Investor and Analyst Call

H1 2024 results

August 08, 2024

Dr Christian Ricken (CEO)
Marc Hess (CFO)
Christof Winkelmann (CMO)

Aareal
YOUR COMPETITIVE ADVANTAGE.

Agenda

- **Sale of Aareon**
- Financial Performance
- Business Development
- Funding, Liquidity & Capital
- Outlook

- Appendix

Sale of Aareon

Key facts

Aareal Bank and Advent International have entered into an agreement to sell Aareon to TPG and CDPQ. Closing expected in H2 2024, subject to customary closing conditions and approvals

Financial terms of the sale based on an enterprise value for Aareon of € ~3.9 bn, value Aareal Bank's equity position in Aareon at € ~2.1 bn

Aareal Bank Group's overall gain on sale, net of transaction related costs, amounts to € ~2 bn. Most transaction related costs of € ~150 mn have already been booked in Q2 and the balance will be booked on closing in H2

Until closing, commencing with Q2, Aareon is reported as discontinued operations, in accordance with IFRS 5

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Financial Performance - Highlights

FY guidance for Bank operating profit confirmed; Group earnings now expected at € ~2.2 bn due to gain on Aareon sale

Bank (SPF + BDS) - continuing operations

✓ Strong operating resilience

- Operating profit of € 181 mn (H1/23: € 138 mn) in line with full year target of € 250-300 mn
- Strong income, LLPs in line with expectations
- Ongoing active NPL management: € ~300 mn NPLs prepared for resolution in Q3, already fully provisioned
- Capital and liquidity positions remain solid

Aareon – discontinued operations

✓ Capital market readiness

- Profitability significantly increased, adj. EBITDA up by >100% to € 80 mn (H1/23: € 39 mn)
- Strong growth in recurring revenues (+43%), Share of recurring revenues 85%
- Payment-transaction-JV already attracting new clients to secure and enhance deposits in the Bank
- Reported as "discontinued operations" until closing (IFRS 5)

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Financial Performance - Group Profit & Loss

Bank operating profit up by more than 30%

Profit & loss (€ mn)		H1 '23	H1 '24	Δ H1 '24/'23
Results from continuing operations	Net interest income (NII)	476	530	11%
	Net commission income (NCI)	17	-2	-
	Admin expenses	172	180	5%
	Others	*13*	*9*	-
	Loan loss provision incl. FVPL	196	176	-10%
	Operating profit	**138**	**181**	**31%**
	Income taxes	48	53	10%
	Consolidated net income from continuing operations	**90**	**128**	**42%**
Consolidated net income from discontinued operations		-32	-136	-325%
Consolidated net income		**58**	**-8**	**-**
Net income attributable to ordinary shareholders of Aareal Bank AG		**58**	**6**	**-90%**

- NII significantly above H1/23 due to an increased portfolio with good margins and a strong deposit base
- Positive NCI diluted by fees paid to payment-transaction-JV, established with Aareon
- Admin expenses stable, excl. transaction related costs
- Ongoing high operating resilience
- As expected, LLP still on an elevated level from ongoing challenges in the US office market, but below last year
- Operating profit from continuing operations significantly above H1/23
- Net income from discontinued operations includes € ~150 mn transaction related costs

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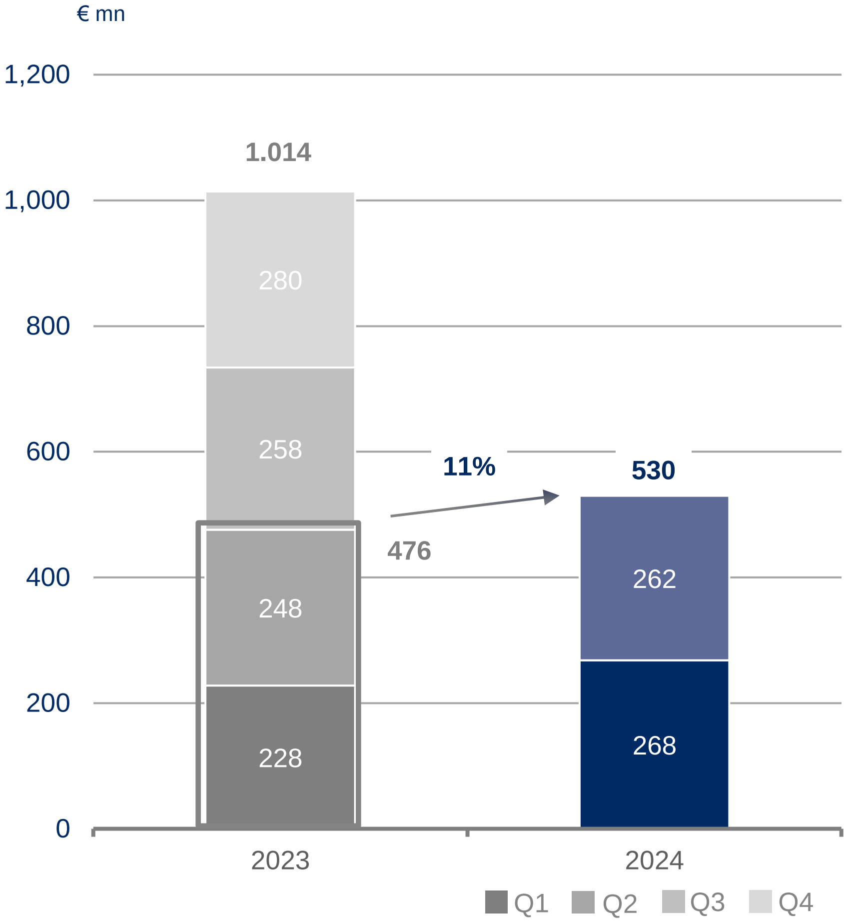
Financial Performance
Net interest income (NII)

NII (from continuing operations)



Still strong, having peaked in Q4/23 as expected

Increase based on

- Loan portfolio growth
- Good margins
- Market leading deposit franchise in a normalised interest rate environment

➢ FY NII expected to be largely stable vs. last year

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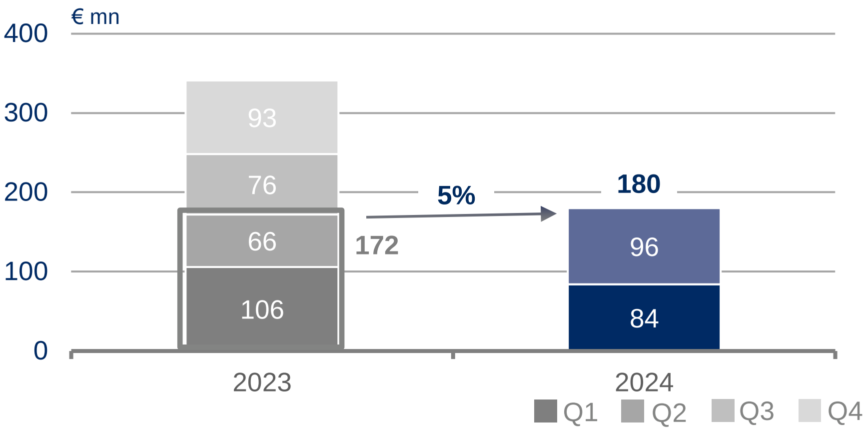
Financial Performance

Admin expenses / Loan loss provision (LLP)

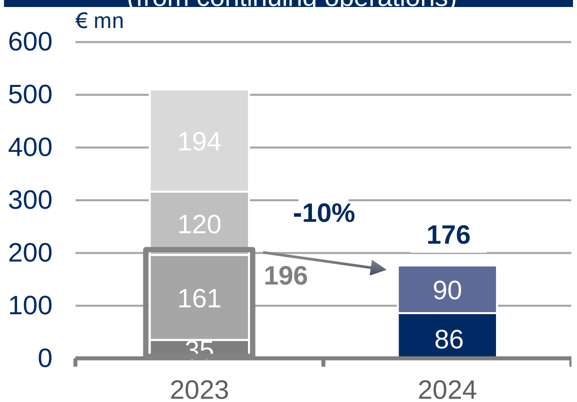
Admin expenses (from continuing operations)



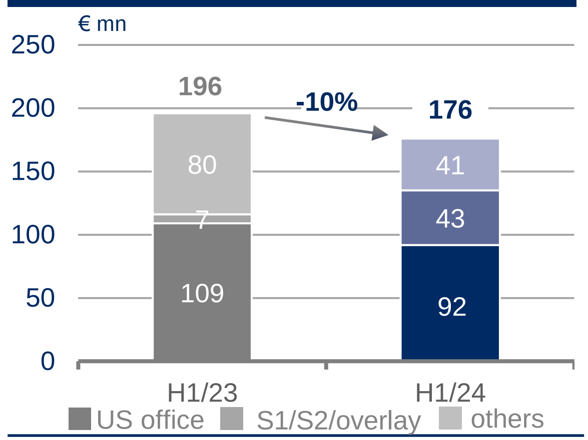
Stable, excl. transaction related costs

- Decrease Q1/24 vs. Q1/23 mainly due to reduced bank levies
- Increase Q2 vs. Q2 mainly driven by one-off effects
  - Reversal of provisions in Q2/23
  - Transaction related costs from sale of Aareon
- CIR[1)] of 34% in H1/24 which continues to be a benchmark leading level

LLP incl. FVPL
(from continuing operations)



LLP split (incl. FVPL)



LLP still on an elevated level from ongoing challenges in the US office market but below last year

- Total LLP of € 176 mn (H1/23: € 196 mn) includes € 13 mn FVPL (H1/23: € 36 mn)
- € ~300 mn NPLs prepared for resolution in Q3, already fully provisioned in Q2
- Loss allowance (B/S): total mgmt. overlay amounts to € 68 mn, up from € 25 mn as of 12/23

1) Segment SPF & BDS excl. bank levy/deposit guarantee scheme

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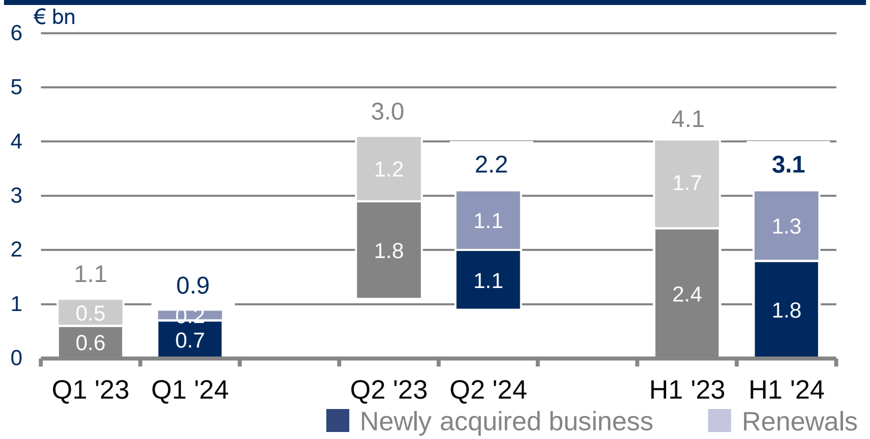
Segment SPF

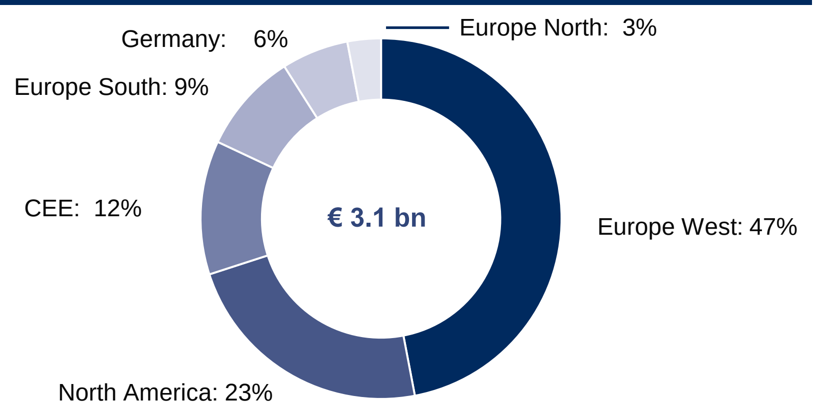
Selective new business in a challenging market environment

New business by quarter

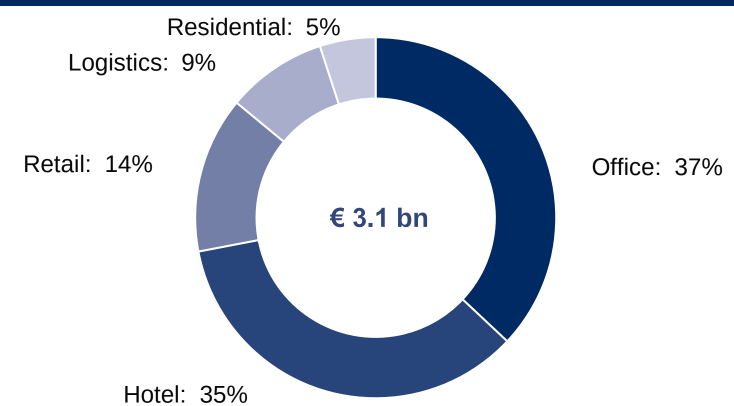


- Market transaction volume remains low
- H1 newly acquired business:
  - Very conservative avg. LTV of 46% (2023: 54%)
  - Avg. margin of 267 bps (2023: 291 bps) in line with plan (FY plan 2024: 260 - 270 bps)
  - Newly acquired office deals only in Europe, with an average LTV of 49%
- H1 new business incl. € 0.9 bn green loans[1)], additional € 0.5 bn conversions

New business by region



New business by property type



1) Governed by "Green Finance Framework"

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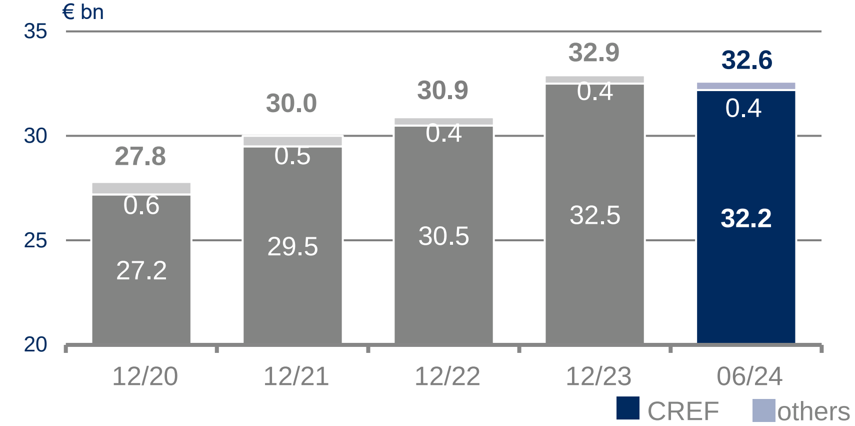
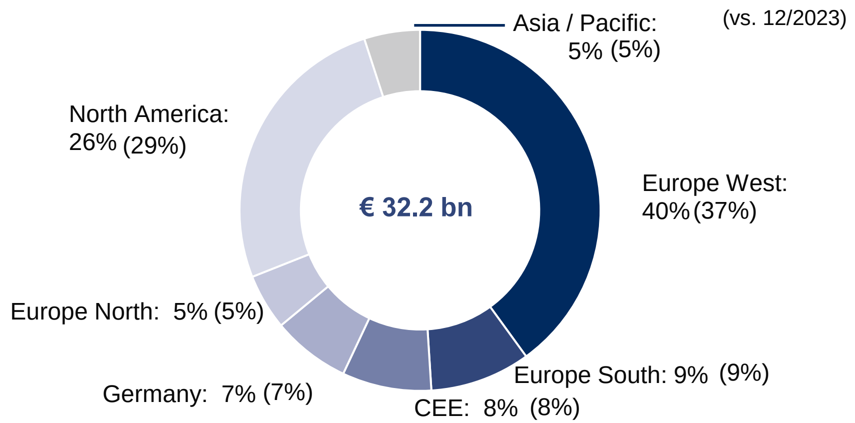
Segment SPF
Well diversified portfolio

REF portfolio

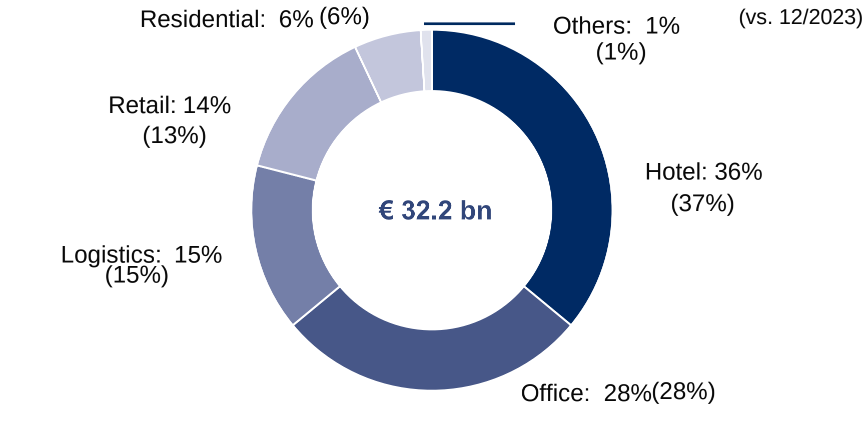


- Portfolio highly diversified by region and property type, primarily in major global metropolitan areas
  - No Signa loan exposure,
  - Virtually no developments
  - Limited exposure in Germany (~7% of CREF portfolio)
  - No exposure to Russia, China, Middle East
- Increased portfolio-YoD[1)] of 10.1% (12/23: 9.6%)
- Stable portfolio-LTV[1)] of 56% (12/23: 56%)
- Financing of refurbishments to foster green transition
- Green loan volume of € 5.9 bn (12/23: € 4.8 bn)
- Green property financing portfolio of € 9.9 bn or 31% of total CREF portfolio (12/23: € 9.0 bn or 28%)

CREF portfolio by region



CREF portfolio by property type



1) Performing CREF-portfolio only (exposure)

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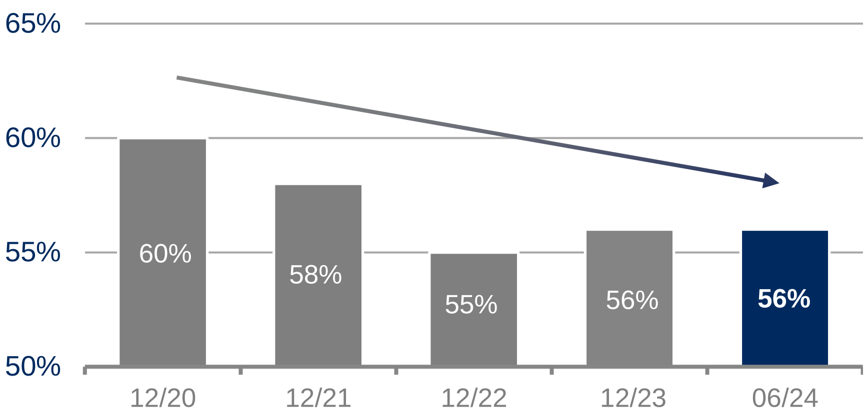
Segment SPF
Asset quality improved due to business generation with strict low-risk focus

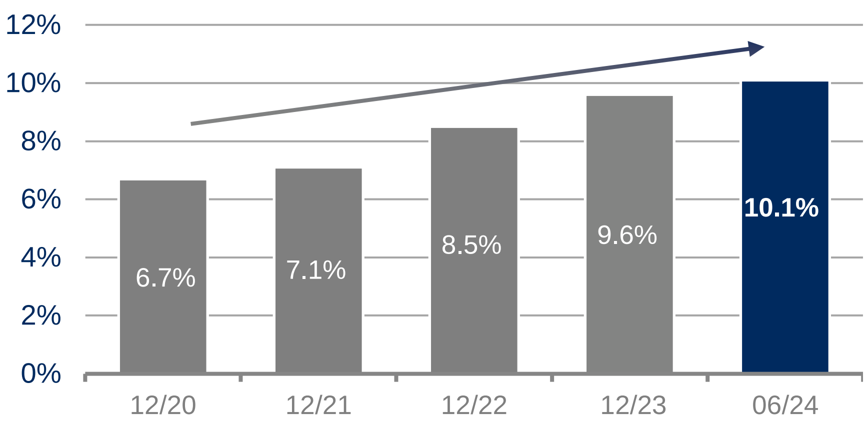
Portfolio-LTV[1)]



LTV[1)] by property type

%	12 ’20	12 ’21	12 ’22	12 ’23	06 ’24
Hotel	62	60	56	54	53
Logistics	56	55	52	55	56
Office	58	58	57	62	63
Retail	61	59	56	58	56

Portfolio-YoD[1)]



YoD[1)] by property type

%	12 ’20	12 ’21	12 ’22	12 ’23	06 ’24
Hotel	3.0	5.0	9.0	10.6	11.5
Logistics	9.2	8.7	9.0	9.3	9.8
Office	8.1	7.6	6.9	7.5	7.5
Retail	8.8	9.1	9.8	11.3	11.9

1) Performing CREF-portfolio only (exposure)

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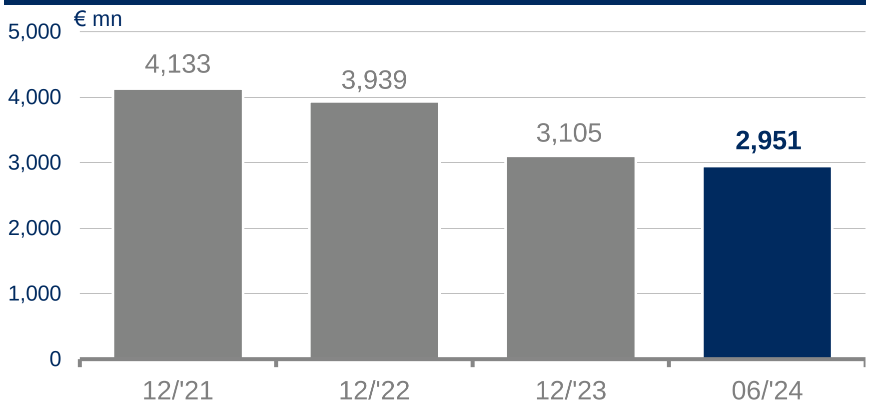
Segment SPF

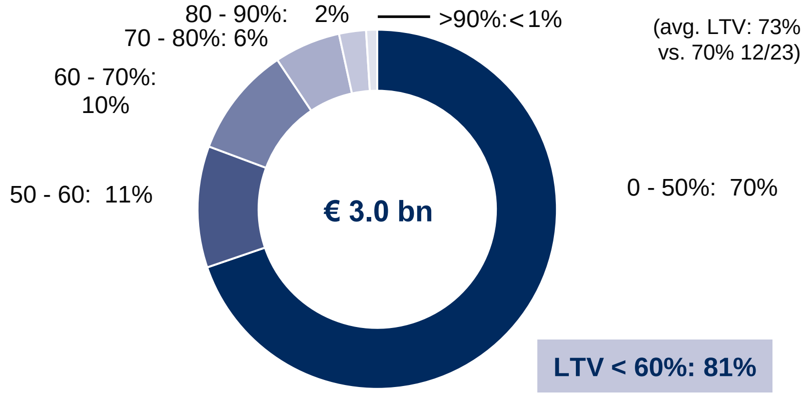
US office markets continues to be challenging, as expected

Performing US office portfolio



- No newly acquired business in H1/24
- ~50% of the US office portfolio located in New York, rest largely spread throughout major US cities
- Concentrating on high quality class A properties in A markets
- Loans are being monitored closely on a regular basis incl. early interaction with borrowers

Performing US office portfolio by (layered) LTVs[1)]



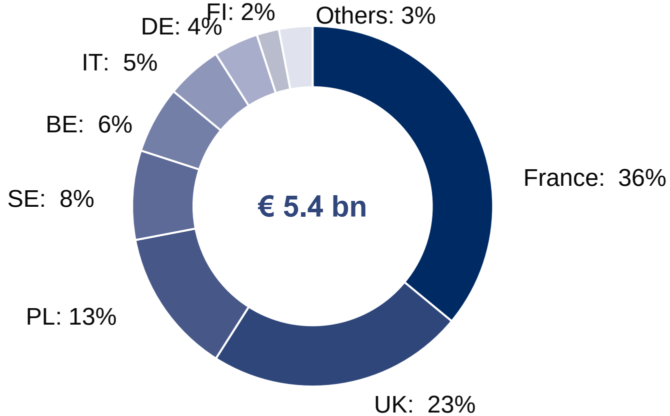
- 81% of portfolio with an (layered) LTV < 60%
  - (Layered) LTV 80%-100%: 3% (€ ~85 mn)
  - (Layered) LTV above 100%: non
- After significant value declines in 2023 there are first signs that buyers may come back into the markets in the expectation of lower interest rates

1) Performing CREF-portfolio only (exposure)

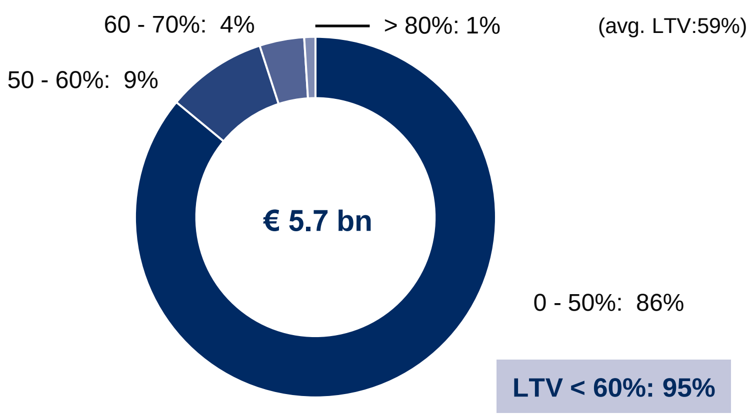
Segment SPF

European office portfolio performing well

European office portfolio by region



European office portfolio by (layered) LTVs[1)]



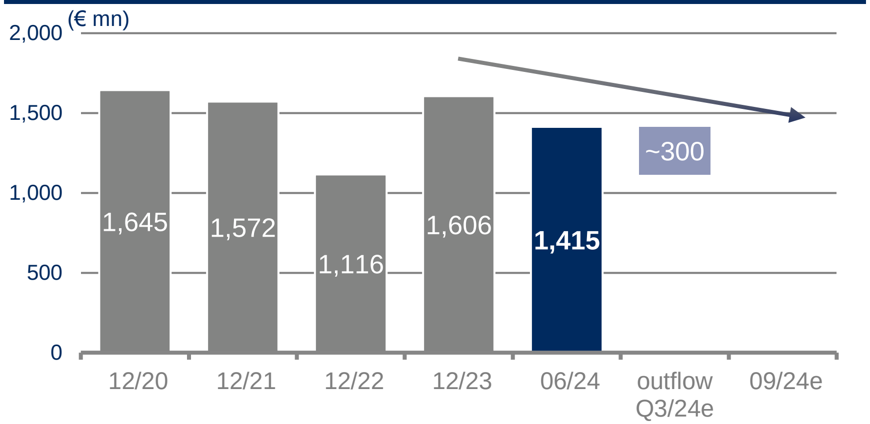
- French office portfolio (mainly Paris) with high share of planned refurbishments into green assets (~1/3 of total French office portfolio)
- UK portfolio mainly in London city centre
- No new office NPLs in Europe since 2022
- Structural differences European vs US office markets
  - Different interest rate environment
  - Lower vacancy rates in European markets
  - Longer investment horizons in Europe
  - Europe with tighter interest rate hedges
  - Higher equity share / limited subordinated debt structures in Europe resulting in lower LTVs
  - Longer commuting time and larger homes in the US, European cities offer larger mix of attractive areas to live and work
  - Subleasing not common in Europe

Note: others incl. countries with a portfolio below € 100 mn
1) Performing CREF-portfolio only (exposure)

Segment SPF

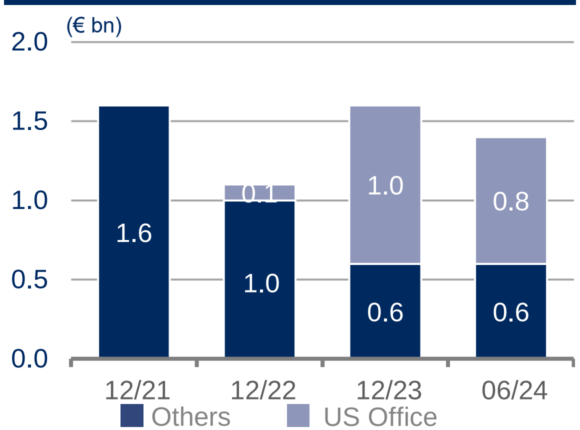
Active management enables NPL reduction

NPL development

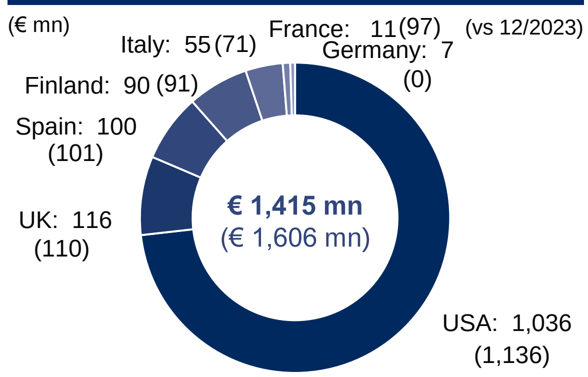


- Ongoing active NPL management: € ~300 mn NPLs prepared for resolution in Q3, already fully provisioned
- NPL-portfolio outside US office significantly reduced from €1.6 bn in 12/21 to € 0.6 bn 06/24 (NPL ratio: ~2%)
- NPE ratio as of 06/24 acc. to EBA methodology[1)]: 3.3% (12/23: 3.4%)
- Coverage ratio (incl. FVPL) of 27% (12/23: 24%)

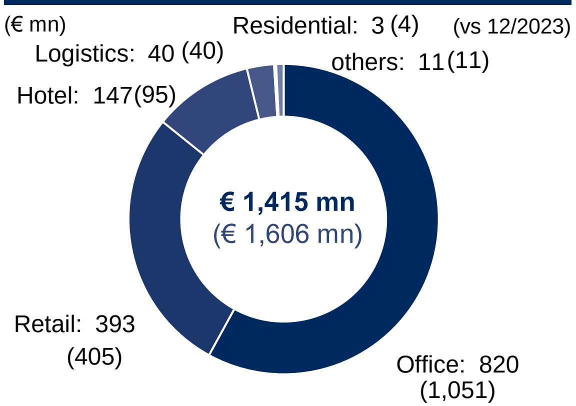
NPL split: US office vs others



NPLs by country



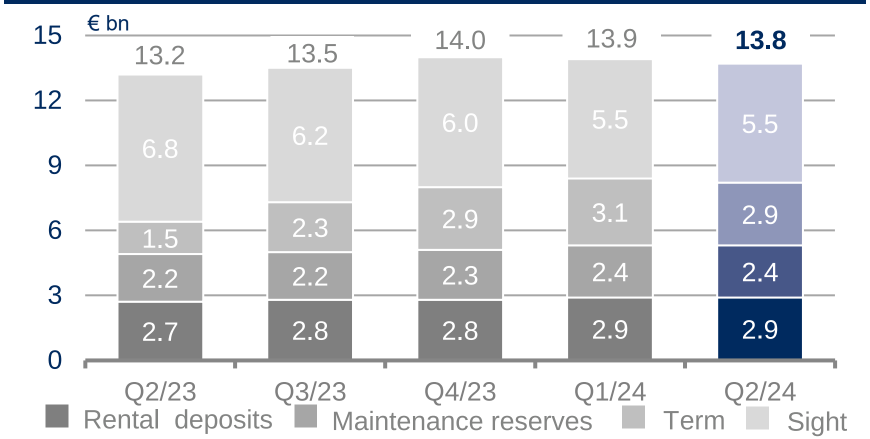
NPLs by property type



1) NPE ratio according to EBA Risk Dashboard definition

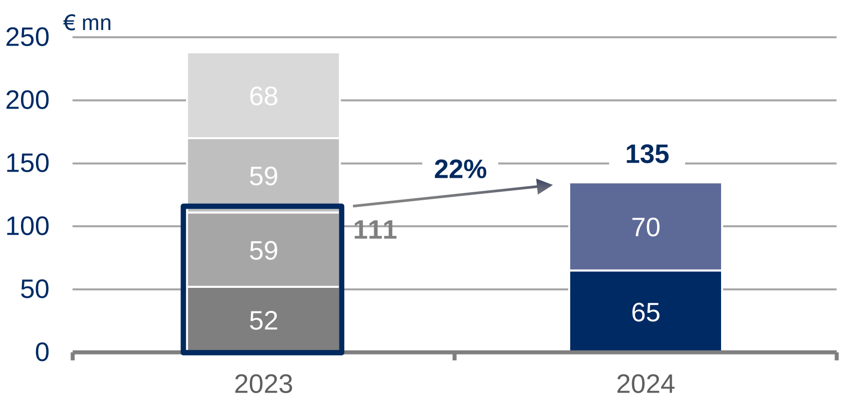
Segment BDS
Strong deposit franchise

Average Housing Industry (BDS) deposits by type

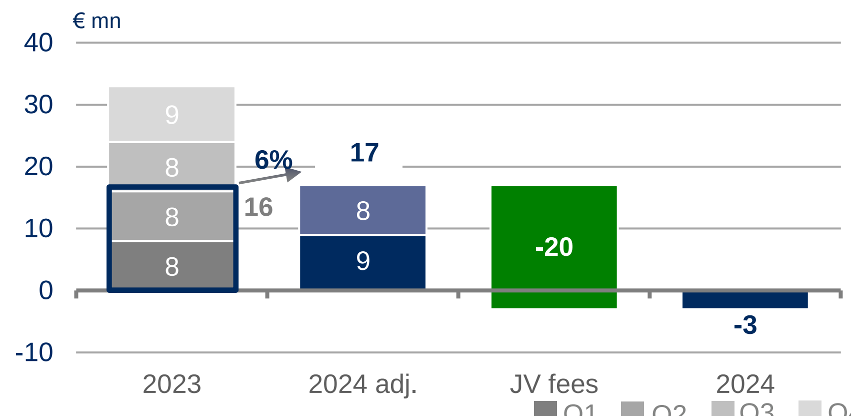


- Deposit volume above expected level of € ~13 bn
- Segment NII increased vs H1/23 mainly due normalised interest rate environment
- Net commission income diluted by fees paid to payment-transaction-JV, established with Aareon
- Payment-transaction-JV already attracting new clients to secure and enhance deposits in the Bank

Segment NII



Segment NCI



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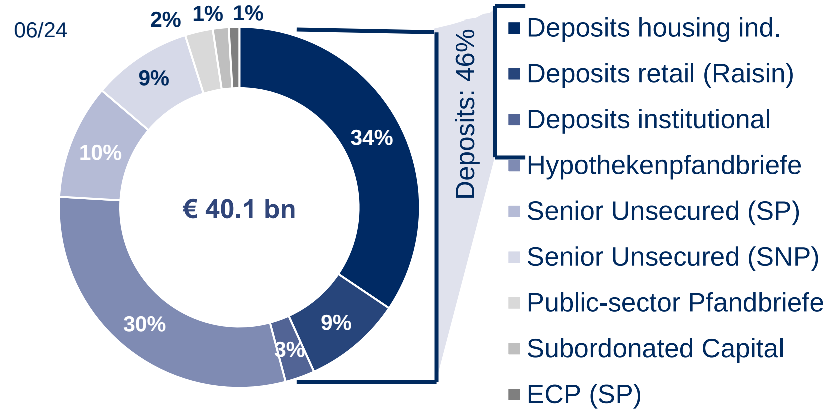
Funding & Liquidity

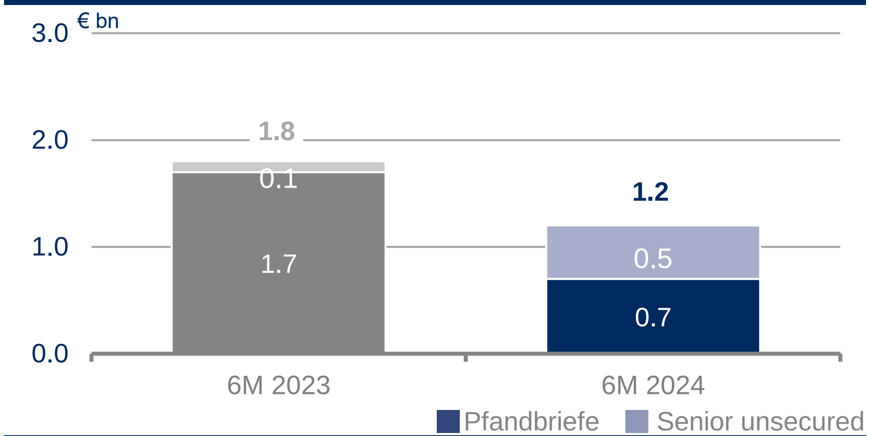
Well diversified funding mix – reduced capital market activities due to strong deposit franchise

Funding by type



- Solid liquidity ratios
  - NSFR: 120%[1)]
  - LCR: 239%[2)]
- Stable deposits from housing industry at avg. of € 13.8 bn
- Retail term deposits by cooperating with Raisin further increased to target volume of € 3.5 bn (12/23: € 2.6 bn)
  - Structural improvement: ~97% with a contractual maturity ≥ 2 years
  - Regional diversification: next to Germany, in H1 Austria, Ireland, the Netherlands onboarded

Capital market funding activities



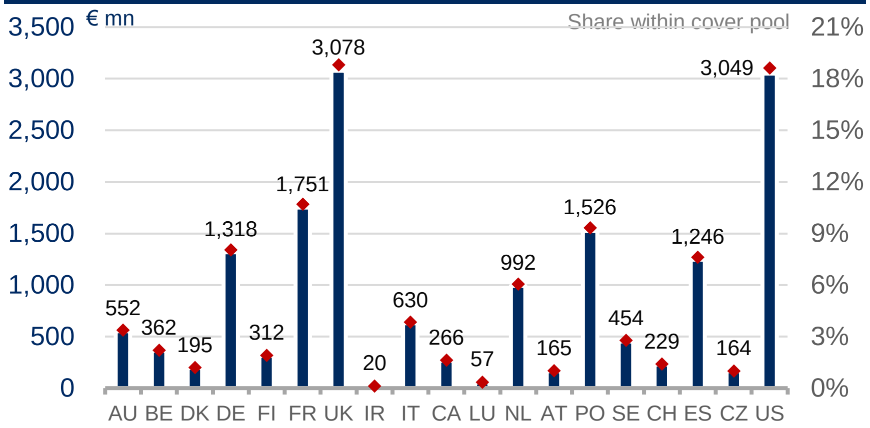
- Two benchmark Pfandbriefe issued in 2024, thereof one in July 2024
- One additional Euro-Pfandbrief benchmark planned in H2 2024
- Inaugural green senior non-preferred benchmark issued to support credit ratings
- No senior preferred capital market funding planned including 2026
- Tier 2 benchmark planned for 2025, potentially moved to H2 2024 depending on market conditions
- Moody's affirmed Aareal's long-term issuer ratings and changed outlook to stable from negative (06/24)

1) As at 30.06.2024
2) Q2 average

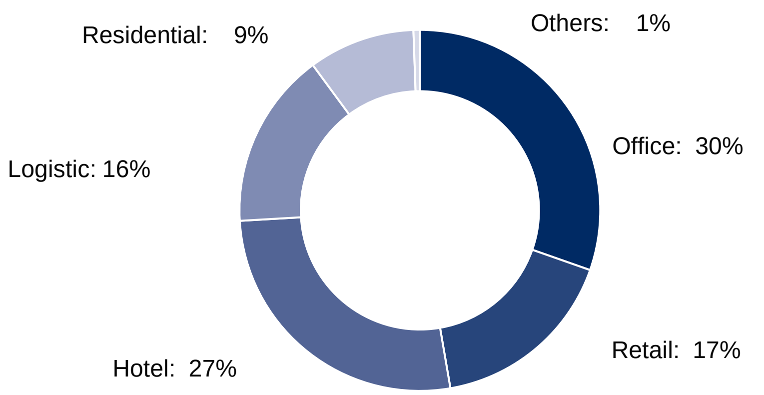
Liquidity & Funding

Strong Mortgage Cover Pool and Aaa Rating for Pfandbriefe

Cover Pool by Country



Cover Pool by Property Type



As at 30.06.2024

Pfandbriefe funding cornerstone of wholesale issuance

- Cover pool of € 17.1 bn incl. € 0.7 bn substitute assets diversified over 19 countries
- High quality assets: first-class mortgage loans (mortgage-lending-value 55.6%)
- Mortgage-lending-value with high discount from market-value
- Avg. LTV of the mortgage cover pool 34.5%
- Moody´s has calculated a 'Aaa' supporting over-collateralisation ratio of 15.5% on a PV basis
- Over-collateralisation on a PV basis as of 30.06.2024: 22.8%
- High diversification within property types and countries

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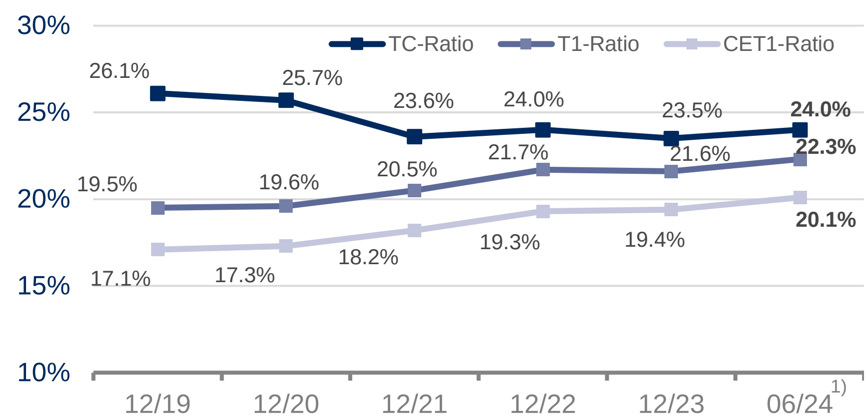
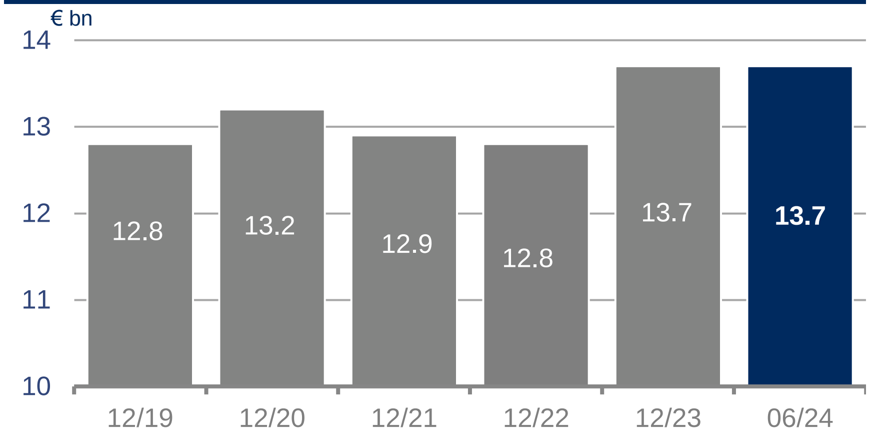
Capital
Solid capital ratios

B4 (phase in) capital ratios



B4 (phase in) RWA[2)]



- B4 (phase-in) capital ratios are based on RWA calculation taking the higher-of RWAs from Advanced Internal Rating Based Approach (A-IRBA) and B4 Revised Credit Risk Standard Approach (CRSA@50% output floor)
- B4 CET1 (phase-in) ratio further increased in H1/24 due to strong CET1 development
  - CET1 increase mainly results from retained profits
  - RWA effects from slightly lower REF portfolio mainly compensated by increased RWAs from OpRisk
- B4 CET1 (fully phased) ratio at 15.0%[1)] (12/23: 13.4%). Strong increase in H1/24 mainly resulting from first-time adoption of the SME factor within the B4 CRSA
- T1-Leverage ratio at 6.9[1)] (12/23: 6.6%)

1) (Proforma) Ratios solely based on continuing operations according to IFRS 5. Including discontinued operations according to IFRS 5 the ratios as of 06/24 would have been as follows: B4 (phase-in) CET1: 19.3%, B4 (fully phased) CET1: 14.6%; T1-Leverage ratio: 6.7%
2) Based on the European Commission’s final version for implementation of Basel IV (CRR III) on the Regulation 2024/1623 of 31 May 2024

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Outlook 2024

FY guidance for Bank operating profit confirmed; Group earnings now expected at € ~2.2 bn due to gain on Aareon sale

Bank

	METRIC	2023	OUTLOOK 2024
Structured Property Financing	▪ REF Portfolio ▪ New business	€ 32.9 bn € 10.0 bn	€ 33 - 34 bn[1)] € 8 - 9 bn
Banking & Digital Solutions	▪ Deposit volume	€ ~13.6 bn	€ ~13 bn
Operating profit (EBT)		**€ 221 mn**	**€ 250-300 mn**

Aareon

	METRIC	2023	OUTLOOK 2024
	▪ Revenues	€ 344 mn	€ 440 - 460 mn
Operating profit (EBT)		€ -72 mn	€ ~50 mn

Net capital gain from sale of approx. € ~2 bn

	OUTLOOK 2024
Group net income	**€ ~2.2 bn**

1) Subject to FX development

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Key takeaways

✓ The bank stand-alone is rock-solid with high earning power

✓ Aareon and Aareal Bank remain closely linked
with a joint service approach for clients

✓ Active portfolio management, tight cost management and growth
with appropriate risk/return profiles remain a priority

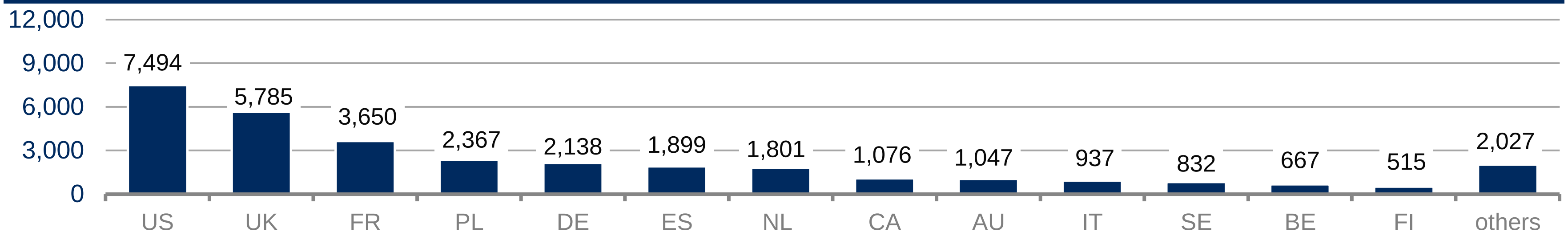
Appendix

Business Development

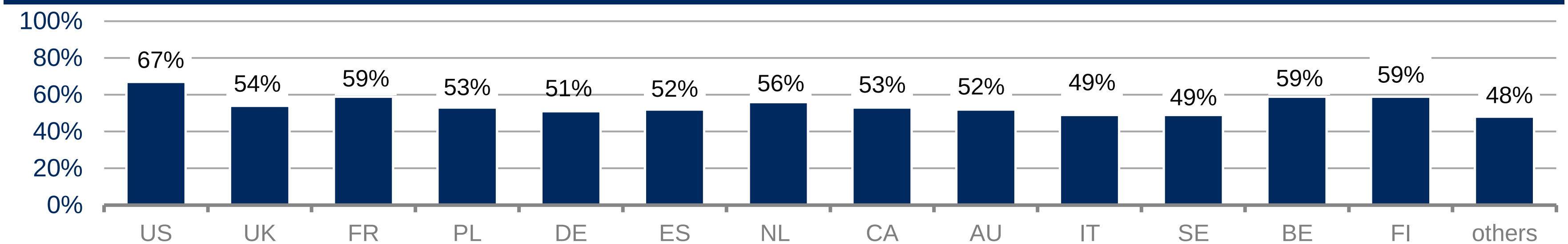
Segment SPF: CREF portfolio by country

€ 32.2 bn well diversified

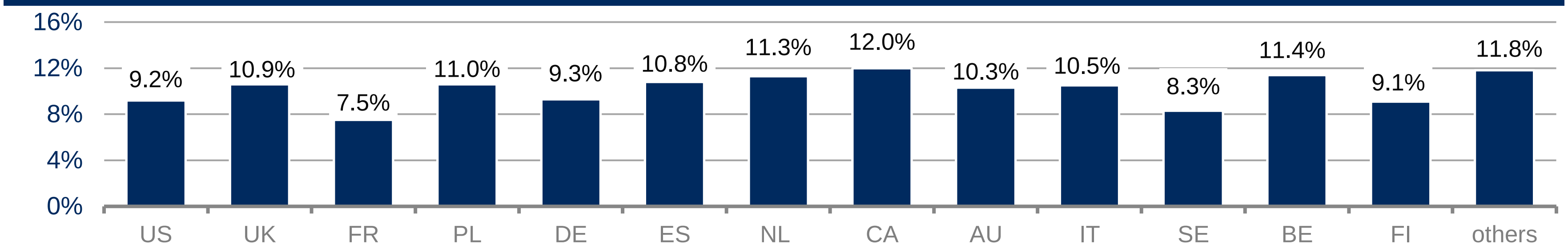
CREF portfolio (€ mn) — **€ 32.2 bn** (12/2023: € 32.5 bn)



LTV[1)] — **Ø LTV: 56%** (12/2023: 56%)



YoD[1)] — **Ø YoD: 10.1%** (12/2023: 9.6%)



Note: others incl. countries with a portfolio below € 500 mn
1) Performing CREF-portfolio only (exposure)

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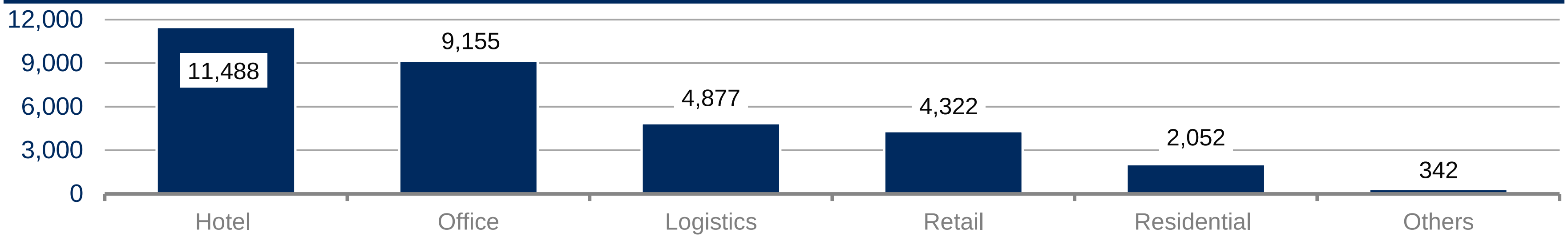
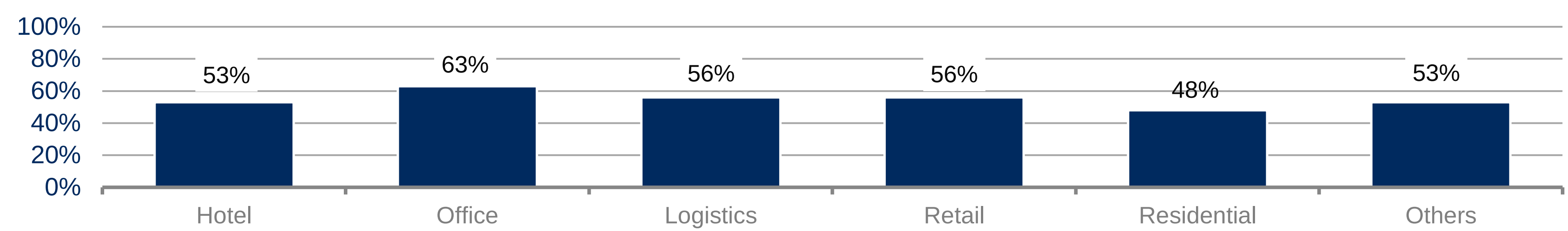
Segment SPF: CREF portfolio by property types

€ 32.2 bn well diversified

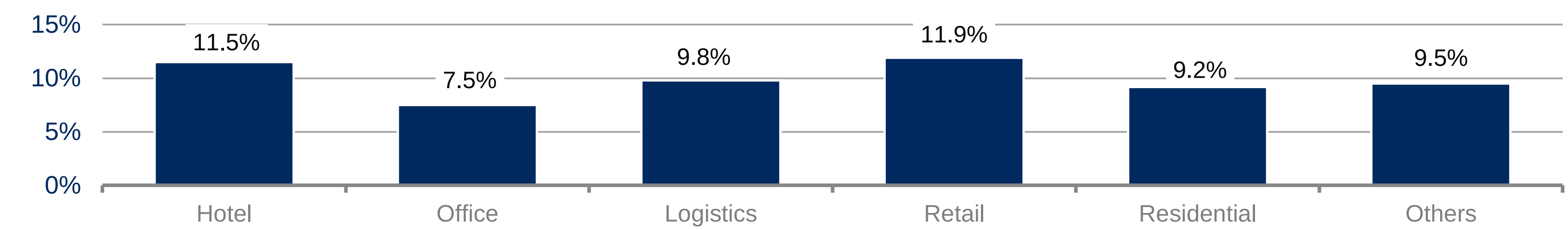
CREF portfolio (€ mn) — **€ 32.2 bn** (12/2023: € 32.5 bn)



LTV[1)] — **Ø LTV: 56%** (12/2023: 56%)



YoD[1)] — **Ø YoD: 10.1%** (12/2022: 8.5%)



1) Performing CREF-portfolio only (exposure)

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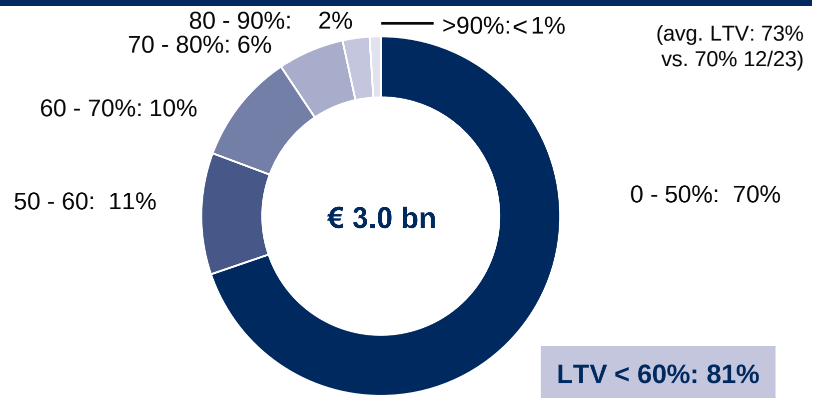
Segment SPF

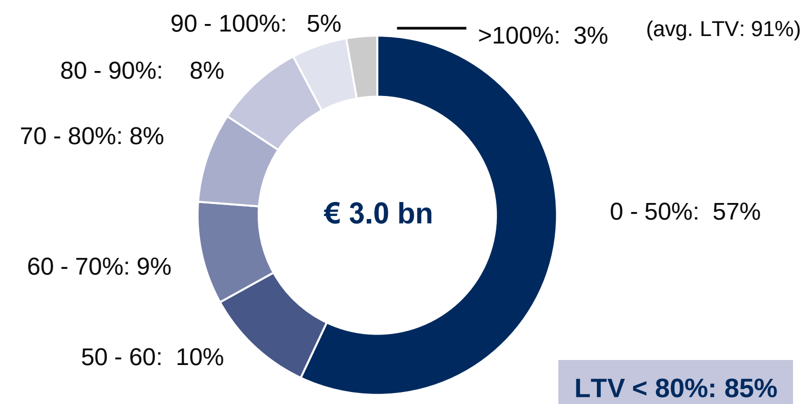
After considerable decline in market values and after additional stress scenarios still showing adequate headroom

Performing US office portfolio by (layered) LTVs[1)]



- Focus on high quality class buildings in A locations will benefit first from market recovery
- Loans are being monitored closely on a regular basis incl. early interaction with borrowers

Simulated stress: Market values[1)] down by add. 20%



Performing portfolio stressed with additional 20% market value decline

- Average LTV up to 91%
- (Layered) LTV 80%-100%: 13% (€ ~360 mn)
- (Layered) LTV above 100%: 3% (€ ~80 mn)

1) Performing CREF-portfolio only (exposure)

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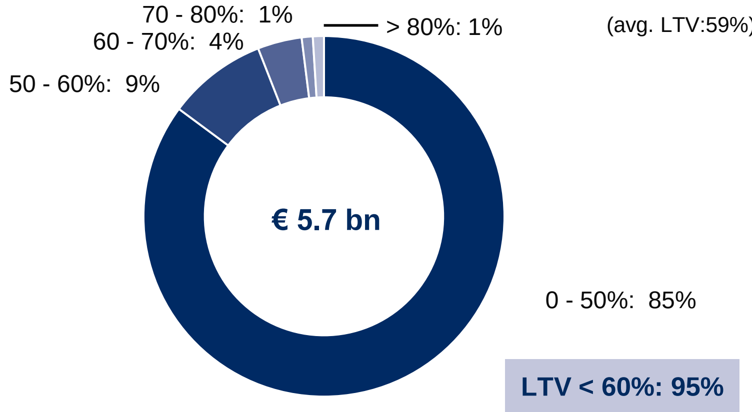
Segment SPF

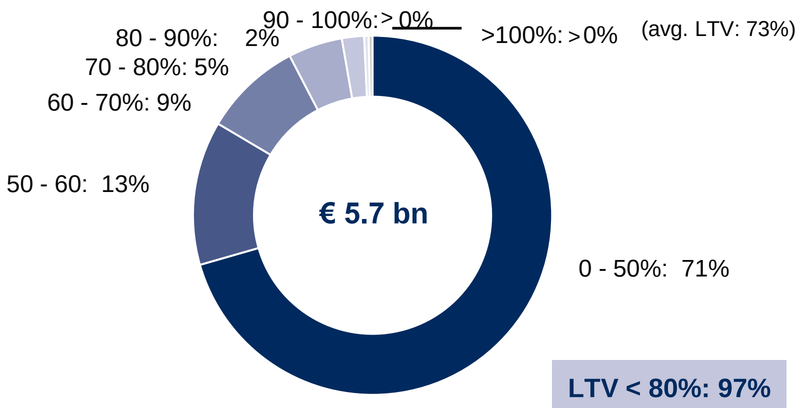
EU office with adequate headroom even in stress scenarios

European office portfolio by (layered) LTVs[1)]



- Average LTV of 59%
- (Layered) LTV 80%-100%: ~1% (€ ~30 mn)
- (Layered) LTV above 100%: no exposure

Simulated stress: Market values[1)] down by add. 20%



Performing portfolio stressed with additional 20% market value decline

- Average LTV up to 73%
- (Layered) LTV 80%-100%: ~2.5% (€ ~140 mn)
- (Layered) LTV above 100%: <1% (€ ~30 mn)

1) Performing CREF-portfolio only (exposure)

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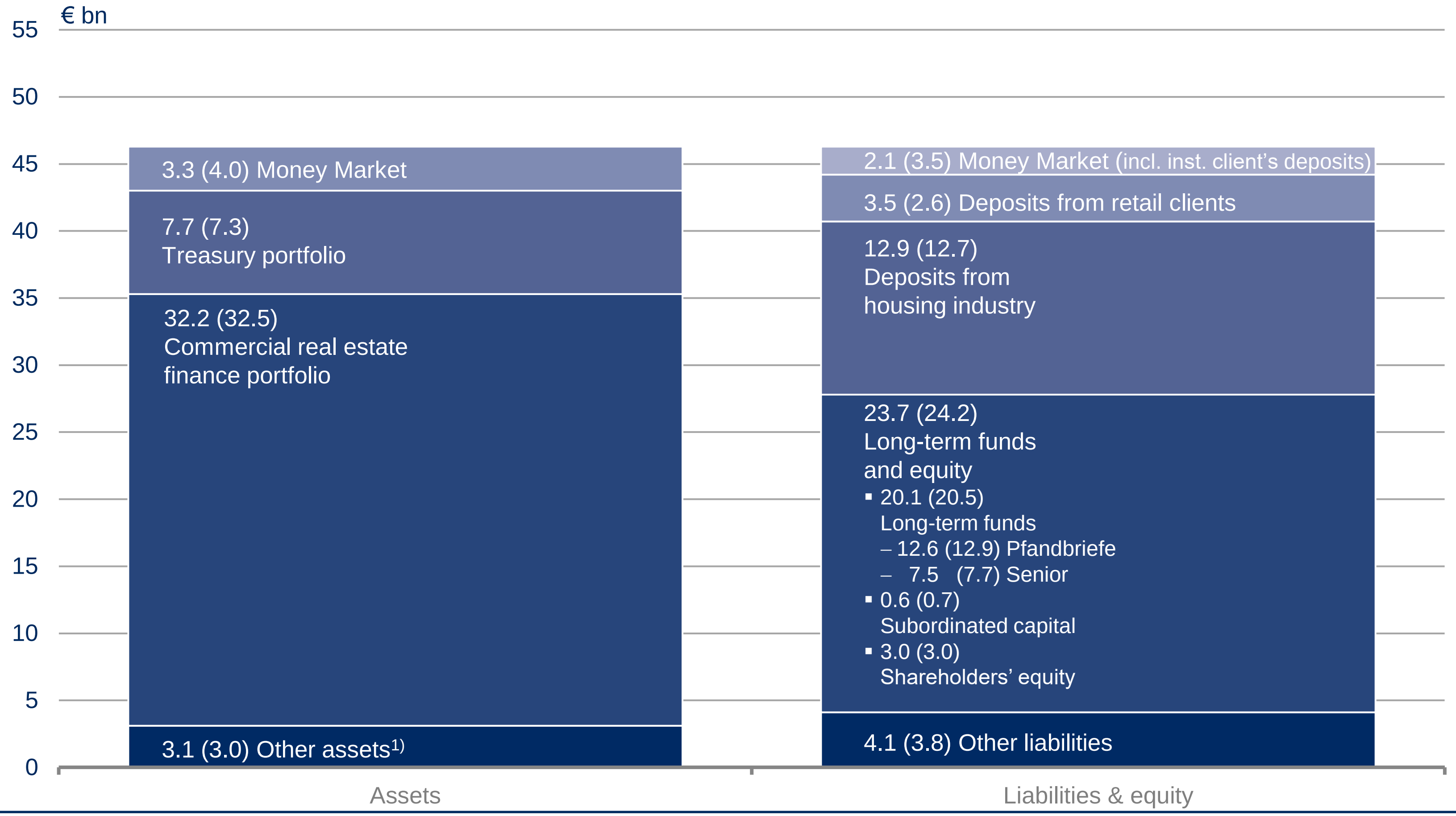
Appendix

Funding, Liquidity & Capital

Funding & Liquidity
Comfortable liquidity position

Balance sheet as at 30.06.2024: € 46.3 bn (31.12.2023: € 46.8 bn)



1) Other assets includes € 0.1 bn private client portfolio and WIB's € 0.2 bn public sector loans

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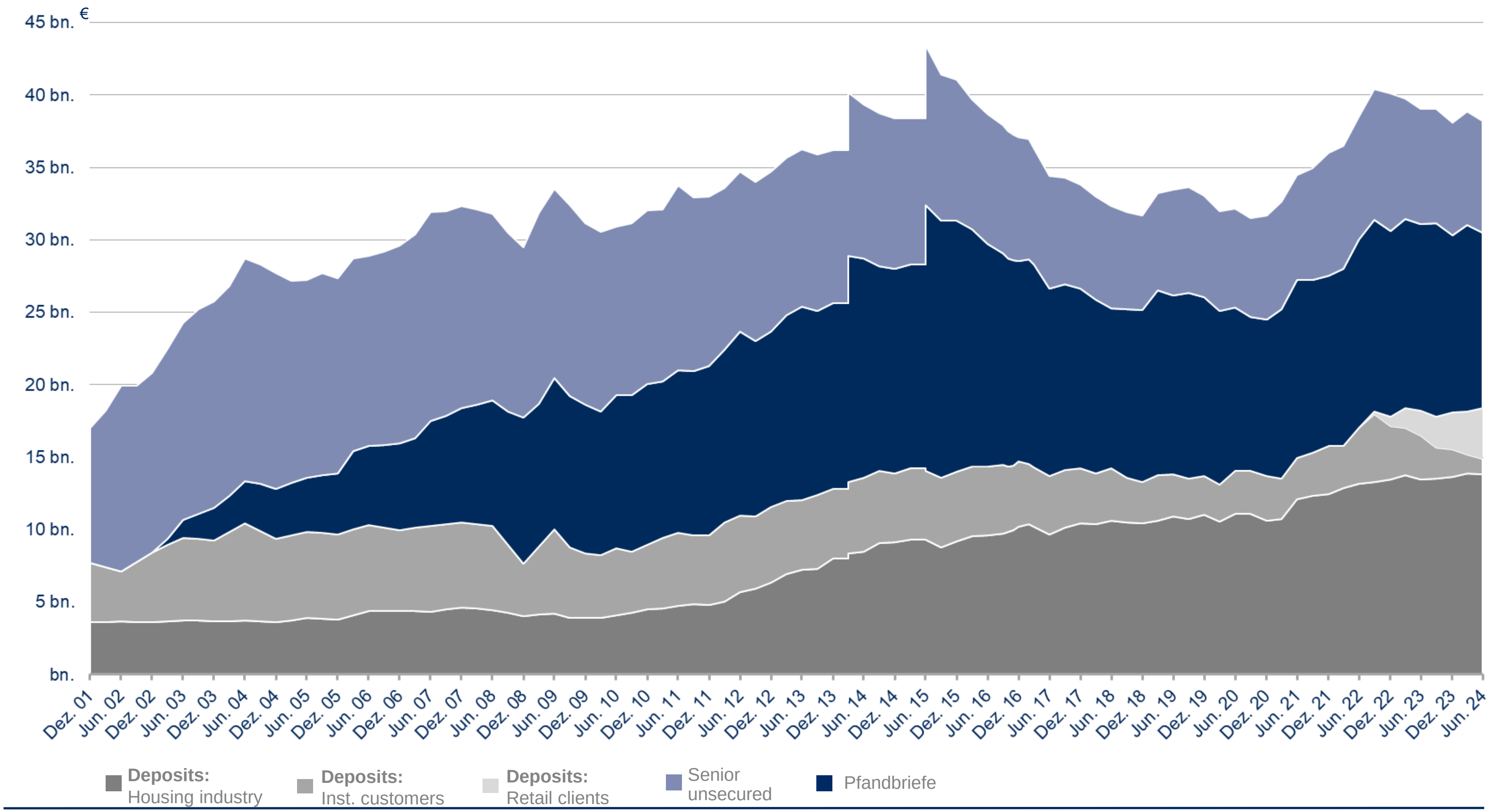
Funding & Liquidity

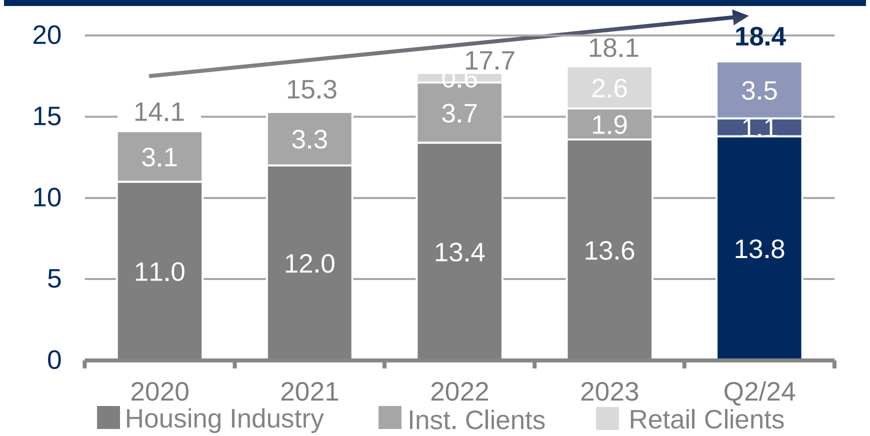
Diversified funding sources and distribution channels



Funding & Liquidity

Strong deposit franchise reduces dependence on capital markets

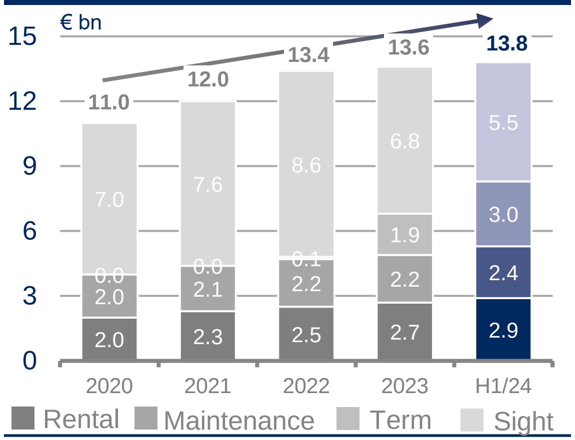
Total deposit volume by client groups



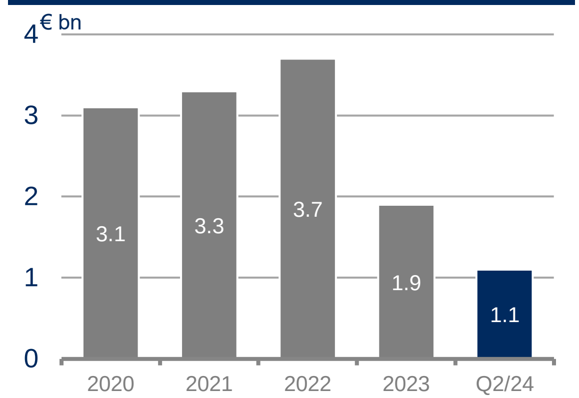
Deposit base consistently increased

- Total deposit base with three strong pillars significantly improved over time
- Granular and sticky Housing Industry (BDS) deposit structure from ~4,000 clients managing more than 9 mn units
- Retail clients as additional source for term deposit introduced in 2022 anticipating expected decrease of Institutional Clients deposits caused by reform of the German deposit protection

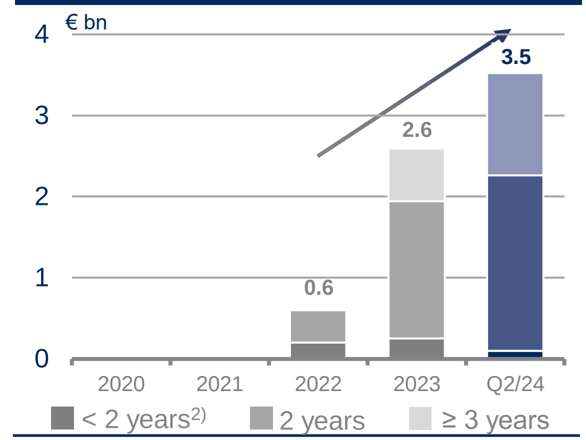
Housing Industry (BDS)[1]



Institutional Clients



Retail Clients (Raisin)[2]



1) Average on annual / YtD-basis
2) Initial contractual maturity, min. 9 month

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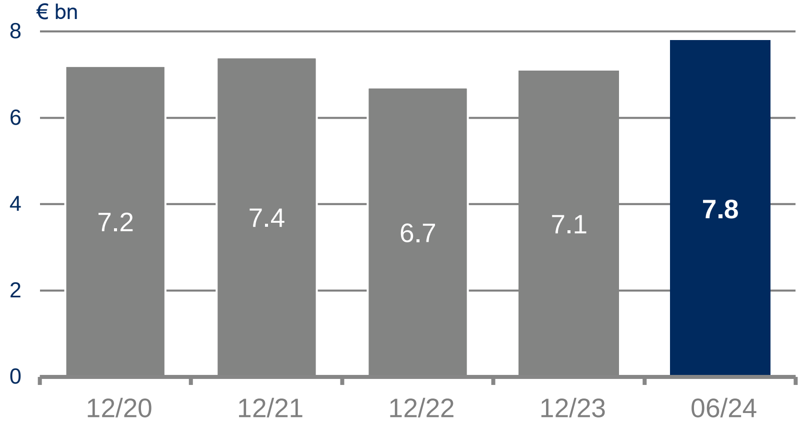
Funding & Liquidity

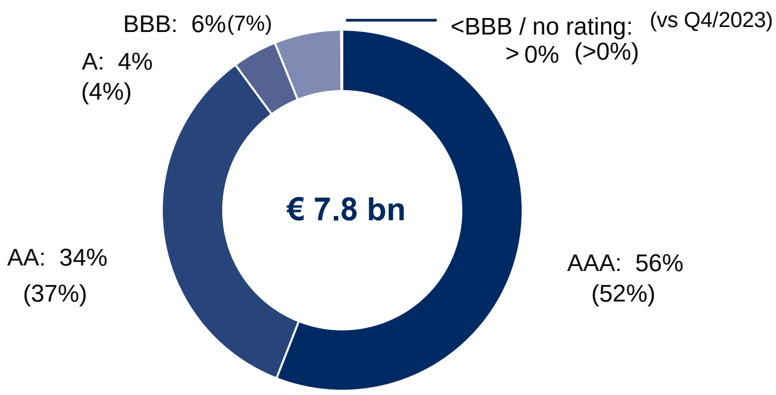
Treasury portfolio of € 7.8 bn ensures comfortable liquidity buffer

TR portfolio development

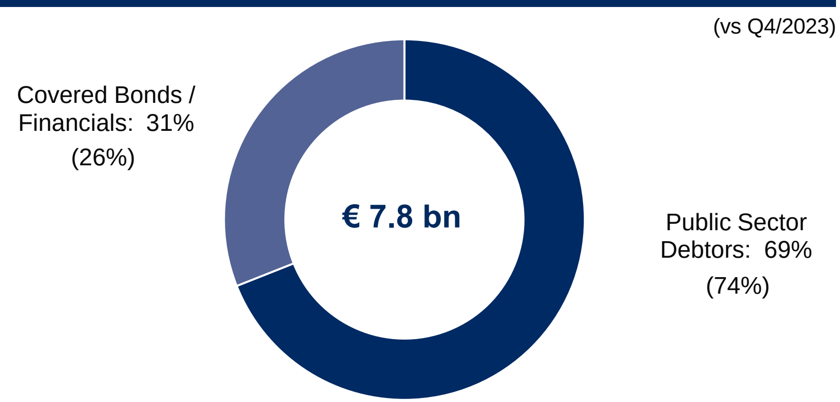


- Strong liquidity profile due to highly-rated SSAs and Covered Bond focus
- Asset-swap purchases ensure low interest-rate risk exposure
- Well-balanced maturity profile

TR portfolio by rating[1)]



TR portfolio by asset class

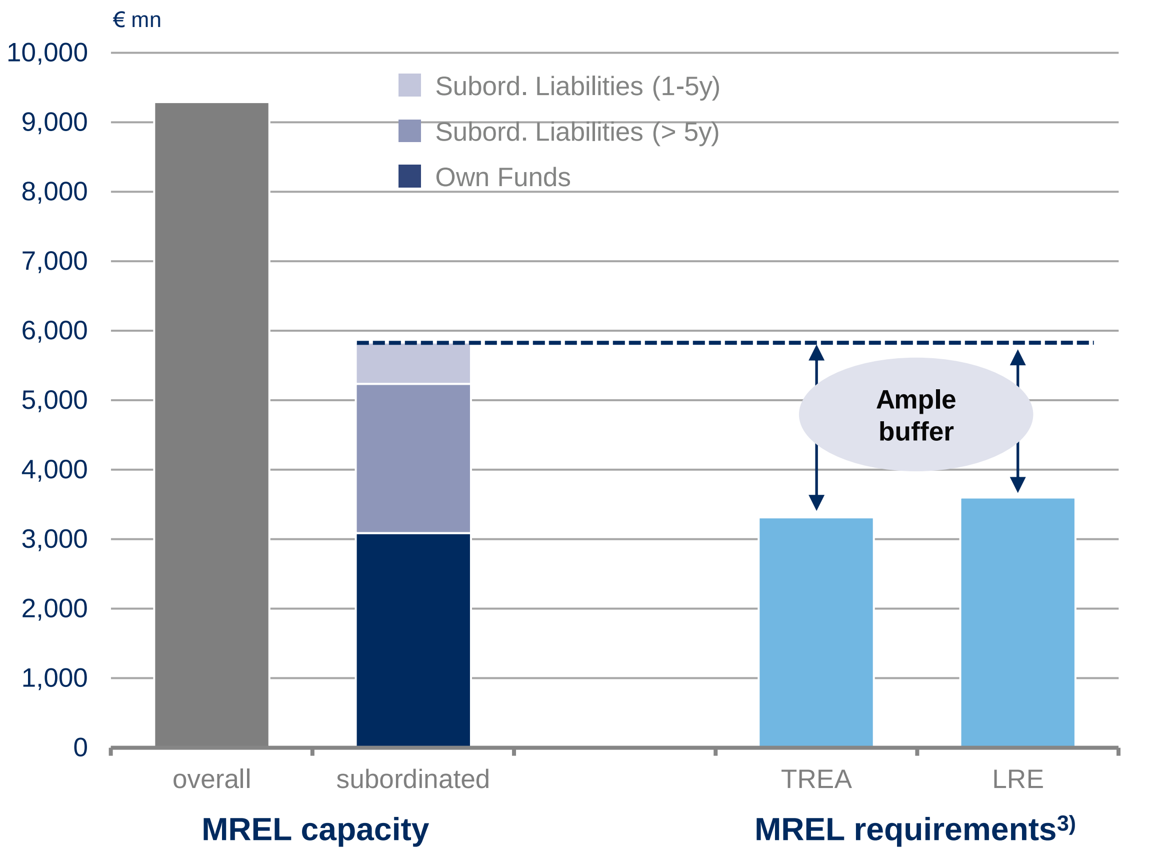


As of 30.06.2024 – all numbers refer to nominal amounts
1) Composite Rating

Funding & Liquidity

MREL capacity well above regulatory requirements

MREL capacity vs. requirements (31.03.2024)



- Senior Preferred have significant protection from subordinated liabilities and own funds
- Run-down of subordinated liabilities well manageable, after 5 years cet.par. still comfortably complying with requirements
- (Subordinated) MREL ratios as at 31.03.2024:

%	TREA	LRE
Actual[1)]	42.3	12.9
Requirements[2)]	24.1	7.9

1) GPP already deducted, recently issued €500mn SNP (2Y) not considered yet
2) (Subordinated) MREL Requirements coming in effect in 2025
3) Based on 2025 requirements in relation to current RWAs (phase-in) and leverage ratio exposure

Funding & Liquidity
Rating profile

Financial Ratings			
Fitch Ratings		**Moody's**	
Issuer default rating (Stable)	BBB	Issuer rating (stable)	Baa1
Short-term issuer rating	F2	Short-term issuer rating	P-2
Deposit rating	BBB+	**Senior preferred**	**Baa1**
Senior preferred	**BBB+**	Senior non preferred	Baa3
Senior non preferred	BBB	Bank deposit rating	Baa1
Viability rating	BBB	BCA	Ba1
Subordinated debt	BB+	Mortgage Pfandbriefe	Aaa
Additional Tier 1	BB-		

ESG-Ratings	
MSCI	AA
ISS-ESG	prime (C)
Sustainalytics	Low (20-10)
CDP	Awareness Level B

Financial Ratings

- Ratings reflect strong credit profile based on solid capital and liquidity position

ESG-Ratings

Aareal's ESG performance has been rewarded by the rating agencies:

- MSCI:
  Aareal is in the best 34% of 62 diversified financials
- ISS ESG:
  Prime Status confirms ESG performance above sector-specific Prime threshold
- Sustainalytics:
  "Low" risk classification", Rank 244 of 1070 in Sector Banks, 21 of 108 in Thrifts and Mortgages
- MOODY's ESG Solutions:
  Above sector average results in Environment, Social and Governance

Note: ESG-Ratings and Benchmarks as of 29/04/2024

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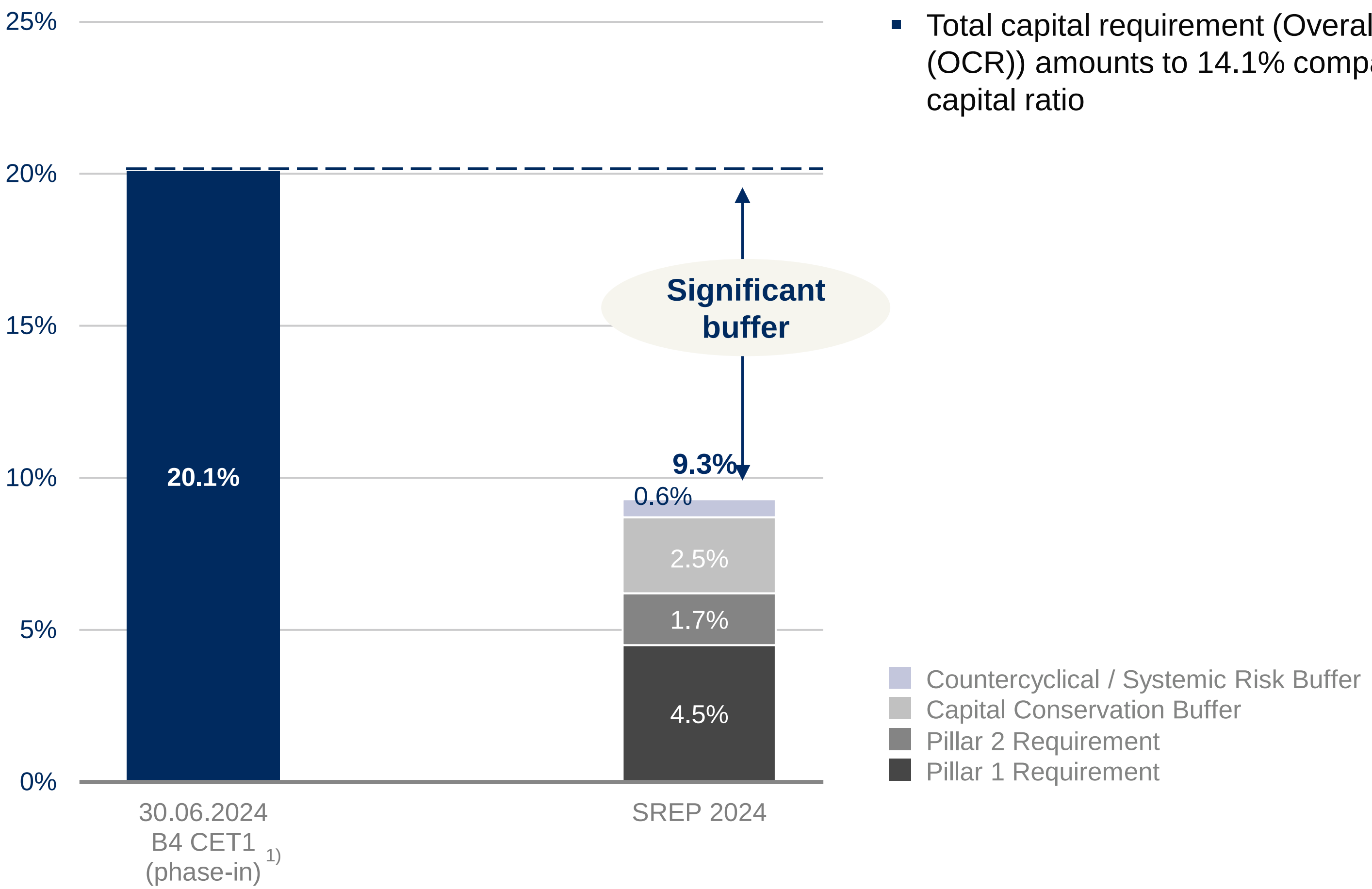
Capital

SREP (CET 1) requirements

CET1 ratio vs. SREP (CET1) requirements



- Capital ratios significantly above SREP requirements
- Total capital requirement (Overall Capital Requirement (OCR)) amounts to 14.1% compared to 24.0% total capital ratio

1) (Proforma) Ratio solely based on continuing operations according to IFRS 5

Appendix

ESG

ESG is fundamental to our business and therefore, part of our corporate strategy

Supporting our clients on their „Road to Paris“

Real Estate is transitioning to a more… **…sustainable digitized and connected future**

We are fostering the transition…

- **Deep integration of ESG** into business, credit, investment, risk and funding strategies
- Comprehensive **Green** Finance and Green Funding **frameworks** in place
- Continuously **leveraging our Green product portfolio**
- Consistently **positive ESG-rating results** rewarding Aareal’s ESG performance

…because it is important to us

- We are **aware of our responsibility** for the environment and strive to make a **positive contribution to a green future**
- Our **aim** is to **integrate ESG considerations** into **all business decisions**
- We are **committed to transparency, integrity and continuous improvement and** to working together with our clients for a sustainable world

Aareal

ESG in our daily business

Sustainability at the core of our decisions since Q2 2021

SUSTAINALYTICS a Morningstar company SECOND-PARTY OPINION

ESG in our lending business	ESG in our funding activity

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 extend ESG assessment in our day-to-day lending activities
- Explicit customer demand for Aareal Bank's green lending approach identified internationally and interest is high for the new product
- Green lending within a regularly updated framework provided

ESG in our funding activity

Aareal Bank "Green Finance Framework – Liabilities" forms basis for Green Bonds

- In addition to the lending framework, Aareal Bank has implemented an accompanying and regularly updated liability-side / use-of-proceeds framework - confirmed through SPO by Sustainalytics - that allows issuance of green financing instruments
- "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 for both existing and new lending and to be continued
- Aareal Bank involved in international initiatives to calculate financed emissions (PCAF)

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Aareal's 'credible and impactful' Green Finance Framework

SUSTAINALYTICS
a Morningstar company
SECOND-PARTY OPINION

Aareal Green Finance Framework (GFF) in place

Green Property Financing:
Requirements to qualify as green property (as set out below under "Eligibility criteria")
- Meets EU Taxonomy criteria

and / or
- Certified with an above-average ratings

and / or
- Classified as nearly zero-energy building (nZEB) / thresholds as defined in Aareal GFF

\+

Green Loan Rider:
Customer of a Green Loan agrees to
Maintaining "Aareal Green Finance Framework" requirements during the term of the loan

⇨

Green Loan:
Combination of
- Green property[1)]

and
- Agreement

Eligibility category	Eligibility criteria (alternatives)		
Green Buildings	**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"	**2. Green building certification:** ▪ BREEAM: "Very Good" and above ▪ LEED: "Gold" and above ▪ DGNB: "Gold" and above ▪ Green Star: "5 Stars" and above ▪ NABERS: "4.5 Stars" and above ▪ HQE: "Excellent" and above ▪ Energy Star. "80" or above	**3. Energy efficiency:** Classified as a nearly zero-energy building (nZEB) **and / or** property falls **below** the maximum energy reference values 75 kWh/m² p.a. – Residential 140 kWh/m² p.a. – Office, Hotel, Retail 65 kWh/m² p.a. – Logistics
Energy efficiency upgrades	**1. EU taxonomy compliant:** Modernisation measures meet the EU Taxonomy criteria acc. EU Commission Delegated Regulation[3)]	**2. Upgrade to Green Building:** Completion of the measure brings the property up to the green building standard defined above.	**3. Energy efficiency improvement:** Completion of the measure results in an energy efficiency improvement of at least 30%.

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"

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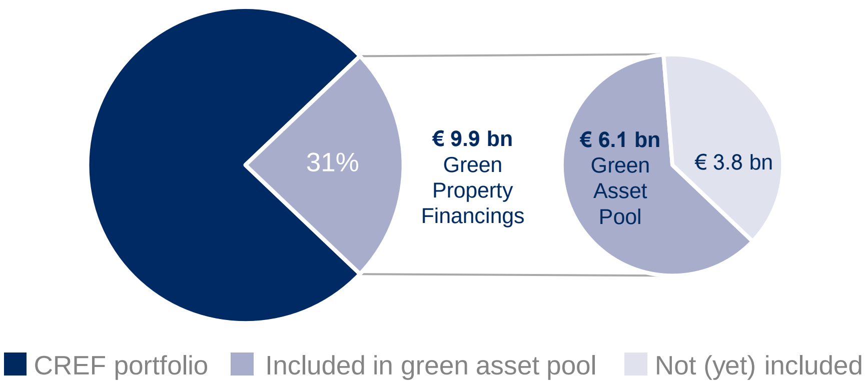
31% of CREF portfolio classified as Green Property Financings

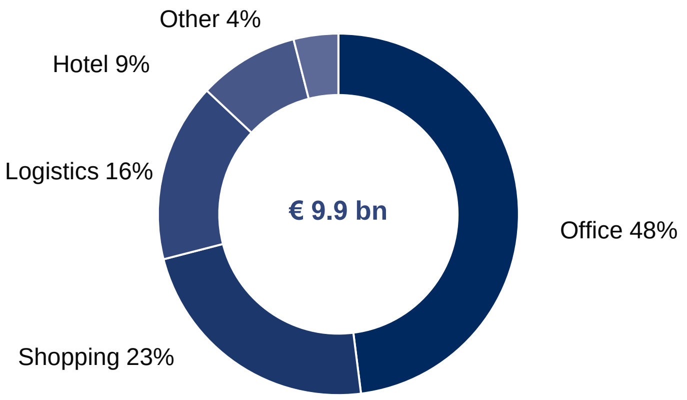
CREF[1] portfolio



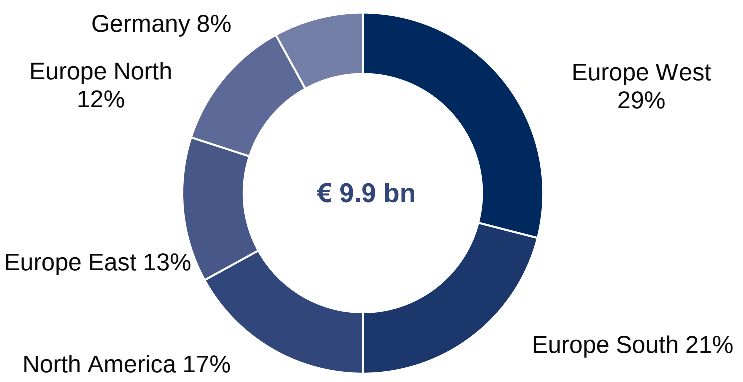
€ 9.9 bn[1] (31%) of total CREF portfolio fulfilling Aareal's Green Finance Framework and are classified as "Green Property Financings", thereof

- € 6.1 bn included in green asset pool for underlying of Green bond issues
- € 3.8 bn green property financings not (yet) included

Green Property Financings[2] by property type



Green Property Financings[2] by region



1) CREF excl. business not directly collateralized by properties
Portfolio data as at 30.06.2024 – ESG Data as at 30.06.2024
2) Valid certificate is documented

Published Feb. 2024

ESG@Aareal target setting

On the „Road to Paris“ we are supporting our clients and enhancing our own ambition

	Successes in 2023	Short-term ambition 2024	Mid-term ambition
Clients	Green Loan volume **€ 4.8 bn** *(as per 31.12.2023)*	Expansion of Green Financing: **+ € 1.5 bn additional Green Loans**[1]	**€ ~6-7 bn total Green Loan volume**[1] by 2026
Clients	Green Funding volume **€ 1.0 bn green bonds + € 0.4 bn green CPs** *(as per 31.12.2023)*	**+ € 0.5 bn** green long-term funding in 2024	Continuously **leverage our Green Asset Pool** for long-term funding

Publish PCAF report on financed emissions in `24 / Provide further transparency for CREF portfolio

Further develop **ESG products**

Internal

Deep ESG integration in business, credit, investment, risk and refinancing strategies and decision-making process
ESG continues to be part of our Management Board’s variable remuneration
+ additionally, workforce's variable remuneration is partly linked to ESG since 2023

Limiting our own Greenhouse Gas emissions
Carbon-neutrality through compensation of our business operations worldwide

1) Assuming current Green Finance Framework (vintage 2023)

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Consistently positive rating results

Rewarding Aareal's ESG performance

MSCI since 2015

CCC | B | BB | BBB | A | **AA** (Aareal) | AAA

- With continuous AA status in ESG Rating, Aareal at the best 35 percent among 60 diversified financials
- Outstanding Score in Governance (7.7 of 10) compared to industry average (5.6)

ISS ESG since 2024

D- | D | D+ | C- | Prime threshold | **C** (Aareal) | C+ | B- | B | B+ | A- | A | A+

- Prime Status confirms ESG performance above sector-specific Prime threshold, which means Aareal fulfils ambitious absolute performance requirements
- Range of 125 rated companies in the Mortgage & Public Sector Finance sector between D and B, Aareal on Decile Rank 2

SUSTAINALYTICS since 2022

SEVERE (40+) | HIGH (40-30) | MEDIUM (30-20) | **LOW** (20-10) (Aareal) | NEGLIGIBLE (10-0)

- 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)
- Still "Low" risk classification (18.1), Rank 217 of 1052 in Sector Banks, 17 of 105 in Thrifts and Mortgages

Moody's ESG Solutions since 2021

0 | 25 | 50 (Aareal) | 75 | 100

- ESG Overall Score of 51, Aareal with above sector average results in Environment 49 [⌀49], Social 48 [⌀44] and Governance 56 [⌀48]

CDP DISCLOSURE INSIGHT ACTION since 2022

D- | D | C- | C | B- | **B** (Aareal) | A- | A

- Management Level B in CDP's Climate Change survey, which affirms Aareal addressed the environmental impacts of its business and ensure good environmental management.

Note: Results and Benchmarks as of 24.07.2024

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Appendix

ADI of Aareal Bank

Published Feb. 2024

Interest payments and ADI of Aareal Bank AG

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

€ mn	31.12. 2020	31.12. 2021	31.12. 2022	31.12. 2023
Net Retained Profit	90	96	61	452
▪ *Net income*	*90*	*30*	*61*	*330*
▪ *Profit carried forward from previous year*	-	*66*	-	*61*
▪ *Net income attribution to revenue reserves*	-	-	-	-
+ Other revenue reserves after net income attribution	840	840	936	936
= Total dividend potential before amount blocked[1)]	930	936	997	1.388
./. Dividend amount blocked under section 268 (8) of the German Commercial Code	320	386	466	487
./. Dividend amount blocked under section 253 (6) of the German Commercial Code	43	36	24	6
= Available Distributable Items[1)]	566	515	507	895
+ Increase by aggregated amount of interest expenses relating to Distributions on Tier 1 Instruments[1)]	21	20	21	29
= 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)]	588	535	529	924

Note: Calculation refers to unrounded numbers

1) Unaudited figures for information purposes only

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Appendix

Group Results

Aareal Bank Group

Results H1 2024[1)]

€ mn	01.01.-30.06.2024	01.01.-30.06.2023	Change
Net income from continuing operations			
Net interest income	530	476	11%
Loss allowance	163	160	2%
Net commission income	-2	17	-112%
Net derecognition gain or loss	9	12	-25%
Net gain or loss from financial instruments (fvpl)	-29	-41	-29%
Net gain or loss from hedge accounting	8	0	
Net gain or loss from investments accounted for using the equity method	-	-	
Administrative expenses	180	172	5%
Net other operating income / expenses	8	6	33%
Operating profit from continuing operations	**181**	**138**	**31%**
Income taxes	53	48	10%
Consolidated net income from continuing operations	**128**	**90**	**42%**
Net income from discontinued operations	-136	-32	325%
Consolidated net income	**-8**	**58**	
Consolidated net income attributable to non-controlling interests	-30	-9	233%
Consolidated net income attributable to shareholders of Aareal Bank AG	22	67	-67%

1) In accordance with IFRS 5, net income from discontinued operations is disclosed separately; the previous year‘s figures have been adjusted

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Aareal Bank Group

Results H1 2024 by segments[1)]

	Structured Property Financing		Banking & Digital Solutions		Consolidation/ Reconciliation		Aareal Bank Group	
€ mn	01.01.-30.06.2024	01.01.-30.06.2023	01.01.-30.06.2024	01.01.-30.06.2023	01.01.-30.06.2024	01.01.-30.06.2023	01.01.-30.06.2024	01.01.-30.06.2023
Net interest income	395	365	135	111	0	0	530	476
Loss allowance	163	160	0	0	0		163	160
Net commission income	1	1	-3	16	0	0	-2	17
Net derecognition gain or loss	9	12					9	12
Net gain or loss from financial instruments (fvpl)	-28	-41	-1	0			-29	-41
Net gain or loss from hedge accounting	8	0					8	0
Net gain or loss from investments accounted for using the equity method								
Administrative expenses	132	120	48	52	0	0	180	172
Net other operating income / expenses	9	7	-1	-1	0	0	8	6
Operating profit from continuing operations	**99**	**64**	**82**	**74**	**0**	**0**	**181**	**138**
Income taxes	27	25	26	23			53	48
Consolidated net income from continuing operations	**72**	**39**	**56**	**51**	**0**	**0**	**128**	**90**
Net income from discontinued operations					-136	-32	-136	-32
Consolidated net income	**72**	**39**	**56**	**51**	**-136**	**-32**	**-8**	**58**
Allocation of results								
Cons. net income attributable to non-controlling interests	0	0	0	0	-30	-9	-30	-9
Cons. net income attributable to shareholders of Aareal Bank AG	72	39	56	51	-106	-23	22	67

1) Presentation in line with the structure prescribed by IFRS 5

Aareal Bank Group

Results[1] - quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					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
	2024		2023			2024		2023			2024		2023			2024		2023		
€ mn																				
Net interest income	192	203	212	199	189	70	65	68	59	59	0	0	0	0	0	262	268	280	258	248
Loss allowance	80	83	179	102	128	0	0	0	0	0	0					80	83	179	102	128
Net commission income	2	-1	0	5	1	-2	-1	9	8	8	0	0	0	0	0	0	-2	9	6	9
Net derecognition gain or loss	6	3	5	6	12											6	3	5	6	12
Net gain / loss from fin. instruments (fvpl)	-11	-17	-13	-17	-35	0	-1	0	0	0						-11	-18	-13	-17	-35
Net gain or loss from hedge accounting	0	8	3	-2	-4											0	8	3	-2	-4
Net gain / loss from investments acc. for using the equity method			1						2									1	2	
Administrative expenses	72	60	58	53	46	24	24	35	23	20	0					96	84	89	76	66
Net other operating income / expenses	9	0	-11	0	7	0	-1	-1	0	-1	0	0	0	0	0	9	-1	-12	0	6
Operating profit from continuing operations	**46**	**53**	**-40**	**36**	**-4**	**44**	**38**	**41**	**46**	**46**	**0**	**0**	**0**	**0**	**0**	**90**	**91**	**1**	**82**	**42**
Income taxes	15	12	16	0	10	14	12	12	15	14						29	24	28	18	24
Consolidated net income from continuing operations	**31**	**41**	**-56**	**33**	**-14**	**30**	**26**	**29**	**31**	**32**	**0**	**0**	**0**	**0**	**0**	**61**	**67**	**-27**	**64**	**18**
Net income from discontinued operations											-142	6	-29	-18	-2	-142	6	-29	-18	-2
Consolidated net income	**31**	**41**	**-56**	**33**	**-14**	**30**	**26**	**29**	**31**	**32**	**-142**	**6**	**-29**	**-18**	**-2**	**-81**	**73**	**-56**	**46**	**16**
Cons. net income attributable to non-controlling interests	0	0	-1	0	0	0	0	0	0	0	-32	2	-9	-4	0	-32	2	-10	-4	0
Cons. net income attributable to ARL shareholders	31	41	-55	33	-14	30	26	29	31	32	-110	4	-20	-14	-2	-49	71	-46	50	16

1) Presentation in line with the structure prescribed by IFRS 5

Appendix

Definitions and contacts

Definitions

New Business	New business = Newly acquired business + renewals
Common Equity Tier 1 ratio	$\frac{\text{CET 1}}{\text{Risk weighted assets}}$
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	$\frac{\text{operating profit ./. income taxes ./. income/loss attributable to non controlling interests ./. AT1 coupon}}{\text{Number of ordinary shares}}$
Yield on Debt	$\frac{\text{NOI x 100 (Net operating income, 12-months forward looking)}}{\text{Outstanding incl. prior/pari-passu loans (without developments)}}$
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
Exposure (performing)	Maximum [actual commitment (performing) or Outstanding (performing)]

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Contacts

Jürgen Junginger

Head of Investor Relations
Managing Director
Phone: +49 611 348 2636
juergen.junginger@aareal-bank.com

Sebastian Götzken

Director Investor Relations
Phone: +49 611 348 3337
sebastian.goetzken@aareal-bank.com

Carsten Schäfer

Director Investor Relations
Phone: +49 611 348 3616
carsten.schaefer@aareal-bank.com

Ralf Löwe

Head of Treasury
Managing Director
Phone: +49 611 348 3001
ralf.loewe@aareal-bank.com

Christopher Linnert

Head of Funding
Director Treasury
Phone: +49 611 348 3889
christopher.linnert@aareal-bank.com

Sandro Wieandt

Assistant Vice President Treasury
Phone: +49 611 348 3883
sandro.wieandt@aareal-bank.com

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Thank you.

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