

# Regulatory Remuneration Report 2024

pursuant to sections 16 and 27 (1) sentence 3  
of the German Regulation on Remuneration  
in Financial Institutions (InstVergV) in conjunction  
with article 450 of the CRR

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This regulatory Remuneration Report discloses information for the 2024 financial year (“year under review”) as required by sections 16 and 27 (1) sentence 3 of the German Regulation on Remuneration in Financial Institutions (“InstVergV”) in conjunction with article 450 of Regulation (EU) 575/2013 (Capital Requirements Regulation – “CRR”). The disclosure requirement concerns Aareal Bank AG and all other entities in the regulatory scope of consolidation, to the extent that such entities are subject to the regulatory requirements governing remuneration pursuant to the InstVergV.

## Design Principles of the Remuneration Systems

Aareal Bank’s remuneration systems are designed to support the Bank’s business strategy as well as its long-term and sustainable success, respecting the Bank’s risk culture, also including risk-related environmental, social and governance (ESG) targets and the Bank’s corporate culture.

Principle	Details
<b>Pay for Performance and alignment to interests of shareholders</b>	<p>The variable remuneration of employees and Management Board members is based on the achievement of ambitious targets or tasks. Therefore, variable remuneration is directly linked to, and geared towards promoting the performance of Aareal Bank.</p> <p>For risk takers, including Management Board members, at least 50 % (Management Board members: at least 55 %) of variable remuneration is directly linked to the share price development above a defined level, and a total of at least 70 % of variable remuneration is subject to deferral and/or retention arrangements. Following the delisting on 21 November 2023, the share price has been replaced by an equivalent valuation reference.</p>
<b>Alignment with business and risk strategies</b>	<p>By deriving the remuneration targets from the business strategy, employees and Management Board members are incentivised to consistently pursue the achievement of Aareal Bank’s strategic goals. Furthermore, the targets are set in line with Aareal Bank’s risk strategies as well as the aspired risk culture and company culture.</p>
<b>Long-term orientation</b>	<p>Variable remuneration is subject to robust risk adjustment measures, including deferral arrangements that allow for a reduction, complete elimination, and even a clawback of variable remuneration.</p> <p>Variable remuneration for Management Board members is also based on a multi-year assessment period, in order to ensure sustainable target achievement.</p>
<b>Comprehensible system and transparent disclosure</b>	<p>The Supervisory Board aims to implement a remuneration system that is easily comprehensible for all internal and external stakeholders and that can be reconciled without unnecessary complexity.</p>
<b>Consistency between remuneration system for employees and the Management Board remuneration system</b>	<p>The Bank aims to design a remuneration system for employees that is closely aligned to the remuneration system for Management Board members, ensuring that both the Management Board and the entire workforce strive towards the same company goals for Aareal Bank.</p>
<b>Governance and regulatory requirements</b>	<p>As a financial institution supervised by the European Central Bank, Aareal Bank is subject to numerous regulatory requirements regarding workforce remuneration, including the remuneration of Management Board members.</p> <p>Aareal Bank has established robust governance arrangements and bodies in line with the requirements of the German Banking Act (Kreditwesengesetz – “KWG”), the InstVergV and other applicable rules and regulations in order to ensure Aareal Bank’s continuous compliance with the various German and international regulatory requirements.</p>
<b>Gender equality</b>	<p>An inclusive working environment which is free from discrimination is a material aspect of Aareal Bank’s corporate values. Hence, Aareal Bank’s remuneration systems are designed to be gender-neutral across all levels.</p>

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## Integration of ESG Targets into the Remuneration System

The Bank has integrated environmental, social and governance (ESG) aspects into its sustainability-focused business strategy, which is in turn reflected in the remuneration strategy.

Aareal Bank's remuneration strategy is aimed at promoting responsible action, with sustainability risks being considered appropriately. It complies with the requirements of Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation – "SFDR").

Remuneration systems for employees and for members of the Management Board therefore include provisions establishing close links between ESG targets and remuneration.

Our remuneration structure ensures that:

- sustainability is being taken into account in determining variable remuneration components;
- there are no incentives for employees to enter into risks that are incompatible with ESG targets; and that
- performance assessment incorporates ESG criteria, especially for risk takers.

In order to reflect the growing importance of ESG/sustainability-related aspects, the remuneration structure includes an ESG-related Group target. The Group-wide target component currently comprises two key ESG fields of action:

- promotion of sustainable financing, especially through the targeted expansion of lending volume linked to ecological initiatives; and
- anchoring ethical and respectful standards of conduct as an expression of a corporate culture based on values.

In addition, for Management Board members at least one strategic target is ESG-related. These targets are based on key ESG fields of action, especially:

- promoting equal opportunities and diversity in the context of personnel decisions;
- strengthening responsible corporate governance by implementing regulatory sustainability requirements; and
- promoting a sustainable corporate culture that focuses on ethical behaviour and respectful interaction.

Targets for Management Board members are cascaded within the framework of the target-setting process and transferred to lower management levels and relevant employee groups. This ensures the operationalisation of strategic goals, whereby the entire organisation contributes to target achievement.

In this way, the Bank not only complies with regulatory requirements, but also sets a clear signal for responsible and sustainable business conduct. Linking remuneration to ESG targets promotes a corporate culture based on ethical behaviour, social responsibility and long-term success.

## Fixed Remuneration

All employees and Management Board members receive fixed remuneration, which is gender-neutral, based on the scope and complexity of the individual's tasks and his/her role and responsibility, and is designed to be competitive on the market.

This gender-neutral fixed remuneration usually consists of a base salary and ancillary benefits (including benefits under the corporate retirement plan). For pay-scale employees the base salary is subject to the collective wage agreement for the German private banking sector, while for employees not covered by collective agreements it is based on an internal position plan that differentiates between an expert and manager career path and defines the base salary ranges. The members of the management level immediately below the Management Board are referred to as Managing Directors; their gender-neutral fixed remuneration is determined by the Management Board, taking prevailing market levels into account, among other things.

## Variable Remuneration – Calculation

When it comes to the structure of the remuneration system for employees, a general distinction is made between three groups of employees. First of all, Aareal Bank has employees whose remuneration is governed by collective agreements. Aareal Bank AG is a member of the German Arbeitgeberverband des privaten Bankgewerbes e. V. (association of employers in private banking) and bound by the collective agreements for private banks. Then, there are employees whose remuneration is not governed by collective agreements. Some of these employees have been identified as “risk takers”, i.e. employees whose actions have a material impact on the overall risk profile of the Bank or Group. The variable remuneration paid to these risk takers is subject to special regulatory requirements governing remuneration.

The remuneration system for the Management Board and the remuneration system for employees are closely aligned. Consistency between the systems is achieved in particular by using the Group component in the structure of variable remuneration, which is applied to both the Management Board and employees. In principle, targets for employees are derived from the targets formulated for members of the Management Board. This also ensures that the individual targets are in line with the risk strategies, risk appetite and the targeted risk culture.

In order to identify employees who are classed as risk takers, Aareal Bank carries out an annual independent risk analysis, identifying the employees in question based on a uniform set of criteria whilst taking regulatory requirements pursuant to sections I (21) and 25a (5b) of the KWG in conjunction with Delegated Regulation (EU) 2021/923 into account.

## Remuneration parameters for employees

Variable remuneration for employees is calculated based on targets derived from the business strategy. The assessment period for target achievement is one year. Variable remuneration is calculated for all entitled persons on the basis of two or three assessment components: a Group component, an organisational unit component (OU component; only for risk takers) and an individual component.

### Variable remuneration components

<b>Group component</b>	<p>The Group component serves to link variable remuneration of each employee to the Bank's performance and success.</p> <p>Amongst other things, the Company's interests are duly taken into account by the fact that Group targets are geared towards the key performance indicators (“KPIs”) used for corporate management purposes. These KPIs (including profitability, capital, credit risk, liquidity risk and ESG factors) are assessed independently and derived directly from the Group's overall business goals. In order to reduce the influence of one-off effects, certain effects are already excluded from target achievement per se when the targets are set, e.g. changes due to external regulatory requirements, M&amp;A transactions, etc.</p> <p>For the reporting year 2024, consolidated operating profit before taxes was chosen as the earnings target while the risk-return ratio was used as a risk-adjustment target. The overall target achievement level is calculated by adding all target values; it is capped at a target achievement level of 200 %.</p>
<b>Organisational unit component (only for risk takers)</b>	<p>On an annual basis the Management Board, in consultation with the relevant head of the organisational unit, defines performance criteria and target values for the organisational unit component for each organisational unit.</p>
<b>Component related to individual performance</b>	<p>The individual component is measured based on the individual performance of the employee in question and the overall assessment of the main tasks and targets, although targets are only agreed upon with employees not covered by collective agreements.</p>
<b>Toggle</b>	<p>The “Toggle” KPI is a multiple based on the Group component; it is used to determine the starting value for variable remuneration. Toggle is only applied to the remuneration system for Managing Directors; it has a minimum value of 33% and is capped at 167 %.</p>

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When weighting the different components of variable remuneration, the employee's position in the organisation's hierarchy is also taken into account, reflecting his/her influence over the Group's/Bank's success. This results in differences in the weighting attached to the three additive components depending on an individual's responsibility within the Company: For executives on the level below the Management Board (MDs), the Group component has a weight of 35 % and the organisational unit component of 20 %. For risk takers who are not MDs, the Group component has a weight of 25 % and the organisational unit component of 15 %. For all other employees, the Group component has a 25 % weight; no organisational unit component applies.

### **Remuneration parameters for Management Board members**

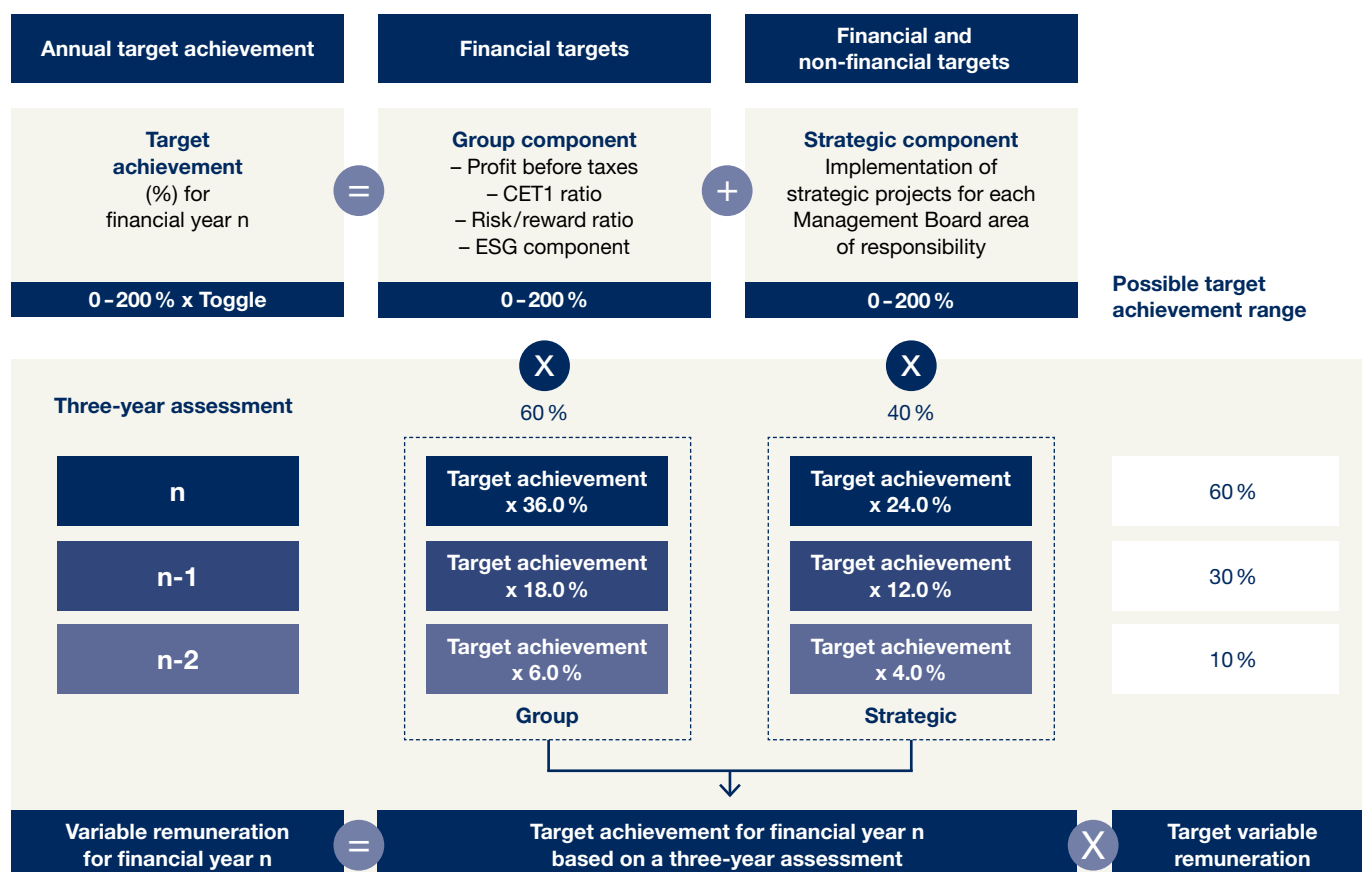
Similar to the calculation of variable remuneration for employees, the performance of Management Board members is assessed based on two components: the Group component and the strategic component. The targets set for both components are focused on sustainable and long-term growth. To measure and monitor target achievement, metrics (KPIs) are determined annually for targets, and their level of achievement is assessed at the end of the financial year. The target achievement level for each component is determined by the respective degree of KPI achievement for the financial year under review and by the degrees of KPI achievement of the two previous financial years (therefore, a three-year assessment basis). In addition, the Toggle KPI applies to the remuneration system for Management Board members, as a multiple (ranging between 0 % and 200 %) to determine the target achievement level for the financial year.

The members of the Management Board are responsible – and epitomise – the Company's success. This is also reflected in the relative weighting of the components. Accordingly, achieving performance targets in the Group component accounts for the clear majority (60 %) of target achievement. Group component metrics applied are identical to those used for the Group component of employees. A 40 % weight is applied to the targets within the strategic component.

To set ambitious targets and a strong incentive for successful Management Board work, target achievement levels are incorporated at different levels over time. As a result, the target achievement level is calculated by looking at performance in more than one year at all target levels. The most recent reporting year is weighted at 60 %, the preceding one at 30 %, and the oldest year in the assessment period at 10 %.

For newly appointed Management Board members, the three-year period for measuring remuneration targets is built up gradually. Accordingly, the weighting of target achievement levels for the years forming the performance period when determining the overall degree of target achievement can then be different for new members of the Management Board who have not yet completed three years of service. In accordance with regulatory requirements, the deferral period is extended for shortened assessment periods. Hence, for the first year, the assessment period is only one year, with the deferral period being extended from five to seven years. For the second year, the assessment period is extended to two years and the deferral period adjusted to six years.

### Multi-year performance measurement across different target levels



### Variable remuneration – Disbursement

In accordance with the regulatory requirements, a portion of variable remuneration for risk takers, including members of the Management Board, must be deferred. Pursuant to section 18 (1) sentence 3 of the InstVergV, however, this does not apply to risk takers whose variable remuneration does not exceed € 50,000 and does not account for more than a third of their total remuneration – an exemption which applied to around one-third of Aareal Bank's risk takers in the 2024 financial year.

#### Deferral period

For risk takers whose variable remuneration is partially deferred, the disbursement modalities are based on those that apply to the Management Board remuneration system. However, they vary depending on the risk taker's position within the organisational structure.

60 % of the variable remuneration paid to Management Board members and risk takers on Managing Director levels is subject to a five-year deferral period. By contrast, 40 % of variable remuneration paid to the other risk takers is subject to deferral. The deferral period is four years for risk takers and five years for Managing Directors and Management Board members.

50 % each of deferred and non-deferred components are converted into virtual shares that must be held for a minimum period of one year. For Management Board members, the share-based portion is higher.

## Overview of pay-out components of variable remuneration<sup>1)</sup> by employee category

	Cash bonus	Share bonus <sup>4)</sup>	Cash deferral	Share deferral <sup>4)</sup>
<b>Non-risk takers</b>	100 %	n/a	n/a	n/a
<b>Risk takers (variable remuneration below the exemption threshold<sup>2)</sup>)</b>	100 %	n/a	n/a	n/a
<b>Risk takers (no MDs, variable remuneration above the exemption threshold but below the deferral threshold<sup>3)</sup>)</b>	30 %	30 %	20 % (four-year deferral period)	20 % (four-year deferral period)
<b>Risk takers (no MDs, variable remuneration above the exemption threshold and above the deferral threshold<sup>3)</sup>)</b>	20 %	20 %	30 % (four-year deferral period)	30 % (four-year deferral period)
<b>MDs (variable remuneration above the exemption threshold)</b>	20 %	20 %	30 % (five-year deferral period)	30 % (five-year deferral period)
<b>Management Board</b>	20 %	20 %	25 % (five-year deferral period)	35 % (five-year deferral period)

<sup>1)</sup> The calculated variable remuneration refers to the sum of the variable remuneration determined for the two (three) assessment components, each being calculated based on the individual target-variable remuneration of the eligible employee at 100 % target achievement, the weighting of the component in question, and the degree of target achievement determined for the component in question.

<sup>2)</sup> Risk takers, whose variable remuneration for a given financial year neither exceeds € 50,000 nor accounts for more than a third of the risk taker's total annual remuneration (exemption threshold), receive their variable remuneration in line with section 18 (1) of the InstVergV as a 100 % cash bonus.

<sup>3)</sup> In accordance with section 20 (3) of the InstVergV, the Bank has identified a threshold beyond which the proportion of variable remuneration to be deferred is increased from 40 % to 60 %. This does not affect the four-year deferral period.

<sup>4)</sup> Employees may opt to have their virtual shares disbursed at a later date after the end of the one-year holding period (up to three years after the end of the holding period). The option is not available to Management Board members and employees of Aareal Capital Corporation, New York.

Upon termination of the employment contract, the payout components that are still subject to deferral and/or a holding period will not be paid out prematurely. Instead, the payout dates and criteria for the determination of the payout amount in accordance with the regular payout schedule remain unchanged.

## Further details on share-based remuneration

<b>Initial calculation</b>	The share-based portion of variable remuneration for the financial year under review is converted into a corresponding number of virtual shares. Following the delisting of Aareal Bank AG at the close of 21 November 2023, the number of virtual shares relevant for variable remuneration starting from the 2024 financial year will be calculated based on an equivalent valuation reference, whereby the value of virtual shares is determined by reference to Aareal Bank AG's enterprise value as at 31 December of the past financial year.
<b>Payout amount</b>	Prior to payout of the share bonus or of a share deferral tranche, virtual shares will be converted into a cash amount using the valuation reference set out above.
<b>Cap</b>	The payout amount of the share-based remuneration components for a given financial year depends upon the prevailing value of an Aareal Bank [AG] share; for Management Board members it has been limited to a maximum of 400 % of the share bonus/deferral component, as determined for the respective component on the basis of the initial variable remuneration calculation. For all other risk takers, no cap applies.
<b>Dividends</b>	In accordance with the regulatory requirements for banks, employees are not entitled to any dividend payments for the share-based remuneration components of their variable remuneration during the deferral period. If dividends are paid on Aareal Bank's shares during the holding period, a payout will be made as a salary component in an amount equivalent to the dividend and the proportion of the virtual shares.
<b>Changes in share capital structure</b>	Should the number of shares issued by Aareal Bank change within the deferral period or holding period, the number of virtual shares may be adjusted.



## Ex-post review of target achievement and behaviour

In line with regulatory requirements, employees are not entitled to the deferred variable remuneration components until they are disbursed or, in the case of virtual shares, until the shares are allotted. Prior to disbursement, multiple reviews are conducted to assess if deferred variable remuneration components should be reduced or even be clawed back (ex-post risk adjustment). In addition, all deferred tranches of variable remuneration are subject to the requirements regarding risk-bearing capacity as outlined in the table below.

### Ex-post risk adjustment

<b>Backtesting</b>	Before the deferral period of a deferred tranche ends, a retrospective review of the original success and performance measurement is conducted. If, for example, an indicator used to determine variable remuneration needs to be adjusted retrospectively, this can result in variable remuneration components being reduced retrospectively before they vest.
<b>Malus</b>	<p>Until they are paid out, variable remuneration components remain subject to the same malus review as before the initial determination of variable remuneration, which allows for a subsequent reduction or even the cancellation of the variable remuneration.</p> <p>Malus-triggering events include, but are not limited to, wilful breaches of internal or external rules, conduct damaging the Bank's reputation and negative performance contributions leading to significant losses or material regulatory sanctions.</p>
<b>Clawbacks</b>	Variable remuneration is also subject to clawback regulations. In cases involving negative performance contributions, variable remuneration components that have already been paid out can be clawed back for up to two years after the end of the last deferral period for variable remuneration paid out for the financial year in question.

## Other rules governing remuneration

<b>Hedging ban</b>	Pursuant to section 8 of the InstVergV, all employees are prohibited from undertaking to limit or override the risk orientation of their remuneration by initiating personal hedges or other countermeasures. Annual checks are performed to verify compliance.
<b>Bonus cap</b>	Aareal Bank is subject to the provisions set out in section 25a (5) sentence 2 of the KWG, according to which variable remuneration must not exceed fixed remuneration in the assessment year ("bonus cap"). However, Aareal Bank's Annual General Meeting resolved in 2024 that variable remuneration may amount to up to 200% of the fixed remuneration for certain defined functions, replacing the previous resolution adopted in 2014. This concerns employees holding defined executive positions and key national and international sales experts in the commercial property finance business as well as management functions, defined executive positions and key expert functions of Aareal Capital Corporation, New York, and Aareal Bank Asia Ltd, Singapore.
<b>Control units</b>	For employees working in control units within the meaning of section 2 (11) of the InstVergV, it is ensured that the emphasis of their remuneration is on the fixed component, as required by section 9 of the InstVergV. Regarding the individual component and – for risk takers – the organisational unit component, the remuneration parameters are not based on the same remuneration parameters that apply to the organisational units they control.
<b>Risk-bearing capacity</b>	<p>The total amount of variable remuneration determined for a given financial year is subject to the proviso that, pursuant to section 7 of the InstVergV, the Bank resolves to provide an amount mathematically sufficient for all variable remuneration components to be paid out in full.</p> <p>Reviewing the prerequisites is carried out based on internal procedural guidelines and KPIs derived from the Bank's risk strategies.</p>

<b>Severance payments</b>	<p>In line with section 5 (6) of the InstVergV, the Bank has defined internal principles governing the calculation of severance payments when an employment contract is terminated.</p> <p>The Management Board service contracts do not include any obligation to make a severance payment in the event of premature termination. Service contracts concluded since 2021 also do not contain change-of-control provisions. Earlier contracts do contain change-of-control provisions that provide for severance payments in the event of a change of control and a unilateral resignation by the Management Board member.</p> <p>If these members were to be reappointed, the change-of-control clauses would no longer be included in that member's extended service contract.</p> <p>Upon premature termination of a Management Board service contract, severance payments may be made within the limits of applicable law. They must take into account the performance of the Management Board member over time, and must not reward negative performance contributions or misconduct by the Management Board member (no reward for failure).</p> <p>The contracts concluded with the members of the Management Board state that, in the event of premature termination of their term on the Management Board without good cause, severance payments must not exceed twice the annual remuneration and must not constitute remuneration for more than the remaining term of the service contract (severance cap).</p>
<b>Guaranteed variable remuneration</b>	<p>Under exceptional circumstances, the Bank may grant sign-on bonuses or guaranteed variable remuneration. However, this option is only available upon commencement of employment and not for existing employment relationships.</p>
<b>Share ownership</b>	<p>At least 50 % of variable remuneration (for risk takers below the Management Board with deferred remuneration components) is awarded in the form of virtual shares, meaning that the total remuneration is inextricably tied to the overall long-term performance of the institution. Against this background, there is no further obligation to hold actual shares in Aareal Bank.</p>

## Review of the Remuneration Systems

In line with the regulatory requirements governing remuneration, the remuneration systems are regularly reviewed for their appropriateness, in particular to ensure that changes to the business and risk strategies are adequately taken account of.

## Scope of Application of the Remuneration Systems

In accordance with section 27 (1) of the InstVergV, Aareal Bank AG has laid out a Group-wide remuneration strategy for all entities within the regulatory scope of consolidation.

The remuneration system for employees outlined above applies to Aareal Bank AG (including foreign branches) and to relevant subsidiaries within the regulatory scope of consolidation.

## Remuneration System for Members of the Supervisory Board

The remuneration for members of the Supervisory Board is based on the resolution passed by the Annual General Meeting on 10 August 2023. In accordance with the requirements set out in section 25d (5) of the KWG, the remuneration system for members of the Supervisory Board exclusively provides for fixed remuneration. Where membership in the Supervisory Board falls short of an entire financial year, said remuneration shall be paid on a pro rata temporis basis. Furthermore, the Supervisory Board members will be reimbursed for their expenses.

The remuneration for any financial year shall be due and payable one month after the end of the respective financial year.

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## Remuneration Governance

Aareal Bank has adopted robust Governance arrangements ensuring the compliance with regulatory requirements.

### Supervisory Board

Pursuant to section 3 (2) of the InstVergV, the Supervisory Board is responsible for the appropriate design and monitoring of the remuneration systems for members of the Management Board. The Supervisory Board decides on Management Board remuneration, monitors appropriateness, defines targets for determining variable remuneration, and decides on target achievement. During the following years, the Supervisory Board reviews, within the framework of backtesting/malus reviews, whether variable remuneration originally determined needs to be adjusted or reclaimed (clawback). As part of examining appropriateness of Management Board remuneration, the Supervisory Board shall review whether the remuneration system for the Management Board (as well as the corresponding targets for Management Board members derived therefrom) is consistent with the Company's business and risk strategies, the objectives derived from these strategies, the corresponding risk management, as well as with the defined risk appetite and corporate values. A vertical comparison of remuneration of the Management Board members with the remuneration of the senior management (usually the highest management level below the Management Board) as well as with the remuneration of the Bank's workforce in general, as well as a horizontal comparison with the remuneration of Management Board members of comparable enterprises based on the relevant peer group, are required as further elements of this appropriateness review.

### Remuneration Control Committee

#### Tasks

The Remuneration Control Committee supports the Supervisory Board in its monitoring duties and prepares the plenary meeting's resolutions concerning remuneration. The Committee is responsible for the design and monitoring of the remuneration systems for the Management Board. Moreover, it proposes targets for variable remuneration and for target achievement at the end of the year, and also monitors the levels of target achievement.

Moreover, the Committee assesses the effects of the remuneration systems on the Group's risk, capital, and liquidity management. In the run-up to determining variable remuneration for a past financial year, it reviews whether there are any backtesting or malus events which may result in a reduction of variable remuneration.

The Remuneration Control Committee also supports the Supervisory Board when it comes to monitoring whether remuneration systems for the Bank's employees are appropriate. One of the particular tasks of the Remuneration Control Committee is to review on a regular basis, but at least once a year, whether the aggregate amount of variable remuneration has been determined in accordance with section 7 of the InstVergV, and if the established principles for the measurement of remuneration parameters, contributions to earnings as well as payment and deferral periods – including the conditions for a full forfeiture or partial reduction of variable remuneration – are appropriate.

The Remuneration Control Committee held nine meetings during the year under review.

#### Changes during the year under review

The composition of the Remuneration Control Committee changed during the 2024 financial year: Following the retirement of Prof. Dr Wagner at the close of the Annual General Meeting in 2024, Mr Rinke assumed the vacant position on the Remuneration Control Committee. The other members remained unchanged, with Mr Mustier as Chairman, Mr Lotter as Deputy Chairman, Mr Giesecke, Ms Heinemann-Specht and Mr Novatius.

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## **Risk Committee**

The Risk Committee verifies whether the incentives created by the remuneration system take the Company's risk, capital and liquidity structure into account, as well as the probability and timing of income.

## **Annual General Meeting**

The Annual General Meeting decides whether or not to raise the cap on the variable remuneration component for certain functions (if applicable).

## **Remuneration Officer**

The Remuneration Officer monitors the appropriateness of the remuneration systems for employees and supports the Supervisory Board and its Remuneration Control Committee in their tasks to monitor all remuneration systems, and to determine the specifications thereof.

## **Management Board**

Pursuant to section 3 (1) of the InstVergV, the Management Board is responsible for the appropriate design of the remuneration systems for all employees.

## **Control units and Human Resources division**

Pursuant to section 3 (3) of the InstVergV, the control units (as defined by the InstVergV) and the Human Resources division must be involved – in an appropriate manner – with the design and monitoring of the remuneration systems and in the procedure for identifying risk takers within the scope of their duties.

## **External advisors**

In order to review the appropriateness of Management Board remuneration, an external remuneration advisor is engaged at least every four years to prepare an opinion as to the appropriateness of this remuneration – and especially as to whether this remuneration is in line with common practice and is comparable. The Supervisory Board may seek support from remuneration and/or legal advisors in the course of further development and review of the remuneration systems. When mandating such advisors, attention is paid to their independence from the Management Board and the Company to avoid any conflicts of interest. In the year under review, the Supervisory Board was advised by Willis Towers Watson regarding the remuneration's appropriateness and whether it was in line with common practice, and by law firm Freshfields Bruckhaus Deringer regarding legal issues.

## Quantitative Information on Remuneration

In the spring of 2025, the Management Board and the Supervisory Board stated that the conditions of section 7 of the InstVergV were met, and determined the total amount of variable remuneration for the 2024 financial year.

Remuneration data is disclosed below for Aareal Bank AG as well as for Aareal Bank Group entities in accordance with section 10a of the KWG, to the extent that such entities are subject to the InstVergV. In accordance with Article 450 (1) (g) of the CRR, quantitative information is disclosed on an aggregated basis, broken down by business divisions.

Remuneration data in the disclosure tables shown below was rounded commercially; this may lead to rounding differences in the totals.

### Total remuneration amount pursuant to section 16 (1) no. 3 of the InstVergV

	Management Body		Business Areas				Total
	Members of the administrative or supervisory body pursuant to section 25d of the KWG	Management Board members pursuant to section 25c of the KWG	Retail Banking	Corporate Functions	Independent Control Functions	All other divisions	
Number during the year under review (headcount – “HC”) <sup>1)</sup>	12	5	368	524	120	123	1,152
Number during the year under review (full-time equivalents – “FTEs”) <sup>1)</sup>			331.57	461.19	104.63	110.12	1,007.50
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<b>Total remuneration for the financial year</b>	<b>1.49</b>	<b>10.01</b>	<b>61.87</b>	<b>53.59</b>	<b>13.37</b>	<b>12.16</b>	<b>152.48</b>
of which: total fixed remuneration <sup>2)</sup>	1.49	4.32	44.01	45.50	11.39	9.93	116.64
of which: total variable remuneration <sup>3)</sup>	–	5.69	17.86	8.09	1.99	2.22	35.84

<sup>1)</sup> The information on HC and FTEs is as at 31 December 2024.

<sup>2)</sup> Pursuant to regulatory requirements, fixed remuneration also includes the service cost associated with the company pension scheme, as well as other ancillary benefits such as the value of the right to private use of company cars.

<sup>3)</sup> In line with regulatory requirements, variable remuneration also includes severance payments awarded during the reporting period.

## Quantitative information on remuneration for risk takers

The disclosures in this report are based on the binding provisions for implementation of quantitative disclosure requirements specified in detail in Article 17 of Commission Implementing Regulation 2021/637/EU, in the interests of comparability and increased transparency pursuant to Article 450 of the CRR. The term “risk taker” used below refers to employees whose professional activities have a material impact on an institution’s risk profile and therefore need to be identified, as defined in article 92 of the CRD and the Commission Delegated Regulation (EU) 604/2014 for the implementation of article 94 (2) of the CRD.

### EU REM1: Remuneration awarded for the financial year

	a	b	c	d
	Management Body – Supervisory function <sup>1)</sup>	Management Body – Management function <sup>1)</sup>	Other senior management <sup>2)3)</sup>	Other risk takers <sup>2)</sup>
€ mn (unless specified otherwise)				
<b>Fixed remuneration</b>				
1 Number of risk takers <sup>4)</sup>	12	5	34	75
2 <b>Total fixed remuneration</b>	<b>1.49</b>	<b>4.32</b>	<b>11.36</b>	<b>13.49</b>
3 of which: cash-based	1.49	4.32	11.36	13.49
4 (not applicable in the EU)				
EU-4a of which: shares or equivalent ownership interests	–	–	–	–
5 of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
EU-5a of which: other instruments	–	–	–	–
6 (not applicable in the EU)				
7 of which: other forms	–	–	–	–
8 (not applicable in the EU)				
<b>Variable remuneration</b>				
9 Number of risk takers	–	5	32	74
10 <b>Total variable remuneration</b>	<b>–</b>	<b>5.69</b>	<b>10.80</b>	<b>6.72</b>
11 of which: cash-based	–	2.56	5.42	4.16
12 of which: deferred	–	1.42	3.25	1.17
EU-13a of which: shares or equivalent ownership interests	–	–	–	–
EU-14a of which: deferred	–	–	–	–
EU-13b of which: share-linked instruments or equivalent non-cash instruments	–	3.13	5.38	2.56
EU-14b of which: deferred	–	1.99	3.25	1.17
EU-14x of which: other instruments	–	–	–	–
EU-14y of which: deferred	–	–	–	–
15 of which: other forms	–	–	–	–
16 of which: deferred	–	–	–	–
17 <b>Total</b>	<b>1.49</b>	<b>10.01</b>	<b>22.16</b>	<b>20.21</b>

<sup>1)</sup> Information on management body (headcount – “HC”)

<sup>2)</sup> Information on other senior management and other risk takers (full-time equivalents – “FTEs”)

<sup>3)</sup> Senior management as defined in Article 3 (1) no. 9 of the CRD. This refers to the senior management (Managing Directors) at the management level below the Bank’s Management Board.

<sup>4)</sup> The information is as at 31 December 2024.

## EU REM2: Special payments to risk takers

	a	b	c	d
	Management Body – Supervisory function	Management body – Management function	Other senior management <sup>1)</sup>	Other risk takers
In € mn (unless specified otherwise)				
<b>Guaranteed variable remuneration</b>				
1 Guaranteed variable remuneration awards – Number of risk takers	–	–	1	–
2 Guaranteed variable remuneration awards – Total amount	–	–	0.10	–
3 of which: guaranteed variable remuneration awards paid during the financial year that are not taken into account in the bonus cap	–	–	–	–
<b>Severance payments awarded in previous periods that have been paid out during the financial year</b>				
4 Severance payments awarded in previous periods that have been paid out during the financial year – Number of risk takers	–	–	1	–
5 Severance payments awarded in previous periods that have been paid out during the financial year – Total amount	–	–	0.10	–
<b>Severance payments awarded during the financial year</b>				
6 Severance payments awarded during the financial year – Number of risk takers	–	–	1	–
7 Severance payments awarded during the financial year – Total amount	–	–	0.48	–
8 of which: paid during the financial year	–	–	–	–
9 of which: deferred	–	–	0.48	–
10 of which: severance payments paid during the financial year that are not taken into account in the bonus cap	–	–	–	–
11 of which: highest severance payment that has been awarded to a single person	–	–	0.48	–

<sup>1)</sup> Senior management as defined in Article 3 (1) no. 9 of the CRD. This refers to the senior management (Managing Directors) at the management level below the Bank's Management Board.

## EU REM3: Deferred remuneration

	a	b	c	d	e	f	EU-g	EU-h
	Total amount of deferred remuneration awarded for previous performance periods	of which: due to vest in the financial year	of which: vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year <sup>1)</sup>	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
in € mn (unless specified otherwise)								
<b>1 Management Body – Supervisory function</b>	–	–	–	–	–	–	–	–
2 Cash-based	–	–	–	–	–	–	–	–
3 Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4 Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5 Other instruments	–	–	–	–	–	–	–	–
6 Other forms	–	–	–	–	–	–	–	–
<b>7 Management body – Management function</b>	<b>14.29</b>	<b>3.75</b>	<b>10.54</b>	<b>–</b>	<b>–</b>	<b>4.09</b>	<b>3.34</b>	<b>2.58</b>
8 Cash-based	4.37	1.17	3.20	–	–	–	1.17	–
9 Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
10 Share-linked instruments or equivalent non-cash instruments	9.92	2.58	7.34	–	–	4.09	2.17	2.58
11 Other instruments	–	–	–	–	–	–	–	–
12 Other forms	–	–	–	–	–	–	–	–
<b>13 Other senior management<sup>2)</sup></b>	<b>13.96</b>	<b>3.86</b>	<b>10.10</b>	<b>–</b>	<b>–</b>	<b>3.98</b>	<b>2.87</b>	<b>2.33</b>
14 Cash-based	9.31	1.53	7.78	–	–	–	1.53	–
15 Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
16 Share-linked instruments or equivalent non-cash instruments	4.65	2.33	2.32	–	–	3.98	1.34	2.33
17 Other instruments	–	–	–	–	–	–	–	–
18 Other forms	–	–	–	–	–	–	–	–

<sup>1)</sup> According to the Commission Implementation Regulation (EU) 2021/637 dated 15 March 2021, this is defined as remuneration granted in the previous financial years and which is to be immediately vested in the financial year (even if subject to a holding period).

<sup>2)</sup> Senior management as defined in Article 3 (1) no. 9 of the CRD. This refers to the senior management (Managing Directors) at the management level below the Bank's Management Board.



	a	b	c	d	e	f	EU-g	EU-h
	Total amount of deferred remuneration awarded for previous performance periods	of which: due to vest in the financial year	of which: vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year <sup>1)</sup>	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
in € mn (unless specified otherwise)								
<b>19 Other risk takers</b>	<b>5.25</b>	<b>1.53</b>	<b>3.73</b>	<b>–</b>	<b>–</b>	<b>1.47</b>	<b>1.59</b>	<b>0.88</b>
20 Cash-based	3.44	0.64	2.80	–	–	–	0.64	–
21 Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
22 Share-linked instruments or equivalent non-cash instruments	1.81	0.88	0.93	–	–	1.47	0.95	0.88
23 Other instruments	–	–	–	–	–	–	–	–
24 Other forms	–	–	–	–	–	–	–	–
<b>25 Total</b>	<b>33.51</b>	<b>9.13</b>	<b>24.37</b>	<b>–</b>	<b>–</b>	<b>9.54</b>	<b>7.80</b>	<b>5.79</b>

<sup>1)</sup> According to the Commission Implementation Regulation (EU) 2021/637 dated 15 March 2021, this is defined as remuneration granted in the previous financial years and which is to be immediately vested in the financial year (even if subject to a holding period).

Pursuant to section 18 (1) of the InstVergV, the requirement to defer variable remuneration of risk takers over a minimum period of three years is waived if such remuneration remains does not exceed an exemption threshold of € 50,000 and does not account for more than a third of the risk taker's total remuneration. Given that the majority of risk takers at Aareal Bank Group received variable remuneration in recent years below (and in some cases, clearly below) € 50,000, this influences the share of non-deferred variable remuneration.

#### EU REM4: Remuneration of € 1 million or more per year

	a
Remuneration levels (€)	Number of risk takers <sup>1)</sup>
1 € 1,000,000 to below € 1,500,000	6
2 € 1,500,000 to below € 2,000,000	2
3 € 2,000,000 to below € 2,500,000	2
4 € 2,500,000 to below € 3,000,000	2
5 € 3,000,000 to below € 3,500,000	–
6 € 3,500,000 to below € 4,000,000	–
7 € 4,000,000 to below € 4,500,000	–
8 € 4,500,000 to below € 5,000,000	–
9 € 5,000,000 to below € 6,000,000	–
10 € 6,000,000 to below € 7,000,000	–
11 € 7,000,000 to below € 8,000,000	–

<sup>1)</sup> Number of high-salary risk takers within the meaning of Article 450 (1) letter i of the CRR

**EU REM5: Information on remuneration of risk takers**

	a	b	c	d	e	f	g	h	i	j
	Management body remuneration			Business areas						
	Management Body – Supervisory function	Management Body – Management function	Total	Investment Banking <sup>1)</sup>	Retail Banking	Asset Management <sup>1)</sup>	Corporate Functions	Independent Internal Control Functions	Other <sup>2)</sup>	Total
In € mn (unless specified otherwise)										
1 Number of risk takers (full-time equivalents – “FTEs”) <sup>3)</sup>										126
2 of which: members of the management body <sup>4)</sup>	12	5	17							
3 of which: other senior management <sup>5)6)</sup>				–	16	–	13	4	2	35
4 of which: other risk takers <sup>6)</sup>				–	56	–	4	9	5	74
5 Total remuneration of risk takers	1.49	10.01	11.49	–	28.83	–	7.41	3.54	2.59	53.87
6 of which: variable remuneration	–	5.69	5.69	–	12.12	–	3.19	0.99	1.22	23.21
7 of which: fixed remuneration	1.49	4.32	5.80	–	16.71	–	4.23	2.55	1.37	30.66

<sup>1)</sup> Business areas not part of the Group

<sup>2)</sup> The “Other” business area comprises the Bank’s Banking & Digital Solutions unit, as well as the subsidiaries within the regulatory scope of consolidation which are assigned to the Banking & Digital Solutions segment.

<sup>3)</sup> The information is as at 31 December 2024.

<sup>4)</sup> Information on the members of the management body (headcount – “HC”)

<sup>5)</sup> Senior management as defined in Article 3 (1) no. 9 of the CRD. This refers to the senior management (Managing Directors) at the management level below the Bank’s Management Board.

<sup>6)</sup> Information on other senior management and other risk takers (full-time equivalents – “FTEs”)

**Imprint****Contents:**

Aareal Bank AG

**Layout:**

S/COMPANY · Die Markenagentur GmbH

**Aareal Bank AG**

Regulatory Affairs

Paulinenstrasse 15 · 65189 Wiesbaden, Germany

Phone: +49 611 348 3009

Fax: +49 611 348 2637

[www.aareal-bank.com](http://www.aareal-bank.com)

This report is also available in German language.



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