

1<sup>st</sup> supplement dated 14 August 2023 (the "**1<sup>st</sup> Supplement**") to the base prospectus dated 9 June 2023 (the "**Prospectus**") in relation to the

**Aareal Bank AG**

**Federal Republic of Germany, Wiesbaden**

**Euro 25,000,000,000**

**Debt Issuance Programme**

(the "**Programme**")

Aareal Bank AG (the "**Issuer**") with its registered office in Wiesbaden, Federal Republic of Germany, is solely responsible for the information given in this 1<sup>st</sup> Supplement. The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this 1<sup>st</sup> Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

#### **SUPPLEMENT TO THE PROSPECTUS**

This 1<sup>st</sup> Supplement constitutes a supplement to the Prospectus for the purposes of Article 23 (1) of Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017, as amended (the "**Prospectus Regulation**").

This 1<sup>st</sup> Supplement supplements and updates the Prospectus and is to be read in conjunction therewith.

This 1<sup>st</sup> Supplement has been approved by the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**") in its capacity as competent authority for the purpose of the Prospectus Regulation.

The Issuer has requested the CSSF to provide the competent authority in the Federal Republic of Germany with a certificate of approval attesting that this 1<sup>st</sup> Supplement has been drawn up in accordance with the Prospectus Regulation (the "**Notification**"). The Issuer may request the CSSF to provide competent authorities in additional host member states within the European Economic Area with a Notification.

Terms defined in the Prospectus have the same meaning when used in this 1<sup>st</sup> Supplement. This 1<sup>st</sup> Supplement shall only be distributed in connection with the Prospectus.

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## SUPPLEMENTAL INFORMATION

The purpose of this 1<sup>st</sup> Supplement is, *inter alia*, to incorporate by reference the unaudited consolidated interim financial statements for the six months ended 30 June 2023. Accordingly, the amendments set out below shall be made to the Prospectus:

### 1. Changes relating to the section "RISK FACTORS"

The paragraphs under the heading "**Risks specific for Structured Property Financing, including risks relating to the war in Ukraine and to monetary policy tightening**" on page 11 *et seqq.* of the Prospectus shall be deleted in their entirety and replaced by the following:

"There are various risks and uncertainties regarding the macro-economic environment which have become relevant or could be relevant if they were to materialise to a considerable extent for the financial and capital markets as well as for the commercial real estate markets and thus negatively affect Aareal Bank's business:

The economy, financial markets and commercial property are all exposed to a number of different risks in 2023. The ongoing consequences of the Russian invasion of Ukraine and mutual sanctions between the Western countries and Russia are continuing to have a strong negative impact on many economies, which is likely to remain or potentially even intensify as long as the conflict carries on. The immediate economic consequences of this war include continued supply chain disruptions and higher commodity prices and increased risks of cyber-attacks, which, combined with elevated uncertainty and increasing risk aversion among market participants, pose a threat to economic growth. High inflation figures fueled by the war are still weighing on real incomes, which, combined with elevated production costs is a drag on aggregate demand. It can be assumed that even in the event of an end to the war, a complete normalisation of economic relations between Russia and the Western countries will not happen in the near future.

While energy and commodity prices were the key driver of inflation during the first half of 2022, price pressures subsequently became increasingly broad-based and, in many economies, lifted inflation to the highest rate in several decades. Although price pressure from energy has eased recently, the still high level of core inflation indicates that companies are passing on higher prices to customers. To the extent that demand continues to meet supply-side shortages, some goods and services may experience further price increases, contributing to high inflation figures and possibly persistently higher inflation expectations.

Excessive or overly protracted monetary tightening by central banks pose a significant risk to financial and real estate markets. This risk could materialize through further significant increases in key interest rates or faster-than-expected reductions in balance sheets. The impact of such tightening could be severe, leading to significant rises in yields on bond markets and negative corrections in equity and property markets. The resulting illiquid refinancing markets, combined with unrealized losses on bond holdings. As seen in the US banking sector in 2023, sudden and large deposit outflows and drying up liquidity due to a loss of confidence among market participants represent a credible downside risk for financial institutions.

Rising national debt, as a result of massive fiscal support provided, but also as a consequence of the slowdown in economic growth, is also a risk. With the expiry of the net bond purchase programs and the ongoing monetary tightening of central banks, risk premiums for highly indebted countries could rise further. Also, non-financial corporate debt has expanded in many advanced economies, mainly due to an increase in bond issuance. Reduced macroeconomic activity or other risks could be a reason for downgrading the rating of these bonds.

The political shift away from European cohesion poses a threat not only to the EU, but also to Europe. Particularly, nationalism among Central and Eastern European governments must be mentioned in this context. A lack of coordination and cooperation on the refugee crisis, a slowdown in economic growth, as well as concerns about recessions have also elevated the risk of a rise in populism in several countries. The reform backlog and structural economic problems in some euro zone countries present further risk factors. While the EU's recovery package specifically seeks to support these countries, there is still the risk that the measures in place will not be enough to fully address structural problems.

The risk of disruption to free trade is still present and could intensify again in the future. In addition, further geopolitical risks such as cyberattacks, terrorism, sabotage of critical infrastructure, and political as well as

military conflicts are likely to have a significant impact on markets and their participants. The effects of possible decoupling (e.g., between China and the Western economies) could also have a negative impact on global growth prospects.

The efforts of many countries and companies to limit global warming require a profound transformation of the entire economy. At the same time, the macroeconomic impact of this transformation is uncertain, and its effect depends on a variety of factors. Likewise, this transformation involves costs that are likely to burden both businesses and consumers. In this context, the decarbonization of the economy not only encompasses energy supply, but also requires significant changes in industry, transport, construction, and agriculture. In addition to the transition costs incurred in decarbonizing the global economy, the costs directly caused by climate change will also increase in the medium term. Extreme weather events, temperature fluctuations, and more frequent extreme heat events cause physical damage that will intensify over time. The extent to which these physical damages increase will depend on how well the global community succeeds in reducing greenhouse gas emissions.

The risks and adverse effects on the economic development including the financial and capital markets as well as on commercial property markets could have a material adverse effect on Aareal Bank's profitability. Profitability may also be adversely affected where the Bank decides to prolong loans rather than to insist on repayment in order to avoid defaults on repayment obligations. It must also be noted that ECB's decision to set the remuneration of minimum reserves at 0%, along with the increase in regulatory requirements, poses a risk to the Bank's profitability.

There are several risks and uncertainties for commercial property. The increase in the cost of capital associated with rising interest rates can result in a lower valuation of commercial properties if the higher cost of capital is not offset by rent increases. This represents a particular risk for investors with variable interest payments or upcoming refinancing and is exacerbated by increasing loan-to-value ratios. In addition, further significant increases in interest rates, for example due to excessive monetary tightening by central banks or very high inflation rates in the medium term, could put pressure on rents and cash flows of commercial real estate due to a drop in overall economic growth.

Moreover, other uncertainty factors and risks in the macro-economic environment are also relevant for commercial property markets. Rising political uncertainty, economic downturns and investor reticence as a result of emerging risks can all have a negative impact. Although Covid-19 is now considered an endemic disease, high rates of new infections and hospitalizations continue to pose a risk to commercial properties. Uncertainty results in particular from potential new infection control measures, which are likely to have different impacts depending on the country and property type, albeit not at the same level as in the past. A renewed tightening of contact limitations, travel restrictions and business closures of a temporary nature could have a significant negative impact on cash flows, especially for hotel and retail properties. However, the risk is considered to be significantly lower than in previous years. It should be noted that other new, not yet known pandemics cannot be ruled out. If the trend toward greater use of working from home persists or even increases in the future, companies could decide to rent less office space. The transition to such a form of working could then have a negative impact on rental prices and demand for space in office properties. It is likely that the impact would vary by market, country, and property quality.

Due to these factors, there is the risk that these developments could have negative effects not only on cash-flows but also on property values the Aareal Bank Group holds in its property financing portfolio and could also have an adverse effect on the amount of non-performing loans, the staging of loans, and on the allowances for credit losses of Aareal Bank Group.

Against the backdrop of the currently reduced economic momentum, increased interest rate levels and anticipated recessions in some economies, the underlying conditions for the real estate markets are currently challenging. With a view to the financing markets for commercial properties the Bank estimates that the competition will remain intensive, particularly in regions and for property types that have already experienced strong demand in the past years. Increased financing costs and more restrictive lending standards are likely to limit increases in loan-to-value ratios. Nevertheless, changes in the market environment could increase pressure on margins (gross as well as net) or lead to moderate increases in loan-to-value ratios. As lenders are expected to prefer financing first-class properties in top locations, just like for investors, the shortage of properties and reduced transaction volumes in this segment as well as the uncertainty regarding the further

economic development could constrain financing opportunities. The developments in competition and economic development could adversely affect the profitability of the Bank and its risk position.

Deteriorating economic forecasts and prolonged recovery periods for defaulted loans must be seen as a risk which in general could lead to higher risk provisioning.

In general, it is to be noted that currently the uncertainty of estimations – regarding macroeconomics, markets and the effects on Aareal Bank – is much higher than usual."

## 2. Changes relating to the section "AAREAL BANK AG"

- a) The paragraph under the heading "**Trend Information**" on page 613 *et seq.* of the Prospectus shall be deleted in its entirety and replaced by the following

"There has been no material adverse change in the prospects of Aareal Bank AG since 31 December 2022, the date of its last published audited financial statements, noting that the effects of geopolitical conflicts and macro-economic uncertainty remain difficult to estimate and risks relating to monetary policy tightening still exist as described in "Risk Factors – A. Risk Factors relating to Aareal Bank AG – 3. Risks related to the Issuer's business activities and industry – Risks specific for Structured Property Financing, including risks relating to the war in Ukraine and to monetary policy tightening".

- b) The paragraphs under the heading "**Outlook for the year 2023**" on pages 614 and 615 of the Prospectus shall be deleted in their entirety and replaced by the following

"After most developed economies recorded solid growth in 2022, various constraining factors support the assumption that global economic activity will continue to be restrained in the second half of 2023. The development of economic momentum will depend on the extent to which the tightening of monetary policy and more restrictive financing conditions will constrain consumption, inflation rates and investments. The start of a mild recession is forecasted for individual economies, causing the unemployment rate to rise again but remain at a low level. We expect headline inflation to fall significantly in most economies, while core inflation is expected to decline more slowly and remain elevated. The main central banks will maintain their restrictive monetary policy until the end of the year and may raise interest rates further if inflation data make this necessary.

The forecasts below are highly dependent on recent developments and may no longer be valid, especially in the event of unforeseen shocks.

Real gross domestic product in the Eurozone is expected to increase only marginally in 2023, and at a much lower rate than in the previous year. For the second half of the year, it can be assumed that more restrictive financing conditions and tighter fiscal policy will slow overall economic demand and prevent the economy from picking up speed. The divergence in economic development already observed between European regions is likely to persist for the time being, with economies with a large industrial sector such as Germany in particular growing more weakly than the Eurozone as a whole.

For the UK, economic stagnation is expected for 2023. As a result of continued high inflation rates and restrictive financing conditions, private consumption and investment should remain weak in the remainder of the year. In addition, with the expiry of the pandemic and energy-related stimulus programs, fiscal policy will be tightened and government spending reduced.

Aareal Bank expects the US economy to expand in 2023, although similar to the Eurozone and the UK, this is likely to be significantly lower than in the previous year. A recession is expected to set in during the second half of the year, as the delayed effect of interest rate hikes, tighter financing conditions and stubbornly high core inflation should lead to cuts in consumption, hiring and investment. However, the recession is expected to take a relatively mild course, as the financial situation of households and companies is basically stable.

Aareal Bank expects China's growth to be stronger in 2023 than in 2022. For the entire year of 2023, Australia is projected to have positive growth in real terms.

In the second half of 2023, central banks will continue to focus on bringing inflation back to a target level. Given the interest rate hikes to date and the general decline in headline inflation, key interest rates in most economies are expected to have peaked or be close to peaking. For the remainder of the year, central banks are expected to act cautiously and maintain tight monetary policies for the time being. It is therefore unlikely that they will move to cut interest rates before the end of the year, assuming there is no major economic downturn or significant problems in the financial sector.

Inflation rates in most economies are expected towards the end of the year, as weaker demand for commodities, slowing global growth and easing supply chain issues provide relief for price pressures. However, the speed and trajectory of the decline will differ across countries, depending on how relevant individual supply and demand factors have been to the rise in inflation. While weaker food and energy prices should significantly reduce headline inflation, we expect core inflation to remain at a higher level until the end of the year.

Demand for commercial properties will vary, depending on the region and property type. It can be assumed that the high interest rate environment will continue to influence the investment decisions of buyers and sellers and reduce transaction volumes. Overall, various factors are expected to have an impact on the performance of commercial real estate in the year 2023. For example, increased political uncertainties, economic downturns or investor restraint could have a negative impact on real estate values. However, the Bank anticipates competition in the commercial property financing markets to remain, particularly in regions and for property types that were already in high demand over the past years.

It is expected that various factors will have an impact on how commercial property values develop this year and beyond. On average, Aareal Bank expects market values to undergo a correction in 2023, mainly driven by the increase in financing costs. Rising financing costs are also likely to be a burden in the medium term and could potentially lead to further downturn pressure. Looking forward, the pricing of properties will be influenced not only by the quality and location of the property, but also increasingly by compliance with sustainability criteria (ESG).

With a view to retail properties, Aareal Bank expects the structural change in shopping behaviour to have a dampening effect on the outlook of value-driving rental revenues, depending on location and segment. The current year is characterised by a cyclical headwind, as consumers reduce discretionary spending against the backdrop of high inflation figures. The slowdown in consumption is expected to weigh on rental growth before macroeconomic conditions again improve. Also depending on location and segment, Aareal Bank sees a continuing recovery in hotel fundamentals over the coming years, driven by increasing travel activity. However, on average, the increase in yields will have a negative impact on market values in the current year. Aareal Bank expects a similar development for student housing, where demand by international students has already recovered significantly as a result of the return to face-to-face teaching. Aareal Bank expects the values of office properties to suffer a more pronounced decline compared to other property types on average, as office yields increase due to the challenging financial conditions and as rental growth is predicted to slow or to halt. This is due to potential changes in space requirements and the increasing influence of sustainability criteria. Aareal Bank expects properties that do not match corporate sustainability criteria or government climate targets to show a weaker development overall. Logistics properties continue to be assessed positively, as structural driver of demand remain resulting in positive rental growth prospects in the near term. Low availability is being supported by further demand from retailers and third party logistics operators. However, rising yields on average will likely lead to declining market values in logistics sector in 2023. Individual properties may generally deviate from this estimate."

- c) The paragraphs under the heading "**Supervisory Board**" on page 616 *et seqq.* of the Prospectus shall be deleted in their entirety and replaced by the following:

"The Supervisory Board of the Bank comprises 12 members. According to a co-determination agreement concluded between the Bank and a special negotiation body elected by its employees according to the Act on employee co-determination at cross-border mergers in the EU (*Gesetz über die Mitbestimmung der Arbeitnehmer bei einer grenzüberschreitenden Verschmelzung*), eight members are elected by the shareholders and four members are elected by the employees.

Members of the Supervisory Board are appointed for a term of office not exceeding the period until the end of the next General Shareholders' Meeting that resolves on the formal approval of their actions for the fourth fiscal year following the commencement of their term of office. The financial year in which the term of office begins is not included.

The members of the Supervisory Board are currently as follows:

<b>Name:</b>	<b>Significant Principal Activities outside Aareal Bank AG:</b>
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**Prof. Dr. Hermann Wagner, Chairman of the Supervisory Board**

German Chartered Accountant and Tax Consultant

- |   |                                   |
|---|-----------------------------------|
| • PEH Wertpapier AG                               | Member of the Supervisory Board   |
| • capsensixx AG (subsidiary of PEH Wertpapier AG) | Member of the Supervisory Board   |
| • Squadra Immobilien GmbH & Co. KGaA              | Chairman of the Supervisory Board |

**Barbara Antonia Knoflach, Deputy Chairwoman of the Supervisory Board**

Former Global Head, BNP Paribas Real Estate Investment Management (REIM) and Deputy CEO, BNP Paribas Real Estate S.A.

- |                       |  |
|-----------------------|--|
| • Landmarken AG       | Member of the Supervisory Board                            |
| • Swiss Prime Site AG | Member of the Board of Directors ( <i>Verwaltungsrat</i> ) |
| • CTP N.V.            | Chairwoman of the Board of Directors                       |

**Klaus Novatius(\*), Deputy Chairman of the Supervisory Board**

Aareal Bank AG

- No significant principal activities outside Aareal Bank

**José Sevilla Álvarez**

Former Chief Executive Officer, Bankia S.A.

- |                      |                                  |
|----------------------|----------------------------------|
| • Renta 4 Banco S.A. | Member of the Board of Directors |
| • Teide Ltd.         | Member of the Board of Directors |

**Sylwia Bach(\*)**

Aareon Deutschland GmbH

- No significant principal activities outside Aareal Bank

**Henning Giesecke**

Former Chief Risk Officer, UniCredit S.p.A. and UniCredit Bank AG

- Erste Abwicklungsanstalt AöR

Member of the Board of Directors  
(*Verwaltungsrat*)

**Denis Hall**

Former Chief Risk Officer, Global Consumer Banking, GE Capital EMEA

- Auxmoney Europe Holdings Ltd.
- Moneta Money Bank A.S.
- Skipton Building Society

Member of the Board of Directors  
Member of the Supervisory Board  
Member of the Board of Directors

**Petra Heinemann-Specht(\*)**

Aareal Bank AG

- No significant principal activities outside Aareal Bank

**Jan Lehmann(\*)**

Aareon Deutschland GmbH

- Aareon Deutschland GmbH

Member of the Supervisory Board

**Hans-Hermann Lotter, Deputy Chairman of the Supervisory Board**

Self-employed consultant for private equity investments, mergers, takeovers and restructuring as well as Managing Director of Atlantic BidCo GmbH

- Hermes Germany GmbH
- TK Elevator GmbH
- Vertical Topco S.à. r.l.

Member of the Supervisory Board  
Chairman of the Supervisory Board  
Member of the Board of Directors  
(*Verwaltungsrat*)

**Marika Lulay**

Chief Executive Officer and Managing Director, GFT Technologies SE

- EnBW AG
- GFT Technologies SE

Member of the Supervisory Board  
Member of the Board of Directors  
(*Verwaltungsrat*)



## Jean Pierre Mustier

Former Chief Executive Officer, UniCredit S.p.A.

- Atos SE

Member of the Board of Directors  
(*Conseil d'administration*)

(\*) Elected by the employees of Aareal Bank."

- d) The paragraph under the heading "**Conflict of interests**" on page 618 of the Prospectus shall be deleted in its entirety and replaced by the following:

"Mr Lotter and Ms Lulay are subject to a conflict of interest within the meaning of recommendation E.1 of the German Corporate Governance Code: Mr Lotter is a managing director of Atlantic BidCo GmbH, which acquired Aareal Bank within the scope of a public takeover offer. Ms Lulay is a managing director of GFT Technologies SE, which has a business relationship with an Aareal Bank subsidiary. Ms Knoflach and Mr Giesecke are only subject to a potential conflict of interest. In the event of a resolution in Aareal Bank's Supervisory Board that concerns an actual conflict of interest, the Supervisory Board members in question will abstain from the discussion about and voting on the resolution. Apart from these exceptions there are no potential conflicts of interest among the members of the Management Board and of the Supervisory Board between their obligations to Aareal Bank and their private interests or other duties."

- e) On page 619 of the Prospectus, the table under the heading "**Regulatory Indicators**" shall be deleted in its entirety and replaced by the following:

	30 June 2023	31 December 2022	31 December 2021
<b>Regulatory Indicators<sup>1)</sup></b>			
Basel IV (phase-in)			
Common Equity Tier 1 ratio (CET1 ratio) (%)	19.4	19.3	18.2

- 1) 31 December 2021: excluding originally proposed dividend of € 1.60 per share in 2022 for the financial year 2021, including the dividend of € 1.10 per share not distributed in 2021 as well as the pro rata temporis accrual of net interest on the AT1 bond.

31 December 2022: including originally proposed dividend of € 1.60 per share in 2022 and pro rata temporis accrual of net interest on the AT1 bond, excluding profits for 2022 under commercial law. There are no plans to distribute any dividends, in line with the strategy for 2023. The appropriation of profits is subject to approval by the Annual General Meeting.

30 June 2023 (preliminary): including interim results for 2023 (assuming ECB approval of inclusion) and pro rata temporis accrual of net interest on the AT1 bond.

The SREP recommendations concerning the NPL inventory and the ECB's NPL guidelines for the regulatory capital of NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB tests were taken into account.

Adjusted total risk exposure amount (as defined in Article 92 (3) CRR – RWAs), in accordance with applicable law as at 31 December 2022 (CRR II) and applying the partial regulation for the "output floor" in connection with commercial property lending and equity exposures, based on the European Commission's proposal dated 27 October 2021 for implementation of Basel IV. The adjusted risk-weighted exposure amount for commercial property lending and equity exposures is determined using the higher of (i) total RWAs calculated in accordance with CRR II currently in force, and (ii) the figure calculated in accordance with the revised CRSA (pursuant to CRR III), applying the transitional provisions for 2025 (50% output floor)."

- f) Under the heading "**Financial Information concerning Aareal Bank Group's Assets and Liabilities, Financial Liabilities, Financial Position and Profits and Losses**" the second paragraph on page 619 of the Prospectus shall be deleted in its entirety and replaced by the following:

"The unaudited consolidated interim financial information as at 31 March 2023 and the unaudited consolidated interim financial statements as at 30 June 2023 of Aareal Bank AG were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU."

- g) The paragraphs under the heading "**Rating of the Issuer**" on page 620 of the Prospectus shall be deleted in their entirety and replaced by the following:

"The following credit ratings have been assigned by rating agencies to Aareal Bank<sup>120</sup>:

*Ratings by Fitch*

Fitch Ratings Ireland Limited ("**Fitch**")<sup>121</sup> has assigned a Long-Term Issuer Default Rating (IDR) of BBB+ and a Short-Term Issuer Default Rating (IDR) of F2 to Aareal Bank.

The currently existing negative Outlook on the Long-Term Issuer Default Rating (IDR) reflects higher interest rates and related risks to the CRE sector, and second-round effects from the Russia–Ukraine war.

Fitch's Long-Term Issuer Default Ratings (IDR) rating scale ranges from "AAA" (highest credit quality, lowest expectation of default risk) over categories "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", "RD" to category "D" (default, indicate an issuer that in Fitch's opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business). A plus "+" or minus "-" sign may be appended to a rating to denote the relative status within major rating categories. Such suffixes are not added to the "AAA" category or to categories below the "CCC" category. "BBB" ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

Fitch short-term IDR rating scales ranges from F1 (highest short-term credit quality, indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature) over categories "F2" (good short-term credit quality; good intrinsic capacity for timely payment of financial commitments), "F3", "B", "C" to category "D" (default, indicates a broad-based default event for an entity, or the default of a short-term obligation).

*Ratings by Moody's*

Moody's Deutschland GmbH ("**Moody's**")<sup>122</sup> has assigned a Long-term Issuer Rating of A3 and a Short-term Issuer Rating of P-2 to Aareal Bank.

The currently existing negative outlook captures potential downward pressure on the Bank's BCA, reflecting a trend of decreasing profitability over the past years, which provides only a limited buffer against downside risks. Previously, the negative outlook captured potential downside risks from the coronavirus pandemic, specifically on the Bank's solvency.

Moody's Global Long-Term Rating Scale ranges from "Aaa" (judged to be of the highest quality, subject to the lowest level of credit risk) over categories "Aa", "A", "Baa", "Ba", "B", "Caa", "Ca" to category "C" (obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest). Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Obligations rated "A" are judged to be upper-medium grade and are subject to low credit risk.

Moody's Global Short-Term Rating Scale ranges from P-1 (issuer with a superior ability to repay short-term debt obligations) over categories "P-2", "P-3" to "NP" (issuers rated "Not Prime" do not fall

within any of the Prime rating categories P-1 to P-3). An issuer rated "P-2" has a strong ability to repay short-term debt obligations.

(120) A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

The European Securities and Markets Authority publishes on its website (<https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

(121) Fitch is established in the European Community and is registered under the CRA Regulation.

(122) Moody's is established in the European Community and is registered under CRA Regulation."

h) The statement under the heading "**No Significant Change in the Financial Position or Financial Performance**" on page 621 of the Prospectus shall be deleted in its entirety and replaced by the following:

"There has been no significant change in the financial position or financial performance of Aareal Bank AG and its subsidiaries since 30 June 2023, noting that the effects of geopolitical conflicts and macro-economic uncertainty remain difficult to estimate and risks relating to monetary policy tightening still exist as described in "Risk Factors – A. Risk Factors relating to Aareal Bank AG – 3. Risks related to the Issuer's business activities and industry – Risks specific for Structured Property Financing, including risks relating to the war in Ukraine and to monetary policy tightening"."

### 3. Changes relating to the section "GENERAL INFORMATION"

The following list shall be inserted under the heading "**Documents incorporated by reference**" on page 642 of the Prospectus before the paragraph beginning with "*Any information not incorporated by reference into this Prospectus...*":

<b>"14) Unaudited consolidated interim financial statements for the six months ended 30 June 2023:</b>	<b>Extracted from the Aareal Bank Group – Interim Financial Statements 1 January to 30 June 2023:</b>
– Statement of Comprehensive Income	– pages 38 to 39
– Statement of Financial Position	– page 40
– Statement of Changes in Equity	– page 41
– Statement of Cash Flows (condensed)	– page 42
– Notes (condensed)	– pages 43 to 61
– Review Report	– page 63

[https://www.aareal-bank.com/fileadmin/downloadlist/DAM\\_Content/IR/Finanzberichte/2023/20230630\\_zb\\_en.pdf](https://www.aareal-bank.com/fileadmin/downloadlist/DAM_Content/IR/Finanzberichte/2023/20230630_zb_en.pdf)

## GENERAL PROVISIONS

Save as disclosed on pages 1 to 9 of this 1<sup>st</sup> Supplement, there has been no other significant new factor, material mistake or material inaccuracy since the publication of the Prospectus.

To the extent that there is any inconsistency between (a) any statement in this 1<sup>st</sup> Supplement and (b) any other statement in or incorporated by reference into the Prospectus, the statement referred to in (a) will prevail.

Any information not incorporated by reference into this 1<sup>st</sup> Supplement but contained in the Aareal Bank Group – Interim Financial Information 1 January to 30 June 2023 mentioned as source document in the cross reference list in number **2. Changes relating to the section "GENERAL INFORMATION"** above is either not relevant for the investor or covered in another part of the Prospectus as supplemented by this 1<sup>st</sup> Supplement.

To the extent permitted by the laws of any relevant jurisdiction neither the Arranger nor any Dealer accepts any responsibility for the accuracy and completeness of the information contained in the Prospectus, as supplemented by this 1<sup>st</sup> Supplement.

This 1<sup>st</sup> Supplement and the document incorporated by reference in this Supplement as listed in number **2. Changes relating to the section "GENERAL INFORMATION"** above are also available for viewing in electronic form on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)) and on the website of the Issuer ([www.aareal-bank.com](http://www.aareal-bank.com)). Copies of this 1<sup>st</sup> Supplement and the documents incorporated by reference in the Prospectus as listed in number **2. Changes relating to the section "GENERAL INFORMATION"** above may also be inspected and are available free of charge during normal business hours at the registered office of Aareal Bank AG at Paulinenstrasse 15, 65189 Wiesbaden, Federal Republic of Germany.