Regulatory Disclosure Report for H1 2022

of Aareal Bank Group

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Regulatory Disclosure Report for H1 2022

Preface

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

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

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

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

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

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

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

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

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

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

Overview of Regulatory Key Metrics

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

EU KM1: Key metrics

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

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€ mn		a 30 Jun 2022	b 31 Mar 2022	c 31 Dec 2021	d 30 Sep 2021	e 30 Jun 2021
	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)	6,750	6,775	6,643	6,695	7,035
EU 16a	Cash outflows – total weighted value	3,634	3,287	3,080	3,020	3,045
EU 16b	Cash inflows – total weighted value	672	549	472	450	447
16	Total net cash outflows (adjusted value)	2,961	2,740	2,607	2,570	2,598
17	Liquidity coverage ratio (LCR) (%)	231.23	248.54	255.42	261.15	271.66
	Net Stable Funding Ratio[1)]					
18	Total available stable funding	35,166	32,273	33,011	34,997	34,414
19	Total required stable funding	30,901	27,523	27,064	29,807	29,667
20	NSFR (%)	113.80	117.26	121.98	117.41	116.00

[1)] A previous version of the reporting forms underlying table EU LIQ2 omitted € 3 million in additional value adjustments to assets and liabilities carried at fair value (prudent valuation), both in terms of available and required stable funding. ASF and RSF items were adjusted on 20 September 2022, with no resulting change in the NSFR.

Development of key metrics

Capital ratios and RWA

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

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

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

Leverage ratio

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

Liquidity Coverage Ratio

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

Net Stable Funding Ratio (NSFR)

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

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

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

Regulatory Capital

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

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

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

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

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

Composition of regulatory own funds

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

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

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

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

EU CC1: Composition of regulatory own funds

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

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

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

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

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

Common Equity Tier 1 capital

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

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

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

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

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

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

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

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

- **Additional value adjustments to assets and liabilities at fair value in accordance with Article 34 of the CRR in conjunction with Article 105 of the CRR (€ -3 million)**
  In accordance with Article 34 of the CRR in conjunction with the requirements for prudent valuation under Article 105 of the CRR, those additional value adjustments that are required to adjust the fair value to the prudent valuation are to be deducted from CET1.

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

- **Intangible assets as defined in Article 37 of the CRR (€ -24 million)**
  The amount largely comprises purchased and self-developed software classified as intangible assets (€ 20 million). The regulatory technical standard EBA/RTS/2020/07 on the regulatory treatment of software assets is not applied within Aareal Bank Group.

- **Deferred tax assets that rely on future profitability (€ -13 million)**
  The only deferred tax assets considered are those that do not result from temporary differences (net of related tax liability).

- **Negative amounts resulting from the calculation of expected loss amounts (€ -5 million)**
  In accordance with Article 36 (1) lit. d) of the CRR, negative amounts resulting or remaining from the offsetting of an expected loss (EL) and credit risk adjustments (the so-called value adjustment deficit) as required by Article 159 of the CRR are to be deducted from CET1.

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

- **Deductions pursuant to Article 3 of the CRR (€ -175 million)**
  This includes a voluntary and preventive capital deduction for regulatory uncertainties in connection with ECB reviews in the amount of € 95 million. This deduction item also accounts for the expectations defined by regulatory and legislative authorities regarding provisioning for non-performing exposures ("prudential provisioning").

- **Other deductions from CET1 (€ -35 million)**
  Aareal Bank holds irrevocable payment obligations to deposit guarantee schemes and resolution funds, for which assets were encumbered or cash collateral provided. The fact that the encumbered assets or the cash collateral provided cannot be used to cover potential current losses is taken into account by deducting them from CET1.

Additional Tier 1 capital

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

On 13 November 2014, the Management Board had issued notes in an aggregate nominal amount of € 300 million with a denomination of € 200,000 and an initial interest rate of 7.625 % p. a. (valid until 30 April 2020), based on the authorisation granted by the Annual General Meeting on 21 May 2014. The rate of interest for any interest period commencing after 30 April 2020 is equal to the reference rate (one-year EUR swap rate) determined on the relevant interest determination date plus a margin of 7.18 % p. a.

The notes constitute unsecured and subordinated obligations of the issuer.

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

Tier 2 capital

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

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

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

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

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

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

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

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

Risk-weighted assets and regulatory capital requirements

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

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

and, under the AIRBA, additionally depends on

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

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

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

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

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

		a	b	c
		RWAs		Regulatory capital requirements
€ mn		30 Jun 2022	31 Mar 2022	30 Jun 2022
1	**Credit risk (excluding CCR)**	**8,493**	**9,060**	**679**
2	of which: Credit Risk Standard Approach (CRSA)	1,110	933	89
3	of which: Foundation IRB Approach (FIRB)	–	–	–
4	of which: slotting approach	–	–	–
EU 4a	of which: Equity exposures under the simple risk-weighted approach	816	807	65
5	of which: Advanced IRB (AIRB) approach	6,568	7,320	525
6	**CCR**	**362**	**471**	**29**
7	of which: standardised approach	153	224	12
8	of which: internal model method (IMM)	–	–	–
EU 8a	of which: exposures to a CCP	25	24	2
EU 8b	of which: credit valuation adjustment – CVA	182	223	15
9	of which: other CCR	2	1	0
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	–	–	–

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

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

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

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

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

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

Regulatory categories	a	b	c	d	e	f
	Equity exposures under the simple risk-weighted approach					
	On-balance sheet exposures	Off-balance sheet exposures	Risk weight	Exposure value	RWAs	Expected loss amount
€ mn						
Private equity exposures	–	–	190 %	–	–	–
Listed investments	–	–	290 %	–	–	–
Other equity investments	220	–	370 %	220	816	5
Total	220	–		220	816	5

The RWAs set out in table EU OV1 for the market risks under the standardised approach are also disclosed in the table EU MR1 for the various market risk positions in accordance with Article 92 (3) lit. b) and c) of the CRR.

EU MR1: Market risk under the standardised approach

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

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

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

Countercyclical Buffer

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

The institution-specific countercyclical capital buffer is calculated as the weighted average of the countercyclical capital buffers applicable to the countries where the respective institution is exposed to significant credit risks. The institution is obliged to maintain this weighted average as a percentage of risk-weighted assets (RWAs) in the form of Common Equity Tier 1 capital. Significant credit risk exposures are defined in section 36 of the German Solvency Regulation (Solvabilitätsverordnung – "SolvV") and comprise exposures to corporate and private clients.

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

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

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

EU CCyB2: Amount of institution-specific countercyclical capital buffer

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

Credit Risks and Quantitative Information on Credit Risk Mitigation

Aareal Bank defines credit risk – or counterparty credit risk – as the risk of losses being incurred due to (i) a deterioration in a business partner’s credit quality (migration risk); (ii) a business partner defaulting on contractual obligations; (iii) collateral being impaired; or (iv) a risk arising upon realisation of collateral. Both credit business and trading activities may be subject to counterparty credit risk. Counterparty credit risk exposure from trading activities may refer to risk exposure vis-à-vis counterparties or issuers. Country risk is also defined as a form of counterparty credit risk.

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

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

Credit quality of exposures

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

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

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

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

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

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

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

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

EU CQ1: Credit quality of forborne exposures

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

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

EU CQ2: Quality of forbearance

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

Table EU CR1 does not take into account financial assets held for trading. In addition to the disclosures on non-performing exposures, the table also discloses loss allowances and provisions attributable to performing exposures.

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

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

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

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

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

Table EU CR1-A provides an overview of the net carrying amounts of loans and advances previously disclosed in table EU CR1 as well as debt securities, broken down by remaining term to maturity. The remaining term to maturity is determined on the basis of the contractually agreed term of the exposure. Column a comprises exposures due on demand.

EU CR1-A: Maturity of exposures

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

In line with table EU CR1, table EU CQ4 does not take into account financial assets held for trading. In addition to the disclosures on non-performing exposures, this table also discloses loss allowances and provisions attributable to performing exposures. The information is broken down by relevant countries. In this context, a country with an exposure of at least € 300 million is considered relevant. The allocation is based on the borrower's country of domicile.

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

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

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

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

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

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

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

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

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

EU CQ6: Collateral valuation – loans and advances

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

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

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

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

		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		of which: non-current assets held for sale	
€ mn		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	59	–	89	–								
020	Collateral obtained by taking possession other than that classified as PP&E	373	-89	305	–	25	–	112	–	168	–	–	–
030	Residential immovable property	12	-4	8	–	–	–	8	–	0	–	–	–
040	Commercial immovable property	361	-85	297	–	25	–	104	–	168	–	–	–
050	Movable property (auto, shipping, etc.)	–	–	–	–	–	–	–	–	–	–	–	–
060	Equity and debt instruments	–	–	–	–	–	–	–	–	–	–	–	–
070	Other collateral	–	–	–	–	–	–	–	–	–	–	–	–
080	**Total**	**431**	**-89**	**394**	**–**	**25**	**–**	**112**	**–**	**168**	**–**	**–**	**–**

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

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

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

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

Exposures subject to a general payment moratorium

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

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

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

Table 2: Loans and advances by residual maturity of moratoria

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

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

Credit risk mitigation

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

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

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

EU CR3: Overview of credit risk mitigation techniques

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

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

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

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

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

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

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

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

Credit Risk Standard Approach

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

This is due to the composition of the CRSA exposure amount as well as the exposure categories for undrawn credit facilities and other off-balance sheet transactions (Article 111 of the CRR in conjunction with Annex I of the CRR). The credit conversion factors assigned to each exposure category ensure that lower regulatory capital requirements are calculated for loan commitments and other off-balance sheet transactions than for on-balance sheet receivables.

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

- Financial collateral reduces the assessment basis to which the credit conversion factor is applied. The risk weight impacts the exposure amount.

- Warranties do not impact on the assessment basis, but on the risk weighting. A loan collateralised through a warranty is taken into account, with the warranty amount to be included and the risk weight of the guarantor in the guarantor's exposure class.

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

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

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

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

EU CR5: Credit Risk Standard Approach

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

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

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

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

Advanced IRB Approach (AIRBA)

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

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

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

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

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

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

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

The starting and end balances represent the sums of figures disclosed in lines EU 4a and 5 of table EU OV1 for the respective reporting date.

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

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

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

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

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

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

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

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

Counterparty Credit Risk

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

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

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

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

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

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

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

EU CCR1: Analysis of CCR exposure by approach

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

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

EU CCR2 Transactions subject to own funds requirements for CVA risk

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

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

EU CCR8: Exposures to CCPs

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

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

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

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

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

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

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

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

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

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

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

EU CCR5: Composition of collateral for CCR exposures

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

Liquidity Risk

Liquidity risk in the narrower sense is defined as the risk that current or future payment obligations cannot be met in full or on time. Aareal Bank Group's liquidity risk management system is designed to ensure that the Bank has sufficient cash and cash equivalents to honour its payment obligations at any future point in time. The risk management processes have been designed to cover not only the liquidity risk in the narrower sense (insolvency risk), but also market liquidity risk and refinancing risk, including cost risk which is measured and limited accordingly as a component of the IRRBB.

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

Liquidity Coverage Ratio

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

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

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

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

EU LIQ1: Quantitative information of LCR

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

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

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

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

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

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

Concentration of funding sources

In addition to the issuance of Pfandbriefe, which make up a significant share of its long-term funding, Aareal Bank uses a wide range of other refinancing tools, including senior preferred and senior non-preferred bonds, as well as other promissory notes and bonds. Depending on market conditions, the Bank places large-sized public issues or private placements. In the Banking & Digital Solutions segment, the Bank also generates deposits from the housing industry, which represent a strategically important additional source of funding. Furthermore, it has recourse to institutional money market investor deposits.

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

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

Currency mismatches in the Liquidity Coverage Ratio

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

Derivatives positions and potential hedging requests

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

Net Stable Funding Ratio (NSFR)

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

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

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

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

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

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

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

		a	b	c	d	e
		Unweighted value by residual maturity				
€ mn		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**2,874**[1]	**5**	**2**	**441**	**3,315**[1]
2	Own funds	2,874[1]	5	2	323	3,197[1]
3	Other capital instruments		–	–	118	118
4	**Retail deposits**		**5,937**	**1**	**–**	**5,624**
5	Stable deposits		5,606	–	–	5,326
6	Less stable deposits		331	1	–	298
7	**Wholesale funding**		**12,834**	**6,630**	**18,042**	**25,992**
8	Operational deposits		5,077	–	–	611
9	Other wholesale funding		7,758	6,630	18,042	25,382
10	**Interdependent liabilities**		**–**	**–**	**–**	**–**
11	**Other liabilities**	**136**	**149**	**48**	**211**	**235**
12	NSFR derivative liabilities	136				
13	All other liabilities and capital instruments not included in the above categories		149	48	211	235
14	**Available stable funding (ASF)**					**35,166**[1]

[1] A previous version of the reporting forms underlying table EU LIQ2 omitted €3 million in additonal value adjustments to assets and liabilities carried at fair value (prudent valuation), both in terms of available and required stable funding. ASF and RSF items were adjusted on 20 September 2022, with no resulting change in the NSFR.

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€ mn		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**2,300**
EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**68**	**942**	**12.785**	**11,726**
16	**Deposits held at other financial institutions for operational purposes**		**–**	**–**	**–**	**–**
17	**Performing loans and securities**		**2,881**	**1,249**	**14,651**	**13,969**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0 % haircut		–	–	–	–
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,313	30	265	360
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,561	1,173	13,773	13,313
21	with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		84	294	333	711
22	Performing residential mortgages, of which:		7	46	291	–
23	with a risk weight of less than or equal to 35 % under the Basel II Standardised Approach for credit risk		7	46	291	–
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		–	–	322	296
25	**Interdependent assets**		**–**	**–**	**–**	**–**
26	**Other assets**	**–**	**2,609**	**133**	**1,662[1)]**	**2,353[1)]**
27	Physically traded commodities				–	–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	343	292
29	NSFR derivative assets		–			–
30	NSFR derivative liabilities before deduction of variation margin posted		1,895			95
31	All other assets not included in the above categories		715	133	1,319[1)]	1,966[1)]
32	**Off-balance sheet items**		**194**	**62**	**2,271**	**553**
33	**Total RSF**					**30,901[1)]**
34	**Net Stable Funding Ratio (%)**					**113.80 %**

[1)] A previous version of the reporting forms underlying table EU LIQ2 omitted €3 million in additonal value adjustments to assets and liabilities carried at fair value (prudent valuation), both in terms of available and required stable funding. ASF and RSF items were adjusted on 20 September 2022, with no resulting change in the NSFR.

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

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

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

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

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is defined as the risk exposure of instruments held in the banking book which are sensitive to changes in interest rates, caused by yield curve shifts.

Specifically, for Aareal Bank this includes:

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

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

EU IRRBB1: Interest rate risk in the banking book

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

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

Net interest income (NII) is a metric based on the income statement. The earnings risk is measured based on the changes in net interest income of the next twelve months as a result of a parallel shift of the yield curve by 200 basis points. In this context, assumptions regarding client behaviour and the competitive environment in such a scenario are especially subject to idealised model parameters.

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

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

Leverage Ratio

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

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

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

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

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

EU LR2: Leverage Ratio common disclosure

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

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

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

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

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

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

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