

# **Regulatory Disclosure Report for H1 2022**

of Aareal Bank Group

# Regulatory Disclosure Report for H1 2022

|           |                                                                                                |
|-----------|------------------------------------------------------------------------------------------------|
| <b>3</b>  | <b>Preface</b>                                                                                 |
| <b>4</b>  | <b>Overview of Regulatory Key Metrics</b>                                                      |
| <b>6</b>  | <b>Regulatory Capital</b>                                                                      |
| 7         | Composition of regulatory own funds                                                            |
| 14        | Reconciliation of regulatory own funds to balance sheet<br>in the audited financial statements |
| 16        | Risk-weighted assets and capital requirements                                                  |
| <b>19</b> | <b>Countercyclical Buffer</b>                                                                  |
| <b>20</b> | <b>Credit Risks and Quantitative Information<br/>on Credit Risk Mitigation</b>                 |
| 21        | Credit quality of exposures                                                                    |
| 29        | Exposures subject to a general payment moratorium                                              |
| 30        | Credit risk mitigation                                                                         |
| 32        | Credit Risk Standard Approach                                                                  |
| 35        | Advanced IRB Approach (AIRBA)                                                                  |
| <b>39</b> | <b>Counterparty Credit Risk</b>                                                                |
| <b>44</b> | <b>Liquidity Risk</b>                                                                          |
| 44        | Liquidity Coverage Ratio                                                                       |
| 47        | Net Stable Funding Ratio (NSFR)                                                                |
| <b>50</b> | <b>Interest Rate Risk in the Banking Book</b>                                                  |
| <b>52</b> | <b>Leverage Ratio</b>                                                                          |
| <b>55</b> | <b>Imprint</b>                                                                                 |

---

## Preface

Aareal Bank Group is classified as a significant institution within the scope of the Single Supervisory Mechanism (SSM) and is therefore subject to direct supervision by the European Central Bank (ECB).

In March 2021, the European Commission published the Commission Implementing Regulation (EU) 2021/637 for the disclosure of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (Capital Requirements Regulation – “CRR”). These substantiate the revised disclosure requirements to be applied from 28 June 2021.

Due to its consolidated total assets of more than € 30 billion, Aareal Bank Group is classified as a large institution in accordance with Article 4 no 146 lit. d) of the CRR. The scope of the information that has to be disclosed on a half-yearly basis is therefore based on the requirements of Article 433a (1) lit. b) and c) of the CRR.

Due to the use of the waiver option (section 2a (1) sentence 1 of the German Banking Act (Kreditwesengesetz – “KWG”) in conjunction with Article 7 (3) of the CRR), Aareal Bank complies with the requirements of parts 2, 3, 4, 6, 7 and 8 of the CRR at a Group level. Aareal Bank AG, whose registered office is in Wiesbaden, Germany, is the parent institution of the Group (LEI code EZKODONU5TYHW4PP1R34).

The details we have published in this disclosure report are based on both the Credit Risk Standard Approach (CRSA) and the Advanced IRB Approach (Advanced Internal Ratings-Based Approach – AIRBA).

Minor differences may occur regarding the figures stated, due to rounding.

As the equivalent value of derivatives and the related counterparty credit risk for the purpose of regulatory reporting are determined exclusively according to the standardised approach for measuring counterparty credit risk (SA-CCR) (Article 274 et seqq. of the CRR), disclosure of table EU CCR7 (RWA flow statements of credit risk exposures, the counterparty credit risks of which are measured taking the internal model method into consideration) is not required.

Similarly, as the Bank does not use internal models for the calculation of own funds requirements for market risk, the table EU MR2-B (RWA flow statements of market risk under the internal model approach) is not disclosed either.

Aareal Bank does not apply the transitional provisions, pursuant to Article 473a of the CRR, to mitigate the impact of the introduction of IFRS 9 on regulatory capital requirements. Accordingly, the obligation to provide additional disclosures (as specified in detail in EBA guidelines EBA/GL/2018/01) is waived.

Since the ECB does not classify Aareal Bank Group as a Global Systemically Important Institution (G-SII) on the basis of Delegated Regulation (EU) 1222/2014, the disclosure requirements pursuant to Article 437a of the CRR (“Disclosure of own funds and eligible liabilities”) do not apply.

## Overview of Regulatory Key Metrics

The table EU KM1 provides an overview of the regulatory key metrics in accordance with Article 447 of the CRR. The overview also includes the additional regulatory capital as required by the Supervisory Review and Evaluation Process (SREP).

### EU KM1: Key metrics

|                                                                                                                                                        |                                                                                                        | a           | b           | c           | d           | e           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                                                                                                                                        |                                                                                                        | 30 Jun 2022 | 31 Mar 2022 | 31 Dec 2021 | 30 Sep 2021 | 30 Jun 2021 |
| € mn                                                                                                                                                   |                                                                                                        |             |             |             |             |             |
| <b>Available own funds</b>                                                                                                                             |                                                                                                        |             |             |             |             |             |
| 1                                                                                                                                                      | Common Equity Tier 1 (CET1) capital                                                                    | 2,579       | 2,240       | 2,322       | 2,225       | 2,298       |
| 2                                                                                                                                                      | Tier 1 (T1) capital                                                                                    | 2,879       | 2,540       | 2,622       | 2,525       | 2,598       |
| 3                                                                                                                                                      | Own funds                                                                                              | 3,208       | 2,906       | 3,016       | 2,945       | 3,048       |
| <b>Risk-weighted exposure amounts</b>                                                                                                                  |                                                                                                        |             |             |             |             |             |
| 4                                                                                                                                                      | Risk-weighted exposure amounts (Risk-weighted assets, RWAs)                                            | 10,094      | 10,767      | 10,446      | 10,803      | 11,981      |
| <b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>                                                                               |                                                                                                        |             |             |             |             |             |
| 5                                                                                                                                                      | Common Equity Tier 1 ratio (CET1 ratio)                                                                | 25.55       | 20.81       | 22.23       | 20.59       | 19.18       |
| 6                                                                                                                                                      | Tier 1 ratio (T1 ratio)                                                                                | 28.52       | 23.59       | 25.10       | 23.37       | 21.69       |
| 7                                                                                                                                                      | Total capital ratio (TC ratio)                                                                         | 31.78       | 26.99       | 28.87       | 27.26       | 25.44       |
| <b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b> |                                                                                                        |             |             |             |             |             |
| EU 7a                                                                                                                                                  | Additional own funds requirements to address risks other than the risk of excessive leverage           | 2.75        | 2.75        | 2.25        | 2.25        | 2.25        |
| EU 7b                                                                                                                                                  | of which: to be made up of CET1 capital                                                                | 1.55        | 1.55        | 1.27        | 1.27        | 1.27        |
| EU 7c                                                                                                                                                  | of which: to be made up of Tier 1 capital                                                              | 2.07        | 2.07        | 1.69        | 1.69        | 1.69        |
| EU 7d                                                                                                                                                  | Total SREP own funds requirements                                                                      | 10.75       | 10.75       | 10.25       | 10.25       | 10.25       |
| <b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>                                              |                                                                                                        |             |             |             |             |             |
| 8                                                                                                                                                      | Capital conservation buffer                                                                            | 2.50        | 2.50        | 2.50        | 2.50        | 2.50        |
| EU 8a                                                                                                                                                  | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State | –           | –           | –           | –           | –           |
| 9                                                                                                                                                      | Institution specific countercyclical capital buffer                                                    | 0.01        | 0.00        | 0.01        | 0.01        | 0.01        |
| EU 9a                                                                                                                                                  | Systemic risk buffer                                                                                   | –           | –           | –           | –           | –           |
| 10                                                                                                                                                     | Global Systemically Important Institution buffer                                                       | –           | –           | –           | –           | –           |
| EU 10a                                                                                                                                                 | Other Systemically Important Institution buffer                                                        | –           | –           | –           | –           | –           |
| 11                                                                                                                                                     | Combined buffer requirement                                                                            | 2.51        | 2.50        | 2.51        | 2.51        | 2.51        |
| EU 11a                                                                                                                                                 | Overall capital requirements                                                                           | 13.26       | 13.25       | 12.76       | 12.76       | 12.76       |
| 12                                                                                                                                                     | CET1 available after meeting the total SREP own funds requirements                                     | 19.50       | 14.76       | 16.46       | 14.83       | 13.42       |
| <b>Leverage ratio</b>                                                                                                                                  |                                                                                                        |             |             |             |             |             |
| 13                                                                                                                                                     | Total exposure measure                                                                                 | 48,802      | 48,047      | 47,724      | 45,803      | 45,607      |
| 14                                                                                                                                                     | Leverage Ratio (%)                                                                                     | 5.90        | 5.29        | 5.49        | 5.51        | 5.70        |

|                                                                                                                                | a           | b           | c           | d           | e           |
|--------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                                                                                                                | 30 Jun 2022 | 31 Mar 2022 | 31 Dec 2021 | 30 Sep 2021 | 30 Jun 2021 |
| € mn                                                                                                                           |             |             |             |             |             |
| <b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b> |             |             |             |             |             |
| EU 14a Additional own funds requirements to address the risk of excessive leverage                                             | –           | –           | –           | –           | –           |
| EU 14b of which: to be made up of CET1 capital                                                                                 | –           | –           | –           | –           | –           |
| EU 14c Total SREP leverage ratio requirements                                                                                  | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        |
| <b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>                |             |             |             |             |             |
| EU 14d Leverage ratio buffer requirement                                                                                       | –           | –           | –           | –           | –           |
| EU 14e Overall leverage ratio requirement                                                                                      | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        |
| <b>Liquidity Coverage Ratio</b>                                                                                                |             |             |             |             |             |
| 15 Total high-quality liquid assets (HQLA) (weighted value – average)                                                          | 6,750       | 6,775       | 6,643       | 6,695       | 7,035       |
| EU 16a Cash outflows – total weighted value                                                                                    | 3,634       | 3,287       | 3,080       | 3,020       | 3,045       |
| EU 16b Cash inflows – total weighted value                                                                                     | 672         | 549         | 472         | 450         | 447         |
| 16 Total net cash outflows (adjusted value)                                                                                    | 2,961       | 2,740       | 2,607       | 2,570       | 2,598       |
| 17 Liquidity coverage ratio (LCR) (%)                                                                                          | 231.23      | 248.54      | 255.42      | 261.15      | 271.66      |
| <b>Net Stable Funding Ratio</b>                                                                                                |             |             |             |             |             |
| 18 Total available stable funding                                                                                              | 35,163      | 32,273      | 33,011      | 34,997      | 34,414      |
| 19 Total required stable funding                                                                                               | 30,898      | 27,523      | 27,064      | 29,807      | 29,667      |
| 20 NSFR (%)                                                                                                                    | 113.80      | 117.26      | 121.98      | 117.41      | 116.00      |

## Development of key metrics

### Capital ratios and RWA

Compared to the previous disclosure date of 31 March 2022, the capital ratios (CET1, T1 and TC ratios) improved, due to the decline in RWAs by € 673 million and an increase in regulatory capital (€ +302 million).

Besides the mismatch between disbursements and taking into account eligible collateral pursuant to the CRR, the decline in RWAs with a simultaneous increase in new business in the Structured Property Financing segment was mostly driven by quality improvements in the existing commercial property finance portfolio. In addition, the non-performing loan portfolio was further reduced.

The increase in regulatory capital was largely due to a € 339 million increase in CET1 capital, which itself was primarily driven by a change in the OCI (€ -104 million). In accordance with the Investment Agreement entered into with Atlantic BidCo GmbH, there are no plans to distribute any dividends for the 2021 financial year. This led to a € 96 million increase of retained earnings recognised in the CET1 capital. Moreover, loss allowance recorded during the course of the year was not deducted, but already taken into account in CET1 capital through the inclusion of the interim result.

---

### Leverage ratio

Compared to 31 March 2022, the leverage ratio was up due to the increase in Tier I capital, despite the € 754 million increase in the total exposure measure. Key drivers for the increase in the total exposure measure were the higher aggregate amount of on-balance sheet exposures (excluding derivatives and securities financing transactions) and off-balance sheet exposures (€ +649 million in total) as well as securities financing transactions held on the reporting date (€ +134 million).

### Liquidity Coverage Ratio

High-quality liquid assets (HQLA) stood at € 5.8 billion on average in the third quarter of 2021, before returning to the higher level seen in the first two quarters of 2021 in the fourth quarter. Outflows showed an increasing trend during the first quarter of this year, whereas the volume of assets (which had increased at the beginning of the year) gradually declined again – the latter factor being primarily related to credit balances with central banks. In the second quarter, the level of assets held decreased. Outflows clearly reflect the continued strong new business development, and were around 20% higher than in the previous quarter. A sharp increase in inflows was not able to offset this. Overall, these factors led to a LCR decline in the second quarter of 2022.

### Net Stable Funding Ratio (NSFR)

Compared to 31 March 2022, the Net Stable Funding Ratio decreased by 3.46 percentage points to 113.80%, reflecting a more pronounced increase in available stable funding (ASF; +€ 3,375 million), which exceeded the increase in required stable funding (RSF) by € 2,890 million.

The increase in ASF is primarily due to the shift of tenders to longer residual maturity bands (around € 1.8 billion), as well as to issues of Pfandbriefe and bearer bonds (€ +900 million). Effects from the increase in equity (€ +270 million), a higher level of money-market transactions (€ +300 million) and lower volumes of registered Pfandbriefe (€ -640 million) also contributed.

RSF also grew due to the extension of tender maturities and the associated shift of collateral to longer residual maturity bands (around € 2 billion). Moreover, the credit portfolio rose by € 720 million, and off-balance sheet transactions – especially revocable loan commitments (€ +500 million) – were recognised for the first time.

## Regulatory Capital

Aareal Bank Group has to comply with the capital adequacy requirements set out in the Capital Requirements Regulation (CRR), the Capital Requirements Directive (CRD IV), the German Banking Act (Kreditwesengesetz – “KWG”) and the German Solvency Regulation (Solvabilitätsverordnung – “SolvV”).

Following these regulations, institutions and companies operating in the financial sector must calculate their existing regulatory capital on a regular basis, and present these detailed results thereon to the supervisory authorities on specific dates.

Strict regulatory criteria are applied to the availability and sustainability of the qualifying capital when calculating regulatory capital. These provisions are not consistent with the recognition rules pursuant to the German Commercial Code (Handelsgesetzbuch – “HGB”) or IFRSs.

The regulatory capital as well as reported equity disclosed in Aareal Bank Group's interim report are based on the items reported in the statement of financial position in accordance with IFRSs. However, there are differences between items disclosed for regulatory and accounting purposes which are due to different scopes of consolidation on the one hand, as well as adjustments to the Group's regulatory capital on the other hand.

The disclosures in this report are based on the binding provisions for the implementation of disclosure requirements set out in Article 4 of Commission Implementing Regulation 2021/637/EU, in the interests of comparability and increased transparency pursuant to Article 437 of the CRR.

### Composition of regulatory own funds

Within the scope of the ECB's Supervisory Review and Evaluation Process, Aareal Bank has to meet total SREP own funds requirements of 10.75 % on a consolidated level in 2022. This comprises an additional own funds requirement (Pillar 2 Requirement, P2R) of 2.75 %, which has to be maintained in the form of at least 56.25 % in Common Equity Tier 1 capital and 75 % of Tier 1 capital. The increase compared to 2021 (2.25 %) is the result of the fact that especially the market for commercial properties has been affected by the Covid-19 pandemic. Taking into account the capital conservation buffer of 2.50% and the counter-cyclical capital buffer of 0.01%, both of which have to be maintained in the form of Common Equity Tier 1 capital, the Overall Capital Requirement (OCR) of Aareal Bank as at 30 June 2022 amounts to 13.25 %.

The average total capital ratio (TC ratio) over the current reporting date and the four last quarters amounts to 28.07 %. The comparison to the total SREP own funds requirements demonstrates that Aareal Bank Group is well capitalised to cover its risks.

The following table EU CC1 serves to fulfil the disclosure requirements set out in Article 437 lit. (a) and (d) of the CRR. The components of Common Equity Tier 1, Additional Tier 1 and Tier 2 capital are described in the section following this table.

In order to reconcile the regulatory own funds with the balance sheet figures disclosed in column b of table EU CC2, column b references the relevant balance sheet line item.

#### EU CC1: Composition of regulatory own funds

|                                                                      |                                                             | a       | b                                                                                                          |
|----------------------------------------------------------------------|-------------------------------------------------------------|---------|------------------------------------------------------------------------------------------------------------|
|                                                                      |                                                             | Amounts | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| € mn                                                                 |                                                             |         |                                                                                                            |
| <b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b> |                                                             |         |                                                                                                            |
| 1                                                                    | Capital instruments and the related share premium accounts  | 901     | A, B                                                                                                       |
|                                                                      | of which: shares                                            | 180     | A                                                                                                          |
| 2                                                                    | Retained earnings                                           | 1,907   | C                                                                                                          |
| 3                                                                    | Accumulated other comprehensive income (and other reserves) | -24     | D                                                                                                          |
| EU-3a                                                                | Funds for general banking risk                              | –       |                                                                                                            |

|                                                                    |                                                                                                                                                                                                                                                                                 | a            | b                                                                                                          |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------|
|                                                                    |                                                                                                                                                                                                                                                                                 | Amounts      | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| € mn                                                               |                                                                                                                                                                                                                                                                                 |              |                                                                                                            |
| 4                                                                  | Amount of qualifying items referred to in Article 484 (3) of the CRR and the related share premium accounts subject to phase-out from CET1                                                                                                                                      | –            |                                                                                                            |
| 5                                                                  | Minority interests (amount allowed in consolidated CET1)                                                                                                                                                                                                                        | –            |                                                                                                            |
| EU-5a                                                              | Independently reviewed interim profits net of any foreseeable charge or dividend                                                                                                                                                                                                | 50           | E                                                                                                          |
| <b>6</b>                                                           | <b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>                                                                                                                                                                                                        | <b>2,834</b> |                                                                                                            |
| <b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b> |                                                                                                                                                                                                                                                                                 |              |                                                                                                            |
| 7                                                                  | Additional value adjustments (negative amount)                                                                                                                                                                                                                                  | -3           | F                                                                                                          |
| 8                                                                  | Intangible assets (net of related tax liability) (negative amount)                                                                                                                                                                                                              | -24          | G                                                                                                          |
| 9                                                                  | –                                                                                                                                                                                                                                                                               | –            |                                                                                                            |
| 10                                                                 | Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where the conditions of Article 38 (3) of the CRR are met) (negative amount)                                                            | -13          | H                                                                                                          |
| 11                                                                 | Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value                                                                                                                                                   | –            |                                                                                                            |
| 12                                                                 | Negative amounts resulting from the calculation of expected loss amounts                                                                                                                                                                                                        | -5           |                                                                                                            |
| 13                                                                 | Increase in equity resulting from securitised assets (negative amount)                                                                                                                                                                                                          | –            |                                                                                                            |
| 14                                                                 | Gains or losses on liabilities valued at fair value resulting from changes in own credit standing                                                                                                                                                                               | –            |                                                                                                            |
| 15                                                                 | Defined-benefit pension fund assets (negative amount)                                                                                                                                                                                                                           | –            |                                                                                                            |
| 16                                                                 | Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)                                                                                                                                                                             | –            |                                                                                                            |
| 17                                                                 | Direct, indirect and synthetic holdings of Common Equity Tier 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)           | –            |                                                                                                            |
| 18                                                                 | Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities in which the institution does not have a significant investment (amount above 10 % threshold and net of eligible short positions) (negative amount) | –            |                                                                                                            |
| 19                                                                 | Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities in which the institution has a significant investment (amount above 10 % threshold and net of eligible short positions) (negative amount)           | –            |                                                                                                            |
| 20                                                                 | –                                                                                                                                                                                                                                                                               | –            |                                                                                                            |
| EU-20a                                                             | Exposure amount of the following items which qualify for a risk weight of 1,250 %, where the institution opts for the deduction alternative                                                                                                                                     | –            |                                                                                                            |
| EU-20b                                                             | of which: qualifying holdings outside the financial sector (negative amount)                                                                                                                                                                                                    | –            |                                                                                                            |
| EU-20c                                                             | of which: securitisation positions (negative amount)                                                                                                                                                                                                                            | –            |                                                                                                            |
| 20d                                                                | of which: free deliveries (negative amount)                                                                                                                                                                                                                                     | –            |                                                                                                            |
| 21                                                                 | Deferred tax assets arising from temporary differences (amount exceeding the 10 % threshold, net of related tax liability where the conditions in Article 38 (3) of the CRR are met) (negative amount)                                                                          | –            |                                                                                                            |
| 22                                                                 | Amount exceeding the 17.65 % threshold (negative amount)                                                                                                                                                                                                                        | –            |                                                                                                            |

|                                                                |                                                                                                                                                                                                                                                                             | a            | b                                                                                                          |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------|
|                                                                |                                                                                                                                                                                                                                                                             | Amounts      | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| € mn                                                           |                                                                                                                                                                                                                                                                             |              |                                                                                                            |
| 23                                                             | of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities                                                                              | –            |                                                                                                            |
| 24                                                             | –                                                                                                                                                                                                                                                                           | –            |                                                                                                            |
| 25                                                             | of which: deferred tax assets arising from temporary differences                                                                                                                                                                                                            | –            |                                                                                                            |
| EU-25a                                                         | Losses for the current financial year (negative amount)                                                                                                                                                                                                                     | –            |                                                                                                            |
| EU-25b                                                         | Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)                          | –            |                                                                                                            |
| 26                                                             | –                                                                                                                                                                                                                                                                           | –            |                                                                                                            |
| 27                                                             | Qualifying Additional Tier 1 deductions that exceed the AT1 items of the institution (negative amount)                                                                                                                                                                      | –            |                                                                                                            |
| 27a                                                            | Other regulatory adjustments                                                                                                                                                                                                                                                | -210         |                                                                                                            |
| <b>28</b>                                                      | <b>Total regulatory adjustments to Common Equity Tier 1 (CET1) capital</b>                                                                                                                                                                                                  | <b>-255</b>  |                                                                                                            |
| <b>29</b>                                                      | <b>Common Equity Tier 1 (CET1) capital</b>                                                                                                                                                                                                                                  | <b>2,579</b> |                                                                                                            |
| <b>Additional Tier 1 (AT1) capital: Instruments</b>            |                                                                                                                                                                                                                                                                             |              |                                                                                                            |
| 30                                                             | Capital instruments and the related share premium accounts                                                                                                                                                                                                                  | 300          | I                                                                                                          |
| 31                                                             | of which: classified as equity under applicable accounting standards                                                                                                                                                                                                        | 300          | I                                                                                                          |
| 32                                                             | of which: classified as liabilities under applicable accounting standards                                                                                                                                                                                                   | –            |                                                                                                            |
| 33                                                             | Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase-out from Additional Tier 1 (AT1) capital                                                                                                       | –            |                                                                                                            |
| EU-33a                                                         | Amount of qualifying items referred to in Article 494a (1) of the CRR subject to phase-out from Additional Tier 1 (AT1) capital                                                                                                                                             | –            |                                                                                                            |
| EU-33b                                                         | Amount of qualifying items referred to in Article 494b (1) of the CRR subject to phase-out from Additional Tier 1 (AT1) capital                                                                                                                                             | –            |                                                                                                            |
| 34                                                             | Qualifying Tier 1 instruments included in consolidated Additional Tier 1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties                                                                                      | –            |                                                                                                            |
| 35                                                             | of which: instruments issued by subsidiaries subject to phase-out                                                                                                                                                                                                           | –            |                                                                                                            |
| <b>36</b>                                                      | <b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>                                                                                                                                                                                                        | <b>300</b>   |                                                                                                            |
| <b>Additional Tier 1 (AT1) capital: regulatory adjustments</b> |                                                                                                                                                                                                                                                                             |              |                                                                                                            |
| 37                                                             | Direct, indirect and synthetic holdings by an institution of own Additional Tier 1 instruments (negative amount)                                                                                                                                                            | –            |                                                                                                            |
| 38                                                             | Direct, indirect and synthetic holdings of the Additional Tier 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)      | –            |                                                                                                            |
| 39                                                             | Direct, indirect and synthetic holdings by the institution of Additional Tier 1 instruments of financial sector entities in which the institution does not have a significant investment (amount above 10% threshold and net of eligible short positions) (negative amount) | –            |                                                                                                            |
| 40                                                             | Direct, indirect and synthetic holdings by the institution of Additional Tier 1 instruments of financial sector entities in which the institution has a significant investment (net of eligible short positions) (negative amount)                                          | –            |                                                                                                            |
| 41                                                             | –                                                                                                                                                                                                                                                                           | –            |                                                                                                            |

|                                                    |                                                                                                                                                                                                                                                                                          | a             | b                                                                                                          |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------|
|                                                    |                                                                                                                                                                                                                                                                                          | Amounts       | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| € mn                                               |                                                                                                                                                                                                                                                                                          |               |                                                                                                            |
| 42                                                 | Qualifying Tier 2 deductions that exceed the Tier 2 items of the institution (negative amount)                                                                                                                                                                                           | –             |                                                                                                            |
| 42a                                                | Other regulatory adjustments to Additional Tier 1 (AT1) capital                                                                                                                                                                                                                          | –             |                                                                                                            |
| <b>43</b>                                          | <b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>                                                                                                                                                                                                                   | <b>–</b>      |                                                                                                            |
| <b>44</b>                                          | <b>Additional Tier 1 (AT1) capital</b>                                                                                                                                                                                                                                                   | <b>300</b>    |                                                                                                            |
| <b>45</b>                                          | <b>Tier 1 capital (T1 = CET1 + AT1)</b>                                                                                                                                                                                                                                                  | <b>2,879</b>  |                                                                                                            |
| <b>Tier 2 (T2) capital: instruments</b>            |                                                                                                                                                                                                                                                                                          |               |                                                                                                            |
| 46                                                 | Capital instruments and the related share premium accounts                                                                                                                                                                                                                               | 276           | J                                                                                                          |
| 47                                                 | Amount of qualifying items referred to in Article 484 (5) of the CRR and the related share premium accounts subject to phase-out from Tier 2 as described in Article 486 (4) of the CRR                                                                                                  | –             |                                                                                                            |
| EU-47a                                             | Amount of qualifying items referred to in Article 494a (2) of the CRR subject to phase-out from Tier 2                                                                                                                                                                                   | –             |                                                                                                            |
| EU-47b                                             | Amount of qualifying items referred to in Article 494b (2) of the CRR subject to phase-out from Tier 2                                                                                                                                                                                   | 9             |                                                                                                            |
| 48                                                 | Qualifying own funds instruments included in consolidated Tier 2 capital (including minority interests and Additional Tier 1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties                                                                  | –             |                                                                                                            |
| 49                                                 | of which: instruments issued by subsidiaries subject to phase-out                                                                                                                                                                                                                        | –             |                                                                                                            |
| 50                                                 | Credit risk adjustments                                                                                                                                                                                                                                                                  | 44            |                                                                                                            |
| <b>51</b>                                          | <b>Tier 2 (T2) capital before regulatory adjustments</b>                                                                                                                                                                                                                                 | <b>330</b>    |                                                                                                            |
| <b>Tier 2 (T2) capital: regulatory adjustments</b> |                                                                                                                                                                                                                                                                                          |               |                                                                                                            |
| 52                                                 | Direct, indirect and synthetic holdings by an institution of own Tier 2 instruments and subordinated loans (negative amount)                                                                                                                                                             | –             |                                                                                                            |
| 53                                                 | Direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)       | –             |                                                                                                            |
| 54                                                 | Direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount) | –             |                                                                                                            |
| 54a                                                | –                                                                                                                                                                                                                                                                                        | –             |                                                                                                            |
| 55                                                 | Direct, indirect and synthetic holdings by the institution of the Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)                        | –             |                                                                                                            |
| 56                                                 | –                                                                                                                                                                                                                                                                                        | –             |                                                                                                            |
| EU-56a                                             | Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)                                                                                                                                                               | –             |                                                                                                            |
| EU-56b                                             | Other regulatory adjustments to Tier 2 capital                                                                                                                                                                                                                                           | –             |                                                                                                            |
| <b>57</b>                                          | <b>Total regulatory adjustments to Tier 2 (T2) capital</b>                                                                                                                                                                                                                               | <b>–</b>      |                                                                                                            |
| <b>58</b>                                          | <b>Tier 2 (T2) capital</b>                                                                                                                                                                                                                                                               | <b>330</b>    |                                                                                                            |
| <b>59</b>                                          | <b>Own funds (TC = T1 + T2)</b>                                                                                                                                                                                                                                                          | <b>3,208</b>  |                                                                                                            |
| <b>60</b>                                          | <b>Total risk-weighted assets</b>                                                                                                                                                                                                                                                        | <b>10,094</b> |                                                                                                            |

|                                                                                                                              |                                                                                                                                                                                                                                                  | a       | b                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------------------------------------------------------------------------------------------|
|                                                                                                                              |                                                                                                                                                                                                                                                  | Amounts | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| € mn                                                                                                                         |                                                                                                                                                                                                                                                  |         |                                                                                                            |
| <b>Capital ratios and requirements including buffers</b>                                                                     |                                                                                                                                                                                                                                                  |         |                                                                                                            |
| 61                                                                                                                           | CET1 ratio                                                                                                                                                                                                                                       | 25.55 % |                                                                                                            |
| 62                                                                                                                           | Tier 1 ratio                                                                                                                                                                                                                                     | 28.52 % |                                                                                                            |
| 63                                                                                                                           | Total capital ratio                                                                                                                                                                                                                              | 31.78 % |                                                                                                            |
| 64                                                                                                                           | Institution CET1 overall capital requirements                                                                                                                                                                                                    | 8.56 %  |                                                                                                            |
| 65                                                                                                                           | of which: capital conservation buffer requirement                                                                                                                                                                                                | 2.50 %  |                                                                                                            |
| 66                                                                                                                           | of which: countercyclical capital buffer requirement                                                                                                                                                                                             | 0.01 %  |                                                                                                            |
| 67                                                                                                                           | of which: systemic risk buffer requirement                                                                                                                                                                                                       | –       |                                                                                                            |
| EU-67a                                                                                                                       | of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement                                                                                                               | –       |                                                                                                            |
| EU-67b                                                                                                                       | of which: additional own funds requirements to address the risks other than the risk of excessive leverage                                                                                                                                       | 1.55 %  |                                                                                                            |
| 68                                                                                                                           | Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements                                                                                                                  | 19.50 % |                                                                                                            |
| <b>Amounts below thresholds for deductions (before risk weighting)</b>                                                       |                                                                                                                                                                                                                                                  |         |                                                                                                            |
| 72                                                                                                                           | Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10 % threshold and net of eligible short positions) | –       |                                                                                                            |
| 73                                                                                                                           | Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65 % thresholds and net of eligible short positions)  | –       |                                                                                                            |
| 74                                                                                                                           | –                                                                                                                                                                                                                                                | –       |                                                                                                            |
| 75                                                                                                                           | Deferred tax assets arising from temporary differences (amount below 17,65 % threshold, net of related tax liability where the conditions in Article 38 (3) of the CRR are met)                                                                  | 142     |                                                                                                            |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>                                                              |                                                                                                                                                                                                                                                  |         |                                                                                                            |
| 76                                                                                                                           | Credit risk adjustments included in Tier 2 in respect of exposures subject to standardised approach (prior to the application of the cap)                                                                                                        | –       |                                                                                                            |
| 77                                                                                                                           | Cap on inclusion of credit risk adjustments in Tier 2 under standardised approach                                                                                                                                                                | 16      |                                                                                                            |
| 78                                                                                                                           | Credit risk adjustments included in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)                                                                                              | 319     |                                                                                                            |
| 79                                                                                                                           | Cap on inclusion of credit risk adjustments in Tier 2 under internal ratings-based approach                                                                                                                                                      | 44      |                                                                                                            |
| <b>Capital instruments subject to phase-out arrangements<br/>(only applicable between 1 January 2014 and 1 January 2022)</b> |                                                                                                                                                                                                                                                  |         |                                                                                                            |
| 80                                                                                                                           | Current cap on CET1 instruments subject to phase-out arrangements                                                                                                                                                                                | –       |                                                                                                            |
| 81                                                                                                                           | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)                                                                                                                                                          | –       |                                                                                                            |
| 82                                                                                                                           | Current cap on Additional Tier 1 capital instruments subject to phase-out arrangements                                                                                                                                                           | –       |                                                                                                            |
| 83                                                                                                                           | Amount excluded from Additional Tier 1 capital due to cap (excess over cap after redemptions and maturities)                                                                                                                                     | –       |                                                                                                            |
| 84                                                                                                                           | Current cap on Tier 2 instruments subject to phase-out arrangements                                                                                                                                                                              | –       |                                                                                                            |
| 85                                                                                                                           | Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)                                                                                                                                                | –       |                                                                                                            |

### Common Equity Tier 1 capital

Aareal Bank Group's Common Equity Tier 1 (CET1) capital (€ 2,579 million) is generally limited to the items and capital instruments listed under Article 26 of the CRR, whereby the latter must meet the requirements of Article 28 of the CRR. The CET1 is composed as follows:

- subscribed capital and capital reserves,
- eligible retained earnings,
- accumulated other comprehensive income and
- regulatory adjustments.

Aareal Bank AG's subscribed capital amounted to € 180 million as at 30 June 2022. It is divided into 59,857,221 fully-paid no-par value shares ("unit shares") with a notional value of € 3 per share. The shares are bearer shares. Each share carries one vote. There are no pre-emptive rights or constraints with respect to dividend payouts.

The capital reserves amount to € 721 million and contain premiums received upon the issuance of shares. Costs incurred within the framework of a capital increase reduce capital reserves.

Retained earnings (excluding consolidated net retained profit) comprise € 5 million in statutory reserves (pursuant to section 150 of the AktG) and € 1,902 million in other retained earnings.

Accumulated other comprehensive income (€ -24 million) contains other reserves recognised in equity, in which the following effects are recognised directly:

- reserve from remeasurements of defined benefit plans (€ -60 million),
- reserve from the measurement of equity instruments (fvoci; € -4 million),
- reserve from the measurement of debt instruments (fvoci) (€ 13 million),
- other recyclable and non-recyclable reserves from companies accounted for using the equity method (€ 8 million),
- reserve from changes in the value of foreign currency basis spreads (€ 7 million), and
- currency translation reserve (€ 12 million).

The regulatory adjustments reducing the CET1 amount to € 255 million. Specifically, the following deductions were made:

- **Additional value adjustments to assets and liabilities at fair value in accordance with Article 34 of the CRR in conjunction with Article 105 of the CRR (€ -3 million)**

In accordance with Article 34 of the CRR in conjunction with the requirements for prudent valuation under Article 105 of the CRR, those additional value adjustments that are required to adjust the fair value to the prudent valuation are to be deducted from CET1.

As the line items at fair value amount to less than € 15 billion, the simplified approach pursuant to Article 4 of Commission Delegated Regulation (EU) No. 2016/101 does apply to Aareal Bank Group.

---

- **Intangible assets as defined in Article 37 of the CRR (€ -24 million)**

The amount largely comprises purchased and self-developed software classified as intangible assets (€ 20 million). The regulatory technical standard EBA/RTS/2020/07 on the regulatory treatment of software assets is not applied within Aareal Bank Group.

- **Deferred tax assets that rely on future profitability (€ -13 million)**

The only deferred tax assets considered are those that do not result from temporary differences (net of related tax liability).

- **Negative amounts resulting from the calculation of expected loss amounts (€ -5 million)**

In accordance with Article 36 (1) lit. d) of the CRR, negative amounts resulting or remaining from the offsetting of an expected loss (EL) and credit risk adjustments (the so-called value adjustment deficit) as required by Article 159 of the CRR are to be deducted from CET1.

This item includes the EL from investments. Pursuant to Article 159 of the CRR, there are no netting options for this EL within the scope of the comparison of value adjustments, meaning that the amount is directly deducted from CET1.

- **Deductions pursuant to Article 3 of the CRR (€ -175 million)**

This includes a voluntary and preventive capital deduction for regulatory uncertainties in connection with ECB reviews in the amount of € 95 million. This deduction item also accounts for the expectations defined by regulatory and legislative authorities regarding provisioning for non-performing exposures ("prudential provisioning").

- **Other deductions from CET1 (€ -35 million)**

Aareal Bank holds irrevocable payment obligations to deposit guarantee schemes and resolution funds, for which assets were encumbered or cash collateral provided. The fact that the encumbered assets or the cash collateral provided cannot be used to cover potential current losses is taken into account by deducting them from CET1.

### **Additional Tier 1 capital**

Additional Tier 1 (AT1) capital comprises a € 300 million Additional Tier 1 (AT1) bond (ISIN DE000A1TNDK2). Regulatory adjustments pursuant to Article 56 et seqq. of the CRR were not made.

On 13 November 2014, the Management Board had 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. (valid until 30 April 2020), based on the authorisation granted by the Annual General Meeting on 21 May 2014. The rate of interest for any interest period commencing after 30 April 2020 is equal to the reference rate (one-year EUR swap rate) determined on the relevant interest determination date plus a margin of 7.18 % p.a.

The notes constitute unsecured and subordinated obligations of the issuer.

Further information on the conditions of the AT1 bond can be found in the annex to the Regulatory Disclosure Report 2021 "Main Features of Capital Instruments" published on our website.

### Tier 2 capital

Aareal Bank's Tier 2 capital of € 330 million largely consists of subordinated promissory notes (€ 145 million) and subordinated bearer debt securities (€ 140 million), which are allocated to the measurement category "amortised costs". In the event of liquidation or insolvency, claims on interest and principal from these liabilities are subordinated to the claims of the other creditors, which are not subordinated themselves.

In accordance with Article 64 (2) of the CRR, the IFRS carrying amount (instead of the nominal amount) on the first day of the final five-year period is used in the calculation of the eligible amount for the amortisation of Tier 2 instruments in the last five years of their contractual maturity. The IFRS carrying amount is also used for Tier 2 instruments with a residual maturity of more than five years, to ensure consistency in the measurement basis for all Tier 2 instruments.

The valuation adjustment excess (€ 44 million) determined in accordance with Article 62 lit. d) of the CRR within the scope of the comparison of value adjustments pursuant to Article 159 of the CRR is another component of Tier 2 capital.

### Reconciliation of regulatory own funds to balance sheet in the audited financial statements

To fulfil the disclosure requirements in accordance with Article 437 lit. a) of the CRR, the equity items of table EU CC1 are clearly allocated to the line items contained in the following table via column c. The granularity of the line items disclosed corresponds to the statement of financial position in the interim report.

#### EU CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

|                                                     | a<br>Balance sheet as at 30 June 2022 |                                            | c         |
|-----------------------------------------------------|---------------------------------------|--------------------------------------------|-----------|
|                                                     | as in the published<br>interim report | under regulatory<br>scope of consolidation | Reference |
| € mn                                                |                                       |                                            |           |
| <b>Assets</b>                                       |                                       |                                            |           |
| <b>Financial assets (ac)</b>                        | <b>44,886</b>                         | <b>45,101</b>                              |           |
| Cash funds (ac)                                     | 7,737                                 | 7,737                                      |           |
| Loan receivables (ac)                               | 30,459                                | 30,773                                     |           |
| Money market and capital market receivables (ac)    | 6,604                                 | 6,538                                      |           |
| Receivables from other transactions (ac)            | 86                                    | 53                                         |           |
| Loss allowance (ac)                                 | -568                                  | -568                                       |           |
| <b>Financial assets (fvoci)</b>                     | <b>3,159</b>                          | <b>3,145</b>                               |           |
| Money market and capital market receivables (fvoci) | 3,157                                 | 3,143                                      | F         |
| Equity instruments (fvoci)                          | 2                                     | 2                                          | F         |

&gt;

|                                                                | a                                  |                                         | b         | c    |
|----------------------------------------------------------------|------------------------------------|-----------------------------------------|-----------|------|
|                                                                | Balance sheet as at 30 June 2022   |                                         |           |      |
|                                                                | as in the published interim report | under regulatory scope of consolidation | Reference |      |
| € mn                                                           |                                    |                                         |           |      |
| <b>Financial assets (fvpl)</b>                                 | <b>1,736</b>                       | <b>1,833</b>                            |           |      |
| Loan receivables (fvpl)                                        | 476                                | 476                                     |           | F    |
| Money market and capital market receivables (fvpl)             | 4                                  | 101                                     |           | F    |
| Positive market value of designated hedging derivatives (fvpl) | 902                                | 902                                     |           |      |
| Positive market value of other derivatives (fvpl)              | 354                                | 354                                     |           |      |
| Non-current assets held for sale                               | 2                                  | 2                                       |           |      |
| Investments accounted for using the equity method              | 22                                 | 216                                     |           |      |
| Intangible assets                                              | 555                                | 24                                      |           | G    |
| Property and equipment                                         | 270                                | 199                                     |           |      |
| Income tax assets                                              | 47                                 | 35                                      |           |      |
| Deferred tax assets                                            | 156                                | 155                                     |           | H    |
| Other assets                                                   | 476                                | 440                                     |           |      |
| <b>Total assets</b>                                            | <b>50,741</b>                      | <b>50,582</b>                           |           |      |
| <b>Equity and liabilities</b>                                  |                                    |                                         |           |      |
| <b>Financial liabilities (ac)</b>                              | <b>43,945</b>                      | <b>44,022</b>                           |           |      |
| Money market and capital market liabilities (ac)               | 30,972                             | 31,032                                  |           |      |
| Deposits from the housing industry (ac)                        | 12,394                             | 12,461                                  |           |      |
| Liabilities from other transactions (ac)                       | 103                                | 53                                      |           |      |
| Subordinated liabilities (ac)                                  | 476                                | 476                                     |           | J    |
| <b>Financial liabilities (fvpl)</b>                            | <b>3,091</b>                       | <b>3,091</b>                            |           |      |
| Negative market value of designated hedging derivatives (fvpl) | 1,564                              | 1,564                                   |           | F    |
| Negative market value of other derivatives (fvpl)              | 1,527                              | 1,527                                   |           | F    |
| Provisions                                                     | 261                                | 216                                     |           |      |
| Income tax liabilities                                         | 45                                 | 43                                      |           |      |
| Deferred tax liabilities                                       | 60                                 | 33                                      |           |      |
| Other liabilities                                              | 133                                | 35                                      |           |      |
| <b>Equity</b>                                                  | <b>3,206</b>                       | <b>3,143</b>                            |           |      |
| Subscribed capital                                             | 180                                | 180                                     |           | A    |
| Capital reserves                                               | 721                                | 721                                     |           | B    |
| Retained earnings                                              | 1,980                              | 1,966                                   |           | C, E |
| AT1 bond                                                       | 300                                | 300                                     |           | I    |
| Other reserves                                                 | -41                                | -24                                     |           | D    |
| Non-controlling interests                                      | 66                                 | 0                                       |           |      |
| <b>Total liabilities</b>                                       | <b>50,741</b>                      | <b>50,582</b>                           |           |      |

## Risk-weighted assets and regulatory capital requirements

The regulatory capital requirements for a transaction's counterparty credit risk under the CRSA are essentially based on the following:

1. the regulatory classification (balance sheet, off-balance sheet, or derivatives business);
2. the amount of the loan at the time of default (Exposure at Default – "EaD");

and, under the AIRBA, additionally depends on

3. the Probability of Default (PD); as well as
4. the Loss Given Default (LGD).

The credit conversion factors for off-balance sheet transactions are predefined by the supervisory authorities for capital requirements under the CRSA. The borrowers are subdivided into exposure classes; the exposure amounts are risk-weighted, based on their external ratings.

As at 30 June 2022, no risks associated with outstanding delivery as part of counterparty risks had to be taken into account when determining counterparty usage limits.

Based on the AIRBA or CRSA calculation approach, the following RWAs and capital requirements were determined as at the reporting date for the types of risk that are relevant for regulatory purposes.

### EU OV1: Overview of risk-weighted assets (RWAs)

|           |                                                                     | RWAs         |              | Regulatory capital requirements |
|-----------|---------------------------------------------------------------------|--------------|--------------|---------------------------------|
|           |                                                                     | 30 Jun 2022  | 31 Mar 2022  | 30 Jun 2022                     |
| € mn      |                                                                     |              |              |                                 |
| <b>1</b>  | <b>Credit risk (excluding CCR)</b>                                  | <b>8,493</b> | <b>9,060</b> | <b>679</b>                      |
| 2         | of which: Credit Risk Standard Approach (CRSA)                      | 1,110        | 933          | 89                              |
| 3         | of which: Foundation IRB Approach (FIRB)                            | –            | –            | –                               |
| 4         | of which: slotting approach                                         | –            | –            | –                               |
| EU 4a     | of which: Equity exposures under the simple risk-weighted approach  | 816          | 807          | 65                              |
| 5         | of which: Advanced IRB (AIRB) approach                              | 6,568        | 7,320        | 525                             |
| <b>6</b>  | <b>CCR</b>                                                          | <b>362</b>   | <b>471</b>   | <b>29</b>                       |
| 7         | of which: standardised approach                                     | 153          | 224          | 12                              |
| 8         | of which: internal model method (IMM)                               | –            | –            | –                               |
| EU 8a     | of which: exposures to a CCP                                        | 25           | 24           | 2                               |
| EU 8b     | of which: credit valuation adjustment – CVA                         | 182          | 223          | 15                              |
| 9         | of which: other CCR                                                 | 2            | 1            | 0                               |
| <b>15</b> | <b>Settlement risk</b>                                              | <b>–</b>     | <b>–</b>     | <b>–</b>                        |
| <b>16</b> | <b>Securitisation exposures in the banking book (after the cap)</b> | <b>–</b>     | <b>–</b>     | <b>–</b>                        |
| 17        | of which: SEC-IRBA approach                                         | –            | –            | –                               |
| 18        | of which: SEC-ERBA (including IAA)                                  | –            | –            | –                               |
| 19        | of which: SEC-SA approach                                           | –            | –            | –                               |
| EU 19a    | of which: 1,250 % / deduction                                       | –            | –            | –                               |

|                                                |                                                                           | a           | b           | c                               |
|------------------------------------------------|---------------------------------------------------------------------------|-------------|-------------|---------------------------------|
|                                                |                                                                           |             | RWAs        | Regulatory capital requirements |
|                                                |                                                                           | 30 Jun 2022 | 31 Mar 2022 | 30 Jun 2022                     |
| € mn                                           |                                                                           |             |             |                                 |
| 20                                             | Market risk (position, foreign exchange and commodity risks)              | 96          | 93          | 8                               |
| 21                                             | of which: standardised approach                                           | 96          | 93          | 8                               |
| 22                                             | of which: IMA                                                             | –           | –           | –                               |
| EU 22a Large exposures                         |                                                                           | –           | –           | –                               |
| 23                                             | Operational risk                                                          | 1,142       | 1,142       | 91                              |
| EU 23a of which: basic indicator approach      |                                                                           | –           | –           | –                               |
| EU 23b of which: standardised approach         |                                                                           | 1,142       | 1,142       | 91                              |
| EU 23c of which: advanced measurement approach |                                                                           | –           | –           | –                               |
| 24                                             | Amounts below the thresholds for deduction (subject to 250 % risk weight) | 355         | 346         | 28                              |
| 29                                             | Total                                                                     | 10,094      | 10,767      | 808                             |

In accordance with Annex II of Commission Implementing Regulation (EU) 2021/637, the disclosure of RWA of deferred tax assets in line 24 is only for information, since they are already reflected in line 2 of the disclosure table.

Regarding the causes of RWA changes during the second quarter of 2022, reference is made to the explanations in the chapter “Overview of Regulatory Key Metrics”.

In the following table EU CR10.5, the equity investments reported under the AIRBA and previously disclosed on a consolidated level – for which the simple risk-weighted approach is used exclusively pursuant to Article 155 (2) of the CRR – are disclosed separately according to the risk exposures determined in the Regulation.

The specialised lendings held in the portfolio as at the current disclosure date are not assigned any regulatory risk weights prescribed in accordance with Article 153 (5) of the CRR. Therefore, the tables EU CR10.1 to EU CR10.4 are not disclosed.

#### EU CR10.5: Equity IRB under the simple risk-weighted approach

| Regulatory categories    | a                          | b                           | c           | d              | e          | f                    |
|--------------------------|----------------------------|-----------------------------|-------------|----------------|------------|----------------------|
|                          | On-balance sheet exposures | Off-balance sheet exposures | Risk weight | Exposure value | RWAs       | Expected loss amount |
| € mn                     |                            |                             |             |                |            |                      |
| Private equity exposures | –                          | –                           | 190 %       | –              | –          | –                    |
| Listed investments       | –                          | –                           | 290 %       | –              | –          | –                    |
| Other equity investments | 220                        | –                           | 370 %       | 220            | 816        | 5                    |
| <b>Total</b>             | <b>220</b>                 | <b>–</b>                    |             | <b>220</b>     | <b>816</b> | <b>5</b>             |

The RWAs set out in table EU OVI for the market risks under the standardised approach are also disclosed in the table EU MR1 for the various market risk positions in accordance with Article 92 (3) lit. b) and c) of the CRR.

#### EU MR1: Market risk under the standardised approach

|                          |                                           | a         |
|--------------------------|-------------------------------------------|-----------|
|                          |                                           | RWAs      |
| € mn                     |                                           |           |
| <b>Outright products</b> |                                           |           |
| 1                        | Interest rate risk (general and specific) | –         |
| 2                        | Equity risk (general and specific)        | –         |
| 3                        | Foreign exchange risk                     | 96        |
| 4                        | Commodity risk                            | –         |
| <b>Options</b>           |                                           |           |
| 5                        | Simplified approach                       | –         |
| 6                        | Delta-Plus method                         | –         |
| 7                        | Scenario approach                         | –         |
| 8                        | <b>Securitisation (specific risk)</b>     | –         |
| 9                        | <b>Total</b>                              | <b>96</b> |

#### EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

|                                 | a                                                      |                                       | b                                                      |                                       | c                                                                                         |                                                                                           | d                                                   | e                                                             |
|---------------------------------|--------------------------------------------------------|---------------------------------------|--------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------|
|                                 | General credit risk exposures                          |                                       | Relevant credit exposures – Market risk                |                                       | Sum of long and short positions of trading book exposures under the standardised approach |                                                                                           | Value of trading book exposures for internal models | Securitisation exposures – Exposure value in the banking book |
|                                 | Exposure value under the Credit Risk Standard Approach | Exposure value under the IRB approach | Exposure value under the Credit Risk Standard Approach | Exposure value under the IRB approach | Sum of long and short positions of trading book exposures under the standardised approach | Sum of long and short positions of trading book exposures under the standardised approach | Value of trading book exposures for internal models | Securitisation exposures – Exposure value in the banking book |
| € mn                            | € mn                                                   | € mn                                  | € mn                                                   | € mn                                  | € mn                                                                                      | € mn                                                                                      | € mn                                                | € mn                                                          |
| <b>010 Breakdown by country</b> |                                                        |                                       |                                                        |                                       |                                                                                           |                                                                                           |                                                     |                                                               |
| Germany                         | 879                                                    | 3,986                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Belgium                         | –                                                      | 439                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Austria                         | 25                                                     | 352                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Switzerland                     | –                                                      | 336                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| France                          | 263                                                    | 3,265                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| UK                              | 63                                                     | 5,186                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Ireland                         | 0                                                      | 59                                    | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Luxembourg                      | 0                                                      | 160                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Netherlands                     | 37                                                     | 1,431                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Denmark                         | –                                                      | 78                                    | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Sweden                          | 29                                                     | 964                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Finland                         | 16                                                     | 535                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Hungary                         | –                                                      | 10                                    | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |
| Italy                           | 0                                                      | 1,162                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                             |

## Countercyclical Buffer

The countercyclical capital buffer (CCB) is a macroprudential tool used by banking supervisors to counteract the risk of excessive credit growth in the banking sector and to contribute building up an additional capital buffer to provide for hard times. The purpose of the capital buffer is to increase the loss-absorbing capacity of banks throughout the credit cycle. The value for the CCB usually amounts to between 0 and 2.5 %; it is determined on a quarterly basis by the national supervisory authority of the respective country, based on a variety of economic factors, in particular the ratio of lending volumes to gross domestic product.

The institution-specific countercyclical capital buffer is calculated as the weighted average of the countercyclical capital buffers applicable to the countries where the respective institution is exposed to significant credit risks. The institution is obliged to maintain this weighted average as a percentage of risk-weighted assets (RWAs) in the form of Common Equity Tier I capital. Significant credit risk exposures are defined in section 36 of the German Solvency Regulation (Solvabilitätsverordnung – “SolvV”) and comprise exposures to corporate and private clients.

The following two disclosure tables are based on the requirements set out in Article 5 of Commission Implementing Regulation (EU) 2021/637 dated 15 March 2021.

| f                          | g                                            | h                                       |                                 | i | j     | k                              | l                                             | m                                     |
|----------------------------|----------------------------------------------|-----------------------------------------|---------------------------------|---|-------|--------------------------------|-----------------------------------------------|---------------------------------------|
| Total risk exposure amount | Relevant credit risk exposures – Credit risk | Relevant credit exposures – Market risk | Regulatory capital requirements |   | Total | Risk-weighted exposure amounts | Weightings of regulatory capital requirements | Counter cyclical capital buffer ratio |
| € mn                       | € mn                                         | € mn                                    | € mn                            |   | € mn  | € mn                           | %                                             | %                                     |
| 4,864                      | 209                                          | –                                       | –                               |   | 209   | 2,615                          | 32.43                                         | –                                     |
| 439                        | 2                                            | –                                       | –                               |   | 2     | 28                             | 0.35                                          | –                                     |
| 377                        | 4                                            | –                                       | –                               |   | 4     | 47                             | 0.58                                          | –                                     |
| 336                        | 3                                            | –                                       | –                               |   | 3     | 33                             | 0.41                                          | –                                     |
| 3,528                      | 33                                           | –                                       | –                               |   | 33    | 415                            | 5.15                                          | –                                     |
| 5,249                      | 57                                           | –                                       | –                               |   | 57    | 715                            | 8.86                                          | –                                     |
| 59                         | 1                                            | –                                       | –                               |   | 1     | 9                              | 0.11                                          | –                                     |
| 160                        | 5                                            | –                                       | –                               |   | 5     | 57                             | 0.71                                          | 0.50                                  |
| 1,467                      | 15                                           | –                                       | –                               |   | 15    | 187                            | 2.32                                          | –                                     |
| 78                         | 1                                            | –                                       | –                               |   | 1     | 8                              | 0.10                                          | –                                     |
| 993                        | 5                                            | –                                       | –                               |   | 5     | 65                             | 0.80                                          | –                                     |
| 551                        | 13                                           | –                                       | –                               |   | 13    | 160                            | 1.99                                          | –                                     |
| 10                         | 1                                            | –                                       | –                               |   | 1     | 7                              | 0.09                                          | –                                     |
| 1,162                      | 44                                           | –                                       | –                               |   | 44    | 550                            | 6.83                                          | –                                     |

&gt;

|                  | a                                                      |                                       | b                                                      |                                       | c                                                                                         |                                                                                           | d                                                   |                                                     | e                                                             |                                                               |
|------------------|--------------------------------------------------------|---------------------------------------|--------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
|                  | General credit risk exposures                          |                                       | Relevant credit exposures – Market risk                |                                       | Sum of long and short positions of trading book exposures under the standardised approach |                                                                                           | Value of trading book exposures for internal models |                                                     | Securitisation exposures – Exposure value in the banking book |                                                               |
| € mn             | Exposure value under the Credit Risk Standard Approach | Exposure value under the IRB approach | Exposure value under the Credit Risk Standard Approach | Exposure value under the IRB approach | Sum of long and short positions of trading book exposures under the standardised approach | Sum of long and short positions of trading book exposures under the standardised approach | Value of trading book exposures for internal models | Value of trading book exposures for internal models | Securitisation exposures – Exposure value in the banking book | Securitisation exposures – Exposure value in the banking book |
|                  | € mn                                                   | € mn                                  | € mn                                                   | € mn                                  | € mn                                                                                      | € mn                                                                                      | € mn                                                | € mn                                                | € mn                                                          | € mn                                                          |
| Spain            | –                                                      | 1,603                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Turkey           | –                                                      | 75                                    | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Czech Republic   | 0                                                      | 150                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Poland           | –                                                      | 1,227                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Estonia          | –                                                      | 46                                    | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Russia           | 0                                                      | 210                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| USA              | 50                                                     | 8,456                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Cayman Islands   | –                                                      | 2                                     | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Canada           | –                                                      | 1,522                                 | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| China            | –                                                      | 93                                    | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Maldives         | –                                                      | 492                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Norway           | 106                                                    | –                                     | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| Australia        | –                                                      | 815                                   | –                                                      | –                                     | –                                                                                         | –                                                                                         | –                                                   | –                                                   | –                                                             | –                                                             |
| <b>020 Total</b> | <b>1,469</b>                                           | <b>32,653</b>                         | <b>–</b>                                               | <b>–</b>                              | <b>–</b>                                                                                  | <b>–</b>                                                                                  | <b>–</b>                                            | <b>–</b>                                            | <b>–</b>                                                      | <b>–</b>                                                      |

#### EU CCyB2: Amount of institution-specific countercyclical capital buffer

|      |                                                                 | a      |
|------|-----------------------------------------------------------------|--------|
| € mn |                                                                 |        |
| 010  | Total risk exposure amount                                      | 10,094 |
| 020  | Institution-specific countercyclical capital buffer rate        | 0.01 % |
| 030  | Institution-specific countercyclical capital buffer requirement | 1      |

## Credit Risks and Quantitative Information on Credit Risk Mitigation

Aareal Bank defines credit risk – or counterparty credit risk – as the risk of losses being incurred due to (i) a deterioration in a business partner's credit quality (migration risk); (ii) a business partner defaulting on contractual obligations; (iii) collateral being impaired; or (iv) a risk arising upon realisation of collateral. 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 is also defined as a form of counterparty credit risk.

The following chapters are limited to purely quantitative information on credit risk, with different levels of detail.

| f                          | g                                            | h                                       | i                                                                        | j          | k                              | l                                             | m                                     |
|----------------------------|----------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------|------------|--------------------------------|-----------------------------------------------|---------------------------------------|
| Total risk exposure amount | Relevant credit risk exposures – Credit risk | Relevant credit exposures – Market risk | Relevant credit exposures – Securitisation exposures in the banking book | Total      | Risk-weighted exposure amounts | Weightings of regulatory capital requirements | Counter cyclical capital buffer ratio |
| € mn                       | € mn                                         | € mn                                    | € mn                                                                     | € mn       | € mn                           | %                                             | %                                     |
| 1,603                      | 25                                           | –                                       | –                                                                        | 25         | 311                            | 3.85                                          | –                                     |
| 75                         | 10                                           | –                                       | –                                                                        | 10         | 122                            | 1.51                                          | –                                     |
| 150                        | 1                                            | –                                       | –                                                                        | 1          | 13                             | 0.16                                          | 0.50                                  |
| 1,227                      | 24                                           | –                                       | –                                                                        | 24         | 296                            | 3.67                                          | –                                     |
| 46                         | 0                                            | –                                       | –                                                                        | 0          | 3                              | 0.04                                          | –                                     |
| 210                        | 17                                           | –                                       | –                                                                        | 17         | 219                            | 2.71                                          | –                                     |
| 8,506                      | 122                                          | –                                       | –                                                                        | 122        | 1,523                          | 18.88                                         | –                                     |
| 2                          | 0                                            | –                                       | –                                                                        | 0          | 2                              | 0.03                                          | –                                     |
| 1,522                      | 28                                           | –                                       | –                                                                        | 28         | 351                            | 4.35                                          | –                                     |
| 93                         | 4                                            | –                                       | –                                                                        | 4          | 53                             | 0.65                                          | –                                     |
| 492                        | 15                                           | –                                       | –                                                                        | 15         | 187                            | 2.32                                          | –                                     |
| 106                        | 1                                            | –                                       | –                                                                        | 1          | 11                             | 0.13                                          | 1.50                                  |
| 815                        | 6                                            | –                                       | –                                                                        | 6          | 80                             | 0.99                                          | –                                     |
| <b>34,122</b>              | <b>645</b>                                   | –                                       | –                                                                        | <b>645</b> | <b>8,064</b>                   | <b>100.00</b>                                 |                                       |

## Credit quality of exposures

In the following tables, the breakdown of exposures and the related loss allowances required by Article 442 lit. c) – g) of the CRR, as submitted to banking supervisors in the context of Financial Reporting (FINREP), are disclosed with different levels of detail. In this context, exposures resulting from counterparty credit risk exposures are not taken into account; these are disclosed separately in this report.

Aareal Bank believes that the impairment triggers provided as examples in IFRS 9 and the reasons for default set out in Article 178 of the CRR are identical in substance and can thus be applied interchangeably. Consequently, at the time of default, the risk exposure affected is allocated to stage 3 within the loss allowance process in accordance with Article 178 of the CRR and is considered to be defaulted, and hence non-performing, for both regulatory and accounting purposes.

According to the EBA guidelines on the application of the definition of default under Article 178 of the CRR (EBA/GL/2016/07), a default can be omitted, amongst other criteria, especially after a certain grace period (3 months or 12 months). This means that even if the economic reasons for a default do no longer apply (and the exposures are no longer allocated to stage 3), the financial instruments continue to be recorded as defaulted or non-performing for the grace period for supervisory purposes.

For financial instruments of the category “measured at fair value through profit or loss (fvpl)”, the default of a borrower does not lead to the recognition of loss allowance in Stage 3, but to a credit-induced fair value adjustment.

In the absence of any other reasons for default, all liabilities of a borrower that are up to 90 days past due are deemed overdue, but not defaulted.

The following information is based on the requirements set out in Annex XVI of the Commission Implementing Regulation (EU) 2021/637 on the disclosure of non-performing and forborne exposures.

The NPL ratio determined in accordance with Article 8 (3) (4) of this Implementing Regulation amounted to 5.02 % as at 30 June 2022.

Table EU CQ1 provides information on the gross carrying amount of forborne exposures (i.e. exposures with forbearance measures), and on the coverage of existing risks through loss allowance as well as collateral received. In this context, the measurement of collateral received differs from the current market value of such collateral, due to the fact that a different internal realisation rate is being applied, depending on the type of property and the country where the property is located; and reflecting a cap on any collateral at the carrying amount.

#### EU CQ1: Credit quality of forborne exposures

|                                                              | a<br>b<br>c<br>d<br>Gross carrying amount/nominal amount of exposures with forbearance measures |                                   |                     |                    | e<br>f<br>Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                                      | g<br>h<br>Collateral received and financial guarantees received on forborne exposures |                                                                                                              |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------------------|---------------------|--------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
|                                                              | Performing forborne exposures                                                                   | Non-performing forborne exposures |                     |                    | On performing forborne exposures                                                                               | On non-performing forborne exposures |                                                                                       | of which: collateral and financial guarantees received on non-performing exposures with forbearance measures |
|                                                              |                                                                                                 |                                   | of which: defaulted | of which: impaired |                                                                                                                |                                      |                                                                                       |                                                                                                              |
| € mn                                                         |                                                                                                 |                                   |                     |                    |                                                                                                                |                                      |                                                                                       |                                                                                                              |
| 005 Cash balances at central banks and other demand deposits | -                                                                                               | -                                 | -                   | -                  | -                                                                                                              | -                                    | -                                                                                     | -                                                                                                            |
| 010 Loans and advances                                       | 7,057                                                                                           | 1,439                             | 1,439               | 1,248              | -65                                                                                                            | -480                                 | 7,737                                                                                 | 839                                                                                                          |
| 020 Central banks                                            | -                                                                                               | -                                 | -                   | -                  | -                                                                                                              | -                                    | -                                                                                     | -                                                                                                            |
| 030 General governments                                      | -                                                                                               | -                                 | -                   | -                  | -                                                                                                              | -                                    | -                                                                                     | -                                                                                                            |
| 040 Credit institutions                                      | -                                                                                               | -                                 | -                   | -                  | -                                                                                                              | -                                    | -                                                                                     | -                                                                                                            |
| 050 Other financial corporations                             | 80                                                                                              | 3                                 | 3                   | 3                  | 0                                                                                                              | 0                                    | 81                                                                                    | 2                                                                                                            |
| 060 Non-financial corporations                               | 6,977                                                                                           | 1,435                             | 1,435               | 1,245              | -65                                                                                                            | -479                                 | 7,655                                                                                 | 837                                                                                                          |
| 070 Households                                               | -                                                                                               | 1                                 | 1                   | 1                  | -                                                                                                              | -1                                   | -                                                                                     | -                                                                                                            |
| 080 Debt securities                                          | -                                                                                               | -                                 | -                   | -                  | -                                                                                                              | -                                    | -                                                                                     | -                                                                                                            |
| 090 Loan commitments given                                   | 26                                                                                              | 2                                 | 2                   | 2                  | 0                                                                                                              | 0                                    | 23                                                                                    | -                                                                                                            |
| 100 Total                                                    | 7,083                                                                                           | 1,441                             | 1,441               | 1,250              | -65                                                                                                            | -480                                 | 7,760                                                                                 | 839                                                                                                          |

Table EU CQ2 shows the gross carrying amount of all loans and advances to borrowers which were forborne more than twice in the past due to financial difficulties (forbearance measures). On the reporting date, the Bank's portfolio contained one borrower which fails to comply with exit criteria for being classified as non-performing after a forbearance measure (line 020).

## EU CQ2: Quality of forbearance

|      |                                                                                                 | a<br>Gross carrying amount of<br>forborne exposures |
|------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| € mn |                                                                                                 |                                                     |
| 010  | Loans and advances which were forborne more than twice                                          | 1,340                                               |
| 020  | Non-performing forborne loans and advances that failed to meet the non-performing exit criteria | 17                                                  |

Table EU CRI does not take into account financial assets held for trading. In addition to the disclosures on non-performing exposures, the table also discloses loss allowances and provisions attributable to performing exposures.

Besides information on accumulated impairment for non-performing exposures, columns j to l also require disclosure of negative changes in fair value due to credit risk. The limitation to negative changes in the borrower's credit risk is due to such negative changes being de facto equivalent to an impairment implied by fair value, whereby no impairment is recognised for assets carried at fair value through profit and loss. Accordingly, the gross carrying amount of these exposures was increased by the fair value change induced by credit quality.

In addition, columns n and o specify the collateral (property, financial collateral, deposits held with third-party institutions) and financial guarantees (as defined by the CRR) which Aareal Bank has received for the exposures analysed. However, the respective values are capped at the carrying amount of the respective exposure.

## EU CR1: Performing and non-performing exposures and related provisions

|                                                                    | a                                    |  |  |                         |  |  | b                           |  |  |                         |  |  | c                                                                                                    |  |  |                         |  |  | d                                                                                                                                           |  |  |                         |  |  | e                                         |  |  |      |  |  | f                                               |  |  |      |  |  | g                                      |  |  |        |  |  | h     |  |  |   |  |  | i |  |  |  |  |  | j |  |  |  |  |  | k |  |  |  |  |  | l |  |  |  |  |  | m |  |  |  |  |  | n |  |  |  |  |  | o |  |  |  |  |  |
|--------------------------------------------------------------------|--------------------------------------|--|--|-------------------------|--|--|-----------------------------|--|--|-------------------------|--|--|------------------------------------------------------------------------------------------------------|--|--|-------------------------|--|--|---------------------------------------------------------------------------------------------------------------------------------------------|--|--|-------------------------|--|--|-------------------------------------------|--|--|------|--|--|-------------------------------------------------|--|--|------|--|--|----------------------------------------|--|--|--------|--|--|-------|--|--|---|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|--|
|                                                                    | Gross carrying amount/nominal amount |  |  |                         |  |  |                             |  |  |                         |  |  | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |  |  |                         |  |  |                                                                                                                                             |  |  |                         |  |  | Accu-<br>mulated<br>partial<br>write-offs |  |  |      |  |  | Collateral and financial<br>guarantees received |  |  |      |  |  |                                        |  |  |        |  |  |       |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
|                                                                    | Performing<br>exposures              |  |  |                         |  |  | Non-performing<br>exposures |  |  |                         |  |  | Performing exposures –<br>accumulated impairment<br>and provisions                                   |  |  |                         |  |  | Non-performing exposures<br>– accumulated impairment,<br>accumulated negative<br>changes in fair value due to<br>credit risk and provisions |  |  |                         |  |  |                                           |  |  |      |  |  | On per-<br>forming<br>exposures                 |  |  |      |  |  | On<br>non-per-<br>forming<br>exposures |  |  |        |  |  |       |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
|                                                                    | of<br>which:<br>Stage 1              |  |  | of<br>which:<br>Stage 2 |  |  | of<br>which:<br>Stage 2     |  |  | of<br>which:<br>Stage 3 |  |  | of<br>which:<br>Stage 1                                                                              |  |  | of<br>which:<br>Stage 2 |  |  | of<br>which:<br>Stage 2                                                                                                                     |  |  | of<br>which:<br>Stage 3 |  |  |                                           |  |  |      |  |  |                                                 |  |  |      |  |  |                                        |  |  |        |  |  |       |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| € mn                                                               |                                      |  |  |                         |  |  |                             |  |  |                         |  |  |                                                                                                      |  |  |                         |  |  |                                                                                                                                             |  |  |                         |  |  |                                           |  |  |      |  |  |                                                 |  |  |      |  |  |                                        |  |  |        |  |  |       |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 005 Cash balances at<br>central banks and other<br>demand deposits | 9,589                                |  |  | 9,589                   |  |  | –                           |  |  | –                       |  |  | –                                                                                                    |  |  | –                       |  |  | –1                                                                                                                                          |  |  | –1                      |  |  | –                                         |  |  | –    |  |  | –                                               |  |  | –    |  |  | –                                      |  |  | –      |  |  | –     |  |  | – |  |  | – |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 010 Loans and advances                                             | 31,848                               |  |  | 23,934                  |  |  | 7,915                       |  |  | 1,682                   |  |  | 155                                                                                                  |  |  | 1,380                   |  |  | -108                                                                                                                                        |  |  | -30                     |  |  | -78                                       |  |  | -528 |  |  | -2                                              |  |  | -455 |  |  | -190                                   |  |  | 29,063 |  |  | 1,021 |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 020 Central banks                                                  | 6                                    |  |  | 6                       |  |  | –                           |  |  | –                       |  |  | –                                                                                                    |  |  | –                       |  |  | 0                                                                                                                                           |  |  | 0                       |  |  | –                                         |  |  | –    |  |  | –                                               |  |  | –    |  |  | –                                      |  |  | –      |  |  | –     |  |  | – |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 030 General governments                                            | 1,914                                |  |  | 1,914                   |  |  | 0                           |  |  | –                       |  |  | –                                                                                                    |  |  | –                       |  |  | 0                                                                                                                                           |  |  | 0                       |  |  | 0                                         |  |  | –    |  |  | –                                               |  |  | –    |  |  | –                                      |  |  | –      |  |  | –     |  |  | – |  |  | – |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 040 Credit institutions                                            | 1,076                                |  |  | 1,076                   |  |  | –                           |  |  | –                       |  |  | –                                                                                                    |  |  | –                       |  |  | 0                                                                                                                                           |  |  | 0                       |  |  | –                                         |  |  | –    |  |  | –                                               |  |  | –    |  |  | –                                      |  |  | –      |  |  | 1,025 |  |  | – |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 050 Other financial<br>corporations                                | 840                                  |  |  | 607                     |  |  | 232                         |  |  | 4                       |  |  | –                                                                                                    |  |  | 4                       |  |  | -2                                                                                                                                          |  |  | -1                      |  |  | -1                                        |  |  | -1   |  |  | –                                               |  |  | -1   |  |  | -26                                    |  |  | 794    |  |  | 3     |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 060 Non-financial<br>corporations                                  | 27,766                               |  |  | 20,315                  |  |  | 7,451                       |  |  | 1,675                   |  |  | 154                                                                                                  |  |  | 1,373                   |  |  | -104                                                                                                                                        |  |  | -29                     |  |  | -75                                       |  |  | -525 |  |  | -2                                              |  |  | -453 |  |  | -164                                   |  |  | 27,057 |  |  | 1,017 |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 070 of which: SMEs                                                 | 20,246                               |  |  | 13,802                  |  |  | 6,444                       |  |  | 1,631                   |  |  | 154                                                                                                  |  |  | 1,330                   |  |  | -82                                                                                                                                         |  |  | -16                     |  |  | -67                                       |  |  | -502 |  |  | -2                                              |  |  | -429 |  |  | -164                                   |  |  | 19,985 |  |  | 998   |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |
| 080 Households                                                     | 247                                  |  |  | 16                      |  |  | 231                         |  |  | 4                       |  |  | 1                                                                                                    |  |  | 4                       |  |  | -2                                                                                                                                          |  |  | 0                       |  |  | -2                                        |  |  | -2   |  |  | 0                                               |  |  | –2   |  |  | 0                                      |  |  | 186    |  |  | 2     |  |  |   |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |

|                                  | a                                    | b                 | c                 | d                        | e                 | f                 | g                                                                                                    | h                 | i                 | j                                                                                                                               | k                 | l                 | m                              | n                                            | o                           |
|----------------------------------|--------------------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|------------------------------------------------------------------------------------------------------|-------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|--------------------------------|----------------------------------------------|-----------------------------|
|                                  | Gross carrying amount/nominal amount |                   |                   |                          |                   |                   | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                   |                   |                                                                                                                                 |                   |                   | Accumulated partial write-offs | Collateral and financial guarantees received |                             |
|                                  | Performing exposures                 |                   |                   | Non-performing exposures |                   |                   | Performing exposures – accumulated impairment and provisions                                         |                   |                   | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                   |                   |                                | On performing exposures                      | On non-performing exposures |
|                                  |                                      | of which: Stage 1 | of which: Stage 2 |                          | of which: Stage 2 | of which: Stage 3 |                                                                                                      | of which: Stage 1 | of which: Stage 2 |                                                                                                                                 | of which: Stage 2 | of which: Stage 3 |                                |                                              |                             |
| € mn                             |                                      |                   |                   |                          |                   |                   |                                                                                                      |                   |                   |                                                                                                                                 |                   |                   |                                |                                              |                             |
| 090 Debt securities              | 5,273                                | 5,135             | 137               | –                        | –                 | –                 | -2                                                                                                   | -1                | -1                | –                                                                                                                               | –                 | –                 | –                              | –                                            | –                           |
| 100 Central banks                | –                                    | –                 | –                 | –                        | –                 | –                 | –                                                                                                    | –                 | –                 | –                                                                                                                               | –                 | –                 | –                              | –                                            | –                           |
| 110 General governments          | 3,572                                | 3,435             | 137               | –                        | –                 | –                 | -2                                                                                                   | 0                 | -1                | –                                                                                                                               | –                 | –                 | –                              | –                                            | –                           |
| 120 Credit institutions          | 1,319                                | 1,319             | –                 | –                        | –                 | –                 | -1                                                                                                   | -1                | –                 | –                                                                                                                               | –                 | –                 | –                              | –                                            | –                           |
| 130 Other financial corporations | 382                                  | 382               | –                 | –                        | –                 | –                 | 0                                                                                                    | 0                 | –                 | –                                                                                                                               | –                 | –                 | –                              | –                                            | –                           |
| 140 Non-financial corporations   | –                                    | –                 | –                 | –                        | –                 | –                 | –                                                                                                    | –                 | –                 | –                                                                                                                               | –                 | –                 | –                              | –                                            | –                           |
| 150 Off-balance sheet exposures  | 1,184                                | 1,108             | 76                | 2                        | 0                 | 2                 | 3                                                                                                    | 2                 | 1                 | 0                                                                                                                               | 0                 | –                 |                                | 649                                          | –                           |
| 160 Central banks                | –                                    | –                 | –                 | –                        | –                 | –                 | –                                                                                                    | –                 | –                 | –                                                                                                                               | –                 | –                 |                                | –                                            | –                           |
| 170 General governments          | 0                                    | 0                 | 0                 | –                        | –                 | –                 | 0                                                                                                    | –                 | 0                 | –                                                                                                                               | –                 | –                 |                                | –                                            | –                           |
| 180 Credit institutions          | –                                    | –                 | –                 | –                        | –                 | –                 | –                                                                                                    | –                 | –                 | –                                                                                                                               | –                 | –                 |                                | –                                            | –                           |
| 190 Other financial corporations | 0                                    | 0                 | –                 | –                        | –                 | –                 | –                                                                                                    | –                 | –                 | –                                                                                                                               | –                 | –                 |                                | –                                            | –                           |
| 200 Non-financial corporations   | 1,184                                | 1,108             | 76                | 2                        | 0                 | 2                 | 3                                                                                                    | 2                 | 1                 | 0                                                                                                                               | 0                 | –                 |                                | 649                                          | –                           |
| 210 Households                   | 0                                    | 0                 | 0                 | –                        | –                 | –                 | 0                                                                                                    | –                 | 0                 | –                                                                                                                               | –                 | –                 |                                | –                                            | –                           |
| 220 Total                        | 47,894                               | 39,766            | 8,128             | 1,684                    | 155               | 1,382             | -108                                                                                                 | -30               | -78               | -528                                                                                                                            | -2                | -455              | -190                           | 29,712                                       | 1,021                       |

Table EU CRI-A provides an overview of the net carrying amounts of loans and advances previously disclosed in table EU CRI as well as debt securities, broken down by remaining term to maturity. The remaining term to maturity is determined on the basis of the contractually agreed term of the exposure. Column a comprises exposures due on demand.

#### EU CR1-A: Maturity of exposures

|                      | Net carrying amount |              |                       |              |                    |               |
|----------------------|---------------------|--------------|-----------------------|--------------|--------------------|---------------|
|                      | a                   | b            | c                     | d            | e                  | f             |
|                      | On demand           | up to 1 year | > 1 year<br>≤ 5 years | > 5 years    | No stated maturity | Total         |
| € mn                 |                     |              |                       |              |                    |               |
| 1 Loans and advances | 465                 | 4,821        | 23,019                | 4,575        | 15                 | <b>32,894</b> |
| 2 Debt securities    | –                   | 529          | 1,784                 | 2,957        | –                  | <b>5,271</b>  |
| <b>3 Total</b>       | <b>465</b>          | <b>5,351</b> | <b>24,803</b>         | <b>7,532</b> | <b>15</b>          | <b>38,165</b> |

In line with table EU CRI, table EU CQ4 does not take into account financial assets held for trading. In addition to the disclosures on non-performing exposures, this table also discloses loss allowances and provisions attributable to performing exposures. The information is broken down by relevant countries. In this context, a country with an exposure of at least € 300 million is considered relevant. The allocation is based on the borrower's country of domicile.

#### EU CQ4: Credit quality of non-performing exposures by geography

|            |                                    | a                             | b                           | c                      | d                                     | e                         | f                                                                                      | g                                                                                                     |
|------------|------------------------------------|-------------------------------|-----------------------------|------------------------|---------------------------------------|---------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
|            |                                    | Gross carrying/nominal amount |                             |                        | of which:<br>subject to<br>impairment | Accumulated<br>impairment | Provisions on<br>off-balance-sheet<br>commitments<br>and financial<br>guarantees given | Accumulated negative<br>changes in fair value<br>due to credit risk<br>on non-performing<br>exposures |
|            |                                    |                               | of which:<br>non-performing | of which:<br>defaulted |                                       |                           |                                                                                        |                                                                                                       |
| € mn       |                                    |                               |                             |                        |                                       |                           |                                                                                        |                                                                                                       |
| <b>010</b> | <b>On-balance sheet exposures</b>  | <b>47,367</b>                 | <b>1,682</b>                | <b>1,682</b>           | <b>47,220</b>                         | <b>-569</b>               |                                                                                        | <b>-70</b>                                                                                            |
| 020        | Germany                            | 16,635                        | 3                           | 3                      | 16,635                                | -16                       |                                                                                        | -                                                                                                     |
| 030        | France                             | 3,736                         | 8                           | 8                      | 3,736                                 | -12                       |                                                                                        | -                                                                                                     |
| 040        | Netherlands                        | 1,446                         | -                           | -                      | 1,446                                 | -5                        |                                                                                        | -                                                                                                     |
| 050        | Austria                            | 693                           | -                           | -                      | 693                                   | 0                         |                                                                                        | -                                                                                                     |
| 060        | UK                                 | 5,161                         | 405                         | 405                    | 5,100                                 | -227                      |                                                                                        | -44                                                                                                   |
| 070        | Finland                            | 712                           | 100                         | 100                    | 712                                   | -5                        |                                                                                        | -                                                                                                     |
| 080        | Sweden                             | 969                           | -                           | -                      | 969                                   | -1                        |                                                                                        | -                                                                                                     |
| 090        | Italy                              | 1,770                         | 232                         | 232                    | 1,750                                 | -76                       |                                                                                        | 0                                                                                                     |
| 100        | Spain                              | 1,718                         | 205                         | 205                    | 1,718                                 | -65                       |                                                                                        | -                                                                                                     |
| 110        | Poland                             | 1,159                         | 66                          | 66                     | 1,094                                 | -1                        |                                                                                        | -25                                                                                                   |
| 120        | Canada                             | 1,588                         | 31                          | 31                     | 1,588                                 | -16                       |                                                                                        | -                                                                                                     |
| 130        | USA                                | 8,038                         | 421                         | 421                    | 8,038                                 | -52                       |                                                                                        | -                                                                                                     |
| 140        | Australia                          | 794                           | -                           | -                      | 794                                   | -2                        |                                                                                        | -                                                                                                     |
| 150        | Switzerland                        | 325                           | -                           | -                      | 325                                   | -1                        |                                                                                        | -                                                                                                     |
| 160        | Maldives                           | 483                           | -                           | -                      | 483                                   | -1                        |                                                                                        | -                                                                                                     |
| 170        | Other countries                    | 2,140                         | 210                         | 210                    | 2,139                                 | -90                       |                                                                                        | 0                                                                                                     |
| <b>180</b> | <b>Off-balance sheet exposures</b> | <b>1,186</b>                  | <b>2</b>                    | <b>2</b>               |                                       |                           | <b>3</b>                                                                               |                                                                                                       |
| 190        | Germany                            | 489                           | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 200        | France                             | 175                           | 0                           | 0                      |                                       |                           | 1                                                                                      |                                                                                                       |
| 210        | Netherlands                        | 5                             | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 220        | Austria                            | 25                            | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 230        | UK                                 | 167                           | 2                           | 2                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 240        | Finland                            | 29                            | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 250        | Sweden                             | 41                            | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 260        | Italy                              | 0                             | 0                           | 0                      |                                       |                           | -                                                                                      |                                                                                                       |
| 270        | Spain                              | 1                             | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 280        | Poland                             | 40                            | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 290        | Canada                             | 17                            | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 300        | USA                                | 193                           | 0                           | 0                      |                                       |                           | 1                                                                                      |                                                                                                       |
| 310        | Australia                          | 5                             | -                           | -                      |                                       |                           | 0                                                                                      |                                                                                                       |
| 320        | Other countries                    | -                             | -                           | -                      |                                       |                           | -                                                                                      |                                                                                                       |
| <b>330</b> | <b>Total</b>                       | <b>48,554</b>                 | <b>1,684</b>                | <b>1,684</b>           | <b>47,220</b>                         | <b>-569</b>               | <b>3</b>                                                                               | <b>-70</b>                                                                                            |

In accordance with Annex XVI of Commission Implementing Regulation, table EU CQ5 only shows exposures to non-financial institutions.

The presentation based on industries corresponds to the differentiation by NACE codes in the context of Financial Reporting (FINREP).

As the Group's business is focused on commercial property financing, the real estate activities sector is by far the most relevant industry.

**EU CQ5: Credit quality of loans and advances to non-financial corporations by industry**

|                                                                      | a             | b<br>Gross carrying amount |              | c<br>of which: non-performing<br>of which: defaulted | d<br>of which: loans<br>and advances sub-<br>ject to impairment | e<br>Accumulated<br>impairment | f<br>Accumulated negative<br>changes in fair value<br>due to credit risk on non-<br>performing exposures |
|----------------------------------------------------------------------|---------------|----------------------------|--------------|------------------------------------------------------|-----------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------|
| € mn                                                                 |               |                            |              |                                                      |                                                                 |                                |                                                                                                          |
| 010 Agriculture, forestry and fishing                                | –             | –                          | –            | –                                                    | –                                                               | –                              | –                                                                                                        |
| 020 Mining and quarrying                                             | –             | –                          | –            | –                                                    | –                                                               | –                              | –                                                                                                        |
| 030 Manufacturing                                                    | –             | –                          | –            | –                                                    | –                                                               | –                              | –                                                                                                        |
| 040 Electricity, gas, steam and air conditioning supply              | 0             | –                          | –            | 0                                                    | 0                                                               | –                              | –                                                                                                        |
| 050 Water supply                                                     | 2             | –                          | –            | 2                                                    | 0                                                               | –                              | –                                                                                                        |
| 060 Construction                                                     | 74            | 73                         | 73           | 58                                                   | -10                                                             | –                              | –                                                                                                        |
| 070 Trading                                                          | 135           | 58                         | 58           | 77                                                   | 0                                                               | -41                            | –                                                                                                        |
| 080 Transport and storage                                            | 1             | –                          | –            | 1                                                    | 0                                                               | –                              | –                                                                                                        |
| 090 Accommodation and food service activities                        | 1,827         | 0                          | 0            | 1,827                                                | -14                                                             | –                              | –                                                                                                        |
| 100 Information and communication                                    | –             | –                          | –            | –                                                    | –                                                               | –                              | –                                                                                                        |
| 110 Financial and insurance activities                               | –             | –                          | –            | –                                                    | –                                                               | –                              | –                                                                                                        |
| 120 Real estate activities                                           | 26,926        | 1,481                      | 1,481        | 26,853                                               | -501                                                            | -29                            | –                                                                                                        |
| 130 Professional, scientific and technical activities                | 391           | –                          | –            | 391                                                  | -7                                                              | –                              | –                                                                                                        |
| 140 Administrative and support service activities                    | 2             | –                          | –            | 2                                                    | 0                                                               | –                              | –                                                                                                        |
| 150 Public administration and defence;<br>compulsory social security | –             | –                          | –            | –                                                    | –                                                               | –                              | –                                                                                                        |
| 160 Education                                                        | –             | –                          | –            | –                                                    | –                                                               | –                              | –                                                                                                        |
| 170 Health and social services                                       | 0             | –                          | –            | 0                                                    | 0                                                               | –                              | –                                                                                                        |
| 180 Arts, entertainment and recreation                               | 0             | –                          | –            | 0                                                    | 0                                                               | –                              | –                                                                                                        |
| 190 Other services                                                   | 82            | 63                         | 63           | 82                                                   | -27                                                             | –                              | –                                                                                                        |
| <b>200 Total</b>                                                     | <b>29,441</b> | <b>1,675</b>               | <b>1,675</b> | <b>29,293</b>                                        | <b>-559</b>                                                     | <b>-70</b>                     |                                                                                                          |

As an international property lender, we focus on property in the context of collateralisation. This is also reflected in table EU CQ6, which provides an overview of the quality of collateral received. As the table shows, exposures are almost completely collateralised by property. Our property financing portfolio has an average loan-to-value (LTV) ratio of 57 %. Please refer to our Interim Report<sup>1)</sup> for a breakdown of average LTV ratios by region and by property type.

<sup>1)</sup> Aareal Bank Group Interim Report II/2022: chapter "Financial position – assets and liabilities", in the Report on the Economic Position of the Interim Group Management Report, page 17 et seqq.

## EU CQ6: Collateral valuation – loans and advances

|      |                                                                             | a                  | b      | c                                      | d                                                               | e     | f    | g                                       | h                                      | i                                     | j                                      | k                                      | l                            |
|------|-----------------------------------------------------------------------------|--------------------|--------|----------------------------------------|-----------------------------------------------------------------|-------|------|-----------------------------------------|----------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------|------------------------------|
|      |                                                                             | Loans and advances |        |                                        |                                                                 |       |      |                                         |                                        |                                       |                                        |                                        |                              |
|      |                                                                             | Performing         |        |                                        | Non-performing                                                  |       |      |                                         |                                        |                                       |                                        |                                        |                              |
|      |                                                                             |                    |        |                                        | Unlikely to pay that are not past due or are past due ≤ 90 days |       |      | Past due > 90 days                      |                                        |                                       |                                        |                                        |                              |
|      |                                                                             |                    |        |                                        |                                                                 |       |      | of which: past due > 90 days ≤ 180 days | of which: past due > 180 days ≤ 1 year | of which: past due > 1 year ≤ 2 years | of which: past due > 2 years ≤ 5 years | of which: past due > 5 years ≤ 7 years | of which: past due > 7 years |
| € mn |                                                                             |                    |        | of which: past due > 30 days ≤ 90 days |                                                                 |       |      |                                         |                                        |                                       |                                        |                                        |                              |
| 010  | Gross carrying amount                                                       | 33,530             | 31,848 | 91                                     | 1,682                                                           | 1,115 | 568  | 126                                     | 144                                    | 183                                   | 43                                     | 1                                      | 70                           |
| 020  | of which: secured                                                           | 30,995             | 29,345 | 91                                     | 1,651                                                           | 1,092 | 558  | 126                                     | 144                                    | 183                                   | 42                                     | 1                                      | 62                           |
| 030  | of which: secured with immovable property                                   | 29,862             | 28,212 | 91                                     | 1,651                                                           | 1,092 | 558  | 126                                     | 144                                    | 183                                   | 42                                     | 1                                      | 62                           |
| 040  | of which: instruments with LTV higher than 60 % and lower or equal to 80 %  | 7,949              | 7,833  |                                        | 116                                                             | 44    | 72   |                                         |                                        |                                       |                                        |                                        |                              |
| 050  | of which: instruments with LTV higher than 80 % and lower or equal to 100 % | 936                | 560    |                                        | 376                                                             | 295   | 80   |                                         |                                        |                                       |                                        |                                        |                              |
| 060  | of which: instruments with LTV higher than 100 %                            | 1,169              | 74     |                                        | 1,096                                                           | 732   | 363  |                                         |                                        |                                       |                                        |                                        |                              |
| 070  | Accumulated impairment for secured assets                                   | -620               | -102   | 0                                      | -517                                                            | -305  | -212 | -42                                     | -102                                   | -35                                   | -3                                     | 0                                      | -29                          |
| 080  | Collateral                                                                  |                    |        |                                        |                                                                 |       |      |                                         |                                        |                                       |                                        |                                        |                              |
| 090  | of which: value capped at the value of exposure                             | 30,060             | 29,039 | 91                                     | 1,021                                                           | 692   | 330  | 76                                      | 36                                     | 146                                   | 39                                     | 1                                      | 31                           |
| 100  | of which: immovable property                                                | 28,890             | 27,890 | 91                                     | 1,000                                                           | 671   | 330  | 76                                      | 36                                     | 146                                   | 39                                     | 1                                      | 31                           |
| 110  | of which: value above the cap                                               | 810                | 769    | –                                      | 41                                                              | 2     | 38   | –                                       | –                                      | –                                     | –                                      | –                                      | –                            |
| 120  | of which: immovable property                                                | 798                | 758    | –                                      | 41                                                              | 2     | 38   | –                                       | –                                      | –                                     | –                                      | –                                      | –                            |
| 130  | Financial guarantees received                                               | 23                 | 23     | –                                      | –                                                               | –     | –    | –                                       | –                                      | –                                     | –                                      | –                                      | –                            |
| 140  | Accumulated partial write-offs                                              | -190               | -4     | –                                      | -186                                                            | -74   | -112 | -19                                     | –                                      | –                                     | -84                                    | -3                                     | -7                           |

In accordance with EBA requirements set out in Annex XVI of the Implementing Regulation, in table EU CQ7, credit institutions must also disclose negative changes in fair value, in addition to the gross carrying amount at initial recognition of the property when taking possession in order to secure value. Since this information is also disclosed in columns c and d of the following table EU CQ8, with the same level of granularity, we do not assign any additional informational value to the disclosures in table EU CQ7.

Given that Aareal Bank generally pursues the strategy of preventing any further losses from a loan exposure, some of the properties disclosed in table EU CQ8 are investments, some of which are subject to re-positioning and further development, and which may thus be held over several years. Hence, fair value (as well as the carrying amount) can be increased by valueenhancing measures. The table below does not provide any such information. Accumulated impairment and accumulated negative changes in fair value, as shown in line 010, fully refer to recognised write-downs on the property. Properties shown in line 040 are assigned to current assets. therefore, no separate values are disclosed in columns k and l.

**EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown (initial recognition)**

|                                                                                 | a                      |                              | b                            |                              | c                            |                              | d                            |                              | e                            |                              | f                                              |                              | g                            |                              | h                            |                              | i                            |                              | j                            |                              | k                            |                              | l                            |                              |
|---------------------------------------------------------------------------------|------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                                                                 | Debt balance reduction |                              |                              |                              |                              |                              |                              |                              |                              |                              | Total collateral obtained by taking possession |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
|                                                                                 | Gross carrying amount  | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition                   | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition | Accumulated negative changes | Value at initial recognition | Accumulated negative changes |
| € mn                                                                            |                        |                              |                              |                              |                              |                              |                              |                              |                              |                              |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 010 Collateral obtained by taking possession classified as PP&E                 | 59                     | –                            | 89                           | –                            |                              |                              |                              |                              |                              |                              |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 020 Collateral obtained by taking possession other than that classified as PP&E | 373                    | -89                          | 305                          | –                            | 25                           | –                            | 112                          | –                            | 168                          | –                            |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 030 Residential immovable property                                              | 12                     | -4                           | 8                            | –                            | –                            | –                            | 8                            | –                            | 0                            | –                            |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 040 Commercial immovable property                                               | 361                    | -85                          | 297                          | –                            | 25                           | –                            | 104                          | –                            | 168                          | –                            |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 050 Movable property (auto, shipping, etc.)                                     | –                      | –                            | –                            | –                            | –                            | –                            | –                            | –                            | –                            | –                            |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 060 Equity and debt instruments                                                 | –                      | –                            | –                            | –                            | –                            | –                            | –                            | –                            | –                            | –                            |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 070 Other collateral                                                            | –                      | –                            | –                            | –                            | –                            | –                            | –                            | –                            | –                            | –                            |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| <b>080 Total</b>                                                                | <b>431</b>             | <b>-89</b>                   | <b>394</b>                   | <b>–</b>                     | <b>25</b>                    | <b>–</b>                     | <b>112</b>                   | <b>–</b>                     | <b>168</b>                   | <b>–</b>                     |                                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |

Table EU CR2a outlines the changes within the portfolio of non-performing exposures during the half-year under review. Besides new defaulted loans and advances (shown in line 020), the amounts of exposures removed from the non-performing portfolio (as shown in line 030) are broken down further: in addition to recoveries (line 040), the outflows from the non-performing portfolio are due to partial or full repayments (line 050), proceeds from the liquidation of collateral (either as a result of enforcement against the client, or on the basis of a voluntary bilateral agreement with the borrower), as well as proceeds from individual sales of loans and advances (line 080). Any losses realised due to the factors shown in lines 060 to 090 are not disclosed again in line 100.

Since the information to be disclosed in table EU CR2 is also fully depicted in table EU CR2a, we do not assign any additional informational value to the disclosures in table EU CR2.

#### EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries

|                                                               | a                     | b                                  |
|---------------------------------------------------------------|-----------------------|------------------------------------|
|                                                               | Gross carrying amount | Related net accumulated recoveries |
| € mn                                                          |                       |                                    |
| <b>010 Initial stock of non-performing loans and advances</b> | <b>1,680</b>          |                                    |
| 020 Inflows to non-performing portfolios                      | 252                   |                                    |
| 030 Outflows from non-performing portfolios                   | -249                  |                                    |
| 040 Outflow to performing portfolio                           | -1                    |                                    |
| 050 Outflow due to loan repayment, partial or total           | -1                    |                                    |
| 060 Outflow due to collateral liquidations                    | -158                  | 104                                |
| 070 Outflow due to taking possession of collateral            | –                     | –                                  |
| 080 Outflow due to sale of instruments                        | –                     | –                                  |
| 090 Outflow due to risk transfers                             | –                     | –                                  |
| 100 Outflows due to write-offs                                | -29                   |                                    |
| 110 Outflow due to other situations                           | -59                   |                                    |
| 120 Outflow due to reclassification as held for sale          | -2                    |                                    |
| <b>130 Final stock of non-performing loans and advances</b>   | <b>1,682</b>          |                                    |

#### Exposures subject to a general payment moratorium

As a result of the Covid-19 pandemic, both national and European supervisory authorities initiated a number of regulatory activities in the first half of 2020. These include the following disclosure requirements. They are based on the requirements introduced by EBA that were specified as part of the guidelines on reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis (EBA/GL/2020/07) and had to be implemented for the first time as at 30 June 2020.

In the following table, only those exposures are assessed that meet the conditions for a general payment moratorium in accordance with Article 10 of EBA Guidelines EBA/GL/2020/02 (“Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis”). As at the reporting date under review, Aareal Bank held no loans or advances newly extended under state guarantee schemes in the context of the Covid-19 crisis. Disclosure of table 3 of EBA guidelines EBA/GL/2020/07 is therefore not required. Moreover, there are no loans and advances in the portfolio which are subject to an ongoing moratorium.

The table shows the exposures for which the moratorium was offered, and their number. In addition, columns e to i show the gross carrying amount of all exposures which are (or were) subject to a payment moratorium, presented by residual maturity of the moratorium. Where the moratorium has already expired (in Germany, in the case at hand), this has also been indicated.

Table 2: Loans and advances by residual maturity of moratoria

|                                                                | a                  | b        | c                               | d                 | e                              | f                     | g                     | h                      | i        |
|----------------------------------------------------------------|--------------------|----------|---------------------------------|-------------------|--------------------------------|-----------------------|-----------------------|------------------------|----------|
|                                                                | Number of obligors |          | of which: legislative moratoria | of which: expired | Gross carrying amount          |                       |                       |                        |          |
|                                                                |                    |          |                                 |                   | Residual maturity of moratoria |                       |                       |                        |          |
|                                                                |                    |          |                                 |                   | ≤ 3 months                     | > 3 months ≤ 6 months | > 6 months ≤ 9 months | > 9 months ≤ 12 months | > 1 year |
| € mn                                                           |                    |          |                                 |                   |                                |                       |                       |                        |          |
| <b>1 Loans and advances for which a moratorium was offered</b> | <b>33</b>          | <b>3</b> |                                 |                   |                                |                       |                       |                        |          |
| <b>2 Loans and advances for which a moratorium was granted</b> | <b>33</b>          | <b>3</b> | <b>3</b>                        | <b>3</b>          | –                              | –                     | –                     | –                      | –        |
| 3 of which: households                                         |                    | 3        | 3                               | 3                 | –                              | –                     | –                     | –                      | –        |
| 4 of which: collateralised by residential immovable property   |                    | 3        | 3                               | 3                 | –                              | –                     | –                     | –                      | –        |
| 5 of which: non-financial corporations                         |                    | –        | –                               | –                 | –                              | –                     | –                     | –                      | –        |
| 6 of which: SMEs                                               |                    | –        | –                               | –                 | –                              | –                     | –                     | –                      | –        |
| 7 of which: collateralised by commercial immovable properties  |                    | –        | –                               | –                 | –                              | –                     | –                     | –                      | –        |

Overall, 33 borrowers were granted legislative moratoria on the basis of requests by the clients. These moratoria refer to consumer credit agreements within the discontinued business in Germany where the moratorium rules have no longer applied since 30 June 2020. No more receivables are affected by ongoing deferrals.

### Credit risk mitigation

Collateral in the amount of € 30,084 million was applied within the scope of credit risk mitigation. This figure comprises no financial collateral included for derivatives transactions.

The following table shows all collateral eligible to collateralise loans and advances as well as debt securities. The respective values are capped at the carrying amount of the respective exposure. The real property liens relevant for Aareal Bank as an international property specialist are disclosed in column c along with the financial collateral, whereas warranties (financial guarantees) are disclosed under column d. Aareal Bank currently does not hold any credit derivatives which may be used for collateralisation purposes. Therefore, table EU CR7 (IRB approach – Effect on the Risk Weighted Exposure amounts of credit derivatives used as CRM techniques) is not disclosed.

In addition to the eligible collateral and secured exposures (column b), column a discloses the amount of all generally unsecured exposures.

**EU CR3: Overview of credit risk mitigation techniques**

|                                      | a                   | b                 | c                               | d                                         | e                                       |
|--------------------------------------|---------------------|-------------------|---------------------------------|-------------------------------------------|-----------------------------------------|
|                                      | Exposures unsecured | Exposures secured | of which: secured by collateral | of which: secured by financial guarantees | of which: secured by credit derivatives |
| € mn                                 |                     |                   |                                 |                                           |                                         |
| 1 Loans and advances                 | 12,399              | 30,084            | 30,060                          | 23                                        | –                                       |
| 2 Debt securities                    | 5,271               | –                 | –                               | –                                         | –                                       |
| <b>3 Total</b>                       | <b>17,670</b>       | <b>30,084</b>     | <b>30,060</b>                   | <b>23</b>                                 | <b>–</b>                                |
| 4 of which: non-performing exposures | 133                 | 1,021             | 1,021                           | –                                         | –                                       |
| EU-5 of which: defaulted             | 133                 | 1,021             | –                               | –                                         | –                                       |

As defaulted exposures are considered non-performing, the net carrying amount reported in line EU-5 is equivalent to the amount shown in line 4. This is further described in the chapter “Credit quality of exposures” in this Disclosure Report (page 21).

The disclosure table EU CR7-A is limited to the presentation of the collateral considered for the commercial property lending portfolio subject to the Advanced IRBA. These are shown for each IRBA collateral as a percentage of the respective IRBA exposure.

Aareal Bank considers the relevant types of collateral within the scope of its LGD estimation in accordance with Article 181 (1) lit. e) and f) of the CRR.

Column m generally remains blank, as we do not make any substitution within the scope of the collateralisation of our exposures treated in AIRBA by guarantees. If the guarantor’s rating is better than the borrower’s rating, the guarantor’s rating reduces the LGD.

**EU CR7-A: IRB approach – Disclosure of the extent of the use of CRM techniques**

| IRBA exposure class |                                            | a                                 | b                                                 | c                                                      | d                                                          | e                                        | f                                                      | g                                                           |
|---------------------|--------------------------------------------|-----------------------------------|---------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------|------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------|
|                     |                                            | Credit risk mitigation techniques |                                                   |                                                        |                                                            |                                          |                                                        |                                                             |
|                     |                                            | Funded Credit Protection (FCP)    |                                                   |                                                        |                                                            |                                          |                                                        |                                                             |
|                     |                                            | Total exposures                   | Part of exposures covered by Financial collateral | Part of exposures covered by Other eligible collateral | Part of exposures covered by Immovable property collateral | Part of exposures covered by Receivables | Part of exposures covered by Other physical collateral | Part of exposures covered by Other funded credit protection |
|                     |                                            | € mn                              | %                                                 | %                                                      | %                                                          | %                                        | %                                                      | %                                                           |
| 3                   | Corporates                                 | 30,870                            | 0.00                                              | 96.54                                                  | 95.82                                                      | –                                        | 0.72                                                   | 0.04                                                        |
| 3.1                 | of which: Corporates – SMEs                | 1,340                             | 0.09                                              | 85.34                                                  | 85.34                                                      | –                                        | –                                                      | –                                                           |
| 3.2                 | of which: Corporates – Specialised lending | 27,908                            | –                                                 | 98.12                                                  | 97.37                                                      | –                                        | 0.75                                                   | –                                                           |
| 3.3                 | of which: Corporates – Other               | 1,622                             | 0.01                                              | 78.70                                                  | 77.90                                                      | –                                        | 0.80                                                   | 0.69                                                        |
| 5                   | Total                                      | 30,870                            | 0.00                                              | 96.54                                                  | 95.82                                                      | –                                        | 0.72                                                   | 0.04                                                        |

| IRBA exposure class                            | Credit risk mitigation techniques            |                                                      |                                                                |                                         |                                                 | Credit risk mitigation techniques in the calculation of RWAs |                                                                         |
|------------------------------------------------|----------------------------------------------|------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------|
|                                                | Funded Credit Protection (FCP)               |                                                      |                                                                | Unfunded Credit Protection (UFCP)       |                                                 | RWA without substitution effects (reduction effects only)    | RWA with substitution effects (both reduction and substitution effects) |
|                                                | Part of exposures covered by Cash on deposit | Part of exposures covered by Life insurance policies | Part of exposures covered by Instruments held by a third party | Part of exposures covered by Guarantees | Part of exposures covered by Credit derivatives |                                                              |                                                                         |
|                                                | %                                            | %                                                    | %                                                              | %                                       | %                                               | € mn                                                         | € mn                                                                    |
| 3 Corporates                                   | –                                            | 0.04                                                 | –                                                              | 0.07                                    | –                                               | –                                                            | 6,511                                                                   |
| 3.1 of which: Corporates – SMEs                | –                                            | –                                                    | –                                                              | 1.15                                    | –                                               | –                                                            | 380                                                                     |
| 3.2 of which: Corporates – Specialised lending | –                                            | –                                                    | –                                                              | 0.03                                    | –                                               | –                                                            | 5,504                                                                   |
| 3.3 of which: Corporates – Other               | –                                            | 0.69                                                 | –                                                              | –                                       | –                                               | –                                                            | 627                                                                     |
| <b>5 Total</b>                                 | <b>–</b>                                     | <b>0.04</b>                                          | <b>–</b>                                                       | <b>0.07</b>                             | <b>–</b>                                        | <b>–</b>                                                     | <b>6,511</b>                                                            |

### Credit Risk Standard Approach

Identical types of collateral respond differently, depending on what transactions they can be offset against.

This is due to the composition of the CRSA exposure amount as well as the exposure categories for undrawn credit facilities and other off-balance sheet transactions (Article III of the CRR in conjunction with Annex I of the CRR). The credit conversion factors assigned to each exposure category ensure that lower regulatory capital requirements are calculated for loan commitments and other off-balance sheet transactions than for on-balance sheet receivables.

Cash deposits as financial collateral and warranties within the meaning of the CRR can be distinguished in terms of how they mitigate credit risk:

- Financial collateral reduces the assessment basis to which the credit conversion factor is applied. The risk weight impacts the exposure amount.
- Warranties do not impact on the assessment basis, but on the risk weighting. A loan collateralised through a warranty is taken into account, with the warranty amount to be included and the risk weight of the guarantor in the guarantor's exposure class.

The following table shows CRSA exposure amounts both before and after mitigating credit risk, shown separately as on- and off-balance sheet exposures. In addition, risk-weighted assets (RWAs) are disclosed for each exposure class.

**EU CR4: Credit Risk Standard Approach – credit risk exposure and credit risk mitigation effects**

| Exposure classes                                                             | a                          |                             | b                          |                             | c                               |                             | d                    |             | e                    |             | f                    |             |
|------------------------------------------------------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|---------------------------------|-----------------------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|
|                                                                              | Exposures before CCF       |                             | Exposures post CCF         |                             | Exposures post CCF and post CRM |                             | RWAs and RWA density |             | RWAs and RWA density |             | RWAs and RWA density |             |
|                                                                              | On-balance sheet exposures | Off-balance sheet exposures | On-balance sheet exposures | Off-balance sheet exposures | On-balance sheet exposures      | Off-balance sheet exposures | RWAs                 | RWA density | RWAs                 | RWA density | RWAs                 | RWA density |
|                                                                              | € mn                       | € mn                        | € mn                       | € mn                        | € mn                            | € mn                        | € mn                 | %           | € mn                 | %           | € mn                 | %           |
| 1 Central governments or central banks                                       | 9,264                      | –                           | 9,468                      | –                           | 12                              | 0.12                        |                      |             |                      |             |                      |             |
| 2 Regional governments or local authorities                                  | 3,384                      | –                           | 3,387                      | –                           | 361                             | 10.65                       |                      |             |                      |             |                      |             |
| 3 Other public-sector entities                                               | 1,105                      | 0                           | 1,043                      | 0                           | 2                               | 0.16                        |                      |             |                      |             |                      |             |
| 4 Multilateral development banks                                             | 162                        | –                           | 162                        | –                           | –                               | –                           |                      |             |                      |             |                      |             |
| 5 International organisations                                                | 354                        | –                           | 354                        | –                           | –                               | –                           |                      |             |                      |             |                      |             |
| 6 Institutions                                                               | 388                        | –                           | 263                        | –                           | 76                              | 28.98                       |                      |             |                      |             |                      |             |
| 7 Corporates                                                                 | 493                        | 112                         | 472                        | 30                          | 469                             | 93.56                       |                      |             |                      |             |                      |             |
| 8 Retail                                                                     | 12                         | 0                           | 12                         | 0                           | 9                               | 75.00                       |                      |             |                      |             |                      |             |
| 9 Secured by mortgages on immovable property                                 | 324                        | –                           | 324                        | –                           | 114                             | 35.22                       |                      |             |                      |             |                      |             |
| 10 Exposures in default                                                      | 2                          | –                           | 2                          | –                           | 2                               | 102.62                      |                      |             |                      |             |                      |             |
| 11 Exposures associated with particularly high risk                          | –                          | –                           | –                          | –                           | –                               | –                           |                      |             |                      |             |                      |             |
| 12 Covered bonds                                                             | 562                        | –                           | 562                        | –                           | 56                              | 10.00                       |                      |             |                      |             |                      |             |
| 13 Claims on institutions and corporates with a short-term credit assessment | –                          | –                           | –                          | –                           | –                               | –                           |                      |             |                      |             |                      |             |
| 14 Collective investment undertakings (CIU)                                  | 41                         | –                           | 41                         | –                           | 9                               | 21.00                       |                      |             |                      |             |                      |             |
| 15 Equity exposures                                                          | –                          | –                           | –                          | –                           | –                               | –                           |                      |             |                      |             |                      |             |
| 16 Other exposures                                                           | –                          | –                           | –                          | –                           | –                               | –                           |                      |             |                      |             |                      |             |
| <b>17 Total</b>                                                              | <b>16,090</b>              | <b>113</b>                  | <b>16,090</b>              | <b>30</b>                   | <b>1,110</b>                    | <b>6.88</b>                 |                      |             |                      |             |                      |             |

Table EU CR5 shows the exposure amount after mitigating credit risk and after taking into consideration the credit conversion factors of all exposures to which the CRSA is applied, for each exposure class and broken down according to risk weight pursuant to Article 114 et seqq. of the CRR. The exposures disclosed in column q are exposures for which no external rating is used to derive the risk weight.

**EU CR5: Credit Risk Standard Approach**

| Exposure classes                             | a           | b  | c  | d   | e   | f   | g   | h   | i   | j    | k    | l    | m    | n      | o      | p     | q                 |
|----------------------------------------------|-------------|----|----|-----|-----|-----|-----|-----|-----|------|------|------|------|--------|--------|-------|-------------------|
|                                              | Risk weight |    |    |     |     |     |     |     |     |      |      |      |      |        |        |       |                   |
|                                              | 0%          | 2% | 4% | 10% | 20% | 35% | 50% | 70% | 75% | 100% | 150% | 250% | 370% | 1,250% | Others | Total | of which: unrated |
| € mn                                         |             |    |    |     |     |     |     |     |     |      |      |      |      |        |        |       |                   |
| 1 Central governments or central banks       | 9,409       | –  | –  | –   | 59  | –   | –   | –   | –   | –    | –    | –    | –    | –      | –      | 9,468 | 9,195             |
| 2 Regional governments or local authorities  | 3,219       | –  | –  | –   | 26  | –   | –   | –   | –   | –    | –    | 142  | –    | –      | –      | 3,387 | 3,213             |
| 3 Other public-sector entities               | 1,035       | –  | –  | –   | 8   | –   | –   | –   | –   | –    | –    | –    | –    | –      | –      | 1,044 | 1,035             |
| 4 Multilateral development banks             | 162         | –  | –  | –   | –   | –   | –   | –   | –   | –    | –    | –    | –    | –      | –      | 162   | 162               |
| 5 International organisations                | 354         | –  | –  | –   | –   | –   | –   | –   | –   | –    | –    | –    | –    | –      | –      | 354   | 354               |
| 6 Institutions                               | –           | –  | –  | –   | 185 | –   | 79  | –   | –   | –    | –    | –    | –    | –      | –      | 263   | –                 |
| 7 Corporates                                 | –           | –  | –  | –   | –   | –   | 41  | –   | –   | 460  | –    | –    | –    | –      | –      | 502   | 460               |
| 8 Retail                                     | –           | –  | –  | –   | –   | –   | –   | –   | 12  | –    | –    | –    | –    | –      | –      | 12    | 12                |
| 9 Secured by mortgages on immovable property | –           | –  | –  | –   | –   | 263 | 60  | –   | –   | –    | –    | –    | –    | –      | –      | 324   | 324               |

| Exposure classes                                                             | a             | b        | c        | d          | e          | f          | g          | h        | i         | j          | k        | l          | m        | n        | o        | p             | q                 |
|------------------------------------------------------------------------------|---------------|----------|----------|------------|------------|------------|------------|----------|-----------|------------|----------|------------|----------|----------|----------|---------------|-------------------|
|                                                                              | Risk weight   |          |          |            |            |            |            |          |           |            |          |            |          |          |          |               | of which: unrated |
|                                                                              | 0 %           | 2 %      | 4 %      | 10 %       | 20 %       | 35 %       | 50 %       | 70 %     | 75 %      | 100 %      | 150 %    | 250 %      | 370 %    | 1,250 %  | Others   | Total         |                   |
| € mn                                                                         |               |          |          |            |            |            |            |          |           |            |          |            |          |          |          |               |                   |
| 10 Exposures in default                                                      | -             | -        | -        | -          | -          | -          | -          | -        | -         | 2          | 0        | -          | -        | -        | -        | 2             | 2                 |
| 11 Exposures associated with particularly high risk                          | -             | -        | -        | -          | -          | -          | -          | -        | -         | -          | -        | -          | -        | -        | -        | -             | -                 |
| 12 Covered bonds                                                             | -             | -        | -        | 562        | -          | -          | -          | -        | -         | -          | -        | -          | -        | -        | -        | 562           | -                 |
| 13 Claims on institutions and corporates with a short-term credit assessment | -             | -        | -        | -          | -          | -          | -          | -        | -         | -          | -        | -          | -        | -        | -        | -             | -                 |
| 14 Collective investment undertakings (CIU)                                  | 14            | -        | -        | -          | 27         | -          | -          | -        | -         | -          | -        | -          | -        | 0        | -        | 41            | 15                |
| 15 Equity exposures                                                          | -             | -        | -        | -          | -          | -          | -          | -        | -         | -          | -        | -          | -        | -        | -        | -             | -                 |
| 16 Other exposures                                                           | -             | -        | -        | -          | -          | -          | -          | -        | -         | -          | -        | -          | -        | -        | -        | -             | -                 |
| <b>17 Total</b>                                                              | <b>14,194</b> | <b>-</b> | <b>-</b> | <b>562</b> | <b>304</b> | <b>263</b> | <b>180</b> | <b>-</b> | <b>12</b> | <b>462</b> | <b>0</b> | <b>142</b> | <b>-</b> | <b>0</b> | <b>-</b> | <b>16,120</b> | <b>14,771</b>     |

## EU CR6: IRB Approach – Credit risk exposures by exposure class and PD range

| IRBA exposure class      | a                 | b                          | c                                   | d             | e                              | f           |
|--------------------------|-------------------|----------------------------|-------------------------------------|---------------|--------------------------------|-------------|
|                          | PD range          | On-balance sheet exposures | Off-balance-sheet exposures pre-CCF | Average CCF   | Exposure post CRM and post CCF | Average PD  |
|                          | %                 | € mn                       | € mn                                | %             | € mn                           | %           |
| <b>Corporates – SMEs</b> | 0.00 to < 0.15    | 42                         | -                                   | -             | 42                             | 0.10        |
|                          | 0.00 to < 0.10    | -                          | -                                   | -             | -                              | -           |
|                          | 0.10 to < 0.15    | 42                         | -                                   | -             | 42                             | 0.10        |
|                          | 0.15 to < 0.25    | 137                        | 15                                  | 100.00        | 152                            | 0.22        |
|                          | 0.25 to < 0.50    | 121                        | 14                                  | 100.00        | 135                            | 0.42        |
|                          | 0.50 to < 0.75    | 282                        | 12                                  | 100.00        | 293                            | 0.70        |
|                          | 0.75 to < 2.50    | 482                        | 9                                   | 100.00        | 491                            | 1.30        |
|                          | 0.75 to < 1.75    | 482                        | 9                                   | 100.00        | 491                            | 1.30        |
|                          | 1.75 to < 2.50    | -                          | -                                   | -             | -                              | -           |
|                          | 2.50 to < 10.00   | 218                        | 0                                   | 100.00        | 218                            | 6.20        |
|                          | 2.50 to < 5.00    | 74                         | 0                                   | 100.00        | 74                             | 2.62        |
|                          | 5.00 to < 10.00   | 145                        | -                                   | -             | 145                            | 8.02        |
|                          | 10.00 to < 100.00 | 1                          | -                                   | -             | 1                              | 30          |
|                          | 10.00 to < 20.00  | -                          | -                                   | -             | -                              | -           |
|                          | 20.00 to < 30.00  | -                          | -                                   | -             | -                              | -           |
|                          | 30.00 to < 100.00 | 1                          | -                                   | -             | 1                              | 30.00       |
|                          | 100.00 (Default)  | 12                         | -                                   | -             | 12                             | 100.00      |
|                          | <b>Subtotal</b>   | <b>1,294</b>               | <b>51</b>                           | <b>100.00</b> | <b>1,344</b>                   | <b>2.58</b> |

## Advanced IRB Approach (AIRBA)

The property lending portfolio (treated under the AIRBA) shall be disclosed in the table EU CR6 to be published on a half-yearly basis, which considers clearly-defined PD ranges. Expected loss (EL) is also reported per PD range, thus also ensuring a statement concerning the collateral quality.

Exposures subject to counterparty credit risk pursuant to Article 92 (3) lit. f) of the CRR and treated under the IRBA are not covered in the statements. They are disclosed in the table EU CCR4 in the chapter “Counterparty Credit Risk”.

The amount to be disclosed in columns b and c corresponds to the exposure value determined in accordance with Article 166 (1) to (7) of the CRR, in each case not taking into account the general and specific credit risk adjustments depicted in column m.

| g                  | h            | i                | j                           | k           | l                         | m                                |
|--------------------|--------------|------------------|-----------------------------|-------------|---------------------------|----------------------------------|
| Number of obligors | Average LGD  | Average maturity | Risk-weighted assets (RWAs) | RWA density | Expected loss amount (EL) | Value adjustments and provisions |
|                    | %            | Years            | € mn                        | %           | € mn                      | € mn                             |
| 3                  | 23.91        | 3                | 5                           | 0.12        | 0                         | 0                                |
| 1                  | –            | –                | –                           | –           | –                         | –                                |
| 2                  | 23.91        | 3                | 5                           | 0.12        | 0                         | 0                                |
| 27                 | 12.95        | 3                | 15                          | 0.10        | 0                         | 0                                |
| 26                 | 27.62        | 3                | 45                          | 0.33        | 0                         | 0                                |
| 24                 | 11.19        | 3                | 48                          | 0.16        | 0                         | 0                                |
| 29                 | 7.23         | 3                | 60                          | 0.12        | 0                         | -1                               |
| 29                 | 7.23         | 3                | 60                          | 0.12        | 0                         | -1                               |
| –                  | –            | –                | –                           | –           | –                         | –                                |
| 9                  | 30.18        | 2                | 169                         | 0.77        | 5                         | -6                               |
| 6                  | 7.35         | 3                | 11                          | 0.15        | 0                         | 0                                |
| 3                  | 41.80        | 2                | 158                         | 1.09        | 5                         | -6                               |
| 1                  | 28.38        | 3                | 1                           | 1.08        | 0                         | 0                                |
| –                  | –            | –                | –                           | –           | –                         | –                                |
| –                  | –            | –                | –                           | –           | –                         | –                                |
| 1                  | 28.38        | 3                | 1                           | 1.08        | 0                         | 0                                |
| 8                  | 77.67        | 3                | 2                           | 0.20        | 9                         | -4                               |
| <b>127</b>         | <b>15.65</b> | <b>3</b>         | <b>345</b>                  | <b>0.26</b> | <b>15</b>                 | <b>-12</b>                       |

&gt;

| IRBA exposure class                     | a                 | b                             | c                                          | d             | e                                    | f           |  |
|-----------------------------------------|-------------------|-------------------------------|--------------------------------------------|---------------|--------------------------------------|-------------|--|
|                                         | PD range          | On-balance<br>sheet exposures | Off-balance-<br>sheet exposures<br>pre-CCF | Average CCF   | Exposure<br>post CRM and<br>post CCF | Average PD  |  |
|                                         | %                 | € mn                          | € mn                                       | %             | € mn                                 | %           |  |
| <b>Corporates – specialised lending</b> | 0.00 to < 0.15    | 233                           | –                                          | –             | 233                                  | 0.09        |  |
|                                         | 0.00 to < 0.10    | 44                            | –                                          | –             | 44                                   | 0.06        |  |
|                                         | 0.10 to < 0.15    | 189                           | –                                          | –             | 189                                  | 0.10        |  |
|                                         | 0.15 to < 0.25    | 947                           | 10                                         | 100.00        | 956                                  | 0.22        |  |
|                                         | 0.25 to < 0.50    | 4,234                         | 59                                         | 100.00        | 4,293                                | 0.42        |  |
|                                         | 0.50 to < 0.75    | 4,990                         | 96                                         | 100.00        | 5,087                                | 0.70        |  |
|                                         | 0.75 to < 2.50    | 8,989                         | 298                                        | 100.00        | 9,287                                | 1.36        |  |
|                                         | 0.75 to < 1.75    | 8,989                         | 298                                        | 100.00        | 9,287                                | 1.36        |  |
|                                         | 1.75 to < 2.50    | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 2.50 to < 10.00   | 6,704                         | 226                                        | 100.00        | 6,930                                | 3.17        |  |
|                                         | 2.50 to < 5.00    | 6,454                         | 218                                        | 100.00        | 6,671                                | 2.99        |  |
|                                         | 5.00 to < 10.00   | 251                           | 8                                          | 100.00        | 259                                  | 8.02        |  |
|                                         | 10.00 to < 100.00 | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 10.00 to < 20.00  | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 20.00 to < 30.00  | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 30.00 to < 100.00 | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 100.00 (Default)  | 1,601                         | 2                                          | –             | 1,601                                | 100.00      |  |
|                                         | <b>Subtotal</b>   | <b>27,698</b>                 | <b>691</b>                                 | <b>100.00</b> | <b>28,387</b>                        | <b>7.06</b> |  |
| <b>Corporates – Others</b>              | 0.00 to < 0.15    | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 0.00 to < 0.10    | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 0.10 to < 0.15    | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 0.15 to < 0.25    | 223                           | 21                                         | 100.00        | 243                                  | 0.23        |  |
|                                         | 0.25 to < 0.50    | 206                           | 120                                        | 100.00        | 326                                  | 0.39        |  |
|                                         | 0.50 to < 0.75    | 377                           | 141                                        | 100.00        | 518                                  | 0.70        |  |
|                                         | 0.75 to < 2.50    | 772                           | 35                                         | 100.00        | 807                                  | 1.17        |  |
|                                         | 0.75 to < 1.75    | 772                           | 35                                         | 100.00        | 807                                  | 1.17        |  |
|                                         | 1.75 to < 2.50    | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 2.50 to < 10.00   | 117                           | 40                                         | 100.00        | 157                                  | 2.65        |  |
|                                         | 2.50 to < 5.00    | 116                           | 40                                         | 100.00        | 157                                  | 2.62        |  |
|                                         | 5.00 to < 10.00   | 1                             | –                                          | –             | 1                                    | 8.02        |  |
|                                         | 10.00 to < 100.00 | 1                             | –                                          | –             | 1                                    | 30.00       |  |
|                                         | 10.00 to < 20.00  | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 20.00 to < 30.00  | –                             | –                                          | –             | –                                    | –           |  |
|                                         | 30.00 to < 100.00 | 1                             | –                                          | –             | 1                                    | 30.00       |  |
|                                         | 100.00 (Default)  | –                             | –                                          | –             | –                                    | –           |  |
|                                         | <b>Subtotal</b>   | <b>1,694</b>                  | <b>357</b>                                 | <b>100.00</b> | <b>2,052</b>                         | <b>0.94</b> |  |
|                                         | <b>Total</b>      | <b>30,686</b>                 | <b>1,099</b>                               | <b>100.00</b> | <b>31,782</b>                        | <b>6.47</b> |  |

| g                  | h            | i                | j                           | k           | l                         | m                                |
|--------------------|--------------|------------------|-----------------------------|-------------|---------------------------|----------------------------------|
| Number of obligors | Average LGD  | Average maturity | Risk-weighted assets (RWAs) | RWA density | Expected loss amount (EL) | Value adjustments and provisions |
|                    | %            | Years            | € mn                        | %           | € mn                      | € mn                             |
| 8                  | 4.13         | 3                | 4                           | 0.02        | 0                         | 0                                |
| 2                  | 4.11         | 3                | 1                           | 0.01        | 0                         | 0                                |
| 6                  | 4.14         | 3                | 4                           | 0.02        | 0                         | 0                                |
| 22                 | 5.20         | 3                | 42                          | 0.04        | 0                         | 0                                |
| 162                | 6.89         | 3                | 407                         | 0.09        | 1                         | -2                               |
| 125                | 4.44         | 3                | 388                         | 0.08        | 2                         | -4                               |
| 147                | 6.78         | 3                | 1,270                       | 0.14        | 9                         | -22                              |
| 147                | 6.78         | 3                | 1,270                       | 0.14        | 9                         | -22                              |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| 113                | 11.30        | 3                | 1,715                       | 0.25        | 26                        | -65                              |
| 107                | 11.27        | 2                | 1,619                       | 0.24        | 23                        | -60                              |
| 6                  | 12.12        | 3                | 96                          | 0.37        | 3                         | -5                               |
| 1                  | -            | -                | -                           | -           | -                         | -                                |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| 1                  | -            | -                | -                           | -           | -                         | -                                |
| 38                 | 21.64        | 2                | 1,102                       | 0.69        | 258                       | -451                             |
| <b>616</b>         | <b>8.24</b>  | <b>3</b>         | <b>4,928</b>                | <b>0.17</b> | <b>296</b>                | <b>-545</b>                      |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| 7                  | 17.97        | 4                | 66                          | 0.27        | 0                         | 0                                |
| 19                 | 29.86        | 4                | 185                         | 0.57        | 0                         | 0                                |
| 42                 | 17.25        | 4                | 192                         | 0.37        | 1                         | 0                                |
| 39                 | 6.35         | 4                | 142                         | 0.18        | 1                         | -1                               |
| 39                 | 6.35         | 4                | 142                         | 0.18        | 1                         | -1                               |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| 9                  | 15.36        | 4                | 74                          | 0.47        | 1                         | -1                               |
| 8                  | 15.32        | 4                | 73                          | 0.47        | 1                         | -1                               |
| 1                  | 23.33        | 3                | 1                           | 0.98        | 0                         | 0                                |
| 1                  | 33.94        | 3                | 1                           | 1.99        | 0                         | 0                                |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| 1                  | 33.94        | 3                | 1                           | 1.99        | 0                         | 0                                |
| -                  | -            | -                | -                           | -           | -                         | -                                |
| <b>117</b>         | <b>14.91</b> | <b>4</b>         | <b>660</b>                  | <b>0.32</b> | <b>2</b>                  | <b>-2</b>                        |
| <b>860</b>         | <b>8.99</b>  | <b>3</b>         | <b>5,933</b>                | <b>0.19</b> | <b>313</b>                | <b>-560</b>                      |

The table EU CR8 provides an overview of the RWA changes and the associated causes to be analysed since 31 March 2022.

The starting and end balances represent the sums of figures disclosed in lines EU 4a and 5 of table EU OVI for the respective reporting date.

**EU CR8: RWA flow statements of credit risk exposures under the IRB approach**

|          |                                 | a            |
|----------|---------------------------------|--------------|
|          |                                 | RWAs         |
| € mn     |                                 |              |
| <b>1</b> | <b>RWAs as at 31 March 2022</b> | <b>8,128</b> |
| 2        | Asset size                      | -83          |
| 3        | Asset quality                   | -786         |
| 4        | Model updates                   | –            |
| 5        | Methodology and policy          | –            |
| 6        | Acquisitions and disposals      | 1            |
| 7        | Foreign exchange movements      | 105          |
| 8        | Other                           | 19           |
| <b>9</b> | <b>RWAs as at 30 June 2022</b>  | <b>7,384</b> |

Besides exposures from new business originated, the changes reported in line 2 also include RWA changes from existing exposures – where we also include investments and other non-credit related assets, except for changes purely related to exchange rate fluctuations, which are presented separately in line 7.

Line 3 reports changes in risk-weighted exposures resulting from changed borrower probabilities of default (PD) or loss given default (LGD). This line also includes the RWA effect resulting from the mismatch between disbursements and the inclusion of eligible collateral pursuant to the CRR.

At present, line 4 does not show any changes; this is due to the fact that no new models for estimating risk parameters were implemented, nor were any adjustments made to internal models already approved.

Line 5 only requires disclosure of any changes resulting from a changed RWA calculation methodology – for example, where exposures previously subject to the CRSA are being included under the Advanced IRB Approach. No such changes applied as at the reporting date.

Line 6 includes the RWA effect from the acquisition of an immaterial investment.

The RWA effect from the regulatory deconsolidation of BVG – Grundstücks- und Verwertungsgesellschaft mbH is disclosed in line 8.

---

## Counterparty Credit Risk

The counterparty credit risk results from derivatives and securities financing transactions, the risk being that the transaction's counterparty defaults. Thus, the transaction could not be settled as intended.

Derivatives are defined for regulatory purposes as "...unconditional forward transactions or option contracts (including financial contracts for differences) that are structured as a purchase, exchange or other acquisition of an underlying instrument, whose value is determined by reference to the underlying instrument and whose value may change in future for at least one counterparty due to future settlement" (section 19 (1a) of the KWG).

Aareal Bank Group's derivatives positions have substantially been entered into in order to hedge interest rate and currency risk exposure, and for refinancing purposes.

For the purpose of regulatory reporting, the equivalent value of derivatives and the related counterparty credit risk are determined exclusively according to the standardised approach for measuring counterparty credit risk (SA-CCR) (Article 274 et seqq. of the CRR). For this reason, disclosure of table EU CCR7 (RWA flow statements of credit risk exposures, the counterparty credit risks of which are measured taking the internal model method into consideration) is not required.

Similarly, as the Bank currently does not hold any credit derivatives, disclosure of the information under Article 439 lit. j) of the CRR in table EU CCR6 is not required either.

The Bank enters into repo transactions (Securities Financing Transactions, SFTs) both on a bilateral basis and via Eurex Clearing AG as a central counterparty. For repo transactions, depending on the counterparty, payment or delivery netting is agreed upon. Master agreements for repo transactions generally contain provisions on close-out netting. So far, the Bank does not use the option permitted by regulatory authorities to reduce capital requirements for repo transactions.

Pursuant to Article 439 of the CRR, Aareal Bank is obliged to disclose details on the calculation of the exposure value, and on the methods to include financial collateral for securities financing transactions, as set out in table EU CCR1. However, this excludes trades concluded with a central counterparty (CCP) or CCP-related transactions, as well as capital requirements for credit valuation adjustment (CVA). These transactions are analysed in the following tables.

## EU CCR1: Analysis of CCR exposure by approach

|                                                                           | a                     | b                               | c                                                   | d                                                           | e                            | f                             | g                 | h          |
|---------------------------------------------------------------------------|-----------------------|---------------------------------|-----------------------------------------------------|-------------------------------------------------------------|------------------------------|-------------------------------|-------------------|------------|
|                                                                           | Replace-<br>ment cost | Potential<br>future<br>exposure | Effective ex-<br>pected positive<br>exposure (EEPE) | Alpha used<br>for computing<br>regulatory<br>exposure value | Exposure<br>value<br>pre-CRM | Exposure<br>value<br>post-CRM | Exposure<br>value | RWAs       |
| € mn                                                                      |                       |                                 |                                                     |                                                             |                              |                               |                   |            |
| EU-1 EU-Original Exposure Method (for derivatives)                        | –                     | –                               |                                                     | 1.4                                                         | –                            | –                             | –                 | –          |
| EU-2 EU-Simplified SA-CCR (for derivatives)                               | –                     | –                               |                                                     | 1.4                                                         | –                            | –                             | –                 | –          |
| 1 SA-CCR (for derivatives)                                                | 31                    | 203                             |                                                     | 1.4                                                         | 910                          | 328                           | 328               | 163        |
| 2 IMM (for derivatives and SFTs)                                          |                       |                                 | –                                                   | 1.4                                                         | –                            | –                             | –                 | –          |
| 2a of which: securities financing transactions<br>netting sets            |                       |                                 | –                                                   |                                                             | –                            | –                             | –                 | –          |
| 2b of which: derivatives and long settlement<br>transactions netting sets |                       |                                 | –                                                   |                                                             | –                            | –                             | –                 | –          |
| 2c of which: from contractual cross-product<br>netting sets               |                       |                                 | –                                                   |                                                             | –                            | –                             | –                 | –          |
| 3 Financial collateral simple method (for SFTs)                           |                       |                                 |                                                     |                                                             | –                            | –                             | –                 | –          |
| 4 Financial collateral comprehensive method<br>(for SFTs)                 |                       |                                 |                                                     |                                                             | 251                          | 12                            | 12                | 2          |
| 5 VaR for SFTs                                                            |                       |                                 |                                                     |                                                             | –                            | –                             | –                 | –          |
| <b>6 Total</b>                                                            |                       |                                 |                                                     |                                                             | <b>1,161</b>                 | <b>340</b>                    | <b>340</b>        | <b>165</b> |

The following table, EU CCR2, gives an overview of the credit valuation adjustment (CVA) calculations, resulting in additional capital requirements aimed at absorbing the risk of a negative change in the market value of OTC derivatives in the case of a decline in the counterparty's credit quality. Aareal Bank uses the standard method pursuant to Article 384 of the CRR for calculating the CVA charge.

## EU CCR2 Transactions subject to own funds requirements for CVA risk

|                                                                                                 | a          | b          |
|-------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                 | EAD        | RWAs       |
| € mn                                                                                            |            |            |
| 1 Transactions subject to the advanced method                                                   | –          | –          |
| 2 i) VaR component (including the 3x multiplier)                                                |            | –          |
| 3 ii) Stressed VaR component (sVaR, including the 3x multiplier)                                |            | –          |
| 4 Transactions subject to the standardised method                                               | 316        | 182        |
| EU4 Transactions subject to the alternative approach<br>(based on the original exposure method) | –          | –          |
| <b>5 Total transactions subject to own funds requirements<br/>for CVA risk</b>                  | <b>316</b> | <b>182</b> |

Table EU CCR8 discloses the exposure value and risk-weighted exposure (RWA) for exposures to central counterparties. As at the reporting date, Eurex Clearing AG (in short: Eurex) and LCH Limited (which are both qualified counterparties) acted as central counterparties to Aareal Bank. There were no exposures to non-qualified CCPs as at the reporting date of 30 June 2022. In accordance with Article 306 (2) of the CRR, for the purpose of solvency reporting, Aareal Bank assigns an exposure value of zero to initial margin pledged to Eurex and LCH Limited.

#### EU CCR8: Exposures to CCPs

|                                                                                                           | a     | b    |
|-----------------------------------------------------------------------------------------------------------|-------|------|
|                                                                                                           | EAD   | RWAs |
| € mn                                                                                                      |       |      |
| <b>1 Exposures to QCCPs (total)</b>                                                                       |       | 25   |
| 2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:      | 1,106 | 22   |
| 3 (i) OTC derivatives                                                                                     | 81    | 2    |
| 4 ii) Exchange-traded derivatives                                                                         | –     | –    |
| 5 iii) SFTs                                                                                               | 1,025 | 20   |
| 6 iv) Netting sets where cross-product netting has been approved                                          | –     | –    |
| 7 Segregated initial margin                                                                               | 310   |      |
| 8 Non-segregated initial margin                                                                           | –     | –    |
| 9 Pre-funded default fund contributions                                                                   | 18    | 3    |
| 10 Unfunded default fund contributions                                                                    |       | –    |
| <b>11 Exposures to non-QCCPs (total)</b>                                                                  |       | –    |
| 12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which: | –     | –    |
| 13 (i) OTC derivatives                                                                                    | –     | –    |
| 14 ii) Exchange-traded derivatives                                                                        | –     | –    |
| 15 iii) SFTs                                                                                              | –     | –    |
| 16 iv) Netting sets where cross-product netting has been approved                                         | –     | –    |
| 17 Segregated initial margin                                                                              | –     |      |
| 18 Non-segregated initial margin                                                                          | –     | –    |
| 19 Pre-funded default fund contributions                                                                  | –     | –    |
| 20 Unfunded default fund contributions                                                                    | –     | –    |

Table EU CCR3 discloses the exposure amount after mitigating credit risk of all counterparty credit risk exposures to which the CRSA is applied, by analogy with table EU CR5 for each exposure class, and broken down according to risk weight pursuant to Article 114 et seqq. of the CRR.

## EU CCR3 Credit Risk Standard Approach – CCR exposures by regulatory exposure class and risk weights

| Exposure classes                                                  | a           | b            | c        | d        | e         | f          | g        | h        | i        | j        | k        | l            |
|-------------------------------------------------------------------|-------------|--------------|----------|----------|-----------|------------|----------|----------|----------|----------|----------|--------------|
|                                                                   | Risk weight |              |          |          |           |            |          |          |          |          |          |              |
|                                                                   | 0%          | 2%           | 4%       | 10%      | 20%       | 50%        | 70%      | 75%      | 100%     | 150%     | Other    | Total        |
| € mn                                                              |             |              |          |          |           |            |          |          |          |          |          |              |
| 1 Central governments or central banks                            | –           | –            | –        | –        | –         | –          | –        | –        | –        | –        | –        | –            |
| 2 Regional governments or local authorities                       | –           | –            | –        | –        | –         | –          | –        | –        | –        | –        | –        | –            |
| 3 Public-sector entities                                          | 1           | –            | –        | –        | –         | –          | –        | –        | –        | –        | –        | 1            |
| 4 Multilateral development banks                                  | –           | –            | –        | –        | –         | –          | –        | –        | –        | –        | –        | –            |
| 5 International organisations                                     | –           | –            | –        | –        | –         | –          | –        | –        | –        | –        | –        | –            |
| 6 Institutions                                                    | –           | 1,106        | –        | –        | 78        | 244        | –        | –        | –        | –        | –        | 1,427        |
| 7 Corporates                                                      | –           | –            | –        | –        | –         | 5          | –        | –        | 1        | –        | –        | 6            |
| 8 Retail                                                          | –           | –            | –        | –        | –         | –          | –        | –        | –        | –        | –        | –            |
| 9 Institutions and corporates with a short-term credit assessment | –           | –            | –        | –        | –         | –          | –        | –        | –        | –        | –        | –            |
| 10 Other exposures                                                | –           | –            | –        | –        | –         | –          | –        | –        | –        | –        | –        | –            |
| <b>11 Total</b>                                                   | <b>1</b>    | <b>1,106</b> | <b>–</b> | <b>–</b> | <b>78</b> | <b>249</b> | <b>–</b> | <b>–</b> | <b>1</b> | <b>–</b> | <b>–</b> | <b>1,435</b> |

The following table EU CCR4 shows the derivative exposures treated in AIRBA – by analogy with the table EU CR6 within clearly-defined PD classes. IRBA exposures classified as specialised lending as at the reporting date under review do not include any derivative exposures.

Certain derivatives fulfil the conditions set out in Article 274 (5) of the CRR; as a result, they are shown with a zero risk exposure value.

The derivatives held by Aareal Bank Group, and entered into with internally rated property clients whose share in EaD after mitigating the credit risk of the entire AIRBA client portfolio is below one per cent, are mainly used to hedge interest rate and currency risks. As the available collateral is fully considered within the scope of determining the LGD of the respective property financing, a default LGD of 90 % is used for calculating the expected loss on the derivatives.

## EU CCR4: IRB approach – CCR exposures by exposure class and PD scale

| Exposure class    | PD scale          | a              | b           | c                  | d            | e                | f         | g             |
|-------------------|-------------------|----------------|-------------|--------------------|--------------|------------------|-----------|---------------|
|                   |                   | Exposure value | Average PD  | Number of obligors | Average LGD  | Average maturity | RWAs      | RWA density   |
|                   |                   | € mn           | %           |                    | %            | Years            | € mn      | %             |
| Corporates – SMEs | 0.00 to < 0.15    | –              | –           | 1                  | –            | –                | –         | –             |
|                   | 0.15 to < 0.25    | 2              | 0.23        | 3                  | 90.00        | 3                | 1         | 66.73         |
|                   | 0.25 to < 0.50    | –              | –           | 7                  | –            | –                | –         | –             |
|                   | 0.50 to < 0.75    | 5              | 0.70        | 10                 | 90.00        | 2                | 5         | 112.22        |
|                   | 0.75 to < 2.50    | 3              | 1.21        | 10                 | 90.00        | 2                | 5         | 146.58        |
|                   | 2.50 to < 10.00   | 2              | 2.83        | 8                  | 90.00        | 2                | 4         | 165.78        |
|                   | 10.00 to < 100.00 | –              | –           | –                  | –            | –                | –         | –             |
|                   | 100.0 (Default)   | –              | –           | –                  | –            | –                | –         | –             |
|                   | <b>Subtotal</b>   | <b>11</b>      | <b>1.18</b> | <b>41</b>          | <b>90.00</b> | <b>2</b>         | <b>14</b> | <b>125.73</b> |

| Exposure class             | PD scale          | a              | b           | c                  | d            | e                | f         | g             |
|----------------------------|-------------------|----------------|-------------|--------------------|--------------|------------------|-----------|---------------|
|                            |                   | Exposure value | Average PD  | Number of obligors | Average LGD  | Average maturity | RWAs      | RWA density   |
|                            |                   | € mn           | %           |                    | %            | Years            | € mn      | %             |
| <b>Corporates – Others</b> | 0.00 to < 0.15    | –              | –           | –                  | –            | –                | –         | –             |
|                            | 0.15 to < 0.25    | –              | –           | 2                  | –            | –                | –         | –             |
|                            | 0.25 to < 0.50    | –              | –           | 2                  | –            | –                | –         | –             |
|                            | 0.50 to < 0.75    | –              | –           | 6                  | –            | –                | –         | –             |
|                            | 0.75 to < 2.50    | –              | –           | 3                  | –            | –                | –         | –             |
|                            | 2.50 to < 10.00   | –              | –           | 2                  | –            | –                | –         | –             |
|                            | 10.00 to < 100.00 | –              | –           | –                  | –            | –                | –         | –             |
|                            | 100.0 (Default)   | –              | –           | –                  | –            | –                | –         | –             |
|                            | <b>Subtotal</b>   | <b>–</b>       | <b>–</b>    | <b>15</b>          | <b>–</b>     | <b>–</b>         | <b>–</b>  | <b>–</b>      |
|                            | <b>Total</b>      | <b>11</b>      | <b>1.18</b> | <b>56</b>          | <b>90.00</b> | <b>2</b>         | <b>14</b> | <b>125.73</b> |

Pursuant to Article 439 lit. e) of the CRR, Aareal Bank is obliged to disclose information on collateral received or posted in table EU CCR5. For this purpose, this collateral must be broken down by type of financial instrument, and by segregated and non-segregated collateral. Collateral is deemed to be segregated if client assets are bankruptcy-remote as defined in Article 300 no. 1 of the CRR.

#### EU CCR5: Composition of collateral for CCR exposures

|                            | Collateral used in derivative transactions |              |                                 |              | Collateral used in SFTs           |              |                                 |              |
|----------------------------|--------------------------------------------|--------------|---------------------------------|--------------|-----------------------------------|--------------|---------------------------------|--------------|
|                            | Fair value of collateral received          |              | Fair value of posted collateral |              | Fair value of collateral received |              | Fair value of posted collateral |              |
|                            | Segregated                                 | Unsegregated | Segregated                      | Unsegregated | Segregated                        | Unsegregated | Segregated                      | Unsegregated |
| € mn                       |                                            |              |                                 |              |                                   |              |                                 |              |
| 1 Cash – domestic currency | –                                          | 31           | –                               | 1,717        | –                                 | –            | –                               | –            |
| 2 Cash – other currencies  | 76                                         | 109          | 43                              | –            | –                                 | –            | –                               | –            |
| 3 Domestic sovereign debt  | –                                          | –            | –                               | –            | –                                 | –            | –                               | –            |
| 4 Other sovereign debt     | –                                          | –            | –                               | –            | –                                 | –            | –                               | –            |
| 5 Government agency debt   | –                                          | –            | 372                             | –            | –                                 | –            | –                               | –            |
| 6 Corporate bonds          | –                                          | –            | –                               | –            | –                                 | –            | –                               | –            |
| 7 Equity securities        | –                                          | –            | –                               | –            | –                                 | –            | –                               | –            |
| 8 Other collateral         | –                                          | –            | –                               | –            | –                                 | –            | –                               | 251          |
| <b>9 Total</b>             | <b>76</b>                                  | <b>140</b>   | <b>415</b>                      | <b>1,717</b> | <b>–</b>                          | <b>–</b>     | <b>–</b>                        | <b>251</b>   |

## Liquidity Risk

Liquidity risk in the narrower sense is defined as the risk that current or future 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, including cost risk which is measured and limited accordingly as a component of the IRRBB.

The statements below comprise information on the Liquidity Coverage Ratio (LCR) and on the Net Stable Funding Ratio (NSFR) in accordance with Article 451a (2) and (3) of the CRR, to be disclosed on a half-yearly basis.

### Liquidity Coverage Ratio

The LCR helps to measure whether the liquidity buffer of an institution is high enough. Pursuant to Article 412 (1) of the CRR, the Liquidity Coverage Ratio is calculated as the ratio of the liquidity buffer relative to net outflows during a stress phase of 30 calendar days. The LCR must amount to at least 100 %.

The calculation of the LCR is based on the market values of liquid assets and cash flows from all asset and liability items.

The following table is based on the requirements set out in Annex XIV of Commission Implementing Regulation (EU) 2021/637 on the disclosure of the Liquidity Coverage Ratio. Quantitative details are disclosed using the weighted and unweighted average values of the last 12 reporting days of the respective quarter.

The table EU LIQ1 contains all positions that Aareal Bank deems relevant for its liquidity profile.

#### EU LIQ1: Quantitative information of LCR

| Scope of consolidation           |                                                                              | a                                |                               |                               |                               | b                              |                               |                               |                               |
|----------------------------------|------------------------------------------------------------------------------|----------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                  |                                                                              | Total unweighted value (average) |                               |                               |                               | Total weighted value (average) |                               |                               |                               |
|                                  |                                                                              | Quarter ending on 30 Sep 2021    | Quarter ending on 31 Dec 2021 | Quarter ending on 31 Mar 2022 | Quarter ending on 30 Jun 2022 | Quarter ending on 30 Sep 2021  | Quarter ending on 31 Dec 2021 | Quarter ending on 31 Mar 2022 | Quarter ending on 30 Jun 2022 |
| € mn                             |                                                                              |                                  |                               |                               |                               |                                |                               |                               |                               |
| EU 1b                            | Number of data points used for the calculation of averages                   | 12                               | 12                            | 12                            | 12                            | 12                             | 12                            | 12                            | 12                            |
| <b>Highquality liquid assets</b> |                                                                              |                                  |                               |                               |                               |                                |                               |                               |                               |
| 1                                | Total highquality liquid assets (HQLA)                                       |                                  |                               |                               |                               | 6,695                          | 6,643                         | 6,775                         | 6,750                         |
| <b>Cash outflows</b>             |                                                                              |                                  |                               |                               |                               |                                |                               |                               |                               |
| 2                                | <b>Retail deposits and deposits from small business customers, of which:</b> | <b>5,434</b>                     | <b>5,578</b>                  | <b>5,697</b>                  | <b>5,798</b>                  | <b>288</b>                     | <b>295</b>                    | <b>302</b>                    | <b>307</b>                    |
| 3                                | Stable deposits                                                              | 5,071                            | 5,207                         | 5,322                         | 5,431                         | 254                            | 260                           | 266                           | 272                           |
| 4                                | Less stable deposits                                                         | 336                              | 344                           | 350                           | 343                           | 34                             | 35                            | 36                            | 35                            |

| Scope of consolidation |                                                                                                                                                                                                                   | a                                | b                             | c                             | d                             | e                              | f                             | g                             | h                             |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                        |                                                                                                                                                                                                                   | Total unweighted value (average) |                               |                               |                               | Total weighted value (average) |                               |                               |                               |
|                        |                                                                                                                                                                                                                   | Quarter ending on 30 Sep 2021    | Quarter ending on 31 Dec 2021 | Quarter ending on 31 Mar 2022 | Quarter ending on 30 Jun 2022 | Quarter ending on 30 Sep 2021  | Quarter ending on 31 Dec 2021 | Quarter ending on 31 Mar 2022 | Quarter ending on 30 Jun 2022 |
| € mn                   |                                                                                                                                                                                                                   |                                  |                               |                               |                               |                                |                               |                               |                               |
| <b>5</b>               | <b>Unsecured wholesale funding</b>                                                                                                                                                                                | <b>6,251</b>                     | <b>6,409</b>                  | <b>6,670</b>                  | <b>7,112</b>                  | <b>2,224</b>                   | <b>2,298</b>                  | <b>2,429</b>                  | <b>2,634</b>                  |
| 6                      | Operational deposits (all counterparties) and deposits in networks of cooperative banks                                                                                                                           | 4,146                            | 4,200                         | 4,314                         | 4,510                         | 995                            | 1,007                         | 1,035                         | 1,083                         |
| 7                      | Non-operational deposits (all counterparties)                                                                                                                                                                     | 2,058                            | 2,131                         | 2,242                         | 2,440                         | 1,182                          | 1,213                         | 1,280                         | 1,389                         |
| 8                      | Unsecured debt                                                                                                                                                                                                    | 47                               | 78                            | 114                           | 162                           | 47                             | 78                            | 114                           | 162                           |
| <b>9</b>               | <b>Secured wholesale funding</b>                                                                                                                                                                                  |                                  |                               |                               |                               | <b>1</b>                       | <b>1</b>                      | <b>-</b>                      | <b>-</b>                      |
| <b>10</b>              | <b>Additional requirements</b>                                                                                                                                                                                    | <b>1,170</b>                     | <b>1,108</b>                  | <b>1,148</b>                  | <b>1,199</b>                  | <b>274</b>                     | <b>240</b>                    | <b>258</b>                    | <b>344</b>                    |
| 11                     | Outflows related to derivative exposures and other collateral requirements                                                                                                                                        | 175                              | 148                           | 159                           | 247                           | 170                            | 143                           | 154                           | 242                           |
| 12                     | Outflows related to loss of funding on debt products                                                                                                                                                              | -                                | -                             | 3                             | 4                             | -                              | -                             | 3                             | 4                             |
| 13                     | Credit and liquidity facilities                                                                                                                                                                                   | 995                              | 960                           | 986                           | 948                           | 104                            | 97                            | 101                           | 98                            |
| <b>14</b>              | <b>Other contractual funding obligations</b>                                                                                                                                                                      | <b>140</b>                       | <b>136</b>                    | <b>132</b>                    | <b>119</b>                    | <b>116</b>                     | <b>112</b>                    | <b>108</b>                    | <b>95</b>                     |
| <b>15</b>              | <b>Other contingent funding obligations</b>                                                                                                                                                                       | <b>1,043</b>                     | <b>1,247</b>                  | <b>1,485</b>                  | <b>1,525</b>                  | <b>117</b>                     | <b>134</b>                    | <b>190</b>                    | <b>254</b>                    |
| <b>16</b>              | <b>Total cash outflows</b>                                                                                                                                                                                        |                                  |                               |                               |                               | <b>3,020</b>                   | <b>3,080</b>                  | <b>3,287</b>                  | <b>3,634</b>                  |
| <b>Cash inflows</b>    |                                                                                                                                                                                                                   |                                  |                               |                               |                               |                                |                               |                               |                               |
| 17                     | Secured lending (e.g. reverse repos)                                                                                                                                                                              | 56                               | 56                            | 106                           | 99                            | 3                              | 3                             | 7                             | 7                             |
| 18                     | Inflows from fully performing exposures                                                                                                                                                                           | 396                              | 413                           | 531                           | 589                           | 295                            | 310                           | 370                           | 429                           |
| 19                     | Other cash inflows                                                                                                                                                                                                | 152                              | 159                           | 172                           | 236                           | 152                            | 159                           | 172                           | 236                           |
| EU-19a                 | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) |                                  |                               |                               |                               | -                              | -                             | -                             | -                             |
| EU-19b                 | (Excess inflows from a related specialised credit institution)                                                                                                                                                    |                                  |                               |                               |                               | -                              | -                             | -                             | -                             |
| <b>20</b>              | <b>Total cash inflows</b>                                                                                                                                                                                         | <b>604</b>                       | <b>628</b>                    | <b>809</b>                    | <b>924</b>                    | <b>450</b>                     | <b>472</b>                    | <b>549</b>                    | <b>672</b>                    |
| EU-20a                 | Fully exempt inflows                                                                                                                                                                                              | -                                | -                             | -                             | -                             | -                              | -                             | -                             | -                             |
| EU-20b                 | Inflows subject to 90 % cap                                                                                                                                                                                       | -                                | -                             | -                             | -                             | -                              | -                             | -                             | -                             |
| EU-20c                 | Inflows subject to 75 % cap                                                                                                                                                                                       | 604                              | 628                           | 809                           | 924                           | 450                            | 472                           | 548                           | 672                           |
|                        |                                                                                                                                                                                                                   |                                  |                               |                               |                               | <b>Total adjusted value</b>    |                               |                               |                               |
| <b>EU-21</b>           | <b>Liquidity buffer</b>                                                                                                                                                                                           |                                  |                               |                               |                               | <b>6,695</b>                   | <b>6,643</b>                  | <b>6,775</b>                  | <b>6,750</b>                  |
| <b>22</b>              | <b>Total net cash outflows</b>                                                                                                                                                                                    |                                  |                               |                               |                               | <b>2,570</b>                   | <b>2,607</b>                  | <b>2,740</b>                  | <b>2,961</b>                  |
| <b>23</b>              | <b>Liquidity Coverage Ratio (%)</b>                                                                                                                                                                               |                                  |                               |                               |                               | <b>261.15 %</b>                | <b>255.42 %</b>               | <b>248.54 %</b>               | <b>231.23 %</b>               |

A large portion of securities held in the Treasury portfolio serve as the Bank's liquidity reserve, both from an economic and a normative perspective. Around 80 % of the Treasury portfolio fulfils the criteria for inclusion as high-quality liquid assets (HQLA); high quality and value stability play a decisive role in this respect.

---

The Bank's HQLA predominantly comprise the asset class "public-sector borrowers" and deposits with central banks. Key drivers impacting LCR results are largely related to changes in our asset portfolio, as well as outflows connected with housing industry client deposits.

The LCR at Group level exceeded 170 % on all reporting dates over the past twelve months, largely due to the high levels of HQLA held.

Regarding the causes of LCR changes over time, reference is made to the explanations in the chapter "Overview of regulatory key metrics".

### **Concentration of funding sources**

In addition to the issuance of Pfandbriefe, which make up a significant share of its long-term funding, Aareal Bank uses a wide range of other refinancing tools, including senior preferred and senior non-preferred bonds, as well as other 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 deposits from the housing industry, which represent a strategically important additional source of funding. Furthermore, it has recourse to institutional money market investor deposits.

Diversifying the Bank's funding profile by type of investor, and by product, represents a key aspect to Aareal Bank's approach to liquidity risk management. Besides the pure measurement of risk indicators, the concentrations of funding sources are also monitored. For this purpose, the percentage share of the ten largest counterparties and/or positions in relation to the total portfolio are determined.

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

### **Currency mismatches in the Liquidity Coverage Ratio**

Pursuant to Article 415 (2) of the CRR, Aareal Bank Group has no significant foreign currency exposure in its portfolio. As at the reporting date 30 June 2022, the largest foreign currency portfolio in USD amounts to 2.44 % of total liabilities. The Bank monitors the portfolio as to the existence of significant foreign currency exposures on a regular basis.

### **Derivatives positions and potential hedging requests**

Pursuant to Article 423 (3) of the CRR, an additional liquidity outflow is to be provided for collateral which is required due to the impact of unfavourable market conditions on derivatives and financing transactions as well as on other contracts. The aim is to consider additional outflows from collateral potentially arising in an unfavourable market environment. Aareal Bank Group determines the additional outflow as per the historical look-back approach (HLBA). The LCR calculation includes the largest absolute collateral net flow within a period of 30 days which occurred in the last 24 months. As at the reporting date 30 June 2022, the annual average of additional liquidity requirements stood at € 209 million.

## Net Stable Funding Ratio (NSFR)

As opposed to the LCR, the focus of the NSFR to be disclosed as at the reporting date at hand is exclusively on holdings of assets and liabilities as well as on off-balance sheet items (contingent liabilities). The fundamental idea of the NSFR is that the repayment structure of an institution's asset and liability items should largely correspond to each other so that the institution is able to refinance less liquid asset items using the respective non-current liabilities, even under stress conditions.

To calculate the NSFR, available stable funding (ASF) is set in relation to the required stable funding (RSF).

In addition to liquid assets, the LCR only includes items that are due within 30 days, while the NSFR comprises all of the institution's balance sheet holdings according to their remaining term. In contrast to the LCR, which is based on the market values of liquid assets and cash flows from all asset and liability items, the NSFR calculation uses the balance sheet as a reference and is therefore generally based on the carrying amounts.

In accordance with Article 451a (3) lit. a) of the CRR, the quarter-end figures shall be published for each quarter of the relevant disclosure period. As a large institution, Aareal Bank is bound to disclose its NSFR information on a semi-annual basis. Therefore, in principle, the Bank shall publish its figures for the respective current disclosure date as well as for the previous quarter.

The following table EU LIQ2 generally discloses the carrying amount as the unweighted value by residual maturity (columns a to d). However, derivatives at fair value are excluded from this. The weighted value of stable funding disclosed in column e is the product of the unweighted value and the factors defined in the CRR for individual asset and liability items.

The available stable funding items disclosed in column a ("no maturity") are either unlimited or have no maturity specifications.

### EU LIQ2: Net Stable Funding Ratio as at 30 June 2022

|                                             | Unweighted value by residual maturity |                 |                              |               | e<br>Weighted value |
|---------------------------------------------|---------------------------------------|-----------------|------------------------------|---------------|---------------------|
|                                             | a<br>No maturity                      | b<br>< 6 months | c<br>6 months to<br>< 1 year | d<br>≥ 1 year |                     |
| € mn                                        |                                       |                 |                              |               |                     |
| <b>Available stable funding (ASF) Items</b> |                                       |                 |                              |               |                     |
| <b>1 Capital items and instruments</b>      | <b>2,871</b>                          | <b>5</b>        | <b>2</b>                     | <b>441</b>    | <b>3,312</b>        |
| 2 Own funds                                 | 2,871                                 | 5               | 2                            | 323           | 3,195               |
| 3 Other capital instruments                 |                                       | –               | –                            | 118           | 118                 |
| <b>4 Retail deposits</b>                    |                                       | <b>5,937</b>    | <b>1</b>                     | <b>–</b>      | <b>5,624</b>        |
| 5 Stable deposits                           |                                       | 5,606           | –                            | –             | 5,326               |
| 6 Less stable deposits                      |                                       | 331             | 1                            | –             | 298                 |
| <b>7 Wholesale funding</b>                  |                                       | <b>12,834</b>   | <b>6,630</b>                 | <b>18,042</b> | <b>25,992</b>       |
| 8 Operational deposits                      |                                       | 5,077           | –                            | –             | 611                 |
| 9 Other wholesale funding                   |                                       | 7,758           | 6,630                        | 18,042        | 25,382              |

&gt;

|                                                                                                                                                                  | Unweighted value by residual maturity |                 |                              |               | Weighted value  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|------------------------------|---------------|-----------------|
|                                                                                                                                                                  | a<br>No maturity                      | b<br>< 6 months | c<br>6 months to<br>< 1 year | d<br>≥ 1 year |                 |
| € mn                                                                                                                                                             |                                       |                 |                              |               |                 |
| <b>10 Interdependent liabilities</b>                                                                                                                             |                                       | –               | –                            | –             | –               |
| <b>11 Other liabilities</b>                                                                                                                                      | <b>136</b>                            | <b>149</b>      | <b>48</b>                    | <b>211</b>    | <b>235</b>      |
| 12 NSFR derivative liabilities                                                                                                                                   | 136                                   |                 |                              |               |                 |
| 13 All other liabilities and capital instruments not included in the above categories                                                                            |                                       | 149             | 48                           | 211           | 235             |
| <b>14 Available stable funding (ASF)</b>                                                                                                                         |                                       |                 |                              |               | <b>35,163</b>   |
| <b>Required stable funding (RSF) Items</b>                                                                                                                       |                                       |                 |                              |               |                 |
| <b>15 Total high-quality liquid assets (HQLA)</b>                                                                                                                |                                       |                 |                              |               | <b>2,300</b>    |
| <b>EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool</b>                                                                      |                                       |                 |                              |               |                 |
| <b>16 Deposits held at other financial institutions for operational purposes</b>                                                                                 |                                       | –               | –                            | –             | –               |
| <b>17 Performing loans and securities</b>                                                                                                                        |                                       | <b>2,881</b>    | <b>1,249</b>                 | <b>14,651</b> | <b>13,969</b>   |
| 18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0 % haircut                                   |                                       | –               | –                            | –             | –               |
| 19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions          |                                       | 1,313           | 30                           | 265           | 360             |
| 20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:               |                                       | 1,561           | 1,173                        | 13,773        | 13,313          |
| 21 with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                      |                                       | 84              | 294                          | 333           | 711             |
| 22 Performing residential mortgages, of which:                                                                                                                   |                                       | 7               | 46                           | 291           | –               |
| 23 with a risk weight of less than or equal to 35 % under the Basel II Standardised Approach for credit risk                                                     |                                       | 7               | 46                           | 291           | –               |
| 24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products |                                       | –               | –                            | 322           | 296             |
| <b>25 Interdependent assets</b>                                                                                                                                  |                                       | –               | –                            | –             | –               |
| <b>26 Other assets</b>                                                                                                                                           | <b>–</b>                              | <b>2,609</b>    | <b>133</b>                   | <b>1,659</b>  | <b>2,350</b>    |
| 27 Physically traded commodities                                                                                                                                 |                                       |                 |                              | –             | –               |
| 28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs                                                           |                                       | –               | –                            | 343           | 292             |
| 29 NSFR derivative assets                                                                                                                                        |                                       | –               |                              |               | –               |
| 30 NSFR derivative liabilities before deduction of variation margin posted                                                                                       |                                       | 1,895           |                              |               | 95              |
| 31 All other assets not included in the above categories                                                                                                         |                                       | 715             | 133                          | 1,316         | 1,964           |
| <b>32 Off-balance sheet items</b>                                                                                                                                |                                       | <b>194</b>      | <b>62</b>                    | <b>2,271</b>  | <b>553</b>      |
| <b>33 Total RSF</b>                                                                                                                                              |                                       |                 |                              |               | <b>30,898</b>   |
| <b>34 Net Stable Funding Ratio (%)</b>                                                                                                                           |                                       |                 |                              |               | <b>113.80 %</b> |

## EU LIQ2: Net Stable Funding Ratio as at 31 March 2022

|                                                                                                                                                                  | Unweighted value by residual maturity |                 |                           |               | Weighted value |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|---------------------------|---------------|----------------|
|                                                                                                                                                                  | a<br>No maturity                      | b<br>< 6 months | c<br>6 months to < 1 year | d<br>≥ 1 year |                |
| € mn                                                                                                                                                             |                                       |                 |                           |               |                |
| <b>Available stable funding (ASF) Items</b>                                                                                                                      |                                       |                 |                           |               |                |
| <b>1 Capital items and instruments</b>                                                                                                                           | <b>2,587</b>                          | <b>5</b>        | <b>8</b>                  | <b>463</b>    | <b>3,049</b>   |
| 2 Own funds                                                                                                                                                      | 2,587                                 | 5               | 8                         | 352           | 2,939          |
| 3 Other capital instruments                                                                                                                                      |                                       | –               | –                         | 111           | 111            |
| <b>4 Retail deposits</b>                                                                                                                                         |                                       | <b>5,803</b>    | <b>1</b>                  | <b>–</b>      | <b>5,498</b>   |
| 5 Stable deposits                                                                                                                                                |                                       | 5,480           | 1                         | –             | 5,207          |
| 6 Less stable deposits                                                                                                                                           |                                       | 323             | –                         | –             | 291            |
| <b>7 Wholesale funding</b>                                                                                                                                       |                                       | <b>15,561</b>   | <b>2,908</b>              | <b>18,081</b> | <b>23,473</b>  |
| 8 Operational deposits                                                                                                                                           |                                       | 4,788           | –                         | –             | 478            |
| 9 Other wholesale funding                                                                                                                                        |                                       | 10,774          | 2,908                     | 18,081        | 22,995         |
| <b>10 Interdependent liabilities</b>                                                                                                                             |                                       | <b>–</b>        | <b>–</b>                  | <b>–</b>      | <b>–</b>       |
| <b>11 Other liabilities</b>                                                                                                                                      | <b>–</b>                              | <b>277</b>      | <b>28</b>                 | <b>240</b>    | <b>254</b>     |
| 12 NSFR derivative liabilities                                                                                                                                   | –                                     |                 |                           |               |                |
| 13 All other liabilities and capital instruments not included in the above categories                                                                            |                                       | 277             | 28                        | 240           | 254            |
| <b>14 Available stable funding (ASF)</b>                                                                                                                         |                                       |                 |                           |               | <b>32,273</b>  |
| <b>Required stable funding (RSF) Items</b>                                                                                                                       |                                       |                 |                           |               |                |
| <b>15 Total high-quality liquid assets (HQLA)</b>                                                                                                                |                                       |                 |                           |               | <b>257</b>     |
| <b>EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool</b>                                                                      |                                       |                 |                           |               |                |
|                                                                                                                                                                  |                                       | <b>31</b>       | <b>48</b>                 | <b>12,126</b> | <b>10,374</b>  |
| <b>16 Deposits held at other financial institutions for operational purposes</b>                                                                                 |                                       | <b>–</b>        | <b>–</b>                  | <b>–</b>      | <b>–</b>       |
| <b>17 Performing loans and securities</b>                                                                                                                        |                                       | <b>2,521</b>    | <b>2,112</b>              | <b>15,093</b> | <b>14,561</b>  |
| 18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut                                    |                                       | –               | –                         | –             | –              |
| 19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions          |                                       | 1,385           | 63                        | 151           | 276            |
| 20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:               |                                       | 1,097           | 2,042                     | 14,488        | 14,032         |
| 21 with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                      |                                       | 27              | 237                       | 375           | 599            |
| 22 Performing residential mortgages, of which:                                                                                                                   |                                       | 7               | 7                         | 202           | –              |
| 23 with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                      |                                       | 7               | 7                         | 202           | –              |
| 24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products |                                       | 31              | –                         | 253           | 253            |

&gt;

|                                                                                                        | Unweighted value by residual maturity |                 |                              |               | Weighted value  |
|--------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|------------------------------|---------------|-----------------|
|                                                                                                        | a<br>No maturity                      | b<br>< 6 months | c<br>6 months to<br>< 1 year | d<br>≥ 1 year |                 |
| € mn                                                                                                   |                                       |                 |                              |               |                 |
| <b>25 Interdependent assets</b>                                                                        |                                       | –               | –                            | –             | –               |
| <b>26 Other assets</b>                                                                                 | –                                     | <b>1,755</b>    | <b>236</b>                   | <b>1,604</b>  | <b>2,273</b>    |
| 27 Physically traded commodities                                                                       |                                       |                 |                              | –             | –               |
| 28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs |                                       | –               | –                            | 182           | 154             |
| 29 NSFR derivative assets                                                                              |                                       | –               |                              |               | –               |
| 30 NSFR derivative liabilities before deduction of variation margin posted                             |                                       | 1,152           |                              |               | 58              |
| 31 All other assets not included in the above categories                                               |                                       | 604             | 236                          | 1,423         | 2,061           |
| <b>32 Off-balance sheet items</b>                                                                      |                                       | <b>49</b>       | <b>47</b>                    | <b>1,314</b>  | <b>57</b>       |
| <b>33 Total RSF</b>                                                                                    |                                       |                 |                              |               | <b>27,523</b>   |
| <b>34 Net Stable Funding Ratio (%)</b>                                                                 |                                       |                 |                              |               | <b>117.26 %</b> |

Assets and liabilities are considered interdependent if they have the same capital amounts and maturity structures and if the role of the reporting institution is limited to transferring the funds from liabilities to assets (Article 428 et seq. of the CRR). These liabilities and assets can be included in the calculation of the NSFR with a weighting of 0 % of the RSF and ASF, if the competent authorities have approved their classification as interdependent. Aareal Bank refrains from obtaining such approval until further notice.

## Interest Rate Risk in the Banking Book

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.

Specifically, for Aareal Bank this includes:

- risks arising from maturity transformation in the event of yield curve shifts (so-called gap risk), which, in turn, are broken down into:
  - risks from cash flows which are sensitive to interest rates, relative to the general yield curve (interest rate risk or repricing risk);
  - risks arising from the valuation of future cash flows, relative to the general yield curve (yield curve risk);
- risks from cash flows which 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 fluctuations in the value of fund assets (fund risk); and
- risks from changes in Aareal Bank's specific funding spreads (funding risk).

The following table is based on the requirements set out in Article 16a of Commission Implementing Regulation (EU) 2021/637 dated 13 April 2022. In accordance with these requirements, the Bank discloses present value changes and net interest income in this table in case of a change in the yield curves for the interest rate shock scenarios presented in EBA/GL/2018/02 (Guidelines on the management of interest rate risk arising from non-trading book activities).

#### EU IRRBB1: Interest rate risk in the banking book

|                          | a              |             | b              |             | c           |             | d           |             |
|--------------------------|----------------|-------------|----------------|-------------|-------------|-------------|-------------|-------------|
|                          | Changes of EVE |             | Changes of NII |             | 30 Jun 2022 |             | 31 Dec 2021 |             |
| € mn                     | 30 Jun 2022    | 31 Dec 2021 | 30 Jun 2022    | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| 1 Parallel shock up      | -26            | 29          | 40             | 14          |             |             |             |             |
| 2 Parallel shock down    | 74             | 80          | 25             | 112         |             |             |             |             |
| 3 Steepener shock        | 10             | 64          |                |             |             |             |             |             |
| 4 Flatten shock          | -1             | -26         |                |             |             |             |             |             |
| 5 Short rates shock up   | -16            | -22         |                |             |             |             |             |             |
| 6 Short rates shock down | 49             | 81          |                |             |             |             |             |             |

The change in economic value of equity (EVE) corresponds to the present value change resulting from a change in interest rates in relation to all non-trading book positions sensitive to interest rates, assuming that these positions will expire at a later date.

Net interest income (NII) is a metric based on the income statement. The earnings risk is measured based on the changes in net interest income of 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.

Changes in EVE compared to 31 December 2021 primarily result from the structure of exposures (with the pension risk no longer being considered under the IRRBB, amongst others) as well as overall market and interest rate developments. Due to the rise in interest rates in the reference period, these have a reduced present value loss potential in the event of an increase in interest rates and, in the overall picture, allow for a small increase in profit potential in a scenario of sharply rising interest rates.

The divergence in the scenario's impact upon NII as against the reporting date of 31 December 2021 is generally due to the changed interest rate levels. Specifically, interest rate floors agreed upon in the lending business have become less effective. Since in the current environment, such floors increasingly no longer take effect, it is not only in the scenario of rising interest rates where they cease to apply. In the scenario of falling interest rates, they take effect at a later stage and thus contribute less to expected total net interest income.

## Leverage Ratio

The Bank manages the risk of excessive leverage on a quarterly basis, within the scope of forecasting own funds. For this purpose, both Tier I capital and total assets are forecast for the year-end dates of the current and the two following years, after the end of each quarter. In this context, the minimum 3 % Leverage Ratio, as set out in Article 92 (1) lit. d) of the CRR, must be complied with at any time. The information is then submitted to senior management.

Aareal Bank determines the Leverage Ratio to be disclosed, taking into account the regulatory scope of consolidation, based on the requirements set out in the CRR.

The following disclosure tables are based on the requirements set out in the Implementing Regulation (EU) 2021/637 dated 15 March 2021.

### EU LR1: Summary reconciliation of accounting assets and leverage ratio exposures

|           |                                                                                                                                                                                                                     | a                 |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
|           |                                                                                                                                                                                                                     | Applicable amount |
| € mn      |                                                                                                                                                                                                                     |                   |
| <b>1</b>  | <b>Total assets as per published financial statements</b>                                                                                                                                                           | <b>50,741</b>     |
| 2         | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation                                                                                        | -159              |
| 3         | Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference                                                                                                | –                 |
| 4         | Adjustment for temporary exemption of exposures to central banks (if applicable)                                                                                                                                    | –                 |
| 5         | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with Article 429a (1) lit. i) of the CRR | –                 |
| 6         | Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting                                                                                                                 | –                 |
| 7         | Adjustment for eligible cash pooling transactions                                                                                                                                                                   | –                 |
| 8         | Adjustments for derivative financial instruments                                                                                                                                                                    | -659              |
| 9         | Adjustment for securities financing transactions (SFTs)                                                                                                                                                             | 12                |
| 10        | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)                                                                                                | 436               |
| 11        | Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital                                                                                                  | –                 |
| EU-11a    | Adjustment for exposures exempted from the total exposure measure in accordance with Article 429a (1) lit. c) of the CRR                                                                                            | –                 |
| EU-11b    | Adjustment for exposures exempted from the total exposure measure in accordance with Article 429a (1) lit. j) of the CRR                                                                                            | –                 |
| 12        | Other adjustments                                                                                                                                                                                                   | -1,569            |
| <b>13</b> | <b>Total exposure measure</b>                                                                                                                                                                                       | <b>48,802</b>     |

## EU LR2: Leverage Ratio common disclosure

|                                                                    |                                                                                                                                           | CRR leverage ratio exposures |               |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------|
|                                                                    |                                                                                                                                           | 30 Jun 2022                  | 31 Dec 2021   |
| € mn                                                               |                                                                                                                                           |                              |               |
| <b>On-balance sheet exposures (excluding derivatives and SFTs)</b> |                                                                                                                                           |                              |               |
| 1                                                                  | On-balance sheet items (excluding derivatives and SFTs, but including collateral)                                                         | 48,455                       | 47,460        |
| 2                                                                  | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework | –                            | –             |
| 3                                                                  | (Deductions of receivables assets for cash variation margin provided in derivatives transactions)                                         | -1,679                       | -791          |
| 4                                                                  | (Adjustment for securities received under securities financing transactions that are recognised as an asset)                              | –                            | –             |
| 5                                                                  | (General credit risk adjustments to on-balance sheet items)                                                                               | –                            | –             |
| 6                                                                  | (Asset amounts deducted in determining Tier 1 capital)                                                                                    | -42                          | -43           |
| 7                                                                  | <b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>                                                                  | <b>46,733</b>                | <b>46,626</b> |
| <b>Derivative exposures</b>                                        |                                                                                                                                           |                              |               |
| 8                                                                  | Replacement cost associated with all derivatives transactions under SA-CCR (i.e. net of eligible cash variation margin)                   | 122                          | 133           |
| EU-8a                                                              | Derogation for derivatives: Replacement costs contributions under the simplified standardised approach                                    | –                            | –             |
| 9                                                                  | Add-on amounts for potential future exposure value associated with SA-CCR derivatives transactions                                        | 474                          | 519           |
| EU-9a                                                              | Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach                             | –                            | –             |
| EU-9b                                                              | Exposure determined under Original Exposure Method                                                                                        | –                            | –             |
| 10                                                                 | (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)                                                                             | –                            | –             |
| EU-10a                                                             | (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)                                                   | –                            | –             |
| EU-10b                                                             | (Exempted CCP leg of client-cleared trade exposures) (original exposure method)                                                           | –                            | –             |
| 11                                                                 | Adjusted effective notional amount of written credit derivatives                                                                          | –                            | –             |
| 12                                                                 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives)                                                | –                            | –             |
| 13                                                                 | <b>Total derivatives exposures</b>                                                                                                        | <b>597</b>                   | <b>652</b>    |
| <b>SFT exposures</b>                                               |                                                                                                                                           |                              |               |
| 14                                                                 | Gross SFT assets (with no recognition of netting), after adjusting for transactions posted as sales                                       | 1,025                        | –             |
| 15                                                                 | (Netted amounts of cash payables and cash receivables of gross SFT assets)                                                                | –                            | –             |
| 16                                                                 | Counterparty credit risk exposure for SFT assets                                                                                          | 12                           | –             |
| EU-16a                                                             | Derogation for SFTs: Counterparty credit risk exposure pursuant to Article 429e (5) and Article 222 of the CRR                            | –                            | –             |
| 17                                                                 | Agent transaction exposures                                                                                                               | –                            | –             |
| EU-17a                                                             | (Exempted CCP leg of client-cleared SFT exposures)                                                                                        | –                            | –             |
| 18                                                                 | <b>Total SFT exposures</b>                                                                                                                | <b>1,037</b>                 | <b>–</b>      |
| <b>Other off-balance sheet exposures</b>                           |                                                                                                                                           |                              |               |
| 19                                                                 | Off-balance sheet exposures at gross notional amount                                                                                      | 1,186                        | 1,194         |
| 20                                                                 | (Adjustments for conversion to credit equivalent amounts)                                                                                 | -751                         | -749          |
| 21                                                                 | (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)           | –                            | –             |
| 22                                                                 | <b>Total other off-balance sheet exposures</b>                                                                                            | <b>436</b>                   | <b>446</b>    |
| <b>Excluded exposures</b>                                          |                                                                                                                                           |                              |               |
| EU-22a                                                             | Exposures excluded from the total exposure measure in accordance with Article 429a (1) lit. c) of the CRR                                 | –                            | –             |
| EU-22b                                                             | Exposures exempted in accordance with Article 429a (1) lit. j) of the CRR (on- and off-balance sheet)                                     | –                            | –             |
| EU-22c                                                             | (Excluded exposures of public development banks (or units) – public-sector investments)                                                   | –                            | –             |
| EU-22d                                                             | (Excluded exposures of public development banks (or units) – promotional loans)                                                           | –                            | –             |

|                                                                   |                                                                                                                                                                                                                                                                                                   | CRR leverage ratio exposures |                   |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------|
|                                                                   |                                                                                                                                                                                                                                                                                                   | 30 Jun 2022                  | 31 Dec 2021       |
| € mn                                                              |                                                                                                                                                                                                                                                                                                   |                              |                   |
| EU-22e                                                            | (Excluded passing-through promotional loan exposures by non-public development banks (or units))                                                                                                                                                                                                  | –                            | –                 |
| EU-22f                                                            | (Excluded guaranteed parts of exposures arising from export credits)                                                                                                                                                                                                                              | –                            | –                 |
| EU-22g                                                            | (Excluded excess collateral deposited at triparty agents)                                                                                                                                                                                                                                         | –                            | –                 |
| EU-22h                                                            | (Exempted CSD related services of CSD/institutions in accordance with Article 429a (1) lit. o) of the CRR)                                                                                                                                                                                        | –                            | –                 |
| EU-22i                                                            | (Exempted CSD related services of designated institutions in accordance with Article 429a (1) lit. p) of the CRR)                                                                                                                                                                                 | –                            | –                 |
| EU-22j                                                            | (Reduction of the exposure value of pre-financing or intermediate loans)                                                                                                                                                                                                                          | –                            | –                 |
| <b>EU-22k Total exempted exposures</b>                            |                                                                                                                                                                                                                                                                                                   | –                            | –                 |
| <b>Tier 1 capital and total exposure measure</b>                  |                                                                                                                                                                                                                                                                                                   |                              |                   |
| 23                                                                | Tier 1 capital                                                                                                                                                                                                                                                                                    | 2,879                        | 2,622             |
| 24                                                                | Total exposure measure                                                                                                                                                                                                                                                                            | 48,802                       | 47,724            |
| <b>Leverage ratio</b>                                             |                                                                                                                                                                                                                                                                                                   |                              |                   |
| 25                                                                | Leverage Ratio (%)                                                                                                                                                                                                                                                                                | 5.90 %                       | 5.49 %            |
| EU-25                                                             | Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)                                                                                                                                                                                     | 5.90 %                       | 5.49 %            |
| 25a                                                               | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)                                                                                                                                                                                          | 5.90 %                       | 5.49 %            |
| 26                                                                | Regulatory minimum leverage ratio requirement (%)                                                                                                                                                                                                                                                 | 3.00 %                       | 3.00 %            |
| EU-26a                                                            | Additional own funds requirements to address the risk of excessive leverage (%)                                                                                                                                                                                                                   | –                            | –                 |
| EU-26b                                                            | of which: to be made up of CET1 capital                                                                                                                                                                                                                                                           | –                            | –                 |
| 27                                                                | Leverage ratio buffer requirement (%)                                                                                                                                                                                                                                                             | –                            | –                 |
| EU-27a                                                            | Overall leverage ratio requirement (%)                                                                                                                                                                                                                                                            | 3.00 %                       | 3.00 %            |
| <b>Choice on transitional arrangements and relevant exposures</b> |                                                                                                                                                                                                                                                                                                   |                              |                   |
| EU-27b                                                            | Choice on transitional arrangements for the definition of the capital measure                                                                                                                                                                                                                     | Fully implemented            | Fully implemented |
| <b>Disclosure of mean values</b>                                  |                                                                                                                                                                                                                                                                                                   |                              |                   |
| 28                                                                | Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable                                                                                                                                 | 1,765                        | –                 |
| 29                                                                | Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables                                                                                                                                   | 1,025                        | –                 |
| 30                                                                | Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 49,541                       | 47,724            |
| 30a                                                               | Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 49,541                       | 47,724            |
| 31                                                                | Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)         | 5.81 %                       | 5.49 %            |
| 31a                                                               | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)         | 5.81 %                       | 5.49 %            |

Regarding the causes of changes in the leverage ratio during the second quarter of 2022, reference is made to the explanations in the chapter “Overview of regulatory key metrics”.

The following table provides a breakdown of on-balance sheet risk exposures (excluding derivatives, securities financing transactions, and exempted risk exposures).

#### EU LR3: Split-up of on-balance sheet exposures

|             |                                                                                                          | a                            |
|-------------|----------------------------------------------------------------------------------------------------------|------------------------------|
|             |                                                                                                          | CRR leverage ratio exposures |
| € mn        |                                                                                                          |                              |
| <b>EU-1</b> | <b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b> | <b>46,775</b>                |
| EU-2        | Trading book exposures                                                                                   | –                            |
| EU-3        | Banking book exposures, of which:                                                                        | 46,775                       |
| EU-4        | Exposures in the form of covered bonds                                                                   | 562                          |
| EU-5        | Exposures treated as sovereigns                                                                          | 14,394                       |
| EU-6        | Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns    | 62                           |
| EU-7        | Institutions                                                                                             | 407                          |
| EU-8        | Exposures secured by mortgages on immovable properties                                                   | 28,253                       |
| EU-9        | Retail exposures                                                                                         | 12                           |
| EU-10       | Exposures to corporates                                                                                  | 1,023                        |
| EU-11       | Exposures in default                                                                                     | 1,157                        |
| EU-12       | Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)                   | 906                          |

## Imprint

### Contents:

Aareal Bank AG, Investor Relations,  
Regulatory Affairs – Regulatory Reporting

### Layout/Design:

S/COMPANY · Die Markenagentur GmbH, Fulda, Germany

This report is also available in German language.



**Aareal Bank  
Group**

