

**Regulatory
Disclosure Report
for Q3 2024
of Atlantic Group**

Regulatory Disclosure Report for Q3 2024

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Preface

Atlantic BidCo GmbH's voluntary public takeover offer for Aareal Bank AG was closed in June 2023. Accordingly, the Regulatory Disclosure Report has had to be prepared at the level of Atlantic Lux HoldCo Group ("Atlantic Group") since 30 June 2023. The Group's parent institution, which is required to consolidate Group information in accordance with Article 11 of Regulation (EU) 575/2013 (Capital Requirements Regulation – "CRR"), is Aareal Bank AG, having its registered office in Wiesbaden, Germany (LEI code EZKODONU5TYHW4PP1R34).

Since Atlantic Group is managed entirely at the level of Aareal Bank AG, Atlantic Group and Aareal Bank Group have the same risk profile. Apart from holding Aareal Bank AG shares via its subsidiary Atlantic BidCo GmbH, Atlantic Group has no other operating business.

Regulatory indicators and further information on Aareal Bank Group are available in Aareal Bank Group's interim financial information for the third quarter of 2024 and in the presentation to the Analyst Conference Call on the results of the third quarter of 2024, which is available for download from Aareal Bank's website.

Atlantic 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).

The Regulatory Disclosure Report implements the requirements in accordance with part 8 of the CRR. The existing disclosure requirements are specified by Commission Implementing Regulation (EU) 2021/637, published by the European Commission in March 2021.

Due to its total assets of more than € 30 billion, Atlantic 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 quarterly basis is therefore based on the requirements of Article 433a (1) lit. c) of the CRR.

The details published in this condensed 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 regulatory capital requirements for market risk, the table EU MR2-B (RWA flow statements of market risk under the internal model approach) is not disclosed either.

The Regulatory Disclosure Report is prepared in accordance with internal provisions and procedures applicable within Aareal Bank AG, stipulated in writing in order to fulfil disclosure requirements.

The Regulatory Disclosure Report is approved by the Management Board of Aareal Bank AG. In addition, the Regulatory Disclosure Report is also subject to an approval process by Atlantic Lux HoldCo S.à r.l. as the ultimate Group parent.

The Regulatory Disclosure Report is published pursuant to Article 434 (1) of the CRR on the Aareal Bank AG website, under the menu item "Investor Relations".

Overview of Regulatory Key Metrics

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 required for Atlantic Group under the Supervisory Review and Evaluation Process (SREP).

EU KM1: Key metrics

		a	b	c	d	e
		30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
€ mn						
Available own funds						
1	Common Equity Tier 1 (CET1) capital	2,469	2,652	2,518	2,578	2,153
2	Tier 1 (T1) capital	2,756	2,938	2,804	2,864	2,453
3	Own funds	3,363	3,166	3,042	3,112	2,715
Risk-weighted exposure amounts						
4	Risk-weighted exposure amounts (Risk-weighted assets, RWAs)	14,783	13,919	13,788	13,723	13,549
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (CET1 ratio)	16.70 ¹⁾	19.05	18.26	18.78	15.89
6	Tier 1 ratio (T1 ratio)	18.64	21.11	20.34	20.87	18.10
7	Total capital ratio (TC ratio)	22.75	22.74	22.06	22.68	20.04
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage	3.00	3.00	3.00	–	–
EU 7b	of which: to be made up of CET1 capital	1.69	1.69	1.69	–	–
EU 7c	of which: to be made up of Tier 1 capital	2.25	2.25	2.25	–	–
EU 7d	Total SREP own funds requirements	11.00	11.00	11.00	8.00	8.00
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
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	0.65	0.59	0.54	0.52	0.58
EU 9a	Systemic risk buffer	0.02	0.02	0.02	0.02	0.02
10	Global Systemically Important Institution buffer	–	–	–	–	–
EU 10a	Other Systemically Important Institution buffer	–	–	–	–	–
11	Combined buffer requirement	3.17	3.12	3.06	3.04	3.10
EU 11a	Overall capital requirements	14.17	14.12	14.06	11.04	11.10
12	CET1 available after meeting the total SREP own funds requirements	10.39	11.74	11.06	14.28	11.39
Leverage Ratio						
13	Total exposure measure	44,860	44,152	45,459	44,736	46,788
14	Leverage Ratio (%)	6.14	6.65	6.17	6.40	5.24

¹⁾ Aareal Bank Group's CET1 ratio as communicated in Aareal Bank Group's interim financial information III/2024 and during the conference call on 7 November 2024 amounts to 19.3% (including interim profits for 2024, deducting a planned dividend and incorporating the pro rata accrual of net interest payable on the AT1 bond).

	a	b	c	d	e
	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
€ mn					
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
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
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d Leverage ratio buffer requirement	-	-	-	-	-
EU 14e Overall leverage ratio requirement	3.00	3.00	3.00	3.00	3.00
Liquidity Coverage Ratio					
15 Total high-quality liquid assets (HQLA) (weighted value – average)	7,493	7,383	7,344	7,084	7,198
EU 16a Cash outflows – total weighted value	4,409	4,436	4,489	4,369	4,375
EU 16b Cash inflows – total weighted value	1,013	877	816	889	877
16 Total net cash outflows (adjusted value)	3,396	3,559	3,673	3,480	3,497
17 Liquidity coverage ratio (LCR) (%)	225.68	210.61	200.78	203.73	206.11
Net Stable Funding Ratio					
18 Total available stable funding	34,473	34,214	33,200	33,757	32,767
19 Total required stable funding	28,166	28,232	28,433	29,322	28,411
20 NSFR (%)	122.39	121.19	116.76	115.12	115.33

Development of key metrics

Capital ratios and RWAs

Compared to the previous disclosure date of 30 June 2024, the capital ratios reported to the supervisory authorities (CET1, T1 and TC ratio) decreased by 1.6 percentage points on average. This was due to a € 864 million increase in RWAs and a lower-than-proportionate increase in regulatory capital (€ 197 million).

RWAs were determined pursuant to currently applicable law (CRR II) and applying the partial regulation for the “output floor” in connection with commercial property lending and equity exposures, based on the European Commission’s final implementation of Basel IV, by way of Regulation (EU) 2024/1623 dated 31 May 2024 (CRR III). The “higher of” comparison with the total RWA calculation in accordance with the currently applicable CRR II and the revised CRSA pursuant to the CRR III, in line with the status of the transitional regulations for 2025 (50% output floor) did not result in any RWA adjustment as set out in Article 3 of the CRR.

Besides the temporary RWA increase in new Structured Property Financing business, higher RWAs were mainly attributable to changes in the credit quality of the existing commercial property finance portfolio as well as higher counterparty credit risks. Conversely, the non-performing loan portfolio declined. In contrast to the situation as at 30 June 2024, the sum total of the aggregate net foreign exchange position fell short of the threshold of 2% of regulatory capital; as a result, no regulatory capital requirements for foreign exchange risk needed to be determined.

The increase in regulatory capital largely resulted from a € 374 million increase in Tier 2 capital, reflecting the issue of subordinated debt securities with a nominal amount of € 400 million in September. This was offset by a € 183 million decline in CET1 capital, primarily due to a change in the OCI (€ -11 million) as well as the deduction of (gross) additions to loss allowance during the year (€ -165 million).

Leverage Ratio

Compared to 30 June 2024, the Leverage Ratio decreased to 6.14 %, which was due to the € 708 million increase in the total exposure measure and a € 182 million decrease in Tier 1 capital. The main driver for the increase in the total exposure measure was the rise in the cash reserve measured at amortised cost.

Liquidity Coverage Ratio

Atlantic Group's Liquidity Coverage Ratio (LCR), as reported to the supervisory authorities, increased compared to 30 June 2024 (214.77 %), reaching 265.35 % as at the reporting date. This development was driven by an increase in high-quality liquid assets (HQLAs; € +803 million) while net cash outflows declined by € 347 million.

The HQLA increase is due in particular to new issues of own securities and to repayments of outstanding loans.

The main drivers of lower net cash outflows compared to the previous quarter are a smaller number of maturing bullet bond issues on the one hand, and a higher level of maturing loans on the other.

Since the disclosure of key LCR parameters is based on the weighted and unweighted averages of the past 12 reporting dates of the respective quarter, the drivers outlined above do not have the same effect upon quarter-on-quarter changes as shown in tables EU KM1 and EU LIQ1.

Net Stable Funding Ratio

Compared to 30 June 2024, the Net Stable Funding Ratio (NSFR) increased by 1.20 percentage points to 122.39 %, reflecting a € 66 million decline in required stable funding (RSF) and an increase in available stable funding (ASF) in the amount of € 259 million.

RSF decreased in particular due to a € 299 million decline in loans and a lower inventory of non-performing loans (€ -89 million), partly offset by a € 315 million increase in credit lines.

The increase in ASF largely resulted from higher regulatory capital (€ +197 million), retail deposits (€ +104 million) and other liabilities (approximately € +226 million). This was partly offset by lower liabilities to non-financial companies (€ -290 million) which was due in particular to lower deposit volumes from housing industry clients.

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 depend 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 regulatory 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 September 2024, 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)

	a	b	c
	30 Sep 2024	30 Jun 2024	30 Sep 2024
€ mn			
1 Credit risk (excluding CCR)	12,652	11,839	1,012
2 of which: Credit Risk Standard Approach (CRSA)	1,048	1,054	84
3 of which: Foundation IRB Approach (FIRB)	-	-	-
4 of which: slotting approach	-	-	-
EU 4a of which: equity exposures under the simple risk-weighted approach	520	527	42
5 of which: Advanced IRB (AIRB) approach	11,083	10,258	887
6 CCR	520	373	42
7 of which: standardised approach	333	239	27
8 of which: internal model method (IMM)	-	-	-
EU 8a of which: exposures to a CCP	4	7	0
EU 8b of which: credit valuation adjustment (CVA)	143	113	11
9 of which: other CCR	39	14	3
15 Settlement risk	-	-	-
16 Securitisation exposures in the banking book (after the cap)	-	-	-
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	-	-	-
20 Market risk (position, foreign exchange and commodity risks)	-	97	-
21 of which: standardised approach	-	97	-
22 of which: IMA	-	-	-
EU 22a Large exposures	-	-	-
23 Operational risk	1,611	1,611	129
EU 23a of which: basic indicator approach	-	-	-
EU 23b of which: standardised approach	1,611	1,611	129
EU 23c of which: advanced measurement approach	-	-	-
24 Amounts below the thresholds for deduction (subject to 250% risk weight)	472	493	38
29 Total	14,783	13,919	1,183

In accordance with Annex II of Commission Implementing Regulation (EU) 2021/637, the disclosure of RWAs 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 third quarter of 2024, reference is made to the explanations in the previous chapter "Overview of regulatory key metrics".

RWA Developments for AIRBA Exposures

The table EU CR8 provides an overview of the RWA changes and the associated causes to be analysed since 30 June 2024.

The starting and end balances represent the sums of figures disclosed in lines 4a and 5 of table EU OVI for the respective reporting date. IRBA exposures subject to counterparty credit risk were not taken into account for this purpose.

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

	a
	RWAs
€ mn	
1 RWAs as at 30 June 2024	10,785
2 Asset size	-32
3 Asset quality	1,001
4 Model updates	-
5 Methodology and policy	-
6 Acquisitions and disposals	0
7 Foreign exchange movements	-151
8 Other	-
9 RWAs as at 30 September 2024	11,603

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. Moreover, this line also includes the RWA shift due to the change in the inventory of non-performing loans.

Line 3 reports changes resulting from a temporary RWA increase in the new Structured Property Financing business as well as from changes in debtors' probabilities of default (PD) or loss given default (LGD).

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 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 discloses the RWA effect from the acquisition of a company that is outside the regulatory scope of consolidation and thus included as RWAs in the report pursuant to sections 10 and 10a of the German Banking Act (KWG).

No figures are shown in line 8 since we were able to assign RWA changes within Atlantic Group to the aforementioned categories.

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (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.

As a significant subsidiary of Atlantic Group, Aareal Bank AG is not exempt from meeting liquidity requirements on a stand-alone basis under Article 8 of the CRR, and is obliged to fulfil its Liquidity Coverage Ratio disclosure requirements at a single-entity level.

The table EU LIQ1 contains all positions that Aareal Bank, as managing entity of Atlantic Group, deems relevant for its liquidity profile.

EU LIQ1: Quantitative information on LCR (Atlantic Group)

Scope of consolidation		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
€ mn									
EU 1a	Quarter ending on	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
EU 1b	Number of data points used in the calculation of averages	12	12	10	7	12	12	10	7
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					7,493	7,383	7,344	7,084
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	6,549	6,481	6,432	6,414	337	334	331	330
3	Stable deposits	6,299	6,238	6,194	6,178	315	312	310	309
4	Less stable deposits	211	208	204	202	22	22	21	21
5	Unsecured wholesale funding	6,964	7,081	7,157	7,151	2,884	2,929	2,957	2,883
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	3,303	3,247	3,168	3,140	773	760	742	737
7	Non-operational deposits (all counterparties)	3,407	3,581	3,756	3,871	1,858	1,916	1,981	2,005
8	Unsecured debt	254	253	233	141	254	253	233	141
9	Secured wholesale funding					35	51	54	57
10	Additional requirements	1,936	1,930	1,945	1,874	878	892	918	840
11	Outflows related to derivative exposures and other collateral requirements	697	683	687	673	670	662	666	651
12	Outflows related to loss of funding on debt products	81	96	118	48	81	96	118	48
13	Credit and liquidity facilities	1,158	1,151	1,140	1,153	127	135	135	141
14	Other contractual funding obligations	206	177	167	192	184	154	144	168
15	Other contingent funding obligations	839	899	986	1,066	92	77	85	92
16	Total cash outflows					4,409	4,436	4,489	4,369

Scope of consolidation		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
€ mn									
Cash inflows									
17	Secured lending (e. g. reverse repos)	127	127	153	218	9	9	11	15
18	Inflows from fully performing exposures	1,214	1,021	884	963	809	716	640	684
19	Other cash inflows	195	152	166	190	195	152	166	190
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)					-	-	-	-
20	Total cash inflows	1,536	1,300	1,202	1,371	1,013	877	816	889
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90 % cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75 % cap	1,536	1,300	1,202	1,371	1,013	877	816	889
						Total adjusted value			
EU-21	Liquidity buffer					7,493	7,383	7,344	7,084
22	Total net cash outflows					3,396	3,559	3,673	3,480
23	Liquidity Coverage Ratio (%)					225.68	210.61	200.78	203.73

EU LIQ1: Quantitative information on LCR (Aareal Bank AG)

Scope of consolidation		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
€ mn									
EU 1a	Quarter ending on	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					7,494	7,383	7,564	8,024
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	6,549	6,481	6,398	6,308	337	334	329	326
3	Stable deposits	6,299	6,238	6,160	6,059	315	312	308	303
4	Less stable deposits	211	208	205	220	22	22	21	23
5	Unsecured wholesale funding	7,387	7,539	7,609	7,683	3,282	3,360	3,381	3,400
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	3,303	3,247	3,190	3,325	773	760	748	784
7	Non-operational deposits (all counterparties)	3,830	4,040	4,187	4,158	2,255	2,347	2,401	2,415
8	Unsecured debt	254	252	232	200	254	252	232	201
9	Secured wholesale funding					35	51	53	48

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Scope of consolidation		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
€ mn									
10	Additional requirements	1,982	1,970	1,913	1,892	1,056	1,051	998	991
11	Outflows related to derivative exposures and other collateral requirements	699	686	712	733	671	663	671	670
12	Outflows related to loss of funding on debt products	81	96	117	125	81	96	117	125
13	Credit and liquidity facilities	1,202	1,188	1,084	1,034	303	292	209	197
14	Other contractual funding obligations	197	169	151	150	184	154	134	131
15	Other contingent funding obligations	809	880	1,056	1,085	89	75	101	106
16	Total cash outflows					4,982	5,024	4,996	4,892
Cash inflows									
17	Secured lending (e. g. reverse repos)	127	127	127	127	9	9	9	9
18	Inflows from fully performing exposures	1,064	877	761	728	688	608	544	518
19	Other cash inflows	193	150	155	149	193	150	155	149
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)					-	-	-	-
20	Total cash inflows	1,384	1,154	1,043	1,004	890	766	707	676
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	1,384	1,154	1,043	1,004	890	766	707	676
						Total adjusted value			
EU-21	Liquidity buffer					7,494	7,383	7,564	8,024
22	Total net cash outflows					4,092	4,257	4,289	4,326
23	Liquidity Coverage Ratio (%)					186.04	174.78	176.92	184.87

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. 87 % 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 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 business.

Evolution of Aareal Bank AG's Liquidity Coverage Ratio over time

Aareal Bank AG's LCR, as reported to the supervisory authorities, increased compared to 30 June 2024 (172.34 %), reaching 214.27 % as at the reporting date. This development was driven by an increase in HQLAs (€ +802 million) and a simultaneous € 457 million decline in net cash outflows.

The HQLA increase is due in particular to new issues of own securities and to repayments of outstanding loans.

The main drivers of lower net cash outflows compared to the previous quarter are a smaller number of maturing bullet bond issues on the one hand, and a higher level of maturing loans on the other.

Since the disclosure of key LCR parameters is based on the weighted and unweighted averages of the past 12 reporting dates of the respective quarter, the drivers outlined above do not have the same effect upon quarter-on-quarter changes as shown in table EU LIQ I.

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 and to retail 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 is 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, Atlantic Group and Aareal Bank AG have no significant foreign currency exposure in their portfolios. As at the reporting date 30 September 2024, Atlantic Group's largest foreign currency portfolio in USD amounts to 2.95 % of total liabilities (Aareal Bank AG: 3.78 %). We monitor 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. The additional outflow is determined as per the historical look-back approach (HLBA) both at Atlantic Group and Aareal Bank AG level. The LCR calculation for Atlantic Group includes the largest absolute collateral net flow within a period of 30 days which occurred since the Group's foundation (maximum period of 24 months; the same period is used to calculate Aareal Bank AG's LCR). As at the reporting date, the annual average of additional liquidity requirements stood at € 592 million for both Atlantic Group and Aareal Bank AG.

Imprint

Contents:

Aareal Bank AG, Investor Relations,
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This report is also available in German language.



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