

Analyst Conference Call

Q2 2022 results

August 10, 2022

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Aareal
YOUR COMPETITIVE ADVANTAGE.

Agenda

- **Highlights**
 - Group results
 - Segments
 - Capital, funding & liquidity
 - Outlook
- Appendix

Highlights

Aareal Bank reports a good Q2 despite challenging market environment

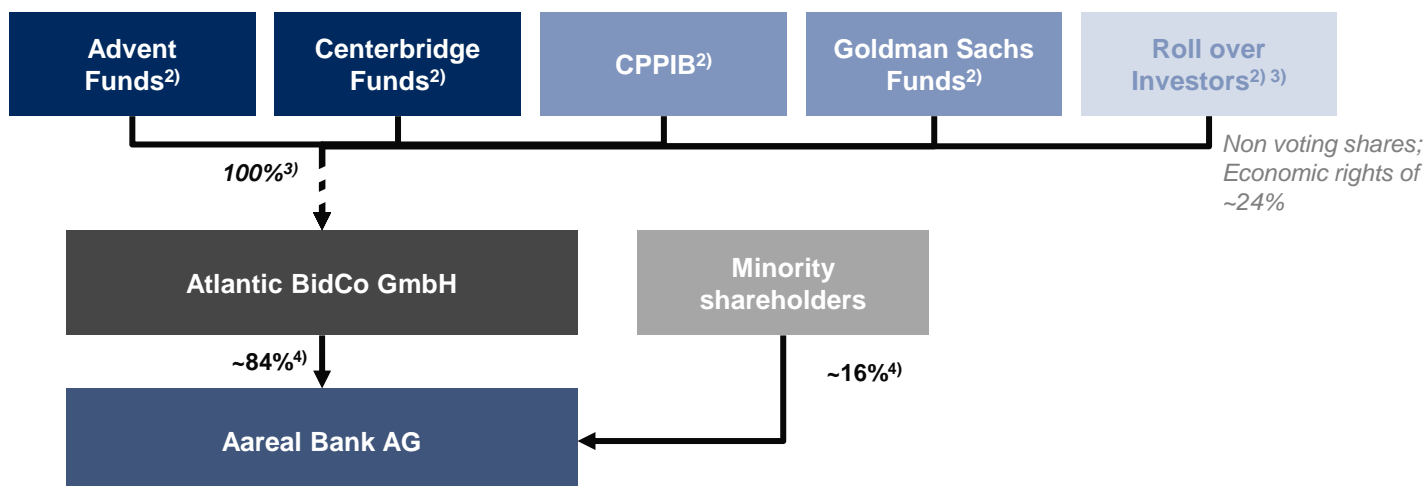
- 1 Good quarterly results - operating profit up by ~50% vs. Q2 2021; revenues growing faster than costs; higher LLP
- 2 Growth in all three segments
- 3 Very solid capital position maintained enabling continued portfolio growth with improving KPIs; Funding mix further diversified, well ahead of 2022 funding plan
- 4 Aareal Bank confirms 2022 operating profit outlook. Developments in the macroeconomic environment remain uncertain
- 5 84% of Aareal Bank shares tendered in June in response to Atlantic BidCo's public tender offer

Highlights

84% of Aareal Bank shares tendered in June in response to Atlantic BidCo's public tender offer

- Atlantic BidCo is highly supportive of “Aareal Next Level” strategy and existing Aareal Bank Group composition. Management and supervisory board have supported the public tender offer at a fair and adequate cash consideration
- Investors’ sector expertise in financial services, payment services and software and their market access will support Aareal Bank Group’s accelerated growth ambitions
- Advent International, Centerbridge Partners and CPP Investments¹⁾ are highly regarded investors managing a multi billion USD portfolio globally
- Closing of the transaction is subject to finalisation of regulatory clearances by Atlantic BidCo. Closing is expected in Q4/22 or Q1/23

Envisaged structure following closing⁴⁾



1) CPP Investment Board Europe S.à.r.l, a wholly owned subsidiary of Canada Pension Plan Investment Board (“CPP Investments”)

2) Indirect holding of participation in Atlantic BidCo GmbH

3) Minority representation in governance structure

4) Closing based on tendered shares of ~84% is subject to finalisation of regulatory clearances by Atlantic BidCo GmbH

Note: All Q2 figures preliminary and unaudited

Highlights

Growth in all three segments

Structured Property Financing

- Strong new business generation of € 5.2 bn in H1 focusing on attractive return profiles while strictly adhering to risk standards with portfolio of green loans continuing to grow
- Continued portfolio growth to € 31.3 bn (12/2021: € 30.0 bn) supporting NII
- Margins above plan mitigating temporarily elevated funding spread levels
- Retail deposits as additional funding source, second issue rating from Moody's (A3)
- Well ahead of 2022 funding plan

Banking & Digital Solutions

- NCI increased to € 15 mn in H1 (€ 13 mn in H1 2021)
- Deposit volume increased
- Deposit business will benefit from rising interest rates with positive effects on segment and group results from 2023 onwards

Aareon

- Sales revenue further increased by 10% in H1 predominantly from M&A
- Shift from license to SaaS/Subscription making further progress – SaaS shows strong growth of 20% yoy, supported by strong organic performance
- Acquisition of Swedish market leading SaaS company “Momentum”, therefore now #1 in the Nordics
- Aareon now has a leading market position in all its regions

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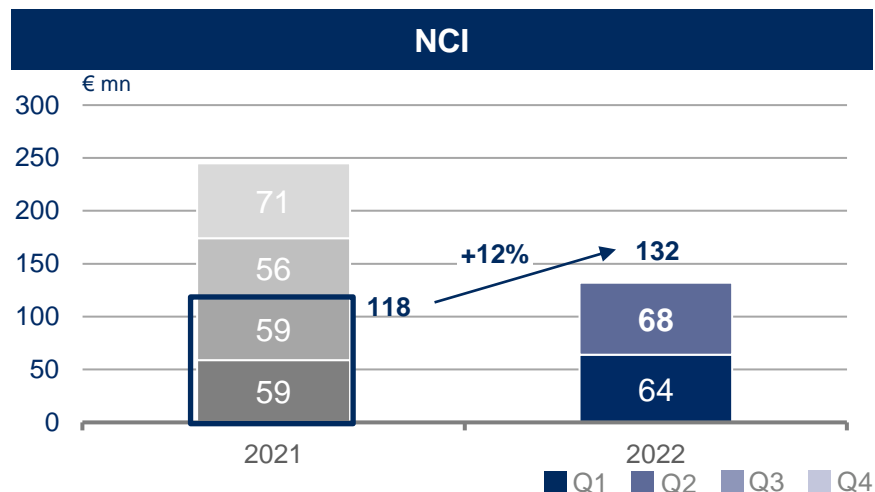
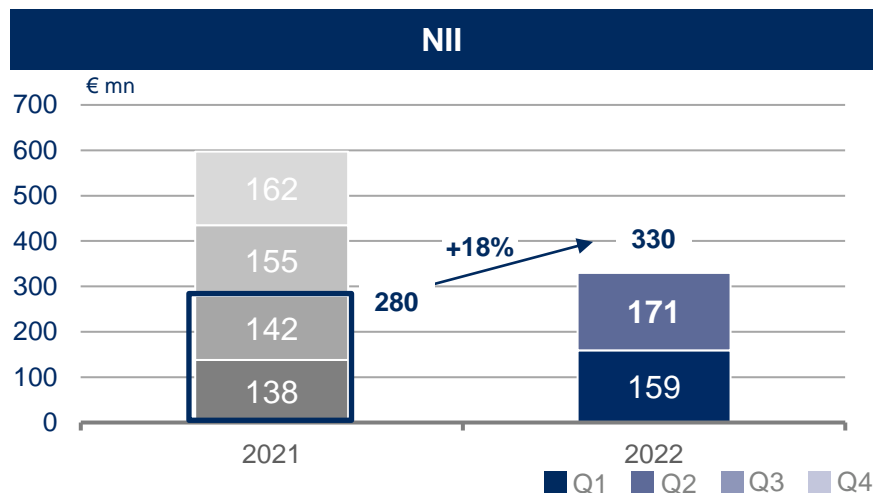
Group Results

Good quarterly results

€ mn	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	6M '21	6M '22	Comments
Net interest income	142	155	162	159	171	280	330	Significant increase driven by further portfolio growth
Loss allowance	33	39	54	49	58	40	107	Q2 includes impact of adjusted risk parameters / worsened macroeconomic outlook
Net commission income	59	56	71	64	68	118	132	Increase in Aareon's sales revenue, reflecting M&A activities
Derecognition result	8	7	8	9	13	8	22	Includes positive effects of elevated market volatility
FV- / hedge-result	-2	-5	-24	2	9	-7	11	
Admin expenses	118	125	135	153	142	268	295	Reflecting Aareon growth and PTO-related one-offs
<i>Others</i>	-15	1	4	-2	0	-18	-2	
Operating profit (EBT)	41	50	32	30	61	73	91	Good quarterly results
Income taxes	29	27	20	11	22	40	33	FY tax ratio of ~36% expected
Minorities	1	0	-1	1	0	2	1	
AT1	3	3	4	3	4	7	7	
Consolidated net income allocated to ord. shareholders	8	20	9	15	35	24	50	
Earnings per share (€)	0.13	0.33	0,16	0.25	0.59	0.40	0.84	

Net interest income (NII) / Net commission income (NCI)

Income significantly increased



Significant increase driven by portfolio growth

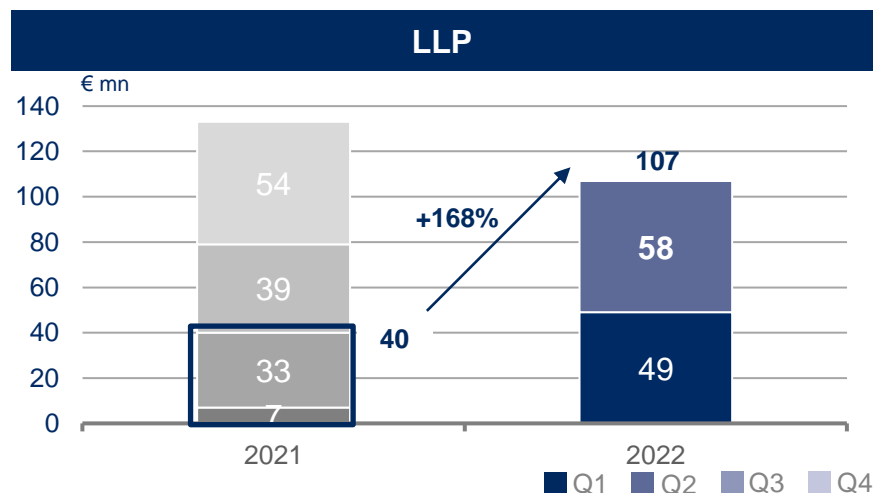
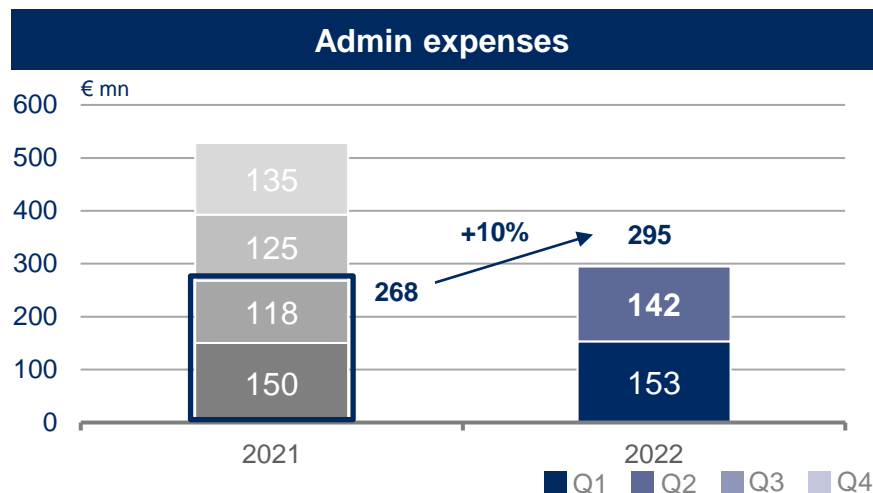
- NII increase in Q2 of 20% (yoy)
- Strong new business generation with margins above plan focusing on attractive return profiles while strictly adhering to risk standards

Increase from Aareon and BDS

- Aareon
 - Increase by € 7 mn in Q2 (yoy), thereof € 4 mn organic and € 3 mn M&A driven
 - Increase by € 12 mn (+11%) in H1 (yoy)
 - Shift from license to SaaS/Subscription making further progress - SaaS shows strong growth of 20% in H1 (yoy), supported by strong organic performance
- BDS
 - NCI increased by € 2 mn to € 8 mn in Q2 (yoy)

Admin expenses / Loan loss provisions (LLP)

Reflecting Aareon growth and PTO-related one-offs, LLP includes impact of adjusted risk parameters



Reflecting Aareon growth and PTO-related one-offs

Bank:

- Largely stable, considering PTO-related one-offs (€ ~12 mn)
 - Q2 (yoy): € 77 mn (vs. € 64 mn)
 - H1 (yoy): € 177 mn (vs. € 164 mn)

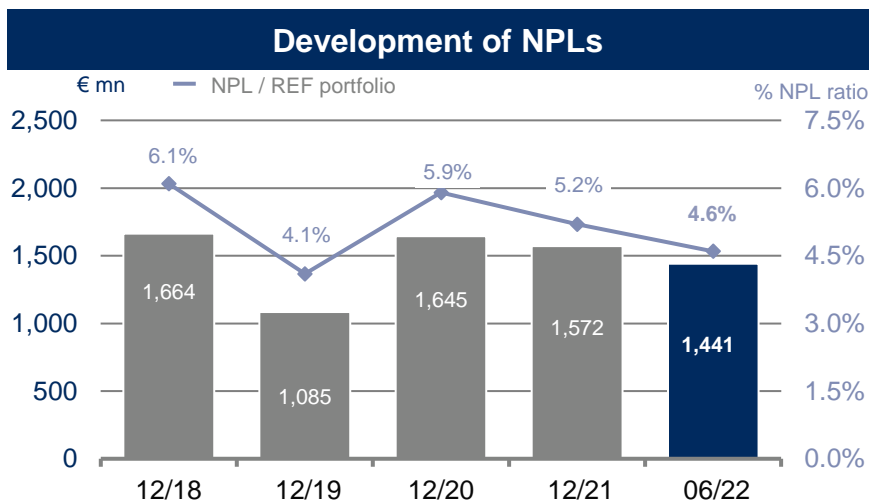
Aareon:

- Q2 (yoy) increase of € 11 mn including M&A effects (€ ~4 mn) and one-offs (€ ~5 mn)
 - Q2 (yoy): € 65 mn (vs. € 54 mn)
 - H1 (yoy): € 118 mn (vs. € 104 mn)

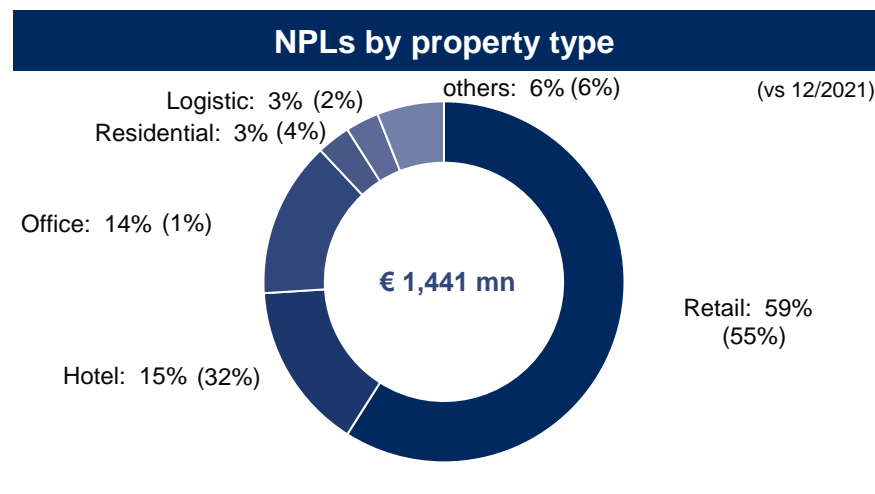
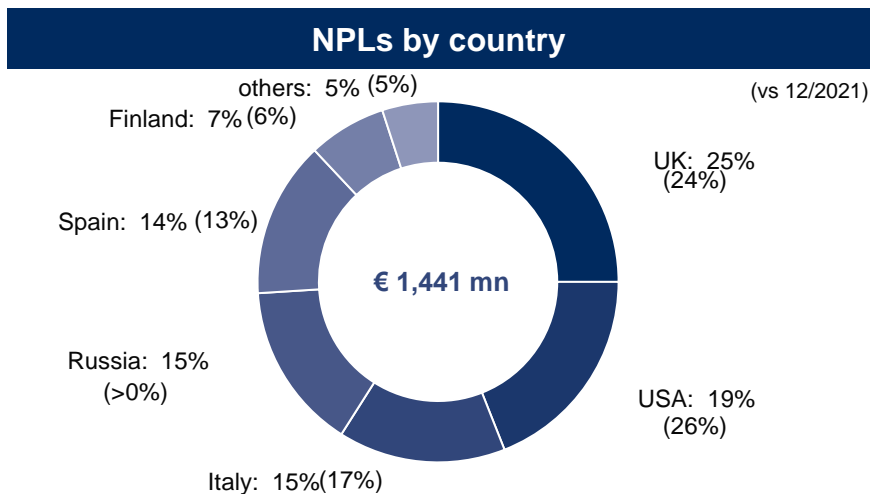
- Q2 includes € 24 mn impact of adjusted risk parameters / worsened macroeconomic outlook
- Additional € 22 mn due to adjusted risk parameters for remaining Russian exposure
- Total H1-LLP of € 107 mn include € 83 mn LLP for remaining Russian exposure (€ ~200 mn) thereof € 61 mn provisioned in Q1

Non performing loans (NPL)

NPL volume decreasing



- Total NPL down by € ~180 mn vs. Q1 2022
- Reduction in USA, France and Italy, relief predominantly in the hotel segment
- No new NPLs in Q2
- Underlying portfolio ex Russia significantly reduced, down by € ~340 mn in H1 witnessing recovery of Covid-19 effects



Agenda

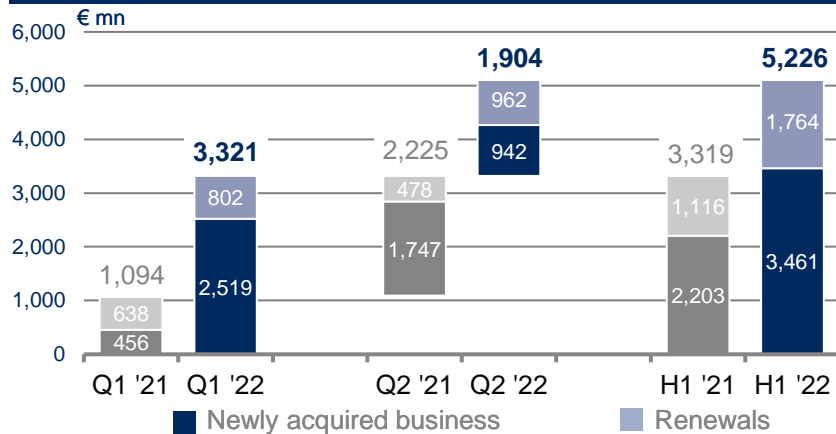
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Segment: Structured Property Financing

Strong new business generation focusing on attractive return profiles while strictly adhering to risk standards

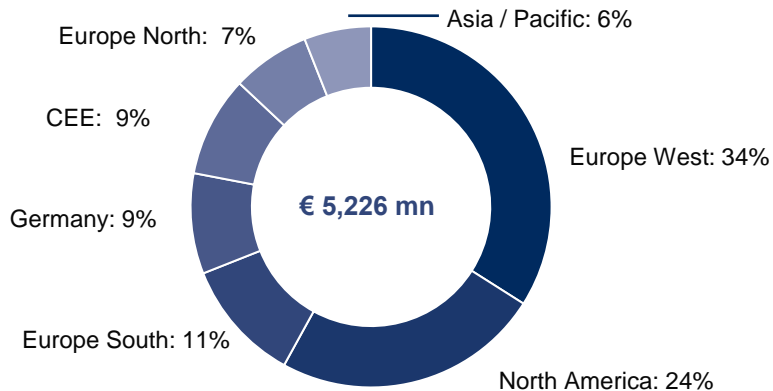
New business



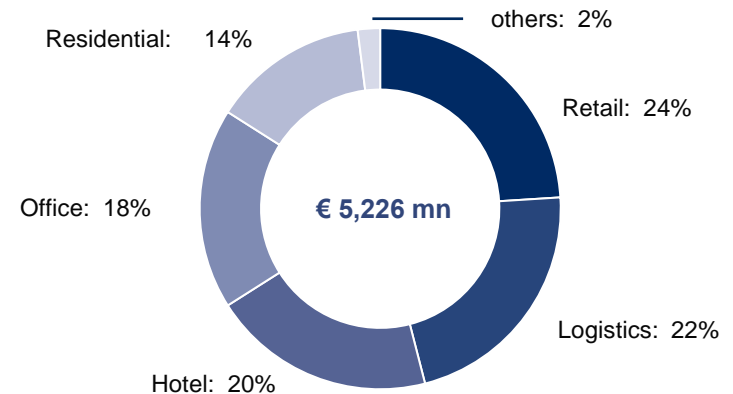
Newly acquired business

- Ø-margin¹⁾ of 227 bps in H1 above plan (FY plan 2022: ~205 bps)
- Conservative Ø-LTV of 56% in Q2
- Increased share of logistics sector
- € ~1 bn mn green property financings in H1
 - Thereof € ~350 mn green loans²⁾

H1 new business by country



H1 new business by property type



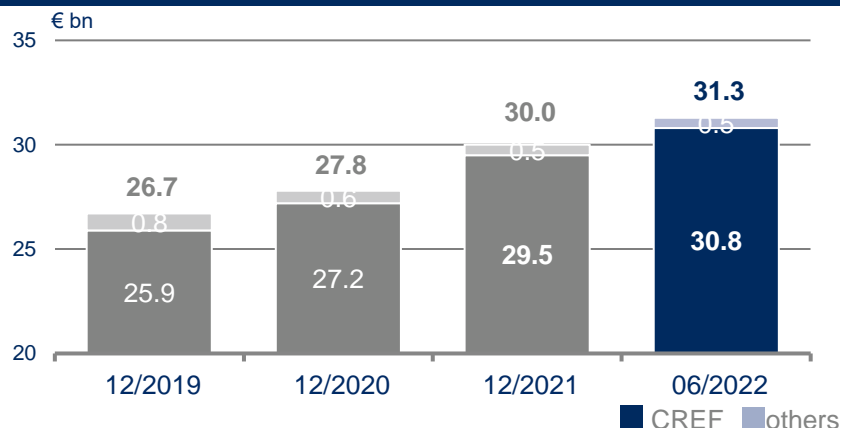
1) Pre FX

2) Governed by "Green Finance Framework"

Segment: Structured Property Financing

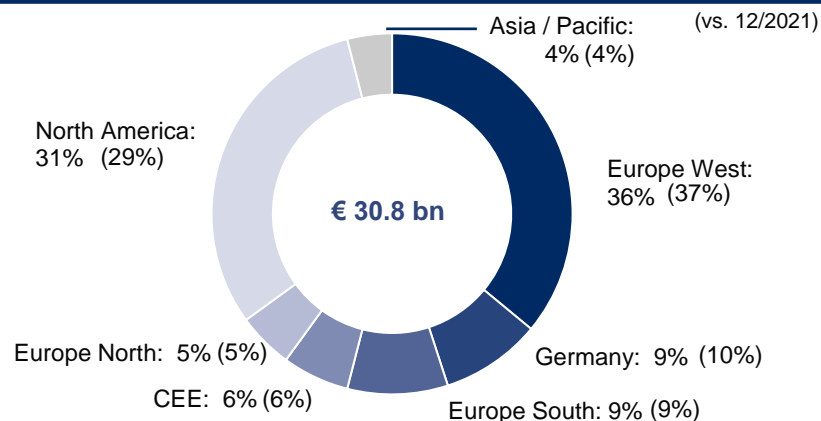
Portfolio volume in Q2 further increased partly by FX effects

Development REF portfolio

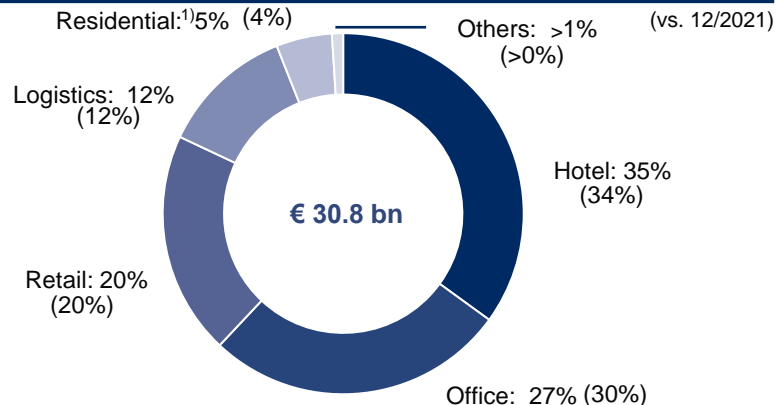


- Sticking to overall country and asset diversification with increasing importance of logistics financings, as well as portfolio-transactions with risk reducing cross collateralisation
- Green property financing portfolio increased to € 6.4 bn or 21% of total CREF portfolio from 17% at YE 2021

CREF portfolio by region



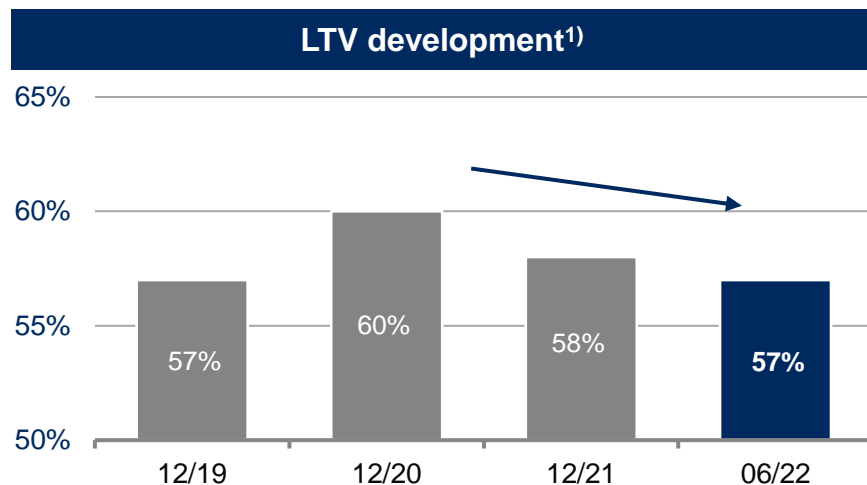
CREF portfolio by property type



1) Incl. Student housing

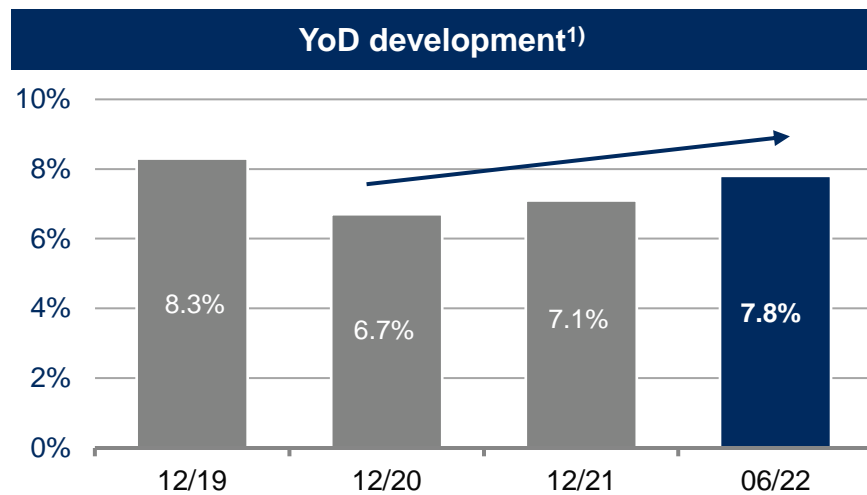
Segment: Structured Property Financing

KPIs continue to improve with the Covid-19 pandemic subsiding, overall portfolio-LTV back on pre-crisis level



Overall LTVs are declining on improvements in the hotel and retail segment

- Hotels stable at 59% vs. 03/22 (62% at 12/20)
- Retail stable at 58% vs. 03/22 (61% at 12/20)



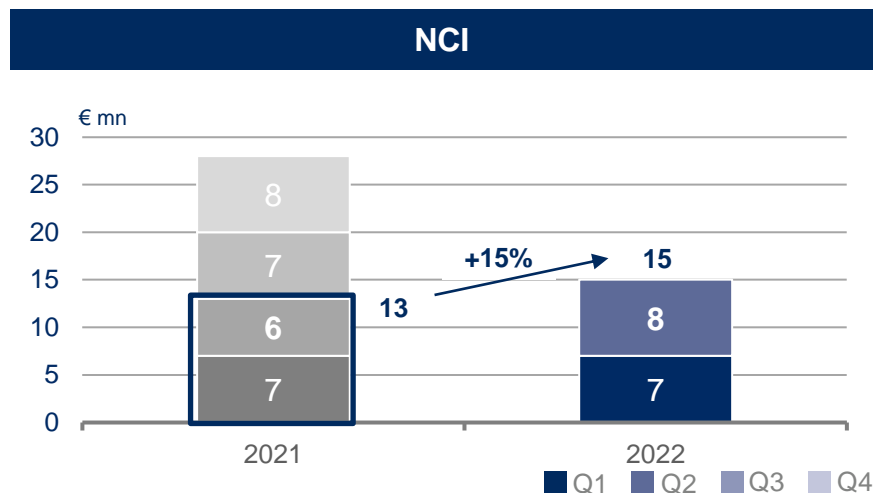
Overall YoDs are increasing on improvements in the hotel and retail segment

- Hotel YoD improved to 7.0% from 5.9% at 03/22 (3.0% at 12/20)
- Retail YoD improved to 9.7% from 9.5% at 03/22 (8.8% at 12/20)

1) Performing CREF-portfolio only (exposure)

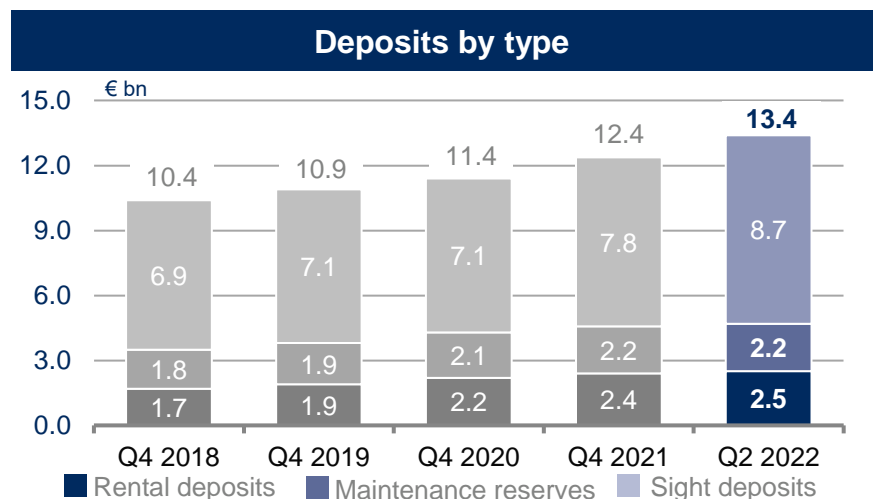
Segment: Banking & Digital Solutions

Deposit volume further strengthened



NCI with positive development as planned

- Acquisition of CollectAI already positively supporting growth by expanding range of products and services
- Exploring new markets and client groups



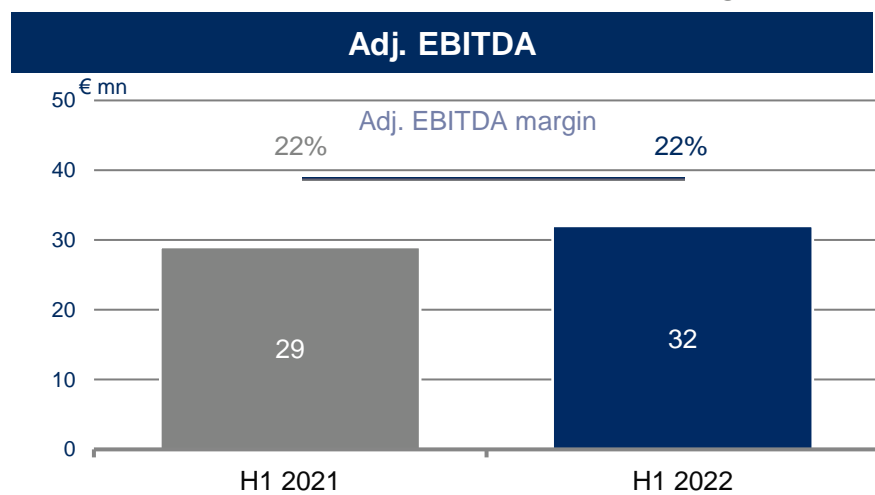
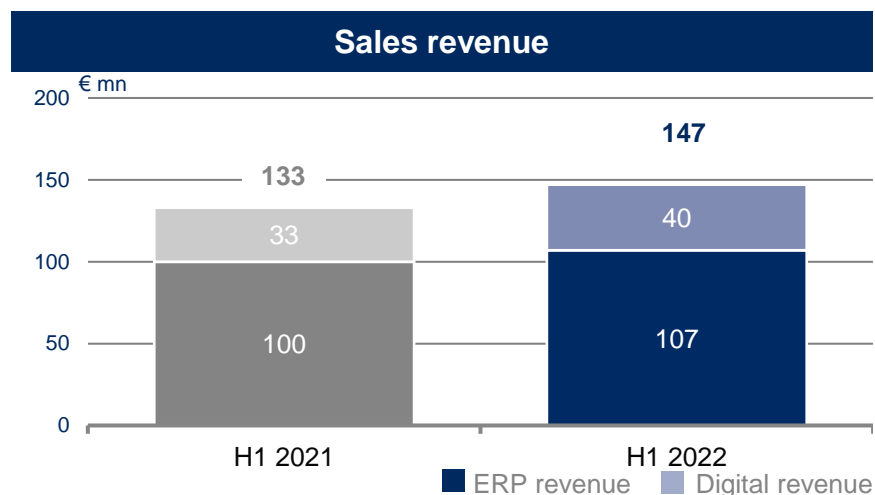
Deposit volume increased above target level of € ~12 bn supporting CREF portfolio growth

- Particularly sticky deposit types increasing steadily
- Since August 2022 depositors' fees no longer applied
- Deposit business will benefit from rising interest rates with positive effects on segment and group results from 2023 onwards
- Limited outflow due to ESF¹⁾ reform is expected in 2023

1) ESF: Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfonds des Bundesverbandes deutscher Banken e.V.)

Segment: Aareon

Ongoing revenue growth (+10%) despite shift to SaaS/Subscription, successful acquisition in Sweden, new Aareon management



- Switch of revenue model from license to SaaS/ Subscription provides foundation for healthy recurring revenue share run-rate (>70%) going forward
- Shift from license to SaaS/Subscription making further progress - SaaS shows strong growth of 20% yoy, supported by strong organic performance
- Sales revenue increased by € 14 mn to € 147 mn (+10% yoy); PS¹⁾ ongoing challenging
 - Digital revenues ex PS up 23% yoy (incl. PS up 20%)
 - ERP revenues ex PS up 9% yoy (incl. PS up 7%)
- Adj. EBITDA increased by € 3 mn to € 32 mn (+10% yoy) and Adj. EBITDA margin stable yoy despite of the switch of revenue model
- Acquisition²⁾ of Swedish Momentum Software Group AB enables Aareon to become leading SaaS company in the Nordics; further cross selling opportunities and synergies
- Two new Management Board members since 1 July:
 - Dr. Ernesto Marinelli, Chief People Officer (former SAP) – newly created board function addresses top priority topic employee recruitment & development
 - Romyana Trencheva, (Chief Market Officer) (former SAP) – her extensive international sales experience helps driving Aareon's growth

Note: Numbers not adding up refer to rounding

1) PS (Professional Services) = Consulting business

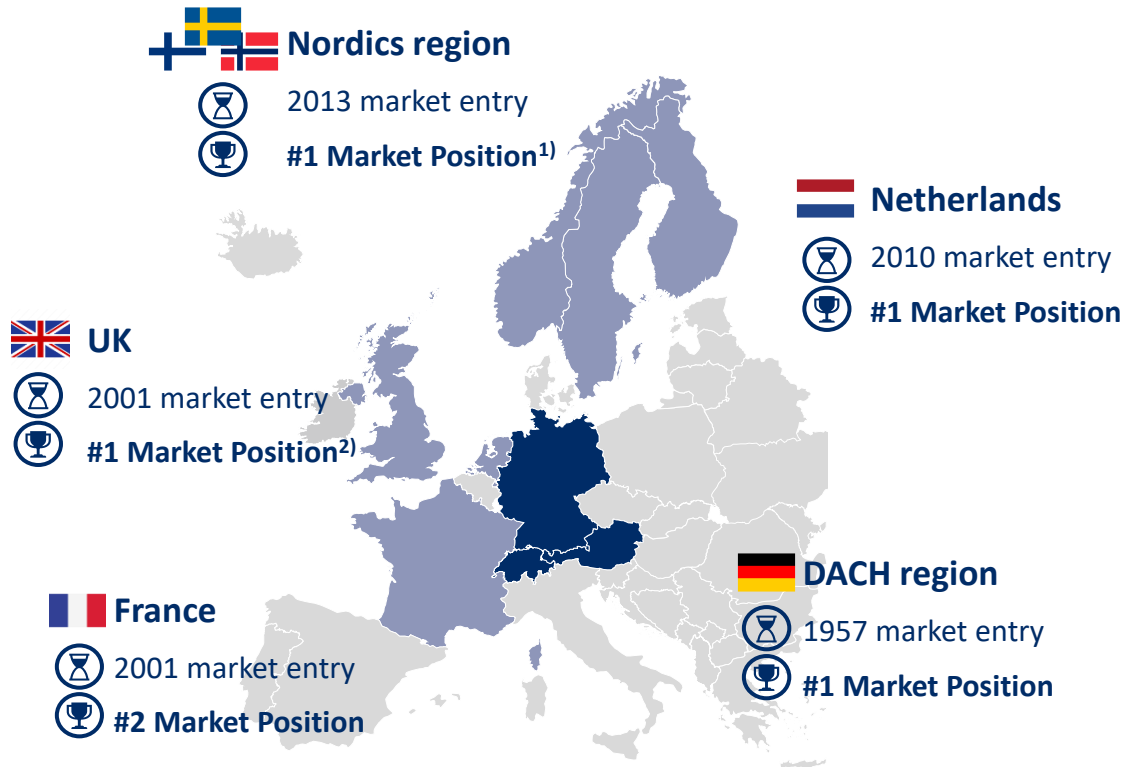
2) 95% as at 30.06.2022

Segment: Aareon

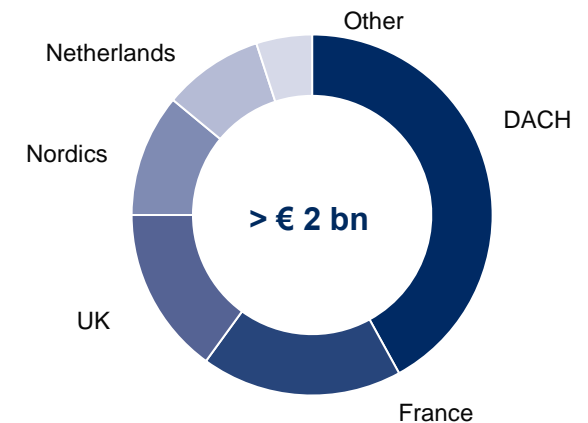
Aareon is now the clear leader in Europe – with expansion potential and a total addressable market > € 2 bn

Aareon now has a leading market position in all its countries

With potential to further expand



Total addressable market – Potential by Aareon Core Geographies



Growth of units³⁾ from ~10 mn (2019) to more than 13 mn (H1/2022)

1) Acquisition of Momentum Software Group AB as of 27 June 2022
 2) Combining Private SMB and Social Housing markets
 3) Unit growth taken into account on a pro rata temporis basis; Additionally, Aareon has also expanded other related business models

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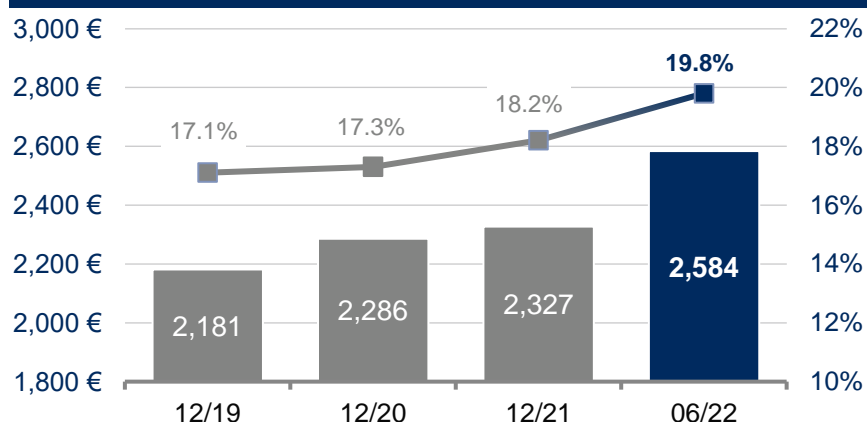
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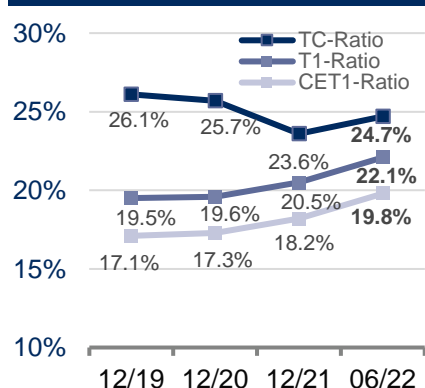
Capital

Strong increase in capital ratios from retained profits and further positive OCI effect from pension liabilities

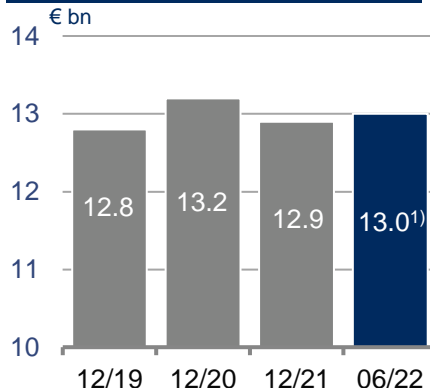
B4 (phase in) CET1 capital / ratio development



B4 (phase in) capital ratios



B4 (phase in) RWA



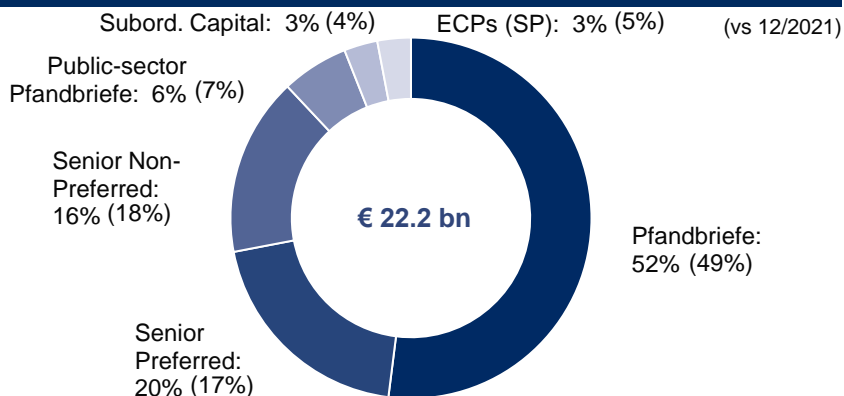
- Very solid capital ratios throughout Covid-19 crisis and despite ongoing portfolio growth
- Strong increase in CET1 ratio (B4 phase-in) in H1 mainly due to increase from
 - Retention of originally announced dividend payout (1.60 € per share)
 - Retained profits for the current year
 - Further positive OCI effect from pension liabilities
- Increase in RWA from portfolio growth compensated by further improved portfolio quality
- Solid T1-Leverage ratio at 5.8% despite portfolio growth
- Remaining regulatory uncertainties (models, ICAAP, ILAAP, B4, etc.)

1) Underlying RWA estimate on the basis of revised CRSA phase-in output floor as a result of a „higher-of“ comparison with an RWA estimate on the basis of the current CRR plus revised AIRBA requirements for commercial property lending, based on the European Commission’s draft for the European implementation of Basel IV dated 27 October 2021. The calculation of the AIRBA figure, which was reported at 03/22 and 12/21 as a result of the „higher-of“ comparison, also includes a buffer (maintaining the scaling factor of 1.06 for AIRBA risk weights, and the 370 % risk weight for the IRBA equity exposure class), to account for the uncertainty surrounding the future final wording of CRR III as well as the implementation of further regulatory requirements such as EBA requirements for internal Pillar 1 models.

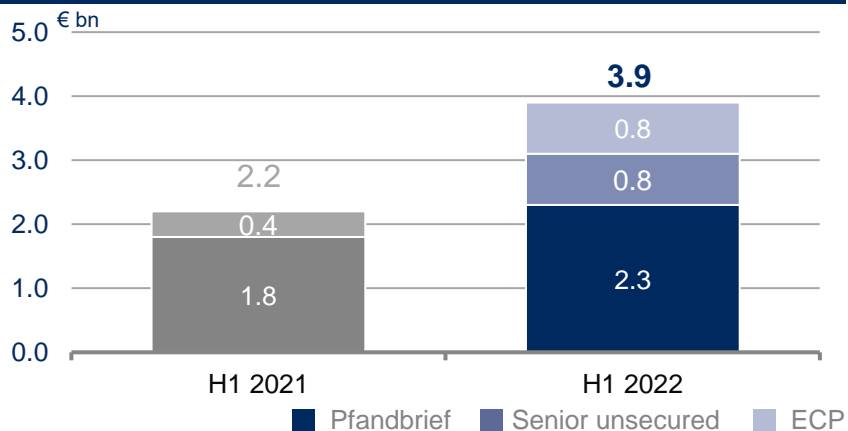
Funding & Liquidity

Funding mix further diversified, well ahead of 2022 funding plan

(Capital market) Funding mix



(Capital market) Issuance volume



Further diversified funding mix

- Second issue rating from Moody's (A3) launched in Q2 2022 broadening investor base
- Cooperation with Raisin and Deutsche Bank started, efficient access to retail deposits as additional funding source

Successful funding activities

- Transactions of € ~3.9 bn in H1 2022 includes
 - € 750 mn Pfandbrief Benchmark (8Y)
 - € 750 mn Pfandbrief Benchmark (7Y)
 - € 500 mn Pfandbrief Benchmark (5Y)
- Green funding
 - € 500 mn Senior Pref. Inaugural Green Benchmark (6Y)
 - 07/22: € 500 mn Senior Pref. Green Benchmark (3Y)
 - € ~350 mn Green ECPs
- Continuous demand for conventional ECPs in EUR, USD and GBP with a total size of € ~450 mn
- Demand for private placements up due to higher interest environment (with intermediate to long term maturities):
 - € 275 mn senior unsecured and
 - € 340 mn mortgage backed (Hypothekenpfandbriefe)

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Outlook 2022

Confirming operating profit guidance

Group	METRIC	2021	OUTLOOK 2022
	<ul style="list-style-type: none"> Net interest income Net commission income LLP¹⁾ Admin expenses 	€ 597 mn € 245 mn € 169 mn € 528 mn	€ 610 - 640 mn (€ 600 - 630 mn) € 270 - 290 mn € 140 - 180 mn (incl. € ~83 mn Russia) € 550 - 580 mn (€ 540 - 570 mn)
<ul style="list-style-type: none"> Operating profit Net income²⁾ Earnings per share (EPS) 	€ 155 mn € 53 mn € 0.89	€ 210 - 250 mn (lower end) € 120 - 150 mn ³⁾ (lower end) € 2.00 - 2.50 ³⁾ (lower end)	
Outlook 2022: Developments in the macroeconomic environment remain uncertain			

Segments	METRIC	2021	OUTLOOK 2022
	Structured Property Financing	<ul style="list-style-type: none"> REF Portfolio New business 	€ 30.0 bn € 8.5 bn
Banking & Digital Solutions		<ul style="list-style-type: none"> Deposit volume NCI 	€ 12.4 bn € 28 mn
Aareon	<ul style="list-style-type: none"> Revenues Adj. EBITDA 	€ 269 mn € 67 mn	€ 305 - 325 mn € 73 - 78 mn

1) Incl. value adjustments from NPL fvpl

2) Net income attributable to ordinary shareholder

3) Based on expected FY-tax ratio of ~36%

4) Subject to FX development

Note: All Q2 2022 figures preliminary and unaudited

Key takeaways

Aareal Bank Group reports a good operating performance in the second quarter despite the challenging market environment

We are consistently pushing our growth initiatives and growing in all three segments according to plan. We will continue our growth while remaining adhering to risk standards

Thanks to our strong capital, our risk management capabilities and our earning power we are well prepared for the upcoming challenging times

We confirm our operating profit guidance for 2022, with the necessary caveat that it is difficult to predict what the future will bring in view of the current geopolitical and economic developments

Group Results

Appendix

Aareal Bank Group

Results Q2 2022

	01.04.- 30.06.2022 € mn	01.04.- 30.06.2021 € mn	Change
Profit and loss account			
Net interest income	171	142	20%
Loss allowance	58	33	76%
Net commission income	68	59	15%
Net derecognition gain or loss	13	8	63%
Net gain or loss from financial instruments (fvpl)	12	-3	-500%
Net gain or loss on hedge accounting	-3	1	-400%
Net gain or loss from investments accounted for using the equity method	-2	-1	100%
Administrative expenses	142	118	20%
Net other operating income / expenses	2	-14	-114%
Operating Profit	61	41	49%
Income taxes	22	29	-24%
Consolidated net income	39	12	225%
Consolidated net income attributable to non-controlling interests	0	1	-100%
Consolidated net income attributable to shareholders of Aareal Bank AG	39	11	255%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	39	11	255%
of which: allocated to ordinary shareholders	35	8	338%
of which: allocated to AT1 investors	4	3	33%
Earnings per ordinary share (in €) ²⁾	0.59	0.13	354%
Earnings per ordinary AT1 unit (in €) ³⁾	0.04	0.03	33%

1) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.

2) Earnings per ordinary share are determined by dividing the earnings allocated to ordinary shareholders of Aareal Bank AG by the weighted average of ordinary shares outstanding during the financial year (59,857,221 shares). Basic earnings per ordinary share correspond to diluted earnings per ordinary share.

3) Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of 3 € each) are determined by dividing the earnings allocated to AT1 investors by the weighted average of AT1 units outstanding during the financial year. Earnings per AT1 unit (basic) correspond to (diluted) earnings per AT1 unit.

Aareal Bank Group

Results Q2 2022 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.04.- 30.06. 2022	01.04.- 30.06. 2021	01.04.- 30.06. 2022	01.04.- 30.06. 2021	01.04.- 30.06. 2022	01.04.- 30.06. 2021	01.04.- 30.06. 2022	01.04.- 30.06. 2021	01.04.- 30.06. 2022	01.04.- 30.06. 2021
€ mn										
Net interest income	163	133	11	11	-3	-2	0	0	171	142
Loss allowance	58	33			0	0			58	33
Net commission income	2	2	8	6	61	54	-3	-3	68	59
Net derecognition gain or loss	13	8							13	8
Net gain or loss from financial instruments (fvpl)	12	-3	0		0				12	-3
Net gain or loss on hedge accounting	-3	1							-3	1
Net gain or loss from investments accounted for using the equity method			-1	-1	-1	0			-2	-1
Administrative expenses	61	50	19	17	65	54	-3	-3	142	118
Net other operating income / expenses	1	-15	-1	0	2	1	0	0	2	-14
Operating profit	69	43	-2	-1	-6	-1	0	0	61	41
Income taxes	24	30	0	-1	-2	0			22	29
Consolidated net income	45	13	-2	0	-4	-1	0	0	39	12
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	0	1			0	1
Cons. net income attributable to shareholders of Aareal Bank AG	45	13	-2	0	-4	-2	0	0	39	11

Aareal Bank Group

Results H1 2022

	01.01.- 30.06.2022 € mn	01.01.- 30.06.2021 € mn	Change
Profit and loss account			
Net interest income	330	280	18%
Loss allowance	107	40	168%
Net commission income	132	118	12%
Net derecognition gain or loss	22	8	175%
Net gain or loss from financial instruments (fvpl)	18	-4	-550%
Net gain or loss on hedge accounting	-7	-2	250%
Net gain or loss from investments accounted for using the equity method	-2	-1	100%
Administrative expenses	295	268	10%
Net other operating income / expenses	0	-18	-100%
Operating Profit	91	73	25%
Income taxes	33	40	-18%
Consolidated net income	58	33	76%
Consolidated net income attributable to non-controlling interests	1	5 ²	-80%
Consolidated net income attributable to shareholders of Aareal Bank AG	57	31	84%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	57	31	84%
of which: allocated to ordinary shareholders	50	24	108%
of which: allocated to AT1 investors	7	7	0%
Earnings per ordinary share (in €) ²⁾	0.84	0.40	110%
Earnings per ordinary AT1 unit (in €) ³⁾	0.07	0.07	0%

1) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.

2) Earnings per ordinary share are determined by dividing the earnings allocated to ordinary shareholders of Aareal Bank AG by the weighted average of ordinary shares outstanding during the financial year (59,857,221 shares). Basic earnings per ordinary share correspond to diluted earnings per ordinary share.

3) Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of 3 € each) are determined by dividing the earnings allocated to AT1 investors by the weighted average of AT1 units outstanding during the financial year. Earnings per AT1 unit (basic) correspond to (diluted) earnings per AT1 unit.

Aareal Bank Group

Results H1 2022 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 30.06. 2022	01.01.- 30.06. 2021	01.01.- 30.06. 2022	01.01.- 30.06. 2021	01.01.- 30.06. 2022	01.01.- 30.06. 2021	01.01.- 30.06. 2022	01.01.- 30.06. 2021	01.01.- 30.06. 2022	01.01.- 30.06. 2021
	€ mn									
Net interest income	313	260	23	22	-6	-2	0	0	330	280
Loss allowance	107	40	0		0	0			107	40
Net commission income	4	4	15	13	119	107	-6	-6	132	118
Net derecognition gain or loss	22	8							22	8
Net gain or loss from financial instruments (fvpl)	18	-4	0		0				18	-4
Net gain or loss on hedge accounting	-7	-2							-7	-2
Net gain or loss from investments accounted for using the equity method	0		-1	-1	-1	0			-2	-1
Administrative expenses	146	134	37	36	118	104	-6	-6	295	268
Net other operating income / expenses	-2	-20	-1	0	3	2	0	0	0	-18
Operating profit	95	72	-1	-2	-3	3	0	0	91	73
Income taxes	34	40	0	-1	-1	1			33	40
Consolidated net income	61	32	-1	-1	-2	2	0	0	58	33
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	1	2			1	2
Cons. net income attributable to shareholders of Aareal Bank AG	61	13	-1	-1	-3	0	0	0	57	31

Aareal Bank Group

Preliminary results – quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					Aareon					Consolidation / Reconciliation					Aareal Bank Group				
	Q2	Q1	Q4	Q3	Q2	Q2	Q1	Q4	Q3	Q2	Q2	Q1	Q4	Q3	Q2	Q2	Q1	Q4	Q3	Q2	Q2	Q1	Q4	Q3	Q2
	2022			2021		2022			2021		2022			2021		2022			2021		2022			2021	
€ mn																									
Net interest income	163	150	154	146	133	11	12	10	11	11	-3	-3	-2	-2	-2	0	0	0	0	0	171	159	162	155	142
Loss allowance	58	49	54	39	33		0				0	0	0	0	0						58	49	54	39	33
Net commission income	2	2	2	2	2	8	7	8	7	6	61	58	64	50	54	-3	-3	-3	-3	-3	68	64	71	56	59
Net derecognition gain or loss	13	9	8	7	8																13	9	8	7	8
Net gain / loss from fin. instruments (fvpl)	12	6	-23	-3	-3	0		0			0										12	6	-23	-3	-3
Net gain or loss on hedge accounting	-3	-4	-1	-2	1																-3	-4	-1	-2	1
Net gain / loss from investments acc. for using the equity method			0			-1	0	0		-1	-1	0	-1	0	0						-2	0	-1	0	-1
Administrative expenses	61	85	63	59	50	19	18	20	17	17	65	53	55	52	54	-3	-3	-3	-3	-3	142	153	135	125	118
Net other operating income / expenses	1	-3	8	-1	-15	-1	0	-1	0	0	2	1	-2	2	1	0	0	0	0	0	2	-2	5	1	-14
Operating profit	69	26	31	51	43	-2	1	-3	1	-1	-6	3	4	-2	-1	0	0	0	0	0	61	30	32	50	41
Income taxes	24	10	14	28	30	0	0	0	0	-1	-2	1	6	-1	0						22	11	20	27	29
Consolidated net income	45	16	17	23	13	-2	1	-3	1	-1	-4	2	-2	-1	-1	0	0	0	0	0	39	19	12	23	12
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	1	-1	0	1						0	1	-1	0	1
Cons. net income attributable to ARL shareholders	45	16	17	23	13	-2	1	-3	1	0	-4	1	-1	-1	-2	0	0	0	0	0	39	18	13	23	11

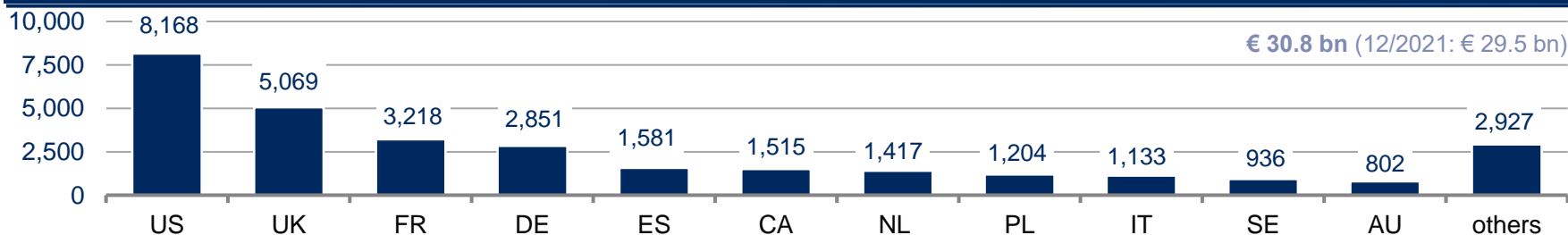
Asset quality

Appendix

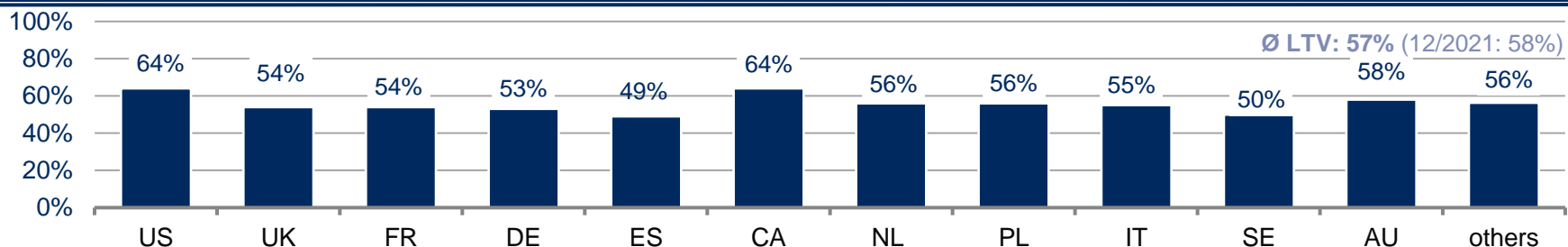
CREF portfolio by country

€ 30.8 bn highly diversified

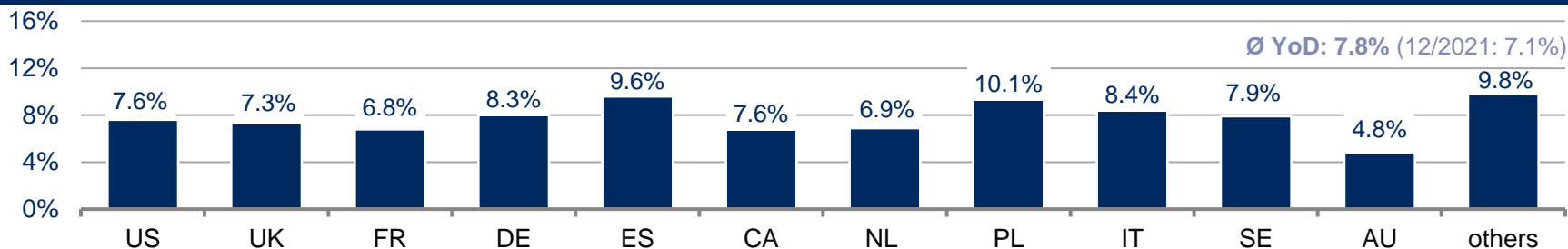
CREF portfolio (€ mn)



LTV¹⁾



YoD¹⁾

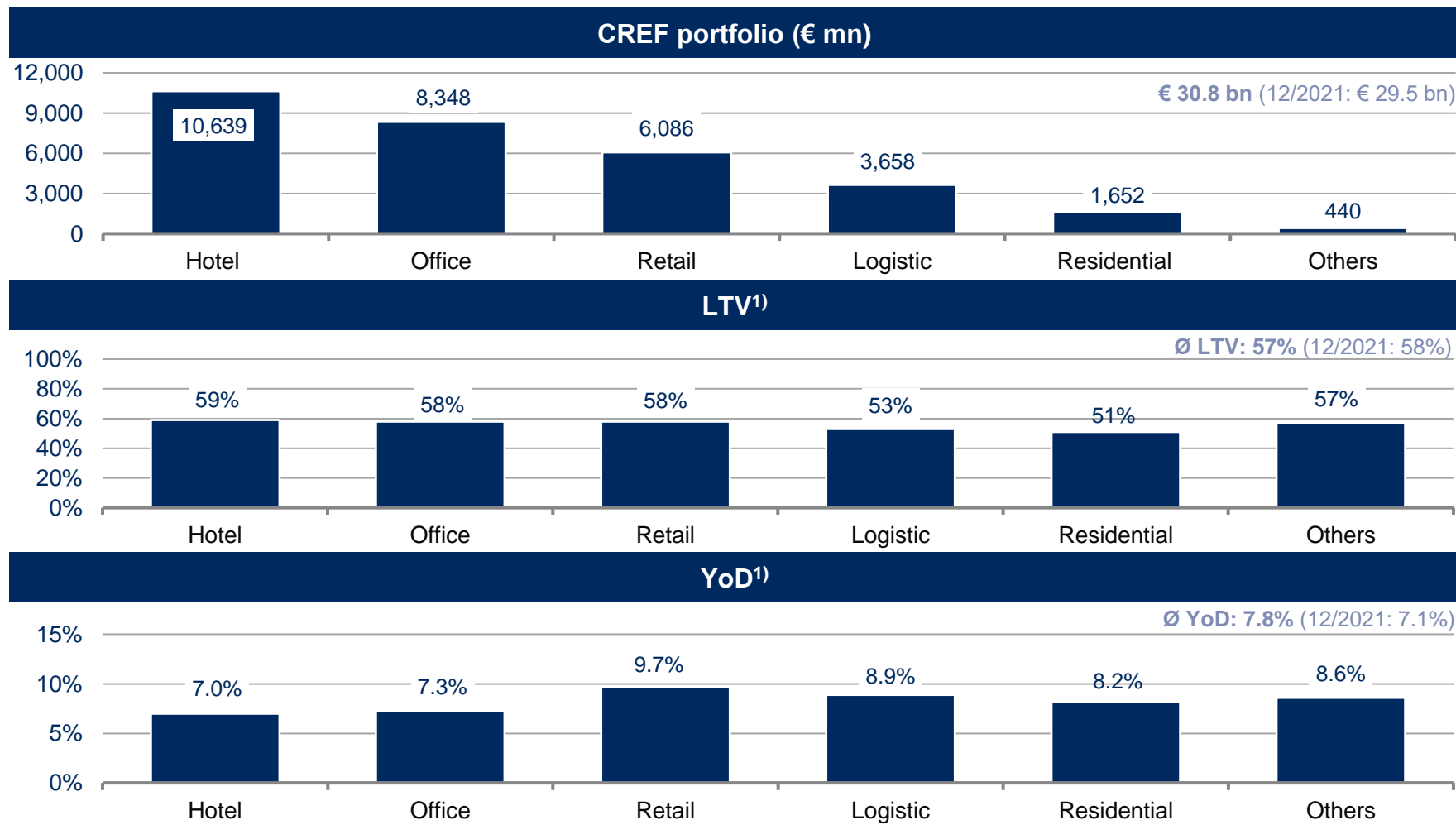


Note: others incl. countries with a portfolio below € 500 mn

1) Performing CREF-portfolio only (exposure)

CREF portfolio by property types

€ 30.8 bn highly diversified



1) Performing CREF-portfolio only (exposure)

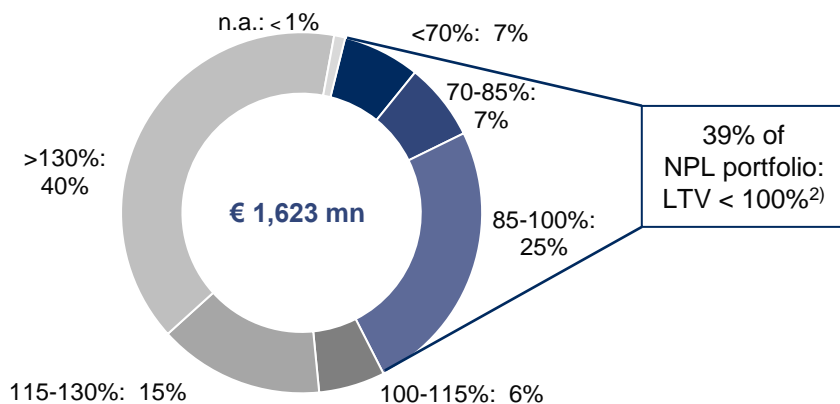
Non performing loans (NPL)

Deep dive

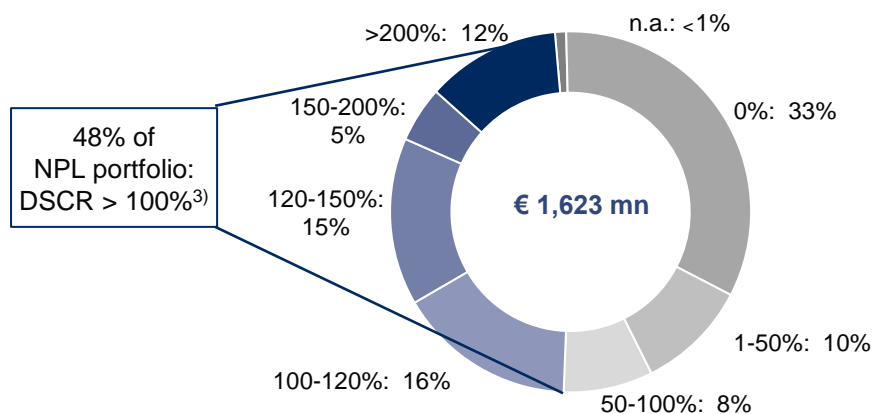
Published
May 2022

- NPL classification depends on a variety of triggers (e.g. arrears, NOI, DSCR, LTVs, yields, prices, marketability, ...)
 - NPL classification might be triggered even if no nominal loss will be made but contractual payments are or potentially will not be received in line with the agreement (timing / amounts)
 - Current NPL portfolio:
 - 39% of NPL portfolio with LTV <100%
 - 48% of NPL portfolio with DSCR >100%¹⁾
- Only 22% of NPL portfolio with LTV >100% and DSCR <100%
- Meaningful share of NPLs with decent risk parameters

LTV distribution



DSCR distribution



1) In FY 2021, interest payments are made for more than 70% of the NPL portfolio

2) Based on current market values

3) Based solely on asset performance (not including sponsor support)

Segment: Structured Property Financing

Spotlight: Inflation impact on real estate markets

Published
May 2022

General

- Various protection mechanisms installed between bank and client as well as between client and tenant
- Various mitigating factors depending on property type
(eg. Structural changes, Corona recovery, Higher construction costs / material shortage supporting existing properties)
- Cap Rates: stable so far, still high spreads compared to alternative investments

Protection mechanism

Property type	Relationship Bank – Client (loan contract)	Relationship Client – Tenant
Office	+ Generally DSCR/ICR covenants	+ Rents in many cases index-linked + Mix of various tenants + Rental agreements with different maturities
Retail	+ NOI 12M forward looking + Interest: Hedged rate (eg contractually agreed cap) or fixed rate	+ Rent includes sales revenue based component → inflation caused sales revenue increase supporting rent + Mix of various tenants + Rental agreements with different maturities
Logistic	+ Cash sweep in case of covenants breach	+ In many cases portfolio transactions → mix of various tenants + Tenants regularly with group support + Rents in many cases index-linked
Hotel	+ Various covenants (eg DSCR/ICR, YoD, LTV) + NOI 12M retrospectively ¹⁾ + Interest: Hedged rate or fixed rate + Cash sweep in case of covenants breach	+ Rent per room changeable short-term

Well protected against “normal” inflation. Stagflation could trigger challenges

1) For risk assessment also considering forward looking NOI

Implications of the Russian war against Ukraine

New Russian NPL ~40% provisioned; No exposure in Ukraine

Russian operations

- Rep office with 2 employees in Moscow
- Russia defined as non-core market about a decade ago
- Last newly acquired business in 2012
- From more than € 1 bn in 2010 portfolio significantly reduced to a net exposure of around € ~200 mn (YE 2021)

Russian exposure

- Two financings with a net exposure of € 208 mn as of 30.06.2022, EURO denominated; one financing almost written off
- The second financing has been classified as NPL in Q1 as loan due in Q4 2022 and as of today on-time payback is uncertain
- In H1 2022 € 83 mn LLP booked (Stage 3); remaining net exposure of € 125 mn
- Remaining net exposure equals ~45% of 10/2021 market value
- Property characteristics:
 - Office complex in Moscow
 - Nearly fully let to international and Russian tenants
 - Client able and willing to pay (DSCR >> 100%)
 - Currently Russian sanctions hinder cash transfer out of Russia

As of today impacts from geopolitical and macroeconomic environment are not predictable. However the markdown reflects volatility seen in other crisis in the past.

Segments

Appendix

Segment: Aareon

Q2 2022 P&L and other KPIs

P&L Aareon segment - Industry format ¹⁾	Q2'21	H1'21	Q2'22	H1'22	Δ Q2 '22/'21	Δ H1 '22/'21
€ mn						
Sales revenue	67	133	75	147	11%	10%
▪ <i>Thereof ERP</i>	50	100	54	107	6%	7%
▪ <i>Thereof Digital</i>	17	33	21	40	26%	20%
Costs ²⁾	-60	-115	-67	-126	12%	6%
▪ <i>Thereof material</i>	-13	-26	-13	-27	1%	9%
EBITDA	7	18	7	21	3%	17%
Adjustments ²⁾	-7	-11	-8	-11	24%	-1%
Adj. EBITDA	14	29	16	32	13%	10%
EBITDA	7	18	7	21	3%	17%
D&A / Financial result	-8	-15	-13	-23	-50%	-55%
EBT / Operating profit	-1	3	-5	-3	<-100%	<-100%

R&D, RPU and operating cashflow	
Revenue per unit (RPU) – LTM (€)	21
R&D spend as % of software revenue – YTD	26%
YTD Operating Cash Flow (€ mn)	11

- RPU (last 12 months) at 21 €. With cross-selling opportunities to be harvested
- R&D spend slightly above 25%, but expected to stay in line with communicated pattern of 25% threshold
- Operating Cash Flow at € 11 mn (H1/21: € 15 mn) lower, mainly due to shifts in working capital composition

1) Calculation refers to unrounded numbers

2) Incl. New product, VCP, Ventures, M&A and one-offs

ESG

Appendix

ESG in our daily business

Putting sustainability at the core of our decisions

ESG in our lending business

Aareal Bank “Green Finance Framework – Lending” put into place


- Aareal Bank’s Green Finance Framework – Lending confirmed through a Second Party Opinion (SPO) by Sustainalytics
- Ambition to incorporate an ESG assessment into our day-to-day lending activities
- Explicit customer demand in Aareal Bank’s green lending approach internationally identified and interest is high for the new product
- First green lending within the new framework provided since Q2 2021

ESG in our financing activity

Aareal Bank “Green Finance Framework – Liabilities” to form basis for inaugural Green Bond

- In addition to the lending framework, Aareal Bank has implemented an accompanying liability-side/use-of-proceeds framework that allows issuance of green financing instruments (GFF - Liabilities)
- The Green Finance Framework – Liabilities is intended to not only reflect our sustainable lending activities but also our strategic approach towards sustainability
- Bond issuances under this framework invite open discussion and engagement with investors on the progress we have made and on the path forward

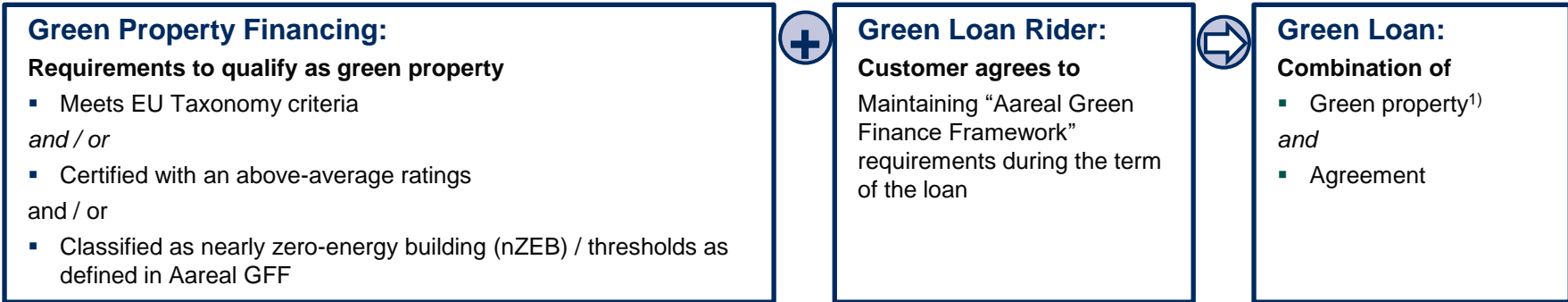
Continue to enlarge climate transparency in the portfolio

- 
- Portfolio transparency and data accumulation significantly improved in 2021 and improvement of transparency for both the existing and the new lending to be continued
 - Aareal Bank involved in international initiatives to calculate financed emissions (PCAF)
 - Additional disclosure will be made available following the issuance of a green financing instrument as Aareal Bank intends to issue an allocation and impact report in connection to outstanding green financing instruments

More than 20% of the portfolio fulfills Aareal's demanding Green Finance Framework



Aareal Green Finance Framework (GFF) in place



Eligibility category	Eligibility criteria (alternatives)								
Green Buildings	<p>1. EU taxonomy compliant: Buildings meet the EU Taxonomy criteria according to the EU Commission Delegated Regulation, Chapter 7.7 "Acquisition and ownership of existing buildings"</p>	<p>2. Green building certification:</p> <ul style="list-style-type: none"> BREEAM: "Very Good" and above LEED: "Gold" and above DGNB: "Gold" and above Green Star: "5 Stars" and above NABERS: "4 Stars" and above HQE: "Excellent" and above 	<p>3. Energy efficiency: Classified as a nearly zero-energy building (nZEB) and / or property falls below the maximum energy reference values</p> <table border="1"> <tr> <td>75 kWh/m² p.a.</td> <td>Residential</td> </tr> <tr> <td>140 kWh/m² p.a.</td> <td>Office, Hotel, Retail</td> </tr> <tr> <td>65 kWh/m² p.a.</td> <td>Logistics</td> </tr> </table>	75 kWh/m ² p.a.	Residential	140 kWh/m ² p.a.	Office, Hotel, Retail	65 kWh/m ² p.a.	Logistics
75 kWh/m ² p.a.	Residential								
140 kWh/m ² p.a.	Office, Hotel, Retail								
65 kWh/m ² p.a.	Logistics								
Energy efficiency upgrades	<p>1. EU taxonomy compliant: Modernisation measures meet the EU Taxonomy criteria acc. EU Commission Delegated Regulation³⁾</p>	<p>2. Upgrade to Green Building: Completion of the measure brings the property up to the green building standard defined above.</p>	<p>3. Energy efficiency improvement: Completion of the measure results in an energy efficiency improvement of at least 30%.</p>						

1) All buildings within a financing have to qualify as green buildings according to Aareal GFF
 2) Partnership for Carbon Accounting Financials
 3) Chapter 7.2 "Renovation of existing buildings"

Major Milestones in Sustainable Finance Strategy achieved

Green loans for green properties refinanced by green funding instruments

Significant progress¹⁾ in ESG transparency and performance:

Verified²⁾ ESG-Transparency for

~45%

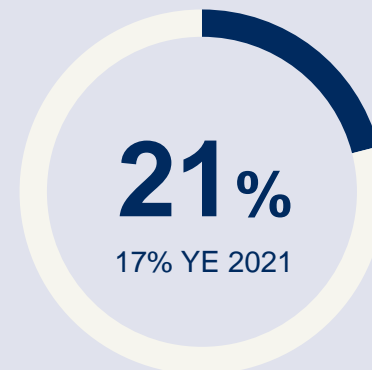
of our portfolio through documentation of proof in IT systems

Total Green Loan Volume of € ~1.5 bn, thereof in 2022:

€ ~1.1 bn

- € ~ 350 mn newly acquired business
- € ~ 700 mn renewals and conversions³⁾

Green Property Financings²⁾



of CREF portfolio

with more potential subject to ongoing validation

Since implementation of Green Finance Framework – Funding

> € 1.3 bn

has been issued via Senior Preferred Green Bonds as well as via the green Commercial Paper Program

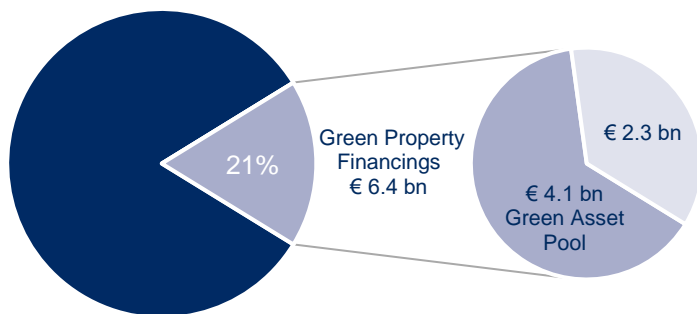
1) Portfolio data as at 30.06.2022 – ESG Data as at 30.06.2022

2) Verified by documented certificate

3) Conversions: Existing loans converted into green loans

21% of total CREF portfolio classified as Green Property Financings

CREF¹⁾ portfolio

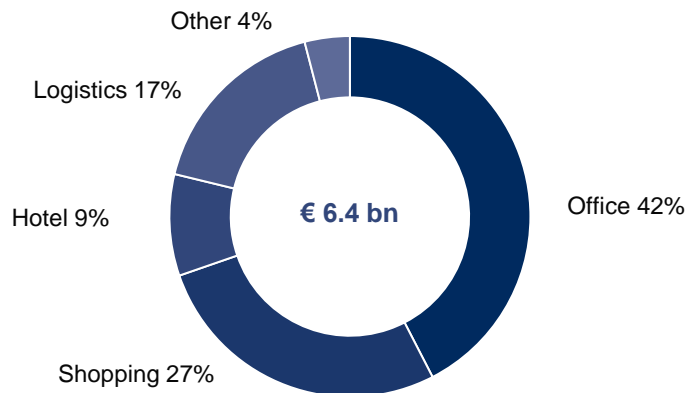


€ 6.4 bn¹⁾ (21%) of total CREF portfolio fulfilling Aareal Banks Green Finance Framework and are classified as “Green Property Financings”, thereof

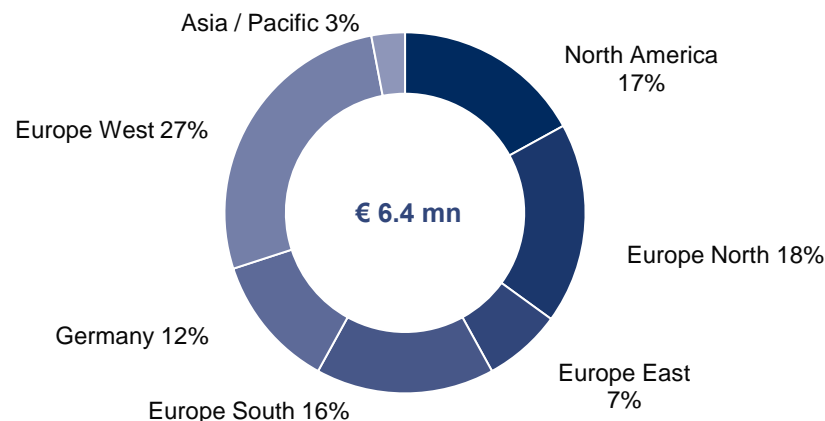
- € 4.1 bn included in green asset pool for underlying of Green bond emissions
- € 2.3 bn green property financings mainly for technical reasons not (yet) included

■ CREF portfolio ■ Included in green asset pool ■ Not (yet) included

Green Property Financings²⁾ by property type



Green Property Financings²⁾ by region



1) Portfolio data as at 30.06.2022 (exposure) – ESG Data as at 30.06.2022

2) Verified by documented certificate

Consistently positive rating results

Rewarding Aareal's ESG performance



since 2015



- With continuous AA status in ESG Rating, Aareal is in the top third of 192 Banks in MSCI ACWI Index
- Outstanding Score in Governance (7.1 of 10) compared to industry average (4.8)



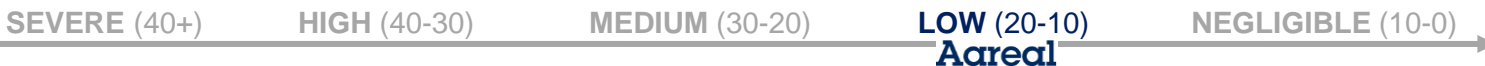
since 2012



- Prime Status confirms ESG performance above sector-specific Prime threshold, which means Aareal fulfils ambitious absolute performance requirements
- Range of 130 rated companies in the Mortgage & Public Sector Finance sector between D and B, Aareal on Decile Rank 2



as of 02/2022



- Aareal is at low risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues (negligible or low risk rating in five out of six material ESG issues)
- Improvement "Medium" to "Low" risk, Rank 148 of 1008 in Sector Banks, 11 of 95 in Thrifts and Mortgages



as of 04/2021



- Rank 27 of 95 in Sector Retail & Specialized Banks
- Aareal with significant above sector average results in Environment 48 [ø44], Social 48 [ø43] and Governance 57 [ø45]



since 2019



- Awareness Level (C) in CDP's Climate Change survey measuring companies' approach to climate change from strategy to action and carbon reduction performance

Real Estate is transitioning to a more sustainable, digitised and connected future

Fostering this transition

Published
Feb 2022

ESG¹⁾ is (and has always been) fundamental to our business

- Lasting value of our properties is in our own interest
- No financing of controversial industry sites / projects
- Environmental quality is a major consideration in business origination and quality deficiencies will have an impact on the structuring of the loan or may reject the transaction

Integration of ESG in decision making initiated group-wide

- 2011: Introduction of corporate ESG compliance
- 2017: Focus on developing sustainability performance of core business
- September 2020: ESG@Aareal initiative initiated - "ESG Integration" throughout the group embedding ESG strongly into the business and decision-making processes

Strategic sustainability management based on five criteria

- Measurable contribution to sustainability transformation [AMBITION]
- Investable on the asset and liability side [INVEST]
- Retain existing customers and attract new ones [CLIENT]
- Manage relevant ESG risks [RISK]
- Comply with regulatory requirements [REGULATION]

We have impact!

- Contributing to the transition to a low carbon economy with every green financing
- Enabling customers to improve their sustainability performance with every smart digital solution connecting multiple parties and equipment

1) Environmental, Social, Governance

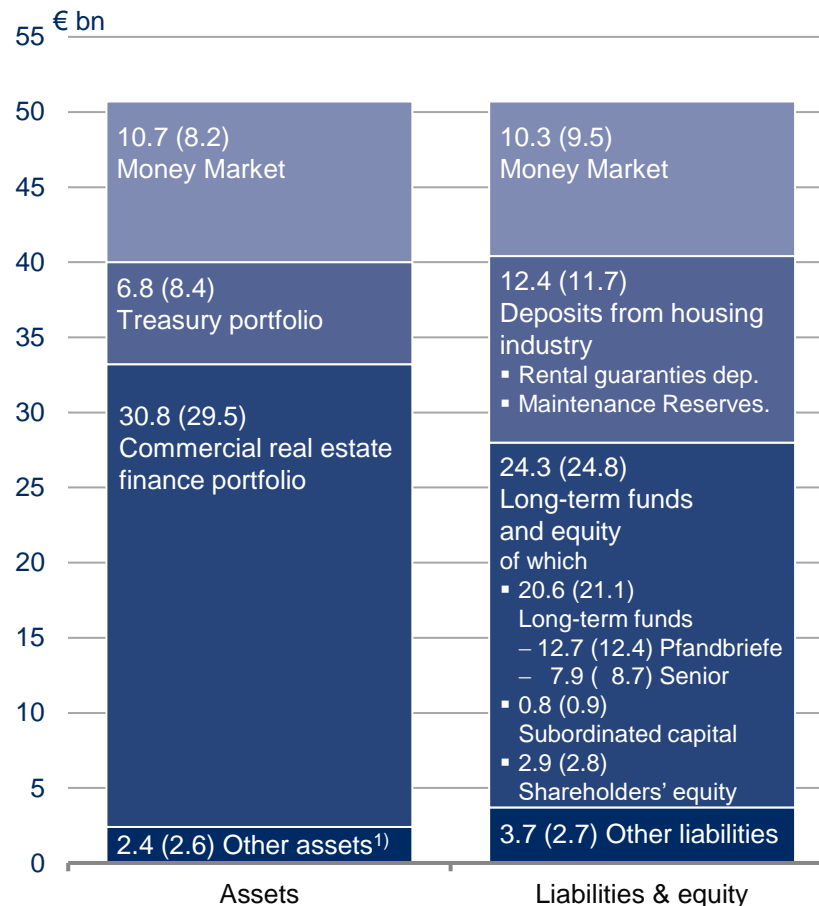
B/S, Treasury Portfolio, Funding & Liquidity

Appendix

B/S structure according to IFRS

Well balanced B/S structure, Liquidity requirements significantly overfulfilled

Balance sheet as at 30.06.2022: € 50.7 bn (31.12.2021: € 48.7 bn)

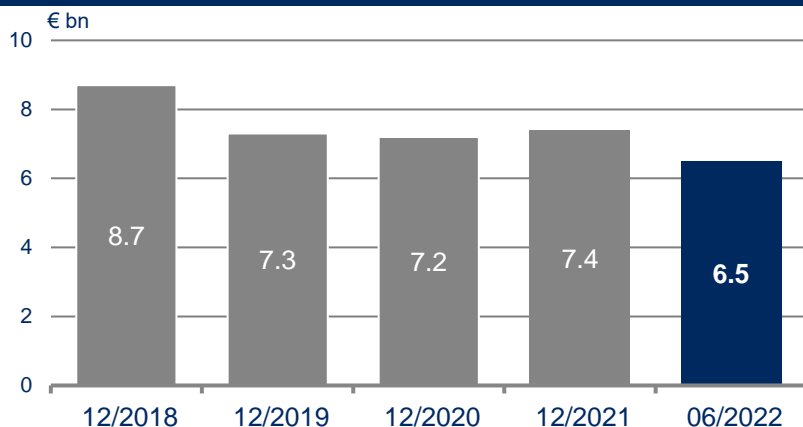


1) Other assets includes € 0.2 bn private client portfolio and WIB's € 0.3 bn public sector loans

Treasury portfolio

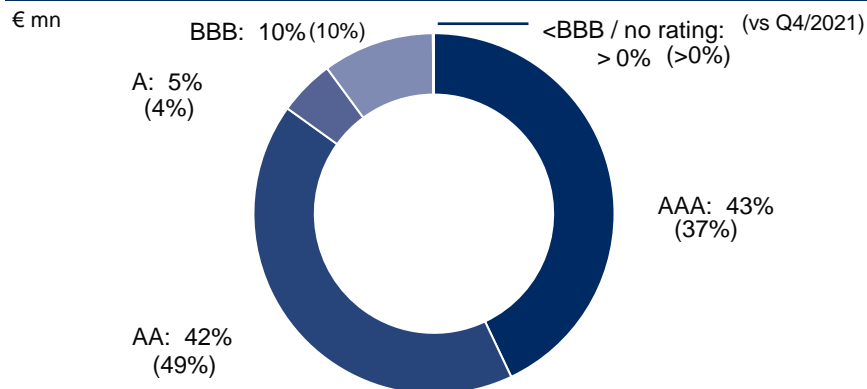
€ 6.5 bn of high rating quality and highly liquid assets operates as collateral or additional liquidity

TR portfolio development

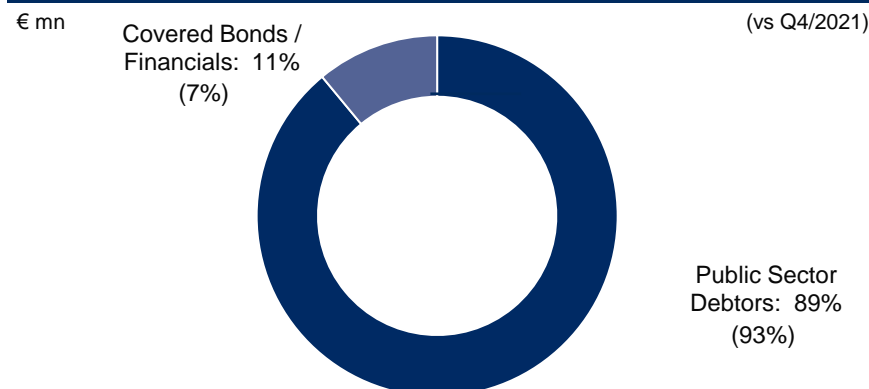


- Reduction due to maturities and sold of public sector bonds after significant spread widenings
- Diversification intensified by re-investing in new agencies and Covered Bonds supporting spread improvement
- Enables generating carry vs holding just cash collateral
- Serves as a liquidity reserve in both economic and normative terms
- Mainly consists of
 - Collaterals for the Pfandbrief (public / mortgage)
 - Assets permanently pledged for other reasons (e.g. collateral for LCH Clearing)

TR portfolio by rating¹⁾



TR portfolio by asset class

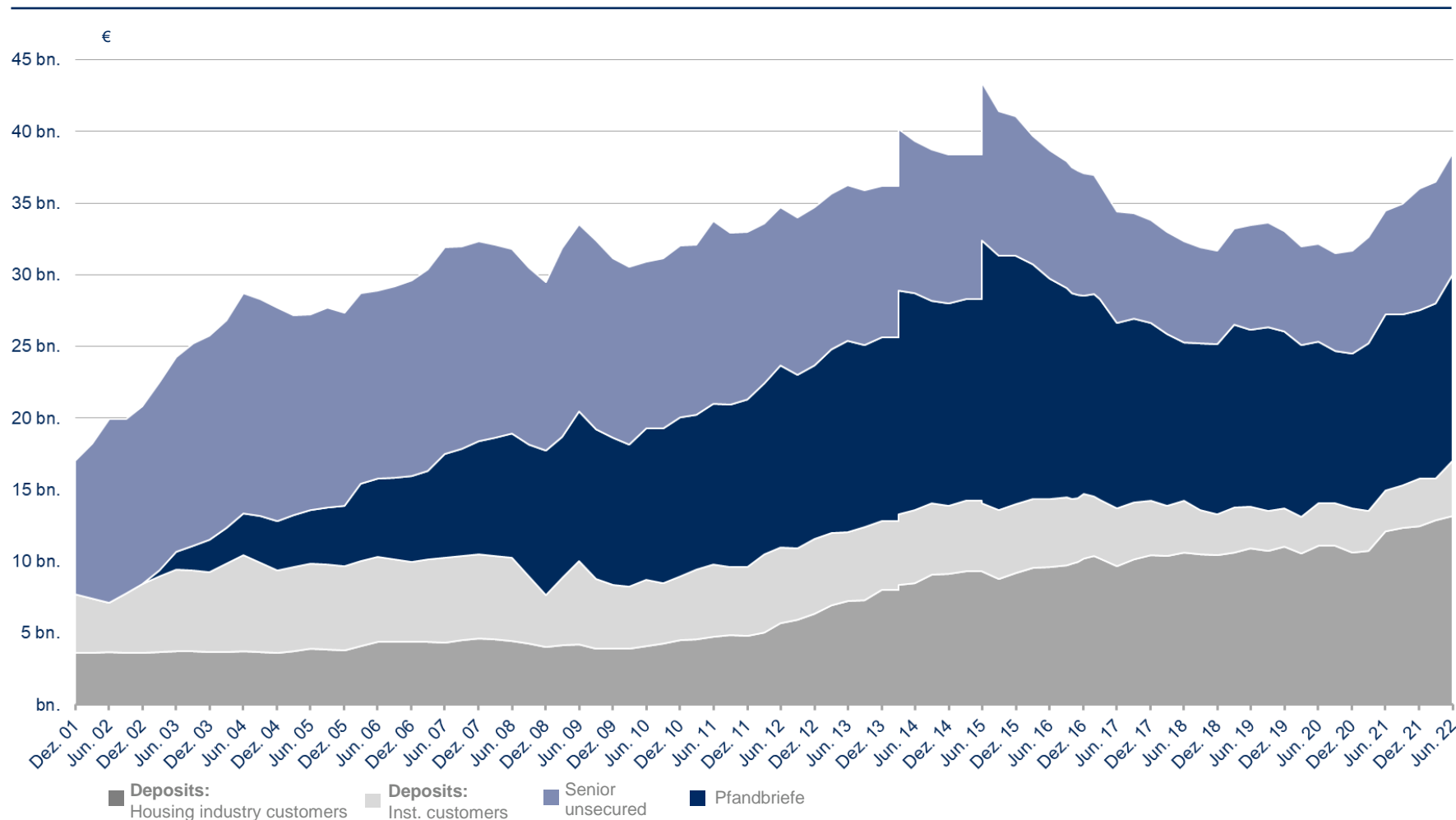


As at 30.06.2022 – all figures are nominal amounts

1) Composite Rating

Funding & Liquidity

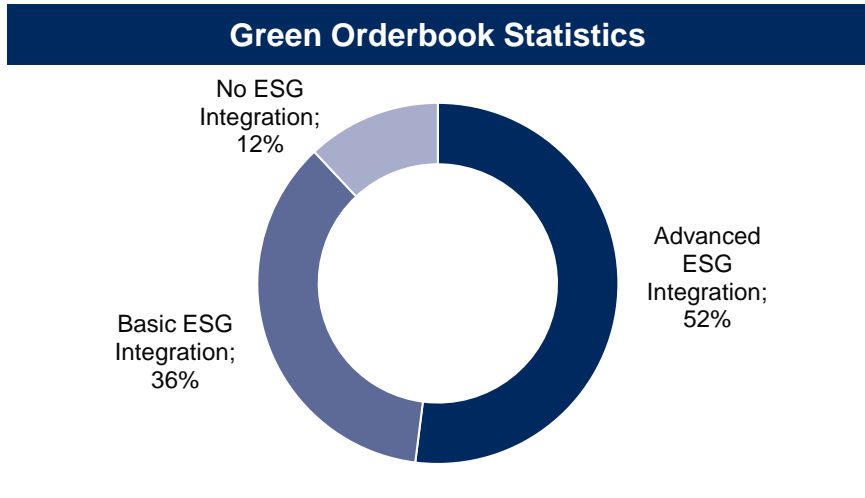
Diversified funding sources and distribution channels



Funding & Liquidity

Very successful Senior Preferred Inaugural Green benchmark transaction

Published
Feb 2022



Successful announcement of Green Financing Framework and receiving of Second Party Opinion from Sustainalytics supported strong entry into Green debt markets with highly successful Green ECP & Green SP Benchmark transactions:

- € 500 mn Senior Preferred Inaugural Green Benchmark Transaction with maturity of 6 years
- 88% of allocation to ESG related investors
- ECPs € 405 mn Green & \$ 76 mn Green till 12/2021
- Broader investor base



“Based on the above, Sustainalytics is confident that Aareal is well-positioned to finance green loans and issue green bonds

and that the Aareal Bank Green Finance Framework - Liabilities is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.”



Regulation

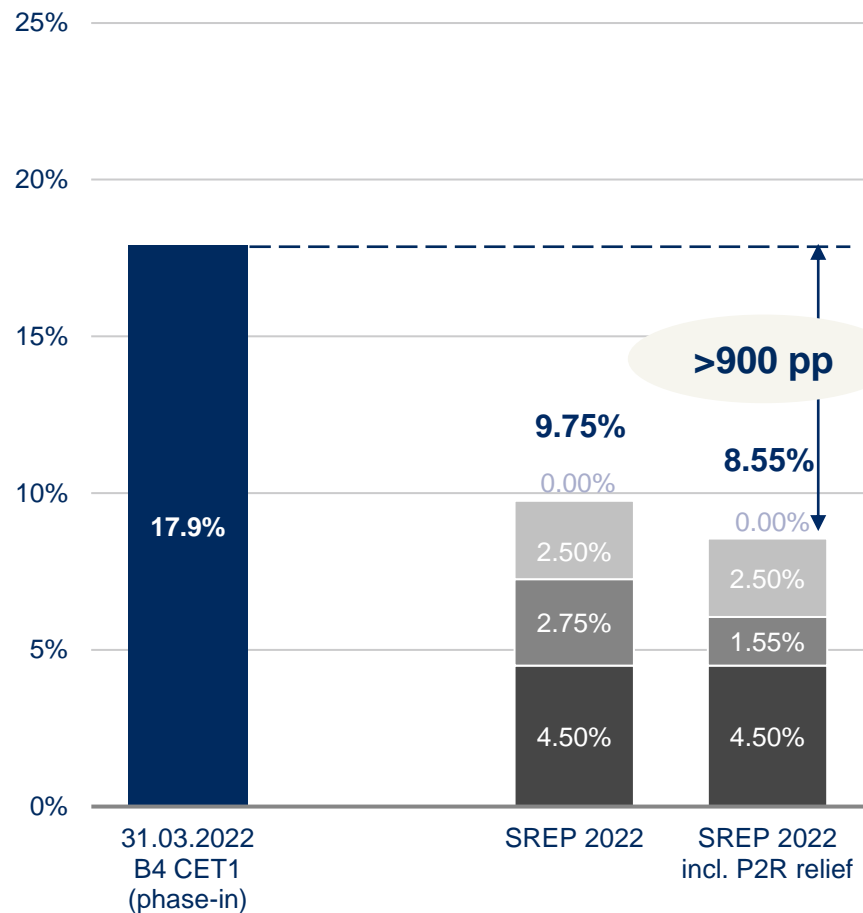
Appendix

Capital - SREP (CET 1) requirements

Demonstrating conservative and sustainable business model

Published
May 2022

CET1 ratio vs. SREP (CET1) requirements



- Capital ratios significant above SREP requirements
- P2R increase in 2022 (2.75%; 2021: 2.25%) due to Corona impacting especially commercial real estate markets
- P2R relief by using possibility of partially fulfilling requirements with AT1 and T2 capital
- Total capital requirement 2021 (Overall Capital Requirement (OCR)) amounts to 12.8% compared to 28.4% total capital ratio
- All ratios already include TRIM effects as well as prudential provisioning

- Countercyclical Buffer
- Capital Conservation Buffer
- Pillar 2 Requirement
- Pillar 1 Requirement

AT1: ADI of Aareal Bank AG

Appendix

Interest payments and ADI of Aareal Bank AG

Available Distributable Items (as of end of the relevant year)

	31.12. 2016	31.12. 2017	31.12. 2018	31.12. 2019	31.12. 2020	31.12. 2021
€ mn						
Net Retained Profit	122	147	126	120	90	30
▪ Net income	122	147	126	120	90	90
▪ Profit carried forward from previous year	-	-	-	-	-	66
▪ Net income attribution to revenue reserves	-	-	-	-	-	-
+ Other revenue reserves after net income attribution	720	720	720	720	840	840
= Total dividend potential before amount blocked ¹⁾	842	870	846	840	930	936
./. Dividend amount blocked under section 268 (8) of the German Commercial Code	235	283	268	314	320	386
./. Dividend amount blocked under section 253 (6) of the German Commercial Code	28	35	42	40	43	36
= Available Distributable Items ¹⁾	579	552	536	486	566	515
+ Increase by aggregated amount of interest expenses relating to Distributions on Tier 1 Instruments ¹⁾	46	32	24	23	21	20
= Amount referred to in the relevant paragraphs of the terms and conditions of the respective Notes as being available to cover Interest Payments on the Notes and Distributions on other Tier 1 Instruments ¹⁾	625	584	560	509	587	535

1) Unaudited figures for information purposes only

Definitions and contacts

Definitions

New Business	$\text{New business} = \text{Newly acquired business} + \text{renewals}$
Common Equity Tier 1 ratio	$\frac{\text{CET 1}}{\text{Risk weighted assets}}$
Pre tax RoE	$\frac{\text{Operating profit/income} \text{ ./. loss attributable to non-controlling interests} \text{ ./. AT1 coupon}}{\text{Average IFRS equity excl. non-controlling interests, AT1 and dividends}}$
CIR	$\frac{\text{Admin expenses (excl. bank levy, et al.)}}{\text{Net income}}$
Net income	Net interest income + Net commission income + Net derecognition gain or loss + Net gain or loss from financial instruments (fvpl) + Net gain or loss on hedge accounting + Net gain or loss from investments accounted for using the equity method + Net other operating income / expense
Net stable funding ratio	$\frac{\text{Available stable funding}}{\text{Required stable funding}}$
Liquidity coverage ratio	$\frac{\text{Total stock of high quality liquid assets}}{\text{Net cash outflows under stress}}$
Earnings per share	$\frac{\text{operating profit} \text{ ./. income taxes} \text{ ./. income/loss attributable to non controlling interests} \text{ ./. net AT1 coupon}}{\text{Number of ordinary shares}}$
Yield on Debt	$\frac{\text{NOI} \times 100 \text{ (Net operating income, 12-months forward looking)}}{\text{Outstanding incl. prior/pari-passu loans (without developments)}}$
CREF-portfolio	Commercial real estate finance portfolio excl. private client business and WIB's public sector loans
REF-portfolio	Real estate finance portfolio incl. private client business and WIB's public sector loans
NPL-ratio	$\frac{\text{NPL-exposure acc. CRR (excl. exposure in cure period)}}{\text{Total REF Portfolio}}$

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