programme ("USP" stands for "unique selling proposition") has been assisting with the onboarding process for new hires since 2022. The programme aims to help ensure that key knowledge is passed on by experienced experts to all new staff. Following the Welcome Workshop, it offers new staff a focused overview of Aareal Bank AG's core business areas in their first year with the Company.

The Management Board, with the support of the Human Resources division, again examined the pool of potential candidates for positions and related succession options in 2024, as part of Aareal Bank AG's human resources planning. The goal is to be able to adequately fill key specialist and management positions in the Company without significant delays.

In addition, the tenth round of the cross-mentoring programme has now been launched. This is a personal and professional development initiative in which staff from five different sectors share their knowledge and experiences. Dialogue among managers is also specifically promoted. Aareal Bank AG's subject-area training offerings help enhance staff expertise and so ensure the Bank's financial success.

Employment and inclusion of people with disabilities – positive impact:

Aareal Bank AG provides suitable workstations for people with disabilities. Employees with disabilities are welcome to meet with their manager, the Human Resources division, or the Representative Body for Disabled Employees at any time to obtain support for their specific situation.

Measures against violence and harassment in the workplace – positive impact:

As a preventive measure, all members of Aareal Bank AG's staff are obliged to take part in awareness-raising training on the topics of the AGG and equal treatment.

A confidential (and anonymous) whistleblowing channel also exists to combat violence and workplace harassment and as an escalation channel, and can be used to report suspected breaches of the rules, fraudulent behaviour or white-collar crime. This guarantees the employee reporting the issue confidentiality and protection. Staff can use Aareal Bank AG's voluntary, confidential reporting system to raise concerns online or by phone – including anonymously, if desired.

Furthermore, staff can call on the AGG Complaints Office if they experience (sexual) harassment or discrimination due to their ethnic background, gender identity, religion or beliefs, disability, age or sexual orientation.

In addition, all employees can use the EAP e.g. to discuss sensitive matters, such as violence and harassment that they have experienced in the workplace, with experienced specialists, and to obtain advice about additional steps.

Diversity – positive impact:

Aareal Bank AG takes targeted measures such as the ones given below to support under-represented groups:

- Aareal Bank AG ensures equal opportunities at all levels using targeted talent and succession management, creating development options for staff from under-represented groups within the Company.

- Managers and the recruiting team address the issue of unconscious bias in training courses. Job adverts are continuously reviewed for gender neutrality, and improved.

- Aareal Bank is committed to diversity, A large number of its staff work and learn together in culturally diverse teams. Staff with 45 different nationalities were employed in the 2024 reporting year.

- Implementation of Aareal Bank's new talent programme has been defined as a target in the action plan and is being executed both by continuously recruiting trainees and students on dual-track degree programmes, and in several different divisions. A number of external initiatives confirm the effectiveness and success of the measures taken. For example, the CRF Institute again named Aareal Bank AG as a "top employer" in 2023.

- In addition, Aareal Bank AG regularly holds after-work events to give staff the opportunity for dialogue and networking. These events strengthen the sense of community and promote a positive work culture. Aareal Bank AG also plays an active role in collective sports events, e.g. by supporting Company sports activities, the JP Morgan run in Frankfurt or the Mainz company run.

- Aareal Bank AG provides a wide range of health programmes including preventive counselling on nutrition, cardiovascular fitness, back health and relaxation. Competence training on how to reconcile the demands of the job and long-term care is also offered, as are dedicated opportunities for information sharing about dementia. Internal support for employees also includes intranet posts, information sharing opportunities, business yoga and special health campaigns. In addition, crisis counselling is available.

- Furthermore, Aareal Bank AG's Learning@Aareal programme offers a holistic approach to human resources development that focuses on developing employee skills and qualifications, and is implemented in a variety of formats in the SuccessFactors learning management system.

- Since 2010, Aareal Bank AG has sponsored an additional contingent of participant days for employees' children during the Hessen school holidays, helping to relieve the pressure on their parents regarding childcare.

- Aareal Bank AG has also held other diversity and anti-discrimination events, such as the Diversity Lunch @Aareal, International Women's Day and the Zusammenland initiative.

The resources for implementing the above-mentioned offerings are provided by Human Resources plus project teams (including representatives from the divisions concerned) in some cases.

There are plans to leverage potential talent by steadily expanding the initial training and CPD offering for strategically relevant topics, personal development, employee professionalisation and building relevant skills aimed at helping implement the Bank's strategic focus. This will also serve to reduce staff turnover and the costs associated with this. In addition, mandatory training will be held so as to raise awareness of topics such as discrimination and equal treatment.

Aareal Bank AG has implemented "SpeakUp" – a tool manufactured by People InTouch B.V. – to provide system-level support. This tool, which can be used anonymously if desired, acts as a sort of "ticket system", giving staff the opportunity to report irregularities online or by phone.

At Aareal Bank AG, the third anonymous, comprehensive employee survey within four years was performed in 2023 following the ones conducted in 2019 and 2021. The response rates were extremely high and constructive, high-quality feedback was received – such as the fact that over 80 % of employees are satisfied with Aareal Bank AG as an employer. Additionally, we saw another increase in agreement with the management and communication focus areas.

Aareal Bank AG has introduced an in-office attendance rate of more than 50 % for remote working by staff. Staff are also permitted to work remotely from other EU Member States for a certain number of calendar days per year.

Aareal Bank AG offers employees an external advisory service for both professional and personal issues. The Employee Assistant Program (EAP) is available to employees in all life situations and offers solutions-oriented advice and concrete assistance.

Members of staff can call on experienced professionals (such as doctors, psychologists and educational professionals with specialist training in a variety of areas) 24 hours a day, 365 days a year for help on the following topics.

- Work & career: From stress to overwork
- Family & partner relationships: From questions about raising children to marital crises
- Body & soul: From trouble with sleeping to addiction and burnout
- Life balance & health: From self-management to medical health counselling and finding doctors' appointments and therapy slots
- Critical life situations: From general stress situations to emergencies and crises

Employees can also take part in EAP live talks on topics such as happiness, midlife crises and stress management that are designed to promote mental health. Internal support for employees takes the form of intranet posts, information sharing opportunities for current developments, business yoga, special health campaigns such as colon cancer and diabetes screening, and influenza vaccines.

In addition, crisis counselling is available to foster togetherness and to boost everyone's mental and physical health. Comprehensive programmes promoting flexible working times and locations (flexible working time models, part-time working, and remote working offerings where operational requirements permit), plus a broad range of support measures designed to help employees achieve a successful work-family and work-care balance make it easier for staff to organise their work. Aareal Bank AG also offers its employees a range of health promotion offerings comprising a mix of information, preventive measures, exercise and ergonomics, nutrition, mental health and relaxation, that are consistently tailored to employees' current needs.

Aareal Bank AG works together with the B.A.D. Health Centre in Wiesbaden to provide a wide range of health programmes including preventive counselling on nutrition, cardiovascular fitness, back health and relaxation. Aareal Bank AG works together with the B.A.D. Health Centre in Wiesbaden to provide a wide range of health programmes including preventive counselling on nutrition, cardiovascular fitness, back health and relaxation. Competence training on how to reconcile the demands of the job and long-term care is also offered, as are dedicated opportunities for information sharing about dementia.

S1-4 41-43 AR 33, 35, 41, 42, 48
The following actions are taken to safeguard the positive impacts on the own workforce documented in section ESRS 2 48.

In line with this, the Code of Conduct covers the topics of equal opportunities and diversity, fairness and protecting human rights, among other things. It aims to ensure that the statutory rules and regulations in the jurisdictions in which Aareal Bank Group is active are observed. It sets great store on making sure all employees have the same opportunities and on promoting diversity within the Group. In addition, a number of guidelines and oversight mechanisms (such as the Works Council and other bodies), plus a whistleblowing procedure and reporting of selected metrics are used to combat risks.

Provision of resources by Human Resources plus project teams (including representatives from the divisions concerned) in some cases.

Implementation of the materiality assessment, estimation of potential negative impacts and identification of measures to prevent them.

Continuous two-way communication with the workforce: A strong feedback culture is critical if Aareal Bank Group is to enhance and extend its corporate culture in the way it wants to. In line with this, Aareal Bank AG regularly asks employees to tell it their expectations, needs, and opinions using a number of different formats.

Regular Structured Appraisal and Target-Setting Dialogues are mandatory at all levels of Aareal Bank AG and its sales subsidiaries. Here managers discuss their employees' performance with them at least once a year plus – if desired – their individual development and specific development measures. Aareal Bank AG regularly asks employees to provide feedback both in the Structured Appraisal and Target-Setting Dialogues and above and beyond this in regular employee surveys.

In addition, Aareal Bank AG's "Buddy@Aareal" programme offers new hires the opportunity to establish networks and to discuss any questions they may have about Aareal Bank AG with a dedicated contact person for three months. New hires also pass through a digital onboarding procedure and attend a welcome workshop.

Aareal Bank AG's committed, well-trained and responsible employees are its most important asset. Aareal Bank AG aims to retain talented employees for the long term at the Group by adopting a focused human resources development strategy that offers them opportunities for professional training and personal development, supports them in achieving a successful work-life balance, and provides a healthy, safe workplace through the Company Health Management programme.

Key human resources data for Aareal Bank AG are provided in the internal Human Resources and Social Report, which is published annually; this also makes statements about trends and enables developments to be made in the individual dimensions and metrics.

An annual action plan is produced as part of the strategy process. This combines all measures and strategic initiatives that play an important role in increasing Aareal Bank Group's value, and in its development. Among other things, the plan promotes process optimisation, empowering employees and young talent, employee development and knowledge transfer, plus new forms of collaboration. In addition, the action plan serves as the basis for setting executive and employee targets, and is cascaded throughout the organisation as part of the Structured Appraisal and Target-Setting Dialogues. The targets agreed with the Management Board also include gender quotas for recruitment and promotion.

The targets and actions set out in the action plan and in the guidelines and policies (human rights, diversity, Code of Conduct) all contribute towards the SDG dimensions.

Aareal Bank AG has put the well-being of its staff at the heart of its corporate policy. Systematic policies, guidelines and procedures have been developed to guarantee a high standard of health and safety. These policies and guidelines serve not only to promote employee safety but also to continuously improve and adapt the Bank's health measures. This ensures both that the statutory requirements are met and that the best possible working conditions are created.

The following measures, among others, serve to enhance health and safety:

- Regular security inspections by the expert for occupational safety identify hazards; these are then documented in a hazard assessment and risk mitigation measures are added for them.

- Unavoidable hazards are set out in company directives and communicated using documented instructions.

- Staff are kept informed and made aware of current health and safety topics at all times using training and information events. In addition, workforce feedback is actively included when updating the policies and guidelines so as to adequately react to workplace needs and requirements. Quarterly meetings of the Occupational Safety Committee (the Arbeitsschutzausschuss or ASA) are held for this, and are documented.

Metrics and targets for own workforce

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S1-5 44-47 and AR 49

Every two years, Aareal Bank AG conducts an employee survey that contains focus topics such as its organisational culture, management, employee satisfaction, diversity, and initial training and CPD. The results of the employee survey are presented to and discussed by the Management Board and at all management levels, and are provided to the employee representatives. At the same time, the employee survey acts as an indicator of opportunities and risks, and of the progress made towards agreed targets. The heads of division and heads of department discuss the results of the employee survey with their teams and develop recommendations for actions on this basis. This target is related to the IRO on the right of workers to information, consultation and participation. This has been included in guidelines, such as the "Structured Appraisal and Target-Setting Dialogue - setting targets".

The target of promoting diversity, including with regard to nationalities, the age structure/generational diversity and gender distribution can be found in the Diversity Guidelines and is related to the diversity IRO.

The targets of actively promoting employee health and of equal opportunities and safety are related to the IROs for health protection and safety, the employment and inclusion of people with disabilities, and actions against violence and harassment in the workplace, which have been established in procedural guidelines and work instructions, among others.

The target of complying with the general principle of equal treatment and with equal opportunities can be found in the Diversity Guidelines and in the Code of Conduct and is related to the IRO for gender equality and equal pay for work of equal value.

The targets of promoting flexible working time hours and actions to reduce carbon emissions are related to the IROs for remote working and related potential carbon emissions savings. They are included in a works agreement on mobile working.

To be able to oversee these targets, Aareal Bank AG regularly measures and reports on human resources metrics, including the issues below, as part of its annual reporting:

- Diversity: Nationality, age structure/generational diversity, internal versus external appointments, empowering young talent, gender distribution at all levels of the hierarchy, proportion of women in management positions,
- staff on or in maternity leave, parental leave or a family phase; leave of absence and part-time working; and the proportion of employees with disabilities,
- staff turnover/exits,
- partial retirement,
- positions filled by young talent (staff with a maximum of three years' professional experience, management trainees, students on dual-track degree programmes and vocational trainees),
- regular employee surveys (MAB and operational risk),
- Number of employee development measures and initial training/CPD hours.

The Management Board targets and the executive targets that are cascaded throughout the organisation focus on continuously enhancing the Bank's corporate culture. Professional and personal employee development is supported and monitored using measures that are aligned with the targets. This target is related to the IRO for training and skills development.

Targets for employee diversity are set during the annual strategy process in consultation with Human Resources. At present, Aareal Bank AG is focusing on KPIs relating to young talent and internal candidates during recruitment:

- 20 % of all positions to be filled by young talent
- 25 % of all positions to be filled by internal candidates

These KPI are valid until 2025. The Strategy division defines additional risks and opportunities as part of the strategy process.

S1-6 – Characteristics of the undertaking's employees

S1-6 48-50

The characteristics of Aareal Bank Group's staff as of the 31 December 2024 reporting date are expressed in terms of the head count.

Where nothing to the contrary has been defined, the figures for Aareal Bank Group's workforce given in ESRS S1 comprise the following companies: Aareal Bank AG, Aareal Bank Asia Ltd., Aareal Capital Corporation, collect Artificial Intelligence GmbH, BauGrund Immobilien-Management GmbH, plusForta GmbH, Mercadea S.r.l. and the management board and second-level management at La Sessola Service S.r.l.

Number of employees by gender

	Number of employees (head count)
Gender	
Male	722
Female	503
Other	–
Not disclosed	–
Total Employees	**1,225**

Please see Note (39) for staff expenses not including pensions. These amounted to € 216 million. However, this figure contains expenses for Westdeutsche Immobilien Servicing AG and does not contain expenses for La Sessola Service S.r.l.

Number of employees by location

	Number of employees (head count)
Country	
Germany	1,088
Total	**1,088**

Since Aareal Bank Group staff in other countries account for less than 10 % of the workforce they have not been mentioned here.

Information on employees by contract type, broken down by gender

Head count	Female	Male	Other (*)	Not disclosed	Total
Number of employees	503	722	–	–	1,225
Number of permanent employees	475	682	–	–	1,157
Number of temporary employees	25	40	–	–	65
Number of non-guaranteed hours employees	3	–	–	–	3

The aggregate of the number of employees who left the company voluntarily or due to dismissal, retirement, or death in service during the reporting period was 140. Consequently, the turnover rate was 11.36 %. This was largely due to a subsidiary in liquidation.

The turnover rate is calculated by dividing the number of employees who left by the average size of the workforce determined at the beginning and end of each quarter. La Sessola Service S.r.l. is an exception to this rule, since it uses a different statistical population in the Group statistics to that in the sustainability reporting under the CSRD. As a result, the average full-time equivalents for the four quarters is used as the basis for the calculation.

S1-9 – Diversity metrics

S1-9 64-66 and AR 71

The following tables describe Aareal Bank Group's diversity metrics as at 31 December 2024, measured in terms of the head count:

Gender diversity at top management level

	31 December 2024	
Gender	Number	Percentage
Male	38	76.00
Female	12	24.00
Other	–	–
Not disclosed	–	–
Total – top management	**50**	**100.00**

Distribution of employees by age group

	31 December 2024	
Age group	Number	Percentage
Under 30 years old	164	13.39
30–50 years old	617	50.37
Over 50 years old	444	36.24
Total – employees	**1,225**	**100.00**

"Top management" is defined as follows: at Aareal Bank AG, Aareal Capital Corporation and Aareal Bank Asia Ltd., top management comprises the heads of division (managing directors). At Aareal Bank AG's other subsidiaries, the top management comprises the managing directors or other top-level management responsible for managing the company.

S1-14 – Health and safety metrics

S1-14 86-88

These figures are reported separately since the following datapoints relate not to specific reporting dates but to periods, and Aareon AG was owned by Aareal Bank AG up to and including September.

Number of own workforce covered by health and safety management system, number of work-related injuries and fatalities – Aareal Bank

Number	2024
Percentage of workforce covered as at 31 December (%)	100.00
Number of fatalities as a result of work-related injuries and work-related ill health	–
Number of recordable work-related incidents	10
Rate of recordable work-related incidents	5.5

Number of own workforce covered by health and safety management system, number of work-related injuries and fatalities – Aareon

Number	2024
Percentage of workforce covered as at 31 December (%)	100.00
Number of fatalities as a result of work-related injuries and work-related ill health	–
Number of recordable work-related incidents	5
Rate of recordable work-related incidents	1.9

Consequently, the total number of recordable work-related accidents at Aareal Bank Group including Aareon amounted to 15.

The rate of recordable work-related accidents indicates the number of cases per million hours worked or the number of work-related injuries per 500 full time people in the workforce over a 1-year timeframe.

The following five-stage estimation methodology is used to estimate the number of hours worked by people in its own workforce during the reporting period pursuant to the CSRD requirements. This covers the large majority of the workforce, allowing conclusions to be drawn about the workforce as a whole.

- The starting point used is the number of statutory working days during the reporting period on which the majority of the workforce are employed.
- The paid days of annual vacation granted to Aareal Bank AG employees in Germany are then subtracted from this figure.
- This figure is then adjusted for the average absence days in the German banking sector during the reporting period, as reported by the German health insurance scheme.
- This figure, which is expressed in days, is then converted into hours by multiplying it by the hours worked per day at Aareal Bank AG Germany, assuming a 100 % activity rate.
- Finally, adjustments are made for the number of employees, the activity rate, and staff leaving and joining by multiplying the figure by the average number of FTEs (full-time equivalents) recorded in the Group statistics (not including La Sessola, since the workforce here is different; the average number of FTEs was determined separately).

The measurement of the metrics was not validated by an external body other than the assurance provider.

S1-16 – Remuneration metrics (pay gap and total remuneration)

S1-16 95-97

Aareal Bank Group's staff remuneration metrics for the following data points were captured as at 31 December 2024.

In line with the CSRD requirements, employee remuneration comprises the base salary, benefits in cash, benefits in kind and direct remuneration. The hourly remuneration was calculated by adding together the remuneration components p.a. (full-time) and dividing this figure by 52 calendar weeks in 2024, and by the hours per week (also full-time). An exception was made in the case of hourly paid employees, since in this case the hourly remuneration had already been fixed. The exchange rate as at 1 November 2024 was used as the basis for translating other currencies into euros.

The following assumptions were made since the amount of variable remuneration for 2024 had not been finalised for parts of the workforce at the time the data were collected:

- A target achievement level of 100 % was used in the calculation for the staff at La Sessola S.r.l.
- A target achievement level of 100 % was used in the calculation for C-level staff at Collect AI.
- Prior-year target achievement levels were used as the basis for calculations for staff at Aareal Bank AG, Aareal Capital Corporation and Aareal Bank Asia Ltd. If no prior-year figure was available, a target achievement level of 100 % was also assumed.

The gender pay gap, defined as the difference in average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees, was 14.83 %.

Within Aareal Bank AG, Aareal Capital Corporation und Aareal Bank Asia Ltd., remuneration is closely linked to the job level or level in the corporate hierarchy that reflects the scope and nature of the tasks performed and the area of responsibility. An uneven gender distribution within these job levels is a material factor influencing the gender pay gap. The gender pay gap disclosed here is unadjusted and does not take this factor into account.

A large majority (91.8 %) of employees are employed by Aareal Bank AG, which pursues a defined remuneration policy and, as a bank, is subject to the German Regulation on Remuneration in Financial Institutions (Institutsvergütungsverordnung – IVV). Other Aareal Bank AG subsidiaries may have other remuneration policies, are governed by other regulations, are significantly smaller in terms of the number of their employees and are active in other sectors. As a result, comparability between the companies included in consolidation is only possible to a limited extent.

The annual total remuneration ratio of the highest paid individual (CEO) to the median annual total remuneration for all employees excluding the highest-paid individual was 23.19.

Since no target achievement level had yet been determined for the highest-paid individual, Dr Christian Ricken, at the time the data were collected, and no prior-year figure was available for him, the prior-year figure for the previous CEO, Jochen Klösges, was used in the calculation.

S1-17 – Incidents, complaints and severe human rights impacts

S1-17 100-103

One case of discrimination or harassment was reported within Aareal Bank Group in the 2024 reporting year.

Two complaints were reported via channels that persons within the undertaking's own workforce can use to express concerns. One of these two complaints turned out to be unfounded and was not pursued further.

No complaints were reported via National Contact Points under the OECD Guidelines for Multinational Enterprises. Equally, there were zero severe human rights incidents related to the undertaking's own workforce during the reporting period.

There were no fines, sanctions or compensation for damages in the reporting year as a result of infringements of social and human rights factors. The provisions for litigation risks were used when comparing this total amount with the most informative amount given in the financial statements, since no specific provisions were earmarked for the above-mentioned fines, sanctions and compensation for damages. Provisions for litigation risks are generally recognised for litigation relating to financial matters and losses relating to loans or the like, and not for the losses above. These provisions for litigation risks in Aareal Bank Group's consolidated financial statements amounted to € 1.7 million as at 31 December 2024.

These figures are reported separately since the following datapoints relate not to specific reporting dates but to periods, and Aareon AG was owned by Aareal Bank AG up to and including September.

No cases of discrimination or harassment were reported for Aareon AG in the pro rata reporting year.

One complaint was reported via a channel that persons within the undertaking's own workforce can use to express concerns. This case has been closed. A disciplinary measure was ordered and training was conducted.

No complaints were reported via National Contact Points under the OECD Guidelines for Multinational Enterprises. Equally, there were zero severe human rights incidents related to the undertaking's own workforce during the reporting period.

There were no fines, sanctions or compensation for damages in the reporting year as a result of infringements of social and human rights factors. No amount in the financial statements can be used for comparison, since those figures do not relate to Aareon AG.

Consequently, all in all one case of discrimination or harassment was reported for 2024 and three complaints were reported via a channel that persons within the undertaking's own workforce can use to express concerns.

Governance information

ESRS G1: Business conduct

Impacts, risks and opportunities management

G1-1 – Business conduct policies and corporate culture

SBM-3, ESRS 2 48

A positive impact was identified during the double materiality assessment:

In the medium term, a good corporate culture is expressed in compliance with the rules of good conduct. These rules state in a binding fashion that corrupt, unethical behaviour and breaches of the law by individuals or companies to the detriment of society and its members will not be tolerated at Aareal Bank Group.

The goal is to maintain market participants' and clients' trust that the Bank's business will be conducted in a due and proper manner. Another aim is to maintain Aareal Bank Group's reputation, which is crucial for its success. The financial losses incurred (e.g. as a result of liability risks) and the consequences of reputational damage could be substantial for the Bank itself and hence also for its investors. Consequently, the Bank must conduct its own operations with the greatest of care and caution so as to maintain this trust and protect the Bank and its staff and owners from material and immaterial damage.

As part of society, Aareal Bank Group considers it important to prevent criminal activity as optimally as possible and to live up to, maintain and grow the trust placed in it by staff, clients and business partners by setting an example for ethical, moral and legally compliant behaviour. This also includes observing regulatory requirements, behaving in a legally compliant manner and adopting a zero tolerance policy with respect to bribery, corruption and accepting advantages. Legal prohibitions and obligations must be strictly observed, even if they may appear to individuals or the Company to be impractical or economically disadvantageous.

Acting with integrity and obeying the law safeguards the Bank's future viability, and hence also jobs. There is no absolute protection guaranteeing that a financial services institution and its staff will fully comply with the rules at all times in all its business activities. However, suitable strategies and safeguards can reduce the risk of unlawful behaviour. These also give staff the certainty that they are employed by a law-abiding company that values integrity, and that they can work for it with pleasure and without having to worry about ethical concerns.

Aareal Bank Group has published a Code of Conduct that combines the Bank's requirements to obey the law with ethically correct conduct, and hence aligns business success with social responsibility. The Code of Conduct is publicly available on Aareal Bank AG's website at www.aareal-bank.com/verantwortung/nachhaltigkeit-steuern/corporate-governance.

The Code of Conduct summarises Aareal Bank Group's values and basic convictions. By doing so, it provides a framework for integrity-based, moral and fair behaviour and sets out the binding principles on which Aareal Bank Group bases its conduct. It expresses what Aareal Ban Group stands for. It is inspired by international conventions and guidelines such as the Universal Declaration of Human Rights, the International Labour Organization (ILO) conventions and the United Nations Global Compact.

The Code of Conduct is a fundamental part of the Bank's risk culture and as such is binding on all members of the Management Board, executives and staff, and on all supervisory bodies and committees. The Management Board communicates this directly throughout the Company. Among other things, the Code of Conduct contains clear commitments to avoiding conflicts of interest, combating corruption and preventing money laundering, terrorist financing, fraud and other criminal activity.

G1-1 7-9, 10 g

According to its business strategy, Aareal Bank Group's strategic focus is on sustainably generating and increasing income in its Structured Property Financing and Banking & Digital Solutions segments. The bank takes the risks associated with a strategy of specialising on the property sector into account by stringently applying its established risk management system. The principles governing how to manage the risks associated with its business are set out in the individual risk strategy papers and other Bank documents, such as the Risk Manual. Core frameworks for activities and operational workflows for those sustainability matters that have been defined as material are set out seamlessly in binding form in the various interrelated documents making up Aareal Bank Group's Written Set of Procedural Rules. They lay the foundations for complying with statutory requirements and govern all material measures designed to ensure a due and proper business organisation within Aareal Bank Group.

In addition to basic principles (such as the Company's internal rules), the Written Set of Procedural Rules also sets out the organisational structures and procedures. Aareal Bank AG various bodies – and specifically from a governance perspective e.g. the RiskExCo and Asset Liability Committee (ALCO), each of which include several Management Board members – are decisive for growing its corporate policy and corporate culture. In addition, the following bodies, some of which include a member of the Management Board, play a role in relation to governance matters: the Corporate Crisis Committee, the Cost Committee, the Consistency Committee, the Green Finance Committee, the Insider Committee, the Fraud Prevention Committee, the IT Committee, the Change Committee and the ESG Expert Group.

The "Compliance Management System (CMS) in the Atlantic Group" Framework Directive sets out another key component of the corporate culture. This is resolved by Aareal Bank AG's Management Board and must be observed by all staff (including those at national and also international subsidiaries). The CMS continuously enhances the corporate culture with respect to good conduct. The directive defines standards and principles for implementing, monitoring and regularly updating a compliance management system (CMS).

Aareal Bank AG's CMS comprises compliance culture, compliance objectives, the compliance organisation, compliance risks, the compliance programme, compliance communication and training, and monitoring and improvement of compliance. It serves to strengthen the Bank's positive reputation as a group characterised by integrity in its relations with external stakeholders such as business partners, counterparties and investors.

The Compliance division handles the compliance function within the Bank. In particular, it coordinates the structure and monitoring of the CMS within the Group in conjunction with the functions at the units concerned, and coordinates and is especially responsible for structuring, operationalising and monitoring the CMS within Aareal Bank AG. Additional regulations are set out in the Bank's Code of Conduct. Corporate culture is assessed as part of the Risk Culture Report, among other things.

In line with the Bank's Risk Appetite Framework, the risk culture is broken down into four different aspects:

- tone from the top/management culture
- accountability
- open communication and critical dialogue
- Appropriate incentives

The internal document management system informs all staff of changes to guidelines and policies. In addition, it provides details of training on correct conduct in the workplace.

Aareal Bank Group informs all staff ad hoc about, and raises their awareness of, specific polices and guidelines, and especially about correct conduct in the workplace, ethical decision-making and compliance issues. All Aareal Bank Group staff (including at its subsidiaries) must take the instruction course on the Code of Conduct when they start work, and must repeat it thereafter at least at three-year intervals. Aareal Bank Group expects its staff to comply with the law at all times and to follow both external and internal rules and regulations. All staff must comply with Aareal Bank Group's Written Set of Procedural Rules, which flesh out the requirements in greater detail.

In this way, the Bank has defined a framework for its corporate culture, which comprises establishing and communicating comprehensive preventive measures to avoid damage resulting from unethical behaviour. This means that staff are always guided in their work by the principles set out in the internal Code of Conduct, the Conflict of Interest Policy and other key documents, and are also obliged by their employment contracts to comply with them. These elements build trust in client relationships. Internally, the benefit of a values-driven corporate culture can be seen in greater staff satisfaction and staff retention; it also creates the trust needed by clients, who can rely on consistent values being at the heart of how we do business. This deepens and enhances customer relationships.

The primary objective is to avoid conflicts of interest emerging in the context of its business activities at all levels. To this end, Aareal Bank Group (including its subsidiaries) has introduced comprehensive organisational provisions tailored to its specific business activities. Organisational arrangements may include, for example, the creation of separate confidentiality areas, provisions for the passing-on and appropriate use of confidential information (need-to-know principle), the strict separation of trading and handling of trading business, and of Sales units/Credit Management (segregation of duties) in the lending business, the monitoring of employee transactions, and stipulations relating to the treatment of legal relationships with related persons/companies.

The senior management of Aareal Bank AG and of its subsidiaries endeavours to ensure the appropriate handling of conflicts of interest, so as to avoid any conflicts that may arise having a detrimental impact on the concerns of clients, subsidiaries, the Bank and its employees, its shareholders or other interest groups.

The Conflict of Interest Policy implemented to achieve this applies to all staff and senior management of companies belonging to the Atlantic Group. The senior management of subsidiaries is obliged to establish provisions for handling conflicts of interest in their companies which obey the principles set out in the policy.

In particular, the Conflict of Interest Policy requires employees to do the following:

- to familiarize themselves with, and observe, the applicable rules and directions for detecting, documenting, escalating and dealing with conflicts of interest,
- to act in line with the Code of Conduct,
- to behave with the appropriate independence and objectivity when performing their tasks,
- to do their best to avoid situations that lead to conflict of interest when a deal is closed, a decision is taken or a function or task is performed, and to report the occurrence of such situations to their managers if (list by way of example):
  - they have personal financial interests,
  - there are family members or close personal relationships with whom a deal is to be done or who are affected by a decision,
  - an earlier, current or possible future participation in undertakings or other political, religious or economic efforts prevent an objective decision, or
  - differing roles and competencies exist at the Bank or the subsidiaries, for which it can normally be assumed that interests do not coincide
- to always inform their superior and, if the conflicts of interest are material, the Group Compliance function or the local Compliance contact person immediately of the existence and general nature of a conflict of interest, so as to be able to manage them adequately,
- when participating in meetings of all decision-making bodies, employees have to report any conflicts of interests without delay to the chair (or a proxy) and where so required, to withdraw from the decision-making process and not to try to influence further such decisions further,
- to not become the supervisor, subordinate or controller (with influence on conditions of employment) of closely related persons including family members or persons to whom they have a close personal relationship,
- to not misuse the information which they receive in the course of their work at Aareal Bank Group (including its subsidiaries) including trading in securities,
- to handle work-related information on the basis of the need-to-know principle at the Bank, and to observe information barriers and secrecy obligations at all times.

Managers lead by example with their behaviour in the workplace and the Company. In this role they are also obliged:

- to make active efforts to recognise and appropriately manage and document conflicts of interest in their area of responsibility, also in connection with current or planned activities,
- to assess all situations reported to them as conflicts of interest so as to establish whether a conflict of interest actually exists,
- in doubtful cases and after consulting the Group's Compliance function or the local Compliance contact person and, where necessary, other control functions, to decide in which way the conflict of interest can best be managed, resolved or avoided (this may entail the conflict of interest being escalated to a higher management level or a given matter or activity being withdrawn from the member of staff concerned temporarily or for the duration),
- to review all identified conflicts of interest or those assessed as potentially relevant and the steps taken to alleviate them once a year or, if necessary on a risk-oriented basis, at shorter intervals to ensure that they are being managed in accordance with all agreed decisions, and
- when allotting tasks to employees, to avoid those that can lead to conflicts of interest or impair the independence of the control functions of the Bank or subsidiary.

Conflicts of interest are reported without delay as follows:

- within a department, to the next-higher manager,
- within projects, to the Steering Committee,
- within committees, to the chair of the committee (or proxy if the chair is the person affected).

Any emerging material conflicts of interest are also to be notified to the Compliance function concerned in a timely manner.

In addition, those locally responsible in the operating subsidiaries report half-yearly to the Group's Compliance function on the subject of conflicts of interest. In turn, the Group's Compliance function reports at least annually to the Management Board of the Bank concerning identified and material conflicts of interest in the Group and notifies the Bank's Supervisory Board of that report.

If a conflict of interest should prove unavoidable, or has occurred in spite of the precautions already taken, the following principles apply:

- Create transparency: All employees and managers are required to disclose potential or actual conflicts of interest to their supervisor;
- Do not participate in decision-making: If an employee or manager is personally affected by a conflict of interest, he or she should not participate in decisions which may be affected by this conflict;
- Remain objective: Where the situation requires it, neutral persons should be involved in the assessment and decision-making process;
- Escalate the decision to a more senior/different body or management level if the type of conflict makes this necessary and it proves impossible to bring about an appropriate decision at employee level;
- Documentation of the matter: Presentation of the initial situation, the conflict, the measures taken and reasons for the decision. The presentation should be documented and be readily understandable for third parties.

In the event of permanent conflicts, e.g. of elected officials, resignation from the position or office will be considered. If a conflict with a client cannot be appropriately resolved, Aareal Bank Group (including its subsidiaries) will not enter into the business in cases of doubt.

Potential breaches of the Code of Conduct or the Conflict of Interest Policy are determined on the basis of internal or external whistleblowing reports, the assessment of internal or external complaints and legal disputes in which the Bank is involved.

The complaints management procedure to be followed is set out in the Bank's own "Complaints Management" procedural guidelines:

The term "complaint" is not based on whether the client asserts any specific claims, e.g. for compensation. In line with this it also includes, for example, the situation in which the client "merely" expresses their dissatisfaction about staff behaviour or shortcomings within the Bank (to the extent that they refer to services provided by the Bank) without asserting any claims for compensation. The same applies to expressions of dissatisfaction about business policy decisions taken by the Bank involving or relating to a Bank service.

Complaints Management (CM) at the Bank is responsible for organising the handling of complaints received by the Bank from clients/third parties or government authorities (with the exception of investment clients). The CM function is part of the Legal division.

CM records incoming complaints in the internal register of complaints without undue delay. Matters that are not handled by CM itself but are rather the responsibility of another division, do not have to be entered in the register of complaints so as to avoid double processing/duplicate reports. The register of complaints is maintained in electronic form as an Excel table. A new register or register sheet is created every financial year. Only CM staff (in the Legal division) have write access to the register; the table is maintained in read-only form. No subsequent content-related changes may be made after the complaint has been closed. The register must be maintained in such a way that the complaints included in it can be systematically reviewed. The register of complaints is used as a basis for evaluating the complaints and the matters underlying them, for the quarterly complaints-handling reports to the Management Board and, if appropriate, for the complaints report submitted to the Federal Financial Supervisory Authority (BaFin). It may be inspected by the external auditors and BaFin.

If a complaint indicates the presence of possible failures and shortcomings in the Bank's business operations, Complaints Management will initially inform the division concerned of this and request that the matter be addressed. The Compliance, Internal Audit and Operational Risk divisions are all informed. If a complaint has revealed the need to make organisational changes, CM informs the division concerned and asks about the measures taken, which are also recorded in the register of complaints.

The general complaints report is prepared using the principle of dual control. The report must be prepared quarterly and is also made available to the Compliance, Internal Audit and Operational Risk divisions. CM must also report any extraordinary complaints which indicate serious shortcomings in organisational structures or a particular systemic risk, or which are otherwise of particular significance to the above-mentioned divisions and the Management Board without delay during the year. If the complaint gives rise to suspicions of fraud, CM informs the umbrella division Non-Financial Risk (which includes, among other divisions, Money Laundering and Compliance) without undue delay in line with the "Fraud Prevention" Framework Directive.

CM is also responsible for reporting the incident to the Management Board.

In addition, the Aareal Bank AG makes available a whistleblower process – which is anonymous if requested – as was already mentioned in S1-1 to S1-4. This is a suitable channel for reporting conflicts of interest within the Bank that have not been addressed in an adequate manner.

Although the Bank generally assumes that its employees, including the management bodies, will observe the law at all times, it has taken further precautions above and beyond the complaints management process described in the form of the whistleblowing system. This addresses cases in which, in addition to illegal acts, acquiescences or omissions by persons representing the Bank, other forms of non-compliance with internal rules (such as the Code of Conduct or the Conflict of Interest Policy) could result in significant damage.

The "Whistleblowing System" procedural guidelines, for which Compliance is responsible, apply to Aareal Bank AG. Branches and representative offices must take local legal requirements into account. The SpeakUp system in particular ensures compliance with these local requirements.

All reports received are followed up in line with transparent and objective process, reporting and documentation standards, which are intended to ensure that the entire process can be traced and reproduced. By obtaining information and promptly addressing grievances, the Bank is able to reduce both material and immaterial damage, such as a loss of reputation or possible liability risks.

Aareal Bank AG has implemented the SpeakUp whistleblowing system developed by People Intouch B.V., Amsterdam, as the central submission channel for the employees of Aareal Bank AG. SpeakUp allows users to contact the Whistleblowing Office anonymously, either via the Internet and by telephone, to report information on observed or suspected violations of the law. It complements other existing means of contact, such as direct contact with the internal Whistleblowing Office.

The unit responsible for the whistleblowing procedure consists of the Whistleblowing Officer and the Head of NFR-Compliance in their role as deputy Compliance Officer (together hereinafter referred to as “Whistleblowing Office”). This ensures that the principle of dual control is continuously applied. The Whistleblowing Officer is the person who has been appointed Money Laundering Officer in accordance with section 7 GWG or who holds the function of Central Fraud Prevention Office in accordance with section 25h (7) KWG. Both the Whistleblowing Officer and the responsible Head of Compliance have a special degree of independence (e.g. through dismissal protection in accordance with section 7 (7) of the GWG, MaComp BT 1.3.3.4 and BT 1.3.3), thus ensuring the necessary objectivity of the Whistleblowing Office. If either the Whistleblowing Officer or the Head of the Compliance cannot be reached, the Head of Legal will act as a substitute and replace the respective person. This ensures that the principle of dual control is observed. In the event of substitution, the Head of Non-Financial Risk or the Head of Compliance must be informed by e-mail without delay of the measures taken. If both the Whistleblowing Officer and the Head of Compliance cannot be reached, legal division shall assume sole responsibility. As soon as the Whistleblowing Office can be reached again, it shall assume all further coordination. If the report received relates to a matter involving at least one member of the Management Board, it is not the Whistleblowing Office but the Chairman of the Supervisory Board who is responsible for determining the further procedure. When the Chairman of the Management Board notifies the Chairman of the Supervisory Board of such a matter, responsibility for further steps also passes to the Chairman of the Supervisory Board. In addition to the Bank’s internal reporting unit there are a number of external reporting units, depending on the given case, which are responsible for specific topics. These are in particular:

- The Federal Cartel Office (violations of European and German competition law, in particular violations of Articles 101 and 102 of the TFEU)

- The Federal Financial Supervisory Authority (BaFin) (notifications pursuant to section 4d of the German Financial Stability Act (FinDAG), notifications pursuant to the German Securities Acquisition and Takeover Act, notifications to combat money laundering and terrorist financing, notifications for regulating the rights of shareholders of German public limited companies, etc.)

- Federal Office of Justice (if no other reporting unit is responsible).

The reporting bodies can be contacted via the institutions’ websites. Employees should, however, only report a tip-off to an external reporting body if they consider that a tip-off has not been appropriately processed internally. The legal rights and obligations regarding the submission of tip-offs to supervisory authorities and prosecution authorities shall remain unaffected by this.

The right to submit reports within the scope of these procedural guidelines extends to employees and senior executives as well as members of the Management Board and Supervisory Board of Aareal Bank AG (hereinafter referred to as “whistleblowers”).

If an employee of a subsidiary is (also) accused, the company’s management and, if appointed, the local compliance officer must be informed of the accusation. If a report is received that concerns a Group company but not Aareal Bank itself, the report shall be passed on to the company’s management and to the local compliance officer (where one has been appointed) if the report is anonymous. If the tip-off is not anonymous, the Whistleblowing Office of Aareal Bank AG shall point out to the whistleblower the responsible unit within the Group company in question. The protective provisions and deadlines for feedback set out in the “Whistleblowing System” procedural guidelines apply to all whistleblowers who are Aareal Bank AG employees. People who are the object of or named in a tip-off are also protected by confidentiality provisions.

Alongside a formal notification to the internal reporting body (Whistleblowing Office) employees can also always apply to their manager and seek clarification unless there is a legal requirement to submit a report (e.g. suspicion of money laundering). (In this case, the whistleblowing procedure set out in the procedural guidelines and hence the standards (e.g. deadlines for feedback) laid down in the German Whistleblower Protection Act (Hinweisgeberschutzgesetz – HinSchG) or other, special pieces of legislation shall not apply.) The manager shall document the report and inform the employee that, if a relevant violation has occurred, a formal whistleblowing procedure will not be initiated until the Whistleblowing Office has been notified. If the tip-off relates to the manager's area of responsibility and does not relate to a relevant violation, the manager may carry out investigations and initiate measures on his/her own. The Aareal Bank AG's employees have various channels at their disposal (in-person, by phone, by e-mail, by letter or online via the SpeakUp whistleblowing system) for reporting relevant violations.

Compliance reports to the Management Board at the latest in the course of its quarterly reporting on the number of (and – provided that confidentiality is maintained – also the content of material) whistleblowing reports.

Another source that Aareal Bank AG uses to obtain information about any breaches of the Code of Conduct or the Conflict of Interest Policy is the Bank's reporting of its legal risks. This is described in the internal "Procedure for Managing/Reporting Legal Risks at Aareal Bank and in the Atlantic Group" document and is the responsibility of CA-LEGAL. It covers both ongoing court cases and extrajudicial legal risks.

The litigation lists for Aareal Bank AG are managed solely by Legal and, with respect to litigation arising from the lending business, by Credit law.

Where a matter actually results in breaches of the Code of Conduct or the Conflict of Interest Policy, Compliance and Human Resources are informed. According to the "Compliance Management System (CMS) at Aareal Bank AG" procedural guidelines, dealing with the employment law consequences of any misconduct on the part of employees is also part of Human Resources compliance-related tasks. Depending on the nature and scope of the breach, Human Resources then liaises with Compliance before taking the appropriate employment law measures.

Regardless of any ad hoc reporting, Compliance uses its risk assessments (which it also makes known to the Management Board) at least once a year to produce an overview of the Aareal Bank AG's complaints and legal disputes as a prelude to potentially taking further action such as tailoring training even more precisely or performing more in-depth controls.

Corruption and bribery under the NFRD and the CS-RUG

Combating all forms of corruption, bribery and bribability is especially important in view of the complex challenges in our international business. In addition to financial losses, failure to comply with the law, official regulations or internal guidelines is a significant source of reputational risk and exposes the Company to the risk of supervisory law measures.

Sound risk and compliance management in the anti-corruption and bribery area offers the opportunity to gain and maintain the trust of our shareholders/owners, clients and business partners, and of supervisory authorities and other stakeholders in society. This leads to long-term client relationships that promote the Company's steady economic growth.

As an integral part of an active compliance culture, our anti-corruption and anti-bribery tools, processes and rule books help to protect Aareal Bank Group and make a lasting contribution to our success. Any association of a Group unit with misconduct, whether intentional or unintentional, could impact the Company's reputation and cause considerable financial losses. This means it is very much in our own interests to transparently and systematically combat bribery and corruption while protecting our staff.

The Group Compliance Officer, who is also the Group Anti-Money Laundering Officer, is responsible for continuous optimisation of Group-wide compliance processes. He answers directly to, and reports to, the Bank's senior management. The functions' responsibility for the Group is derived directly from the statutory provisions of the German Banking Act (Kreditwesengesetz – KWG) and the German Money Laundering Act (Geldwäschegesetz – GwG). In combination with the compliance officers at the subsidiaries, Aareal Bank AG's Compliance function forms a system of multi-level responsibilities that is underpinned by common values and standards, such as the Code of Conduct. This is necessary not least because of the different business models involved. The Group Compliance Officer reports at least annually and on an ad hoc basis to the Management Board and Supervisory Board on the results of the risk analyses performed to assess the appropriateness and effectiveness of the preventive measures taken, as well as on any incidents of corruption and the measures taken.

Aareal Bank Group's central ICS Coordination Unit (ICS = internal control system) is responsible for defining suitable principles, procedures, standards and instruments pertaining to the ICS, and for their further development. The ICS covers all measures designed to ensure that Aareal Bank Group is able to comply with internal requirements and external rules and expectations, in order to ensure that risks remain within an acceptable range from the Company's viewpoint. The ICS is designed to help identify risks and implement mitigating measures so that the Group's corporate objectives can be achieved efficiently and in accordance with the rules. Aareal Bank Group's internal control system takes into account the principles established by the Minimum Requirements for Risk Management (MaRisk) relating to the company-specific design of the ICS. The statutory requirements for Aareal Bank Group to establish and maintain an effective ICS are derived from the provisions of stock corporation law and the supervisory requirements for credit institutions. The Management Board regularly reviews the adequacy and effectiveness of the ICS. Its assessment is primarily based on the results of the semi-annual ICS Report and the monthly risk reporting.

The Group-wide compliance management system takes all relevant legal and regulatory requirements into account and is based on the corporate governance principles recommended in the German Corporate Governance Code ("the Code"), among other things. The declaration of compliance, which is updated each year, can be found on Aareal Bank AG's website. Since Aareal Bank AG is no longer listed, it is not required to provide a declaration of compliance in accordance with section 161 of the AktG. However, the Management Board and Supervisory Board have decided to continue providing a declaration of compliance on a voluntary basis.

Consolidated monitoring of Aareal Bank Group's non-financial risks is performed by Aareal Bank AG's Non-financial Risks division. The division comprises four departments and the Bank's Neutral Body (required by the German Securities Trade Act (Wertpapierhandelsgesetz – WpHG)). The Compliance department focuses on the compliance management system and compliance with the WpHG and the MaRisk, and is responsible for the whistle-blowing system. The Anti-Financial Crime department identifies, monitors and manages Aareal Bank AG's risks in the areas of anti-money laundering and the prevention of terrorist financing, fraud and financial sanctions breaches, and is responsible for the anti-financial crime strategy. The other departments address the validation of internal models and operational risk. The Head of the Non-financial Risks division, together with Group Human Resources & Infrastructure, acts as the Complaints Office in accordance with the German General Equal Treatment Act (Gleichbehandlungsgesetz – AGG) and as the central contact person for issues relating to whistleblowing, and serves as the Central Fraud Prevention Office in accordance with section 25h of the KWG. This organisational structure ensures that risk-related information is used efficiently. In addition, its overarching coordination role further enhances the effectiveness of our controls.

Having a risk culture that fits our long-term business model is a core component of our corporate culture. This is why risk culture was included as a key element in our Group Strategy, and in the targets to be met by all Management Board members. In addition, it is reviewed by the Supervisory Board. We also expect our business partners to live an equally responsible risk culture.

Tools, processes and rule books

At Group level, the Framework Directive on Preventing Corruption and the Fraud Prevention Guidelines serve as the basis for raising awareness among our staff and provide a benchmark for acting correctly. They are supplemented by fraud prevention measures and Aareal Bank AG's whistle-blowing procedures. All these measures serve to prevent the danger of corruption before it occurs. The goal is to help avoid and manage any conflicts of interest as far as possible.

In addition, staff receive training on the Company's compliance and fraud prevention requirements and on the potential consequences of any breaches. More specifically, the training courses designed to raise staff awareness of compliance requirements comprise individual modules on general compliance requirements, on the Code of Conduct, on preventing money laundering and terrorist financing, and on preventing corruption and fraud. A confidential (and anonymous) whistle-blowing channel also exists that can be used to report suspected breaches of the rules, fraudulent behaviour or white-collar crime. This guarantees the employee reporting the issue confidentiality and protection. Staff can use this voluntary, confidential reporting system to raise concerns online or by phone – including anonymously, if desired.

The anti-financial crime strategy details how to deal with the Group's risks arising in the areas of money laundering/terrorist financing, sanctions breaches and fraud. It primarily serves to provide strategic guidance for the professional and deliberate management of risks relating to money laundering, terrorist financing, sanctions breaches, and fraud. In so doing, the strategy considers the underlying organisational conditions and the foundations of the relevant reporting. We systematically apply the "know your customer" rule and gather information on our clients and, where appropriate, other economic beneficiaries, their ownership and control structures, their business models and the source of their assets. We do this both before we enter into business relationships with them and ad hoc/at defined intervals thereafter. This allows us to perform a risk-driven assessment when entering into client relationships of the duties of care to be observed, as well as to monitor client relationships on an ongoing basis, as required by law.

A credit check is performed on new suppliers and service providers with an order volume in excess of € 100,000 using a commercial credit agency. Primary suppliers are examined regularly using a supplier evaluation system that assesses their reliability and compliance with the terms and conditions of their contracts, among other things.

If functions (particularly material ones) are outsourced, the division performing the outsourcing must comply with the legal requirements for outsourcing and ensure the service provider's suitability using a selection and assessment procedure, and must review this regularly. Factors that must be examined during due diligence are defined in detail in Group-wide procedural guidelines. Additional requirements apply when outsourcing material functions.

One major part of compliance management is the Group-wide Code of Conduct, which was revised in the reporting period and which sets out binding rules for all staff, managers, Management Board members and supervisory bodies on how to act in a lawful and ethical manner towards clients, business partners and colleagues. It includes basic values such as respect for one another, avoiding conflicts of interest, and doing business fairly and responsibly.

Entity-specific topic: information security

Aareal Bank Group has classified the topic of information security as "material" and, since it considers it to be insufficiently addressed in the ESRSs, has designated the topic as entity-specific. To ensure maximum transparency, the information security disclosures made are based on the ESRSs. In derogation of ESRS 1 131 b), the disclosures on information security are not based on GRI sector standards or sector-based IFRS materials. GRI 418 covers the protection of customer data, which explicitly does not correspond to the definition of information security. In addition, the SASB industry standard on Software & IT Services was consulted so as to ensure comparability in the case of similar topics. However, the disclosures have not been taken over one-to-one so as to better highlight the nature of the banking sector.

Material impacts, risks and opportunities on information security and their interaction with strategy and business model

SBM-3 ESRS 2 48

In Aareal Bank Group's view, information and communications technology (ICT) risks were identified in the double materiality assessment as material security risks for Aareal Bank Group, leading to additional internal time and effort later on and resulting in financial losses in the medium to long term. ICT security risks may arise due to unauthorised access to ICT systems and data from within or outside the institution (such as through cyber-attacks). Damage can take the form of additional internal time and effort later on and resulting financial losses in the medium to long term. For example, in relation to the entity-specific topic of information security, substantial losses arising from additional time and effort spent following cyber-attacks are theoretically possible, although the likelihood of major incidents occurring is considered to be relatively low. Resilience against these risks is increased thanks to the information security management system (ISMS) operated by Aareal Bank AG, as described in more detail in the points below.

Corporate policy on information security

Aareal Bank AG operates its own management system, the Information Security Management System (ISMS), for the purpose of upholding and monitoring information security. The associated Written Set of Procedural Rules, which applies to Aareal Bank AG (including Aareal Bank Capital Corporation and Aareal Bank Asia Limited), covers information security principles, principles of conduct and the structure of the information security organisation, which serve among other things to avoid ICT security risks. The Chief Information Security Officer (CISO) is responsible for establishing and maintaining the Bank's internal ISMS.

Aareal Bank Group is supervised by the European Central Bank (ECB). In line with this, Aareal Bank AG defines its ICT security risks using the nomenclature of the European Banking Authority (EBA). This is set out in the EBA/GL/2017/05 Guidelines on ICT Risk Assessment under the Supervisory Review and Evaluation process (SREP) and the EBA/GL/2019/04 Guidelines on ICT and security risk management.

The Digital Operational Resilience Act (DORA) entered into force on 17 January 2023 and will apply to Aareal Bank Group from 17 January 2025 onward. DORA replaces the requirements that Aareal Bank Group has to meet under BAIT.

On an international level, the ISO/IEC 27001 standard has become established for implementing ISMSs. It specifies the requirements for setting up, implementing, maintaining and continuously improving an ISMS. Aareal Bank therefore follows the ISO/IEC 27001 standard for its ISMS in addition to the DORA requirements.

Information security policies

Overall responsibility for information security lies with the Management Board of Aareal Bank AG. The Management Board delegates the task of establishing and maintaining a DORA-compliant information security management system (ISMS) to the Chief Information Security Officer (CISO). The CISO is the Information Security Officer and reports regularly, and at least quarterly, to the Chief Risk Officer (CRO), who is their disciplinary and organisational superior.

The information security organisation (IS-Org.) supports the adherence to and improvement of all information security measures. IS-Or.g comes under the authority of the Chief Risk Officer (Management Board, GCRO) and consists of the CISO, their deputy and the staff.

The CISO is responsible for the ISMS and thus for the appropriate handling of cyber risks, among other things. As an element of information risk, cyber risks are a sub-risk type of operational risk. The information security organisation handles information risks in accordance with the risk framework requirements for Aareal Bank Group.

Management of impacts, risks and opportunities on information security

The objective of information risk management is based on Aareal Bank Group's handling of operational risk, which, in summary, determines that appropriate decisions must be taken with regard to avoiding, accepting or transferring risk positions. "Appropriate" here refers to both the need to make commercial sense and the Bank's risk appetite.

An information security management system (ISMS) is operated to protect confidential data and their integrity, authenticity and availability.

The information security management system (ISMS) described serves to protect confidential data and their integrity, authenticity and availability. The Written Set of Procedural Rules on the ISMS sets out a number of measures to maintain information security. The following key principles are applied in order to protect information security and to achieve the desired level of security. They apply to Aareal Bank AG including Aareal Bank Capital Corporation and Aareal Bank Asia Limited:

- The information, data and systems are constantly reviewed so as to ensure their integrity, authenticity, availability and confidentiality.
- The applicability and effectiveness of security measures are continually reviewed within the framework of the internal control system and the "Three Lines of Defence" model.
- All staff are sensitised to the topic of information security and adequately trained. The training is conducted annually with varying focal topics.
- Staff assigned to Aareal Bank AG by a service provider are adequately trained and instructed as appropriate for the respective area of operation concerned.
- Aareal Bank supports the exchange of information on cyber threats, utilising and fostering this exchange within the scope of its communication channels with the ECB, Federal Financial Supervisory Authority and Federal Office for Information Security.

Aareal Bank AG defines information security as a self-contained improvement process, which means that there is no time limit on the use of the measures defined.

Upholding and continuously improving the level of security through consistent planning, implementation, control and monitoring of measures is a self-contained process. The necessary controls are prepared, approved annually by the responsible Management Board member and then implemented. They are then used as the basis for deciding on the appropriateness of taking security measures for the continuous improvement of information security and on sustainable target achievement.

Aareal Bank AG has implemented an appropriate monitoring and management process for Aareal Bank Group as a whole. Information security is monitored by means of regular controls, audits and ad hoc analyses and investigations. The scope of application for the control universe is the information network which maps all information assets requiring protection. The IS-Org. control plan ensures that the requirements set out in the guidelines are appropriately and effectively met. At the same time, it is reviewed whether the first LoD fulfills the required measures effectively and comprehensively. Controls performed by another second LoD function do not belong to the control universe. The results of these controls are put into context and disseminated for Aareal Bank AG in the reporting processes described below. KPIs have been defined for reporting on information security in order to be able to measure whether the actions defined have been achieved.

Metrics and targets related to information security

All Aareal Bank AG employees, including Aareal Bank Capital Corporation and Aareal Bank Asia Limited, have to undergo mandatory information security training every year. IS-Org. determines the focus of the training, reviews it annually and updates it. The metric determined here indicates the percentage of all “active” status employees at the time of the evaluation who have successfully completed the training. An annual ratio of at least 95 % successfully completed mandatory training courses has been set as a target. This has been agreed with the Management Board. The ratio for 2024 was 99.8 %, meaning that the target was exceeded. The metric is measured by IS-Org. and is not validated by an external body.

Consolidated Financial Statements

Contents II

298 Notes to the Statement of Financial Position

317 Notes to Financial Instruments

335 Segment Reporting

337 Other Notes

Consolidated Financial Statements

Statement of Comprehensive Income

Income Statement[1)]

€ mn	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net income from continuing operations			
Interest income from financial instruments (ac and fvoci)		2,618	2,456
Interest income from financial instruments (fvpl)		65	37
Market-driven modification gains		2	0
Interest expenses for financial instruments (ac and fvoci)		1,372	1,193
Interest expenses for financial instruments (fvpl)		251	286
Market-driven modification losses		2	0
Net interest income	32	**1,060**	**1,014**
Loss allowance excluding credit-driven net modification gain or loss		340	436
Credit-driven net modification gain or loss		30	5
Loss allowance	33	**370**	**441**
Commission income		47	53
Commission expenses		51	14
Net commission income	34	**-4**	**39**
Net gain or loss on the derecognition of financial assets (ac)		31	13
Net gain or loss on the derecognition of financial liabilities (ac)		0	5
Net gain or loss on the derecognition of financial assets (fvoci)		0	5
Net derecognition gain or loss	35	**31**	**23**
Net gain or loss from financial instruments (fvpl)	36	-44	-71
Net gain or loss from hedge accounting	37	3	1
Net gain or loss from investments accounted for using the equity method	38	1	3
Administrative expenses	39	377	341
Net other operating income/expenses	40	-6	-6
Operating profit from continuing operations		**294**	**221**
Income taxes	41	82	94
Consolidated net income from continuing operations		**212**	**127**
Net income from sold operations	42	2,062	-79
Consolidated net income		**2,274**	**48**
Consolidated net income attributable to non-controlling interests		0	-23
Consolidated net income attributable to shareholders of Aareal Bank AG		2,274	71

[1)] In accordance with IFRS 5, net income from sold operations (see Note 42 for explanations) is reported separately; the previous year's figures have been adjusted.

Statement of Comprehensive Income

Reconciliation from Consolidated Net Income to Total Comprehensive Income

€ mn	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Consolidated net income	**2,274**	**48**
Items that will not be reclassified subsequently to profit or loss		
Changes in the reserve from remeasurements of defined benefit plans	**27**	**-13**
Remeasurements of defined benefit plans	40	-19
Taxes on remeasurements of defined benefit plans	-13	6
Changes in the reserve from the measurement of equity instruments (fvoci)	**0**	**0**
Gains and losses from equity instruments (fvoci)	0	0
Reclassifications to retained earnings from equity instruments (fvoci)	–	–
Taxes on gains and losses from equity instruments (fvoci)	0	0
Items that are reclassified subsequently to profit or loss		
Changes in the reserve from the measurement of debt instruments (fvoci)	**-21**	**-22**
Gains and losses from debt instruments (fvoci)	-30	-27
Reclassifications to the income statement from debt instruments (fvoci)	-1	-5
Taxes on gains and losses from debt instruments (fvoci)	10	10
Changes in the reserve from foreign currency basis spreads	**-8**	**-14**
Gains and losses from foreign currency basis spreads	-11	-21
Reclassifications to the income statement from foreign currency basis spreads	–	–
Taxes on gains and losses from foreign currency basis spreads	3	7
Changes in currency translation reserves	**21**	**3**
Gains and losses from translating foreign operations' financial statements	5	4
Reclassifications to the income statement from translating foreign operations' financial statements	9	–
Taxes on gains and losses arising from translating foreign operations' financial statements	7	-1
Other comprehensive income	**19**	**-46**
Total comprehensive income	**2,293**	**2**
Total comprehensive income attributable to non-controlling interests	6	-23
Total comprehensive income attributable to shareholders of Aareal Bank AG	2,287	25

Statement of Financial Position

€ mn	Note	31 Dec 2024	31 Dec 2023
Assets			
Financial assets (ac)	43	**40,428**	**39,181**
Cash funds (ac)	10	2,605	977
Loan receivables (ac)	11	32,611	32,219
Money market and capital market receivables (ac)	12	5,142	5,868
Receivables from other transactions (ac)	14	70	117
Loss allowance (ac)	44	-402	-428
Financial assets (fvoci)	45	**4,823**	**4,403**
Money market and capital market receivables (fvoci)	12	4,822	4,401
Equity instruments (fvoci)	13	1	2
Financial assets (fvpl)	46	**1,530**	**1,799**
Loan receivables (fvpl)	11	381	255
Money market and capital market receivables (fvpl)	12	5	6
Positive market value of designated hedging derivatives (fvpl)	15	673	831
Positive market value of other derivatives (fvpl)	16	471	707
Non-current assets held for sale	27, 47	282	215
Investments accounted for using the equity method	17, 48	75	8
Intangible assets	18, 49	45	720
Property and equipment	19, 50	79	119
Income tax assets	20, 51	40	52
Deferred tax assets	21, 52	274	222
Other assets	22, 53	640	542
Total		**47,814**	**46,833**
Equity and liabilities			
Financial liabilities (ac)	54	**39,486**	**40,350**
Money market and capital market liabilities (ac)	23	26,557	26,675
Deposits from the housing industry (ac)	24	12,216	12,669
Liabilities from other transactions (ac)	25	72	649
Subordinated liabilities (ac)	26	641	357
Financial liabilities (fvpl)	55	**2,566**	**2,683**
Negative market value of designated hedging derivatives (fvpl)	15	1,057	1,321
Negative market value of other derivatives (fvpl)	16	1,509	1,362
Non-current liabilities held for sale	56	9	7
Provisions	28, 57	159	215
Income tax liabilities	58	91	126
Deferred tax liabilities	21, 59	1	46
Other liabilities	29, 60	42	106
Equity	30, 61	**5,460**	**3,300**
Subscribed capital		180	180
Capital reserves		721	721
Retained earnings		4,359	2,128
AT1 bond		300	300
Other reserves		-121	-134
Non-controlling interests		21	105
Total		**47,814**	**46,833**

Statement of Changes in Equity

€ mn	Subscribed capital	Capital reserves	Retained earnings	AT1 bond	Other reserves					Total	Non-controlling interests	Equity
					Reserve from remeasurements of defined benefit plans	Reserve from the measurement of equity instruments (fvoci)	Reserve from the measurement of debt instruments (fvoci)	Reserve from changes in the value of foreign currency basis spreads	Currency translation reserve			
Equity as at 1 January 2024	**180**	**721**	**2,128**	**300**	**-86**	**-4**	**-18**	**-22**	**-4**	**3,195**	**105**	**3,300**
Total comprehensive income for the period	–	–	2,274	–	25	0	-21	-8	17	**2,287**	6	**2,293**
Consolidated net income	–	–	2,274	–	–	–	–	–	–	**2,274**	0	**2,274**
Other comprehensive income	–	–	–	–	25	0	-21	-8	17	**13**	6	**19**
Payments to non-controlling interests	–	–	–	–	–	–	–	–	–	**–**	-2	**-2**
Dividends	–	–	–	–	–	–	–	–	–	**–**	–	**–**
AT1 coupon	–	–	-33	–	–	–	–	–	–	**-33**	–	**-33**
Changes in ownership interests in subsidiaries	–	–	-5	–	–	–	–	–	–	**-5**	-91	**-96**
Other changes	–	–	-5	–	–	–	–	–	–	**-5**	3	**-2**
Equity as at 31 December 2024	180	721	4,359	300	-61	-4	-39	-30	13	5,439	21	5,460

€ mn	Subscribed capital	Capital reserves	Retained earnings	AT1 bond	Other reserves					Total	Non-controlling interests	Equity
					Reserve from remeasurements of defined benefit plans	Reserve from the measurement of equity instruments (fvoci)	Reserve from the measurement of debt instruments (fvoci)	Reserve from changes in the value of foreign currency basis spreads	Currency translation reserve			
Equity as at 1 January 2023	**180**	**721**	**2,076**	**300**	**-73**	**-4**	**4**	**-8**	**-7**	**3,189**	**69**	**3,258**
Total comprehensive income for the period	–	–	71	–	-13	0	-22	-14	3	**25**	-23	**2**
Consolidated net income	–	–	71	–	–	–	–	–	–	**71**	-23	**48**
Other comprehensive income	–	–	–	–	-13	0	-22	-14	3	**-46**	0	**-46**
Payments to non-controlling interests	–	–	–	–	–	–	–	–	–	**–**	-2	**-2**
Dividends	–	–	–	–	–	–	–	–	–	**–**	–	**–**
AT1 coupon	–	–	-17	–	–	–	–	–	–	**-17**	–	**-17**
Changes in ownership interests in subsidiaries	–	–	-2	–	–	–	–	–	–	**-2**	61	**59**
Other changes	–	–	–	–	–	–	–	–	–	**–**	–	**–**
Equity as at 31 December 2023	180	721	2,128	300	-86	-4	-18	-22	-4	3,195	105	3,300

Statement of Cash Flows

€ mn	Cash flow 1 Jan – 31 Dec 2024	Cash flow 1 Jan – 31 Dec 2023
Consolidated net income	**2,274**	**48**
Additions to and reversals of loss allowances	373	445
Amortisation, depreciation, impairment and write-ups of non-current assets	15	74
Other non-cash changes	-126	-175
Gains/losses on the disposal of non-current assets	0	2
Other adjustments	-928	-947
Adjusted consolidated net income	**1,608**	**-553**
Changes in financial assets (ac) (excluding cash funds)	-418	-2,940
Changes in financial assets (fvoci)	-346	-681
Changes in financial assets (fvpl)	-123	88
Changes in other assets	-19	-39
Changes in financial liabilities (ac) (excluding subordinated capital)	35	-1,068
Changes in financial liabilities (fvpl)	-26	48
Changes in provisions	-77	-166
Changes in other liabilities	15	4
Income taxes paid/income tax refunds	-137	-145
Interest received	2,292	2,082
Interest paid	-1,276	-956
Cash flow from operating activities	**1,528**	**-4,326**
Proceeds from the disposal of equity instruments and investments accounted for using the equity method	–	17
Proceeds from the disposal of property and equipment and intangible assets	2	2
Payments for the acquisition of property and equipment and intangible assets	-18	-28
Effect of changes in reporting entity structure	-98	0
Cash flow from investing activities	**-114**	**-9**
Dividends paid and AT1 coupon payments	-33	-17
Changes in subordinated liabilities	253	-92
Changes due to other financing activities	-6	-3
Cash flow from financing activities	**214**	**-112**
Cash and cash equivalents as at 1 January	**977**	**5,424**
Cash flow from operating activities	1,528	-4,326
Cash flow from investing activities	-114	-9
Cash flow from financing activities	214	-112
Cash and cash equivalents as at 31 December	**2,605**	**977**

Notes

Basis of Accounting

Aareal Bank AG is a public limited company incorporated under German law, with its registered office in Paulinenstrasse 15, 65189 Wiesbaden, Germany. It is the parent company of an international property finance and services group, and registered under no. HRB 13 184 in the Commercial Register at the Wiesbaden local court (Germany). It is majority-owned by Atlantic BidCo GmbH, which in turn is a subsidiary of Atlantic Lux HoldCo S.à r.l.

As a public limited company, Aareal Bank AG has prepared its consolidated financial statements for the financial year ended on 31 December 2024 in accordance with International Financial Reporting Standards (IFRSs) applicable within the European Union (EU) as at the reporting date, in connection with the provisions pursuant to Section 315e of the German Commercial Code (Handelsgesetzbuch – HGB). The reporting currency is the euro (€). In addition, the consolidated financial statements were prepared using the European Single Electronic Format pursuant to Commission Delegated Regulation (EU) No. 2019/815 as amended (i.e. in the XHTML format) and were complemented with tags based on Inline XBRL technology.

The Management Board approved the consolidated financial statements for publication on 25 February 2025; they will be published in the German Company Register (Unternehmensregister).

This report contains rounded numbers, which may result in slight differences when aggregating figures and calculating percentages.

Accounting Policies

(1) Accounting standards

Recognition and measurement within Aareal Bank Group are based on accounting policies applied consistently throughout the Group. The consolidated financial statements are prepared on a going concern basis.

We apply accounting policies – and the presentation of financial statements – consistently, in order to ensure the comparability of financial statements over time.

Information is presented in accordance with the principle of materiality. Minor differences may occur regarding the figures stated, due to rounding.

The Bank observes the general prohibition of setting off assets against liabilities. To the extent that the criteria of IAS 12.74 are met, deferred tax assets and deferred tax liabilities are offset. If the requirements set out in IAS 32.42 are met, financial assets and liabilities are reported on a net basis.

Income and expenses are recognised on an accrual basis and recorded in the income statement in the period to which they relate. Interest income and expenses are recognised using the effective interest method. In the case of impaired receivables, interest income and expenses are recognised only on the basis of the net carrying amount. Interest from derivatives designated for hedge accounting and economic hedging relationships is included in net interest income. Interest from derivative hedging instruments is shown under interest from financial instruments (ac and fvoci), while interest from economic hedging relationships is reported under interest from financial instruments (fvpl). We provide specific information on negative interest from financial assets or positive interest from financial liabilities in the Notes, under net interest income. These assets and liabilities are deposits as well as money market and securities repurchase transactions. The interest benefit from the ECB's Targeted Longer-Term Refinancing Operations (TLTRO) is recognised if there is reasonable certainty that it will be granted.

Dividend income is recognised when there is a corresponding legal title.

Commission income and expenses include revenue from the provision of goods or services in the ordinary course of business. This mainly refers to IT consulting projects, trainings, licence and maintenance agreements and hosting or outsourcing services.

The presentation of the financial position and the financial performance in the consolidated financial statements depends on the recognition and measurement methods underlying the preparation of the financial statements, as well as on estimates and assumptions made by the management in relation to uncertain future events. Any assessments required for recognition and measurement are prepared in line with the relevant accounting standards. Estimates and assumptions are based on historical experience and other factors, such as planning and expectations or forecasts of future events currently considered probable. The estimates and assessments themselves as well as the underlying assessment factors and estimation techniques are reviewed regularly and compared with actual outcome. In our view, the parameters used are relevant and reasonable.

The most significant estimation uncertainties and judgements of the management primarily refer to the calculation of provisions, loss allowances and provisions in the lending business, and the measurement of goodwill, property and tax assets and liabilities. We refer to the item-specific disclosures in this section for information related to the estimates and assumptions made within the context of recognition and measurement.

An asset is recognised in the statement of financial position when it is probable that an associated future economic benefit will flow to the Company and the asset can be measured reliably.

A liability is recognised if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when the settlement amount of the liability can be measured with sufficient reliability.

(2) Changes in accounting policies

The following financial reporting standards (IASs/IFRSs) were applied for the first time in the reporting period:

- **IAS 1 Classification of Liabilities as Current or Non-current**
  The amendments to IAS 1 are meant to clarify the classification of liabilities as current or non-current. In future, only rights that exist as at the end of the reporting period shall be relevant for the classification of a liability. In addition, further guidance as to the interpretation of the criterion “right to defer settlement of the liability for at least twelve months” as well as explanations regarding settlement characteristics were included.

- **IFRS 16 Lease Liability in a Sale and Leaseback**
  The amendment includes guidance on subsequent measurement of leases in a sale and leaseback transaction for seller-lessees. The objective of the amendment is primarily to harmonise subsequent measurement of lease liabilities to avoid any inappropriate recognition of gains. In general, the amendment has the effect that the lease payments expected at the commencement date are to be taken into account as part of subsequent measurement of lease liabilities in a sale and leaseback transaction. In each period, the carrying amount of the lease liability is reduced by the expected payments; the difference to the actual payments is recognised through profit or loss.

- **IAS 1 Non-Current Liabilities with Covenants**
  The amendments to IAS 1 serve to clarify the classification of liabilities as current or non-current: only those covenants which an entity must fulfil on or before the reporting date influence classification as current or non-current. However, entities are required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period.

- **IAS 7 and IFRS 7 Supplier Finance Arrangements**
  The purpose of the amendments is to enhance the transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The amendments supplement existing disclosure requirements to the effect that entities are required to disclose qualitative and quantitative information on financing arrangements with suppliers.

The new and revised standards and interpretations did not have material consequences for the consolidated financial statements of Aareal Bank Group.

Until 31 December 2024, the following financial reporting standards (IASs/IFRSs) and interpretations (IFRICs), which are required to be applied in future financial years, had been published by the International Accounting Standards Board (IASB) and endorsed by the EU Commission:

New International Financial Reporting Standards/Interpretations		Issued	Endorsed	Effective date
IFRS 18	Presentation and Disclosure in Financial Statements	April 2024		Financial years beginning on or after 1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May 2024		Financial years beginning on or after 1 January 2027

Revised International Financial Reporting Standards		Issued	Endorsed	Effective date
IAS 21	Lack of Exchangeability	August 2023	November 2024	Financial years beginning on or after 1 January 2025
IFRS 9 IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	May 2024		Financial years beginning on or after 1 January 2026
	Annual Improvements Volume 11	July 2024		Financial years beginning on or after 1 January 2026
IFRS 9 IFRS 7	Contracts Referencing Nature-dependent Electricity	December 2024		Financial years beginning on or after 1 January 2026

- **IFRS 18 Presentation and Disclosure in Financial Statements**
  The new standard will replace the existing IAS 1. IFRS 18 aims to improve the presentation of financial information, enhancing the transparency and comparability of financial statements. This involves fundamental changes to the structure of the profit and loss statement, including the introduction of additional mandatory defined subtotals in the statement of profit or loss, such as the indication of operating profit. Moreover, income and expenses must be clearly allocated to one of the following five categories: operating, investing, financing, income taxes and discontinued operations (if applicable). Additional requirements apply for companies that provide financing to clients or invest in assets as a main business activity, such as banks and insurance companies. Where senior management uses self-defined performance indicators (that are not governed by other IFRSs) to manage the business, such management-defined performance measures ("MPMs") will have to be disclosed in the Notes. The new standard will also impact the statement of cash flows: the option to present interest and dividend payments made and received in cash flow from operating activities or in cash flow from investing activities has been abolished. Instead, interest and dividends paid will generally be classified in cash flows from financing activities, and interest and dividends received in cash flows from investing activities.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**
  IFRS 19 provides for significant relief in disclosure obligations for subsidiaries that are not themselves subject to public accountability and whose parent entity publish their consolidated financial statements in accordance with IFRSs. An entity has no public accountability if it has not issued (and is not in the process of issuing) any exchange-listed debt or equity instruments, and does not hold assets in a fiduciary capacity for a broad group of outsiders. The objective of the new standard is to reduce the effort and cost involved in the preparation of IFRS financial statements for eligible subsidiaries (that are not themselves obliged to prepare financial statements in accordance with IFRSs) while preserving the usefulness of information for users of financial statements.

- **IAS 21 Lack of Exchangeability**
  The amendments to IAS 21 require an entity to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

- **IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments**
  The amendments provide more detailed guidance regarding the measurement of financial instruments with environmental, social and governance (ESG)-linked features, observing the SPPI criterion. This facilitates carrying such instruments at amortised cost, provided that cash flows are not materially affected by ESG-linked features.

- **Annual Improvements Volume 11**
  Improvements to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

- **IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity**
  The IASB has implemented amendments to IFRS 9 and IFRS 7 to clarify the accounting of electricity procurement contracts from renewable energies. The adjustments to IFRS 9 relate to the 'own-use' exemption and the accounting of hedges, including the option of including variable power volumes as hedged items. In IFRS 7, disclosure requirements have been added that require specific information on contracts referencing nature-dependent electricity, such as the type of transactions and the associated risks.

Aareal Bank Group did not opt for early application of these standards in the 2024 financial year, which are required to be applied in future financial years.

Aareal Bank Group is currently reviewing the effects of the application of the new and amended financial reporting standards on the consolidated financial statements.

(3) Consolidation

Consolidation principles

The consolidated financial statements include all subsidiaries which are controlled directly or indirectly. A parent entity controls an investee when it has the power to direct the investee's relevant activities, has an exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of such returns. If control is exercised via voting rights, a parent-subsidiary relationship is deemed to exist if more than half of the voting rights are held directly or indirectly. In cases where voting rights are not conclusive in determining control relationships, other factors are used to assess whether the Group has the power over the company. For this purpose, an assessment is made of the following: purpose and design of an investee, what are the relevant activities of the company, what is the decision-making process in relation to these relevant activities and whether the Group, by virtue of its rights, currently has the ability to direct these relevant activities. In addition, an assessment is required as to whether the Group exercises control as principal or as agent, or whether a third party acts as agent for the Group. If the assessment shows that the Group has the sole power over an investee and additionally has the ability to use its power over the investee to affect the amount of the investor's returns, the investee is included in the consolidated financial statements.

Consolidation of a subsidiary begins from the date the Group obtains significant influence (full consolidation). Subsidiaries are deconsolidated when there is no longer the ability to exercise significant influence.

Any non-controlling interests resulting from full consolidation are shown in the statement of financial position, as a separate item of equity. This also applies to a partial disposal without the loss of control over the subsidiary (sale of a non-controlling interest).

Initial consolidation of an entity in the event of an acquisition is based on the purchase method, in accordance with IFRS 3, whereby remeasured amounts must be used when recognising assets and liabilities (including any hidden reserves and hidden encumbrances) of an entity to be consolidated. This may lead to the recognition of new assets and liabilities (including contingent liabilities) that were previously not reported in the statement of financial position of the company to be consolidated. Any excess of acquisition cost over the Group's interest in the fair value of net assets is recognised as (positive) goodwill. Any negative goodwill resulting from this comparison is charged against income.

Intragroup transactions, balances and results of transactions between Group entities are eliminated. Accounting policies applied by subsidiaries were amended for the purpose of preparing consolidated financial statements to the extent required to ensure consistent accounting throughout the Group.

Joint arrangements are defined as contractual arrangements where two or more parties carry out business activities that are subject to joint control. Joint control only exists when the decisions about the relevant activities require unanimous consent of the parties sharing control. In general, a distinction is made between joint operations and joint ventures. The parties to a joint operation that have joint control have the rights to the assets, and the obligations for the liabilities, relating to the arrangement. Assets and obligations, as well as revenue and expenses are carried on a pro-rata basis. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint ventures are measured using the equity method.

Associates are companies in which the Group has an equity interest and may exercise significant influence, without having control. Significant influence is deemed to exist when an investor holds 20%–50% of the voting rights of a company. Associates are also measured using the equity method.

In accordance with the equity method, the Group's share in the profit or loss of associates and joint ventures is recognised in the consolidated income statement from the date of acquisition and is included in the carrying amount of the equity investment, taking into account interim distributions. Further information on investments accounted for using the equity method is included in Note (48).

Associates and joint ventures are no longer accounted for using the equity method from the date when the Group loses significant influence over the company or when joint control ends.

As at the reporting date, the Group was not exposed to material limitations as regards the access to, or use of, assets of the Group and as regards the settlement of liabilities of the Group.

Reporting entity structure

As at 31 December 2024, the reporting entity structure comprised 52 companies (2023: 94), including Aareal Bank AG as well as 47 (2023: 88) subsidiaries, no joint arrangements (2023: one) and four associates (2023: four).

Two companies constituted the material additions to the reporting entity structure during the period under review.

Aareal Bank acquired a US property in March 2024: the Met Tower Owner LLC property was valued at € 73 million upon acquisition.

Aareal Bank acquired a US property in October 2024: the 1015 15th Street DC LLC property was valued at € 42 million upon acquisition.

Furthermore, Aareal Bank deconsolidated the Aareon subgroup in October 2024, resulting in a significant reduction in the consolidation group compared to the previous year. Specifically, 40 companies that were previously fully consolidated were derecognised in this process.

There were no other material changes to the reporting entity structure.

Note (92) "List of shareholdings" includes an overview of the Group companies.

(4) Currency translation

Individual line items in the financial statements of each Group entity are measured on the basis of the currency of the primary economic environment the respective entity operates in ("functional currency").

The consolidated financial statements are prepared in euro, being both the functional and the reporting currency.

Monetary assets and liabilities denominated in a foreign currency, unsettled cash market/spot transactions and non-monetary items measured at fair value are all translated to the functional currency on the basis of the ECB reference rate prevailing on the balance sheet date. Non-monetary items measured at amortised cost are translated using historical rates.

Currency translation adjustments on monetary assets and liabilities must be recognised in income. Depending on the relevant measurement category, currency translation adjustments on non-monetary items are either recognised directly in equity (in the currency translation reserves), or recognised in the income statement (in net gain or loss from transactions measured at fair value).

Financial statements of consolidated subsidiaries, which are presented in a currency other than the euro, are translated at the ECB reference rate prevailing at the reporting date (statement of financial position) and at (monthly) average rates (income statement). Translation differences are recognised in equity, in the currency translation reserves.

(5) Revenue recognition

Aareal Bank Group recognises revenue in both segments. Revenue or other income is recognised when the performance obligation is satisfied or the goods or products and services have been delivered to the customer, i. e. the customer has obtained control.

Revenue recognition in the banking business mainly refers to the provision of loans, the administration of syndicated loans or the provision of payment systems for the property and energy industries. Aareal Bank Group recognises revenue in the same period in which the services are provided. When contracts comprise various performance obligations, each of the performance obligations are priced separately. Mostly, fixed fees are agreed. Commissions from the lending and other banking business mainly arise over a specified period of time. The customer obtains control over the service while Aareal Bank is providing the service. The agreed transaction price is invoiced to the customer on a pro-rata basis as at the end of an agreed period (normally monthly or quarterly). The Bank recognises the invoiced amount as revenue when it is entitled to a consideration in an amount that directly corresponds to the value of the services already provided. Invoiced amounts are payable immediately in the agreed amounts. Since the service has already been provided at the time the invoice is issued, an unconditional right to consideration arises, and a receivable due from the customer is recorded.

Standardised contracts are concluded within Aareal Bank Group for the vast majority of contracts with customers. This does not involve costs of obtaining a contract. In addition, there are no material amounts of variable consideration for the various services. The customers are not granted significant financing components.

(6) Leases

A lease is a contract or a part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In accordance with IFRS 16, a lessee has to recognise a liability for lease payments as well as an asset for the right to use the underlying asset during the lease term. The practical relief provided for by the IFRS 16 as regards short-term lease agreements and low-value leased assets is made use of. The lease liabilities include the present value of the lease payments to be made over the lease term. Lease payments may comprise:

- fixed payments less any lease incentives receivable,
- variable lease payments that depend on an index or interest rate,
- amounts expected to be payable under residual value guarantees,
- the exercise price of a purchase option if the exercise of the option is reasonably certain, and
- payments of penalties for terminating the lease if terminating the lease is reasonably certain.

To determine the present value, the lease payments are discounted using the interest rate implicit in the lease. If such rate cannot be determined, discounting is based on Aareal Bank Group's incremental borrowing rate for the corresponding maturity band and the corresponding currency. The lease term is determined as the non-cancellable period of a lease, taking into account both extension options and termination options if it is reasonably certain that such options will be exercised.

The right-of-use asset is measured upon initial measurement at cost which comprises the following amounts:

- the amount of the lease liability,
- any lease payments made to the lessor at or before the commencement date, less any lease incentives received,
- any initial direct costs, and
- asset retirement obligations.

These items are re-measured at amortised cost. The right-of-use assets are depreciated on a straight-line basis over the lease term.

Aareal Bank Group does not apply the IFRS 16 rules to leases where the Bank acts as the lessee involving intangible assets. If contracts include both lease components and non-lease components, the practical expedient as provided for by the standard not to separate these components is made use of.

Aareal Bank Group also acts as lessor, in which case a distinction has to be made between operating and finance leases. The basis for this classification is the extent to which the risks and rewards incidental to ownership of an underlying asset are attributable to either the lessor or the lessee. If a substantial portion of the risks and rewards remain with the lessor, the lease is classified as an operating lease. Where substantially all risks and rewards are transferred to the lessee, the lease is classified as a finance lease.

The major rental contracts of Aareal Bank Group as lessor are operating leases and mainly refer to let property. They are reported in the statement of financial position under other assets. Lease contracts are entered into individually and include various terms and conditions.

In the case of operating leases, the leased asset continues to be recognised as an asset at amortised cost. The lease payments received are reported in the income statement in net other operating income/expenses.

In the case of finance leases, Aareal Bank Group derecognises the carrying amount of the leased asset as at the commencement date and recognises a receivable at an amount equal to the net investment in the lease. Any gains or losses on disposal are recognised in the income statement.

For subsequent measurement, interest income from the lease receivable is recognised and the net investment in the lease is reduced by the lease payments received. Any impairment resulting from these lease receivables are included in the loss allowance in accordance with IFRS 9.

(7) Consolidated statement of cash flows

Aareal Bank Group's statement of cash flows records cash flows pertaining to the areas of operating activities, investing activities and financing activities for the period under review. The starting point of the consolidated statement of cash flows is the amount of cash and cash equivalents, consisting of cash on hand, balances with central banks as well as public-sector debt instruments and bills of exchange eligible for refinancing at central banks.

The definition of the term "operating activities" is consistent with the composition of the operating profit in the statement of comprehensive income, using the indirect method where operating profit is adjusted for non-cash earnings components as well as for income taxes and interest received and paid (other adjustments).

Cash flows from investing activities include proceeds from and payments for property and equipment, intangible assets, equity instruments and investments. Cash flows from financing activities include cash flows from transactions with providers of equity and subordinated capital.

(8) Determination of fair value

The determination of fair value is governed by IFRS 13 and applies to both financial instruments and non-financial assets or liabilities. In accordance with IFRS 13.9, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction under current market conditions at the measurement date. The determination of the fair value is based on the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Another factor to be taken into account is whether Aareal Bank can enter into a transaction for the relevant asset or liability at the price in that market at the measurement date. The principal market is the market with the greatest volume and the highest level of activity for the asset or liability to which Aareal Bank has access. The most advantageous market is the market that maximises the amount that would be received to sell the asset, or minimises the amount that would be paid to transfer the liability.

Responsibility for the measurement of financial instruments lies with the Risk Controlling division and is made as part of the risk management process. Any anomalies and changes as regards measurement are analysed and checked on a continuous basis. The measurement methodologies are validated on a regular basis by cross-divisional teams.

Fair value hierarchy

In accordance with IFRS 13.72 et seqq., the fair value determination is based on the fair value hierarchy pursuant to which the inputs used are classified into various hierarchy levels on the basis of their respective market proximity and objectivity. The fair value of assets and liabilities is allocated to Level 1 of the fair value hierarchy if it is determined on the basis of unadjusted qualifying prices in active markets for identical assets or liabilities. Fair values determined using inputs other than qualifying prices included within Level 1 that are observable for the financial instrument, either directly or indirectly, are included in Level 2 of the fair value hierarchy. Fair values determined using valuation techniques where one or more material inputs are not based on observable market data are assigned to Level 3 of the fair value hierarchy. The estimation uncertainties as regards fair value measurement increase the higher the level is. The procedure is set out in a corresponding working instruction ("Fair Value Measurement in accordance with IFRS 13").

To determine the reclassification of a financial instrument, the level at the beginning of the reporting period is compared with the level at the end of the reporting period, and any changes are disclosed.

Measurement methods

The property and public-sector loans included in loan receivables are measured using the discounted cash flow method for the purpose of the determination of fair value. Discounting of future cash flows of a transaction is based on transaction-specific risk-adjusted interest rates. These are derived on the basis of a virtually risk-free market interest rate for each currency depending on the relevant term, taking into account add-ons for risks specific to the counterparty as well as credit costs based on the assumption that a regular-way transaction existed when the transaction was entered into. In the case of loans subject to fixed interest rates, the contractually agreed payments are used as future cash flows. The future cash flows for floating-rate loans are derived using the future forward interest rates, taking into account the relevant spread for customer-specific terms and conditions. In the case of defaulted loans, future cash flows are reduced by the expected losses. Debt securities and promissory note loans for which no current market price is available in an active market are measured through an analysis of future payments using the fully-capitalised earnings value approach, where the inputs are based on observable market data to the extent possible. These approaches include the discounted cash flow (DCF) method which is used to determine the present value of contractual cash flows until the expected end of the term. The present value is determined based on the benchmark curve applicable for the relevant market, taking into account mark-ups based on credit quality and liquidity. The valuation model used for options included in the transaction is the commonly used Black-Scholes model or numerical procedures.

In the case of unquoted financial investments in equity instruments, the costs of acquisition may also be the best estimate of fair value. Their recoverability is reviewed regularly.

The fair value of OTC derivatives is determined on the basis of sector-specific standardised measurement models, such as the present value method or option pricing models. These techniques are based on inputs of active markets, such as interest rates, yield curves and credit spreads. Since the derivatives are part of highly effective collateral agreements (Credit Support Annex to the ISDA Master

Agreement and Collateral Annex to the German Master Agreement on Financial Derivatives Transactions) which are each subject to a master collateralisation agreement, measurement adjustments to reflect any potential counterparty credit risk or own credit risk (CVA and DVA) are not required for reasons of materiality. Nevertheless, with respect to defaulted property loans, receivables arising from associated derivatives are taken into account in the determination of loss allowances. The Bank uses the overnight interest rate swap curve (OIS curve) for the measurement of derivatives secured by cash collateral.

Amortised cost is an adequate estimate of fair value for cash funds, other loan receivables as well as short-term money market receivables and liabilities.

(9) Recognition and measurement of financial instruments

Pursuant to IAS 32, a financial instrument is any contract that gives rise to a financial asset at one contracting party and a financial liability or equity instrument at another contracting party.

Recognition

Financial instruments (including derivative financial instruments) must be recognised if the reporting entity has become a party to the contractual provisions of such financial instruments. Trade date and settlement date are not the same for regular way purchases and sales of financial assets. Such regular way purchases and sales may be accounted for either at trade date or at settlement date. At Aareal Bank Group, financial instruments (fvpl) are recognised at the trade date, while all other financial instruments are recognised at the settlement date.

Financial instruments have to be derecognised when the contractual rights to the cash flows from the financial asset expire or an entity transfers the financial asset, including substantially all its risks and rewards. The modification of the contractual terms may also result in the derecognition of a financial instrument and the recognition of a new financial instrument.

If only a portion of risks and rewards is transferred and a portion of control is retained, the financial asset is recognised only to the extent of its continuing involvement. The extent of the continuing involvement corresponds to the extent to which the Company is exposed to changes in the value of the financial asset. A financial liability is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged.

Modification

As a matter of principle, a modification is defined as any change made to existing terms of a loan agreement or a contractual adjustment during the loan or contract term. This applies regardless of the reasons for the modification (credit-driven or market-driven). Contractual adjustments may either lead to the derecognition of the “old” and the recognition of a “new” asset when such adjustments are substantial to the extent that they, in essence, constitute a new asset (hereinafter referred to as “substantial modification”) or to the recalculation of the carrying amount and the recognition of a net modification gain or loss, when such adjustments constitute an adjustment of an existing asset (hereinafter referred to as “non-substantial modification”).

The contractual adjustments subject to modifications may generally be caused by the borrower’s credit quality and solvency (credit-driven modifications) or the granting of more favourable terms and conditions in an existing contract or the adjustment of the framework for financings as a result of changes in the customer’s financing needs (market-driven modifications).

Both substantial and non-substantial modifications have an impact on profit or loss.

The amount of net modification gains or losses arising from non-substantial modifications is determined by the difference of the gross carrying amounts before and after the modification. Net modification gains or losses arising from market-driven modifications are recognised in net interest income, while credit-driven modifications are reported in the loss allowance. Subsequently, the changes in the carrying amount of the receivable is amortised over the remaining term of the receivable and recorded in net interest income.

In the case of a substantial modification, the old asset has to be derecognised, and a new asset has to be recognised. The difference of the gross carrying amounts before and after the modification is reported as net derecognition gain or loss after utilisation of the existing loss allowance in the case of market-driven modifications. The basis for the assessment initially are qualitative criteria such as obligor change or the extension of terms of loans that are not subject to an impaired credit quality. If these criteria do not apply, it is reviewed whether the present value of the newly agreed cash flows discounted with the original effective interest rate deviate by at least 10 % from the present value that results from discounting the original cash flows with the original effective interest rate. If this is the case, the matter also qualifies as a substantial modification. The derecognition and new recognition of the loan results in a new significance level being determined for a later migration in Stage 2. Credit-driven modifications in Stage 3 do not lead to de-recognition; a loss allowance is recorded in an amount that covers the entire difference between the carrying amount and the fair value.

Measurement

Upon initial recognition, financial instruments are measured at fair value, for subsequent measurement at ac or fvoci (cf. section Classification), in each case plus any transaction costs.

Subsequent measurement of financial assets is based on the classification of the financial instrument. Depending on the classification, financial assets are measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. Investments in equity instruments are measured at fair value through profit or loss, unless an irrevocable election is made at initial recognition to present subsequent changes in fair value in other comprehensive income. Within Aareal Bank Group, this election is exercised as a rule due to the investment characteristics of the equity instruments.

Financial liabilities are measured at amortised cost.

In addition, financial assets and liabilities may be designated as at fair value through profit or loss if certain prerequisites are met. Aareal Bank Group does not make use of this option.

Classification

The classification, i.e. the determination of the measurement category of a financial asset, is to be assessed on the basis of two criteria. The objective criterion refers to the contractual design as to whether the payments solely represent payments of interest and principal on the principal amount outstanding (SPPI = solely payments of principal and interest). Relevant criteria were defined that are reviewed at initial recognition. For example, this may be financings with a primary investment risk or contractually agreed payments that depend on the borrower's economic performance. The subjective classification criterion refers to the business model, i.e. the aim that a company pursues for a group of assets.

Subsequent measurement has to be based on amortised cost (ac) when the financial instrument is held in order to collect contractual cash flows (business model "Hold") and additionally the contractual cash flows represent solely payments of principal and interest, i.e. are SPPI compliant. This classification category is used for a large portion of the lending and securities business.

Subsequent measurement at fair value, with changes in fair value being recognised initially directly in equity and subsequently reclassified to profit or loss (so-called recycling) (fair value through other comprehensive income (fvoci)) has to be made when financial instruments are SPPI compliant and are held either to collect contractual cash flows or to be sold (business model "Hold & Sell").

Subsequent measurement at fair value, with changes in fair value being recognised through profit or loss (fvpl), has to be made if the financial instrument is not SPPI compliant or cannot be allocated to one of the two business models mentioned above. The latter is the case for example when there is the purpose of selling such financial instruments in the near term due to syndication covenants.

Loss allowance

Loss allowances are based on the internal staging and expected credit loss (ECL/EL) model of Aareal Bank. For this purpose, financial instruments measured at amortised cost and at fair value through other comprehensive income as well as loan commitments and financial guarantees are allocated to various stages at both initial recognition and subsequent measurement. The related loss allowances are recognised in the amount of the twelve-month or the lifetime expected credit loss.

Stage 1: All financial instruments without impairment trigger are allocated to this stage at initial recognition. Any disposal and addition involving a substantial modification does not result in a change of allocation. If the credit risk is not significantly increased, the financial instrument has to remain in Stage 1 for subsequent measurement. Loss allowances are recognised in the amount of the losses expected for the following twelve months and interest income is calculated on the basis of the gross carrying amount, applying the effective interest method. Loss allowances have to be recognised on a present value basis.

Stage 2: All financial instruments where credit risk has increased significantly since initial recognition are allocated to this stage. Any disposal and addition involving a substantial modification does not result in a change of allocation. Loss allowances are recognised in the amount of the losses expected for the entire remaining term of the instrument and interest income is calculated on the basis of the gross carrying amount, applying the effective interest method. Loss allowances have to be recognised on a present value basis. The significant increase in credit risk for the allocation to Stage 2 is determined using the so-called expected downgrade bank-internal staging model and taking into consideration quantitative and qualitative criteria. These criteria are the client's credit rating, the intensity of client handling (intensified handling), the existence of forbearance measures and/or payment defaults for more than 30 days. If the significant increase in credit risk no longer applies, the financial instrument is re-transferred to Stage 1. A description of the credit risk methods and systems in place at Aareal Bank AG is presented in the Risk Report as part of the Group Management Report.

Stage 3: This stage includes all financial instruments where there is objective evidence of impairment (impairment trigger or credit impaired). Loss allowances are recognised in the amount of the losses of the lifetime expected credit loss, and interest income is calculated on the basis of the net carrying amount (i.e. gross carrying amount less loss allowance) using the effective interest method. The lifetime expected credit loss in Stage 3 is determined as the difference between the gross carrying amount and the present value of expected future cash flows (discounted using the original effective interest). If the impairment triggers no longer apply, the financial instrument is re-transferred to Stage 1 or 2.

POCI (purchased or originated credit impaired): This category includes all financial instruments that were subject to an impairment trigger at initial recognition. The loss allowance is recorded in the amount of the lifetime expected credit loss.

The expected credit loss is generally determined by Aareal Bank using a model-based procedure where, depending on the stage, one- or multi-year parameters are used. The calculation of the expected loss in Stage 1 and of lifetime expected credit loss in Stage 2 is based on the one-year or lifetime probability of default (PD), respectively, the loss given default (LGD), the expected exposure at default (EAD), a discount factor (DF) and the expected contractual term. Current and expected country-specific economic conditions such as the GDP, long-term interest rates and unemployment rate are included in the LGD by means of a scenario-weighted market value forecast. This probability-weighted scenario mix reflects geopolitical and macro-economic uncertainty and supplements our baseline scenario through the addition of divergent developments over an observation period of three years. In addition, the economic outlook is taken into consideration implicitly in the estimation of the future development of the borrowers' financial position and performance and the expected property cash flows and, hence, in the probability of default (PD). Scenario-based PDs are currently incorporated via a management overlay.

Intensified handling triggers recognition of loss allowance, in the amount of lifetime expected credit loss for the financial instrument concerned (Stage 2). The same applies for financings for which a forbearance measure has been granted.

Model-based calculations of loss allowance may involve specific aspects related to the reporting date which require adjustments to the calculation (post-model adjustments). These may be related to known model weaknesses, technical processing issues or data deficiencies, as well as expert estimates of risks designed to remedy possible gaps in the model. Post-model adjustments – to the extent they were required as at the reporting date – are described in Note (33) on loss allowance.

A period of not more than twelve months is assessed for Stage 1, while the expected contractual term of the financial instrument has to be taken into account for Stages 2 and 3 (and, in addition, the expected term for repayment of the financial instrument in Stage 3).

The expected loss in Stage 3 is usually determined on the basis of individually estimated cash flows (ECF procedure) in three probability-weighted scenarios. The amount of the loss allowance is determined as being the difference between the carrying amount of the asset and the present value of the expected future cash flows, discounted using the original effective interest rate applicable at initial recognition or after the most recent interest rate adjustment in the case of variable-rate financial instruments (taking into account cash flows from realisation of collateral provided). Collateral is largely provided in the form of land charges or mortgages; these are measured at fair value of the respective scenario which is generally based on either the income capitalisation approach or the discounted cash flow method. Impairment triggers are strong indications for a decline of the borrower's credit quality, arrears, external expert opinions as well as further indications that not all interest and principal payments can be made as contractually agreed.

The loss allowance for debt instruments measured at amortised cost is reported in the item "Loss allowance (ac)", for debt instruments measured at fair value through other comprehensive income in the item "Reserve from the measurement of debt instruments (fvoci)" and for loan commitments and financial guarantees under provisions. Debt instruments reported under POCI are accounted for on a net basis, i.e. without any loss allowance. Changes in loss allowance are reflected by increasing or decreasing the carrying amount through other loss allowance.

If the receivables are not recoverable, the corresponding loss allowance is utilised and the receivable is derecognised. Direct write-offs are not made.

The loss allowance for receivables from other transactions is determined using a simplified procedure in the amount of the lifetime expected credit losses.

Hedging relationships

The risk management strategy set out in the Risk Report of the Group Management Report is the basis for the recognition of hedging relationships. At Aareal Bank Group, risks from value fluctuations are hedged in the case of transactions not measured at fair value through profit or loss. In this context, the risks from hedged items are intended to be offset by entering into hedging derivatives where the fair value changes have the opposite direction compared to those of the hedged item. Average prices of the hedges are not relevant for risk management. Hedging relationships are not recorded for transactions that are measured at fair value through profit or loss. The results from economic hedging relationships are offset in net gain or loss from transactions measured at fair value.

Hedge accounting in accordance with IFRS 9 distinguishes various forms of hedging relationships.

Fair value hedges are used to hedge hedged items against fair value changes resulting from changes in interest rates or from changes in interest and exchange rates that are determined accordingly as hedged risk. At Aareal Bank Group, property loans, securities and promissory note loans are typically hedged using interest rate swaps and cross-currency swaps. The derivatives used for hedging are accounted for at fair value through profit or loss. The offsetting fair value changes of the hedged item resulting from the hedged risk are also recognised through profit or loss. The proportion of the fair value changes of the hedged item not attributable to the hedged risk is accounted for in line with the classification of the hedged item. A fully effective hedging relationship results in offsetting measurement results. The hedging relationship may result in adjustments in the carrying amount of the underlying transaction. Such adjustments will only be recognised in income at the end of the transaction term.

Hedges of a net investment in a foreign operation are used to hedge currency risks arising on the translation of the net assets of foreign Group companies. The effective portion of measurement gains or losses from derivative hedging instruments is recognised directly in equity in the currency translation reserve. The ineffective portion of the hedging derivative's fair value changes has to be recognised in the income statement. The gain or loss on the hedging derivative relating to the effective portion of the hedge that has been recognised directly in equity shall be recognised in profit or loss on disposal of the foreign operation. Any translation differences resulting from the translation of the financial statements of a foreign operation with a different functional currency into the Group currency also have to be recognised directly in equity in the currency translation reserve; they will be reclassified to the income statement upon disposal of the foreign operation.

The effectiveness of hedging relationships is reviewed by way of a forward-looking sensitivity analysis regarding the hedged risks. For this purpose, basis point values, i. e. sensitivities of the IFRS carrying amounts of the hedged items and the hedging transactions, are compared. Factors which may lead to ineffectiveness include differences in the term of transactions or payment dates, or diverging market conventions for underlying transactions and related hedges which affect the relevant measurement parameters (e.g. discounting using an OIS rate) and all risk and hedge types. Currency basis spreads are accounted for as hedging costs, with fair value changes of this element recognised in other comprehensive income. In the event of any changes to hedging relationships occurring in the course of risk management, the hedge ratio of existing hedges and/or hedged items is adjusted accordingly.

Please also refer to our explanations in Notes (37) and (73).

(10) Cash funds

Cash funds include cash on hand and balances with central banks. Cash funds are exclusively allocated to the measurement category "ac".

(11) Loan receivables

The item "Loan receivables" comprises property loans, public-sector loans and other loan receivables, including deferred interest. Loan receivables can be allocated to all measurement categories. At present, they are allocated to the ac and fvpl measurement categories. The portion of loan commitments not disbursed is reported as contingent liabilities.

(12) Money market and capital market receivables

The item "Money market and capital market receivables" comprises money market receivables, promissory note loans and debt securities, including deferred interest. Money market and capital market receivables may generally be allocated to all measurement categories.

(13) Equity instruments

This item includes unconsolidated equity instruments. They are allocated to the measurement category "fvoci".

(14) Receivables from other transactions

The item "Receivables from other transactions" comprises trade receivables and other financial receivables. Receivables from other transactions are exclusively allocated to the measurement category "ac".

(15) Positive market value of designated hedging derivatives / Negative market value of designated hedging derivatives

The items "Positive market value of designated hedging derivatives" and "Negative market value of designated hedging derivatives" include derivatives with positive or negative market values from fair value hedges and hedges of a net investment in a foreign operation, including deferred interest. Derivatives are exclusively allocated to the measurement category "fvpl". The basis for the recognition of hedging relationships is described in the chapter "Recognition and measurement of financial instruments" in this section. Effects from the measurement of these derivatives are reported in the item "Net gain or loss from hedge accounting", together with the effects from the measurement of the transactions.

(16) Positive market values of other derivatives / Negative market value of other derivatives

Derivative financial instruments that are not part of recognised hedging relationships are reported in Aareal Bank Group under positive or negative market values of other derivatives. They are mainly used to hedge economic market price risks. Derivatives are exclusively allocated to the measurement category "fvpl". Results from the measurement and the termination of the derivatives are reported in the item "Net gain or loss from financial instruments (fvpl)". Interest received or paid in connection with these derivatives is also recorded generally in the item "Net gain or loss from financial instruments (fvpl)". Interest received or paid for derivatives entered into for hedging purposes which, however, do not meet the hedge accounting criteria, is reported in net interest income. Effects from the measurement of these derivatives are reported in the item "Net gain or loss from financial instruments (fvpl)", together with the effects from the measurement of the transactions.

(17) Investments accounted for using the equity method

The item "Investments accounted for using the equity method" includes shares in companies where Aareal Bank Group can exercise significant influence (associates) as well as shares in joint ventures.

Investments in associates included in this item are recognised at cost when the significant influence arises, and subsequently carried at amortised cost whereby, in particular, the share of results of operations of any financial year is recognised in income.

The equity method applied to the major associates was based on the most recent available financial statements.

(18) Intangible assets

The item "Intangible assets" consists of proprietary software, goodwill and other intangible assets such as purchased software and licences.

Intangible assets (except goodwill) are carried at cost, less accumulated amortisation and any impairment losses.

Research costs incurred in connection with software development are expensed as they are incurred. Development costs are capitalised from the time when the software development can be regarded as completed from a technical perspective, and several other conditions are fulfilled. They are amortised on a straight-line basis, using an estimated economic life of generally five years. Purchased software is also deemed to have a limited useful life. Amortisation is recognised in administrative expenses.

Goodwill is defined as the excess of the cost of acquisition over the fair value of the Group's interest in the net assets of an acquired entity, at the time of acquisition (positive difference). Goodwill is carried at historical cost less accumulated impairments. Any negative goodwill arising upon acquisition is immediately recognised in income.

In case the annual impairment test (which must be carried out at least on an annual basis) shows that there are indications of impairment of intangible assets (as set out in IAS 36) and that the recoverable amount is lower than the carrying amount of the asset concerned, the asset is written down through profit or loss, to the estimated recoverable amount.

If it is impossible to estimate the recoverable amount for a specific asset, the recoverable amount of the cash-generating unit that the asset belongs to must be determined. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Aareal Bank Group defines cash-generating units either on the basis of a single subsidiary or on product level. The recoverable amount of an asset or a cash-generating unit is the higher of fair value less costs to sell and value in use. Value in use is the present value of future cash flows expected to arise from the continuing use of an asset or cash-generating unit. Future cash flows are determined based on medium-term projections. The present value of the future cash flows is determined using discount factors which are in line with the risks involved. Accordingly, the recognition of intangible assets and the impairment test are also subject to estimation uncertainties.

(19) Property and equipment

Property and equipment includes owner-occupied land and buildings as well as office furniture and equipment, and their right-of-use assets. Property and equipment is measured at cost, less accumulated depreciation, impairment losses and write-downs.

Depreciation, impairment losses and write-downs are reported under administrative expenses, while those of the owner-operated hotel are shown in net other operating income/expenses.

Owner-occupied buildings reported under property and equipment are depreciated on a straight-line basis, over a period of 25 to 50 years. Owner-occupied land is not depreciated. Please refer to the explanations in the Notes on other assets for the accounting method to be applied for land and buildings which are not owner-occupied. Office furniture and equipment items are depreciated using the straight-line method, applying the following periods:

	Depreciation period
Other property and equipment	
IT equipment	3-7 years
Other office furniture and equipment	5-13 years

Tenant improvements are depreciated based on the principles applicable for the relevant building.

For details on recognising impairments as defined in IAS 36, please refer to the explanations in the Note on intangible assets in this section.

Gains and losses upon disposal of property and equipment are recognised in income (in net other operating income/expenses).

The costs to purchase property and equipment in the amount of up to € 250.00 (low-value assets) are expensed as they are incurred.

Any items of property and equipment with a cost of more than € 250.00 net, but not exceeding € 1,000.00, can be combined in a collective account for the year, which is then depreciated on a straight-line basis over a period of five years.

(20) Income tax assets/income tax liabilities

The measurement of uncertain tax positions is made using the best estimate of the expenditure required to settle the obligation (most likely amount). In contrast, measurement is based on the expected value if this helps to achieve a more precise estimate.

In 2021, the OECD adopted regulations aimed at ensuring effective global minimum taxation levels, and at counteracting aggressive tax arrangements (the so-called Pillar Two rules); these regulations were adopted by the EU in 2022. Germany adopted the Minimum Taxation Directive Implementation Act (Mindestbesteuerungsrichtlinie-Umsetzungsgesetz – “MinStG”) on 27 December 2023, transposing these international regulations into German law. The rules are applicable for the first time for financial years beginning after 30 December 2023. As a multinational group of companies, Aareal Bank Group has consolidated revenue in excess of € 750 million, which means that minimum taxation rules are applicable to the Group. Based on current information, this will involve business units in 12 countries, bearing in mind that the rules have also been adopted in these countries (with the exception of the US).

However, Aareal Bank AG is not the ultimate parent pursuant to section 4 (3), p. 1 of the MinStG: this is Atlantic Lux HoldCo S.à r.l.; Atlantic BidCo GmbH is the group responsible entity (“Gruppenträger”) in Germany pursuant to section 3 (3) sentence 1 of the MinStG. Aside from significant implementation costs due to additional tax reporting, no material tax effects or top-up taxes are anticipated since the effective tax rate will be above 15 % in all countries in which the Group is active. Aareal Bank AG will use the transitional provisions and simplification rules provided by Sections 79-81, 84-87 and 89 of the MinStG. The Bank has determined that global minimum tax is an income tax. Pursuant to IAS 12.4a, any differences arising from application of the MinStG (or comparable foreign tax regulations) need not be taken into account when determining deferred taxes.

(21) Deferred tax assets / deferred tax liabilities

Deferred tax assets are recognised when they are deemed recoverable. The recoverability is assessed using tax planning (internal assessment) on the basis of medium-term Group planning. Accordingly, deferred tax assets are only recognised to the extent that we deem it probable that future taxable profits will be available against which the temporary differences and tax loss carryforwards can be utilised. In this context, the matters underlying the deferred tax items were subjected to a maturity analysis. Deferred taxes are calculated on the basis of country- and company-specific tax rates expected to apply at the time of the realisation of temporary differences and set-off against loss carryforwards.

Deferred tax assets and deferred tax liabilities are offset in accordance with IAS 12.74 when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or tax group.

We generally assume that the deferred tax items are of a long-term nature. The remaining maturity or the time of the expected realisation is long-term when there is more than one year between the reporting date and the maturity date.

(22) Other assets

The item “Other assets” includes, amongst other things, properties and contract assets. Properties reported under other assets are intended for short-term disposal. They are measured at the lower of cost or net realisable value, in accordance with IAS 2, and therefore are subject to estimation uncertainties.

(23) Money market and capital market liabilities

The item “Money market and capital market liabilities” comprises money market liabilities, mortgage Pfandbriefe, registered public-sector Pfandbriefe, promissory note loans and other debt securities, including deferred interest. Money market and capital market liabilities are allocated to the measurement category “ac”.

(24) Deposits from the housing industry

The item “Deposits from the housing industry” includes deposits payable on demand and term deposits, including deferred interest. Deposits from the housing industry are allocated to the measurement category “ac”.

(25) Liabilities from other transactions

The item “Liabilities from other transactions” comprises trade payables and other financial liabilities. Liabilities from other transactions are exclusively allocated to the measurement category “ac”.

(26) Subordinated liabilities

Subordinated funds raised do not provide for any early repayment obligation. In the event of liquidation or insolvency, claims on interest and principal from these liabilities are subordinated to the claims of all other creditors, which are not subordinated themselves. Subordinated liabilities are allocated to the measurement category “ac”.

(27) Non-current assets held for sale and discontinued operations (IFRS 5)

Assets or business areas (disposal groups) held for sale are reported under the item “Assets held for sale and discontinued operations (IFRS 5). An asset is classified as “held for sale” and reported in a separate category if its disposal within the next twelve months is highly probable. In accordance with IFRS 5, the asset is measured at the lower of carrying value and fair value, except for financial assets covered by IFRS 9 "Financial Instruments". Income and expenses of a disposal group (in the case at hand, a sold business) are reported separately in the income statement to ensure reporting transparency.

(28) Provisions

The item "Provisions" comprises provisions for pensions and similar obligations, provisions for staff expenses and non-staff operating costs, provisions for risks related to unrecognised items in the lending business, provisions for legal or tax risks, as well as other provisions. Other provisions also include restructuring provisions. Provisions are recognised when there is a present legal or constructive obligation towards third parties as at the reporting date arising from a past event, the outflow of resources to meet this obligation is probable and the amount of the obligation can be reliably estimated. The measurement of provisions is made using the best estimate of the expenditure required to settle the obligation (most likely amount). In the context of acquisitions in accordance with IFRS 3, contingent liabilities were also recognised at their fair value (expected value). These are released when the reasons for their recognition cease to exist.

Measurement is subject to numerous uncertainty factors and often requires significant estimates made by management in relation to various factors. Such estimates may subsequently turn out to be incorrect. The final amount of the liabilities may deviate significantly from the measurement previously made in accounting. For example, the outcome of individual legal proceedings may not be predicted with certainty.

If utilisation from the obligation is not expected in the short term, i.e. within twelve months, the provision will be recognised at present value.

Provisions for pensions and similar obligations

Aareal Bank Group maintains various pension plans as defined in IAS 19. For the purpose of reporting pension obligations, IAS 19 makes a distinction between defined contribution plans and defined benefit plans.

Under defined contribution plans, an enterprise pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions paid to the statutory pension insurance scheme are also classified as defined contribution plans. The contributions paid to a defined contribution plan are recorded as staff expenses.

Defined benefit obligations are all pension obligations that do not meet the criteria of a defined contribution obligation. The amount of obligations usually depends on one or several factors, including age, length of service, and salary.

The Group's obligations under defined benefit plans are recognised as a provision in the consolidated statement of financial position. These are based on general works agreements on an employee pension scheme, individual agreements with executive staff as well as individual agreements concluded with the members of the Company's senior management. Projected economic and demographic developments as well as salary trends must be applied to the calculation of the provisions. Calculating the amount of provisions in the Group is based on actuarial opinions which are prepared by external actuaries on the basis of Aareal Bank-specific and Group-wide standardised parameters.

Provisions for pensions and similar obligations under defined benefit plans are determined based on actuarial opinions in accordance with IAS 19 on the basis of the projected unit credit method; the various defined benefit plans are measured separately. The fair value of the plan assets is deducted from the present value of the pension obligation, taking into account, if applicable, the rules for the asset ceiling in relation to a surplus of plan assets over the benefit obligation. The resulting amount represents the net defined benefit liability (provision) or the net defined benefit asset. Net interest expense in the financial year is determined by applying the discount rate calculated at the beginning of the financial year to the net liability calculated as at that date. The discount rate used to determine the present value of the obligation is based on the capital market rate of high quality corporate bonds with comparable maturities at the reporting date. Determination is based on the GlobalRate:Link method by Willis Towers Watson. The data basis consists of corporate bonds recorded by Bloomberg which have a rating of at least “AA” and are denominated in the same currency as the underlying pension obligation. Actuarial gains and losses (remeasurements), which – in connection with the amount of obligations – arise on changes in expectations regarding life expectancy, occurrence of insured events, pension increases, salary development and discount rate compared to the estimation made at the beginning of the period or compared to the actual trend during the period, are recorded in other comprehensive income in the item “Changes in the reserve from remeasurements of defined benefit plans”. Actuarial gains and losses (remeasurements) recorded in other comprehensive income may not be reclassified subsequently to profit or loss (recycling). Differences between the expected return on plan assets, determined at the beginning of the period using the then applicable discount rate, and the actual return on plan assets (remeasurement) at the end of the period are also recognised in other comprehensive income. Actuarial gains and losses as well as the difference between expected and actual return on plan assets are included in other reserves. They are reported separately in the statement of changes in equity. Thus, the recognition of pension obligations is also based on estimates which are subject to uncertainty.

Share-based payment

Aareal Bank Group maintains share-based payment plans subject to cash settlement in accordance with IFRS 2. We refer to our comments in Note (83) to the consolidated financial statements, which include a detailed description of the plans and their scope as well as information on the valuation model applied and the effects of share-based payments on the Group’s financial position and performance.

Provisions for obligations arising from share-based remuneration plans are recognised under administrative expenses, in the amount of the fair value of the relevant obligation as at the reporting date.

(29) Other liabilities

The item “Other liabilities” includes, among other things, contract liabilities, deferred income and liabilities from other taxes.

(30) Equity

The item “Equity” comprises subscribed capital, capital reserves, retained earnings and other reserves. Other reserves include the reserve from remeasurements of defined benefit plans, the reserves from the measurement of equity and debt instrument at fair value through other comprehensive income, the reserve from changes in the value of foreign currency basis spreads and the currency translation reserve. In addition, the item “Equity” includes non-controlling interests as well as the so-called Additional Tier 1 bond (AT1 bond). The AT1 bond is classified as equity since there is neither an obligation to repay the bond nor is there an obligation for ongoing debt service (payment of a dividend). The transaction costs directly attributable to the issue of the AT1 bond as well as dividends paid are deducted directly from equity, net of taxes.

(31) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when due. A guarantor recognises a financial guarantee contract as a liability at the date of addition, using the fair value of the guarantee obligation. The obligation is subsequently measured at the greater of the impaired amount and the original amount, less any accumulated amortisation. Within Aareal Bank Group, financial guarantee contracts are presented based on the present value of the claim resulting from the future premium payments of the holder, and offset with the obligation for the guarantee (net basis).

Notes to the Statement of Comprehensive Income

(32) Net interest income

€ mn	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Interest income from financial assets (ac and fvoci)	2,618	2,456
Loan receivables	2,291	2,201
Money market and capital market receivables	327	255
Interest income from financial liabilities (ac)	–	0
Money market and capital market liabilities	–	0
Deposits from the housing industry	–	0
Interest income from financial instruments (fvpl)	65	37
Loan receivables	37	19
Other derivatives	28	18
Market-driven modification gains	2	0
Total interest and similar income	**2,685**	**2,493**
Interest expenses from financial liabilities (ac)	1,372	1,193
Money market and capital market liabilities	1,201	1,084
Deposits from the housing industry	145	87
Liabilities from other transactions	2	2
Subordinated liabilities	24	20
Interest expenses for financial instruments (fvpl)	251	286
Other derivatives	251	286
Market-driven modification losses	2	0
Total interest and similar expenses	**1,625**	**1,479**
Total	**1,060**	**1,014**

Net interest income of € 1,060 million was slightly above the prior-year figure of € 1,014 million. This reflected the year-on-year increase in the credit portfolio size, solid margins, normalised interest rate levels and the continued high volume of deposits from the housing industry.

(33) Loss allowance

€ mn	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Additions	444	518
Reversals	99	78
Recoveries on loans and advances previously written off	4	4
Loss allowance – other items	-1	0
Credit-driven net modification gain or loss	30	5
Total	**370**	**441**

Loss allowance totalled € 370 million (2023: € 441 million), largely attributable to individual new loan defaults of US office properties plus expenses of € 60 million for additions to the existing management overlay.

In addition to model-based (Stage 1 and 2) loss allowance, a post-model adjustment required an additional € 60 million to be recognised, resulting in total loss allowance of € 85 million. Firstly, at the time of preparing the financial statements, the methodological aspects (FLI deflection of PDs; consideration of common funding risks) have not yet been technically implemented in the production environment. Hence, a technical overlay is required which accounts for loss allowance of € 44 million. The resulting addition of approximately € 19 million is driven by changes in the FLI scenario set and the ESG component incorporated in this respect. A post-model adjustment was established on top of this technical overlay, with a particular focus on sub-markets characterised by specific developments which cannot be fully captured by the less granular macro-economic variables within the FLI methodological framework. This adjustment accounts for loss allowance of € 41 million. Our analyses have shown that market developments for US office properties with currently weaker yields diverge from the overall macro-economic situation in the US. This necessitates a more specific analysis of the sub-segment that is possible using the common FLI components. This situation was reflected by raising the stress scenario weight (from 20 % to 65 %) for calculating loss allowance for US office financings.

The methodology for determining loss allowance is outlined in the chapter "Accounting policies"; Note (9) Recognition and measurement of financial instruments.

The recognition of loss allowance and the collateral values used are based on the evaluation of six different macro-economic scenarios which are given different weights. The most probable scenario is called the "Baseline" scenario and is described in detail in the chapter "Macro-economic environment". Adverse scenarios designed to reflect downturns on the financial markets and the escalation of geopolitical conflicts such as the crisis in the Middle East or the conflict between China and Taiwan, together have an aggregate weight of 45 %.

A stress scenario with a 20 % probability is included in the calculation of loss allowance, supplementing the scenarios described below, intended to reflect the probability of a severe macro-economic downturn (10 %) as well as ESG risks that cannot yet be quantified (10 %). Accordingly, probability levels shown for the other scenarios have been normalised using a factor of 0.8.

In the following, three major macro-economic factors are compared in order to classify the evaluated scenarios:

%	2024	2025	2026	2027
"Positive" scenario (15% weight)				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	0.8	1.4	1.8	1.6
USA	2.8	3.0	3.3	2.2
UK	0.9	1.7	2.2	1.8
Unemployment (%)				
Euro zone	6.4	6.4	6.3	6.1
USA	4.1	4.2	3.8	3.7
UK	4.4	4.7	4.4	4.2
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.0	2.8	3.0	3.0
USA	4.2	3.9	3.8	4.0
UK	4.1	3.9	3.7	3.5
Portfolio-weighted property price development (2024 basis = 100 %)	100 %	100 %	102 %	104 %

%	2024	2025	2026	2027
“Baseline” scenario (40 % weight)				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	0.8	1.2	1.5	1.6
USA	2.8	2.6	2.7	2.6
UK	0.9	1.4	1.7	1.8
Unemployment (%)				
Euro zone	6.4	6.4	6.4	6.3
USA	4.1	4.3	4.0	3.8
UK	4.4	4.7	4.6	4.5
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.0	3.0	3.0	3.1
USA	4.2	4.2	4.1	4.1
UK	4.1	4.3	4.0	3.6
Portfolio-weighted property price development (2024 basis = 100 %)	100 %	99 %	100 %	102 %

%	2024	2025	2026	2027
“Adverse 1” scenario (10 % weight)				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	0.8	0.4	1.9	1.7
USA	2.8	1.8	3.5	2.7
UK	0.9	0.7	2.0	1.9
Unemployment (%)				
Euro zone	6.4	6.6	6.5	6.3
USA	4.1	4.5	4.1	3.9
UK	4.4	5.0	4.9	4.6
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.0	3.1	3.1	3.1
USA	4.2	4.4	4.1	4.1
UK	4.1	4.4	4.0	3.6
Portfolio-weighted property price development (2024 basis = 100 %)	100 %	98 %	100 %	102 %

%	2024	2025	2026	2027
“Adverse 2” scenario (20 % weight)				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	0.8	1.2	1.4	1.4
USA	2.8	2.5	2.3	2.2
UK	0.9	1.4	1.6	1.5
Unemployment (%)				
Euro zone	6.4	6.4	6.4	6.3
USA	4.1	4.2	4.1	4.0
UK	4.4	4.8	4.7	4.6
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.0	3.0	3.1	3.1
USA	4.2	4.3	4.4	4.2
UK	4.1	4.3	4.1	3.6
Portfolio-weighted property price development (2024 basis = 100 %)	100 %	99 %	100 %	101 %

%	2024	2025	2026	2027
“Adverse 3” scenario (10 % weight)				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	0.8	1.1	1.1	1.3
USA	2.8	2.4	2.4	2.7
UK	0.9	1.4	1.4	1.5
Unemployment (%)				
Euro zone	6.4	6.4	6.5	6.5
USA	4.1	4.3	4.1	3.9
UK	4.4	4.8	4.7	4.7
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.0	2.9	3.0	3.0
USA	4.2	4.1	3.8	3.8
UK	4.1	4.2	3.7	3.5
Portfolio-weighted property price development (2024 basis = 100 %)	100 %	99 %	100 %	102 %

%	2024	2025	2026	2027
"Adverse 4" scenario (5% weight)				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	0.8	1.3	1.3	0.8
USA	2.8	3.0	2.9	0.1
UK	0.9	1.6	1.5	1.0
Unemployment (%)				
Euro zone	6.4	6.4	6.4	6.5
USA	4.1	4.1	3.9	5.1
UK	4.4	4.7	4.6	4.7
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.0	3.0	3.3	3.3
USA	4.2	4.3	4.7	4.8
UK	4.1	4.3	4.2	3.8
Portfolio-weighted property price development (2024 basis = 100%)	100%	100%	100%	101%

The Stage 1 and Stage 2 loss allowances in the property finance business are calculated using the probability of default (PD) and the loss given default (LGD) based on models, and materially depend upon the market value of the properties. In this context, the scenarios presented above are taken into account in the LGD calculation using the respective weights. Moreover, economic and inflationary developments in the scenarios are reflected in estimating the probability of default (PD). As part of the assessment of sensitivity, we present the loss allowance for each scenario with a 100% weight in each case. This calculation includes the so-called quantitative stage transfer to Stage 2 applying the expected downgrade model on the basis of the background factors included in the technical overlay, but does not include qualitative criteria for a significant increase in credit risk.

Stage 1 and Stage 2 model-based loss allowance for the property finance business

%	31 Dec 2024	1 Jan – 31 Dec 2023
Scenario-weighted (recognised amount)	**152**	**122**
"Positive" scenario (100%)	104	111
"Baseline" scenario (100%)	111	115
"Adverse 1" scenario (100%)	115	121
"Adverse 2" scenario (100%)	118	133
"Adverse 3" scenario (100%)	113	139
"Adverse 4" scenario (100%)	122	–
"Stress" scenario (100%)	309	–

Assuming a flat increase/decrease in market values by 5% at year-end and the probabilities of default as at the reporting date, loss allowance would have decreased by around € 9 million or increased by around € 12 million, respectively.

Please also refer to our explanations in Note (66).

(34) Net commission income

€ mn	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Commission income from		
recurring services	11	20
non-recurring services	–	–
banking business and other activities	36	33
Total commission income	**47**	**53**
Commission expenses for		
purchased services	–	0
banking business and other activities	51	14
Total commission expenses	**51**	**14**
Total	**-4**	**39**

Commission income in the Banking & Digital Solutions segment increased slightly year on year. This was offset by new and increased commission expenses incurred in connection with the strategic partnership with Aareon and First Financial Software GmbH, which reduced net commission income to € -4 million (2023: € 39 million).

The net amount of commission income and commission expenses from financial assets and financial liabilities not measured at fair value through profit or loss amounts to € 2 million (2023: € 7 million).

(35) Net derecognition gain or loss

€ mn	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Net gain or loss on the derecognition of financial assets (ac)		
Loan receivables	29	11
Money market and capital market receivables	2	2
Net gain or loss on the derecognition of financial liabilities (ac)		
Money market and capital market liabilities	0	5
Net gain or loss on the derecognition of financial assets (fvoci)		
Money market and capital market receivables	0	5
Total	**31**	**23**

Net derecognition gain of € 31 million (2023: € 23 million) was largely attributable to positive market-induced effects from early loan repayments. The prior-year figure had also been primarily influenced by effects from early loan repayments, and by income from the Treasury portfolio.

(36) Net gain or loss from financial instruments (fvpl)

€ mn	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Net gain or loss from loan receivables	-19	-62
Net gain or loss from money market and capital market receivables	0	0
Net gain or loss from other derivatives	-26	-7
Currency translation	1	-2
Total	**-44**	**-71**

Net gain or loss from financial instruments (fvpl) totalled € -44 million (2023: € -71 million), reflecting negative valuation effects from credit risk-induced valuation losses on property loans, especially in the US. Due to strong market dynamics, negative valuation effects from market developments for currency and interest rate hedging derivatives also played a role. Negative valuation effects from credit risk-induced valuation losses on property loans had been the only material factor impacting the previous year's figure.

(37) Net gain or loss from hedge accounting

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Ineffective portion of fair value hedges	3	1
Ineffective portion of net investment hedges	0	0
Total	**3**	**1**

Please also refer to our explanations in the Notes (9) and (73).

(38) Net gain or loss from investments accounted for using the equity method

In the past financial year, there was a net gain from investments accounted for using the equity method of € 1 million (2023: net gain of € 3 million); this was also in line with the pro-rata results from associates.

(39) Administrative expenses

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Staff expenses	225	171
Wages and salaries	197	143
Social security contributions	19	19
Pensions	9	9
Other administrative expenses	136	154
Depreciation, amortisation and impairment of property and equipment and intangible assets	16	16
Total	**377**	**341**

Administrative expenses rose to € 377 million (2023: € 341 million), due to transaction-related expenses from the concluded sale of Aareon and due to the Bank's efficiency enhancement measures (around € 34 million), exceeding original expectations.

Staff expenses include contributions to defined contribution plans in the amount of € 7 million (2023: € 18 million).

This item also includes the total fees charged by the auditor of the consolidated financial statements in the 2024 financial year, which consists of the following sub-items:

€ 000's	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Auditing fees	3,523	4,604
Other assurance services	640	143
Tax advisory services	–	–
Other services	4	60
Total	**4,167**	**4,807**

Other assurance services include the review in accordance with the German Securities Trading Act (WpHG), the remuneration report, comfort letters and the review of the Sustainability Statement. Other services were provided in connection with regulatory matters in particular.

(40) Net other operating income/expenses

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Income from properties	51	38
Income from the reversal of provisions	3	12
Income from goods and services	–	0
Other operating income	49	22
Total other operating income	**103**	**72**
Expenses for properties	81	55
Expenses for other taxes	10	12
Other operating expenses	18	11
Total other operating expenses	**109**	**78**
Total	**-6**	**-6**

Net other operating income/expenses amounted to € -6 million (2023: € -6 million); the figure was adversely affected above all by write-downs on a property in the US. The operating performance of our hotel operations in Italy had a positive effect; as in the previous year, the net figure includes reversals of provisions.

(41) Income taxes

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Current income taxes	137	137
Deferred taxes	-55	-43
Total	**82**	**94**

The differences between calculated and reported income taxes are presented in the following reconciliation:

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Operating profit (before income taxes)	294	221
Expected tax rate	31.3 %	31.3 %
Calculated income taxes	**92**	**69**
Reconciliation to reported income taxes		
Different foreign tax burden	-1	2
Tax attributable to tax-exempt income	-17	-12
Tax attributable to non-deductible expenses	16	3
Remeasurement of deferred taxes	-10	27
Taxes for previous years	2	2
Effect of changes in tax rates	–	1
Non-controlling interest income	–	–
Other tax effects	–	2
Reported income taxes	**82**	**94**
Effective tax rate	28 %	43 %

The income taxes item was burdened by valuation allowance on deferred tax assets in respect of loss carryforwards for Aareon and Aareal Capital Corporation in the context of Aareal Bank AG's takeover by Atlantic BidCo GmbH.

(42) Information on sold operations (Aareon)[1)]

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net interest income	-44	-36
Loss allowance	0	0
Net commission income	280	284
Net gain or loss from financial instruments (fvpl)	0	0
Administrative expenses	237	320
Net other operating income/expenses	2,101	0
Operating profit	**2,100**	**-72**
Income taxes	38	7
Net income from sold operations	**2,062**	**-79**
Net income from sold operations attributable to non-controlling interests	0	-22
Net income from sold operations attributable to shareholders of Aareal Bank AG	2,062	-57

The sale of Aareon was completed on 1 October 2024 (closing), following supervisory approval. Deconsolidation gains of € 2,074 million were recognised upon Aareon's subsequent deconsolidation. Since Aareon's results were only recognised in income for the first nine months of the 2024 financial year, the year-on-year comparison shown below only offer limited information.

Net interest income from sold operations (Aareon) amounted to € -44 million, reflecting debt-financed M&A activities (2023: € -36 million).

Net commission income for the first nine months amounted to € 280 million (2023: € 284 million); M&A transactions closed in the previous year also contributed to the persistently high level.

Administrative expenses of € 237 million for the first nine months is in line with the previous year's level (2023: € 320 million).

Net other operating income/expenses of € 2,101 million (2023: € 0 million) largely comprises the deconsolidation gain for Aareon, as outlined above.

Income taxes of € 38 million (2023: € 7 million) include a € 27 million tax expense on the sales proceeds for Aareon.

After taking income taxes into consideration, net income from discontinued operations was € 2,062 million in the 2024 financial year (2023: € -79 million).

The purchase price received of € 2,084 million was fully paid in cash. On the assets side, the disposal of sold operations (Aareon) led to derecognition of € 102 million in financial assets (ac), comprising € 0 million in cash and cash equivalents, € 1,119 million in intangible assets, € 13 million in income tax assets and € 16 million in deferred tax assets. On the equity and liabilities side, other financial liabilities of € 686 million were derecognised, plus € 78 million in provisions, € 10 million in income tax liabilities and € 115 million in deferred tax liabilities.

The sold operations had cash flows from operating activities of € 113 million, € -107 million from investing activities and € -6 million from financing activities.

[1)] IFRS 5 requires the separate presentation of net income from sold operations, as well as a breakdown of revenue, expenses, profit or loss and related income taxes, in a separate note to the financial statements.

Notes to the Statement of Financial Position

(43) Financial assets (ac)

€ mn	31 Dec 2024	31 Dec 2023
Cash funds (ac)	**2,605**	**977**
Cash on hand	0	0
Balances with central banks	2,605	977
Loan receivables (ac)	**32,611**	**32,219**
Property loans	32,391	31,973
Public-sector loans	198	232
Other loan receivables	22	14
Money market and capital market receivables (ac)	**5,142**	**5,868**
Money market receivables	1,523	2,977
Promissory note loans	1,111	1,224
Bonds	2,508	1,667
Receivables from other transactions (ac)	**70**	**117**
Trade receivables	8	50
Other financial receivables	62	67
Total	**40,428**	**39,181**

(44) Loss allowance (ac)

31 December 2024

€ mn	Stage 1	Stage 2	Stage 3	Receivables from other transactions (ac)	Total loss allowance (ac)
Balance as at 1 January	**38**	**83**	**304**	**3**	**428**
Additions	21	112	294	2	**429**
Utilisation	–	–	305	1	**306**
Reversals	14	49	32	0	**95**
Transfer to Stage 1	3	-3	–	–	**–**
Transfer to Stage 2	-7	14	-7	–	**–**
Transfer to Stage 3	-2	-11	13	–	**–**
Interest rate effect	–	–	27	–	**27**
Currency adjustments	1	3	20	0	**24**
Changes in the basis of consolidation	–	–	–	–	**–**
Transfers	–	–	-104	-1	**-105**
Balance as at 31 December	**40**	**149**	**210**	**3**	**402**

The loss allowance for financial assets measured at amortised cost refers to loan receivables, money and capital market receivables as well as receivables from other transactions (largely trade receivables) that are measured at amortised cost.

The methodology for calculating loss allowance is outlined in the chapter “Accounting policies”, Note (9). A detailed breakdown of loss allowance by classes of financial assets is disclosed in Note (66) in the chapter “Notes to Financial Instruments”.

31 December 2023

€ mn	Stage 1	Stage 2	Stage 3	Receivables from other transactions (ac)	Total loss allowance (ac)
Balance as at 1 January	**42**	**59**	**386**	**3**	**490**
Additions	19	73	419	2	**513**
Utilisation	0	–	487	1	**488**
Reversals	23	35	16	1	**75**
Transfer to Stage 1	12	-12	–	–	**–**
Transfer to Stage 2	-12	12	0	–	**–**
Transfer to Stage 3	0	-12	12	–	**–**
Interest rate effect	–	–	21	–	**21**
Currency adjustments	0	-2	-6	0	**-8**
Changes in the basis of consolidation	–	–	–	–	**–**
Transfers	–	–	-25	–	**-25**
Balance as at 31 December	**38**	**83**	**304**	**3**	**428**

(45) Financial assets (fvoci)

€ mn	31 Dec 2024	31 Dec 2023
Money market and capital market receivables (fvoci)	**4,822**	**4,401**
Bonds	4,822	4,401
Equity instruments (fvoci)	**1**	**2**
Equities and other non-fixed income securities	0	0
Other investments	1	2
Total	**4,823**	**4,403**

(46) Financial assets (fvpl)

€ mn	31 Dec 2024	31 Dec 2023
Loan receivables (fvpl)	**381**	**255**
Property loans	381	255
Money market and capital market receivables (fvpl)	**5**	**6**
Fund units	5	6
Positive market value of designated hedging derivatives (fvpl)	**673**	**831**
Positive market value of fair value hedges	673	826
Positive market value of net investment hedges	-	5
Positive market value of other derivatives (fvpl)	**471**	**707**
Positive market value of economic hedging derivatives	153	271
Positive market value of miscellaneous derivatives	318	436
Total	**1,530**	**1,799**

(47) Non-current assets held for sale

Non-current assets held for sale are attributable in the amount of € 122 million to our hotel operations in Italy; a total of € 160 million is attributable to three property loans (two in the US and one in Finland). We have intended to dispose of our hotel business for quite some time; Its disposal is envisaged in the first quarter of 2025.

(48) Investments accounted for using the equity method

Aareal Bank holds interests in four associates (2023: four) and no joint venture (2023: one) that are accounted for using the equity method. The sum total of carrying amounts of the equity investments amounted to € 75 million (2023: € 8 million). The increase compared to the previous year is due to First Financial Software GmbH, which was accounted for using the equity method for the first time in the year under review.

(49) Intangible assets

€ mn	31 Dec 2024	31 Dec 2023
Goodwill	9	486
Proprietary software	31	107
Other intangible assets	5	127
Total	**45**	**720**

Goodwill is entirely attributable to the Banking & Digital Solutions segment. The strong decline in goodwill was almost entirely attributable to the sale of Aareon, which had accounted for the largest portion of goodwill.

Goodwill is generally tested for impairment as at 31 December each year within the context of an impairment test for each cash-generating unit ("CGU"). A one-off impairment test was conducted on 30 September during the year under review. Following the sale of Aareon, the Banking & Digital Solutions segment as a whole is the only CGU. The basis for the valuation is the present value of future cash flows (value in use), which are determined using medium-term projections. There is an individual planning of revenue and cost items within the first three to a maximum of six years. The parameters underlying the major assumptions are based on internal and external factors as well as on past experience. The major basis is the previous year's planning. Revenue projections are largely subject to assumptions in relation to new business, as well as renewals of contracts and follow-up business with existing customers. At the same time, these represent the key sources for estimation uncertainty. Regular sales revenues, such as maintenance and fees from transactions with existing customers, are normally not subject to major estimation uncertainty. The projections for cost of materials are derived from revenue projections. The projections for staff expenses predominantly take into account the number of employees, as well as wage and salary trends. Other costs are projected based on the previous year's figures, taking into account known one-off effects. Estimation uncertainties in relation to costs arise as a result of unplanned price increases or unforeseeable one-off effects. In principle, estimation uncertainty increases if assumptions are made further into the future. Cash flows beyond the individual planning horizon are usually determined by way of a perpetual annuity.

The present values of future cash flows were determined on the basis of a risk-adequate discount factor of 8.51 % after taxes for the Banking & Digital Solutions segment. The discount factor for the segment is calculated based on an underlying risk-free interest rate of 2.50 % plus a market risk premium of 6.75 %, multiplied with a beta factor of approximately 0.89. In view of the uncertainty surrounding planning beyond the detailed planning phase, the segment's growth rate is assumed to be 2 % based on a cautious view of the market environment. The recoverable amounts show an excess compared to the carrying amounts. No impairment is incurred even if, ceteris paribus, the above-mentioned material assumptions were to change significantly (such as a 1 % increase in the risk-adequate discount factor or a decrease in the growth rate to 1 %).

Other intangible assets, and property and equipment, are tested for impairment if certain events (triggering events) or changed circumstances suggest that an impairment may have been incurred. If a potential impairment is identified (triggering event), an impairment test is conducted on the concerned asset CGU in accordance with IAS 36 and in line with the principles applicable for intangible assets. In the event that an asset is impaired, the remaining useful life must be adapted accordingly. If the reasons for a previously recognised impairment no longer apply, the concerned assets are written up through profit or loss; the write-back, however, may not exceed the carrying amount which would have been recognised if no impairment had been incurred in earlier periods.

Intangible assets developed as follows:

	2024				2023			
€ mn	Goodwill	Proprietary software	Other intangible assets	Total	Goodwill	Proprietary software	Other intangible assets	Total
Cost								
Balance as at 1 January	**532**	**219**	**224**	**975**	**419**	**171**	**193**	**783**
Additions	0	19	2	**21**	5	25	5	**35**
Transfers	-617	-182	-229	**-1,028**	–	1	-1	**–**
Disposals	–	1	7	**8**	0	6	7	**13**
Changes in the basis of consolidation	98	30	47	**175**	106	28	34	**168**
Currency translation differences	0	1	0	**1**	2	0	0	**2**
Balance as at 31 December	**13**	**86**	**37**	**136**	**532**	**219**	**224**	**975**
Amortisation and impairment losses								
Balance as at 1 January	**46**	**113**	**96**	**255**	**41**	**87**	**89**	**217**
Amortisation and impairment losses	–	21	18	**39**	5	31	15	**51**
of which: impairment losses	–	–	–	**–**	5	–	–	**5**
Write-ups	–	–	–	**–**	–	–	–	**–**
Transfers	-43	-93	-78	**-214**	–	–	0	**0**
Disposals	–	1	6	**7**	–	6	6	**12**
Changes in the basis of consolidation	1	14	2	**17**	–	–	-1	**-1**
Currency translation differences	0	1	0	**1**	0	0	0	**0**
Balance as at 31 December	**4**	**55**	**32**	**91**	**46**	**112**	**97**	**255**
Carrying amount as at 1 January	**486**	**106**	**128**	**720**	**378**	**84**	**104**	**566**
Carrying amount as at 31 December	**9**	**31**	**5**	**45**	**486**	**107**	**127**	**720**

(50) Property and equipment

€ mn	31 Dec 2024	31 Dec 2023
Land and buildings and construction in progress	70	96
Office furniture and equipment	9	23
Total	**79**	**119**

The construction in progress item comprises capitalised expenses totalling € 0 million (2023: € 5 million).

Property and equipment developed as follows:

€ mn	2024 Land and buildings and construction in progress	2024 Office furniture and equipment	2024 Total	2023 Land and buildings and construction in progress	2023 Office furniture and equipment	2023 Total
Cost						
Balance as at 1 January	**185**	**80**	**265**	**331**	**91**	**422**
Additions	13	14	**27**	22	14	**36**
Transfers	-56	-49	**-105**	-141	-13	**-154**
Disposals	9	8	**17**	29	14	**43**
Changes in the basis of consolidation	0	1	**1**	2	2	**4**
Currency translation differences	1	0	**1**	0	0	**0**
Other	–	–	**–**	–	–	**–**
Balance as at 31 December	**134**	**38**	**172**	**185**	**80**	**265**
Depreciation and impairment losses						
Balance as at 1 January	**89**	**57**	**146**	**121**	**66**	**187**
Depreciation and impairment losses	10	9	**19**	18	10	**28**
of which: impairment losses	–	–	**–**	–	–	**–**
Write-ups	–	0	**0**	2	1	**3**
Transfers	-34	-33	**-67**	-38	-10	**-48**
Disposals	1	4	**5**	10	9	**19**
Changes in the basis of consolidation	0	0	**0**	0	1	**1**
Currency translation differences	0	0	**0**	0	0	**0**
Other	–	–	**–**	–	–	**–**
Balance as at 31 December	**64**	**29**	**93**	**89**	**57**	**146**
Carrying amount as at 1 January	**96**	**23**	**119**	**210**	**25**	**235**
Carrying amount as at 31 December	**70**	**9**	**79**	**96**	**23**	**119**

(51) Income tax assets

Income tax assets in a total amount of € 40 million as at 31 December 2024 (2023: € 52 million) include € 13 million (2023: € 15 million) expected to be realised after a period of more than twelve months.

(52) Deferred tax assets

When recognising deferred taxes, claims and liabilities arising vis-à-vis the same tax authority, which may be netted and paid in one amount, were offset in the amount of € 356 million (2023: € 455 million).

Deferred tax assets were recognised in relation to the following items of the statement of financial position:

€ mn	31 Dec 2024	31 Dec 2023
Financial assets (ac)	115	122
Financial assets (fvoci)	41	57
Financial assets (fvpl)	17	23
Property and equipment	0	5
Other assets	3	3
Financial liabilities (ac)	4	3
Financial liabilities (fvpl)	243	311
Provisions	66	71
Other liabilities	1	1
Tax loss carryforwards	140	81
Deferred tax assets	**630**	**677**

The Group reported deferred taxes on loss carryforwards of € 140 million as at 31 December 2024 (31 December 2023: € 81 million) for operations or entities that incurred losses in the current or the previous period. € 37 million of these deferred taxes were attributable to foreign permanent establishments (2023: € 19 million). Deferred taxes are recognised based on senior management's assessment that the respective entities are likely to generate taxable income over the next five years against which unused tax losses, tax credits, interest carryforwards and deductible temporary differences can be offset. As a rule, senior management uses information on historical profitability and, where applicable, information on forecast business results based on approved business plans, including an overview of the carryforward periods of unused tax losses and tax credits, tax planning opportunities and other relevant considerations to determine the amounts of deferred tax assets to be recognised.

The deferred tax assets not recognised or not subject to valuation adjustments amount to € 68 million (2021: € 90 million). No deferred tax assets were recognised on unlimited tax loss carryforwards of € 272 million (2023: € 354 million) since it is not probable that future taxable profit will be available against which the unused tax loss carryforwards can be utilised.

Deferred tax assets in the amount of € 69 million (2023: € 61 million) were recognised directly in equity, under Other reserves.

(53) Other assets

€ mn	31 Dec 2024	31 Dec 2023
Properties	550	417
Contract assets	–	23
Miscellaneous	90	102
Total	**640**	**542**

Property holdings increased as a result of the acquisition of two property SPVs from US lending exposures.

Impairment charges of approximately € 14 million were recognised for a US property with a carrying amount of € 66 million. € 2 million was recognised for a property in Italy with a carrying amount of € 102 million and € 2 million for a property in Spain with a carrying amount of € 6 million.

Costs for value-enhancing measures were capitalised in the reporting year.

(54) Financial liabilities (ac)

€ mn	31 Dec 2024	31 Dec 2023
Money market and capital market liabilities (ac)	**26,557**	**26,675**
Money market liabilities	5,439	6,134
Promissory note loans	2,617	2,662
Mortgage Pfandbriefe	12,385	11,759
Public-sector Pfandbriefe	1,011	1,119
Other debt securities	5,104	5,001
Other financial liabilities	1	–
Deposits from the housing industry (ac)	**12,216**	**12,669**
Payable on demand	8,365	8,816
Term deposits	3,851	3,853
Liabilities from other transactions (ac)	**72**	**649**
Trade payables	21	22
Other liabilities	51	627
Subordinated liabilities (ac)	**641**	**357**
Total	**39,486**	**40,350**

The changes in subordinated liabilities in the amount of € 285 million (2023: € -30 million) consist of € 283 million (2023: € -37 million) related to cash payments of principal as well as an amount of € 2 million (2023: € 7 million) related to non-cash changes in fair value and changes of accrued interest.

(55) Financial liabilities (fvpl)

€ mn	31 Dec 2024	31 Dec 2023
Negative market value of designated hedging derivatives (fvpl)	**1,057**	**1,321**
Negative market value of fair value hedges	1,022	1,305
Negative market value of net investment hedges	35	16
Negative market value of other derivatives (fvpl)	**1,509**	**1,362**
Negative market value of economic hedging derivatives	667	298
Negative market value of other derivatives	842	1,064
Total	**2,566**	**2,683**

(56) Non-current liabilities held for sale

Liabilities held for sale of € 9 million are mainly attributable to our hotel operations in Italy.

(57) Provisions

€ mn	31 Dec 2024	31 Dec 2023
Provisions for pensions and similar obligations	8	76
Provisions for unrecognised lending business	19	5
Other provisions	132	134
Total	**159**	**215**

Changes in the discount rate applicable to pensions require a revaluation of the amount of obligations. This is recognised directly in other comprehensive income, under changes in the reserve from defined benefit plans.

A detailed breakdown of the provisions for unrecognised lending business by classes of financial assets is disclosed in Note (66) in the chapter “Notes to Financial Instruments”.

Provisions for pensions and similar obligations

The pension obligations result mainly from retirement benefit plans maintained at Aareal Bank, Aareon, BauGrund and Westdeutsche Immobilien Servicing (former WestImmo), which are classified as defined contribution plans or defined benefit plans in accordance with IAS 19.

Aareal Bank contributed assets held to cover existing pension obligations into a Contractual Trust Arrangement (CTA). This is to ensure improved insolvency protection of the pension claims as a result of the limited protection provided by the German Pension Guarantee Association (Pensionssicherungsverein; PSVaG). For this purpose, a bilateral trust was agreed between Aareal Bank AG (trustor) and Aareal Pensionsverein e. V. as legally independent third party (trustee). The trustee is registered in the Register of Associations at the Wiesbaden District Court.

The trustee holds in trust the special fund for the trustor (administrative trust). Simultaneously, but senior to the administrative trust, the trustee holds the special fund for all beneficiaries on trust to secure the recorded entitlements (security trust).

The security trust is established in the interest of the beneficiaries by way of a genuine agreement for the benefit of third parties (section 328 (1) of the German Civil Code (Bürgerliches Gesetzbuch – BGB)). On the basis of this security trust, the beneficiaries may request from the trustee that the trustee holds and manages this special fund pursuant to the regulations of this trust agreement for the purpose of securing the recorded entitlements. Upon the occurrence of an insured event, the beneficiaries may, based on the security trust, request from the trustee that the trustee satisfies their recorded entitlements pursuant to the regulations of this trust agreement out of the special fund.

The Bank is the economic beneficiary of the assets. The assets are managed by HSBC INKA in a special fund under German investment law (“Spezialfonds”). Based on an investment guideline, HSBC INKA takes investment decisions for staff pensions. A joint investment committee was established, comprising staff from HSBC INKA and Aareal Bank. The Bank transfers new assets to be invested to Aareal Pensionsverein e.V. on an annual basis, which in turn acquires additional units in the special fund. The fund manager invests interest income during the course of the year.

The Bank has taken out reinsurance policies for a portion of the benefit entitlements of active members of the Management Board and former Management Board members. These policies were also transferred to Aareal Pensionsverein e.V. on a trust basis. The Bank provides corresponding funds for contribution paid to these policies.

Transferring assets to Aareal Pensionsverein e.V. on the one hand secures benefit entitlements and claims under occupational pension schemes, and on the other hand creates plan assets within the meaning of IAS 19 which may be offset with benefit obligations of the trustor.

Brief description of the material pension plans

DePfa Bank Betriebsvereinbarung dated 14 December 1999 (BV 97)

BV 97 applies for new joiners since 1 January 1997. The following benefits are granted after a waiting period of five pensionable service years: old-age pension after completing the 65th year of age (also after any previous disability), early old-age pension, disability pension until completing the 65th year of age, as well as widow(er)'s pension.

The Bank shall grant its employees a basic pension from own contributions and additional benefits in the form of corresponding individual agreements on deferred compensation. The basic pension for the pensionable service period is calculated based on an annual benefit expense of 3.5 % for portions of the pensionable income below the contribution ceiling and 10 % for portions of pensionable income above the contribution ceiling. The employer contributions thus calculated as well as the contributions from deferred compensation are contributed into a CTA at the end of each financial year. The benefit assets, including any allocated surpluses, bear interest at a rate of at least 4 %. The annual benefit payments are calculated based on an annuitisation of the benefit assets upon occurrence of the insured event, using a fixed annuitisation table.

The pensionable service period is deemed to be the period from completing the 20th year of age to completing the 67th year of age. Pensionable income is the gross remuneration received within one year.

Any actuarial deductions upon claiming old-age pensions before completing the 65th year of age are taken into account through an annuitisation of the benefit assets. The widow(er)'s pension amounts to 60% of the employee pension. The Bank increases the current benefit payments annually by 1%; there is no obligation to provide for an inflation adjustment.

Management Board

The four active Management Board members receive their benefits based on individual commitments.

Two individual benefit commitments are aligned to the fixed annual employer contributions and the amounts from deferred compensation, which are paid to the relevant benefit account and bear interest at a rate of 4 %. In the case of disability or death, the existing benefit assets from the employer contributions are increased by the sum total of the amounts that would have been credited in future (up to a maximum contribution period of ten years) for each full calendar year prior to turning 62 or 63. The benefit assets and the assets from deferred compensation are translated into a lifelong old-age or disability pension upon the occurrence of an insured event, using actuarial principles. Annuitisation is based on biometric principles and a notional interest rate of 4 % p. a. and takes into account a guaranteed pension increase of 1 % p.a. The widow pension amounts to 60 % of the beneficiary's pension entitlement. The current benefit payments are increased annually by 1 %; there is no obligation to provide for an inflation adjustment. The old-age pension benefits based on one of these individual commitments were secured through reinsurance policies. These reinsurance policies include benefits in the case of disability or death.

The two other individual commitments involve the provision of an annual fixed employer's contribution which is credited to the personal benefit account. The benefit assets bear interest that corresponds to the capital gains generated in the form of a real or virtual financial investment. The investment is made in form of a real investment as part of the Contractual Trust Agreement (CTA) to the extent that the benefit contribution is paid into the CTA established for the Bank as trust assets. To the extent that the benefit contribution is not paid into the CTA's trust assets, the investment is made and the capital gains are determined on a virtual basis so that the result of the virtual investment corresponds to the result of the investment as if the investment had been made entirely in form of a real investment. In the case of disability or death, the existing benefit assets are increased by the sum total of the amounts that would have been credited in future (up to a maximum contribution period of five years) for each full calendar year prior to turning 62. The benefit assets are generally disbursed in form of a one-off payment; a pension payment is possible upon request. The pension for the surviving dependants amounts to 60 % of the beneficiary's pension entitlement. To the extent that the benefits are paid in form of an annuity, the benefits are increased by 1 % each year.

DePfa Bank Dienstvereinbarung dated 30 December 1955 (DePfa 55)

DePfa 55 is a pay-related benefit commitment for new entrants before 31 December 1988. It provides for benefit payments after completing the 65th year of age after a waiting period of five service years and benefits paid in case of occupational incapacity (disability) as well as benefits for surviving dependants, each in form of a monthly annuity.

The amount of the entitlement is based on the following increases: 5% of the last annual salary for the first five service years each, 2 % of the last annual salary for the next 20 service years each, and 1 % of the last annual salary for any following service year, up to a maximum percentage of 75 % of the last annual salary after 35 service years. The widow(er)'s pension amounts to 60 % of the old-age or disability pension. Benefits paid by social security insurance and VBL/Gerling are charged to the benefit entitlements. DePfa 55 does not include any provision allowing for an early payout of old-age pensions or for an adjustment of current benefit payments.

These commitments are based on final salary. The obligation resulting from the respective benefit commitment is therefore very sensitive to unexpected salary changes.

Current benefits are not subject to a fixed adjustment rate; therefore, the adjustment is made pursuant to section 16 of the German Occupational Pensions Act (BetrAVG). Accordingly, an inflation adjustment has to be made every three years given an appropriate economic situation of the Bank. Changes in inflation and, hence, pension increases have an impact on the benefit volume as regards these commitments.

BauBoden agreement dated 1 July 1968 (BauBoden 68)
This agreement applies to employees after completing their 18th year of age who were employed by the Bank on 1 January 1967 or joined the Bank not later than on 31 December 1983. The following benefits are granted after a waiting period of ten service years: old-age pension after completing the 65th year of age, early old-age pension, (total) occupational incapacity pension as well as widow(er)'s pension.

Benefits consist of an overall pension, comprising the statutory pension insurance scheme, the additional pension insurance scheme at VBL or BVV (which is taken into account), or the group insurance contracts and the bank subsidy. The overall pension amounts to 55 % of the pensionable salary after ten years of service. The overall pension is increased by 1 % of the pensionable salary for any further service year, up to the maximum rate of 75 %. The pensionable salary is the last monthly gross salary received during service.

No actuarial deductions are made upon claiming old-age pensions before completing the 65th year of age. The widow(er)'s pension amounts to 60 % of the bank subsidy. The current pension payments are adjusted pursuant to section 16 of the German Occupational Pensions Act (Betriebsrentengesetz – BetrAVG).

These commitments are based on final salary. The obligation resulting from the respective benefit commitment is therefore very sensitive to unexpected salary changes.

Current benefits are not subject to a fixed adjustment rate; therefore, the adjustment is made pursuant to section 16 of the German Occupational Pensions Act (BetrAVG). Accordingly, an inflation adjustment has to be made every three years given an appropriate economic situation of the Bank. Changes in inflation and, hence, pension increases have an impact on the benefit volume as regards these commitments.

BauBoden agreement dated 12 December 1984 (BauBoden 84) and DePfa Bank pension scheme dated 28 November 1990 (DePfa 90)
BauBoden 84 applies to employees who joined the Company after 31 December 1983 and have completed their 20th year of age. DePfa 90 applies to employees who joined the Company after 31 December 1988. The following benefits are granted after a waiting period of ten service years: old-age pension and early old-age pension, (total) occupational incapacity pension as well as widow(er)'s pension.

The benefit entitlements of the employees vest after completing their 65th year of age. The amount of the monthly pension entitlement is calculated for each pensionable service year (up to a maximum of 40 service years) as follows: 0.6 % of pensionable salary up to the contribution ceiling, 2 % of the portion of pensionable salary exceeding the contribution ceiling, with pensionable salary and contribution ceiling being calculated using the average for the last twelve months. Benefits paid by BVV are charged to the benefit entitlements under BauBoden 84.

The Bank does not make any actuarial deductions upon claiming early old-age pensions. The widow(er)'s pension amounts to 60 % of the entitlements to benefit payments. The current pension payments are adjusted pursuant to section 16 of the German Occupational Pensions Act (Betriebsrentengesetz – BetrAVG).

These commitments are based on final salary. The obligation resulting from the respective benefit commitment is therefore very sensitive to unexpected salary changes.

Current benefits are not subject to a fixed adjustment rate; therefore, the adjustment is made pursuant to section 16 of the German Occupational Pensions Act (BetrAVG). Accordingly, an inflation adjustment has to be made every three years given an appropriate economic situation of the Bank. Changes in inflation and, hence, pension increases have an impact on the benefit volume as regards these commitments.

AHB – General works agreement on additional pension benefits (company pension scheme) of former Corealcredit
The pension benefits to former employees of Allgemeine Hypothekenbank AG, whose employment relationship began prior to 1 January 1994, are governed by the additional benefit arrangement dated 29 August 1995 on the basis of the complementing general works agreement dated 7 March 1995.

This benefit commitment is based on aggregate benefits derived from pension benefits for civil servants. After a waiting period of five years of service, the aggregate benefit rate is 50 % of pensionable income. For each year of service after completing the 37th year of age, the aggregate benefit rate increases by 1 % of pensionable income, up to a maximum 75 % of pensionable income. The entitlement amounts to at least 65 % of pensionable income in the case of (total) occupational incapacity and 75 % of pensionable income in the case of workplace accidents. Pensionable income is the annual income (calculated on the basis of 14 monthly salaries), divided by 12.

The pension benefits of the statutory pension insurance and the BVV, which are based on mandatory contributions, are taken into account in the pension determined as described. To that extent, the benefit obligation directly depends on the development of the level of pensions from the statutory pension insurance on the one hand and from the BVV on the other.

As a result of the German Pension Reform Act of 1992 and the associated cuts in statutory pension insurance, the pension scheme was restructured in 1995. The main pillar of the new structure is the limitation of the Bank's deficiency guarantee for the declining level of statutory pensions due to deduction factors applied at early retirement (Rentenzugangsfaktor) and the lower adjustment of the pension value. Accordingly, the Bank continues to assume the deficiency guarantee on a pro-rata basis for the periods of service until the restructuring on 31 December 1995 in relation to the deduction factors applied at early retirement and for the reduced level of the current pension value (net adjustment factor). The reduction in the level of statutory pensions that occurred during the service periods from the restructuring date until retirement is taken into account at the expense of the beneficiary.

From the start of retirement, the AHB pension is decoupled from the development of the statutory pension and the BVV pension already prior to the restructuring since only the AHB pension is adjusted for inflation on an annual basis.

Accordingly, the obligation for the pension commitment during the qualification period is, on the one hand, directly dependent upon the development of the statutory pension and the BVV pension. On the other hand, it is fully dependent upon salary development for all years of service, even including past service. The volume of the obligation also depends upon the fluctuation of inflation and hence pension increases.

Rheinboden Hypothekenbank AG – pension scheme in the version dated 1 December 1991 of former Corealcredit
The former employees of Rheinboden Hypothekenbank AG are entitled to old-age and disability pensions as well as surviving dependant's benefits in accordance with the pension schemes in the version dated 1 December 1991.

The monthly benefits for employees who commenced service prior to 1 October 1978 amount to 5 % of pensionable remuneration (most recent monthly salary based on collective or individual agreements) after ten service years and increase by 0.5 % of pensionable remuneration for each service year, up to 14 % of pensionable remuneration after 15 service years. The monthly benefit entitlement increases by 0.3 % of pensionable remuneration for any additional service years, up to a maximum of 20 %. The BVV benefits are taken into account in such entitlement to the extent that these are based on employer contributions.

The benefits for employees who commenced service after 30 September 1978 amount to 0.15 % of pensionable remuneration up to the contribution ceiling as well as 1.5 % of pensionable remuneration above the contribution ceiling for each year of service between the 25th and 65th year of age. The maximum number of recognisable service years is 35.

The old-age pension under the Rheinboden pension schemes is paid after completing the 65th year of age or upon commencement of old-age pension under the statutory pension insurance scheme (full pension). In case of early retirement, the benefits are subject to deductions of 0.3 % per month of early retirement prior to the age of 65 as a partial compensation for the additional costs associated with early retirement. The surviving dependant's benefits amount to 60 % of the employee's pension entitlement for widow(er)s as well as 15 % for half-orphans and 20 % for orphans, however, in aggregate not exceeding the amount of the employee's pension entitlement.

Supplementary individual contractual arrangements were agreed with individual pensioners and leavers with vested benefits for the purpose of the transition from the old to the new Rheinboden pension scheme and the application of the BVV benefits.

In addition, individual contractual commitments apply to former management board members and general managers – currently pensioners and one leaver with vested benefits.

The adjustment of current pensions on the basis of the Rheinboden commitments is performed on the basis of the inflation allowance set out in section 16 of the BetrAVG, with the exception of a small group of approximately ten pensioners where adjustment is made pursuant to the collective agreement for banks.

WestImmo – Pension scheme dated 1 October 1995

The pension scheme dated 1 October 1995 is a defined contribution scheme. The following benefits are paid after a waiting period of five year of service: old-age pension, early old-age pension, (total) occupational incapacity pension as well as widow(er)'s and orphan's pension.

The amount of the old-age pension, the early old-age pension and the (total) occupational incapacity pension is calculated based on the sum of the pension components earned during the pensionable service period. If the pensionable service period exceeds 40 years, the monthly pension is calculated based on the sum of the highest 40 pension components earned during the pensionable service period. The amount of one pension component is derived from multiplying the reference contribution (since 2021: € 311), the personal earnings relation (relation between pensionable income and contribution ceiling of the German statutory pension insurance; earnings components above the contribution ceiling are weighted with a factor of 3.75) and the annuitisation factor in the relevant age pursuant to the annuitisation table. The amount of the early old-age pension is reduced by 0.5 % for each month in which annuity is paid prior to completing the 65th year of age. The widow(er)'s pension entitlement amounts to 60 %.

If necessary, the determination of the amount of pension obligations is based on the following actuarial assumptions applied consistently throughout the Group:

	31 Dec 2024	31 Dec 2023
Calculation method	Projected unit credit method	Projected unit credit method
Calculation basis	"Richttafeln 2018G" mortality tables by K. Heubeck	"Richttafeln 2018G" mortality tables by K. Heubeck
Actuarial assumptions (%)		
Interest rate used for valuation	3.44	3.15
Development of salaries	2.25	2.25
Pension increase	1.72	1.75
Rate of inflation	2.25	2.25
Staff turnover rate	3.00	3.00

Development of net pension liabilities:

€ mn	Present value of pension obligations	Fair value of plan assets	Net pension liability
Balance as at 1 January 2024	**416**	**-340**	**76**
Pension expense	**18**	**-11**	**7**
Current service cost	6	–	6
Net interest cost	12	-11	1
Payments	**-11**	**-5**	**-16**
Pension benefits paid	-15	3	-12
Employer's contributions	–	-4	-4
Contributions made by beneficiaries of defined benefit plans	4	-4	0
Remeasurements	**-15**	**-15**	**-30**
due to experience adjustments	2	–	2
due to changes in financial assumptions	-17	–	-17
due to changes in demographic assumptions	–	–	–
Difference between actual return and return calculated using an internal rate of interest (plan assets)	–	-15	-15
Changes in the basis of consolidation	**-31**	**2**	**-29**
Balance as at 31 December 2024	**377**	**-369**	**8**

€ mn	Present value of pension obligations	Fair value of plan assets	Net pension liability
Balance as at 1 January 2023	**371**	**-213**	**158**
Pension expense	**18**	**-10**	**8**
Current service cost	5	–	5
Net interest cost	13	-10	3
Payments	**-11**	**-101**	**-112**
Pension benefits paid	-16	3	-13
Employer's contributions	–	-99	-99
Contributions made by beneficiaries of defined benefit plans	5	-5	0
Remeasurements	**38**	**-16**	**22**
due to experience adjustments	6	–	6
due to changes in financial assumptions	32	–	32
due to changes in demographic assumptions	–	–	–
Difference between actual return and return calculated using an internal rate of interest (plan assets)	–	-16	-16
Changes in the basis of consolidation	**–**	**–**	**–**
Balance as at 31 December 2023	**416**	**-340**	**76**

The weighted duration of pension liabilities is 15.7 years as at 31 December 2024 (2023: 15.9 years).

Expected maturities of the defined benefit obligation (DBO):

€ mn	31 Dec 2024	31 Dec 2023
Up to 1 year	14	17
Between 1 year and 5 years	66	71
Between 5 years and 10 years	92	99
Total	**172**	**187**

Plan contributions in the amount of € 5 million (2024: € 5 million) are expected to be paid in the financial year 2025.

Sensitivity of the defined benefit obligation (DBO) compared to the central actuarial assumptions

Based on the qualitative plan description, the valuation parameters significant for calculating the amount of the obligation were derived and corresponding calculations were made as regards sensitivity:

		Defined benefit obligation 2024 € mn	Change %	Defined benefit obligation 2023 € mn	Change %
Present value of obligations		**377**		**416**	
Interest rate used for valuation	Increase by 1.0 percentage points	326	-14	359	-14
	Decrease by 1.0 percentage points	442	17	489	18
Development of salaries	Increase by 0.5 percentage points	382	1	423	2
	Decrease by 0.5 percentage points	373	-1	412	-1
Pension increase	Increase by 0.25 percentage points	381	1	421	1
	Decrease by 0.25 percentage points	373	-1	412	-1
Life expectancy	Increase by 1 year	394	5	435	5
	Decrease by 1 year	360	-5	397	-5

The sensitivity analysis takes into account, in each case, the change of an assumption, while the other assumptions remain unchanged compared to the original calculation, i.e. any potential correlation effects between the individual assumptions are not taken into consideration.

Plan assets can be broken down as follows:

€ mn	31 Dec 2024	31 Dec 2023
Cash	0	0
Investment funds including derivatives	344	313
Reinsurance	25	27
Total	**369**	**340**

Apart from the usual actuarial risks, the risks associated with defined benefit obligations primarily relate to financial risks in connection with plan assets. Amongst others, these may include counterparty credit risks and market price risks. These risks are taken into account in the risk management of Aareal Bank Group. The measurement of investment funds (including derivatives) has to be allocated to Level 2 of the fair value hierarchy.

Other provisions

Other provisions developed as follows:

€ mn	Provisions for staff expenses and non-staff operating costs	Provisions for legal and tax risks	Other provisions	Total
Carrying amount as at 1 January 2024	**101**	**3**	**30**	**134**
Additions	108	0	6	**114**
Utilisation	38	0	23	**61**
Reversals	3	0	2	**5**
Interest	0	–	0	**0**
Reclassifications	-44	–	-7	**-51**
Changes in the basis of consolidation	0	–	–	**0**
Exchange rate fluctuations	1	–	0	**1**
Carrying amount as at 31 December 2024	**125**	**3**	**4**	**132**

€ mn	Provisions for staff expenses and non-staff operating costs	Provisions for legal and tax risks	Other provisions	Total
Carrying amount as at 1 January 2023	**104**	**3**	**23**	**130**
Additions	52	0	15	**67**
Utilisation	53	0	0	**53**
Reversals	4	0	8	**12**
Interest	1	–	0	**1**
Reclassifications	0	–	0	**0**
Changes in the basis of consolidation	2	–	0	**2**
Exchange rate fluctuations	-1	–	0	**-1**
Carrying amount as at 31 December 2023	**101**	**3**	**30**	**134**

Other provisions of € 132 million include € 40 million expected to be realised after a period exceeding twelve months (2023: € 30 million).

Provisions for staff expenses and non-staff operating costs refer to personnel provisions in the amount of € 100 million (2023: € 76 million) and provisions for non-staff operating costs in the amount of € 24 million (2023: € 26 million). Provisions for staff expenses consist of, among other things, provisions for bonuses (cash and share-based), partial retirement, severance payments and existing working hours accounts. Specifically, these include € 28 million in provisions for severance payments and for partial retirement (2023: € 1 million), of which € 27 million is attributable to restructuring provisions for efficiency measures implemented this year, which extend to 2027 and are mostly incurred in 2026. Provisions for non-staff operating expenses mainly include provisions for professional and legal advice.

(58) Income tax liabilities

Income tax liabilities in a total amount of € 91 million as at 31 December 2024 (2023: € 126 million) include € 5 million (2023: € 3 million) expected to be realised after a period of more than twelve months.

(59) Deferred tax liabilities

When recognising deferred taxes, claims and liabilities arising vis-à-vis the same tax authority, which may be netted and paid in one amount, were offset in the amount of € 356 million (2023: € 455 million).

Share price losses of approximately € 47 million may arise in connection with a special investment fund which would be taxable upon disposal of that special fund. However, since there are no plans to dispose of this special fund, no deferred tax liabilities need to be recognised.

Deferred tax liabilities were recognised in relation to the following items of the statement of financial position:

€ mn	31 Dec 2024	31 Dec 2023
Financial assets (ac)	141	82
Financial assets (fvoci)	5	7
Financial assets (fvpl)	–	0
Intangible assets	12	42
Property and equipment	–	14
Other assets	3	24
Financial liabilities (ac)	188	323
Provisions	8	9
Other liabilities	–	0
Deferred tax liabilities	**357**	**501**

(60) Other liabilities

€ mn	31 Dec 2024	31 Dec 2023
Lease liabilities	12	37
Deferred income	1	0
Liabilities from other taxes	24	34
Contract liabilities	-	31
Miscellaneous	5	4
Total	**42**	**106**

(61) Equity

€ mn	31 Dec 2024	31 Dec 2023
Subscribed capital	180	180
Capital reserves	721	721
Retained earnings	4,359	2,128
AT1 bond	300	300
Other reserves		
Reserve from remeasurements of defined benefit plans	-61	-86
Reserve from the measurement of equity instruments (fvoci)	-4	-4
Reserve from the measurement of debt instruments (fvoci)	-39	-18
Reserve from foreign currency basis spreads	-30	-22
Currency translation reserves	13	-4
Non-controlling interests	21	105
Total	**5,460**	**3,300**

Equity increased due to consolidated net income for 2024, mainly due to the capital gain from the sale of Aareon.

The item “Reserve from the measurement of debt instruments (fvoci)” includes loss allowance of € 0 million (2023: € 1 million).

Subscribed capital

Aareal Bank AG’s subscribed capital amounted to € 180 million as at the reporting date (2023: € 180 million). It is divided into 59,857,221 notional fully-paid no-par value shares (“unit shares”) with a notional value of € 3 per share. The shares are registered shares. Each share carries one vote. There are no pre-emptive rights or constraints with respect to dividend payouts.

Treasury shares

The General Meeting authorised the Management Board by way of a resolution dated 27 May 2020, pursuant to section 71 (1) no. 7 of the German Public Limited Companies Act (Aktiengesetz – AktG), to purchase and sell treasury shares for the purposes of securities trading, at a price not falling below or exceeding the average closing price of the Company’s share in Xetra trading (or a comparable successor system) during the three trading days on the Frankfurt Stock Exchange prior to the relevant purchase or prior to assuming a purchase obligation by more than 10%. This authorisation expires on 26 May 2025. The volume of shares acquired for this purpose must not exceed 5 % of the share capital of Aareal Bank AG at the end of any given day.

Furthermore, the Management Board was authorised by means of a resolution of the General Meeting held on 27 May 2020, pursuant to section 71 (1) no. 8 of the AktG, to purchase treasury shares in a volume of up to 10 % of the share capital for any permitted purposes. This authorisation expires on 26 May 2025. Shares may be acquired via the stock exchange or by means of a public offer to buy directed at all shareholders, and at purchase prices stipulated in the authorisation and based on the prevailing market price of the Company’s shares. This authorisation may be exercised – also by the direct or indirect subsidiaries of Aareal Bank AG – in full or in part, on one or more occasions.

The shares acquired in accordance with this or an earlier authorisation may be sold, subject to Supervisory Board approval, outside the stock exchange and without an offer directed at all shareholders, subject to the exclusion of shareholders’ pre-emptive rights, when the shares sold do not exceed 10 % of the share capital and the issue price is not significantly below the prevailing stock exchange price or in the event of a sale against contributions in kind, or when the shares sold are used to service rights from convertible bonds or bonds with warrants. This also applies to shares issued by subsidiaries. The treasury shares may also be given to the holders of conversion or option rights in lieu of new shares from a contingent capital increase. The shares can also be withdrawn, without such a withdrawal or its implementation requiring a further resolution by the General Meeting.

The Management Board was also authorised to effect the acquisition of treasury shares by using put or call options. Any acquisition of shares using derivatives is limited to 5 % of share capital. In addition, any acquisition of shares shall count towards the 10 % threshold for the authorisation for the acquisition of treasury shares. Where treasury shares are acquired using equity derivatives, the shareholders' right to enter into such derivative transactions with the Company is excluded in analogous application of section 186 (3) sentence 4 of the AktG.

Authorised capital

Aareal Bank has authorised capital pursuant to the resolution by the Annual General Meeting held on 10 August 2023. Accordingly, the Management Board is authorised to increase, on one or more occasions, the Company's registered share capital by up to a maximum total amount of € 89,785,830 via the issuance of new no-par value registered shares for contribution in cash or in kind, subject to the approval of the Supervisory Board (Authorised Capital 2023); this authorisation will expire on 9 August 2028. In the event of a capital increase against cash contributions, the shareholders shall be granted a subscription right, unless the Management Board exercises its authority to exclude shareholder's pre-emptive subscription rights. The Management Board may exclude shareholders' subscription rights, subject to approval by the Supervisory Board and the conditions set out below:

a) In the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly below the prevailing stock exchange price of the Company's listed shares at the time of the final determination of the issue price. However, this authorisation shall be subject to the proviso that the aggregate value of shares issued to the exclusion of shareholders' subscription rights, in accordance with section 203 (1) and (2) and section 186 (3) sentence 4 of the AktG, shall not exceed ten per cent (10 %) of the registered share capital at the time said authorisation comes into effect or – if lower – at the time it is exercised. Any shares that were issued or sold during the term and prior to the exercising of said authorisation, in direct or analogous application of section 186 (3) sentence 4 of the AktG, shall count towards the above threshold of ten per cent (10 %) of the issued share capital. Said ten-per-cent threshold shall also include shares the issuance of which is required under the terms of debt securities with embedded conversion or option rights on shares issued pursuant to section 186 (3) sentence 4 of the AktG (excluding shareholders' subscription rights), which were (or may be) issued during the validity of this authorisation; or

b) for fractional amounts arising from the determination of the applicable subscription ratio; or

c) where this is necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds issued (or to be issued) by the Company or its affiliated companies, which subscription rights are required to entitle these holders to the same extent as they would have been entitled to upon exercising their conversion or option rights or upon performance of a conversion obligation, if any, thus protecting such holders against dilution; or

d) for an amount of up to € 4,000,000, to offer employees (of the Company or its affiliated companies) shares for subscription; or

e) in the event of a capital increase against contributions in kind for the purpose of acquiring companies, parts thereof or participating interests or any other assets.

The above authorisation for the exclusion of shareholders' subscription rights in the case of capital increases against contributions in cash is limited to a total of 10 % of the share capital; this limit may be exceeded neither at the time said authorisation comes into effect, nor at the time it is exercised. The above-mentioned ten-per-cent threshold shall furthermore include treasury shares which are sold to the exclusion of shareholders' subscription rights during the validity of this authorisation as well as such shares which are issued to service debt securities, provided that the debt securities were issued to the exclusion of shareholders' subscription rights during the validity of this authorisation. When a new authorisation for the exclusion of shareholders' subscription rights is resolved by the Annual General Meeting after the lowering and said new authorisation comes into effect, the upper limit lowered in accordance with the specifications above shall be increased again to the amount permitted by the new authorisation, with a maximum total of 10 per cent of the registered share capital in accordance with the above specifications.

The authorised capital has not yet been utilised.

Conditional capital

Based on a resolution passed by the General Meeting on 10 August 2023, the Management Board was authorised to issue, on one or more occasions until 9 August 2028, profit-participation certificates with a limited or unlimited term for contribution in cash or in kind of up to a total of € 1,000,000,000. The profit-participation certificates must be constructed in such a way that the funds paid for them after issuance can be recognised as banking regulatory capital pursuant to the legal regulations applicable as at the time of issuance. Profit-participation certificates and other hybrid promissory note loans to be issued according to this authorisation may provide for conversion rights, entitling or compelling, in accordance with their respective conditions, the holder to purchase Company shares. Conversion rights or obligations may be attached exclusively to no-par value registered shares and are limited to a maximum amount of € 89,785,830 of the Company's share capital. The sum of shares to be issued so as to service conversion or option rights or conversion obligations from profit-participation certificates or hybrid promissory note loans issued pursuant to this authorisation, including shares issued during validity of this authorisation as a result of another authorisation (especially from authorised capital), may not exceed an amount of € 89,785,830 (which equals approx. 50 % of the current share capital). Subject to the approval of the Supervisory Board, the Management Board may exclude shareholders' pre-emptive rights in relation to the profit-participation rights in certain cases.

Accordingly, the share capital is subject to a conditional capital increase not exceeding € 89,785,830 by issuance of up to 29,928,610 new no-par value registered shares ("Conditional Capital 2023"). The conditional capital increase shall be implemented only to the extent that (i) the holders of convertible bonds issued by the Company (or by an enterprise in which the Company either directly or indirectly holds a majority interest) until 9 August 2028 on the basis of the Annual General Meeting's authorisation resolution of 10 August 2023 exercise their conversion rights from these convertible bonds or (ii) the holders of convertible bonds issued by the Company (or by an enterprise in which the Company either directly or indirectly holds a majority interest) until 9 August 2028 on the basis of the Annual General Meeting's authorisation resolution of 10 August 2023, with such holders being obliged to exercise those rights, fulfil their obligation or (iii) the Company exercises its right of substitution, except where treasury shares are used to service the rights or, in the aforementioned cases (i) and (ii), cash compensation is granted. The new shares shall be entitled to a share in the profits from the beginning of the financial year in which they come into existence through the exercise of conversion rights or the fulfilment of conversion obligations. The Management Board shall be authorised to determine the further details of the conditional capital increase.

To date, the Conditional Capital has not yet been utilised.

Capital reserves

The capital reserves contain premiums received upon the issuance of shares. Costs incurred within the framework of a capital increase reduce capital reserves.

Retained earnings

Retained earnings are comprised of statutory reserves (pursuant to section 150 of the AktG) of € 5 million (2023: € 5 million) and of other retained earnings of € 4,354 million (2023: € 2,123 million).

Additional Tier 1 bond (AT1 bond)

On 13 November 2014, the Management Board issued notes in an aggregate nominal amount of € 300 million with a denomination of € 200,000 and an initial interest rate of 7.625 % p. a., based on the authorisation granted by the Annual General Meeting on 21 May 2014.

The notes bore interest of 7.625 % p. a. from the interest commencement date to 30 April 2020. The rate of interest for any interest period commencing on or after 30 April 2020 shall be equal to the reference rate (one-year EUR swap rate) determined on the relevant interest determination date plus a spread of 7.18 % p. a.

The notes constitute unsecured and subordinated obligations of the issuer.

Upon the occurrence of a trigger event, the redemption amount and the principal amount of each note shall be reduced by the amount of the relevant write-down. The write-down shall be effected pro rata with all other Additional Tier 1 instruments within the meaning of the CRR, the terms of which provide for a write-down upon the occurrence of the trigger event. A trigger event occurs if the Common Equity Tier 1 capital ratio, pursuant to Article 92 (1) (a) CRR or a successor provision, and determined on a consolidated basis, falls below 7.0 %. After a write-down has been effected, the principal amount and the redemption amount of each note, unless previously redeemed or repurchased and cancelled, may be written up in each of the financial years of the issuer subsequent to such write-down until the full initial principal amount has been reached.

The notes may be redeemed, in whole but not in part, at any time at the option of the issuer, subject to prior consent of the competent supervisory authority, upon not less than 30 and not more than 60 days' prior notice of redemption at their redemption amount (taking into account a potential write-down) together with interest accrued until the redemption date (to the extent that interest payment is not cancelled or ruled out in accordance with the terms and conditions of the notes), when the tax or regulatory reasons set out in the terms and conditions of the notes apply. The issuer may also redeem the notes, in whole but not in part, at any time, subject to the prior consent of the competent supervisory authority, upon not less than 30 days' notice of redemption for the first time with effect as at 30 April 2020 and, thereafter, with effect as at each interest payment date at their redemption amount together with interest (if any) accrued to the redemption date.

On 14 January 2025, Aareal Bank announced that it would call its existing € 300 million AT1 Notes issue in full, effective 30 April 2025, replacing it with a new AT1 bond having an aggregate nominal amount of USD 425 million.

Distributions

The Management Board proposes to the Annual General Meeting that the net retained profit (Bilanzgewinn) for the 2024 financial year, determined in accordance with German commercial law), of € 2,440,400,000.00 be used to distribute dividends of € 1,941,312,740.00 and the residual amount of € 499,087,260.00 be carried forward.

In addition, on 30 April 2025, the Management Board will resolve on a distribution in relation to the AT1 instruments, pursuant to the terms and conditions of the notes.

Notes to Financial Instruments

A detailed description of the system in place at Aareal Bank Group to measure, limit, and manage risks throughout Aareal Bank Group is presented in the Risk Report as part of the Group Management Report. The disclosures on the description and the extent of the risks arising from financial instruments in accordance with IFRS 7 are included (in part) in the Risk Report.

(62) Net gains/losses of financial instruments by category

The following overview shows the net gains or net losses from financial instruments in accordance with the classification and measurement categories of financial assets and liabilities (from which the results are generated):

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net gain or loss from financial assets (ac)	-329	-425
Net gain or loss from financial liabilities (ac)	0	5
Net gain or loss from financial assets (fvoci) recognised in other comprehensive income	-30	-27
Net gain or loss from financial assets (fvoci) transferred to the income statement	1	5
Net gain or loss from equity instruments (fvoci)	0	0
Net gain or loss from financial instruments (fvpl)	-44	-71
Net gain or loss from financial guarantee contracts and loan commitments	-13	-1

The net results include measurement gains and losses, realised gains/losses on disposal, subsequent recoveries on loans and advances previously written off in relation to all financial instruments of the respective measurement category. The net gain or loss from financial instruments (fvpl) also comprises the net gain or loss from currency translation.

The hedge result from hedged items is aggregated with the hedge result from derivative hedging instruments in one line item, and amounted to € 3 million (2023: € 1 million) in the year under review. Moreover, the change in the reserve from foreign-currency basis spreads amounted to € -11 million (2023: € -21 million).

(63) Fair value hierarchy in accordance with IFRS 13

The carrying amounts of financial instruments held by Aareal Bank Group which are reported at fair value in the statement of financial position are presented in the following table according to the three-tier fair value hierarchy pursuant to IFRS 13.72 et seq. The presentation is made for each class of financial instrument.

31 December 2024

€ mn	Total fair value	Fair value level 1	Fair value level 2	Fair value level 3
Financial assets (fvoci)	**4,823**	**4,741**	**81**	**1**
Money market and capital market receivables (fvoci)	4,822	4,741	81	–
Equity instruments (fvoci)	1	–	0	1
Financial assets (fvpl)	**1,530**	**1**	**1,144**	**385**
Loan receivables (fvpl)	381	–	–	381
Money market and capital market receivables (fvpl)	5	1	–	4
Positive market value of designated hedging derivatives (fvpl)	673	–	673	–
Positive market value of other derivatives (fvpl)	471	–	471	–
Financial liabilities (fvpl)	**2,566**	**–**	**2,566**	**–**
Negative market value of designated hedging derivatives (fvpl)	1,057	–	1,057	–
Negative market value of other derivatives (fvpl)	1,509	–	1,509	–

As at year-end, in line with the previous year, no financial assets (fvoci) were transferred from Level 1 to Level 2; financial assets (fvoci) of € 22 million were transferred from Level 2 to Level 1 (2023: € 885 million).

31 December 2023

€ mn	Total fair value	Fair value level 1	Fair value level 2	Fair value level 3
Financial assets (fvoci)	**4,403**	**4,160**	**241**	**2**
Money market and capital market receivables (fvoci)	4,401	4,160	241	–
Equity instruments (fvoci)	2	–	0	2
Financial assets (fvpl)	**1,799**	**0**	**1,539**	**260**
Loan receivables (fvpl)	255	–	–	255
Money market and capital market receivables (fvpl)	6	0	1	5
Positive market value of designated hedging derivatives (fvpl)	831	–	831	–
Positive market value of other derivatives (fvpl)	707	–	707	–
Financial liabilities (fvpl)	**2,683**	**–**	**2,683**	**–**
Negative market value of designated hedging derivatives (fvpl)	1,321	–	1,321	–
Negative market value of other derivatives (fvpl)	1,362	–	1,362	–

The fair values of loan receivables recognised at fair value in the statement of financial position that are assigned to Level 3 of the fair value hierarchy developed as follows during the period under review:

Loan receivables (fvpl)

€ mn	2024	2023
Fair value as at 1 January	**255**	**421**
Change in measurement	**-3**	**-30**
Portfolio changes		
Additions	148	30
Derecognition	19	165
Deferred interest	0	-1
Fair value as at 31 December	**381**	**255**

Receivables held in the Bank's portfolio contributed € -18 million to the net gain or loss from loan receivables (fvpl) (2023: € -59 million). The net gain or loss from loan receivables (fvpl) is reported in the net gain or loss from financial instruments (fvpl).

Regarding loan receivables (fvpl), the add-ons for risks specific to the counterparty represent the material input parameter not observable in the market. In addition, transaction-specific parameters such as liquidity spread and equity and processing costs are taken into account in measurement. Regarding the non-defaulted loans, an increase/decrease by 1 % would lead to a decrease/increase of the fair value by € 4 million (2023: € 4 million).

The fair values of financial instruments held by Aareal Bank Group which are reported at amortised cost in the statement of financial position are presented in the following table according to the three-tier fair value hierarchy pursuant to IFRS 13.72 et seq. The presentation is made for each class of financial instrument:

31 December 2024

€ mn	Total fair value	Fair value level 1	Fair value level 2	Fair value level 3
Financial assets (ac)	**40,159**	**1,920**	**5,691**	**32,548**
Cash funds (ac)	2,605	–	2,605	–
Loan receivables (ac)	32,516	–	0	32,516
Money market and capital market receivables (ac)	4,973	1,920	3,053	–
Receivables from other transactions (ac)	65	–	33	32
Financial liabilities (ac)	**39,252**	**9,538**	**29,647**	**67**
Money market and capital market liabilities (ac)	26,315	9,538	16,756	21
Deposits from the housing industry (ac)	12,216	–	12,216	–
Liabilities from other transactions (ac)	71	–	25	46
Subordinated liabilities (ac)	650	–	650	–

31 December 2023

€ mn	Total fair value	Fair value level 1	Fair value level 2	Fair value level 3
Financial assets (ac)	**38,635**	**1,195**	**5,528**	**31,912**
Cash funds (ac)	977	–	977	–
Loan receivables (ac)	31,847	–	0	31,847
Money market and capital market receivables (ac)	5,708	1,195	4,513	–
Receivables from other transactions (ac)	103	–	38	65
Financial liabilities (ac)	**40,062**	**8,999**	**30,398**	**665**
Money market and capital market liabilities (ac)	26,381	8,999	17,356	26
Deposits from the housing industry (ac)	12,669	–	12,669	–
Liabilities from other transactions (ac)	649	–	10	639
Subordinated liabilities (ac)	363	–	363	–

(64) Comparison of carrying amounts and fair values of financial instruments

The fair values of financial instruments are compared with their carrying amounts (including loss allowance) in the following table. The presentation is made for each class of financial instrument:

€ mn	31 Dec 2024 Carrying amount	31 Dec 2024 Fair Value	31 Dec 2023 Carrying amount	31 Dec 2023 Fair Value
Financial assets (ac)	**40,025**	**40,159**	**38,753**	**38,635**
Cash funds (ac)	2,605	2,605	977	977
Loan receivables (ac)	32,213	32,516	31,795	31,847
Money market and capital market receivables (ac)	5,141	4,973	5,867	5,708
Receivables from other transactions (ac)	66	65	114	103
Financial assets (fvoci)	**4,823**	**4,823**	**4,402**	**4,403**
Money market and capital market receivables (fvoci)	4,822	4,822	4,400	4,401
Equity instruments (fvoci)	1	1	2	2
Financial assets (fvpl)	**1,530**	**1,530**	**1,799**	**1,799**
Loan receivables (fvpl)	381	381	255	255
Money market and capital market receivables (fvpl)	5	5	6	6
Positive market value of designated hedging derivatives (fvpl)	673	673	831	831
Positive market value of other derivatives (fvpl)	471	471	707	707
Financial liabilities (ac)	**39,486**	**39,252**	**40,350**	**40,062**
Money market and capital market liabilities (ac)	26,557	26,315	26,675	26,381
Deposits from the housing industry (ac)	12,216	12,216	12,669	12,669
Liabilities from other transactions (ac)	72	71	649	649
Subordinated liabilities (ac)	641	650	357	363
Financial liabilities (fvpl)	**2,566**	**2,566**	**2,683**	**2,683**
Negative market value of designated hedging derivatives (fvpl)	1,057	1,057	1,321	1,321
Negative market value of other derivatives (fvpl)	1,509	1,509	1,362	1,362

(65) Financial instruments that have not yet been switched to an alternative benchmark rate

The following table presents the nominal amounts for derivative and non-derivative financial instruments for which no official cessation effective date has been communicated and/or for which no contractual arrangements for transition have been made. Aareal Bank has become an adhering party to the ISDA protocol and is gradually concluding so-called IBOR Supplemental Agreements to the German Master Agreement for Financial Derivatives Transactions (Deutscher Rahmenvertrag für Finanztermingeschäfte) on a bilateral basis with the counterparties. In the case of derivatives, the presentation is made per cash flow leg:

2024

€ mn	Non-derivative financial assets	Non-derivative financial liabilities[2]	Derivative financial assets	Derivative financial liabilities
EURIBOR[1]	6,786	169	22,656	26,205
CAD CDOR	–	–	–	–
SEK STIBOR[1]	315	6	726	965
DKK CIBOR[1]	252	–	315	475
NZD BKBM	8	–	–	–
Total	**7,361**	**175**	**23,697**	**27,645**

[1] cessation effective date not yet announced
[2] including AT1 bond

2023

€ mn	Non-derivative financial assets	Non-derivative financial liabilities[2]	Derivative financial assets	Derivative financial liabilities
EURIBOR[1]	6,712	454	28,924	32,002
CAD CDOR	184	–	881	888
SEK STIBOR[1]	319	23	911	1,249
DKK CIBOR[1]	263	–	259	414
NZD BKBM	8	–	24	–
Total	**7,486**	**477**	**30,999**	**34,553**

[1] cessation effective date not announced as at year-end closing 20223
[2] one defaulted loan

The effects of the IBOR reform were analysed and monitored, and any resulting new requirements implemented, as part of a separate project. The transition of collateral agreements and of discounting OTC derivatives was implemented on a case-by-case basis until 2021 in accordance with the bilateral agreements between the counterparties. Any existing hedging relationships did not have to be discontinued.

The necessary adjustments for new business were made to account for the new benchmark interest rates; corresponding transactions were concluded. The adjustments referred to the currencies EUR (€STR), GBP (SONIA), USD (SOFR), CHF (SARON), CAD (CORRA) and JPY (TONA).

The existing transactions will be changed on a currency-by-currency basis. Transactions based on EONIA interest and on CHF, GBP or USD LIBOR, respectively, were modified. This was partly implemented using the practical relief applicable to the accounting treatment for modifications. The modification was made using prevailing market conditions; there were no material effects from transition. Such effects are neither expected from further transition.

The new yield curves were taken into account as part of the risk management strategy and integrated into risk management so that transactions based on new reference interest rates can be appropriately assessed and managed. Apart from the major market price risks (interest rate and basis risks), additional risks such as process, legal and documentation risks were addressed and implemented within the context of the project. Where the discontinuation of reference interest rates required contracts to be modified, such modifications were discussed with clients and contracts adjusted accordingly. Any newly concluded contracts already refer to the new reference interest rates to the extent possible. Any necessary adjustments to processes, the Written Set of Procedural Rules and documentation requirements were developed as part of the project and transferred to line activities.

(66) Disclosures on credit risk

For information on risk management practice and input factors, please refer to the chapter “Credit default risk” in the Risk Report included in the Management Report. The chapter also provides a breakdown of gross carrying amounts of on-balance sheet as well as off-balance sheet credit business, money-market business, and capital markets business, by rating class and loss allowance stages. The definition of the individual stages as well as the methodology for determining loss allowance are outlined in the chapter “Accounting policies”; Note (9) Recognition and measurement of financial instruments.

The following overviews present the loss allowance and the provisions for credit risks per stage and separately by product groups.

Loss allowance (ac)

2024

€ mn	Balance as at 1 Jan	Additions	Utilisation	Reversals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Interest effect	Currency adjustment	Transfers	Balance as at 31 Dec
Stage 1	**38**	**21**	**–**	**14**	**3**	**-7**	**-2**	**–**	**1**	**–**	**40**
Loan receivables (ac)	37	21	–	14	3	-7	-2	–	1	–	39
Money market and capital market receivables (ac)	1	0	–	0	0	0	–	–	0	–	1
Stage 2	**83**	**112**	**–**	**49**	**-3**	**14**	**-11**	**–**	**3**	**–**	**149**
Loan receivables (ac)	83	112	–	49	-3	14	-11	–	3	–	149
Money market and capital market receivables (ac)	0	0	–	0	0	0	–	–	0	–	0
Stage 3	**304**	**294**	**305**	**32**	**–**	**-7**	**13**	**27**	**20**	**-104**	**210**
Loan receivables (ac)	304	294	305	32	–	-7	13	27	20	-104	210
Receivables from other transactions (ac)	**3**	**2**	**1**	**0**	**–**	**–**	**–**	**–**	**0**	**-1**	**3**
Total	428	429	306	95	–	–	–	27	24	-105	402

2023

€ mn	Balance as at 1 Jan	Addi-tions	Utili-sation	Rever-sals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 2	Interest effect	Currency adjustment	Transfers	Balance as at 31 Dec
Stage 1	**42**	**19**	**–**	**23**	**12**	**-12**	**–**	**–**	**0**	**–**	**38**
Loan receivables (ac)	41	19	–	23	12	-12	–	–	0	–	37
Money market and capital market receivables (ac)	1	0	–	0	–	0	–	–	0	–	1
Stage 2	**59**	**73**	**–**	**35**	**-12**	**12**	**-12**	**–**	**-2**	**–**	**83**
Loan receivables (ac)	59	73	–	35	-12	12	-12	–	-2	–	83
Money market and capital market receivables (ac)	0	0	–	0	–	0	–	–	–	–	0
Stage 3	**386**	**419**	**487**	**16**	**–**	**–**	**12**	**21**	**-6**	**-25**	**304**
Loan receivables (ac)	386	419	487	16	–	–	12	21	-6	-25	304
Receivables from other transactions (ac)	**3**	**2**	**1**	**1**	**–**	**–**	**–**	**–**	**0**	**–**	**3**
Total	**490**	**513**	**488**	**75**	**–**	**–**	**–**	**21**	**-8**	**-25**	**428**

The loss allowance for financial assets (ac) is reported in the item “Loss allowance (ac)” on the assets side of the statement of financial position.

Loss allowance in the reserve from the measurement of debt instruments (fvoci)

The loss allowance for debt instruments (fvoci) amounts to € 0 million (2023: € 1 million) and is reported on the equity and liabilities side of the statement of financial position under other reserves.

Provisions for unrecognised lending business

2024

€ mn	Provisions as at 1 Jan	Addi-tions	Utili-sation	Rever-sals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Interest effect	Currency adjustment	Provisions as at 31 Dec
Stage 1	2	1	–	1	0	-1	0	–	0	1
Stage 2	3	4	–	2	0	1	0	–	1	7
Stage 3	0	10	–	–	–	–	0	–	1	11
Total	**5**	**15**	**–**	**3**	**–**	**–**	**–**	**–**	**2**	**19**

2023

€ mn	Provisions as at 1 Jan	Addi-tions	Utili-sation	Rever-sals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 2	Interest effect	Currency adjustment	Provisions as at 31 Dec
Stage 1	2	2	–	1	0	-1	–	–	0	2
Stage 2	2	2	–	2	0	1	–	–	0	3
Stage 3	0	–	–	–	–	–	–	–	–	0
Total	**4**	**4**	**–**	**3**	**–**	**–**	**–**	**–**	**0**	**5**

The provisions for unrecognised lending business refer to loan commitments and contingent liabilities and are reported on the equity and liabilities side of the statement of financial position under provisions.

No impaired financial assets were recognised for the first time in the financial year 2024. Assets of € 121 million (2023: € – million) were acquired within the context of the realisation of collateral.

Credit quality of financial receivables from other transactions

Financial receivables from other transactions are also subject to credit risk. Of the receivables from other transactions in the amount of € 70 million (2023: € 117 million), € 65 million (2023: € 112 million) were neither overdue nor impaired, € 1 million (2023: € 0 million) were overdue but not impaired and € 4 million (2023: € 5 million) were impaired.

(67) Reconciliation of gross carrying amounts of financial assets

The following tables show the development of the gross carrying amounts of financial assets that are subject to the impairment rules and to which the loss allowance mentioned above can be attributed.

Financial assets (ac)

2024

€ mn	Gross carrying amount as at 1 Jan	Additions	Disposals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Impairment and reversals of impairment	Net modification gain or loss	Currency and other changes	Gross carrying amount as at 31 Dec
Loan receivables (ac)[1]	**32,318**	**5,393**	**5,289**	**–**	**–**	**–**	**-330**	**-30**	**709**	**32,771**
Stage 1	25,352	5,287	3,505	1,342	-2,392	-109	–	0	478	26,453
Stage 2	5,496	79	1,264	-1,342	2,658	-549	-78	0	223	5,223
Stage 3	1,470	27	520	–	-266	658	-252	-30	8	1,095
Money market and capital market receivables (ac)[1]	**5,878**	**1,326**	**1,999**	**–**	**–**	**–**	**–**	**–**	**-51**	**5,154**
Stage 1	5,869	1,326	1,998	8	–	–	–	–	-51	5,154
Stage 2	9	-	1	-8	–	–	–	–	0	0
Receivables from other transactions (ac)	**117**	**80**	**68**	**–**	**–**	**–**	**–**	**–**	**-59**	**70**
Total	38,313	6,799	7,356	–	–	–	-330	-30	599	37,995

[1] Including non-current assets held for sale

2023

€ mn	Gross carrying amount as at 1 Jan	Additions	Disposals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Impairment and reversals of impairment	Net modification gain or loss	Currency and other changes	Gross carrying amount as at 31 Dec
Loan receivables (ac)	**29,948**	**5,860**	**2,874**	**–**	**–**	**–**	**-574**	**-5**	**-37**	**32,318**
Stage 1	22,186	5,775	1,875	2,072	-2,643	-287	0	–	124	25,352
Stage 2	6,777	83	865	-2,072	2,643	-906	-58	0	-106	5,496
Stage 3	985	2	134	–	–	1,193	-516	-5	-55	1,470
Money market and capital market receivables (ac)[1]	**5,017**	**864**	**54**	**–**	**–**	**–**	**–**	**–**	**51**	**5,878**
Stage 1	5,016	864	54	–	-8	–	–	–	51	5,869
Stage 2	1	–	–	–	8	–	–	–	0	9
Receivables from other transactions (ac)	**101**	**65**	**51**	**–**	**–**	**–**	**–**	**–**	**2**	**117**
Total	35,066	6,789	2,979	–	–	–	-574	-5	16	38,313

[1] Including non-current assets held for sale

Financial assets (fvoci)

2024

€ mn	Gross carrying amount as at 1 Jan	Additions	Disposals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Impairment and reversals of impairment	Net modification gain or loss	Currency and other changes	Gross carrying amount as at 31 Dec
Money market and capital market receivables (fvoci)	**4,401**	**1,060**	**706**	**–**	**–**	**–**	**–**	**–**	**67**	**4,822**
Stage 1	4,255	1,060	706	146	-33	–	–	–	65	4,787
Stage 2	146	–	–	-146	33	–	–	–	2	35
Equity instruments (fvoci)	**2**	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**0**	**1**
Stage 1	2	–	1	–	–	–	–	–	0	1
Total	4,403	1,060	707	–	–	–	–	–	67	4,823

2023

€ mn	Gross carrying amount as at 1 Jan	Additions	Disposals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Impairment and reversals of impairment	Net modification gain or loss	Currency and other changes	Gross carrying amount as at 31 Dec
Money market and capital market receivables (fvoci)	**3,550**	**700**	**–**	**–**	**–**	**–**	**–**	**–**	**151**	**4,401**
Stage 1	3,550	700	–	–	-140	–	–	–	145	4,255
Stage 2	-	-	–	–	140	–	–	–	6	146
Equity instruments (fvoci)	**2**	**-**	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**2**
Stage 1	2	-	–	–	–	–	–	–	0	2
Total	3,552	700	–	–	–	–	–	–	151	4,403

Please refer to the presentation of the items of the statement of financial position in the section "Notes to the statement of financial position" for information on maximum credit risk exposure of on-balance-sheet financial assets since the carrying amount corresponds to the maximum credit risk exposure of Aareal Bank as at the balance sheet date, for both items that are subject to the impairment rules and for financial assets that are not subject to the impairment rules. The collateral received is described in the Report on the Economic Position and in the Risk Report as part of the Group Management Report.

As at the current reporting date, no receivables from the lending business were written off during the reporting year, while receivables of € 10 million were the subject matter of foreclosure proceedings (2023: none).

(68) Modification effects

If modifications are made to financial assets during the contract term leading to changes in the contractual cash flows and if these changes are not that extensive that the financial asset is derecognised and a new asset is recognised, such modifications are non-substantial modifications. Following a non-substantial modification, the carrying amount of a financial asset is remeasured and a net modification gain or loss is recorded in net interest income or in the loss allowance.

The following table shows the amortised cost before modification of financial assets that were subject to non-substantial modifications in the reporting period as well as the related modification gain or loss.

	2024			2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
€ mn						
Amortised cost before modification	309	111	371	31	109	109
Net gain or loss on modification	0	0	-30	0	0	-5
Amortised cost after modification	**309**	**111**	**341**	**31**	**109**	**104**

During the financial year 2024, no receivables from the lending business were reclassified from Stage 2 or Stage 3 to Stage 1, which had been modified since they were first classified as Stage 2 or Stage 3 receivables (2023: none).

(69) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when currently there is a legally enforceable right to set off the recognised amounts, and when the Bank intends either to settle on a net basis – or to realise the asset and settle the liability simultaneously. The following overviews show whether and to what extent financial instruments were actually offset as at the current reporting date. The tables also include disclosures on financial instruments that are part of an enforceable master netting or similar arrangement that do not meet the criteria for offsetting in the statement of financial position.

Financial assets

31 December 2024

€ mn	Gross carrying amounts of recognised financial assets	Gross carrying amounts of offset amounts	Net carrying amount reported in the statement of financial position	Financial liabilities which were not subject to offsetting	Collateral received	Remaining net amount
Derivatives	1,140	–	1,140	1,055	159	0
Reverse repos	–	–	–	–	–	–
Total	**1,140**	**–**	**1,140**	**1,055**	**159**	**0**

31 December 2023

€ mn	Gross carrying amounts of recognised financial assets	Gross carrying amounts of offset amounts	Net carrying amount reported in the statement of financial position	Financial liabilities which were not subject to offsetting	Collateral received	Remaining net amount
Derivatives	1,539	–	1,539	1,314	209	16
Reverse repos	1,525	–	1,525	–	1,525	–
Total	**3,064**	**–**	**3,064**	**1,314**	**1,734**	**16**

Financial liabilities

31 December 2024

€ mn	Gross carrying amounts of recognised financial liabilities	Gross carrying amounts of offset amounts	Net carrying amount reported in the statement of financial position	Financial assets which were not subject to offsetting	Collateral provided	Remaining net amount
Derivatives	2,570	–	2,570	1,055	1,891	0
Repos	965	–	965	965	675	0
Total	**3,535**	**–**	**3,535**	**2,020**	**2,566**	**0**

31 December 2023

€ mn	Gross carrying amounts of recognised financial liabilities	Gross carrying amounts of offset amounts	Net carrying amount reported in the statement of financial position	Financial assets which were not subject to offsetting	Collateral provided	Remaining net amount
Derivatives	2,684	–	2,684	1,314	1,169	201
Repos	–	–	–	–	–	–
Total	**2,684**	**–**	**2,684**	**1,314**	**1,169**	**201**

To reduce counterparty risk, Aareal Bank Group concludes standardised master agreements for financial derivatives and securities repurchase agreements, such as the ISDA Master Agreement, the German Master Agreement on Financial Derivatives or the Master Agreement for Securities Repurchase Transactions. In addition, Aareal Bank enters into collateral agreements (Credit Support Annex to the ISDA Master Agreement and Collateral Annex to the German Master Agreement on Financial Derivatives) in which a mutual collateralisation of all claims between the contracting parties is agreed and which include netting arrangements.

The master agreements for financial derivatives used by Aareal Bank include netting arrangements at a single transaction level (so-called "payment netting"), which provide for a netting of payments when both parties need to make payments in the same currency on the same date, as set out in the contract. Aareal Bank does not offset financial derivatives according to the rules related to payment netting, as the transactions are not settled on a net basis. Aareal Bank Group has not entered into arrangements providing for netting of derivatives across several transactions.

For securities repurchase transactions (repo), depending on the counterparty, payment or delivery netting is made. In line with the rules set out in the master agreement for repo transactions, payments or deliveries of securities may be offset when both counterparties have to make payments in the same currency on the same date, or have to deliver securities of the same type. Transactions effected on the basis of the master agreement for repo transactions generally meet the offsetting requirements of IAS 32.

(70) Assets provided or accepted as collateral

Assets provided as collateral

Aareal Bank Group has provided financial assets as collateral for its liabilities or contingent liabilities. The following overview shows the carrying amount of the collateral provided and the items of the statement of financial position in which they are reported.

€ mn	31 Dec 2024	31 Dec 2023
Loan receivables (ac, fvoci and fvpl)	303	–
Money market and capital market receivables (ac, fvoci and fvpl)	1,983	1,792
Receivables from other transactions (ac)	51	49
Total	**2,337**	**1,841**

The protection buyer has no right to sell or re-pledge any of the financial assets pledged as collateral (2023: € – million). There is a fully cash-collateralised and irrevocable payment obligation in the amount of € 51 million (2023: € 49 million) from the bank levy and also for the deposit guarantee scheme of German banks. This obligation is reported under receivables from other transactions (ac). In addition, repo transactions having a nominal volume of € 610 million were concluded and collateralised by repurchased debt securities.

Assets accepted as collateral

Aareal Bank Group accepts financial assets as collateral. These assets may be sold or pledged without the collateral owner being in default. No fixed-income securities were accepted as collateral for repo transactions as at the reporting date (2023: € – million).

Collateral is provided and accepted predominantly on the basis of standardised agreements on securities repurchase transactions and on the collateralisation of forward transactions.

(71) Transfer of financial assets without derecognition

Aareal Bank Group sells securities subject to a take-back requirement as borrower within the framework of genuine repurchase agreements. Within the scope of such agreements, securities are transferred to lenders without resulting in the securities being derecognised since Aareal Bank Group retains the substantial risks and rewards from the securities. The risks to which Aareal Bank Group is still exposed comprise the default risk, the interest rate risk and other price risks. The equivalent values received as collateral during the transfer of securities are accounted as money-market receivables or liabilities. Within the context of securities repurchase transactions, the unrestricted title and the unrestricted power of disposition is transferred to the lender upon delivery of the securities. The lender has the right to sell or pledge these securities, however, he is required to retransfer securities of the same type and in the same amount as at the repurchase date.

Securities repurchase transactions amounting to € 965 million (2023: € – million) were outstanding as at the reporting date.

(72) Derivative financial instruments

The following table shows positive and negative market values (including pro-rata interest) of all derivative financial instruments by hedge and risk types:

	Fair value as at 31 Dec 2024		Fair value as at 31 Dec 2023	
	positive	negative	positive	negative
€ mn				
Fair value hedge derivatives	**673**	**1,023**	**826**	**1,305**
Interest rate risk	670	1,023	823	1,305
Interest rate swaps	670	1,023	823	1,305
Interest rate and currency risk	3	–	3	–
Cross-currency swaps	3	–	3	–
Hedge of net investments	**–**	**34**	**5**	**16**
Currency risk	–	34	5	16
Cross-currency swaps	–	34	5	16
Other derivatives	**471**	**1,509**	**707**	**1,362**
Interest rate risk	325	842	446	1,064
Interest rate swaps	293	810	349	967
Caps, floors	29	29	96	96
Other	3	3	1	1
Interest rate and currency risk	146	667	261	298
Spot and forward foreign exchange transactions	11	1	9	4
Cross-currency swaps	135	666	252	294
Total	**1,144**	**2,566**	**1,538**	**2,683**

Derivatives have been entered into with the following counterparties:

	Fair value as at 31 Dec 2024		Fair value as at 31 Dec 2023	
	positive	negative	positive	negative
€ mn				
OECD banks and central governments	1,107	2,518	1,498	2,564
Companies and private individuals	37	48	40	119
Total	**1,144**	**2,566**	**1,538**	**2,683**

The following overview shows the cash flows of derivative financial instruments by risk types, based on the contractual maturity. The amounts shown in the table represent the contractually agreed future undiscounted cash flows.

31 December 2024

€ mn	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Interest rate risk					
Interest rate swaps					
Cash inflows	498	1,053	3,086	1,550	**6,187**
Cash outflows	594	1,085	3,373	1,660	**6,712**
Caps, floors					
Cash inflows	8	11	17	–	**36**
Cash outflows	8	11	17	–	**36**
Interest rate and currency risk					
Spot and forward foreign exchange transactions					
Cash inflows	2,058	–	–	–	**2,058**
Cash outflows	2,050	–	–	–	**2,050**
Cross-currency swaps					
Cash inflows	1,278	3,266	9,567	-13	**14,098**
Cash outflows	1,332	3,634	10,235	–	**15,201**
Total cash inflows	**3,842**	**4,330**	**12,670**	**1,537**	**22,379**
Total cash outflows	**3,984**	**4,730**	**13,625**	**1,660**	**23,999**

31 December 2023

€ mn	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Interest rate risk					
Interest rate swaps					
Cash inflows	540	1,197	2,826	1,663	**6,226**
Cash outflows	620	1,296	3,236	1,821	**6,973**
Caps, floors					
Cash inflows	25	50	29	–	**104**
Cash outflows	25	50	29	–	**104**
Interest rate and currency risk					
Spot and forward foreign exchange transactions					
Cash inflows	1,733	–	–	–	**1,733**
Cash outflows	1,729	–	–	–	**1,729**
Cross-currency swaps					
Cash inflows	788	3,554	11,558	1	**15,901**
Cash outflows	869	3,679	11,826	–	**16,374**
Total cash inflows	**3,086**	**4,801**	**14,413**	**1,664**	**23,964**
Total cash outflows	**3,243**	**5,025**	**15,091**	**1,821**	**25,180**

The procedure for measuring and monitoring liquidity risk is described in the Risk Report, part of the Group Management Report.

(73) Disclosures on hedging relationships

Disclosures on hedging derivatives

The following tables show designated hedging derivatives separately for each type of hedging relationship, risk category and product type:

Positive market value of designated hedging derivatives

€ mn	Carrying amount 31 Dec 2024	Nominal amount 31 Dec 2024	Fair value change 1 Jan - 31 Dec 2024	Carrying amount 31 Dec 2023	Nominal amount 31 Dec 2023	Fair value change 1 Jan - 31 Dec 2023
Fair value hedges						
Interest rate risk						
Interest rate swaps	670	21,269	-91	823	16,753	182
Interest rate and currency risk						
Cross-currency swaps	3	121	5	3	115	-4
Hedge of net investments						
Currency risk						
Cross-currency swaps	–	–	0	5	219	0
Spot and forward foreign exchange transactions	–	–	0	0	–	0
Total	**673**	**21,390**	**-86**	**831**	**17,087**	**178**

Negative market value of designated hedging derivatives

€ mn	Carrying amount 31 Dec 2024	Nominal amount 31 Dec 2024	Fair value change 1 Jan - 31 Dec 2024	Carrying amount 31 Dec 2023	Nominal amount 31 Dec 2023	Fair value change 1 Jan - 31 Dec 2023
Fair value hedges						
Interest rate risk						
Interest rate swaps	1,023	18,910	-208	1,305	19,590	-467
Hedge of net investments						
Currency risk						
Currency swaps	34	882	0	16	585	0
Total	**1,057**	**19,792**	**-208**	**1,321**	**20,175**	**-467**

The following overview presents the nominal amounts of the hedging derivatives by maturities:

31 December 2024

€ mn	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Fair value hedges					
Interest rate risk					
Interest rate swaps	2,418	4,751	26,541	6,470	**40,180**
Interest rate and currency risks					
Cross-currency swaps	–	–	120	–	**120**
Hedge of net investments					
Currency risk					
Cross-currency swaps	359	75	448	–	**882**
Total nominal amounts	**2,777**	**4,826**	**27,109**	**6,470**	**41,182**

Aareal Bank applies the standard amendments from the first part of the effects of the interest rate benchmark reform (IBOR reform) on financial reporting in the period prior to the replacement of an existing interest rate benchmark. The uncertainties refer to the hedging of changes in fair value from interest rate risk. This applies to variable reference rates with terms of one to six months for the currencies CAD, DKK, EUR, SEK and NZD. An amount of € 18.3 billion of the total of € 41.2 billion is attributable to benchmark interest rates for which no official cessation effective date has been announced and/or for which no contractual arrangements for transition have been made. Aareal Bank still does not expect the changes from the IBOR reform to require the discontinuation of hedging relationships.

31 December 2023

€ mn	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Fair value hedges					
Interest rate risk					
Interest rate swaps	2,012	4,072	23,665	6,601	**36,350**
Interest rate and currency risks					
Cross-currency swaps	–	–	115	–	**115**
Hedge of net investments					
Currency risk					
Cross-currency swaps	–	509	295	–	**804**
Currency swaps	–	–	–	–	**–**
Total nominal amounts	**2,012**	**4,581**	**24,075**	**6,601**	**37,269**

Disclosures on hedged items

Hedged items of fair value hedges

The following tables show hedged items and hedge adjustments from discontinued hedging relationships separately for each type of hedging relationship and risk category:

	Active hedging relationships			Discontinued hedging relationships
€ mn	Carrying amount 31 Dec 2024	Accumulated hedge adjustment 31 Dec 2024	Change in hedged fair values 1 Jan-31 Dec 2024	Balance of hedge adjustments 31 Dec 2024
Interest rate risk				
Loan receivables (ac)	9,607	-87	104	-16
Money market and capital market receivables (ac)	2,429	90	0	85
Money market and capital market receivables (fvoci)	4,724	-77	58	0
Money market and capital market liabilities (ac)	22,676	-401	317	-262
Subordinated liabilities (ac)	603	1	6	1
Interest rate and currency risk				
Money market and capital market receivables (ac)	125	4	-6	–

	Active hedging relationships			Discontinued hedging relationships
€ mn	Carrying amount 31 Dec 2023	Accumulated hedge adjustment 31 Dec 2023	Change inhedged fair values 1 Jan-31 Dec 2023	Balance of hedge adjustments 31 Dec 2023
Interest rate risk				
Loan receivables (ac)	8,553	-231	306	-5
Money market and capital market receivables (ac)	1,840	70	38	110
Money market and capital market receivables (fvoci)	4,276	-152	179	-1
Money market and capital market liabilities (ac)	20,559	-745	795	-348
Subordinated liabilities (ac)	268	-5	9	1
Interest rate and currency risk				
Money market and capital market receivables (ac)	125	9	3	–

Hedge of net investments

The change in value of currency-hedged net investments in foreign operations amounted to € -44 million (2023: € 30 million) in the financial year under review. The balance of the hedging reserve (net) stood at € -75 million (2023: € -31 million) at year-end.

Net gain or loss from hedge accounting

Fair value hedges

The net gain or loss from hedge accounting includes the following ineffective portions of fair value hedges by risk categories:

€ mn	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Interest rate risks	4	1
Interest rate and currency risks	0	0
Total	**4**	**1**

Hedge of net investments

The ineffective portion of currency-hedged net investments in foreign operations amounted to € 0 million (2023: € 0 million), reported in the item "Net gain or loss from hedge accounting". As in the previous year, no amounts were reclassified from the reserve for currency-hedged net investments to the income statement.

Please also refer to our explanations in Notes (9) and (37).

(74) Maturities of financial liabilities

The following overview shows the future undiscounted cash flows of non-derivative financial liabilities and of loan commitments.

Maturities as at 31 December 2024

€ mn	Payable on demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Money market and capital market liabilities (ac)	487	2,766	3,497	16,319	6,762	**29,831**
Deposits from the housing industry (ac)	8,481	3,500	217	18	–	**12,216**
Subordinated liabilities (ac)	–	1	50	336	516	**903**
Financial liabilities from other transactions (ac)	64	–	8	–	–	**72**
Lease liabilities	–	1	4	8	–	**13**
Financial guarantees	147	–	–	–	2	**149**
Loan commitments	1,334	–	–	–	–	**1,334**

Maturities as at 31 December 2023

€ mn	Payable on demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Money market and capital market liabilities (ac)	822	3,659	2,959	14,890	7,986	**30,316**
Deposits from the housing industry (ac)	8,846	3,606	194	24	–	**12,670**
Subordinated liabilities (ac)	–	85	47	169	105	**406**
Financial liabilities from other transactions (ac)	643	–	6	–	–	**649**
Lease liabilities	–	3	10	23	1	**37**
Financial guarantees	139	–	–	–	2	**141**
Loan commitments	1,430	–	–	–	–	**1,430**

The Risk Report, part of the Group Management Report, includes a detailed description of the liquidity risk associated with financial liabilities.

Segment Reporting

(75) Operating segments of Aareal Bank

Aareal Bank prepares its segment reporting in accordance with IFRS 8 Operating Segments.

In accordance with the "management approach" set out in IFRS 8, the segment report discloses, on a segment-specific basis, financial information which is relevant for internal control of an entity and which is also used by such entity's management to make decisions on the allocation of resources as well as to measure the financial performance of segments.

Two operating segments were defined within Aareal Bank in line with internal management reporting, based on the organisational structure established according to the various products and services offered.

The **Structured Property Financing segment** comprises the property financing and refinancing activities. In this segment, Aareal Bank facilitates property investments for its domestic and international clients, and is active in Europe, North America and Asia / Pacific. It offers commercial property financing solutions, especially for hotels, alternative living, retail, logistics, offices and residential properties, with a focus on existing buildings. Its particular strength lies in its success in combining local market expertise and specific know-how in these sectors, covering its clients with specialist teams in the Group's head office. The sector experts work closely with the local teams, ensuring that the full scope of requisite know-how is available for every transaction. This enables Aareal Bank to offer tailor-made financing concepts that meet the special requirements of its national and international clients, and to conclude structured portfolio and cross-border financings.

Aareal Bank is an active issuer of Pfandbriefe, which account for a major share of its long-term funding. Moody's Aaa rating of the Pfandbriefe confirms the quality of the cover assets pool. To cater to a broad investor base, Aareal Bank uses a wide range of funding tools, including senior preferred and senior non-preferred bonds, as well as promissory notes and bonds. Depending on market conditions, the Bank places large-sized public issues or private placements. In the Banking & Digital Solutions segment, the Bank also generates bank deposits from the housing industry, which represent a strategically important additional source of funding. Furthermore, it has recourse to institutional money market investor deposits, and to retail deposits via a trust model.

In the **Banking & Digital Solutions segment,** Aareal Bank Group provides sector-specific payments processes to its clients from the institutional housing industry, the commercial property sector, as well as to the energy and utilities industry. Aareal Bank helps its clients structure their core business processes more efficiently so they are fit for purpose for the long term. It does so in combination with the BK01 software suite provided by First Financial Software GmbH, which facilitates integrated payment flow processing between ERP systems and the Bank's accounts platform. Aareal Bank, First Financial Software GmbH and Aareon have agreed on a strategic partnership to jointly distribute the BK01 functionality. Wherever the property sector and the energy industry cross over, Aareal Bank and its partners contribute to optimising payments and adjacent processes. Payments processed using BK@1 on Aareal Bank's accounts platform generate deposits that factor into the Group's funding. The digital tenant deposit solutions and selected financing products enhance the range of services the B&DS segment offers the German property sector. Aareal Bank's investment offerings for property and energy industry companies support clients to actively manage their investments and cash.

Income and expenses within Aareal Bank are predominantly attributable to transactions with third parties, and are directly allocated to the responsible business segment. Revenue from transactions between Aareal Bank's segments was not generated in a significant amount. Therefore, we elected not to distinguish between internal and external revenue in the following disclosures. Administrative expenses not directly attributable to any of the business segments are segmented in line with the internal cost allocation, based on the principle of causation.

The results of the business segments are measured by the operating profit and the return on equity (RoE). RoE, which expresses the Bank's segment profitability, is calculated as the ratio of the segment's operating profit (after non-controlling interests and after AT1 interest) to the portion of equity allocated to that segment on average. Allocated equity is calculated on the basis of standardised capital requirements pursuant to Basel IV (phase-in) of 15 %.

(76) Segment results[1)]

	Structured Property Financing		Banking & Digital Solutions		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
€ mn								
Net interest income	791	776	269	238	0	0	1,060	1,014
Loss allowance	370	441	0	0			370	441
Net commission income	1	6	-5	33	0	0	-4	39
Net derecognition gain or loss	31	23					31	23
Net gain or loss from financial instruments (fvpl)	-43	-71	-1	0			-44	-71
Net gain or loss from hedge accounting	3	1					3	1
Net gain or loss from investments accounted for using the equity method	0	1	1	2			1	3
Administrative expenses	278	231	99	110	0		377	341
Net other operating income/expenses	-5	-4	-1	-2	0	0	-6	-6
Operating profit from continuing operations	**130**	**60**	**164**	**161**	**0**	**0**	**294**	**221**
Income taxes	30	44	52	50			82	94
Net income from continuing operations	**100**	**16**	**112**	**111**	**0**	**0**	**212**	**127**
Net income from sold operations					2,062	-79	2,062	-79
Consolidated net income	**100**	**16**	**112**	**111**	**2,062**	**-79**	**2,274**	**48**
Consolidated net income attributable to non-controlling interests	0	-1	0	0		-22	0	-23
Consolidated net income attributable to shareholders of Aareal Bank AG	100	17	112	111	2,062	-57	2,274	71
Allocated equity[2)]	1,659	1,506	411	406	946	958	3,016	2,870
RoE after taxes from continuing operations (%)[3)]	4.0	-0.8	27.4	27.3			5.9	3.4
Employees (average)	**800**	**767**	**401**	**459**			**1,201**	**1,226**
Segment assets	**32,775**	**31,963**	**13,712**	**13,686**	**1,327**	**1,184**	**47,814**	**46,833**

[1)] Presentation in line with the structure prescribed by IFRS 5
[2)] For management purposes, the allocated equity is calculated for all segments on the basis of a standardised capital requirement pursuant to Basel IV (phase-in) of 15 %.
[3)] The allocation of earnings is based on the assumption that interest payable on the AT1 bond is recognised on an accrual basis.

Commission income from contracts with clients (revenue within the meaning of IFRS 15) is allocated to the segments as follows:

	Structured Property Financing		Banking & Digital Solutions		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
€ mn								
Recurring services		5	10	15			10	20
Non-recurring services								
Banking business and other activities	12	9	25	24			37	33
Total	**12**	**14**	**35**	**39**	**–**	**–**	**47**	**53**

(77) Breakdown of income and non-current assets by geographical market

The following table provides a breakdown of income by geographical market:

	2024	2023
€ mn		
Germany	797	801
Europe excluding Germany	121	111
North America	112	79
Asia/Pacific	13	13
Total	**1,043**	**1,004**

Income shown includes net interest income (excluding loss allowance), net commission income, net gain or loss on derecognition and net gain or loss from financial instruments (fvpl). The majority of non-current assets is attributable to Germany. Allocation to geographical markets is based on the registered office or domicile of the Group company or branch office.

Other Notes

(78) Assets and liabilities in foreign currency

Foreign currency assets

	31 Dec 2024	31 Dec 2023
€ mn		
USD	11,374	12,622
GBP	6,404	5,507
CAD	921	1,267
SEK	858	940
CHF	260	356
DKK	466	328
Other	1,062	1,255
Total	**21,345**	**22,275**

Foreign currency liabilities

€ mn	31 Dec 2024	31 Dec 2023
USD	11,385	12,660
GBP	6,358	5,461
CAD	915	1,265
SEK	854	935
CHF	257	354
DKK	466	328
Other	1,057	1,252
Total	**21,292**	**22,255**

(79) Subordinated assets

In the event of insolvency or liquidation of the issuer, subordinated assets are those subordinate to the claims of all other creditors. Subordinated assets amounted to € 119 million in the financial year 2024 (2023: € 181 million).

(80) Leases

Leases where the Bank acts as the lessee

The following overview shows the movements in the right-of-use assets from leases where Aareal Bank Group acts as the lessee.

	2024			2023		
€ mn	Right-of-use assets in land and buildings	Right-of-use assets in office furniture and equipment	Total	Right-of-use assets in land and buildings	Right-of-use assets in office furniture and equipment	Total
Cost						
Balance as at 1 January	**25**	**5**	**30**	**32**	**4**	**36**
Additions	6	10	**16**	17	8	**25**
Transfers	-37	-15	**-52**	0	0	**0**
Depreciation, amortisation and impairment losses	-21	-6	**-27**	7	3	**10**
Disposals	8	4	**12**	19	4	**23**
Changes in the basis of consolidation	0	0	**0**	2	0	**2**
Currency translation differences	0	0	**0**	0	0	**0**
Balance as at 31 December	**7**	**2**	**9**	**25**	**5**	**30**

Right-of-use assets are recognised under property and equipment.

Aareal Bank Group primarily rents properties which are, in some cases, subject to longer-term rental agreements with extension options of up to ten years where the exercise is reasonably certain. The leases are not subject to material residual value guarantees.

The entire cash outflows from leases where Aareal Bank Group is the lessee in the current period amount to € 5 million (2023: € 15 million) as at the reporting date.

Expenses and income from Aareal Bank Group include the following amounts from leases with Aareal Bank Group as the lessee:

€ mn	31 Dec 2024	31 Dec 2023
Interest expenses for lease liabilities	1	1
Expenses for short-term leases	1	1
Expenses for low-value leases	–	0

In the financial year 2024, no material variable lease payments were agreed upon (2023: € – million).

The future undiscounted cash flows from lease liabilities based on their maturities are disclosed in the Note "Maturities of financial liabilities".

Leases where the Bank acts as the lessor

Aareal Bank Group acts as lessor as regards the lease of property. The material rental contracts are classified as operating leases. Properties leased by the Group are reported under the item "Other assets". Not all properties reported under the item "Other assets" are currently let. The risks of these properties are included in property risk management.

Income from operating leases amounted to € 14 million (2023: € 6 million) in the year under review. It is recognised in the income statement on a straight-line basis over the lease term.

The following overview shows the future undiscounted payments under operating leases based on their maturities where Aareal Bank Group acts as the lessor.

€ mn	31 Dec 2024	31 Dec 2023
Up to 1 year	25	7
Longer than 1 year, and up to 5 years	90	29
Longer than 5 years	46	7
Total minimum lease payments	**161**	**43**

(81) Contingent liabilities and loan commitments

€ mn	31 Dec 2024	31 Dec 2023
Contingent liabilities	150	141
Loan commitments	1,334	1,430
of which: irrevocable	1,099	1,185

Contingent liabilities include € 33 million in irrevocable payment obligations regarding the bank levy, € 12 million to the compensation scheme of German banks (statutory deposit protection scheme) and € 6 million to the deposit protection fund. During the reporting year, irrevocable payment obligations regarding the bank levy were unchanged against the previous year, those to the compensation scheme of German banks increased by € 3 million. These and the values reported under loan commitments given represent the maximum default risk to which Aareal Bank Group is exposed at the end of the reporting period.

Furthermore, the Bank is involved in legal disputes. Based on a legal analysis, successful outcome of these disputes is more likely than not. Essentially, these are legal disputes with borrowers (or former borrowers) who claim damages against the Bank. These are included in the table above, with a probability-weighted amount of € 32 million (2023: € 29 million), but have not been recognised as liabilities. The maximum non-probability-weighted default risk – assuming the Bank were to lose all such legal disputes – is estimated in the high double-digit million range. The respective duration of proceedings depends on the complexity of each individual litigation and the legal remedies available in each case. Likewise, the final amount in the event of defeat may vary considerably, depending upon the duration of proceedings and the legal remedies. Refunds of litigation costs are possible.

Tax risks were also included in contingent liabilities in the year under review, at a probability-weighted amount of € 54 million (2023: € 53 million). They result from the diverging assessment of tax matters and potential legal changes. This is offset by opportunities, albeit to a lesser extent. We estimate the maximum tax risk to be in the low triple-digit million range.

Accordingly, the recognition of contingent liabilities is also subject to estimation uncertainties.

(82) Regulatory capital and capital management

As regards meeting minimum capital ratios, Aareal Bank Group has to comply with the capital adequacy requirements set out in the Capital Requirements Regulation (CRR), the Capital Requirements Directive IV (CRD IV), the German Banking Act (Kreditwesengesetz – KWG) and the German Solvency Regulation (Solvabilitätsverordnung – SolvV). At the level of Atlantic Lux HoldCo S.à r.l. (on a consolidated basis) and Aareal Bank AG, Aareal Bank is required to fulfil a Total SREP Capital Requirement (TSCR) of 11.00 % in 2025 (2024: 11.00 %). This includes the requirement to maintain additional own funds (capital buffer) for risks other than the risk of excessive leverage (Pillar 2 requirements – P2R) of 3.00 %, which must be maintained in the form of at least 56.25 % Common Equity Tier 1 (CET 1) capital and 75 % Tier 1 (T 1) capital, respectively. The Overall Capital Requirement (OCR) of Aareal Bank in 2025 amounts to 14.11 % (2024: 14.06 – 14.17 %), resulting from the TSCR plus the capital conservation buffer of 2.5 %, the currently applicable countercyclical capital buffer of 0.59 % (2024: 0.54 – 0.65 %), and the sector-specific systemic risk buffer of 0.02 % (2024: 0.02 %). Each of these buffers has to be maintained in the form of Common Equity Tier 1 capital. Compliance with the capital requirements has to be reported to the competent supervisory authorities on a quarterly basis. The Bank complied with regulatory capital as well as liquidity requirements at all times during the reporting period.

The objectives of capital management are optimising the capital base as well as an efficient capital allocation to the individual business areas in terms of risk and income. Aareal Bank has defined the CET 1 ratio (Basel IV (phase-in); from 1 January 2025: fully phased) as a key management indicator, subject to further regulatory changes.

Within the context of capital management, projections are made on a regular basis showing the changes of the individual capital components and risk-weighted assets, as well as the resulting capital ratios. This is reported regularly to the Management Board within the framework of management reporting. The strategic allocation of capital to the individual business segments is incorporated in the Group's annual overall planning process.

(83) Disclosures on remuneration

Management and Supervisory Board

In the financial year 2024, the Management Board's total remuneration, excluding benefits from pension commitments, amounted to € 12 million (2023: € 8 million), of which € 7 million (2023: € 4 million) referred to variable components.

Payments to former Management Board members and their surviving dependants totalled € 2 million in 2024 (2023: € 2 million).

The amount of pension obligations to active and former members of the Management Board was € 52 million as at 31 December 2024 (2023: € 52 million). Of that amount, € 5 million (2023: € 8 million) related to members of the Management Board active at the end of the financial year and € 47 million to former members of the Management Board and their surviving dependants (2023: € 45 million).

The total remuneration of members of the Supervisory Board for the financial year 2024 amounted to € 2 million (2023: € 2 million). The remuneration for any financial year shall be due and payable one month after the end of the respective financial year.

Remuneration for key executives

The definition of executives in key positions within Aareal Bank Group includes members of management or supervisory bodies of Aareal Bank AG.

Total remuneration of executives in key positions is analysed below:

€ 000's	31 Dec 2024	31 Dec 2023
Short-term benefits	7,804	6,388
Post-employment benefits	1,327	1,512
Other long-term benefits	1,826	981
Termination benefits	5,359	–
Share-based remuneration	4,018	2,158
Total	**20,334**	**11,039**

Post-employment benefits reported comprise service cost resulting from pension provisions for Management Board members who were in active service during the financial year as well as past service cost.

Provisions for pension obligations concerning key executives totalled € 8 million as at 31 December 2024 (2023: € 8 million).

Disclosures on share-based remuneration

Share-based remuneration for risk takers

In the case of risk takers whose variable remuneration exceeds an exemption threshold, a portion of the variable remuneration is granted in form of a share-based payment, with the amount of such remuneration upon disbursement depending on the value of one Aareal Bank AG share. In this context, a distinction is made between a share bonus that is immediately due and subject to a holding period (20 % to 30 % of the variable remuneration) and a deferred share-based payment (also 20 % to 30 % of the variable remuneration). The deferral period of the deferred share-based payment amounts to four or five years, with disbursement being made annually pro rata temporis, also after a holding period. The disbursement is normally made via cash settlement. Until the disbursement of the share-based remuneration components, these components are also subject to defined penalty conditions that enable a subsequent reduction up to a full elimination. In addition, share-based payment elements that were granted after 2017, may be reclaimed in certain situations ("clawback").

These rules also apply to the members of the Management Board, with the deferral period amounting to at least five years since the financial year 2018 and the deferred share-based payment amounting to at least 35 %. The deferral period is also increased for newly appointed Management Board members for the first year of service to seven years and for the second year of service to six years. The deferral period is five years from the third year of service.

Valuation model and valuation assumptions

The obligations resulting from share-based payment arrangements as at the balance sheet date correspond to the remuneration granted, discounted to the balance sheet date. The discount period corresponds to the period from the balance sheet date to the earliest exercise or payout date, per plan and per tranche.

Amount of cash-settled share-based payment transactions

The total amount of outstanding virtual shares in relation to existing share-based payment arrangements changed as follows:

Quantity (number)	2024	2023
Balance (outstanding) as at 1 January	**624,735**	**658,783**
Granted during the reporting period	193,087	215,590
Expired during the reporting period	–	–
Exercised during the reporting period	199,083	249,638
Balance (outstanding) as at 31 December	**618,739**	**624,735**
of which: exercisable	–	–

As at the reporting date, the total amount of virtual shares granted during the reporting period amounted to € 9 million (2023: € 7 million).

The virtual shares exercised during the reporting period were converted at a weighted average price of the Aareal Bank AG share of € 36.30 (2023: € 32.99). Since Aareal Bank's delisting on 21 November 2023, the applicable value of one virtual share has been determined by dividing the company value of Aareal Bank Group (based on a valuation of Aareal Bank in accordance with the IDW S1 standard) by the number of real Aareal Bank shares at the relevant point in time.

Impact on financial performance

The total amount expensed for share-based payment transactions was € 8 million during the 2024 financial year (2023: € 0.1 million). The obligation from share-based payment transactions as at 31 December 2024 amounted to € 41 million (2023: € 27 million). It is reported in the statement of financial position in the line item "Provisions".

Management Equity Programme

Together with Advent International, Aareal Bank set up a Management Equity Programme (MEP) for Aareon in 2021 and, in line with its shareholding, contributed Aareon shares with a market value of € 6 million into a management equity company, in which individual members of Aareon's management as well as independent members of the Advisory Board may also acquire an interest at market value.

These participants' interests were also disposed of upon the sale of Aareon, yielding cash-settled gains.

(84) Related party disclosures in accordance with IAS 24

The group of related parties of Aareal Bank Group comprises the members of Aareal Bank AG's management or supervisory bodies (cf. the preceding Note), the Managing Directors of Atlantic BidCo GmbH and Atlantic Lux HoldCo S.à r.l., as well as close family members and related companies of these persons. Intra-group receivables and liabilities, as well as consolidated income and expenses, are not shown here.

The following list provides an overview of the balances of existing transactions with related parties:

Aareal Bank AG

€ mn	31 Dec 2024	31 Dec 2023
Management Board	0.7	0.4
Supervisory Board	0.4	0.2
Other related parties	1.6	2.2
Total	**2.7**	**2.8**

Atlantic BidCo GmbH

€ mn	31 Dec 2024	31 Dec 2023
Managing Director	0.4	0.2
Other related parties	1.6	1.0
Total	**2.0**	**1.2**

Atlantic Lux HoldCo S.à r.l.

€ mn	31 Dec 2024	31 Dec 2023
Managing Director	–	–
Other related parties	1.2	1.2
Total	**1.2**	**1.2**

Transactions with related parties occurred during the reporting period. One member of the Management Board, one member of the Supervisory Board and one related company of a Supervisory Board member of Aareal Bank AG made a regular way purchase of debt securities totalling € 2.7 million. This related company of a Supervisory Board member of Aareal Bank AG is also a related company of a Managing Director of Atlantic BidCo GmbH. Furthermore, this Supervisory Board member of Aareal Bank AG is also a Managing Director of Atlantic BidCo GmbH.

Atlantic Lux HoldCo S.à r.l. refunds costs incurred prior to and after the takeover to Aareal Bank AG. In the previous year, in particular, these were related to the preparation of Atlantic Group’s opening balance sheet, and since, the preparation of further consolidated financial statements. Costs incurred in the 2024 financial year totalled € 1.2 million.

There were no further significant transactions within the meaning of IAS 24.

(85) Events after the reporting date

There were no material matters subsequent to the end of the reporting period that need to be disclosed at this point.

(86) Contingencies

By means of a Letter of Comfort in favour of the Monetary Authority of Singapore, Aareal Bank AG has undertaken to ensure that Aareal Bank Asia Ltd. is able to fulfil its obligations at any time.

(87) Disclosures pursuant to Section 160 (1) no. 8 of the AktG

In accordance with the notification pursuant to section 20 (6) of the German Public Limited Companies Act (Aktiengesetz – AktG) dated 11 December 2023, Atlantic BidCo GmbH directly holds more than 50 %, and Atlantic Lux HoldCo S.à r.l. indirectly holds more than 50 % of shares in Aareal Bank AG. Atlantic BidCo GmbH’s holding is attributable to Atlantic Lux HoldCo S.à r.l.

(88) Statement pursuant to Section 312 of the AktG

Aareal Bank AG has prepared a subordinate status report (Abhängigkeitsbericht) in accordance with section 312 of the AktG for the 2024 financial year.

(89) Employees

The number of Aareal Bank Group employees is shown below:

	31 Dec 2024[1)]	Average 1 Jan - 31 Dec 2024[2)]	31 Dec 2023[1)]	Average 1 Jan - 31 Dec 2023[2)]
Salaried employees	1,158	1,159	1,154	1,173
Executives	40	42	47	53
Total	**1,198**	**1,201**	**1,201**	**1,226**
of which: part-time employees	192	193	202	209

[1)] This number does not include 57 employees of the hotel business (31 December 2023: 37 employees) and the employees of the Aareon sub-group.
[2)] This number does not include 213 employees of the hotel business (1 January to 31 December 2023: 186 employees) and the employees of the Aareon sub-group.

(90) Nature and extent of interests in unconsolidated structured entities

In accordance with IFRS 12.24, the nature and extent of interests in unconsolidated structured entities as well as the nature of, and changes in, the risks associated with such interests have to be disclosed in the consolidated financial statements. An interest in a structured entity arises from a contractual and/or non-contractual involvement which entitles the Group to receive variable returns from the relevant activities of the structured entity. Examples for this are equity or debt instruments of structured entities or the provision of financing, collateral and guarantees to structured entities.

Structured entities are companies where voting rights or similar rights are not the dominant factor to assess control of the company. The relevant activities of structured entities are directed by means of contractual arrangements; any voting rights relate to administrative tasks only. Structured entities are characterised by features or attributes such as restricted activities, a narrow and well-defined objective and/or insufficient equity. In addition, structured entities may relate to financings in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks. Examples of structured entities are securitisation vehicles, asset-backed financings and some investment funds.

Aareal Bank Group mainly interacts with structured entities established by leased property companies. In this context, the Group provides financing to structured entities in the form of loans or guarantees. In the following table, strategic investments made by the Group are shown under “Other”. The leased property companies were established by third parties for the financing of particular transactions and have the legal form of a German private limited company with a limited liability company as general partner (GmbH & Co KG). In the year under review and the previous year, Aareal Bank Group did not provide any non-contractual support for unconsolidated structured entities.

To the extent that this is relevant, the following table shows the carrying amounts of assets and liabilities recognised by Aareal Bank Group as at the reporting date as well as the existing off-balance sheet risk exposures that relate to unconsolidated structured entities. The carrying amounts of the assets and off-balance sheet items correspond to the Group’s maximum loss exposure from interests in unconsolidated structured entities (without taking into account collateral). The size of the structured entities was determined on the basis of the net fund assets (for other vehicles) and on the basis of total assets for leased property companies.

31 December 2024

€ mn	Leased property companies	Other	Total
Assets	**15**	**4**	
Loan receivables	15	4	**19**
Off-balance sheet exposures		**1**	
Loan commitments and guarantees (nominal value)	–	1	**1**
Size range of structured units	**€ 48 million**	**€ 43.5 million**	

31 December 2023

€ mn	Leased property companies	Other	Total
Assets	**15**	**5**	
Loan receivables	15	5	**20**
Off-balance sheet exposures		**1**	
Loan commitments and guarantees (nominal value)	–	1	**1**
Size range of structured units	**€ 47 million**	**€ 0.8 million – € 45.5 million**	

(91) Country-by-Country Reporting

The disclosure requirements refer to information on registered office, revenue, profit or loss, taxes on profit or loss, received government assistance as well as wage and salary earners of Aareal Bank AG, together with its foreign branches and domestic and foreign subsidiaries included in the reporting entity-structure, prior to consolidation.

For this purpose, the Bank's entities – subsidiaries as well as Aareal Bank AG's foreign branches – are allocated to our two business segments, Structured Property Financing and Banking & Digital Solutions.

Aareal Bank defines the entities' operating profit, which is used as a proxy for revenue, as the sum of the following consolidated income statement items (in accordance with IFRSs):

- Net interest income before loss allowance
- Net commission income
- Net derecognition gain or loss
- Net gain or loss from financial instruments (fvpl)
- Net gain or loss from hedge accounting
- Net gain or loss from investments accounted for using the equity method
- Net other operating income/expenses

Taxes disclosed are tax expenses in accordance with IFRSs.

The number of wage and salary earners relates to average full-time equivalent staff employed during the financial year.

The following overview shows all countries where Aareal Bank AG has offices, including foreign branches and subsidiaries. Please refer to the list of shareholdings as regards the allocation of individual subsidiaries to the relevant country of domicile. Aareal Bank AG's foreign branches are located in France, Ireland, Italy, Poland, Sweden and the UK.

2024

	Revenues	Profit/loss before taxes	Taxes on profit or loss	Number of wage and salary earners
	€ mn	€ mn	€ mn	Full-time equivalents
Structured Property Financing segment	**778**	**130**	**30**	**902**
Germany	537	190	42	791
France	32	27	7	10
UK	13	9	2	10
Ireland	1	1	0	1
Italy	75	27	-12	26
Poland	11	7	1	8
Sweden	3	2	0	4
Singapore	13	9	2	9
Spain	-2	-2	–	–
USA	95	-140	-12	43
Consolidation	–	–	–	–
Banking & Digital Solutions segment	**263**	**164**	**52**	**208**
Germany	263	164	52	208
Consolidation	–	–	–	–
Total	**1,041**	**294**	**82**	**1,110**

Government assistance was not received in the financial year 2024 (2023: none).

Aareal Bank Group's return on assets, calculated as the ratio of net profit to total assets, was 0.38 % as at the record date.

2023

	Revenues	Profit/loss before taxes	Taxes on profit or loss	Number of wage and salary earners
	€ mn	€ mn	€ mn	Full-time equivalents
Structured Property Financing segment	**729**	**60**	**44**	**840**
Germany	507	201	68	738
France	21	17	9	9
United Kingdom	12	8	1	8
Ireland	1	0	0	1
Italy	84	-3	6	27
Poland	10	7	1	9
Sweden	6	4	1	3
Singapore	13	8	2	8
Spain	0	0	–	–
USA	75	-182	-44	37
Consolidation	–	–	–	–
Banking & Digital Solutions segment	**258**	**161**	**50**	**264**
Germany	258	161	50	264
Consolidation	–	–	–	–
Total	**987**	**221**	**94**	**1,104**

(92) List of shareholdings

The list of shareholdings is prepared pursuant to section 313 (2) of the HGB. The disclosures in relation to the companies' equity and results are retrieved from the financial statements in accordance with IFRSs.

31 December 2024

No.	Company name	Registered office	Shareholding	Equity	Results
			%	€ mn	€ mn
1	Aareal Bank AG	Wiesbaden			
	I. Fully-consolidated subsidiaries				
2	Aareal Bank Asia Ltd.	Singapore	100.0	SGD 68.4 mn	SGD 11.4 mn [1]
3	Aareal Capital Corporation	Wilmington	100.0	USD 439.0 mn	USD -113.3 mn [1]
4	Aareal Gesellschaft für Beteiligungen und Grundbesitz Erste mbH & Co. KG	Wiesbaden	94.9	2.9	0.0 [1]
5	Aareal Holding Realty LP	Wilmington	100.0	USD 428.1 mn	USD -1.8 mn [1]
6	Aareal Immobilien Beteiligungen GmbH	Wiesbaden	100.0	599.4	0.0 [3]
7	Apex Owner NY LLC	Wilmington	98.0	USD 16.2 mn	USD 0.0 mn [1]
8	BauContact Immobilien GmbH	Wiesbaden	100.0	19.9	0.8 [1]
9	BauGrund Immobilien-Management GmbH (in liquidation)	Bonn	100.0	0.5	0.0 [2]
10	BVG - Grundstücks- und Verwertungsgesellschaft mit beschränkter Haftung	Frankfurt	100.0	5.3	0.0 [3]
11	Cave Nuove S.p.A.	Rome	100.0	0.9	-2.7 [1]
12	Chronos Beteiligungen GmbH (formerly: Aareal Beteiligungen AG)	Frankfurt	100.0	167.0	0.0 [3]
13	collect Artificial Intelligence GmbH	Hamburg	100.0	2.7	0.0 [3]
14	DBB Inka	Dusseldorf	100.0	104.7	3.2 [1]
15	Deutsche Bau- und Grundstücks-Aktiengesellschaft (in liquidation)	Bonn	95.0	0.5	-1.9 [1]
16	Deutsche Structured Finance GmbH	Wiesbaden	100.0	1.6	0.3 [1]
17	DHB Verwaltungs AG	Wiesbaden	100.0	5.1	0.0 [3]
18	Galleria City Holding Company LLC	Wilmington	95.0	USD 154.5 mn	USD -4.0 mn [1]
19	Galleria City Holding Company Member 2 LLC	Wilmington	95.0	USD 0.0 mn	USD 0.0 mn [1]
20	Galleria City Partners LP	Wilmington	95.0	USD 168.8 mn	USD 0.0 mn [1]
21	Galleria Manager Realty LLC	Wilmington	100.0	USD 0.0 mn	USD 0.0 mn [1]
22	Izalco Spain S.L.	Madrid	100.0	7.9	-2.0 [1]
23	La Sessola Holding GmbH	Wiesbaden	100.0	70.0	0.0 [1]
24	La Sessola S.r.l.	Rome	100.0	46.6	-1.5 [1]
25	La Sessola Service S.r.l.	Rome	100.0	0.1	-0.6 [1]
26	Luce San Giovanni S.r.l.	Rome	100.0	5.9	0.0 [1]
27	Manager Realty LLC	Wilmington	100.0	USD 0.0 mn	USD 0.0 mn [1]
28	Mercadea S.r.l.	Rome	100.0	15.8	0.3 [1]
29	Met Manager Realty LLC	Wilmington	100.0	USD 0.0 mn	USD 0.0 mn [1]
30	Met Tower Venture LP	Wilmington	98.0	USD 100.1 mn	USD 2.4 mn [1]
31	Met Tower Owner LLC	Wilmington	98.0	USD 10.7 mn	USD -5.6 mn [1]
32	Northpark Realty LP	Wilmington	100.0	USD 71.7 mn	USD -19.0 mn [1]
33	Oakland Beneficiary LLC	Wilmington	100.0	USD 0.0 mn	USD 0.0 mn [1]
34	Participation Achte Beteiligungs GmbH	Wiesbaden	100.0	4.3	0.0 [1]

[1] Preliminary figures as at 31 December 2024; [2] Equity and results as at 31 December 2023; [3] Profit and loss transfer agreement / control and profit transfer agreement

>

No.	Company name	Registered office	Shareholding	Equity	Results
			%	€ mn	€ mn
35	Participation Elfte Beteiligungs GmbH	Wiesbaden	100.0	0.0	0.0 [3]
36	Participation Zehnte Beteiligungs GmbH	Wiesbaden	100.0	10.6	0.0 [3]
37	Participation Zwölfte Beteiligungs GmbH	Wiesbaden	100.0	0.0	0.0 [3]
38	plusForta GmbH	Dusseldorf	100.0	0.2	0.0 [1]
39	Sole Sopra Cinquina S.r.l.	Rome	100.0	7.8	0.0 [1]
40	Summit Holdings NY LLC	Wilmington	98.0	USD 16.2 mn	USD 0.0 mn [1]
41	Terrain Beteiligungen GmbH	Wiesbaden	94.0	63.6	0,7 [1]
42	Terrain Herzogpark GmbH & Co. KG	Wiesbaden	100.0	22.6	0.0 [1]
43	Terrain Management GmbH	Wiesbaden	100.0	2.6	0.0 [1]
44	Tintoretto Rome S.r.l.	Rome	100.0	45.3	-1.2 [1]
45	Westdeutsche Immobilien Servicing AG	Mainz	100.0	50.1	0.0 [3]
46	146 Geary CA LLC	Wilmington	100.0	USD 19.5 mn	USD -1.3 mn [1]
47	220 Post CA LLC	Wilmington	100.0	USD 49.0 mn	USD -2.2 mn [1]
48	1015 15TH Street DC LLC	Wilmington	100.0	USD 46.2 mn	USD -1.0 mn [1]
	II. Joint arrangements				
	–	–	– –	–	–
	III. Associates				
49	DSF PP Justizzentrum Thüringen GmbH & Co. KG	Bremen	48.4	0.2	0.0 [2]
50	First Financial Software GmbH	Mainz	25.1	7.2	19.1 [1]
51	Mount Street Group Limited	London	20.0	GBP -6.0 mn	GBP -12.5 mn [2]
52	Westhafen Haus GmbH & Co. Projektentwicklungs KG	Frankfurt	25.0	0.0	0.0 [2]
	IV. Other enterprises				
53	Houses Nominee Ltd.	London	70.0	0.0	0.0 [1]
54	PropTech1 Fund I GmbH & Co. KG	Berlin	9.6	50.2	-0.7 [2]

[1] Preliminary figures as at 31 December 2024; [2] Equity and results as at 31 December 2023; [3] Profit and loss transfer agreement/control and profit transfer agreement

(93) Executive Bodies of Aareal Bank AG

Composition of Supervisory Board's committees

Executive and Nomination Committee	
Jean Pierre Mustier	Chairman
Barbara Knoflach	Deputy Chairwoman
Hans-Hermann Lotter	
Marika Lulay	
Klaus Novatius	
José Sevilla Álvarez	

Remuneration Control Committee	
Jean Pierre Mustier	Chairman
Hans-Hermann Lotter	Deputy Chairman
Henning Giesecke	
Petra Heinemann-Specht	
Maximilian Rinke	
Klaus Novatius	

Audit Committee	
Denis Hall	Chairman
José Sevilla Álvarez	Deputy Chairman
Henning Giesecke	
Petra Heinemann-Specht	
Hans-Hermann Lotter	
Maximilian Rinke	

Technology and Innovation Committee	
Marika Lulay	Chairwoman
Barbara Knoflach	Deputy Chairwoman
Denis Hall	
Nicole Schäfer	
Markus Zywitza	
José Sevilla Álvarez	

Risk Committee	
José Sevilla Álvarez	Chairman
Henning Giesecke	Deputy Chairman
Denis Hall	
Petra Heinemann-Specht	
Barbara Knoflach	
Maximilian Rinke	

Supervisory Board

Jean Pierre Mustier, Chairman of the Supervisory Board (since 15 January 2024)
Former CEO of UniCredit S.p.A. and former President of the European Banking Federation

Henning Giesecke
Former Chief Risk Officer of UniCredit S.p.A. and UniCredit Bank AG

Denis Hall, Chairman of the Audit Committee
Former Chief Risk Officer Global Consumer Banking of GE Capital EMEA

Petra Heinemann-Specht*
Aareal Bank AG

Barbara Knoflach, Deputy Chairwoman of the Supervisory Board
Former Global Head of BNP Paribas Real Estate Investment Management and Deputy Chief Executive Officer of BNP Paribas Real Estate S.A.

* Employee representative member of the Supervisory Board of Aareal Bank AG

>

Hans-Hermann Lotter, Deputy Chairman of the Supervisory Board
Self-employed consultant for private equity investments, mergers, takeovers and restructurings, and Managing Director of Atlantic BidCo GmbH

Marika Lulay, Chairwoman of the Technology and Innovation Committee
Chief Executive Officer and Managing Director of GFT Technologies SE

Klaus Novatius*, Deputy Chairman of the Supervisory Board
Aareal Bank AG

José Sevilla Álvarez, Chairman of the Risk Committee
Former Chief Executive Officer of Bankia S.A.

Maximilian Rinke
Senior Managing Director, Centerbridge Partners, Managing Director of MR Ventures UG

Nicole Schäfer* since 2 October 2024
Aareal Bank AG

Markus Zywitza* since 2 October 2024
Aareal Bank AG

Retired members

Sylwia Bach* until 1 October 2024
Aareon Deutschland GmbH

Jan Lehmann* until 1 October 2024
Aareon Deutschland GmbH

Prof. Dr Hermann Wagner[1], Chairman of the Audit Committee (until 23 January 2024) until 3 May 2024
German Chartered Accountant, tax consultant

* Employee representative member of the Supervisory Board of Aareal Bank AG
[1] Prof. Dr Wagner was Chairman of the Supervisory Board until 14 January 2024

Management Board

Dr Christian Ricken, Chairman of the Management Board (CEO) **Banking & Digital Solutions, Corporate Affairs, Information Technology, Enterprise Transformation, Group Audit, Group Communications & Governmental Affairs, Group Human Resources & Infrastructure, Group Strategy, Chief Operations Officer, CollectAI, plusForta**	since 1 August 2024

Nina Babic, Member of the Management Board (CRO)
Capital Markets Management, Credit Management, Information Security & Data Protection, Non-Financial Risks incl. Compliance, Regulatory Affairs, Risk Controlling, USA – Credit Management, USA – Distressed Loans, Valuation & Research, Workout/Non Core Assets

(Membership of statutory supervisory bodies or similar bodies of corporations within the meaning of Section 267 (3) of the HGB)	
Aareal Capital Corporation (Aareal Bank Group)	Member of the Board of Directors

Andrew Halford, Member of the Management Board (CFO) **Finance & Controlling, Investor Relations, Treasury**	since 8 October 2024

Christof Winkelmann, Member of the Management Board (CMO)
Aareal Asia/Pacific, Credit Legal, Euro Hub, Loan Markets & Syndication, Special Property Finance I, Special Property Finance II, Strategy & Business Management, USA – Origination

(Membership of statutory supervisory bodies or similar bodies of corporations within the meaning of Section 267 (3) of the HGB)	
Aareal Capital Corporation (Aareal Bank Group)	Chairman of the Board of Directors

Retired members

Jochen Klösges, Chairman of the Management Board (CEO)	until 31 July 2024
Marc Hess, Member of the Management Board (CFO)	until 7 October 2024

Wiesbaden, 25 February 2025

The Management Board

Dr Christian Ricken

Nina Babic

Andrew Halford

Christof Winkelmann

Independent Auditor's Reports

Independent Auditor's Reports

To Aareal Bank AG, Wiesbaden, Germany

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Aareal Bank AG, Wiesbaden and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including significant information on accounting policies. In addition, we have audited the group management report of Aareal Bank AG for the financial year from 1 January to 31 December 2024.

In accordance with the German statutory requirements we have not audited the contents of the elements of the group management report listed in the "Other Information" section of our audit opinion.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the contents of the elements of the group management report listes in the "Other Information" section.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter the "EU-AR"), taking into account the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Furthermore, pursuant to Article 10 (2)(f) EU-AR we declare that we have not provided any prohibited non-audit services referred to in Article 5 (1) EU AR. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are such matters that, in our professional judgement, were the most significant in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

Measurement of the bail-out purchases

For information on the accounting polices applied, please refer to Note 47 – Non-Current assets held for sale (section Notes to the Statement of Financial Position), 22 – Other assets (section Accounting Policies) and to Note 53 – Other assets (section Notes to the Statement of Financial Position).

RISK FOR THE FINANCIAL STATEMENTS

Property and land from previous loan exposures – known as bail-out acquisitions – are recognised under "Non-current assets held for sale" and "Other assets" as at 31 December 2024 in the consolidated financial statements of Aareal Bank AG.

Depending on the development status of the bail-out acquisitions and property strategy, in line with IFRS there are different classifications of the bail-out acquisitions which have significant influence on the subsequent measurement of the bail-out acquisitions.

The bail-out acquisitions are held in property companies and, with one exception, are intended for sale in the ordinary course of business. The subsequent measurement takes place in line with IAS 2 at the lower of cost and net realisable value. The Bank is in an advanced stage of the sales process for this hotel property and expects to sell it in the short term. The subsequent measurement is performed in line with IFRS 5 at the lower of its carrying amount and fair value. The properties are either hotel, residential office or retail properties as well as land for project developments of these property types. In the financial year, the Bank acquired two further salvage acquisitions from US loan commitments, which were recognized at a value of € 73 million and € 42 million respectively at the time of acquisition.

In the context of subsequent measurement, the Bank examined the recoverability of the properties and land at each reporting date. In doing so, the Bank mandates external experts and considers their methodology and results. The market values of the properties are derived as the present value of future cash flows (DCF method or residual value method for project developments), or on the basis of space-related comparable values.

The projections thus integrate assumptions that are subject to uncertainty, e.g. property completion, leasing and marketing.

These assumptions which are subject to estimating uncertainty have a substantial impact on the net realisable value and the fair value of the bail-out acquisitions and thus also on the assessment of the recoverability of the carrying amounts of the bail-out acquisitions.

For the consolidated financial statements there is the risk that inappropriate subsequent measurement is implemented on the basis of an incorrect classification of the bail-out acquisitions. There is also the risk that the calculating methods underlying the appraisals are inappropriate or that as a result of the inappropriate exercise of judgement resulting from the assumptions subject to uncertainty impairment of the bail-out acquisitions is not identified or not identified in an appropriate amount.

OUR AUDIT APPROACH

Based on our risk assessment and the assessment of the error risks, we based our audit opinion on both control-based audit procedures and substantive audit procedures.

Based on our audit we initially examined the classification of the bail-out acquisitions in line with IFRS and thus the accuracy of the subsequent measurement.

We also examined the Bank's controls and processes to make a plausibility check on the appraisals obtained in terms of appropriateness and effectiveness.

Furthermore, with the involvement of KPMG real estate experts, we examined selected appraisals, in particular in respect to the following focal points:

- Assessment of the expertise, ability and objectivity the external experts
- Assessment of the general appropriateness of the measurement methods used
- Reasonableness of material assumptions subject to assessment uncertainty used by the experts.

In addition, we audited whether the management's currently envisaged development plans and assumptions are appropriate and were appropriately integrated into the appraisals.

OUR CONCLUSIONS

The classification of the bail-out acquisitions is appropriate. The measurement methods used in the appraisals which are subject to assessment uncertainty are appropriate and proper.

Appropriateness of the Stage 3 loan allowance

For information on the accounting polices applied, please refer to Note 9 – Recognition and measurement of financial instruments (section Accounting Policies) and Note 44 – Loss allowance (ac) (section Notes to the Statement of Financial Position) and Note 66 – Disclosures on credit risk (section Notes to Financial Instruments).

RISK FOR THE FINANCIAL STATEMENTS

The credit business at Aareal Bank preponderately comprises large-volume commercial property financing for which the Aareal Bank Group individually calculates the risk provisions. As at 31 December 2024, the Aareal Bank Group recognises impairment on credit receivables of € 398 million. € 210 million of these relate to Stage 3 provisions.

One of the material requirements of IFRS 9 – Financial Instruments is that the measurement of the risk provision generally takes place on the basis of probability-weighted scenarios and thus consequently also for credit-impaired debt instruments (the State 3 provision).

In determining scenarios by number and content, the derivation of expected cash flows in the respective scenario and assessment of the probability judgement is to be exercised to a material extent.

For this reason, it was particularly important for our audit that the number of scenarios observed was consistent with the complexity of situations determining the individual default risks including the dependency on macroeconomic factors. We regarded it as equally important that the selection of the specific scenarios, the assessment of probabilities and the assessment of the expected cash flows in the respective scenarios was verifiable, appropriately substantiated and incontrovertibly implemented.

OUR AUDIT APPROACH

Based on our risk assessment and the assessment of the error risks, we based our audit opinion on both control-based and substantive audit procedures. The audit procedures we performed thus included the following:

In a first step, we obtained a comprehensive overview on the development of the credit portfolio, the related counterparty default risks and the internal control system in relation to the identification, management, monitoring and recognition of the counterparty default risks in the credit portfolio.

Our audit included structural and functional examinations of the internal control system, in which respect we focussed on the assessment of the internal accounting methodology with reference to the measurement of credit-impaired receivables. For the IT and data processing systems deployed, using our IT specialists we examined the effectiveness of the regulations and procedures relating to a large number of IT applications and which support the effectiveness of the application controls.

On the basis of these findings, in the context of our selection of loan exposures defined on the basis of materiality and risk aspects, we also assessed the appropriateness of the number and contents of the scenarios used and the probabilities assigned to these scenarios. In our audit we took the complexity of the respective financing and the probable determined factors for the development of the exposure and verified if the assumptions underlying the scenarios were consistent with the forecasts on the general macro-economic situation used by Aareal Bank AG.

Then we assessed the cash flows derived for the scenarios. In our assessment, depending on the exposure strategy pursued, we included the measurement of collateral. In auditing the recoverability of the underlying collateral, in our assessment we deployed appraisals of independent experts and on the basis of publicly available data assessed whether the assumptions in the appraisals were appropriately derived.

With the selective involvement of KPMG property experts, we examined selected appraisals, in particular for the following key matters:

- Assessment of the expertise, ability and objectivity the external experts
- Assessment of the general appropriateness of the measurement methods used
- Reasonableness of material assumptions subject to assessment uncertainty used by the experts.

We concluded our audit by verifying the correct calculation of the expected credit loss.

OUR CONCLUSIONS
With the receivables assigned to Level 3 provisions , we come to the conclusion that the selection of the specific scenarios, the assessment of probabilities and the assessment of the expected cash flows in the respective scenarios, including the dependency on macroeconomic factors, was verifiable, adequately substantiated and incontrovertibly implemented.

Other Information

The Management Board and/or the Supervisory Board are responsible for the other information. The other information comprises the following non-audited components of the group management report:

- The non-financial group declaration, which is included in the combined non-financial report in the group management report, and
- the group declaration on corporate governance, to which reference is made in the group management report.

Other information also comprises the annual report which we expect to be provided after the date of this auditor's report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on work we have performed before on the basis of the other information obtained before the date of this auditor's report work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Management Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSAccounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-AR in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control or on the effectiveness of these arrangements and measures.

- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.

- Conclude on the appropriateness of Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for the formation of the audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the Management Board in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence and if relevant, the actions taken to eliminate dangers to independence or safeguards put in place to protect against this.

From the matters that we have discussed with those charged with governance, we determine which matters were most important during the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the independent auditor's report, unless laws or other legal provisions preclude their public disclosure.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file "Aareal Bank_AG_KA+KLB_ESEF__2024-12-31.zip" (SHA256 hash value: 4107ff42371a53c3733ab711ce78771b9e-d437421ea4187167d7956fd139e235) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the audit of the consolidated financial statements and the group management report" above, we do not express any audit opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our audit on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Audit of the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Management Board of the Company is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Management Board of the Company is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- Obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i. e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Other Disclosures in Accordance with Article 10 EU-AR

We were elected by the Annual General Meeting on 3 May 2024 as auditor of the consolidated financial statements We were engaged by the Supervisory Board on 18 October 2024. We have been the Group auditor of Aareal Bank AG since the 2021 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee according to Article 11 EU-AR (audit report).

Other Matter – Use of the Auditor's Report

Our auditor´s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be published in company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Markus Winner.

Frankfurt / Main, 28 February 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
(Original German version signed by:)

Wiechens	**Winner**
Wirtschaftsprüfer	**Wirtschaftsprüfer**
(German Public Auditor)	**(German Public Auditor)**

Appendix to the Independent Auditor's Report: the Components and References of the Group Management Report were not Audited for Content

We did not audit the following components of the management report:

- The corporate government statement referred to in the management report,
- the separate combined non-financial report referred to in the management report and
- the information on regulatory indicators pursuant to Basel IV (phase-in).

To the Supervisory Board of Aareal Bank AG, Wiesbaden

Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Non-financial Report

Assurance Conclusion

We have conducted a limited assurance engagement on the combined non-financial report, included in the combined management report, of Aareal Bank AG for the financial year from 1 January to 31 December 2024. The combined non-financial report was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council dated 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as Sections 315b and 315c of the HGB and § 340i Abs. 5 HGB [Handelsgesetzbuch: German Commercial Code] for a consolidated non-financial statement and Sections §§ 289b to 289e of the HGB as well as § 340a Abs. 1a HGB for a non-financial statement of the Company.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying combined non-financial report is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c as well as HGB § 340i Abs. 5 HGB for a consolidated non-financial statement, Sections §§ 289b to 289e of the HGB as well as § 340a Abs. 1a HGB for a non-financial statement of the Company and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- the accompanying combined non-financial report does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the combined non-financial report (the materiality assessment) is not, in all material respects, in accordance with the description set out in the combined non-financial report, or

- the disclosures in section "Disclosures presumed to Article 8 of regulation 2020/852" of the combined non-financial report do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on the combined non-financial report".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW

QMS I (09.2022)) We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the combined non-financial report

The executive directors are responsible for the preparation of the combined non-financial report in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a combined non-financial report in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the combined non-financial report) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the combined non-financial report, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

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

Inherent Limitations in preparing the combined non-financial report

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the combined non-financial report.

German Public Auditor's Responsibilities for the Assurance Engagement on the combined non-financial report

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the combined non-financial report has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the Company's executive directors, and to issue an assurance report that includes our assurance conclusion on the combined non-financial report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the combined non-financial report, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined non-financial report.

- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.

- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the combined non-financial report.

- inquired of the executive directors and relevant employees involved in the preparation of the combined non-financial report about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined non-financial report, and about the internal controls relating to this process.

- evaluated the reporting policies used by the executive directors to prepare the combined non-financial report.

- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.

- performed analytical procedures and made inquiries in relation to selected information in the combined non-financial report.

- considered the presentation of the information in the combined non-financial report.

- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined non-financial report.

Restriction of Use/Clause on General Engagement Term

This assurance report is solely addressed to the Supervisory Board of Aareal Bank AG, Wiesbaden.

The engagement, in the performance of which we have provided the services described above on behalf of Aareal Bank AG, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of 1 January 2024 (www. kpmg.de/AAB_2024). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations specified in item No. 9 included therein) and acknowledges their validity in relation to us.

Frankfurt / Main, 28 February 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Winner	**Protze**
Wirtschaftsprüfer	**Wirtschaftsprüfer**
[German Public Auditor]	**[German Public Auditor]**

Appendices

- Excerpt from the section of the combined management report regarding the combined non-financial report of Aareal Bank AG and Aareal Bank Group for the period from 1 January to 31 December 2024 — Appendix 1
- General Engagement Terms — Appendix 2

Responsibility Statement

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Wiesbaden, 25 February 2025

The Management Board

Dr Christian Ricken **Nina Babic**

Andrew Halford **Christof Winkelmann**

Transparency

Transparency

Corporate Governance Statement and Corporate Governance Report

Declaration of Compliance / Voluntary Declaration regarding German Corporate Governance Code

As a non-listed company, Aareal Bank AG ("Aareal Bank") is not required to provide a Declaration of Compliance pursuant to section 161 of the German Public Limited Companies Act (Aktiengesetz – "AktG"). However, the Management Board and Supervisory Board have decided to publish a voluntary Declaration of Compliance, declaring that:

Since issuing its last Declaration of Compliance in December 2023, Aareal Bank has complied with the recommendations of the Government Commission "German Corporate Governance Code" (as amended and published in the German Federal Gazette on 27 June 2022) – with the exceptions set out below:

1. Recommendation B. 5 stipulates that an age limit must be specified for Management Board members and disclosed in the Corporate Governance Statement.

   Aareal Bank complies with this recommendation, setting out that members of the Management Board should not exceed the upper age limit of 65 years while serving on the Management Board. While the Bank's new CFO, 65-year old Andrew Halford, exceeds this age limit, this one-time deviation does not generally undermine the age limit as a whole. However, as a precautionary measure we are declaring a deviation from recommendation B. 5.

2. Pursuant to recommendation G. 10 sentence 2, Management Board members may only have access to any long-term variable remuneration components that have been granted after a period of four years. In contrast to the draft version dated 22 May 2019, the Government Commission refrained from defining the term "long-term variable remuneration" in its final version.

   According to the definition in the version dated 22 May 2019, typical performance indicators for long-term variable remuneration included "long-term financial success (profitability and growth with multiple-year measurement basis), non-financial success as prerequisite for subsequent financial success [...], implementation of the corporate strategy [etc.]."

   Within Aareal Bank's remuneration system, all targets are derived from the strategy, and target achievement is measured over a period of three years. In line with the definition provided in the draft version dated 22 May 2019, all of Aareal Bank's variable remuneration would be classified as long-term. Variable remuneration is determined on the basis of a three-year target achievement period. Only 20 % is paid out directly and in cash in the year following target achievement. Another 20 % is awarded in the form of virtual shares which are subject to a one-year holding period, and the remaining 60 % is paid out in several tranches and over a total period of five years.

This means that a large part of long-term variable remuneration as defined in the draft version of the Code is fully disbursed after four years at the earliest – and in the case of extended holding periods applicable to new Management Board members, after up to eight years. However, in the absence of the definition having been adopted, the recommendation is ambiguous and it is not clear whether Aareal Bank's remuneration structure meets the Code's expectations. As a result, and as a precautionary measure, we are declaring a deviation from recommendation G. 10 sentence 2.

Wiesbaden, December 2024

The Management Board

Dr Christian Ricken **Nina Babic**

Andrew Halford **Christof Winkelmann**

For the Supervisory Board

Jean Pierre Mustier (Chairman)

Corporate Governance at Aareal Bank Group

Aareal Bank AG is a bank that, by virtue of being classified as "significant", is supervised directly by the European Central Bank. Even after the takeover by Atlantic BidCo GmbH, Aareal Bank AG remains the parent company of a group of affiliated companies (including Atlantic BidCo GmbH and Atlantic Lux HoldCo S.à r.l.) from a supervisory perspective. The Management Board and the Supervisory Board of Aareal Bank AG continue to observe a large number of specific corporate governance rules despite the Company being delisted on 21 November 2023. As it is, their common understanding does not end at compliance with these rules. They also discuss, on a regular basis, the application of voluntary standards that are recommended by the German Corporate Governance Code, banking supervisory authorities, Aareal Bank shareholders or due to international best practice, or those that arise in the Supervisory Board's and the Management Board's day-to-day work.

It is the Management Board's and the Supervisory Board's top priority to act in the interests of the Company and to live up to the responsibility owed to employees, clients, shareholders and the public alike.

Disclosures regarding Corporate Governance standards

Corporate governance is not only aligned with legal and regulatory provisions but also with a comprehensive set of internal rules and regulations that provide concrete guidance on how the Bank's business should be conducted and processed, in line with the principles set out in our Code of Conduct. These rules and regulations comprise the Memorandum and Articles of Association, the Rules of Procedure for the Supervisory Board and the Management Board, the strategies, the Risk Appetite Framework, the Internal Governance Policy, the Code of Conduct, and the Conflicts of Interest Policy; all members of staff have access to the documents through common internal communication channels such as the Bank's intranet. The Memorandum and Articles of Association, Code of Conduct, Conflicts of Interest Policy, and Rules of Procedure for the Supervisory Board can also be accessed on Aareal Bank's website.

Aligning with the German Corporate Governance Code's guiding principle

The Management Board and the Supervisory Board follow their own value structure and that of Aareal Bank, as well as the "reputable businessperson" concept and the German Corporate Governance Code's principles of good corporate governance. The voluntary Declaration of Compliance lays out the extent to which the Code's recommendations were complied with, or should be complied with.

According to Code recommendation F. 4, companies must specify, in the Corporate Governance Statement, which Code recommendations were not applicable due to overriding legal stipulations.

This applies to Code recommendation D. 4, according to which the Nomination Committee must be composed exclusively of shareholder representatives. The Nomination Committee of a bank is subject to special provisions of the German Banking Act (Kreditwesengesetz – "KWG"). Pursuant to section 25d (11) of the KWG, the Supervisory Board's Nomination Committee is required to assume additional tasks that are not supposed to be undertaken by shareholder representatives on the Supervisory Board alone. In line with this, the Executive and Nomination Committee of Aareal Bank AG also includes employee representatives. However, the Committee will ensure that only its shareholder representatives will nominate candidates for election by the Annual General Meeting.

Sustainability mission statement

Contributing to sustainable economic development is a priority for Aareal Bank Group. As a partner to the property industry, Aareal Bank Group aligns its business conduct with the requirements of the sector and its stakeholders. The Group is aware of the responsibility associated with its sustainability mission statement and the necessity to focus on the needs of society, and aims to preserve the foundations on which future generations can base and shape their lives.

The sustainability mission statement underpins Aareal Bank Group's corporate sustainability strategy and is achieved through integrated sustainability management. The statement provides a summary of the corporate responsibility principles that are aligned with our objective of doing business sustainably:

- We think in an integrated and future-oriented manner, taking ethical, social and ecological topics into account.
- We analyse trends holistically, evaluate the resulting risks and opportunities, and align our forward-looking sustainability performance accordingly.
- We focus on all relevant stakeholder groups, seek to engage in active dialogue with them in a variety of ways and show how we make use of the insights we have gained.
- We make sure that business decisions take account of environmental, social and governance factors, and communicate our progress – and the challenges we face – transparently and credibly.
- We set priorities and implement our decisions, reinforcing corporate sustainability values such as reliability, innovative power, integrity, transparency and risk management, our attractiveness as an employer, and building and maintaining high-trust client relationships.

In doing so, we are guided by national and international frameworks, are committed to initiatives, or have joined organisations that represent generally accepted ethical standards and whose values we share. Relevant organisations and conventions include:

- United Nations Global Compact,
- International Labour Organization,
- German Corporate Governance Code,
- Diversity Charter, and
- Work-Care Balance Charter.

Established in 2023, our ESG Expert Group focuses on the continued and long-term expansion of Aareal Bank's value contribution to ESG-relevant areas of action, the assessment of the relevance of climate-related and environmental risks specific to the Bank-wide strategy, and early responses to regulatory requirements. The ESG Expert Group also supports the Management Board in enhancing sustainability performance and serves as a discussion and advisory body to the Group Sustainability Officer, who communicates relevant topics to the Management Board. The ESG Expert Group's interdisciplinary nature ensures that it is able to incorporate a wide range of stakeholder-specific ESG-related requirements. In addition, Aareal Bank Group consistently works to improve its ESG governance, considering not only regulatory and supervisory requirements, but also the needs of different stakeholder groups and the unique features of its business model.

For further details please refer to the latest Sustainability Report under www.aareal-bank.com/en/investors-portal/finance-information/sustainability-reports/archive/.

Code of Conduct

At Aareal Bank we believe that the principles of integrity and responsible conduct must be observed by everyone, by each member of the Management Board and the Supervisory Board, and by all our employees across the Company, regardless of their role and duties. The Code of Conduct contains binding rules governing the legal and ethical conduct of all employees vis-à-vis clients, business partners, and colleagues. Through these rules, Aareal Bank Group is determined to affirm and strengthen the confidence that stakeholders – our clients, business partners, investors, and staff – place in us (www.aareal-bank.com/en/footermenu/code-of-conduct).

Conflicts of Interest Policy

Aareal Bank's processes are – and will be – set up in a manner to prevent conflicts of interest from occurring in the first place. Where they do occur, dealing with them in the right way is critical. A Group-wide policy is in place that sets out the correct way of handling conflicts of interest to prevent any adverse consequences for clients, the Bank and its employees, as well as any doubts regarding the integrity of Aareal Bank Group. These rules provide a framework for identifying, documenting and appropriately resolving conflicts of interest. All employees are required to make any conflicts of interest arising within their area of work transparent, and to ensure that any such conflicts are dealt with in accordance with the Policy or any specific provisions that may apply to relevant transactions.

Principles of diversity

The Management Board and the Supervisory Board are openly committed to diversity across Aareal Bank Group.
Aareal Bank defines diversity as:

- appreciating that every individual is unique, and respecting this uniqueness,
- providing equal opportunities at all levels,
- preventing discrimination of any kind, and
- holding the belief that diversity enriches corporate culture and also represents a success factor in reaching strategic goals.

By committing to these principles, Aareal Bank Group cements its attractiveness as a modern employer, strengthens employee loyalty, increases employee motivation, and ensures that skills and competencies are fostered individually in a way that drives employee performance, while also responding to demographic change and an ageing workforce, taking into account individual circumstances and stages of life.

In order to highlight the significance of diversity and document the fact that the concept of diversity plays an important role at Aareal Bank AG, the Bank has signed the Charter of Diversity (an existing initiative launched by the German industry) and introduced its own Diversity Policy.

Aareal Bank AG employs people from 40 different countries. Positions at Aareal Bank's foreign locations are, where possible, primarily filled by local staff. Aareal Bank AG attaches great importance to the equal treatment of women and men, whether in the context of filling vacant positions, with regard to continuing professional development, or in terms of remuneration. Specifically, vacancies below senior executive level are generally published in the form of job advertisements that all members of staff – male or female – can apply for. When setting the remuneration of employees, we do not differentiate by gender but rely exclusively on factors such as qualifications, professional experience or training.

In accordance with statutory requirements, the Management Board sets specific targets plus implementation deadlines for the share of women holding executive positions on the first two management levels below the Management Board of Aareal Bank AG. On the first management level below the Management Board, women should hold at least 20.0 % of executive positions by 30 June 2027; on 31 December 2024, the share of female managers on this level was 16.1 % (2023: 16.1 %). On the second management level below the Management Board, women should hold at least 23.0 % of executive positions by 30 June 2027; on 31 December 2024, the share of female managers on this level was 23.7 % (2023: 22.3 %).

The share of women in executive positions across Aareal Bank Group stood at 23.8 % as at 31 December 2024 (2023: 24.4 %). At Aareal Bank AG, the share was 22.9 % (2023: 22.1 %), and at Aareon[1)], it was 27.5 % (2023: 25.5 %), with women accounting for 40.9 % of Aareal Bank Group's entire workforce as at 31 December 2024 (2023: 36.9 %; Aareal Bank AG: 41.5 % and 41.9 %, respectively; Aareon[1)]: 37.4 % and 34.4 %, respectively).

[1)] Figures for Aareon refer to a period up to and including Q3 2024.

In Germany, Aareal Bank has appointed Anti-Discrimination Officers who oversee compliance pursuant to the German General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz – "AGG"). In addition, all employees attend AGG training. In the US, the employee manual contains rules designed to avoid harassment at the workplace ("Anti-Harassment Rules").

Inclusion

Severely disabled individuals made up 4.03 % of Aareal Bank's staff base in 2024 (2023: 4.1 %). In the Group's German entities, this employee group is represented by a Disability Representative.

Working practices of the Management Board and the Supervisory Board

The Management Board is responsible for managing the Company and for its strategic orientation, material transactions and proper organisation. This also includes the implementation of effective monitoring systems. It focuses its business activities on the Company's long-term and sustainable development. Its decisions incorporate the long-term consequences of its actions and are guided by the ethical principles of Aareal Bank Group (see relevant corporate governance principles).

Supervisory Board

The Supervisory Board uses different instruments to perform its oversight duties. For example, it sets out the reporting requirements of the Management Board in its Rules of Procedure to ensure comprehensive and prompt reporting. These reports include the financial reports prior to publication, the reports of Internal Audit, Risk Controlling and Compliance, as well as the external auditors' reports. The Rules of Procedure also determine the transactions of the Management Board that require Supervisory Board approval.

Furthermore, the Supervisory Board contributes to Aareal Bank Group's sustainable success – in the interest of investors, clients, business partners, staff, and the general public – by selecting suitable Management Board members (as set out in the Guidelines for selecting members of the Management Board and the Supervisory Board), a Management Board remuneration system aligned with the Company's long-term and sustainable interests, and by the effective supervision of the remuneration system.

The Supervisory Board has established five committees to perform its supervisory duties in an efficient manner: the Executive and Nomination Committee, the Remuneration Control Committee, the Risk Committee, the Audit Committee, and the Technology and Innovation Committee. An overview of the respective committee members can be found in the Notes to the 2024 Annual Report: www.aareal-bank.com/en/investors-portal/finance-information/financial-reports/archiv/2024/.

Executive and Nomination Committee

The Executive and Nomination Committee prepares resolutions to be taken by the Supervisory Board concerning fundamental issues, personnel matters and capital measures. The Committee's areas of responsibility also include assessing corporate governance and preparing the Supervisory Board's personnel decisions – in particular concerning the appointment and removal of Management Board members, and the drafting of individual contracts with Management Board members. The Executive and Nomination Committee compiles profiles defining the requirements for members of the Management Board and the Supervisory Board, considering personal and professional requirements along with its targets for the composition of both bodies, including the diversity concept. In addition, the Committee conducts an evaluation of the Management Board and Supervisory Board at least annually, and determines any further training requirements. Furthermore, the Executive and Nomination Committee resolves decision proposals regarding loans to senior managers and approves the assumption of any sideline activities by Management Board members. It is also responsible for assessing and handling conflicts of interest that arise within the sphere of influence of the Management Board or the Supervisory Board, in line with the Management Board's and Supervisory Board's Conflicts of Interest Policy.

The employee representatives abstain from voting on the Executive and Nomination Committee's resolution regarding the nomination of shareholder representatives for election by the Annual General Meeting.

Remuneration Control Committee

The Remuneration Control Committee monitors whether the structure of the remuneration systems for Management Board members and employees is appropriate, taking into account the impact of remuneration systems on Aareal Bank's overall risk profile. The Remuneration Control Committee prepares corresponding proposals concerning the material performance criteria and targets for determining the Management Board's variable remuneration. The Remuneration Control Committee takes delivery of the reports prepared by the units specified in the German Regulation on Remuneration in Financial Institutions (Institutsvergütungsverordnung – "InstVergV") (in particular, those submitted by Aareal Bank's Remuneration Officer).

Risk Committee

The Risk Committee monitors Aareal Bank's material risks, comprising financial and non-financial types of risk alike, including IT-related risks. The Committee is also responsible for reviewing the contents of the risk strategies in accordance with the MaRisk, for checking conformity with the business strategy, and preparing the corresponding Supervisory Board resolutions. It furthermore advises the Management Board on how to design an appropriate and effective risk management system, making sure that the Bank's risk-bearing capacity is adequate. To that end, the Committee monitors the Management Board, especially as regards determining risk appetite and the corresponding limits.

Audit Committee

The Audit Committee is responsible for accounting matters, and for auditing the Group and Aareal Bank AG, including risk management. The Committee prepares and conducts the audit of the financial statements and the consolidated financial statements; it also prepares the decisions to be taken by the Supervisory Board on the basis of the Committee's analysis of the external auditors' reports. For this purpose, the Committee reports the results of its analysis and any assessments based on them to the plenary meeting of the Supervisory Board. Preparing the audit of the financial statements also involves preparing to instruct the external auditors (by virtue of the corresponding resolution passed by the Annual General Meeting), verifying the independence of the external auditors, including the approval of permissible non-audit services, negotiating the auditors' fees, determining focal points of the audit, and regularly selecting new external auditors. The Audit Committee also discusses quarterly and half-yearly financial reports with the Management Board and obtains the external auditors' report on their review of the half-yearly report. Furthermore, the Audit Committee is responsible for examining the projections submitted by the Management Board. In addition, Compliance and Internal Audit address their reports to the Committee. Last but not least, the Committee is responsible for monitoring the effectiveness of the internal control and monitoring system.

The Audit Committee comprises at least two financial experts; the person chairing the Committee must be an accounting/financial reporting and auditing expert, whilst another member must be an accounting/financial reporting or an auditing expert.

Technology and Innovation Committee

It is the Technology and Innovation Committee's responsibility to both support Aareal Bank's activities regarding its own technological and IT-related development and to identify and discuss new technological trends on the market, advising Aareal Bank accordingly. The Committee also deals with issues concerning information technology used within Aareal Bank and with any issues related to IT products created and distributed by Aareal Bank Group. This comprises both the Bank's and Aareon's products. As part of these duties, the Committee monitors the implementation of Aareal Bank Group's digitalisation strategy which calls not only for a technical transformation, but also for modern and agile working practices and project methods.

Working relationship between the Management Board and Supervisory Board

The Supervisory Board and the Management Board work together to promote the interests of Aareal Bank as a whole in a relationship founded on trust and constructive criticism. Discussions during meetings are held in an appropriate and target-oriented working atmosphere. Members of the Management Board do not attend Supervisory Board meetings at which their remuneration, their suitability, their succession, any behaviour that breaches their duties, or conflicts of interest are discussed or decided upon.

Outside meetings, it is mainly the Chairman of the Supervisory Board and the committee chairpersons that communicate with the competent Management Board members. The Chairman of the Supervisory Board regularly discusses questions regarding the strategy, performance, risk situation, risk management, and personnel- and remuneration-related matters with the Chairman of the Management Board. The Chairman of the Risk Committee goes into detail – especially with the Chief Risk Officer – on topics such as the risk situation, risk management, and risk strategies. The Chairman of the Audit Committee regularly exchanges views with the Chief Risk Officer, the Chief Financial Officer and external auditors. Finally, the Chairwoman of the Technology and Innovation Committee keeps in touch with the Chairman of the Management Board outside meetings. The chairpersons inform the other Supervisory Board members about the key points of these discussions at the next ordinary Supervisory Board or committee meeting.

Communications

Aareal Bank assigns great importance to comprehensive communication with its stakeholders and has set itself the objective of communicating actively, transparently and openly with all stakeholders, reflecting their interests equally. Likewise, Aareal Bank is committed to contributing to political decision-making processes by providing sound professional expertise. The Bank is registered as a legal person in the Lobbying Register covering political lobbying vis-à-vis the German parliament (the Bundestag) and the German government, and in the EU Transparency Register.

When Aareal Bank was delisted, the Management Board announced its intention to continue focussing on transparent communication and high disclosure standards despite withdrawing from the regulated stock exchange market.

All press releases, ad-hoc disclosures, and corporate presentations, along with annual reports, sustainability reports and interim financial information, are published on Aareal Bank's website, where they can be viewed and downloaded at any time. The financial calendar, which contains information about upcoming events, is updated regularly.

Aareal Bank publishes details on its financial position and performance four times a year. On these occasions, the Management Board gives a personal account of results at press and analysts' conferences and issues press releases.

Please refer to Aareal Bank's website for all information: www.aareal-bank.com/en/investors-portal/.

Guidelines for Selecting Members of the Management Board and the Supervisory Board

The Supervisory Board of Aareal Bank AG is satisfied that the Management Board and the Supervisory Board are adequately staffed if all members are in a position to perform their duties (professional qualification), commit the time necessary to perform these and possess the integrity to be guided by the ethical principles of Aareal Bank when performing their duties (with respect to personal reliability, including conflict of interest and independence aspects). The composition of the Supervisory Board and the Management Board, respectively, shall facilitate, in its entirety, cooperation and the widest possible diversity of opinions and knowledge (the concept of diversity).

The Supervisory Board has defined concrete requirements and processes to incorporate these criteria when evaluating Management Board and Supervisory Board members, as well as when selecting candidates for appointment to the Management Board, or shareholder representatives to the Supervisory Board. When establishing these processes, it took into account the provisions of the AktG and the KWG, the recommendations of the German Corporate Governance Code, and the regulatory guidelines of the European Central Bank and the European Banking Authority on adequacy and internal governance. Besides the Supervisory Board, the European Central Bank also reviews the suitability of the respective candidates, using what is known as the "fit & proper" approach.

Personal reliability

The principles of personal reliability apply equally for all members of the Management Board and the Supervisory Board. The members of the Management Board and the Supervisory Board must demonstrate honesty, integrity and independence of mind. They should live by the ethical principles of Aareal Bank, as set out in the Code of Conduct, and dedicate sufficient time to perform their duties. The time commitment of every Management Board and Supervisory Board member is calculated; an annual review reveals whether they are dedicating sufficient time to exercising the mandate. The Supervisory Board takes care to ensure compliance with the requirements for the maximum number of additional offices, pursuant to sections 25c (2) and 25d (3) of the KWG.

Conflicts of interest and independence of Supervisory Board members

Special rules apply to the Supervisory Board over and above the Group-wide Conflicts of Interest Policy. Acting in the interests of the Company means making judgements free from extraneous influence. In line with this, the Supervisory Board attaches particular importance to the handling and disclosure of actual, potential, temporary or permanent conflicts of interest that could, for example, impact the independence of the Supervisory Board.

In the Management Board's and Supervisory Board's Conflicts of Interest Policy, which has been specifically designed for these two bodies, the Supervisory Board has laid down procedures on how to handle conflicts of interest affecting members of the Management Board or the Supervisory Board. In accordance with this Policy, individual Management Board and Supervisory Board members must transparently declare any potential conflicts of interest.

The Supervisory Board has also defined the circumstances under which the independence of shareholder representatives is no longer ensured. At least once a year it carries out a review of whether the independence of individual members is no longer ensured, or may be compromised. The Supervisory Board generally assumes that independence is not ensured in the event of the following circumstances:

- if a material, and not just temporary, conflict of interest arises within the meaning of the Management Board's and Supervisory Board's Conflicts of Interest Policy;
- if the member of the Supervisory Board has served on the Supervisory Board or Management Board of Aareal Bank AG for twelve consecutive years or longer;
- if less than five years have elapsed between their service on the management board of an institution included in the scope of prudential consolidation and their membership on Aareal Bank AG's Supervisory Board;
- if less than three years have elapsed between their serving as a senior manager at the top management level below the Management Board at Aareal Bank AG or another entity included in the scope of prudential consolidation and their membership on the Supervisory Board of Aareal Bank AG;
- if the member of the Supervisory Board is a controlling shareholder of Aareal Bank AG, as defined in Article 22 (1) of Directive 2013/34/EU, or if they represent the interests of a controlling shareholder;
- if the member of the Supervisory Board has a material financial or business relationship with the relevant institution;
- if the Supervisory Board member is an employee of, or otherwise affiliated with, a controlling shareholder of Aareal Bank AG;
- if the member of the Supervisory Board has been the owner of a significant professional advisor or external auditor or have themselves been a significant advisor to Aareal Bank AG or any other entities included in the scope of prudential consolidation within a three-year period;
- if the member of the Supervisory Board is, or was in the previous year, a significant supplier or client of Aareal Bank AG or any other entity included in the scope of prudential consolidation, or had any other material business relationship with, or is a senior executive (leitende(r) Angestellte(r)) of, a significant supplier, client or commercial enterprise that has a significant business relationship, or is otherwise directly or indirectly related to such significant supplier, client or commercial enterprise;
- if the member of the Supervisory Board receives significant remuneration or other benefits from Aareal Bank AG or another entity included in the scope of prudential consolidation over and above the remuneration for their activities as a member of the Supervisory Board or any remuneration for activities performed in connection with any significant financial or business relationship with Aareal Bank AG; or
- if the Supervisory Board member is a close relative of a member of the Management Board of Aareal Bank AG or of a management board member or managing director of another entity included in the scope of prudential consolidation.

The Supervisory Board may deviate from this principle if it is determined in a specific individual case that the Supervisory Board member's ability to make objective and balanced judgements and independent decisions is not impaired by the circumstance(s) jeopardising their independence.

Furthermore, all Supervisory Board members are subject to the statutory limitations laid out in section 100 (2) nos. 2 to 4 of the AktG and in section 25d (3) sentence 1 of the KWG. Unlike the criteria listed above, the statutory limitations are mandatory, which means that they prevent the nomination of a potential candidate, or require the resignation of the affected board member.

Effective 2 December 2024, the Supervisory Board believes, reflecting the above definition, that seven of eight shareholder representatives – specifically, Mr Mustier, Mr Giesecke, Mr Hall, Ms Knoflach, Ms Lulay, Mr Lotter and Mr Sevilla Álvarez – are independent, whereas Mr Rinke is not considered independent in line with the above definition. As regards Ms Lulay, Aareal Bank AG maintains a business relationship with GFT Technologies SE that qualifies as material within the meaning of the Conflicts of Interest Policy for the Management Board and Supervisory Board. However, following its requisite case-by-case assessment, the Supervisory Board does not believe that this conflict of interest compromises the independence of Ms Lulay. While she is CEO and Executive Director of GFT Technologies SE, the business relationship is not relevant for the practical work of Aareal Bank's Supervisory Board. In the previous year, Mr Lotter was subject to a conflict of interest in his role as Managing Director of Atlantic BidCo GmbH. This conflict of interest ceased to exist at the close of 2 December 2024 when Mr Lotter resigned from that office. Mr Lotter did not receive any payments from Atlantic BidCo GmbH in this respect at any time. This means that he is once again deemed to be an independent member of the Supervisory Board. Mr Giesecke, Mr Hall, Ms Knoflach, Mr Lotter and Ms Lulay are subject to a potential conflict of interest due to their investments in the Atlantic Co-investment Programme. However, since their investment (= economic interest) does not exceed 1 % of Aareal Bank's eligible regulatory capital (as at 31 December 2024: € 2,122,096,255.31), it is considered immaterial and does not affect the work of the Management Board.

Professional qualification

Every member of an executive body must possess the knowledge, ability and experience to properly perform their duties. This means that they must at least be able to understand and assess the Company's material business activities and the associated material risks, the control and monitoring system established in this regard, as well as the corresponding accounting and financial reporting systems. This also requires being familiar with the underlying material legal requirements. Each member of the Supervisory Board must be in a position to perform the duties incumbent on the Supervisory Board in its entirety.

When chairing a committee, Supervisory Board members should possess extensive expertise in the topics covered by that committee. The Chairman of the Audit Committee, for example, must be an expert on accounting/financial reporting issues and internal control and risk management systems, while the Chairman of the Risk Committee must be an expert in assessing the efficacy of risk management systems in credit institutions.

Overall, with regard to its collective composition, the Supervisory Board further decided that the following additional expertise be adequately represented:

- Experience in sectors and financial markets which are material to Aareal Bank Group
- Digitalisation and transformation
- Strategic planning
- Design and assessment of risk management systems, internal control systems and corporate governance frameworks
- Accounting/financial reporting and audit matters
- ESG
- M&A

The skills matrix below provides an overview of the implementation status of the collective profile of required skills and expertise:

Member of the Supervisory Board	Material sector and financial markets expertise	Digitalisation and transformation	Strategic planning	Design and assessment of RMS, ICS and CG frameworks	Accounting/ financial reporting and auditing	ESG	M&A
Jean Pierre Mustier	X	X	X	X	X	X	X
Henning Giesecke	X		X	X	X		
Denis Hall	X	X		X	X	X	X
Petra Heinemann-Specht*	X			X			
Barbara Knoflach	X	X	X			X	X
Hans-Hermann Lotter	X		X	X	X		X
Marika Lulay	X	X	X			X	X
Klaus Novatius*	X			X			
Maximilian Rinke	X	X	X	X	X		
Nicole Schäfer*		X					
José Sevilla Álvarez	X		X	X	X		X
Markus Zywitza*		X					

* Employee representative

The Audit Committee members Mr Giesecke, Mr Hall, Mr Sevilla Álvarez, Mr Rinke and Mr Lotter are experts in the areas of accounting/financial reporting and auditing. Mr Mustier possesses expertise in the area of accounting.

Please refer to Aareal Bank's website for the curricula vitae of the members of the Management Board (www.aareal-bank.com/en/about-us/company-profile/the-management-board) and of the Supervisory Board (www.aareal-bank.com/en/about-us/company-profile/supervisory-board).

Diversity concept

The Management Board and the Supervisory Board pursue the objective of ensuring that the bodies are as diverse as possible with regard to gender, age, internationality and professional experience. Where there are several equally suitable candidates, these factors are taken into account when making selection to avoid "herd mentality" and to draw together the broadest possible spectrum of different points of view so the best decision for Aareal Bank can be made. The Management Board ensures that these aspects of diversity are also taken into consideration at the management levels it controls to facilitate succession based on this diversity concept. The Supervisory Board has set objectives for the diversity aspects mentioned above, both for itself and the Management Board, and presents implementation progress annually. It views these objectives as establishing a minimum base level; there is no reason why they cannot be exceeded.

Gender diversity

The Supervisory Board sets specific targets – including concrete implementation deadlines – for the share of female members on the Supervisory Board and the Management Board. Likewise, the Management Board defines such targets for the two management levels immediately below the Management Board. The target share for female members on the Supervisory Board is 33 % by 30 June 2027. Currently 33.3 % (2023: 33.3 %) of Supervisory Board members are women. The target share for female members on the Management Board is 25 % by 30 June 2027. Currently 25 % (2023: 25%) of Management Board members are women. As things stand, the minimum objectives set by the Supervisory Board have been achieved.

Age diversity

The Supervisory Board has set out targets for the age structure of the Management Board and the Supervisory Board to safeguard the continuous development of both bodies. At the time of (re)election to the Supervisory Board, candidates should be less than 70 years old. Furthermore, half of the Supervisory Board members should be younger than 60 years. Members of the Management Board should not exceed the upper age limit of 65 years while serving on the Management Board. With the exception of Mr Halford, all Management Board and Supervisory Board members fulfil these targets.

International profile

Given Aareal Bank's international business activities, the Supervisory Board has set itself and the Management Board the goal of having the broadest possible international experience; this can be demonstrated by nationality or at least three years of relevant professional experience gained in another country. For the Management Board, the figure is currently at 75 % (2023: 50 %), for the Supervisory Board it is at 66.67 % (2023: 58.3 %).

Diversity of professional skills

The Supervisory Board pursues the objective of maximum professional diversity when selecting the members of the Management Board and the Supervisory Board. However, the demanding professional requirements for members of the management board and the supervisory board of "significant credit institutions" limit the opportunities for achieving this objective: for instance, regulatory rules require that members of the Management Board have extensive experience in the lending business and in risk management. In accordance with section 100 (5) of the AktG, the Management Board members in their entirety must be familiar with the sector in which the Company operates. The Supervisory Board's aim of ensuring that not all members have gained most of their professional experience at a credit institution is currently met.

Election periods and dates ("staggered board")

To avoid the simultaneous outflow of considerable expertise, the Supervisory Board has set different election dates at which, barring unforeseeable developments, decisions are made about different groups of Supervisory Board members. The terms of office of Mr Hall, Mr Lotter and Mr Rinke run until the ordinary Annual General Meeting in 2028, and those of Mr Giesecke, Ms Knoflach, Ms Lulay, Mr Mustier and Mr Sevilla Álvarez run until the ordinary Annual General Meeting in 2026.

The terms of office for employee representatives run for five years, meaning that the current representatives are in office until the ordinary Annual General Meeting in 2025.

Regular evaluation of suitability and performance

The Executive and Nomination Committee evaluates the Management Board and Supervisory Board once a year. The evaluation consists of two components: the suitability test and the efficiency test. Within the scope of the evaluation, the Committee checks whether the Management Board and Supervisory Board members possess the necessary personal and professional requirements on the one hand, and the requirements for the collective composition – including collective profile of required skills and expertise and diversity concept – on the other.

Furthermore, the Executive and Nomination Committee takes the structure, size, composition, and performance of both bodies into consideration, including the results of a benchmark comparison conducted precisely for this reason. The assessment of structure, size, and composition is not restricted to the bodies as such, but also includes the Supervisory Board committees; it comprises an efficiency and effectiveness review of the cooperation within the Supervisory Board, between the committees and the plenary meeting of the Supervisory Board, as well as between the Supervisory Board and the Management Board.

The regular annual evaluations are rounded off by event-driven assessments, for example if there is cause to suspect insufficient individual or collective suitability, or if the adequacy of the composition of the Management Board and/or the Supervisory Board needs to be reviewed due to a change in strategy.

Succession planning

The Executive and Nomination Committee is responsible for the succession planning of the Management Board and the shareholder representatives on the Supervisory Board. The Committee performs an annual review of the established profile of required skills and expertise, and examines whether it is compatible with Aareal Bank's business and risk strategies, proposing any necessary adjustments. Furthermore, the Committee reviews, as part of the annual evaluation, whether the current members of the Management Board and the Supervisory Board fulfil the presently applicable criteria, taking the latest amendments into account. If this is not the case, the Committee suggests measures to the Supervisory Board to ensure that all criteria are fulfilled going forward. Such measures may include continuing professional development for individual or multiple Management Board or Supervisory Board members, along with changes in the composition of the Management Board or the Supervisory Board.

The Executive and Nomination Committee also discusses upcoming personnel decisions – such as planned retirements and potential re-appointments – well ahead of time. If the re-appointment of a Management Board or Supervisory Board member is not an option, the Executive and Nomination Committee will concern itself with a suitable successor at least one year in advance.

In the event of upcoming changes to the composition of the Management Board or Supervisory Board, the Executive and Nomination Committee aims to find a successor who fulfils the personal criteria, while at the same time contributing to the achievement of board composition goals. Succession planning for the Management Board is made in close cooperation with the Chairman of the Management Board. The Executive and Nomination Committee considers both internal and external candidates.

Aareal Bank has taken various measures to be able to respond to short-term personnel fluctuations on the Management Board (for example, following resignations for personal reasons), and to identify suitable internal successors. For instance, the Bank can provide tailor-made development measures to senior managers in order to ensure they have the skills and abilities to become a member of the Management Board. This includes, in particular, business development, risk management and accounting/financial reporting know-how as well as leadership skills.

The Supervisory Board aims for every skill required for the activities of Aareal Bank's Supervisory Board and its committees to be represented by at least two Supervisory Board members; in the Audit Committee, this is achieved by compliance with the recommendations of the German Corporate Governance Code. In addition, every committee comprises more than three members. This ensures that there is a quorum even in the event of short-term changes in the composition of the respective committee.

Composition of the Management Board and Supervisory Board

The members of the Supervisory Board and its committees, the respective chairpersons, and the members of the Management Board and their relevant areas of responsibility are presented below (cf. "Executive Bodies of Aareal Bank AG.") The Management Board currently comprises four members. The Supervisory Board appoints one of the members as Chairperson of the Management Board. In accordance with Aareal Bank AG's Memorandum and Articles of Association, the Supervisory Board consists of twelve members. Once elected by the Annual General Meeting, the members of the Supervisory Board elect a Chairperson and at least one Deputy Chairperson from amongst them, for the duration of their term of office. At its constituting meeting on 10 August 2023, the Supervisory Board resolved that it would elect Jean Pierre Mustier as Chairman of the Supervisory Board as soon as the ECB announced the result of its "fit & proper" assessment regarding Mr Mustier and Prof. Dr Wagner relinquished his role as Chairman of the Supervisory Board. After these two conditions had been met, Mr Mustier was elected new Chairman of the Supervisory Board with effect from 25 January 2024. In addition, Mr Lotter was elected as second Deputy Chairman of the Supervisory Board. Eight members are elected by shareholders at the Annual General Meeting; four members are elected by employees, through the Group Works Council.

The committees comprise six members; temporary exceptions are possible. According to recommendation C. 10 of the German Corporate Governance Code as well as Aareal Bank's Guidelines for selecting members of the Management Board and the Supervisory Board, the Audit Committee, the Remuneration Control Committee, the Executive and Nomination Committee and the Risk Committee are chaired by independent experts. To allow information to flow freely, care is taken to ensure that individual Supervisory Board members sit on different committees.

Managers' transactions

In 2024, members of Aareal Bank's executive bodies or their related parties executed transactions which required publication in accordance with the requirements of Article 19 of the EU Market Abuse Regulation (596/2014/EU) in conjunction with section 26 of the German Securities Trading Act (Wertpapierhandelsgesetz – "WpHG"). One Management Board member and one Supervisory Board member purchased debt securities in the amount of € 400,000 each. Moreover, one related company of a Supervisory Board member made a regular-way purchase of debt securities totalling approximately € 800,000.

Please refer to Aareal Bank's website under www.aareal-bank.com/en/about-us/corporate-governance/managers-transactions/ for the notifications.

Accounting policies

Aareal Bank AG prepares the Group's accounts in line with the International Financial Reporting Standards (IFRSs) as applicable in the European Union. The single-entity financial statements of Aareal Bank AG are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – "HGB"). The Management Board prepares the financial statements and management reports of Aareal Bank AG and Aareal Bank Group. The external auditors submit their report on the audit of the financial statements and the consolidated financial statements to the Supervisory Board, which also monitors their independence. The fees paid to the external auditors are shown in Note (39) to the consolidated financial statements. Permissible non-audit services provided by the external auditors must be approved beforehand by the Audit Committee of the Supervisory Board.

KPMG AG Wirtschaftsprüfungsgesellschaft, the auditors of the 2024 financial statements – as elected by the Annual General Meeting 2024 and instructed accordingly by the Supervisory Board – have exercised their audit activities under the management of Messrs Gero Wiechens and Markus Winner.

Report of the Supervisory Board of Aareal Bank AG, Wiesbaden

Dear readers,

The past financial year brought major changes for Aareal Bank. For instance, the squeeze-out initiated by Atlantic BidCo in December 2023 was approved by the Annual General Meeting in 2024. As well as this, the Bank's subsidiary Aareon AG was sold and a new Chief Executive Officer, Chief Financial Officer and Chairman of the Supervisory Board were appointed. These changes took effect in an environment that continued to be fraught with geopolitical uncertainty and impacted by the exceptional situation on the US property market. In spite of these changes, Aareal Bank was able to continue its successful growth strategy in its segments.

During the financial year under review, the Supervisory Board continually advised, monitored, and supervised the management of Aareal Bank AG. The Management Board informed the Supervisory Board regularly, promptly and comprehensively about all key issues for the Bank. The Management Board reported on the Group's situation, business development, key financial indicators and market developments. Detailed reports and explanations were also submitted to the Supervisory Board regarding the current liquidity status and liquidity management measures taken, and also about the prevailing risk situation, risk control and risk management measures implemented within the Group. The Supervisory Board was also kept regularly informed about compliance within the Company, and was provided with reports by Internal Audit. It also received comprehensive reports on the development of the business segments and on operational and strategic planning. The Supervisory Board also discussed Atlantic BidCo's demand for a squeeze-out, which was communicated in December 2023.

The Supervisory Board was involved in all material decisions taken by Aareal Bank Group and all material events were discussed and examined in detail. In cases where a Supervisory Board resolution was required, the decision proposals were submitted to the Supervisory Board in due time and informed decisions were taken. In periods between scheduled Supervisory Board meetings, such resolutions were passed via circulation procedures, conference calls or video calls. In 2024, the Supervisory Board and its committees had the option of holding hybrid meetings. All meetings were held in hybrid form except for 28 meetings, which were held as video conferences (13 plenary meetings, 6 Remuneration Control Committee meetings, 6 Executive and Nomination Committee meetings and 3 Audit Committee meetings).

In periods between scheduled Supervisory Board meetings, the Chief Executive Officer and the Chairman of the Supervisory Board regularly discussed all material developments within the Company and on the markets. Regular discussions were also held between Management Board members and committee chairpersons, especially between the CRO and the Chairpersons of the Risk Committee. The chairpersons reported on the discussions to their respective committees.

Activities of the Supervisory Board's Plenary Meeting

18 plenary meetings of the Supervisory Board were held in the year under review. During these meetings, the Supervisory Board members were provided with reports, documents and oral explanations, all of which were discussed in detail. The plenary meeting's work and reporting focused primarily on economic and market developments, on measures being taken to tackle the exceptional situation on the US market and on the strategic further development of the Group.

The Management Board reported regularly and in great detail to the Supervisory Board during the plenary meetings. These reports also covered the development of the Bank's segments – Structured Property Financing and Banking & Digital Solutions – and how these segments are expected to develop following the sale of Aareon AG. In addition, the Supervisory Board was informed about the business development of the entire Aareal Bank Group and, at regular intervals, about the Bank's liquidity status and the steps taken by the Bank's Treasury division here. The Management Board also reported regularly on the quality of the property financing portfolio against the background of market trends in the various property markets, with a particular emphasis on the current status of the US portfolio. The regular reports prepared by the control functions – including Risk Controlling, Compliance, Internal Audit, the CISO and the Remuneration Officer – were presented and discussed. Finally, the Supervisory Board concerned itself with personnel matters relating to the Management Board – without the members of the Management Board being present.

The main areas covered in the individual meetings are outlined below.

As every year, the Supervisory Board meeting in **March 2024** focused primarily on discussing the financial statements and consolidated financial statements presented for the 2023 financial year and also on the external auditors' report. As well as this, it discussed reports on strategic topics of relevance for 2024, such as future business strategy and also investment and efficiency-enhancement opportunities. In addition, the Supervisory Board discussed the SREP Notice for 2023.

In the **April, May and June 2024** meetings, the Supervisory Board concerned itself with the decisions taken by the Annual General Meeting, together with personnel matters relating to the Management Board and with the figures for the first quarter of 2024. The Supervisory Board also looked in detail at Aareal Bank Group's strategy and further development and at the implementation of Basel IV provisions.

In **July and August 2024,** the Supervisory Board concerned itself with Management Board personnel matters and with the Bank's figures for the first six months of the financial year. In addition to the regular reports, at the September 2024 meeting, the Supervisory Board discussed strategic issues with the Management Board. Part of this meeting was also devoted to the BDS segment and its further development.

The **October and November 2024** meetings dealt with personnel matters relating to the Management Board and with the figures for the third quarter of 2024.

In addition to the regular reports, the **December 2024** meeting included an overview of planning and of risk parameters in a planning context. The Supervisory Board also received reports on the adjustment of the business strategy and on strategic initiatives. Besides the regular review of the governance documents and the Declaration of Compliance in accordance with the German Corporate Governance Code (GCGC), the annual review of the individual and collective suitability of the Management Board and Supervisory Board members (annual evaluation) was carried out. The Supervisory Board also concerned itself with the remuneration system for the members of the Management Board and with their targets for 2025.

The chairpersons of the various Supervisory Board committees reported regularly to the plenary meeting on their work, answering all related questions submitted by the members of the plenary meeting in detail.

When Supervisory Board decisions are being prepared, a routine examination is carried out to determine potential conflicts of interest. These were factored into all decisions made during the financial year under review. Please refer to the "Personnel Matters" section in this report for details on the specific handling of conflicts of interest.

Activities of Supervisory Board Committees

In order to perform its supervisory duties efficiently, the Supervisory Board has established five committees: the Executive and Nomination Committee, the Risk Committee, the Audit Committee, the Remuneration Control Committee, and the Technology and Innovation Committee.

Executive and Nomination Committee:

The Executive and Nomination Committee of the Supervisory Board convened for ten meetings in the financial year under review, primarily to prepare the plenary meetings of the Supervisory Board. It convened without the Management Board to discuss the agenda items within its exclusive responsibility, such as suitability requirements for Management Board and Supervisory Board members, the processes for reviewing this suitability, the targets for the composition of both executive bodies, and the annual evaluation of both the Management Board and the Supervisory Board. The Committee also discussed the changes in the composition of the Management Board in the year under review. In addition, it concerned itself with the preparations for the Annual General Meeting 2024, the Rules of Procedure for the Management Board and the Supervisory Board, and also with corporate governance reporting, including the Corporate Governance Statement and Report of the Supervisory Board. The Committee also spoke about the training concept for the Supervisory Board and its committees. Mr Mustier is Chairman of the Executive and Nomination Committee.

Risk Committee:

The Risk Committee held four meetings during the financial year under review. It regularly discussed reports on the Bank's risk situation, which were submitted and explained by the Management Board. Having discussed the contents with the Management Board, these were duly noted by the Committee members. The Risk Committee concerned itself with the Bank's strategies and risks, including credit and country risks, market risks, liquidity risks, operational risks, reputational and IT risks. The Committee also examined Aareal Bank's risk-bearing capacity and its capital ratios. Detailed reports regarding the Bank's liquidity status, management and funding were also provided. Moreover, the Risk Committee concerned itself with the results of the risk management system review carried out by the external auditors and with the main focus of the ECB's supervisory activities during the 2024 financial year. The regulatory reviews and other regulatory publications and amendments were also presented during the meetings, in particular the results of the SREP 2023 and preliminary results of the SREP 2024. Also, all material risks were outlined and discussed and the risk inventory was presented. In this context, the Risk Committee discussed the results of the external auditors' examination of the risk management system.

The Management Board submitted detailed reports to the Risk Committee, covering all markets in which the Bank is active in the property finance business, as well as supplementary reports regarding the Bank's investments in securities portfolios. The Committee members discussed these reports and market assessments in detail, while also examining measures for reducing high-risk exposures within the scope of risk reporting. The Risk Committee also received reports on recovery planning and other risk management measures.

In addition, the Committee concerned itself in all meetings with the banking and regulatory environment. Specific meetings focused on current topics such as individual risk types and the performance of all of the Bank's portfolios, concentrating on critical recent developments in individual markets. This also included an in-depth look at the portfolio of office properties in the US and, in this context, at the necessary measures for reducing or restructuring exposures.

Other topics discussed by the Risk Committee in the financial year under review included the remuneration strategy, which was subjected to a regular review against the background of the Company's risk, capital and liquidity structure. The Risk Committee also took a close look at steering measures for existing pension obligations and the regular review of terms and conditions in the client business.

The Risk Committee further discussed the regulatory requirements related to the Digital Operational Resilience Act (DORA) in the 2024 financial year. Together with the Technology and Innovation Committee, it also concerned itself with IT risks at every meeting.

Mr José Sevilla-Alvarez succeeded Mr Henning Giesecke as Chairman of the Risk Committee in the year under review.

Audit Committee:

The Audit Committee held eight meetings during the year under review. In accordance with GCGC requirements, it came together with the Management Board during its meetings in May, August and November 2024 to discuss the quarterly results to be published and again in February to discuss the preliminary figures for the 2023 financial year. The Committee also received the external auditors' report on the audit of the financial statements and consolidated financial statements for the 2023 financial year, and discussed the results with them in detail. The Committee members discussed the contents of the audit reports provided, forming their own judgement of the audit results based on these reports and by way of meetings held with the external auditors. The Committee dealt with the measures the Management Board had taken in response to the findings identified by external auditors, Internal Audit and supervisory authorities, and was updated regularly on these. External auditor representatives also attended all meetings, except for agenda items relating to the assessment of the financial statements audit and the proposal for the appointment of external auditors. A regular update on the status of already approved and anticipated non-audit services provided by the external auditors was provided at all meetings. The Audit Committee also concerned itself with Internal Audit reports and audit planning and with the reporting by the Compliance Officer. The Group planning was presented as well. The Audit Committee regularly discussed current projects within Aareal Bank AG, with a particular focus on the implementation of ESG reporting requirements introduced by the CSRD.

Prof. Hermann Wagner left the Supervisory Board as planned and was succeeded by Mr. Denis Hall as Chairman of the Audit Committee.

Remuneration Control Committee:

The Remuneration Control Committee held nine meetings during the year under review. The Remuneration Officer, who attended every meeting, supported the Supervisory Board and the Remuneration Control Committee throughout the entire financial year.

Pursuant to the requirement set out in section 25d (12) of the KWG, which is reflected in the Rules of Procedure of Aareal Bank's Supervisory Board, the Management Board does not attend Remuneration Control Committee meetings on the subject of Management Board remuneration. The Remuneration Control Committee convened eight times during the 2024 financial year without any member of the Management Board being present, and held one meeting at which some Management Board members were present for selected agenda items.

During its meetings, the Remuneration Control Committee discussed issues concerning the Bank's remuneration systems and all related matters, fulfilling its original assignment. For this purpose, and to the extent considered necessary, external legal and remuneration advisors were retained to provide support. The Committee supported the plenary meeting of the Supervisory Board in monitoring the inclusion of internal control units and of all other key divisions in designing the remuneration systems, also assessing the effects of the remuneration systems on the Bank's risk, capital and liquidity situation. In addition, the Remuneration Control Committee supported the Supervisory Board in all matters related to the remuneration system for the Management Board, determining Group targets for 2024 and Management Board targets for 2024 and 2025 as well as the degree of target achievement for the previous year and, in turn, variable remuneration for Board members. As a rule, the Remuneration Control Committee assisted the Supervisory Board by preparing the corresponding recommendations for resolution.

One of the key topics in the year under review was adjustments to the remuneration system, necessitated in part by the takeover of Aareal Bank. In the second half of the year, the Remuneration Control Committee also concerned itself with the management of Aareal Bank AG's existing pension obligations. Mr Mustier is Chairman of the Remuneration Control Committee.

Technology and Innovation Committee:

The Technology and Innovation Committee convened for four meetings during the financial year under review. Its focus in 2024 was on monitoring the steps being taken to resolve audit findings and on potential adjustments in the IT infrastructure and the implementation of regulatory requirements under DORA. The Technology and Innovation Committee also discussed topics such as IT security and IT optimisation, the further development of the digitalisation strategy, market trends and technological advancements. Ms Lulay is Chairwoman of the Technoloy and Innovation Committee.

Attendance of Supervisory Board members at plenary and committee meetings:

Where members of the Supervisory Board were unable to attend a meeting, they announced their absence in advance, giving reasons. Attendance of Supervisory Board members at meetings is shown in the table below.

Member of the Supervisory Board	Participation in plenary meetings	Quota	Participation in committee meetings	Quota	Number of meetings attended / number of meetings*
Jean Pierre Mustier	17/18	94%	19/19	100%	36/37
Prof. Dr Hermann Wagner	5/6	83%	6/6	100%	11/12
Sylwia Bach**	14/15	93%	3/3	100%	17/18
Henning Giesecke	18/18	100%	21/21	100%	39/39
Denis Hall	18/18	100%	16/16	100%	34/34
Petra Heinemann-Specht**	17/18	94%	20/21	95%	37/39
Barbara Knoflach	14/18	78%	16/18	89%	30/36
Jan Lehmann**	14/15	80%	3/3	100%	17/18

* plenary and committee meetings; ** Employee representative

>

Member of the Supervisory Board	Participation in plenary meetings	Quota	Participation in committee meetings	Quota	Number of meetings attended / number of meetings*
Hans-Hermann Lotter	15/18	83%	24/27	89%	39/45
Marika Lulay	17/18	94%	11/14	79%	28/32
Klaus Novatius**	17/18	94%	19/19	100%	36/37
Maximilian Rinke	12/12	100%	14/14	100%	26/26
Nicole Schäfer**	3/3	100%	1/1	100%	4/4
José Sevilla Álvarez	13/18	72%	23/26	88%	36/44
Markus Zywitza**	3/3	100%	1/1	100%	4/4

* plenary and committee meetings; ** Employee representative

Financial Statements and Consolidated Financial Statements

The Supervisory Board commissioned KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, who were elected as auditors by the 2024 Annual General Meeting, with the task of auditing the financial statements and the consolidated financial statements. The appointed external auditors submitted a statement regarding their independence to the Supervisory Board, who duly noted it. The Supervisory Board has no reason to doubt the accuracy of this statement of independence. Fulfilling their duties as commissioned by the Supervisory Board, KPMG AG Wirtschaftsprüfungsgesellschaft audited the financial statements prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared in accordance with IFRSs, as well as the Management Report and the Group Management Report. Based on the results of their audit, KPMG AG Wirtschaftsprüfungsgesellschaft issued an unqualified audit opinion for the financial statements and consolidated financial statements. This also applies to the report prepared by the Management Board on the relationships with affiliated companies (Subordinate Status Report) pursuant to section 312 of the AktG, which the external auditors also audited and about which they issued an unqualified audit opinion in accordance with section 313 of the AktG.

All members of the Supervisory Board received the audit reports, including all annexes thereto, in good time before the meeting during which the financial statements and the consolidated financial statements were discussed. Having examined the documents provided, the Supervisory Board members formed their own judgement of the audit results. The external auditor representatives attended the meeting of the Supervisory Board during which the financial statements and consolidated financial statements were discussed and gave a detailed account of the results of their audit. The representatives of KPMG AG Wirtschaftsprüfungsgesellschaft were then available to the Supervisory Board to answer further questions and to provide additional information. All questions were answered to the full satisfaction of the Supervisory Board.

The financial statements and management report of Aareal Bank AG prepared in accordance with the HGB, and the consolidated financial statements as well as the Group Management Report prepared in accordance with IFRSs were examined in detail, as were the audit reports and the Management Board proposal regarding the appropriation of profit. No objections were raised to the audit results. The Supervisory Board approved the audit results at its meeting on 5 March 2025. The Supervisory Board thus confirmed the financial statements of Aareal Bank AG (in accordance with the HGB), and approved the consolidated financial statements (in accordance with IFRSs). The Supervisory Board examined and discussed with the Management Board the proposal regarding the appropriation of profit.

Non-financial Report

Owing to changes in regulatory requirements, the Company has integrated non-financial reporting, which was previously handled separately, into its Management Report starting this year. The Audit Committee and Supervisory Board provided extensive support in implementing the CSRD requirements for non-financial reporting. This means that, as of the financial year under review, the Supervisory Board's audit activities for non-financial reporting now fall under the audit activities for financial reporting, which are outlined above.

Atlantic BidCo GmbH's Squeeze-out Demand and Annual General Meeting 2024

Atlantic BidCo GmbH submitted a squeeze-out demand to Aareal Bank on 11 December 2023. This demand was submitted to Aareal Bank AG's Annual General Meeting on 3 May 2024 and was approved with the necessary majority of votes.

Personnel matters

Supervisory Board:

The following personnel changes were made to the Supervisory Board during the year under review:

Prof. Hermann Wagner retired from the Supervisory Board at the close of the Annual General Meeting on 3 May 2024, at the end of his regular term of office.

The Supervisory Board would like to thank Prof. Wagner not only for his constructive work and expertise during his many years of service, but also for taking on the responsibilities of Chairman of the Audit Committee and – in a particularly eventful period in the Bank's history – those of Chairman of the Supervisory Board as well. Prof. Wagner was instrumental in facilitating the smooth transition into a Company owned by a single shareholder. The Supervisory Board wishes him all the best for the future.

Prof. Wagner has been succeeded by Mr Rinke, a renowned expert in the financial sector. The members of the Supervisory Board are looking forward to working with him.

Following the sale of Aareon AG, the terms of office of both Aareon employee representatives on Aareal Bank's Supervisory Board ended at the close of 1 October 2024. During their terms of office, in particular, Ms Bach and Mr Lehmann contributed their extensive IT expertise to the Supervisory Board's work. The Supervisory Board wishes both of them every success with their ongoing work at Aareon AG. Their successors, Ms Nicole Schäfer and Mr Markus Zywitza, joined the Supervisory Board on 2 October 2024. The Supervisory Board welcomes its two new members and is looking forward to working with them.

In the previous year, Mr Lotter was subject to a conflict of interest in his role as Managing Director of Atlantic BidCo GmbH. This conflict of interest ceased to exist at the close of 2 December 2024 when Mr Lotter resigned from that office. Mr Lotter did not receive any payments from Atlantic BidCo GmbH in this respect at any time. Therefore, Mr Lotter is once again deemed to be an independent member of the Supervisory Board. As regards Ms Lulay, Managing Director of GFT Technologies SE, Aareal Bank AG has a business relationship with GFT Technologies SE. Whilst in principle, this must be considered material as defined by the Conflicts of Interest Policy for the Management Board and Supervisory Board, the business relationship is not relevant for the practical work of Aareal Bank's Supervisory Board. Ms Barbara Knoflach and Mr Henning Giesecke are only subject to a potential conflict of interest. In the event that Aareal Bank's Supervisory Board is to vote on a resolution that concerns an actual conflict of interest, the Supervisory Board members in question will abstain from any related discussions and from voting on the resolution.

Mr Giesecke, Mr Hall, Ms Knoflach, Mr Lotter and Ms Lulay are subject to a potential conflict of interest due to their investments in the Atlantic Co-investment Programme. However, since their investment (= economic interest) does not exceed 1 % of Aareal Bank's eligible regulatory capital (currently € 1,803,819,875.42), it is considered immaterial and does not affect the work of the Supervisory Board.

Management Board:

In April, the Supervisory Board and Mr Jochen Klösges amicably agreed that Aareal Bank Group should enter its next development phase under a new leadership. The Supervisory Board appointed Dr Christian Ricken as the Bank's new Chief Executive Officer as of 1 August 2024. Mr Klösges remained on board as CEO until his successor took office, helping to ensure a smooth transition. The Supervisory Board would like to thank Mr Klösges for his effective leadership in very challenging times. In Dr Ricken, the Supervisory Board has found a successor with extensive experience in capital markets and asset management, but also in leading international teams and functions. The Supervisory Board is delighted to have Dr Ricken at the helm of Aareal Bank Group and wishes him every success in his new role.

In May 2024, Aareal Bank AG's Supervisory Board and CFO Mr Marc Hess amicably agreed that Mr Hess would leave the Company when his service contract expired at the end of 2024. The Supervisory Board would like to thank Mr Hess, a renowned financial and capital markets expert, for the decisive role he played in steering the Bank through challenging markets and very uncertain times and in securing an excellent position for Aareal Bank on the capital markets. The Supervisory Board wishes Marc Hess all the best in his future endeavours. On 30 July 2024, the Supervisory Board appointed Mr Andrew Halford as Aareal Bank's new Chief Financial Officer effective 1 October 2024. Mr Halford was Group Chief Financial Officer and Group Executive Director of Standard Chartered for almost ten years before joining Aareal Bank. The Supervisory Board is delighted to have such a renowned financial expert on board and wishes Mr Halford every success with his new role at Aareal Bank.

Training and Continuous Professional Development

In September 2024, the Supervisory Board and its committees determined their respective training requirements for the following year, based on the Supervisory Board's training concept. These training requirements determined were prepared by the Executive and Nomination Committee and presented to the Supervisory Board in December 2024 together with a resolution proposal for a specific training concept for the following year.

Furthermore, professional development measures on current topics (or on those considered relevant by the Supervisory Board) took place during Supervisory Board meetings on a regular basis, whether as part of "deep dives" or on the occasion of additional information meetings. Likewise, the external auditors elected by the Annual General Meeting organised training and information events to keep the Supervisory Board informed on relevant developments in the business and regulatory framework.

The Supervisory Board would like to thank the Management Board and all of the Group's employees for the strong commitment they have shown during the 2024 financial year. Through their exceptional dedication, motivation and perseverance, the Group's employees steered the Bank through the many challenges of 2024 and played a key role in navigating the evolving demands of international markets. As well as this, they have continued to work under dynamically changing conditions on a great many projects that have paved the way for key future developments. This once again illustrates the outstanding team spirit that defines Aareal Bank.

Wiesbaden, March 2025

For the Supervisory Board

Jean Pierre Mustier (Chairman)

Offices

Wiesbaden Head Office

Aareal Bank AG
Paulinenstrasse 15
65189 Wiesbaden, Germany
Phone: +49 611 3480
Fax: +49 611 3482549

Structured Property Financing

Dublin
Office 14 · Fitzwilliam House
3/4 Pembroke Street
Upper Dublin
Dublin 2, D02 VN24, Ireland
Phone: +353 1 6369220
Fax: +353 1 6702785

Istanbul
Ebulula Mardin Caddesi
Maya Meridyen Iş Merkezi
D:2 Blok · Kat. 11
34335 Akatlar-Istanbul, Turkey
Phone: +90 212 3490200
Fax: +90 212 3490299

London
6th Floor, 6,7,8 Tokenhouse Yard
London EC2R 7AS, UK
Phone: +44 20 74569200
Fax: +44 20 79295055

New York
Aareal Capital Corporation
360 Madison Avenue, 18th Floor
New York, NY 10017, USA
Phone: +1 212 5084080
Fax: +1 917 3220285

Paris
29 bis, rue d'Astorg
75008 Paris, France
Phone: +33 1 44516630
Fax: +33 1 42662498

Rome
Via Mercadante, 12/14
00198 Rome, Italy
Phone: +39 06 83004200
Fax: +39 06 83004250

Singapore
Aareal Bank Asia Limited
3 Church Street
17-03 Samsung Hub
Singapore 049483, Singapore
Phone: +65 6372 9750
Fax: +65 6536 8162

Stockholm
Norrmalmstorg 14
11146 Stockholm, Sweden
Phone: +46 8 54642000
Fax: +46 8 54642001

Warsaw
RONDO 1 · Rondo ONZ 1
00-124 Warsaw, Poland
Phone: +48 22 5380060
Fax: +48 22 5380069

Wiesbaden
Paulinenstrasse 15
65189 Wiesbaden, Germany
Phone: +49 611 3482950
Fax: +49 611 3482020

Banking & Digital Solutions

Aareal Bank AG
Banking & Digital Solutions
Paulinenstrasse 15
65189 Wiesbaden, Germany
Phone: +49 611 3482967
Fax: +49 611 3482499

Banking & Digital Solutions
Berlin Branch
SpreePalais
Anna-Louisa-Karsch-Strasse 2
10178 Berlin, Germany
Phone: +49 30 88099444
Fax: +49 30 88099470

Banking & Digital Solutions
Essen Branch
Alfredstrasse 220
45131 Essen, Germany
Phone: +49 201 81008100
Fax: +49 201 81008200

Banking & Digital Solutions
Rhine-Main Branch
Paulinenstrasse 15
65189 Wiesbaden, Germany
Hotline: +49 611 3482000
Fax: +49 611 3483002

collect Artificial Intelligence GmbH
Willy-Brandt-Strasse 59-65
20457 Hamburg, Germany
Phone: +49 40 609412950

First Financial Software GmbH
Isaac-Fulda-Allee 6
55124 Mainz, Germany
Phone: +49 6131 4864500

plusForta GmbH
Talstrasse 24
40217 Düsseldorf, Germany
Phone: +49 211 5426830
Fax: +49 211 54268330

Financial Calendar

15 May 2025	Publication of results as at 31 March 2025
7 August 2025	Publication of results as at 30 June 2025
13 November 2025	Publication of results as at 30 September 2025

Imprint

Contents:
Aareal Bank AG
Layout:
S/COMPANY · Die Markenagentur GmbH
Photography:
© Pavel Becker (p. 5)

Aareal Bank AG
Investor Relations
Paulinenstrasse 15 · 65189 Wiesbaden, Germany
Phone: +49 611 348 3009
Fax: +49 611 348 2637

www.aareal-bank.com

This report is also available in German.

Aareal Bank Group

03/2025

Aareal

YOUR COMPETITIVE ADVANTAGE.