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## Report of the Supervisory Board of Aareal Bank AG, Wiesbaden

### Dear shareholders,

The past financial year was yet another remarkable year, in many ways. Irrespective of the different events that affect the Bank directly – such as the extensive changes to the Supervisory Board, the takeover offer that was successful in the second attempt, or the consequences of the war in Ukraine – Aareal Bank continued its growth strategy successfully across all segments.

During the financial year under review, the Supervisory Board continually advised, monitored, and supervised the management of the Company. The Management Board informed the Supervisory Board regularly, without delay and comprehensively about all the issues important to the Bank. The Management Board reported on the Group's situation, business development, key financial indicators and market developments. In addition, detailed reports and explanations were given to the Supervisory Board regarding the current liquidity status and liquidity management measures taken, the prevailing risk situation, and on risk control and risk management measures taken within the Group. The Supervisory Board was also informed about compliance within the Company on a regular basis, and it received the reports prepared by Internal Audit. The Supervisory Board also received comprehensive reports on the development of the business segments, and on operative and strategic planning. Furthermore, our Supervisory Board intensively discussed the public takeover offers made by a group of bidders. Ultimately, a clear majority of around 84 % of Aareal Bank's shareholders expressed their support for the offer.

The Supervisory Board was involved in all material decisions of Aareal Bank Group. All material events were discussed and examined in detail; where a Supervisory Board resolution was required, the decision proposals were submitted to the Supervisory Board in due time, and a decision was taken. In cases where resolutions needed to be passed in periods between scheduled Supervisory Board meetings, such resolutions were passed by way of circulation or via conference calls or video calls. In 2022, the Supervisory Board and its committees held all of their meetings in hybrid form, due to the ongoing occurrence of Covid-19 infections.

Furthermore, between the individual meetings, the Chairman of the Management Board kept the Chairman of the Supervisory Board informed, on a continuous and regular basis, regarding all material developments of the Company. The Chairman of the Management Board maintained close and regular contact with the Chairman of the Supervisory Board, in order to personally discuss key issues and important decisions. The Chairman of the Supervisory Board then proceeded to inform the other Supervisory Board members of these discussions at the following Supervisory Board meetings. In addition, regular discussions were held between members of the Management Board and committee chairpersons, especially between the CRO and the Chairwoman of the Risk Committee. The chairpersons reported on the discussions to their respective committees.

### Activities of the Plenary Meeting of the Supervisory Board

Due to the above-mentioned factors the Supervisory Board held 18 plenary meetings over the course of the previous financial year. During these meetings, the members of the Supervisory Board received the submitted reports and documents, as well as oral explanations, which were discussed in detail. Economic and market developments, in view of and particularly bearing in mind the persistent Covid-19 pandemic and the Russia-Ukraine conflict, were focal points of the work and reporting at all scheduled meetings. This also included the measures taken by the Bank to counter these market developments. Added to this were the two takeover offers for Aareal Bank AG shares.

During the plenary meetings of the Supervisory Board, the Management Board regularly and comprehensively reported to the Supervisory Board; these reports also covered the development of the Structured Property Financing, the Banking and Digital Solutions and Aareon segments, focusing in particular on current developments. In addition, the Supervisory Board was informed about the business development of the entire Aareal Bank Group. At regular intervals, the Supervisory Board was informed of the Bank's liquidity status and the related steps taken by the Bank's Treasury division. The Management Board also regularly reported on the quality of the property financing portfolio against the background of market trends in the various property markets, with an ongoing particular focus on the effects of the Covid-19 pandemic. Due attention was also afforded in 2022 to the Russia-Ukraine conflict. Furthermore,

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within the scope of reporting, the regular reports prepared by the control functions – including Risk Controlling, Compliance, Internal Audit, Information Security & Data Protection, and the Remuneration Officer – were presented and discussed.

The focal points of the individual meetings are outlined below.

- At a meeting held in **January 2022**, the Supervisory Board addressed the judicial appointment of Supervisory Board members. A further meeting related to remuneration issues and personnel matters of the Management Board.
- In **February 2022**, the Supervisory Board addressed the preliminary figures for the past 2021 financial year.
- In the **March 2022** meetings, the Supervisory Board dealt in detail with the financial statements and consolidated financial statements presented for the 2021 financial year, and with the auditors' report, in line with regular practice. The relevant facts were presented in the Supervisory Board report for the previous year. Furthermore, the Supervisory Board discussed the 2021 non-financial report and the results of the associated audit to obtain limited assurance. At the same meeting in March, the Management Board also provided a detailed presentation of the Group's business strategy. The Annual General Meeting and personnel matters of the Supervisory Board were addressed in a further meeting.
- In the **June 2022** meetings, the Supervisory Board concerned itself with the ordinary Annual General Meeting and the associated nominations of new Supervisory Board members. One meeting was devoted to the regular quarterly report as well as an in-depth discussion of Aareal Bank Group's strategy and its further development. The Supervisory Board talked about the strategic initiatives and options presented with the Management Board in considerable depth and detail.
- In the **August 2022** meetings, the Aareal Bank AG Annual General Meeting was reported on, and the necessary resolutions were passed. A constituting meeting of the Supervisory Board in its new composition was held following the Annual General Meeting.
- During the **September 2022** meeting, strategy dialogues were held with the Management Board and an update presented on the implementation status and the measures from the employee survey conducted the previous year, in addition to the regular reports.
- An overview of the planning was carried out in the **December 2022** meeting, in addition to the regular reports. The Supervisory Board also acknowledged the reporting on the Bank's project portfolio. In addition to the review of the governance documents, the annual review of the individual and collective suitability of the Management Board and Supervisory Board members (annual evaluation) as well as of the efficiency of the Supervisory Board's work was carried out. The evaluation was discussed in detail. The Supervisory Board also concerned itself with the Management Board's preliminary target achievement 2022 and targets for 2023.

The chairpersons of Supervisory Board committees regularly gave account of the work in the committees to the plenary meeting, answering all related questions submitted by the members of the plenary meeting in detail.

As part of preparing Supervisory Board decisions, a routine examination is carried out as to whether there are any conflicts of interest. No conflicts of interest that would need to be considered in the context of decision-making processes were identified during the financial year under review.

## Activities of Supervisory Board Committees

The Supervisory Board has established five committees in order to perform its supervisory duties in an efficient manner: the Executive and Nomination Committee, the Risk Committee, the Audit Committee, the Remuneration Control Committee, and the Technology and Innovation Committee.

## Executive and Nomination Committee:

The Executive and Nomination Committee of the Supervisory Board convened for seven meetings in the financial year under review. The Committee prepared, for the most part, the plenary meetings of the Supervisory Board during these meetings and discussed Aareal Bank Group's strategic development with the Management Board at regular intervals. Regarding the agenda items within the responsibility of the Supervisory Board, the Committee convened without the Management Board. These meetings particularly included discussions regarding suitability requirements for Management Board and Supervisory Board members, the processes for reviewing these requirements, the targets for the composition of both executive bodies, and the results of the annual evaluation of Management Board and Supervisory Board. Deliberations concerning the search for a successor for Ms Kunisch-Wolff as Chief Risk Officer and for retiring members of the Supervisory Board also took place during the financial year under review. In addition, deliberations took place again from March onwards regarding the discussions with investors about the tender offer for the acquisition of Aareal Bank's shares, and the delivery of the requisite reasoned statement was prepared.

- In the **January and February 2022** meetings, the Executive and Nomination Committee addressed the change of the Management Board member holding the CRO role.
- The discussion about changes in the composition of the Management Board continued in the **March 2022** meeting. Another focal point of the meeting was the strategy dialogue and preparation for the 2022 ordinary Annual General Meeting that was still planned for May at this point. The corporate governance reports, including the Corporate Governance Statement and the report of the Supervisory Board were also addressed.
- In **June 2022**, the regular focus was on the strategy in preparation for the Supervisory Board's strategy meeting. The Executive and Nomination Committee also addressed personnel matters of the Management Board and the preparation of the 2022 Annual General Meeting, including the nomination of candidates for election to the Supervisory Board. The governance documents were also reviewed. The need for implementation linked to the changes to the German Corporate Governance Code 2022 was also presented.
- In the **September 2022** meeting, the Executive and Nomination Committee addressed the strategy dialogue and the extension of related-party loans to subsidiaries. The Committee also concerned itself with the supervisory authorities' statements as part of the SREP 2022 exercise. Succession issues in the Supervisory Board were also discussed. Furthermore, the skills profile and diversity targets for the Supervisory Board were presented. The review of the governance documents of the Supervisory Board were also discussed.
- In the **December 2022** meeting, the Executive and Nomination Committee addressed the training concept for the Supervisory Board and its committees. In addition, issues of succession planning were discussed as scheduled, and corporate governance reporting was addressed.

## Risk Committee:

The Risk Committee held seven meetings during the financial year under review. It regularly discussed reports on the Bank's risk situation, which were submitted and explained by the Management Board. Having discussed the contents with the Management Board, these were duly noted by the members of the Committee. Besides the risks that arose as a consequence of the invasion of Ukraine by Russian troops, the Committee concerned itself with credit and country risks, market risks, liquidity risks, and operational risks, as well as reputational and IT risks. The Committee was also engaged with the analysis of Aareal Bank's risk-bearing capacity and its capital ratios. Also, detailed reports were provided regarding the Bank's liquidity status and management as well as its funding. Risks from existing investments, as well as all additional material risks were also presented.

The Risk Committee concerned itself with Aareal Bank's strategies and the derived sub-risk strategies, as well as with the risk management system. The Management Board also submitted detailed reports to the Risk Committee, covering all markets in which the Bank is active in the property finance business, as well as supplementary reports regarding the Bank's investments in securities portfolios. The Committee members discussed these reports and market views in detail. Within the scope of risk reporting, significant

exposures were discussed in detail, and measures for the reduction of high-risk exposures presented and consulted within the Committee. The Risk Committee received reports on recovery planning and other risk management measures. The Management Board also informed the Risk Committee about all completed, ongoing and scheduled audits by the supervisory authorities at each Risk Committee meeting. In addition to regular reporting on the risk situation at each meeting, the following meetings had additional focal points on certain topics: The current impact of the Russian-Ukraine conflict on Aareal Bank's risk situation was discussed in all meetings.

- In **February 2022**, the Risk Committee addressed the events in Ukraine (invasion by Russian troops on 24 February 2022).
- The Risk Committee meeting held in **March 2022** dealt with the results of the risk management system review performed by the external auditors, the supervisory authorities' focus during the 2022 financial year and other regulatory publications and amendments.
- In **April 2022**, the Risk Committee concerned itself with the overview of the structure of the project for implementing the amended supervisory requirements for the recovery planning and with adjustments to risk strategies. Reports were also presented on the credit risks, on non-financial risks, as well as an update on supervisory issues.
- In **June 2022**, the Risk Committee dealt with the regular reporting as well as the yearly reports of the individual risk management functions. In addition, supervisory and regulatory issues were also addressed.
- At the meeting held in **September 2022**, the discussion about lending with increased risk was a significant topic of risk reporting. An analysis of the impact of higher interest rates and questions regarding information security risk were other focal points. Furthermore, the Risk Committee was informed about the updated recovery planning and the current audits. Another focal point was the event-driven review of the business and risk strategies.
- At the **October 2022** meeting, a report was presented on the credit risks with an emphasis on dealing with non-performing exposures and foreclosures.
- In its **December 2022** meeting, the Risk Committee discussed the development of the loan portfolio and the risk situation. The Risk Committee then concerned itself with the regular review of terms and conditions in the client business. The risk inventory and the work of the Bank's internal project regarding recovery planning were also presented.

The Committee also concerned itself in all meetings with the banking and regulatory environment, focusing on current topics such as individual risk types during individual meetings. Furthermore, the Risk Committee dealt with the audits performed by the supervisory authorities, the findings these audits yielded and the supervisory authorities' recommendations on risk-related topics in all meetings.

### Audit Committee:

The Audit Committee held eight meetings during the year under review.

In accordance with the requirements of the GCGC, during its meetings in May, August and November 2022, the Audit Committee discussed with the Management Board the quarterly results to be published. Furthermore, the current status and planning of key management indicators in the financial year, and current reviews and projects at Aareal Bank were reported upon at the Audit Committee meetings. In its meetings, the Committee received reports submitted by Internal Audit and the Bank's Compliance Officer, requesting and receiving detailed explanations, and duly noting both reports. The Committee was also informed about the work carried out by Internal Audit and of the audit planning. The Head of Internal Audit attended all meetings, unless these were exclusively for the purpose of presenting the preliminary quarterly figures. The Committee dealt with the measures the Management Board had taken to address the findings identified by external auditors, Internal Audit and supervisory authorities, and had the Management Board report on the status and progress of their rectification. External auditor representatives, too, attended all meetings, with the exception of the discussion of those agenda items that relate to the assessment of the financial statements audit and the proposal for the appointment of the external auditors. A regular update on the status of already approved and anticipated non-audit services provided

by the external auditors was presented at all meetings. The 70 % limit of approved non-audit services in relation to planned audit services was neither reached nor exceeded at any time

- At its **February 2022** meeting, the preliminary figures for the 2021 financial year were submitted to the Audit Committee, and the dividend policy was discussed, among other things. The results of the preliminary checks as part of the 2021 financial statements and the audit planning of Internal Audit were presented.
- In **March 2022**, the Committee received the external auditors' report on the audit of the financial and consolidated financial statements for the 2021 financial year, and discussed the results with the auditors in detail. The Committee members discussed the contents of the audit reports provided; they formed their own judgement of the audit results on the basis of these reports, and by way of meetings held with the external auditors. Without the external auditors being present, the Audit Committee discussed the proposal for the external auditor for the 2022 financial year. The Committee also concerned itself with Aareal Bank Group's Sustainability Report and the audit undertaken to obtain limited assurance for this report. The report on compliance issues was also discussed, and the internal audits and projects were presented.
- The updated planning figures were explained in the **June 2022** meeting. The Audit Committee also discussed the focal points of the audit for the 2022 financial year. Finally, the compliance reporting, including the review of the Code of Conduct, was continued.
- In **August 2022**, the Audit Committee meeting focused on the interim financial report as at 30 June 2022, including the results of its review by the auditor, and the approach for the audit of the financial statements and consolidated financial statements for 2022.
- In **September 2022** the focus was the audit report.
- At its meeting in **December 2022**, the Audit Committee discussed the medium-term Group planning in detail with the Management Board. Moreover, the Committee was informed about the status quo and the progress of the audit. In addition, the Audit Committee was informed about the planned structure of sustainability reporting for the 2022 financial year. Furthermore, the committee was regularly informed about the review of the internal control system, in accordance with legal requirements; it duly acknowledged the report, following discussion.

### Remuneration Control Committee:

The Remuneration Control Committee held seven meetings during the financial year under review. The Remuneration Officer, who attended every meeting, supported the Supervisory Board and the Remuneration Control Committee throughout the entire financial year.

Pursuant to the requirement set out in section 25d (12) of the KWG, which is reflected in the Rules of Procedure of Aareal Bank's Supervisory Board, the Management Board does not attend Remuneration Control Committee meetings which deal with Management Board remuneration. During the 2022 financial year, the Remuneration Control Committee convened four times without any member of the Management Board being present and held three meetings at which some Management Board members were present for selected agenda items.

During its meetings, the Remuneration Control Committee discussed issues concerning the Bank's remuneration systems and all related matters, fulfilling its original assignment. For this purpose, and to the extent considered necessary, external legal and remuneration advisors were retained to provide support. The Committee supported the plenary meeting of the Supervisory Board in monitoring the inclusion of internal control units and of all other material divisions in designing the remuneration systems, and assessed the effects of the remuneration systems on the Bank's risk, capital and liquidity situation. Moreover, the Remuneration Control Committee supported the Supervisory Board with all issues related to the remuneration of the Management Board. As a rule, support was provided to the Supervisory Board by preparing the corresponding recommendations.

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- In **January 2022**, the Remuneration Control Committee concerned itself initially with the Management Board's targets and target achievement for the previous year. The appointment of a new Remuneration Officer was also discussed and the report on the work carried out on the say-on-pay resolution for the Annual General Meeting presented.
  - In **March 2022**, the Committee finalised its assessment of the appropriate structure of the remuneration systems for the Management Board and employees. The results of the penalty review for employees and the Management Board were also presented, as was the review of the overall amount of variable remuneration as to legal permissibility, pursuant, inter alia, to section 7 of the InstVergV. In addition, the final decision was reached on the Management Board targets for 2022, the Remuneration Report was presented, and personnel matters of the Management Board were discussed. The say-on-pay resolution was drafted for presentation at the Annual General Meeting.
  - In the **May 2022** meetings, the Remuneration Control Committee addressed the communication with regulatory authorities. At the Remuneration Control Committee meeting in **June 2022**, the Committee deliberated on the adequacy of Management Board remuneration, the say-on-pay resolution and supervisory reviews. The consistency of the remuneration strategy for employees with the Company's business and risk strategies was also presented to the Committee. Due to changes on the Management Board, personnel matters of the Management Board, Management Board targets and target achievement were presented and discussed.
  - In the **September 2022** meetings, the Remuneration Control Committee concerned itself with the investor feedback on the Management Board remuneration system that was adopted by the Annual General Meeting on 31 August 2022. The Committee also dealt with how the takeover might impact on the remuneration systems, the disclosed remuneration indicators and the Management Board targets and target achievement.
  - The indicative Management Board target achievement was presented in the **December 2022** meeting. The Committee also concerned itself with setting the Management Board targets for 2023, the adjustment of the Management Board service contracts, the 2021 remuneration report and the risk taker analysis.

### Technology and Innovation Committee:

The Technology and Innovation Committee convened for five meetings during the financial year under review, during which the Committee discussed the implementation and further development of the digitalisation strategy, market trends, technological developments and innovation trends in detail, especially with a view to clients of the Banking and Digital Solutions and Aareon segments. Potential business opportunities arising from the growing digitalisation of business processes – and how these can be put to use by Aareal Bank Group, and especially for its clients – were explained by the employees of the Bank and respective subsidiaries responsible for the development, among others.

Further key aspects of regular discussions were all issues related to the security and flexibility of the IT systems used by the Bank, as well as the ongoing realignment of banking systems and the successes achieved in this regard so far, as well as the adjustments to the new requirements in the areas of reporting, regulation and cybersecurity. The IT strategy, budget planning and the monitoring and progress of important IT projects were also discussed.

External experts are invited to the meetings for selected topics, to present current developments from an independent perspective, and to discuss their potential impact on Aareal Bank, or how they can be taken on board by the Bank.

- In **March 2022**, the Technology and Innovation Committee addressed the updates to operational IT security, the implementation of the Benchmark Reform and the results of supervisory audits.
- A discussion at the **June 2022** meeting focused on the current assessment of the status of IT security. Current product initiatives were also presented to the Committee.
- In the **July 2022** meeting, the Technology and Innovation Committee dealt with organisational issues within the IT division.

- In **September 2022**, the Committee initially addressed the update of the IT strategy. The current status of IT-related projects was also presented. The Committee also dealt with an update to operational IT security.
- In the **December 2022** meeting, the Committee concerned itself with an overview of the Bank's project portfolio, with a particular focus on IT and IT security.

### Attendance of Supervisory Board members at plenary and committee meetings:

Where members of the Supervisory Board were unable to attend a meeting, they announced their absence in advance, giving reasons. A representative on the employee representative side was ill in 2022. Attendance of Supervisory Board members at meetings is shown in the table below.

Member of the Supervisory Board	Participation in plenary meetings	Quota	Participation in committee meetings	Quota	Number of meetings attended / number of meetings*
Prof. Dr Hermann Wagner	18 / 18	100 %	29 / 29	100 %	47 / 47
Richard Peters	12 / 15	80 %	9 / 10	90 %	21 / 25
Klaus Novatius**	15 / 18	83 %	10 / 14	71.4 %	25 / 32
Jana Brendel	11 / 15	73.3 %	7 / 7	100 %	18 / 22
Thomas Hawel**	0 / 18	0 %	0 / 5	0 %	0 / 23
Petra Heinemann-Specht**	18 / 18	100 %	22 / 22	100 %	40 / 40
Jan Lehmann**	18 / 18	100 %	5 / 5	100 %	23 / 23
Sylvia Seignette	18 / 18	100 %	20 / 20	100 %	38 / 38
Elisabeth Stheeman	15 / 15	100 %	12 / 12	100 %	27 / 27
Holger Giese	15 / 15	100 %	8 / 8	100 %	23 / 23
Friedrich Munsberg	15 / 15	100 %	14 / 14	100 %	29 / 29
Dr Ulrich Theileis	15 / 15	100 %	8 / 8	100 %	23 / 23
Henning Giesecke	3 / 3	100 %	8 / 8	100 %	11 / 11
Denis Hall	3 / 3	100 %	7 / 7	100 %	10 / 10
Barbara Knoflach	3 / 3	100 %	6 / 7	85.7 %	9 / 10
Hans-Hermann Lotter	3 / 3	100 %	7 / 7	100 %	10 / 10
Marika Lulay	3 / 3	100 %	4 / 4	100 %	7 / 7
José Sevilla Álvarez	3 / 3	100 %	7 / 7	100 %	10 / 10

\* plenary and committee meetings; \*\* Employee representative

### Financial Statements and Consolidated Financial Statements

The Supervisory Board instructed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, who were elected as auditors by the 2022 Annual General Meeting, with the audit of the financial statements and the consolidated financial statements. The external auditors appointed submitted a statement regarding their independence to the Supervisory Board, who duly noted it. The Supervisory Board has no reason to doubt the accuracy of this statement of independence. Fulfilling their duties as commissioned by the Supervisory Board, KPMG AG Wirtschaftsprüfungsgesellschaft audited the financial statements prepared in accordance with the German Commercial Code ("HGB") and the consolidated financial statements prepared in accordance with IFRSs, as well as the Management Report and the Group Management Report. Based on the results of their audit, KPMG AG Wirtschaftsprüfungsgesellschaft issued an unqualified audit opinion for the financial statements and consolidated financial statements.

All members of the Supervisory Board received the audit reports, including all annexes thereto, in good time before the meeting during which the financial statements and the consolidated financial statements were discussed. Having examined the documents provided, the Supervisory Board members formed their own judgement of the audit results. The external auditor representatives



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attended the meeting of the Supervisory Board, during which the financial statements and consolidated financial statements were discussed, and gave a detailed account of the results of their audit. The representatives of KPMG AG Wirtschaftsprüfungsgesellschaft were then available to the Supervisory Board to answer further questions and to provide additional information. All questions were answered to the full satisfaction of the Supervisory Board.

The financial statements and management report of Aareal Bank AG, prepared in accordance with the HGB, the consolidated financial statements as well as the Group Management Report prepared in accordance with IFRSs, the proposal of the Management Board regarding the appropriation of profit, and the audit reports, were all examined in detail. No objections were raised to the audit results. The Supervisory Board approved the results of the audit on 27 March 2023. The Supervisory Board thus confirmed the financial statements of Aareal Bank AG (in accordance with the HGB), and approved the consolidated financial statements (in accordance with IFRSs). The Supervisory Board examined and discussed with the Management Board its proposal regarding the appropriation of profit. On the basis of this discussion, the Supervisory Board endorsed the proposal for the appropriation of profit submitted by the Management Board, which is oriented on the ECB's recommendations.

## Non-financial Report

The Audit Committee and the Supervisory Board concerned themselves with sustainability issues and related reporting during their meetings on 11 and 14 March 2022 and on 12 December 2022.

Moreover, during its meeting on 11 March 2022, the Audit Committee of the Supervisory Board discussed the separate combined non-financial report for 2021 and the result of KPMG's audit of that report. Representatives of the external auditors attended this Audit Committee meeting and reported on material results of their commercial review in accordance with ISAE 3000 (revised), undertaken to obtain limited assurance for this report. They answered supplementary questions from Committee members. The Audit Committee conducted a plausibility check of the audit results submitted by KPMG and presented its assessment of the non-financial report (and its analysis of KPMG's audit results) to the Supervisory Board. The Audit Committee also issued a recommendation to the Supervisory Board to concur with the results of the audit conducted by KPMG. The Supervisory Board followed this recommendation; at its meeting on 14 March 2022, it summarised its examination by stating that it had no objections concerning the non-financial report and the results of the audit conducted by KPMG.

## Communication with Shareholders

In his position as Chairman of the Supervisory Board, Prof. Dr Hermann Wagner held talks with shareholder representatives as regards corporate governance within Aareal Bank. He presented the topics within the responsibility of the Supervisory Board, such as the composition of the Management Board and the Supervisory Board, the remuneration systems for Management Board and Supervisory Board members, the role of the Supervisory Board in the strategy development and implementation process as well as its involvement in environmental, social and governance (ESG) matters, the election of the external auditor and the succession planning.

## Atlantic BidCo GmbH offer

On 4 February 2022, Atlantic BidCo GmbH (the "Bidder") notified Aareal Bank that its voluntary public takeover offer for shares in Aareal Bank AG of 23 November 2021 was not successful: according to information provided by the Bidder, the minimum acceptance level of 60 % was not achieved by the end of the acceptance period on 2 February 2022, 24:00 CET. The offer therefore lapsed.

Aareal Bank AG was informed by Advent International and Centerbridge Partners on 5 April 2022 that the bidder company Atlantic BidCo GmbH had concluded talks with shareholders holding approximately 37 % of voting rights in the Company with a view towards making a potential new takeover offer. These shareholders have undertaken to accept the offer for their shares or to sell to the bidder company beyond the scope of the offer. The Supervisory Board once again debated on the talks with the aforementioned financial investors about the tender offer for the acquisition of Aareal Bank's shares. It was involved in the negotiations and conclusion



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of the Investment Agreement on an ongoing basis, and also prepared and submitted the necessary reasoned statement again together with the Management Board.

The Bidder subsequently submitted a further public takeover offer at € 33 per share, subject to reaching a minimum acceptance level.

On 25 May 2022, Atlantic BidCo GmbH announced that at the end of the acceptance period on 24 May 2022, 24:00 CEST, the minimum acceptance level of 60 % set out in the voluntary public takeover offer was exceeded.

## Annual General Meeting

In view of the aforementioned description of how the Atlantic BidCo GmbH takeover offer proceeded, the ordinary Annual General Meeting that was originally planned for May 2022 was initially postponed to 10 August 2022. Due to a technical error in relation to the invitation, the Management Board and Supervisory Board agreed to postpone the Annual General Meeting once again to 31 August 2022, in order to give all shareholders the opportunity to register for the Annual General Meeting. Management's proposals for resolution were accepted by the Annual General Meeting with a large majority. In addition to the aforementioned election of six new members of the Supervisory Board, the shareholders accepted the revised Management Board remuneration system with a very large approval rate.

## Personnel matters

The following changes to the composition of the Management Board and the Supervisory Board arose during the year under review.

### Management Board:

Ms Babic was appointed to the Management Board as Chief Risk Officer, effective 1 July 2022. She succeeded Ms Kunisch-Wolff, who had asked the Supervisory Board to terminate her contract early, citing personal reasons and her desire to dedicate herself to new tasks. The Supervisory Board had approved this request. Ms Kunisch-Wolff's mandate on the Management Board ended on 30 June 2022. Her successor, Ms Babic, was simultaneously appointed to the Management Board as Chief Risk Officer with effect from 1 July 2022.

Ms Kunisch-Wolff had served as Aareal Bank Group's Chief Risk Officer since March 2016 and her responsibilities included the risk controlling, compliance, AML, information security and data protection functions.

Ms Babic was appointed Senior General Manager on 1 June 2021 and was responsible for Aareal Bank's Credit Management, which assesses lending decisions involving new and existing business, together with the respective Sales units, and monitors loan and counterparty credit risks.

### Supervisory Board:

After the removal of three members at the extraordinary General Meeting on 9 December 2021, the appointment of Supervisory Board members by the court was applied for in order to restore the Supervisory Board's composition in line with the requirements set out in the Memorandum and Articles of Association.

With the decision of 13 January 2022, the Frankfurt/Main Higher Regional Court approved the application submitted by Aareal Bank to appoint Messrs Giese and Munsberg and Dr Theileis as members of Aareal Bank's Supervisory Board, until the 2022 ordinary Annual General Meeting.

At the ordinary Annual General Meeting on 31 August 2022, the majority of Aareal Bank AG shareholders elected Mr Giesecke, Mr Hall, Ms Knoflach, Mr Lotter, Ms Lulay and Mr Sevilla Álvarez as new members of the Supervisory Board. The new Supervisory

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Board members replaced the members Mr Giese, Mr Munsberg, and Dr Theileis, who were appointed by the court in January 2022, and who have left the Supervisory Board at their own request, as did Ms Brendel and Ms Stheeman. In addition, Mr Peters resigned from his office for reasons of age, following nine years as a member of the Supervisory Board, effective at the end of the General Meeting.

Mr Lotter and Ms Lulay are subject to a conflict of interest within the meaning of recommendation E.1 of the German Corporate Governance Code: Mr Lotter is a managing director of Atlantic BidCo GmbH, which intends to acquire Aareal Bank within the scope of a public takeover offer (see above). Ms Lulay is a managing director of GFT Technologies SE, which has a business relationship with an Aareal Bank subsidiary. Ms Knoflach and Mr Giesecke are only subject to a potential conflict of interest. In the event of a resolution in Aareal Bank's Supervisory Board that concerns an actual conflict of interest, the Supervisory Board members in question will abstain from joining the discussion and voting on the resolution.

Mr Hawel resigned from his office in mid-March 2023. Ms Bach succeeds him as a substitute candidate effective 16 March 2023. The Supervisory Board thanks Mr Hawel for his many years of constructive cooperation and wishes him all the best for the future. The members of the Supervisory Board look forward to working with Ms Bach.

## Training and Continuous Professional Development

In September 2022, the Supervisory Board and its committees addressed the determination of the respective training requirements for the following year for the first time, according to the Supervisory Board's training concept and in line with the new regulatory formal requirements. The training requirements determined were prepared by the Executive and Nomination Committee and presented to the Supervisory Board in December 2022 together with a proposal for resolution for a specific training concept for the following year.

Individual continuous professional development and information events were also held by the external auditor elected by the Annual General Meeting. As part of deep dives or additional information events, the Supervisory Board members will be informed in more detail about current or desired topics.

In conclusion, the Supervisory Board thanks the Management Board and all of the Group's employees for the dedication, tremendous commitment and flexibility they have shown during the past 2022 financial year. With their continued commitment, strong motivation and perseverance, all Group employees have not only contributed to the Company's ability to successfully handle the ever-changing challenges brought about by the Russia-Ukraine conflict and the endeavours to overcome it, but have also continued their work on numerous projects, which can set the course for the future, under dynamically changing circumstances. This once again emphatically demonstrated the great team spirit that defines Aareal Bank.

Frankfurt/Main, March 2023

For the Supervisory Board



Prof. Dr Hermann Wagner  
(Chairman)