

Transparency

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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 Aareon¹⁾, 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; Aareon¹⁾: 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 Zywitzka*		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 (CGGC), 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 Technology 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 Klösger 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 Klösger remained on board as CEO until his successor took office, helping to ensure a smooth transition. The Supervisory Board would like to thank Mr Klösger 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

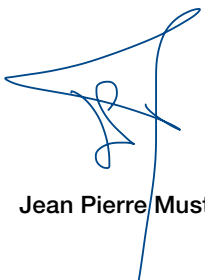
In September 2024, the Supervisory Board and its committees determined their respective training requirements for the following year, based on the Supervisory Board's training concept. These training requirements determined were prepared by the Executive and Nomination Committee and presented to the 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

A handwritten signature in blue ink, consisting of a stylized 'J' and 'M' followed by a vertical line.

Jean Pierre Mustier (Chairman)

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Financial Calendar

15 May 2025	Publication of results as at 31 March 2025
7 August 2025	Publication of results as at 30 June 2025
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This report is also available in German.



**Aareal Bank
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