Conference Call

Q1 2024 results

May 15, 2024

Jochen Klösges (CEO)
Marc Hess (CFO)

Agenda

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

- Appendix

Financial Performance - Highlights

Successful start to 2024 with strong profit increase

Group operating profit of € 103 mn in Q1/24 (Q1/23: € 62 mn)

Bank (SPF + BDS)	Aareon
✓ Strong operating resilience	✓ Capital market readiness
Operating profit (EBT) of € 92 mn fully in line with full year target of € 250-300 mn	Profitability significantly increased, adj. EBITDA of € 40 mn (Q1/23: € 18 mn), EBT of € 11 mn (Q1/23: € -34 mn)
Strong earnings, Total LLPs of € 86 mn including management overlay of € 56 mn	Strong growth in recurring revenue (+45%), Recurring revenue 83% of total revenues (Q1/23: 75%)
NPLs substantially reduced by € >500 mn without further P&L impact	Meaningful investments in efficiency and M&A (incl. payment transaction JV with the Bank) paying off
Capital and liquidity positions remain solid	Rule-of-40 confirmed, capital market readiness achieved

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Financial Performance - Group Profit & Loss

Strong profit increase

Profit & loss (€ mn)	Q1 ’23	Q1 ’24	∆ Q1 ’24/’23
Net interest income (NII)	222	254	+14%
Net commission income (NCI)	72	86	+19%
Admin expenses	199	147	-26%
Other op. income / expenses[1)]	2	-4	
Pre provision profit	**97**	**189**	**+95%**
Loan loss provision incl. FVPL	35	86	+146%
Operating profit (EBT)	**62**	**103**	**+66%**
Profit after tax	42	73	+74%
RoE after tax	6.4%	8.7%	

- NII on a high level, having peaked in Q4/23 as expected
- Strong increase in NCI driven by Aareon
- Substantial management overlay reflected in LLP
- Admin expenses down by 26% after significant investments in 2023 and reduced bank levies
  - ➢ CIR Bank[2)]: 32%
- Pre provision profit of € 189 mn (Q1/23: € 97 mn)
  - Thereof Bank’s[3)] pre provision profit of € 178 mn (Q1/23: € 131 mn) demonstrates strong operating resilience

1) Includes Net derecognition gain or loss, net gain or loss from financial instruments (fvpl), net gain or loss from hedge accounting, net gain or loss from investments accounted for using the equity method, net other operating income/expenses
2) Segment SPF & BDS, excl. bank levy / deposit guaranty scheme
3) Segment SPF & BDS

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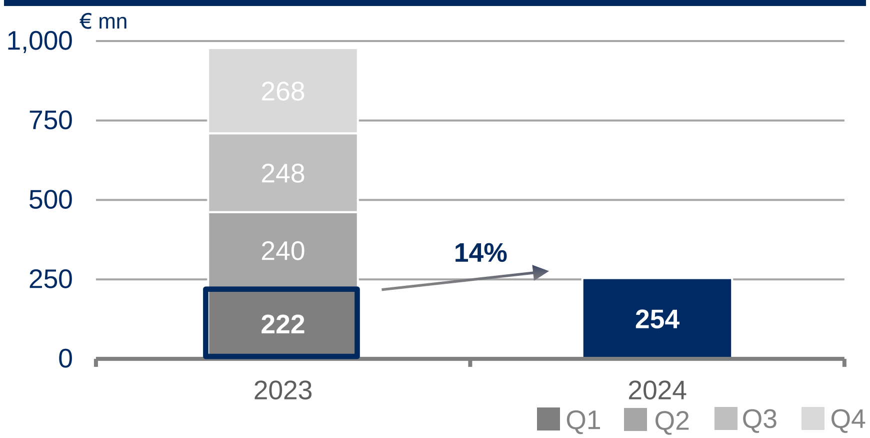
Financial Performance - NII / NCI

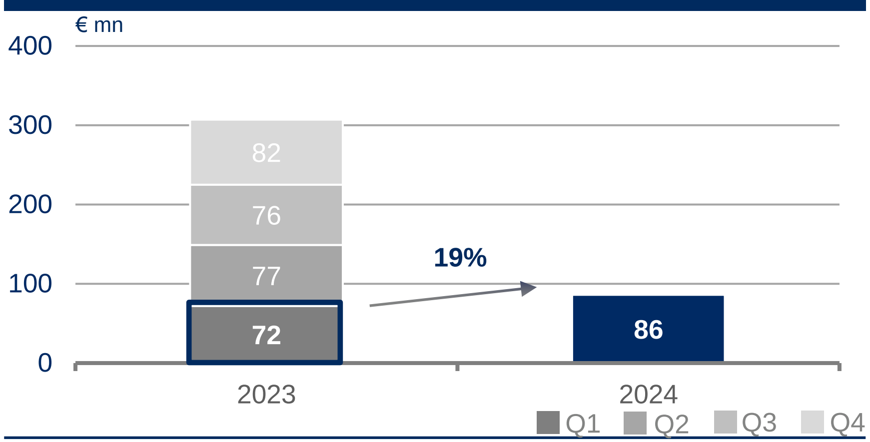
NII



On a high level, having peaked in Q4/23 as expected

- Bank (SPF & BDS)
  - NII increased by 18% to € 268 mn (Q1/23: € 228 mn) supported by an increased loan portfolio with good margins and a market leading deposit franchise in a normalised interest rate environment
- Aareon
  - M&A investments and externalisation of third-party debt facility decreased NII by € 8 mn to € -14 mn

NCI



Strong increase driven by Aareon

- Aareon
  - NCI increased to € 90 mn (Q1/23: € 67 mn) supported by fees of € 10 mn from payment transaction JV, established with the bank
  - Recurring revenue[1)] now represents 83% of total revenues (Q1/23: 75%)
- Bank (SPF & BDS)
  - Slightly negative NCI (€ -2 mn) resulting from above mentioned fees paid to JV, established with Aareon

1) LTM = Last Twelve Months

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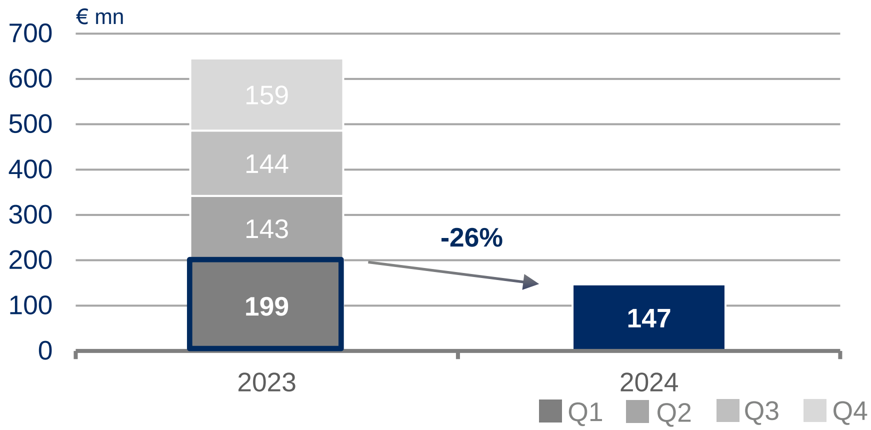
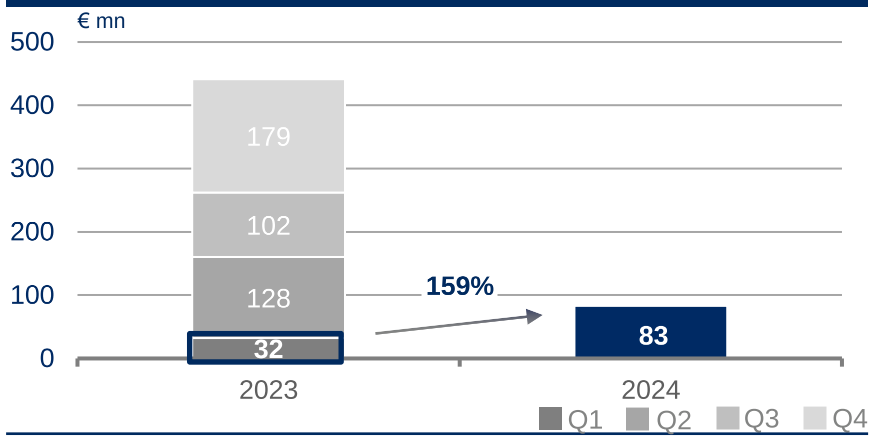
Financial Performance - Admin expenses / LLP

Admin expenses



LLP



Down by 26% after significant investments in 2023 and reduced bank levies

Bank[1)]

- Stable at € 83 mn considering bank levies reduced by € 23 mn (Q1/23: € 106 mn incl. € 25 mn bank levies)
- CIR Bank[2)]: 32% (Q1/23: 35%)

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- Down to € 66 mn incl. € 10 mn of new acquisitions in 2023 (Q1/23: € 96 mn incl. € 34 mn investments into efficiency and M&A)

LLP driven by management overlay

- Total LLP of € 86 mn (Q1/23: € 35 mn) includes € 3 mn FVPL (Q1/23: € 3 mn)
  - Thereof € 56 mn management overlay (Q1/23: € 21 mn)
    - Stage 1/2: € 29 mn
    - Stage 3: € 27 mn
- Loss allowance (B/S): total management overlay amounts to € 81 mn, up from € 25 mn as of 12/23
- Conservative approach with management overlay recognizing continued uncertainties

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

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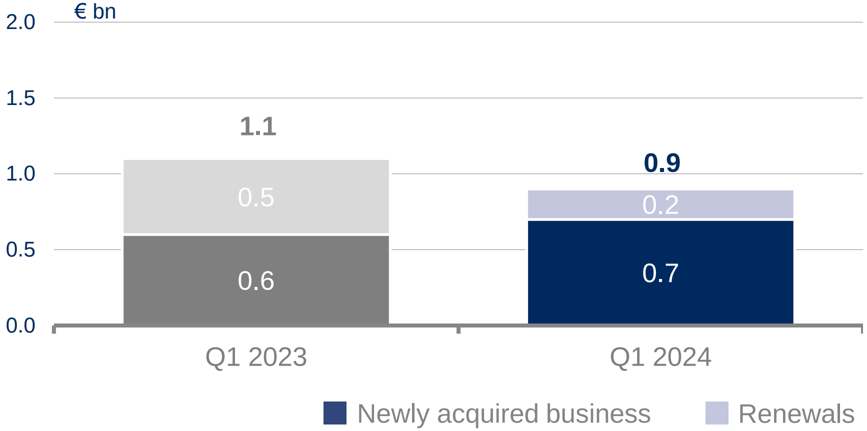
Segment SPF

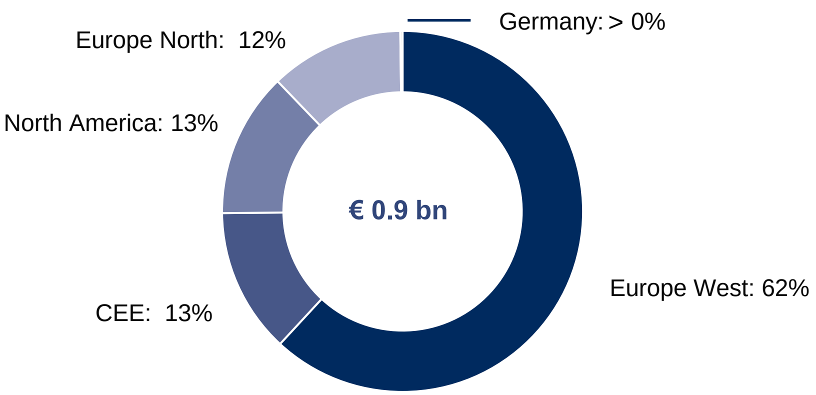
Selective new business generation in a challenging market environment with low transaction volume

New business by quarter

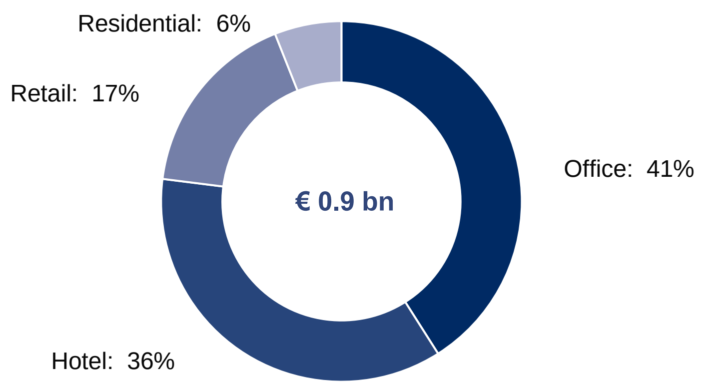


- Conservative avg. LTV of 45% (2023: 54%)[1)]
- Avg. margin of 274 bps (2023: 291 bps) (FY plan 2024: 260 - 270 bps)[1)]
- Newly acquired office deals only in Europe, with an average LTV of 45%
- € 0.2 bn green office loans[2)], additional € 0.5 bn conversions

New business by region



New business by property type



1) Newly acquired business only
2) Governed by "Green Finance Framework"

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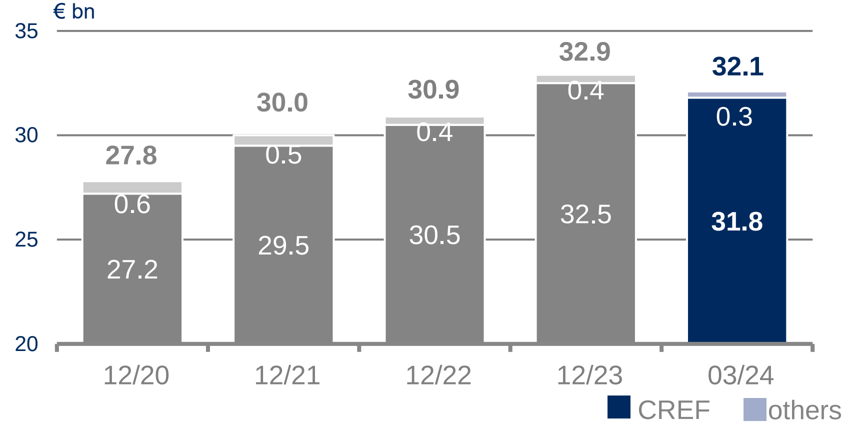
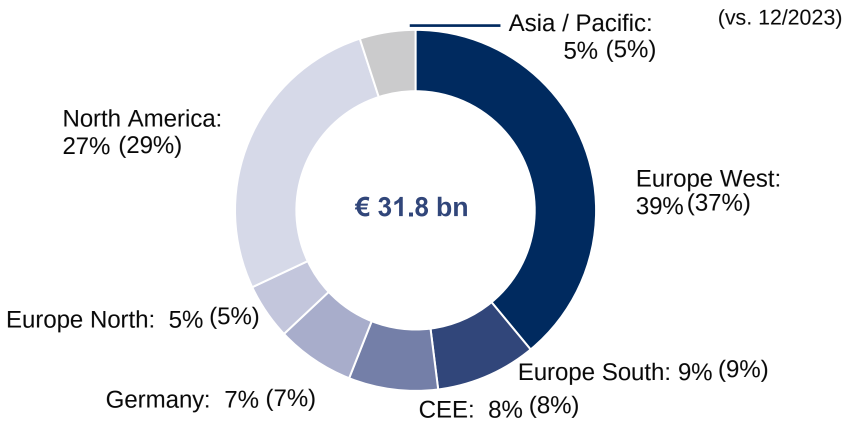
Segment SPF
Well diversified portfolio

REF portfolio

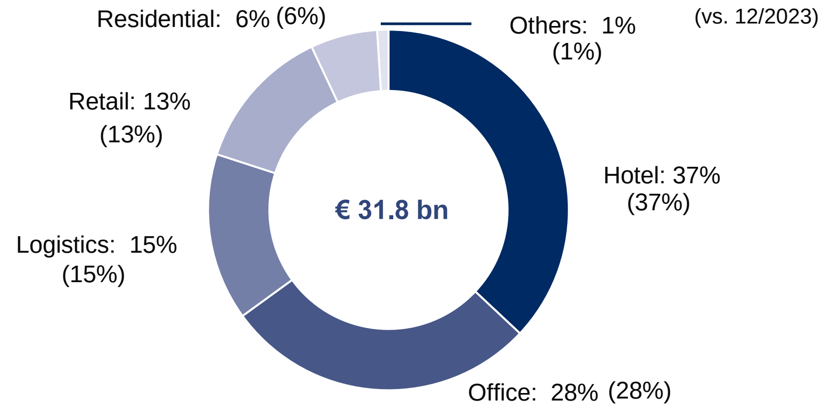


- Portfolio highly diversified by region and property type, primarily in major global metropolitan areas
- Portfolio-LTV[1)] of 56% (12/23: 56%)
- Portfolio-YoD[1)] of 9.8% (12/23: 9.6%)
- Portfolio increased yoy by € 1.4 bn to € 32.1 bn
- FY portfolio target of € 33 - 34 bn confirmed
- Financing of refurbishments to foster green transition
- Green loan volume of € 5.5 bn (12/23: € 4.8 bn)
- Green property financing portfolio of € 9.5 bn or 30% of total CREF portfolio

CREF portfolio by region



CREF portfolio by property type



1) Performing CREF-portfolio only (exposure)

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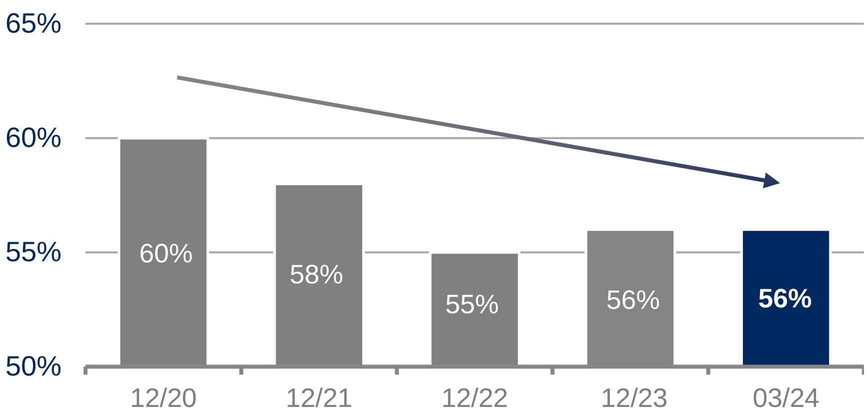
Segment SPF

Business generation with strict low-risk focus leading to improvements in asset quality metrics

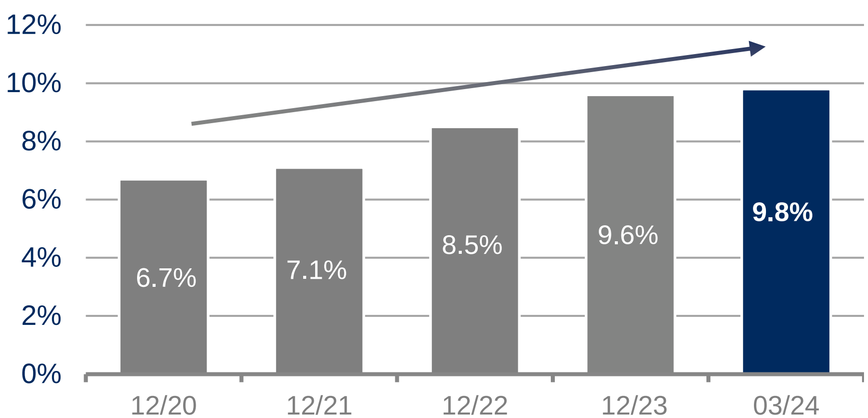
Portfolio-LTV[1)]



LTV[1)] by property type

%	12 ’20	12 ’21	12 ’22	12 ’23	03 ’24
Hotel	62	60	56	54	53
Logistics	56	55	52	55	55
Office	58	58	57	62	62
Retail	61	59	56	58	57

Portfolio-YoD[1)]



YoD[1)] by property type

%	12 ’20	12 ’21	12 ’22	12 ’23	03 ’24
Hotel	3.0	5.0	9.0	10.6	11.4
Logistics	9.2	8.7	9.0	9.3	9.4
Office	8.1	7.6	6.9	7.5	7.3
Retail	8.8	9.1	9.8	11.3	11.4

1) Performing CREF-portfolio only (exposure)

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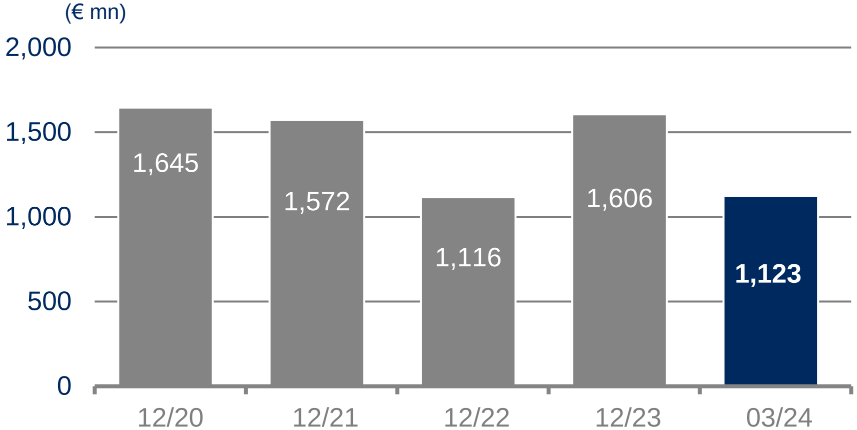
Segment SPF

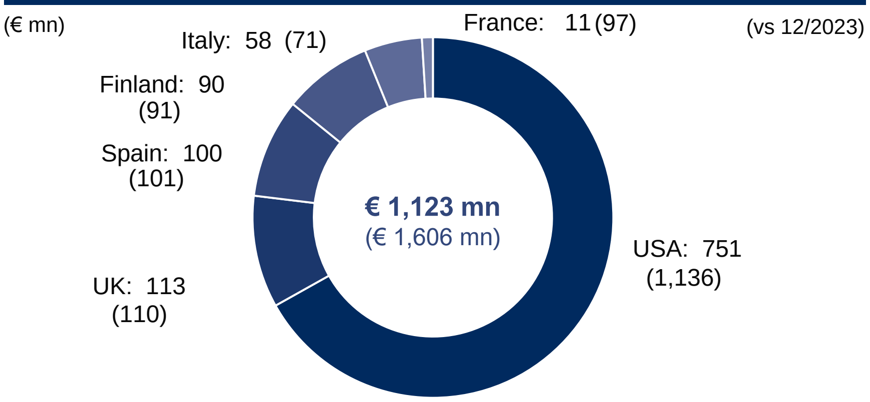
NPLs significantly reduced by € >0.5 bn in Q1 without further P&L impact

NPLs

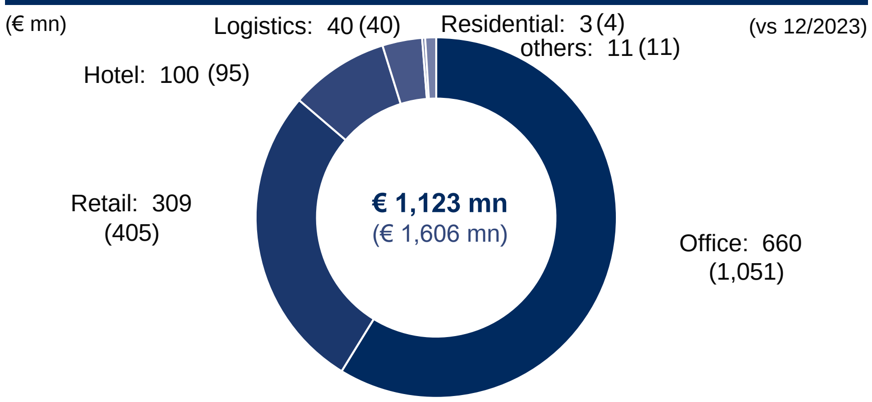


- NPLs reduced in Q1 by € > 500 mn (mainly US office)
- One new NPL in Q1 (US office)
- US office markets still very challenging; all other regions/ asset classes performing well
  - No Signa loan exposure, virtually no developments
  - Limited exposure in Germany (~7% of CREF portfolio)
  - No exposure to Russia, China, Middle East
- NPE ratio acc. to EBA methodology[1)]: 2.9% (12/23: 3.4%)
- Ongoing active management of NPLs to keep NPE ratio sustainably at or below 3% in the future

NPLs by country



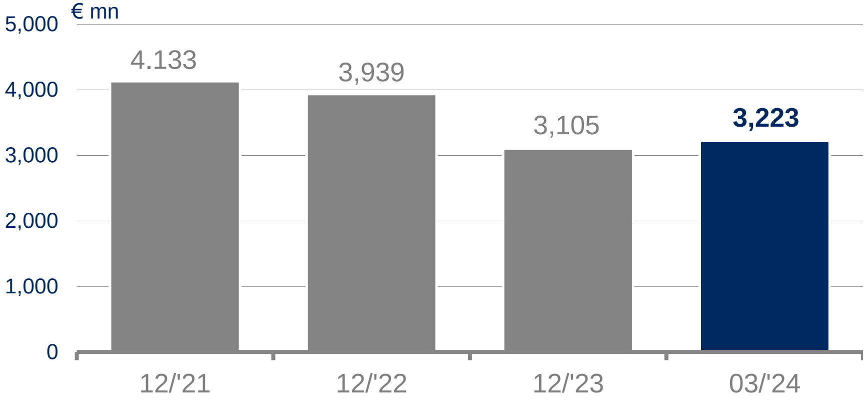
NPLs by property type



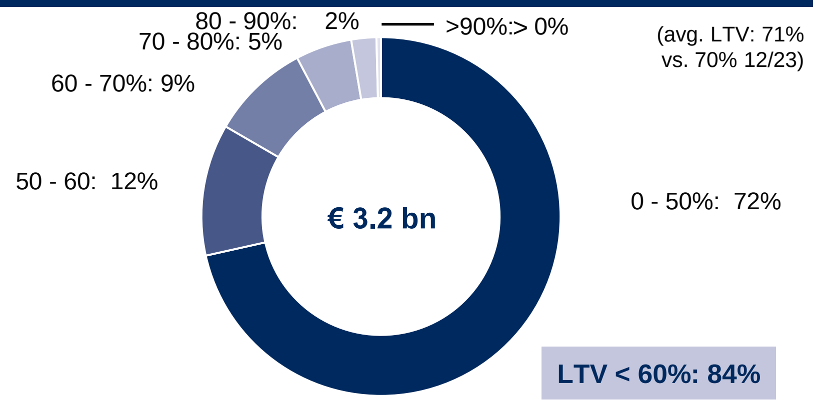
1) NPE ratio according to EBA Risk Dashboard definition

Segment SPF
US office markets still very challenging

Performing US office portfolio



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



- No newly acquired business in Q1, slight increase in performing portfolio driven by some restructured loans
- ~50% of the US office portfolio located in New York, rest largely spread throughout major US cities
- Portfolio concentrating on high quality class A properties in A markets
- Loans are being monitored closely on a regular basis incl. early interaction with borrowers

1) Performing CREF-portfolio only (exposure)

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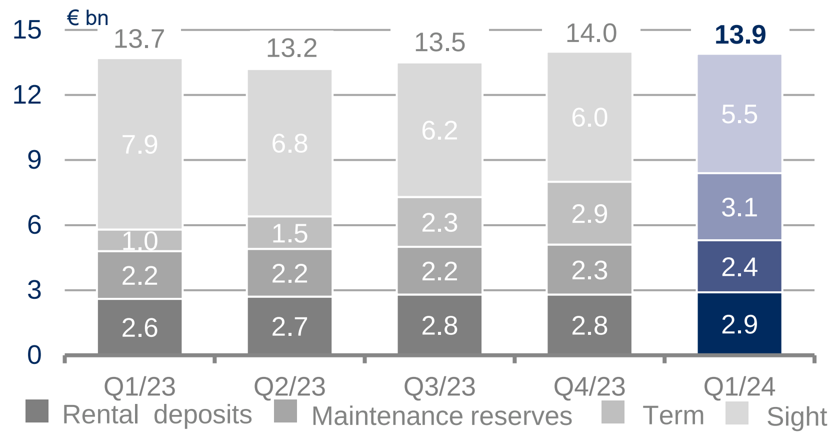
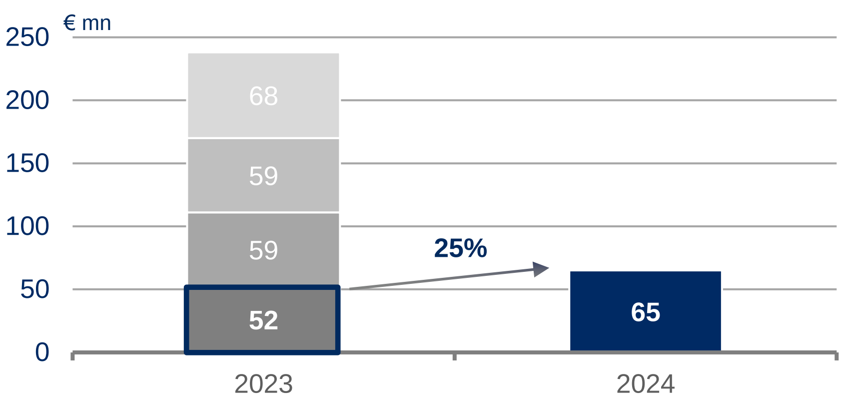
Segment BDS
Strong deposit franchise

Average Housing Industry (BDS) deposits by type

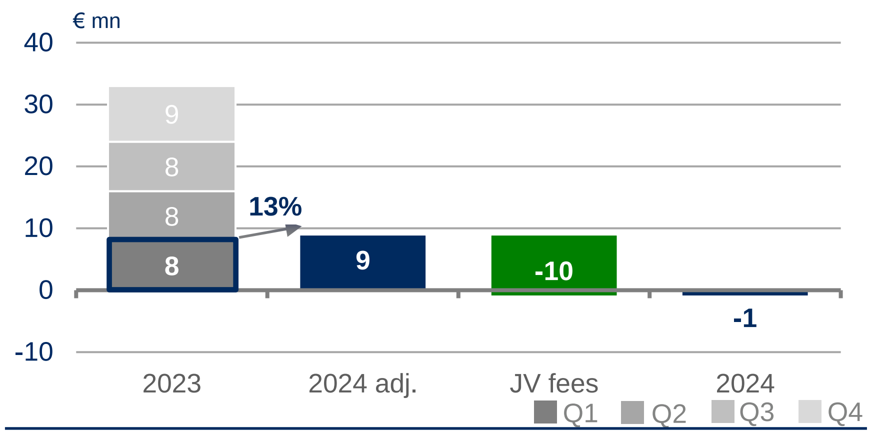


- Deposit volume above target level of € ~13 bn
- Structurally improving deposit mix by ongoing shift from sight into term deposits
- Segment NII increased vs Q1/23 mainly due normalised interest rate environment
- Segment Commission income (CI) is growing, however, segment NCI reflecting fees (€ 10 mn) paid to already mentioned JV established with Aareon

Segment NII



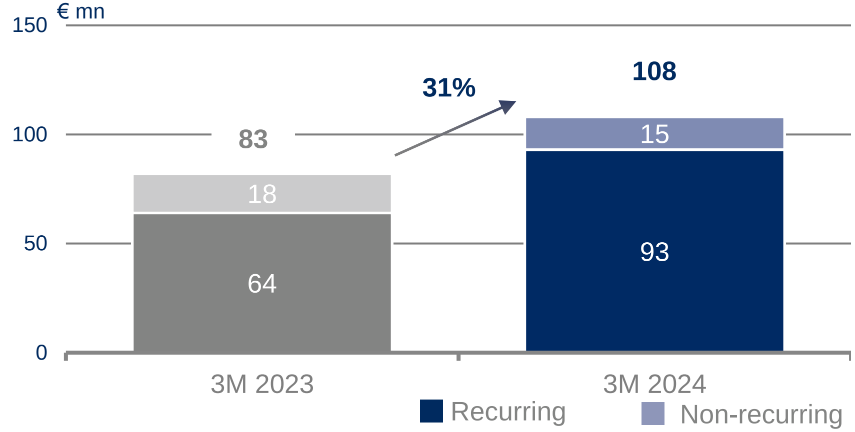
Segment NCI



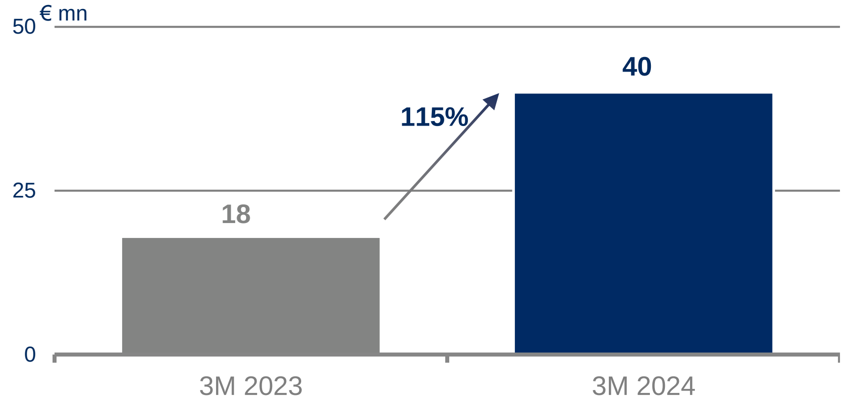
Segment Aareon

Strong start into the year in terms of revenue and adjusted EBITDA

Sales revenue



Adj. EBITDA



- Sales revenue increased by € 25 mn (+31%)
  - Strong growth in recurring revenue with € +29 mn (+45%)
  - Recurring revenue (LTM[1]) represents 83% of total revenues (Q1/23: 75%)
- Adj. EBITDA increased by € 22 mn to € 40 mn (+115%) incl. contribution from payment transaction JV with Bank
- Adj. EBITDA margin increased to 37% (Q1/23: 22%), operating cash flow further improved
- Major activities:
  - JV with integrated payments specialist First Financial Software GmbH established. Further strengthened by realising synergies and up- and cross-selling
  - Pay portfolio expanded: strategic partnerships with payments solutions providers in the UK and the Netherlands; new product in Spain (TucoBan)
  - Acquisition of Blue-Mountain B.V. (business intelligence solutions provider) in the Netherlands
  - In May 2024 Aareon announced a strategic investment in Stonal (France), one of the leading data management platform for real estate owners and investors in Europe

Note: Numbers not adding up refer to rounding
1) Last Twelve Months

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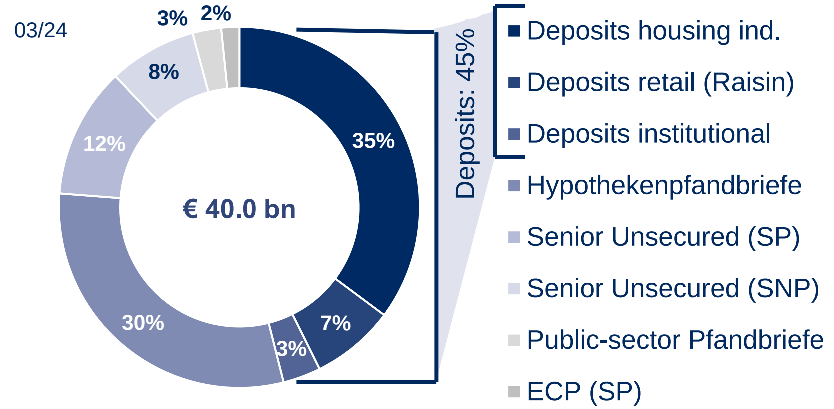
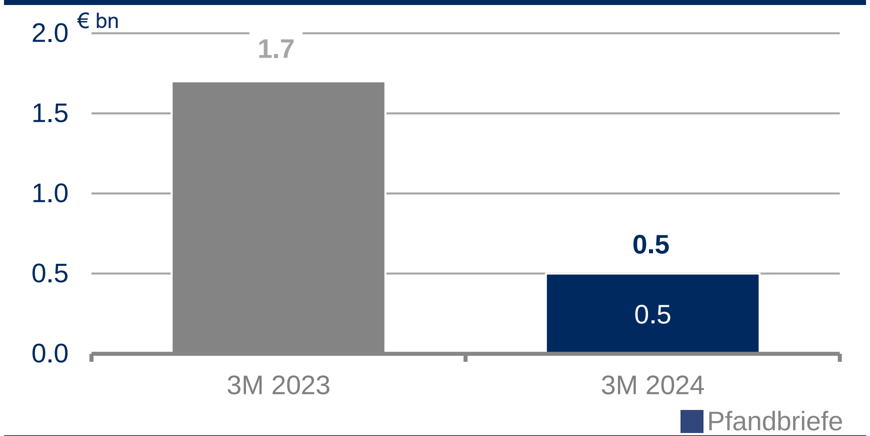
Funding & Liquidity

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

Funding by type



Capital market funding activities



- Solid liquidity ratios
  - NSFR: 117%
  - LCR: 192%[1)]
- Deposits from housing industry at avg. of € 13.9 bn
- Retail term deposits by cooperating with Raisin further increased to € 3.0 bn (12/23: € 2.6 bn)
  - ~95% with a contractual maturity ≥ 2 years
  - Based on the success in the German market expanded into Austria and the Netherlands in Q1 2024, further countries to come in 2024

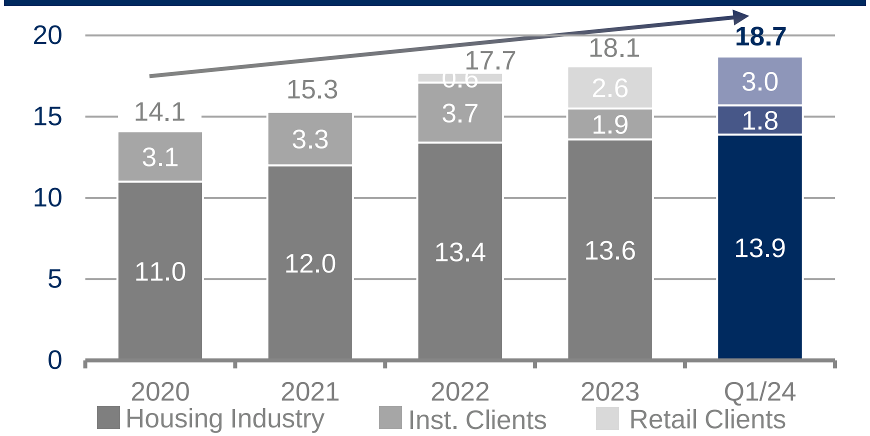
- One Benchmark Pfandbrief (€ 0.5 bn) issued in Q1/2024
- Further two Benchmark Pfandbriefe planned for 2024
- One senior non-preferred benchmark planned in 2024 as add. instrument to support credit ratings (e.g. Moody's via LGF)
- No senior preferred capital market funding needs from 2023 until the end of 2025 due to further diversified and optimised funding mix

1) Quarterly average

Funding & Liquidity

Strong deposit franchise reduces dependence on capital markets

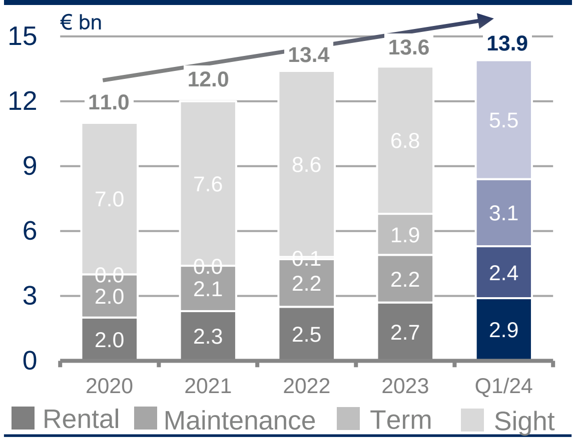
Total deposit volume by client groups



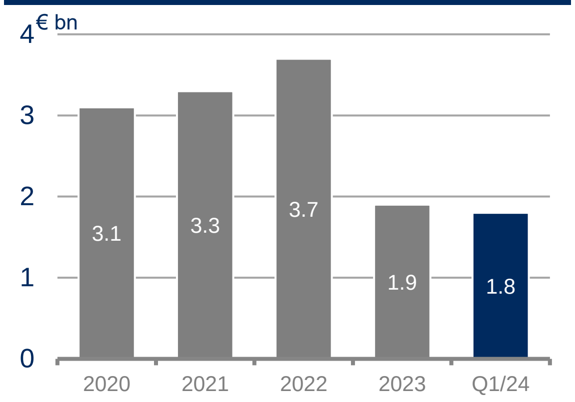
Deposit base consistently increased

- Total deposit base with three strong pillars significantly increased 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

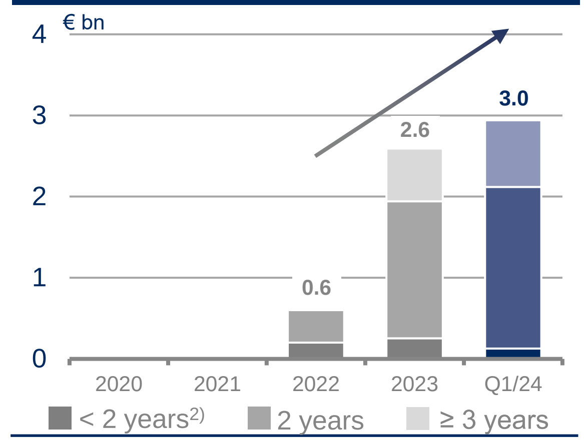
Housing Industry (BDS)[1]



Institutional Clients



Retail Clients (Raisin)[2]



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

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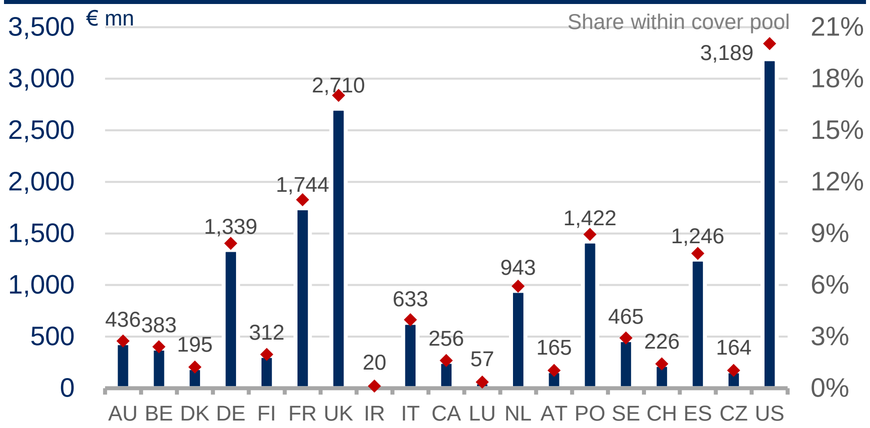
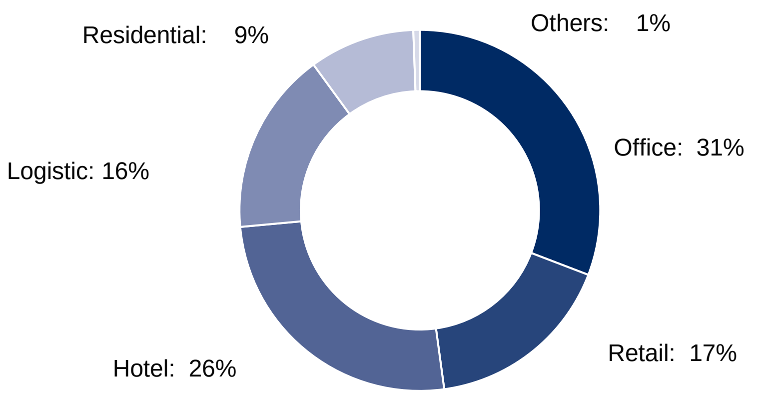
Liquidity & Funding

Strong Mortgage Cover Pool and Aaa Rating for Pfandbriefe

Cover Pool by Country



Cover Pool by Property Type



As at 31.03.2024

Pfandbriefe funding cornerstone of wholesale issuance

- Cover pool of € 16.6 bn incl. € 0.7 bn substitute assets diversified over 19 countries
- High quality assets: first-class mortgage loans (mortgage-lending-value 55.9%)
- 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 31.03.2024: 23.9%
- High diversification within property types and countries

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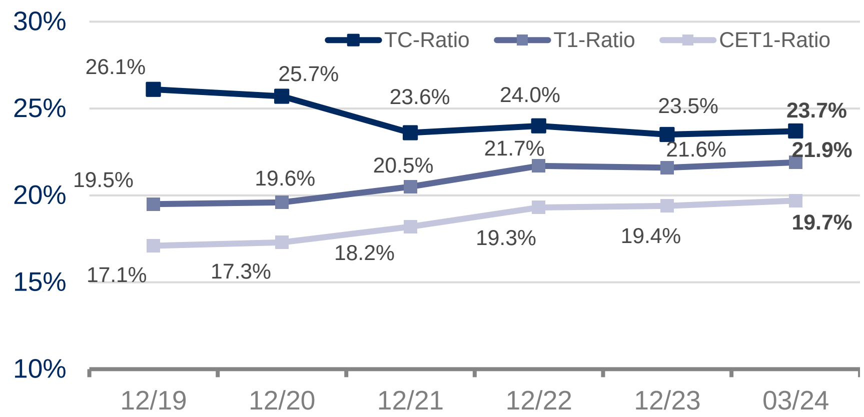
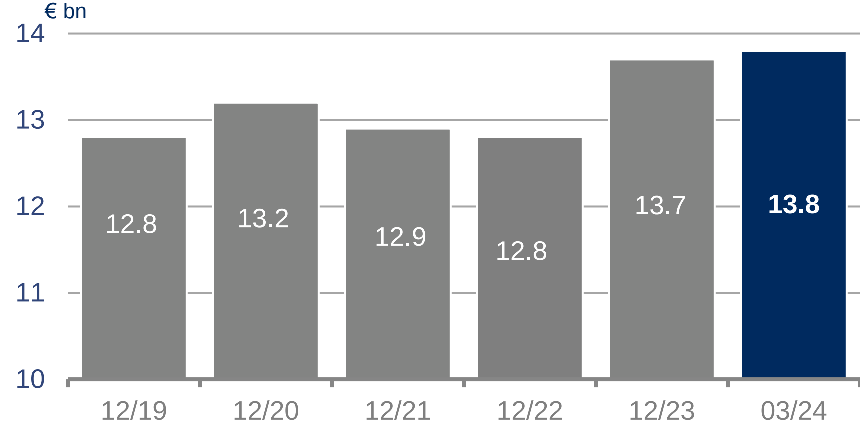
Capital
Solid capital ratios[1] further increased

B4 (phase in) capital ratios



B4 (phase in) RWA[2]



- B4 (phase-in) capital ratios are based on RWA calculation taking the higher-of from Advanced Internal Rating Based Approach (A-IRBA) and B4 Revised Credit Risk Standard Approach (CRSA@50% output floor)
- B4 CET1 (phase-in) ratio in Q1/24 further increased to 19.7% (12/23: 19.4%) due to higher CET1
  - CET1 increase mainly results from retained profits
  - RWA effects from REF portfolio development mainly compensated by increased RWAs from OpRisk
- B4 CET1 (fully phased) ratio at 13.6% (12/23: 13.4%)
- T1-Leverage ratio at 6.6% (12/23: 6.6%)

1) Calculation of quotas assuming a successful application for profit inclusion at the ECB as of Q1 24
2) Based on draft version of the European implementation of Basel IV by the European Commission dated 27 October 2021 (CRR III)

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Outlook 2024
Confirmed

Group

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**

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	METRIC	2023	OUTLOOK 2024
Aareon	▪ Revenues ▪ Adj. EBITDA	€ 344 mn € 100 mn	€ 440 - 460 mn € 160 - 170 mn
Operating profit (EBT)		**€ -72 mn**	**€ ~50 mn**

	2023	OUTLOOK 2024
Operating profit (EBT)	**€ 149 mn**	**€ 300 - 350 mn**

1) Subject to FX development

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Key takeaways

Successful start to the year in a still challenging environment

- ✓ **Strong earnings power offsets still high loss allowance – proof of operating resilience RoE after tax 8.7%**
- ✓ **NPLs reduced by € 500 mn in the first quarter of 2024, as announced; NPE ratio <3%**
- ✓ **Foundation built for a strong, sustainable performance of Aareal Bank Group**

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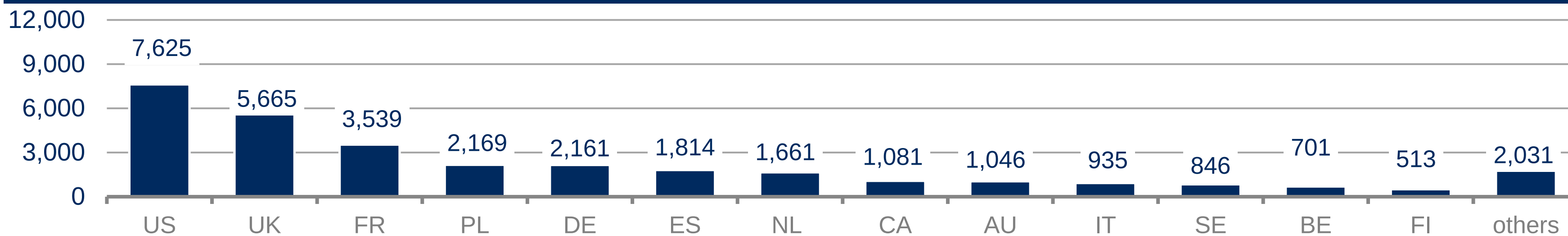
Appendix

Business Development

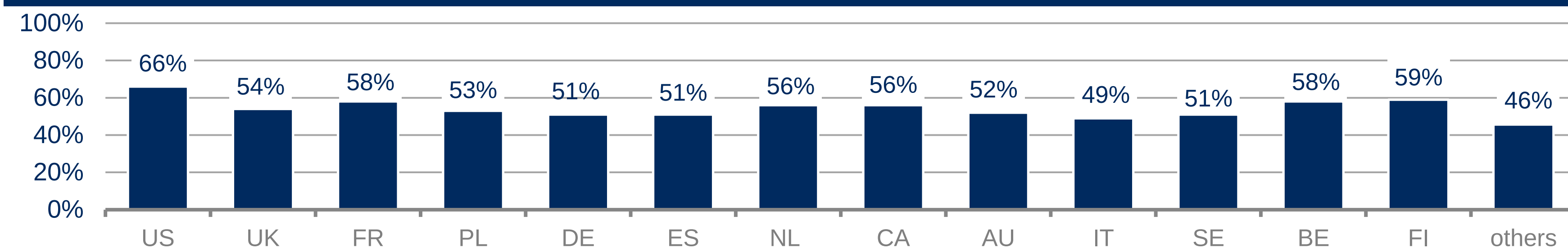
Segment SPF: CREF portfolio by country

€ 31.8 bn well diversified

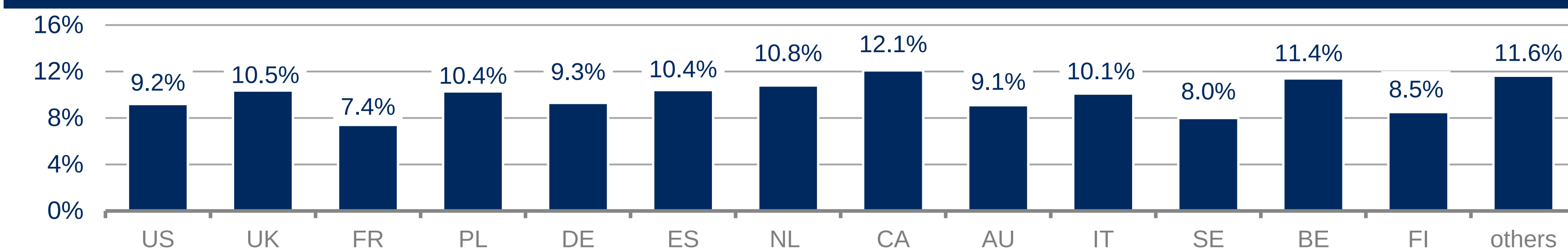
CREF portfolio (€ mn) **€ 31.8 bn** (12/2023: € 32.5 bn)



LTV[1)] **Ø LTV: 56%** (12/2023: 56%)



YoD[1)] **Ø YoD: 9.8%** (12/2023: 9.6%)



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

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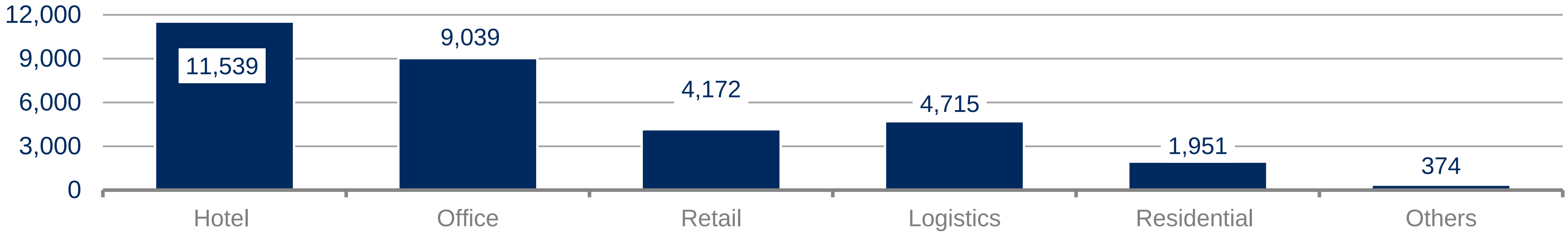
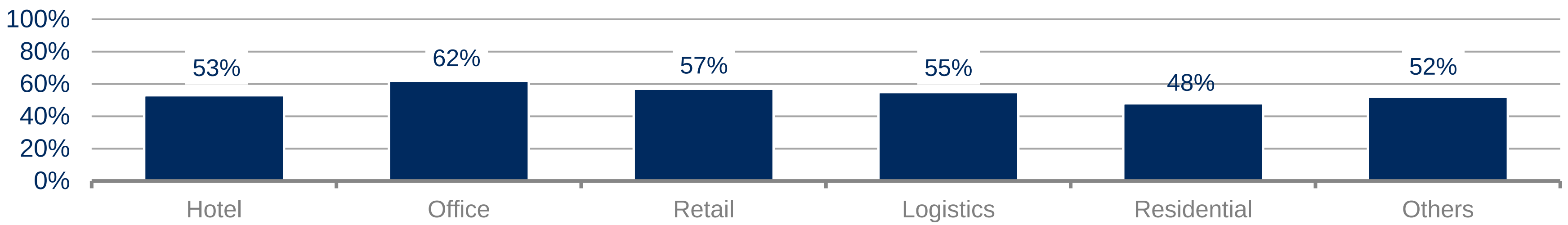
Segment SPF: CREF portfolio by property types

€ 31.8 bn well diversified

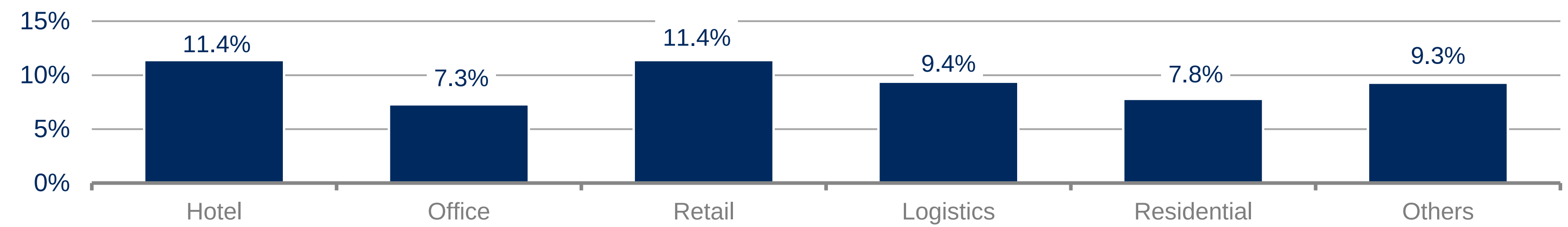
CREF portfolio (€ mn) — **€ 31.8 bn** (12/2023: € 32.5 bn)



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



YoD[1)] — **Ø YoD: 9.6%** (12/2022: 8.5%)



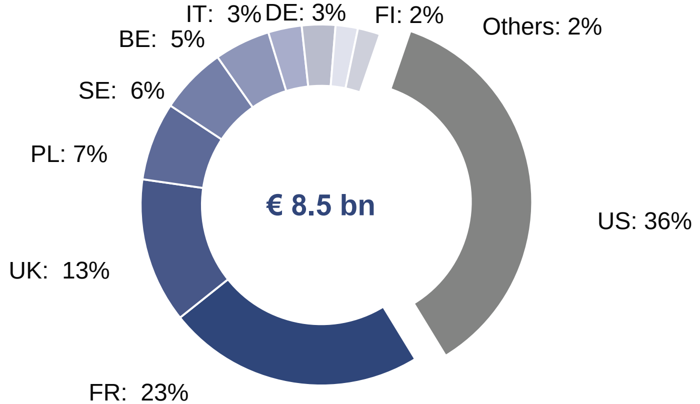
1) Performing CREF-portfolio only (exposure)

Published Feb. 2024

Segment SPF

Office markets: European office portfolio has significantly lower LTV than US portfolio with only 3% exceeding LTV of 60%

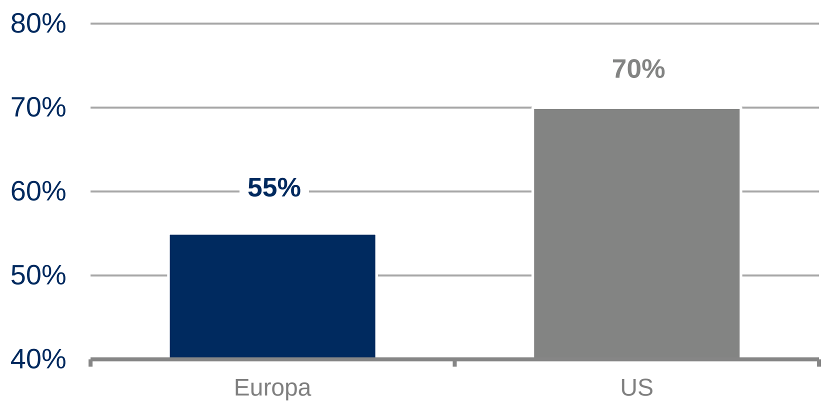
Performing office portfolio by county



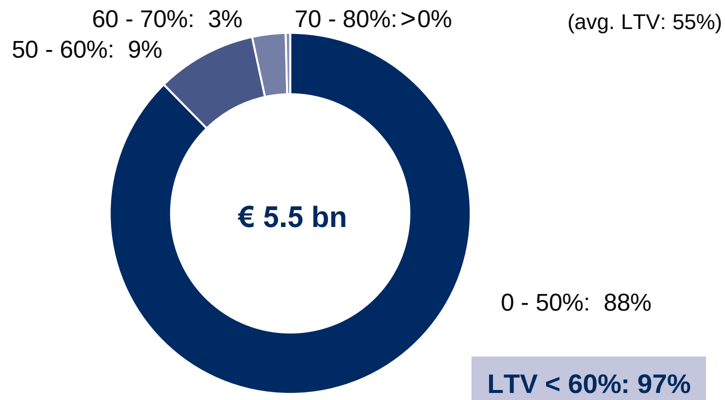
General structural differences between Europe and US

- Interest rate environment
- Lower vacancy rates in European markets
- Ownership structures in Europe leading to longer investment horizons: willing to downpay debt via new equity injections to preserve their equity positions
- Europe with tighter interest rate hedges
- CRE in Europe generally not financed by different layers of debt leading to lower total LTVs and very limited market for junior and mezz tranches
- Longer commuting time and larger homes in the US, European cities offer more larger mix of attractive areas to live and work

Office LTV[1)] by region



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



All figures as at 31.12.2023
Note: others incl. countries with a portfolio below € 100 mn
1) Performing CREF-portfolio only (exposure)

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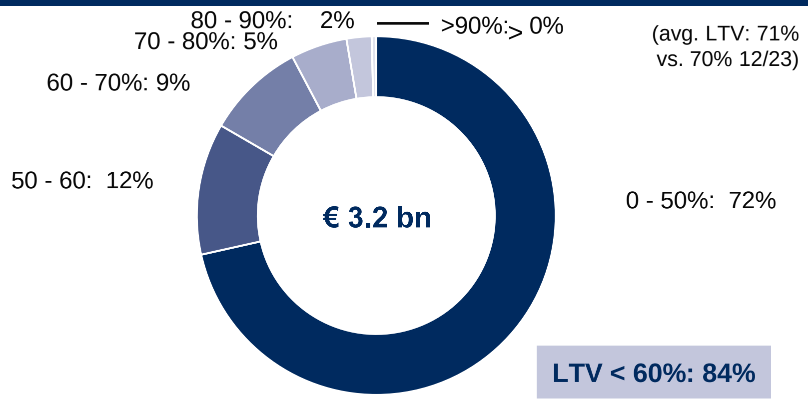
Segment SPF

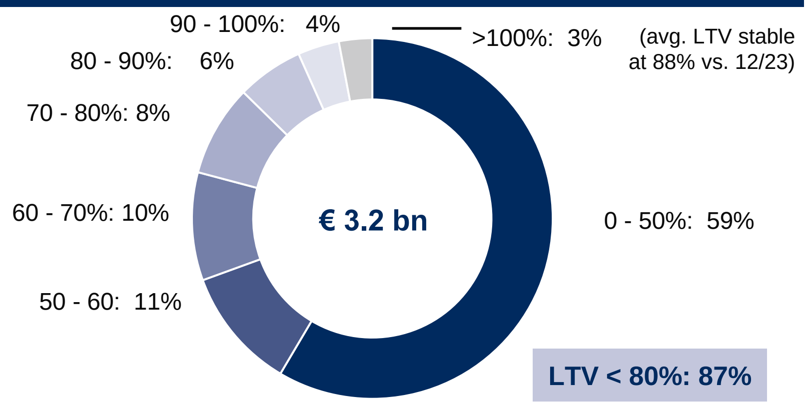
After considerable decline in 2023 market values, additional stress scenarios showing satifactory headroom

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



- ~50% of the US office portfolio located in New York, rest largely spread throughout major US cities
- Portfolio concentrating on high quality class A properties in A markets
- 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 as at end of Q1 stressed with additional 20% market value decline

- Average LTV up to 88% from 71% (see above)
- (Layered) LTV above 100%: 3% (€ ~80 mn)
- (Layered) LTV 80%-100%: 10% (€ ~310 mn)

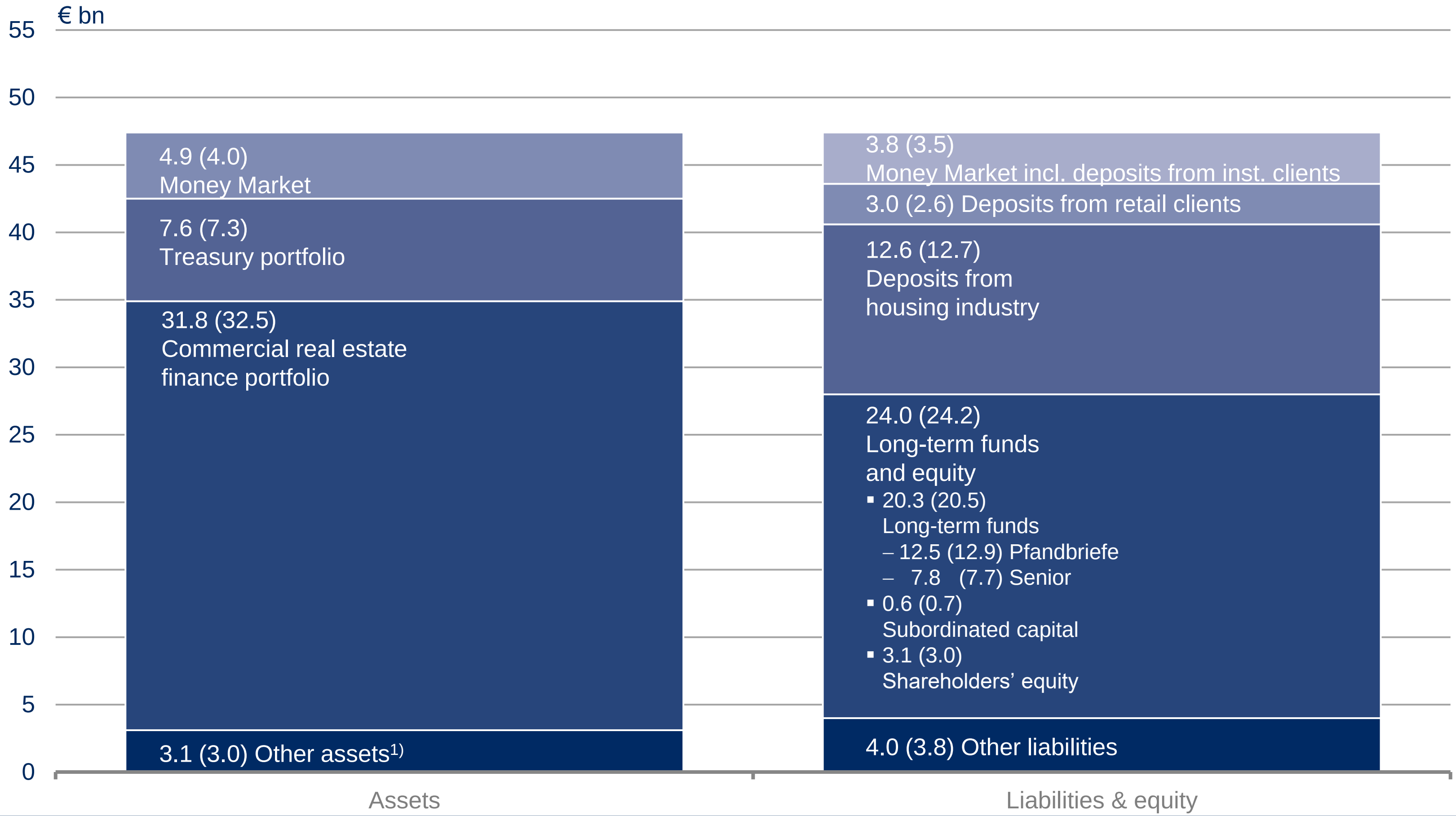
1) Performing CREF-portfolio only (exposure)

Appendix

Funding, Liquidity & Capital

Funding & Liquidity
Comfortable liquidity position

Balance sheet as at 31.03.2024: € 47.4 bn (31.12.2023: € 46.8 bn)

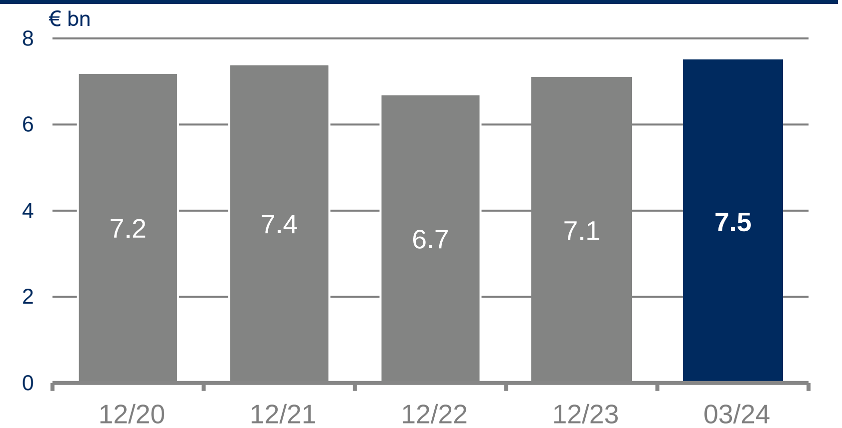


1) Other assets includes € 0.1 bn private client portfolio and WIB's € 0.2 bn public sector loans

Funding & Liquidity

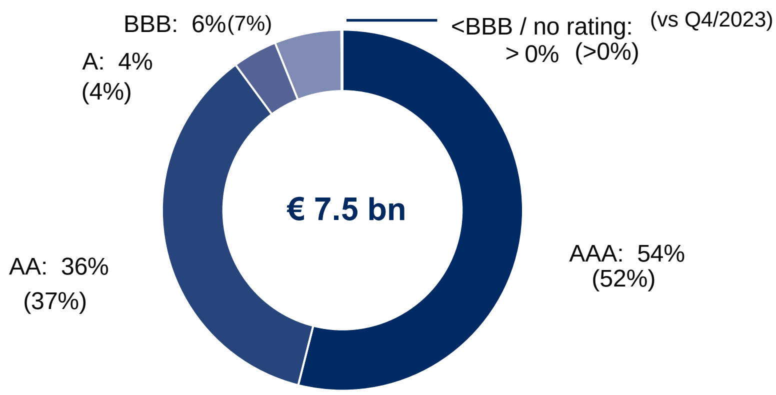
Treasury portfolio of € 7.5 bn ensures comfortable liquidity buffer

TR portfolio development

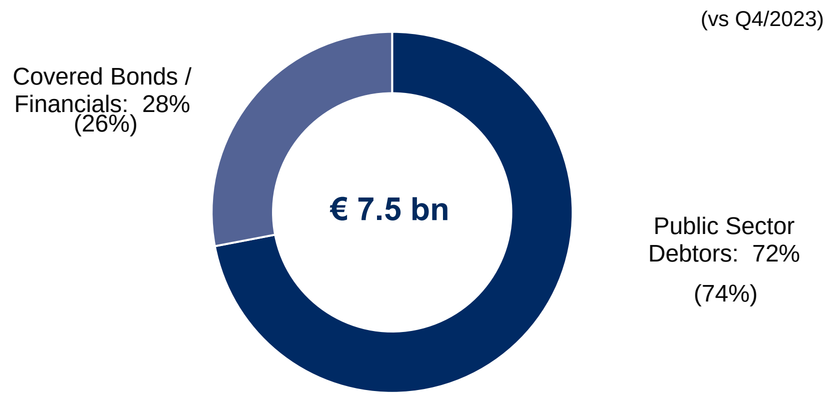


- Strong liquidity profile due to high-rated SSAs and Covered Bond focus
- Asset-swap purchases ensure low interest-rate risk exposure
- Well-balanced maturity profile

TR portfolio by rating[1)]



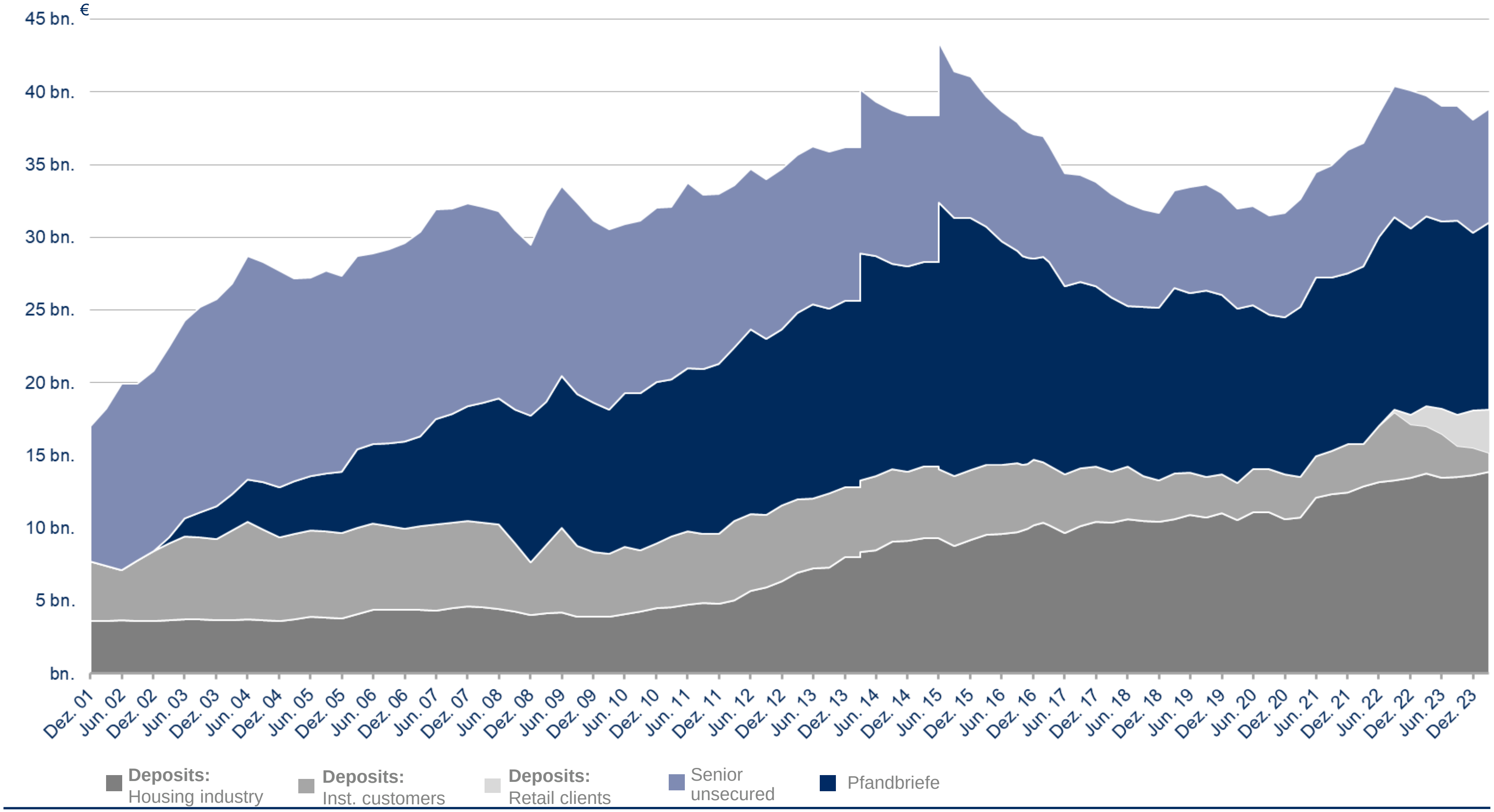
TR portfolio by asset class



As of 31.03.2023 – all numbers refer to nominal amounts
1) Composite Rating

Funding & Liquidity

Diversified funding sources and distribution channels



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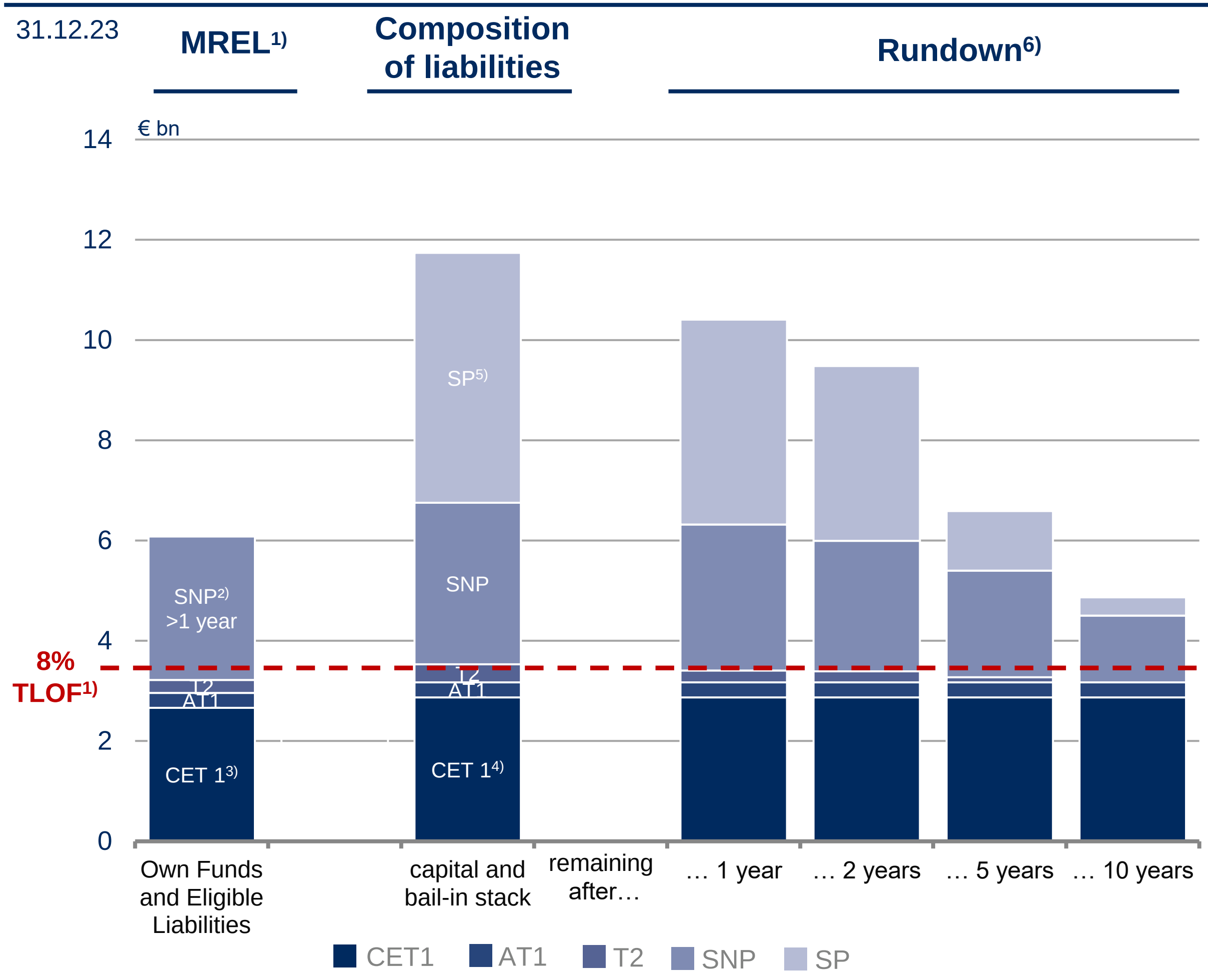
Funding & Liquidity

MREL ratios well above regulatory requirements



Senior Preferred have significant protection from subordinated liabilities and own funds

- Ample buffer to MREL requirements
- Senior Preferred remains the predominant senior product, though Senior Non-Preferred remains a key element of the funding strategy
- The rundown remains manageable with a number of long-term liabilities providing significant levels of subordination
- 8% TLOF is the bank's binding MREL requirement, to be met with 100% subordinated liabilities

1) 8% TLOF with 100% subordinated debt (i.e. Own Funds and SNP). MREL requirements are only updated once a year
2) MREL-eligible Senior Non-Preferred Debt >1Y acc. to contractual maturities
3) Considering regulatory adjustments
4) CET1 assumed to be constant over time
5) Senior Preferred, excluding structured unsecured issuances
6) Based on nominal amounts

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Funding & Liquidity
Rating profile

Financial Ratings

Fitch Ratings		Moody's	
Issuer default rating (Stable)	BBB	Issuer rating (Negative)	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

Funding & Liquidity

Aareal Bank`s outstanding Benchmark Transactions

Pfandbriefe, Senior Unsecured and AT1						
Product	**Ratings[1)]**	**Currency**	**Volume**	**Maturity ↓**	**Coupon**	**ISIN**
Pfandbriefe	*Aaa*	*USD*	*750,000,000*	*02/14/25*	*0.625%*	*XS2297684842*
Pfandbriefe	*Aaa*	*GBP*	*500,000,000*	*04/29/25*	*SONIA + 100bps*	*XS2337339977*
Pfandbriefe	Aaa	EUR	750,000,000	02/01/24	0.125%	DE000AAR0249
Pfandbriefe	Aaa	EUR	500,000,000	07/30/24	0.375%	DE000AAR0207
Pfandbriefe	Aaa	EUR	500,000,000	07/15/25	0.375%	DE000AAR0215
Pfandbriefe	Aaa	EUR	750,000,000	02/13/26	3,125%	DE000AAR0389
Pfandbriefe	Aaa	EUR	500,000,000	05/18/26	3,875%	DE000AAR0397
Pfandbriefe	Aaa	EUR	500,000,000	08/03/26	0.010%	DE000AAR0272
Pfandbriefe	Aaa	EUR	500,000,000	02/01/27	2.250%	DE000AAR0348
Pfandbriefe	Aaa	EUR	500,000,000	07/08/27	0.010%	DE000AAR0256
Pfandbriefe	Aaa	EUR	750,000,000	10/11/27	3.000%	DE000AAR0371
Pfandbriefe	Aaa	EUR	500,000,000	02/01/28	0.010%	DE000AAR0280
Pfandbriefe[2)]	Aaa	EUR	500,000,000	05/10/28	2.875%	DE000AAR0405
Pfandbriefe	Aaa	EUR	500,000,000	09/15/28	0.010%	DE000AAR0306
Pfandbriefe	Aaa	EUR	750,000,000	02/01/29	1.375%	DE000AAR0330
Pfandbriefe	Aaa	EUR	750,000,000	09/14/29	2.375%	DE000AAR0363
Pfandbriefe	Aaa	EUR	750,000,000	02/01/30	0.125%	DE000AAR0314
Senior Preferred	A- / A3	EUR	500,000,000	04/10/24	0.375%	DE000A2E4CQ2
Senior Preferred green	A- / A3	EUR	500,000,000	07/25/25	4.500%	DE000AAR0355
Senior Preferred	A- / A3	EUR	500,000,000	09/02/26	0.050%	DE000AAR0298
Senior Preferred	A- / A3	EUR	500,000,000	04/07/27	0.050%	DE000AAR0264
Senior Preferred	A- / A3	EUR	750,000,000	11/23/27	0.250%	DE000A289LU4
Senior Preferred green	A- / A3	EUR	500,000,000	04/18/28	0.750%	DE000AAR0322
Additional Tier 1	BB	EUR	300,000,000	PERP_NC_5-1	10.897%	DE000A1TNDK2

1) Pfandbriefe are rated by Moody´s, AT1 by Fitch Ratings and Senior Unsecured by Fitch Ratings and Moody´s
2) Issued in 2024

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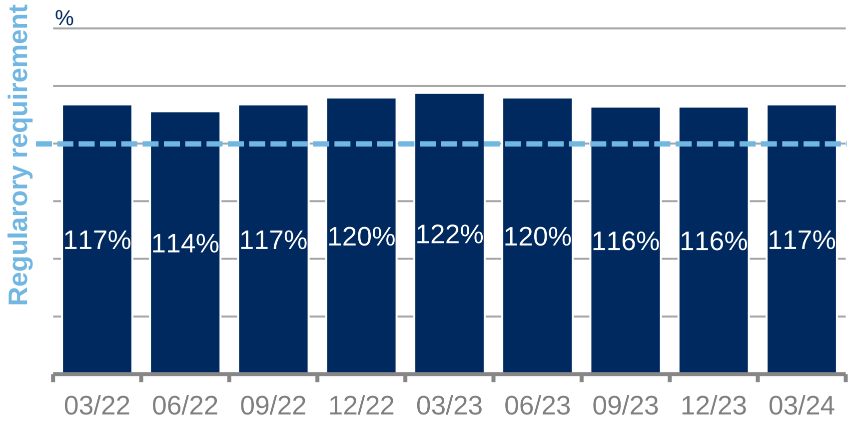
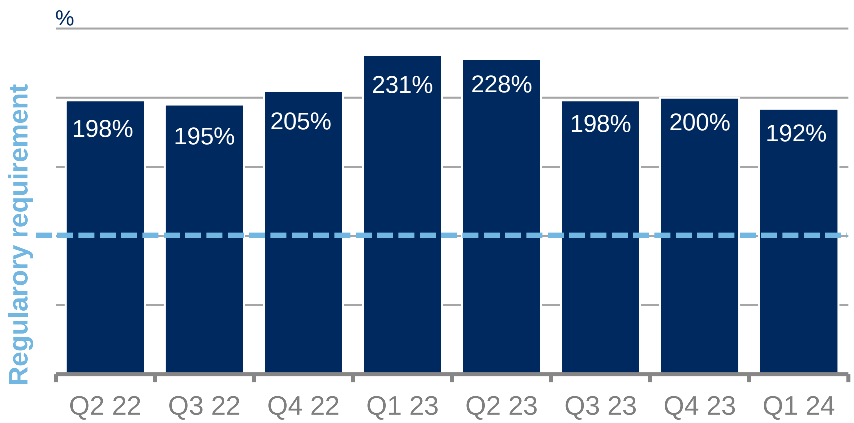
Funding & Liquidity

Liquidity ratios significantly above regulatory requirements

NSFR



LCR



- Substantial buffer in regulatory liquidity ratios (LCR / NSFR) despite strong growth in portfolio and difficult economic and capital markets environment
- On average long-term funds have longer maturities than CRE finance portfolio (~4 years vs ~3 years)
- HQLA: comfortably above € 6 bn

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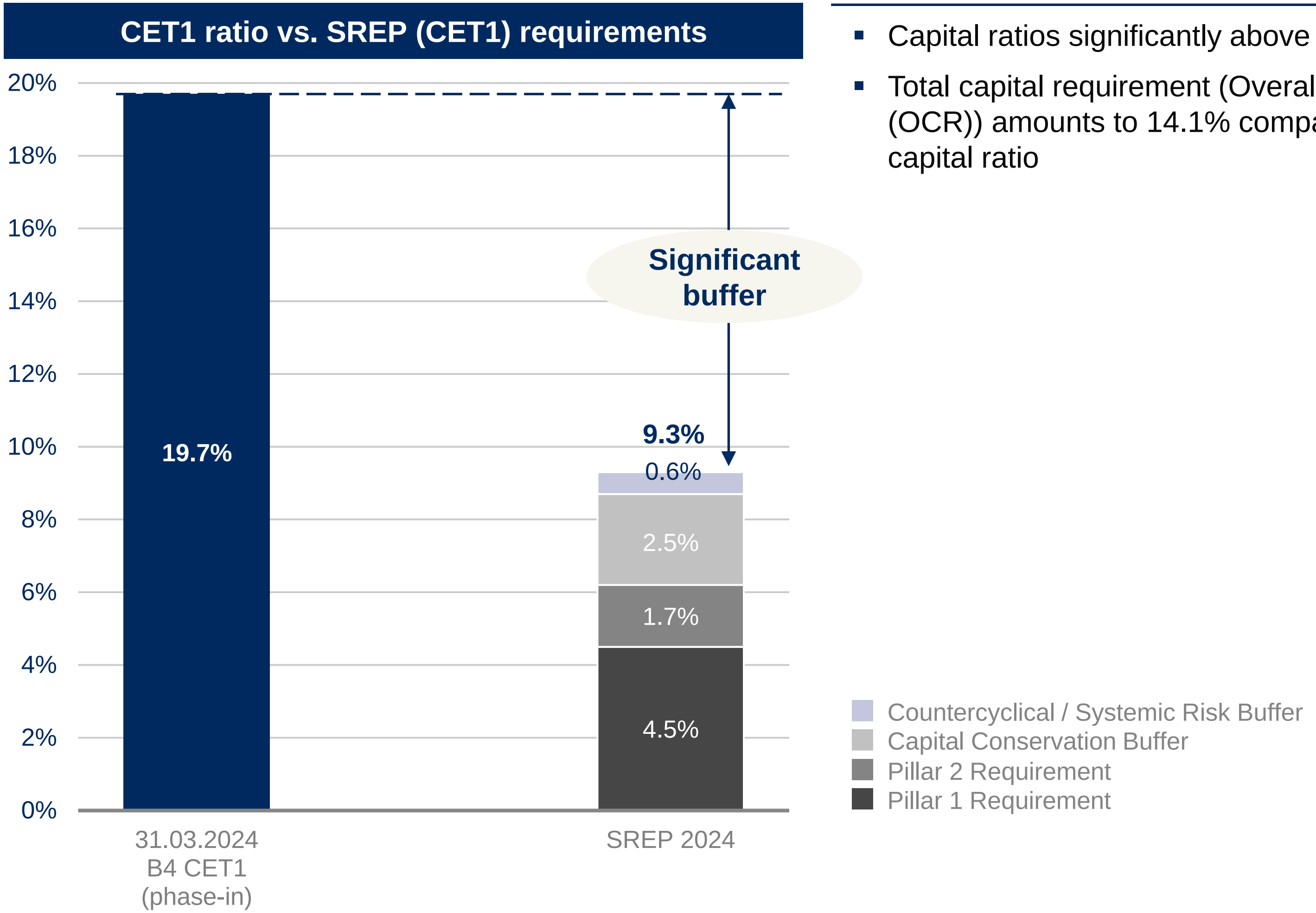
Capital
SREP (CET 1) requirements



- Capital ratios significantly above SREP requirements
- Total capital requirement (Overall Capital Requirement (OCR)) amounts to 14.1% compared to 23.7% total capital ratio

Appendix
ESG

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

Supporting our clients on the „Road to Paris“

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

---

- 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

…because it is important to us

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

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)

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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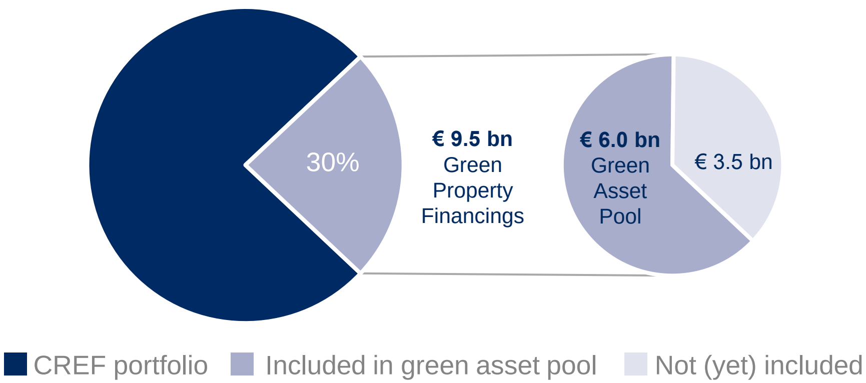
30% of CREF portfolio classified as Green Property Financings

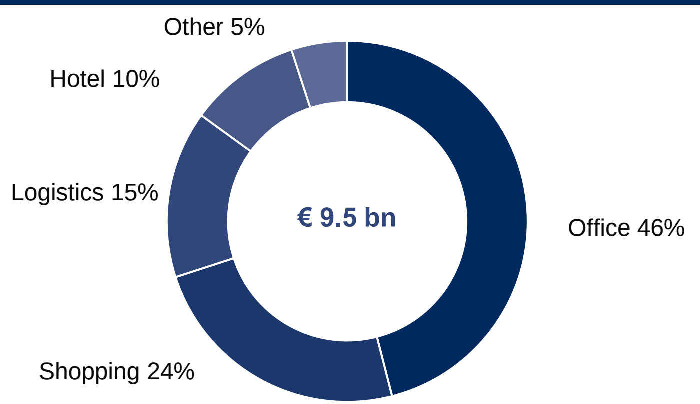
CREF[1] portfolio



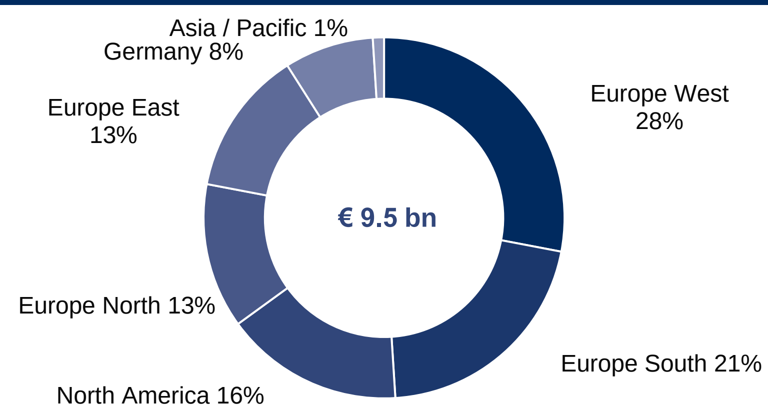
€ 9.5 bn[1] (30%) of total CREF portfolio fulfilling Aareal's Green Finance Framework and are classified as "Green Property Financings", thereof

- € 6.0 bn included in green asset pool for underlying of Green bond issues
- € 3.5 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 31.03.2024 – ESG Data as at 31.03.2024
2) Valid certificate is documented

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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
Clients	Publish PCAF report on financed emissions in `24 / Provide further transparency for CREF portfolio		
Clients	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		
Internal	**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** AAA — Aareal: AA

- With continuous AA status in ESG Rating, Aareal at the best 34 percent among 62 diversified financials
- Outstanding Score in Governance (7.7 of 10) compared to industry average (5.6)

ISS ESG since 2012

Prime threshold

D- D D+ C- **C** C+ B- B B+ A- A A+ — Aareal: C

- 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) **NEGLIGIBLE** (10-0) — Aareal: LOW

- 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 (19.5), Rank 244 of 1070 in Sector Banks, 21 of 108 in Thrifts and Mortgages

Moody's ESG Solutions since 2021

0 25 50 75 100 — Aareal: 50

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

CDP DISCLOSURE INSIGHT ACTION since 2022

D- D C- C B- **B** A- A — Aareal: B

- 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 29/04/2024

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Appendix

ADI of Aareal Bank

Interest payments and ADI of Aareal Bank AG

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

Published Feb. 2024

€ mn	31.12. 2020	31.12. 2021	31.12. 2022	31.12. 2023
Net Retained Profit	90	96	61	391
▪ *Net income*	*90*	*30*	*61*	*391*
▪ *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 Q1 2024

	01.01.-31.03.2024 € mn	01.01.-31.03.2023 € mn	Change
Profit and loss account			
Net interest income	254	222	14%
Loss allowance	83	32	159%
Net commission income	86	72	19%
Net derecognition gain or loss	3	0	
Net gain or loss from financial instruments (fvpl)	-18	-6	200%
Net gain or loss on hedge accounting	8	4	100%
Net gain or loss from investments accounted for using the equity method	-	-	
Administrative expenses	147	199	-26%
Net other operating income / expenses	0	1	
Operating Profit	**103**	**62**	**66%**
Income taxes	30	20	50%
Consolidated net income	**73**	**42**	**74%**
Consolidated net income attributable to non-controlling interests	2	-9	
Consolidated net income attributable to shareholders of Aareal Bank AG	71	51	39%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG[1)]	71	51	39%
of which: allocated to ordinary shareholders	63	47	34%
of which: allocated to AT1 investors	8	4	100%
Earnings per ordinary share (in €)[2)]	1.05	0.78	35%
Earnings per ordinary AT1 unit (in €)[3)]	0.08	0.04	100%

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.

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Aareal Bank Group

Results Q1 2024 by segments

€ mn	Bank[1)] (SPF & BDS)		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.-31.03.2024	01.01.-31.03.2023	01.01.-31.03.2024	01.01.-31.03.2023	01.01.-31.03.2024	01.01.-31.03.2023	01.01.-31.03.2024	01.01.-31.03.2023
Net interest income	268	228	-14	-6	0	0	254	222
Loss allowance	83	32	0	0			83	32
Net commission income[1)]	-2	8	90	67	-2	-3	86	72
Net derecognition gain or loss	3	0					3	0
Net gain or loss from financial instruments (fvpl)	-18	-6		0			-18	-6
Net gain or loss on hedge accounting	8	4					8	4
Net gain or loss from investments accounted for using the equity method								
Administrative expenses[1)]	83	106	66	96	-2	-3	147	199
Net other operating income / expenses	-1	0	1	1	0	0	0	1
Operating profit	**92**	**96**	**11**	**-34**	**0**	**0**	**103**	**62**
Income taxes	24	24	6	-4			30	20
Consolidated net income	**68**	**72**	**5**	**-30**	**0**	**0**	**73**	**42**
Allocation of results								
Cons. net income attributable to non-controlling interests	0	0	2	-9			2	-9
Cons. net income attributable to shareholders of Aareal Bank AG	68	72	3	-21	0	0	71	51

1) Excl. consolidation between SPF and BDS business

Aareal Bank Group
Results Q1 2024 by segments

€ mn	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 31.03. 2024	01.01.- 31.03. 2023	01.01.- 31.03. 2024	01.01.- 31.03. 2023	01.01.- 31.03. 2024	01.01.- 31.03. 2023	01.01.- 31.03. 2024	01.01.- 31.03. 2023	01.01.- 31.03. 2024	01.01.- 31.03. 2023
Net interest income	203	176	65	52	-14	-6	0	0	254	222
Loss allowance	83	32	0	0	0	0			83	32
Net commission income	-1	0	-1	8	90	67	-2	-3	86	72
Net derecognition gain or loss	3	0							3	0
Net gain or loss from financial instruments (fvpl)	-17	-6	-1	0		0			-18	-6
Net gain or loss on hedge accounting	8	4							8	4
Net gain or loss from investments accounted for using the equity method										
Administrative expenses	59	74	24	32	66	96	-2	-3	147	199
Net other operating income / expenses	0	0	-1	0	1	1	0	0	0	1
Operating profit	**54**	**68**	**38**	**28**	**11**	**-34**	**0**	**0**	**103**	**62**
Income taxes	12	15	12	9	6	-4			30	20
Consolidated net income	**42**	**53**	**26**	**19**	**5**	**-30**	**0**	**0**	**73**	**42**
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	2	-9			2	-9
Cons. net income attributable to shareholders of Aareal Bank AG	42	53	26	19	3	-21	0	0	71	51

Aareal Bank Group

Results – quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					Aareon					Consolidation / Reconciliation					Aareal Bank Group				
	Q1 '24	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q1 '24	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q1 '24	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q1 '24	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q1 '24	Q4 2023	Q3 2023	Q2 2023	Q1 2023
€ mn																									
Net interest income	203	212	199	189	176	65	68	59	59	52	-14	-12	-10	-8	-6	0	0	0	0	0	254	268	248	240	222
Loss allowance	83	179	102	128	32	0	0	0	0	0	0	0	0	0	0						83	179	102	128	32
Net commission income	-1	0	5	1	0	-1	9	8	8	8	90	77	70	70	67	-2	-4	-7	-2	-3	86	82	76	77	72
Net derecognition gain or loss	3	5	6	12	0																3	5	6	12	0
Net gain / loss from fin. instruments (fvpl)	-17	-13	-17	-35	-6	-1	0	0	0	0		0	0	0	0						-18	-13	-17	-35	-6
Net gain or loss on hedge accounting	8	3	-2	-4	4																8	3	-2	-4	4
Net gain / loss from investments acc. for using the equity method		1						2														1	2		
Administrative expenses	59	58	53	46	74	24	35	23	20	32	66	70	75	79	96	-2	-4	-7	-2	-3	147	159	144	143	199
Net other operating income / expenses	0	-11	0	7	0	-1	-1	0	-1	0	1	-2	1	0	1	0	0	0	0	0	0	-14	1	6	1
Operating profit	**54**	**-40**	**36**	**-4**	**68**	**38**	**41**	**46**	**46**	**28**	**11**	**-7**	**-14**	**-17**	**-34**	**0**	**0**	**0**	**0**	**0**	**103**	**-6**	**68**	**25**	**62**
Income taxes	12	16	3	10	15	12	12	15	14	9	6	22	4	-15	-4						30	50	22	9	20
Consolidated net income	**42**	**-56**	**33**	**-14**	**53**	**26**	**29**	**31**	**32**	**19**	**5**	**-29**	**-18**	**-2**	**-30**	**0**	**0**	**0**	**0**	**0**	**73**	**-56**	**46**	**16**	**42**
Cons. net income attributable to non-controlling interests	0	-1	0	0	0	0	0	0	0	0	2	-9	-4	0	-9						2	-10	-4	0	-9
Cons. net income attributable to ARL shareholders	42	-55	33	-14	53	26	29	31	32	19	3	-20	-14	-2	-21	0	0	0	0	0	71	-46	50	16	51

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Appendix

Definitions and contacts

Definitions

New Business	New business = Newly acquired business + renewals
Common Equity Tier 1 ratio	CET 1 / Risk weighted assets
CIR	Admin expenses (excl. bank levy, et al.) / 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	Available stable funding / Required stable funding
Liquidity coverage ratio	Total stock of high quality liquid assets / Net cash outflows under stress
Earnings per share	operating profit ./. income taxes ./. income/loss attributable to non controlling interests ./. AT1 coupon / Number of ordinary shares
Yield on Debt	NOI x 100 (Net operating income, 12-months forward looking) / 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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