Analyst Conference Call
Preliminary 2022 results

March 02, 2023

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100 Years Building Your Tomorrow

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Agenda

- **Highlights 2022**
- Financial Performance
- Portfolio & Asset Quality
- Liquidity, Funding & Capital
- ESG
- Outlook

- Appendix

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Note: All 2022 figures preliminary and unaudited

Highlights 2022

In a very challenging environment, all major targets achieved

Group

METRIC	Targets 2022	Actual 2022
Operating profit	**€ 210 - 250 mn**	**€ 239 mn**
Net income[1]	€ 120 - 150 mn[2]	€ 138 mn
Earnings per share (EPS)	€ 2.00 - 2.50[2]	€ 2.32

CIR Bank[3]: 40% (2021: 50%) – mid-term target of <44% already achieved

Segments

	METRIC	(Orig.) Targets 2022	Actual 2022
Structured Property Financing	REF Portfolio	~ € 31 bn	€ 30.9 bn
	New business	€ 7 - 8 bn	€ 8.9 bn
Banking & Digital Solutions	Deposit vol.	~ € 12 bn	€ 13.4 bn
	NCI	~13% CAGR[4]	€ 31 mn
Aareon	Revenues	€ 305 - 325 mn	€ 308 mn
	Adj. EBITDA	€ 72 - 78 mn	€ 75 mn

1) Net income attributable to ordinary shareholders
2) Based on expected FY-tax ratio of ~36%
3) Structured Property Financing and Banking & Digital Solutions (excl. bank levy and contributions to the deposit guarantee scheme)
4) 2020 - 2023
Note: All 2022 figures preliminary and unaudited

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Highlights 2022
Strong operating performance

- Successful financial year with earnings at upper end of targeted range despite Russian related LLP and PTO-related costs
- Strong operating performance in all three segments, strategy of growing at low marginal costs effectively executed
- Asset quality further improved with major KPIs better than pre-Covid, NPLs significantly reduced despite Russia
- Diversification of funding mix continued successfully – comfortable liquidity position
- Further improved capital position despite portfolio growth and challenging environment
- **Takeover**
  Investors expect completion of qualifying holding procedure in spring 2023

Note: All 2022 figures preliminary and unaudited

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Group Results

Successful financial year with profit at upper end of targeted range despite Russian related LLP and PTO-related costs

€ mn	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	FY '21	FY '22	Comments
Net interest income	162	159	171	184	188	597	702	Increase driven by portfolio growth, higher interest rates and diversified funding mix
Loss allowance	54	49	58	63	22	133	192	Dominated by provision on remaining Russian exposure
Net commission income	71	64	68	67	78	245	277	Aareon and BDS contribute to increase
Derecognition result	8	9	13	2	-23	23	1	Reversal of existing TLTRO hedges in Q4 '22
FV- / hedge-result	-24	2	9	5	8	-35	24	Includes positive effects of elevated market volatility
Admin expenses	135	153	142	128	148	528	571	Reflects Aareon's growth, bank stable excluding PTO one-offs
Others	*4*	*-2*	*0*	*-1*	*1*	*-14*	*-2*	
Operating profit (EBT)	**32**	**30**	**61**	**66**	**82**	**155**	**239**	Successful financial year with profit at upper end of targeted range despite Russian related LLP and PTO-related costs
Income taxes	20	11	22	24	29	87	86	
Minorities	-1	1	0	-1	0	1	0	
AT1	4	3	4	4	4	14	15	
Consolidated net income allocated to ord. shareholders	**9**	**15**	**35**	**39**	**49**	**53**	**138**	
Earnings per share (€)	0,16	0.25	0.59	0.65	0.83	0.89	2.32	
RoE after taxes (%)[1]						2.1	5.0	
Cost/income ratio (%)[2]						49.9	40.3	

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) Structured Property Financing and Banking & Digital Solutions (excl. bank levy and contributions to the deposit guarantee scheme)

Note: All 2022 figures preliminary and unaudited

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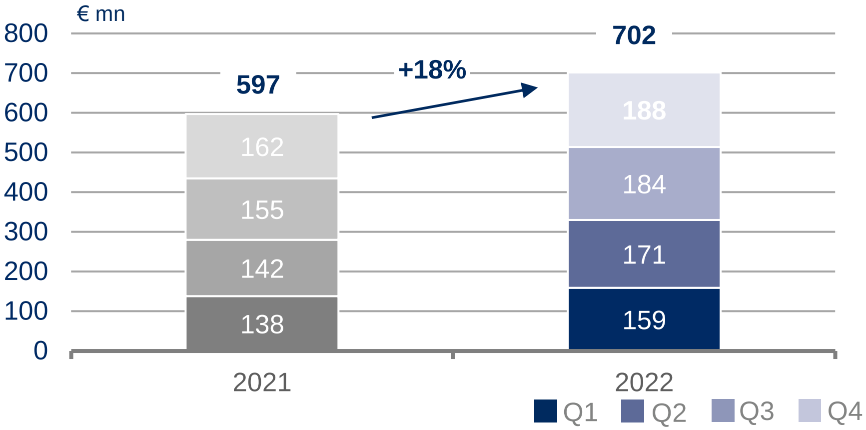
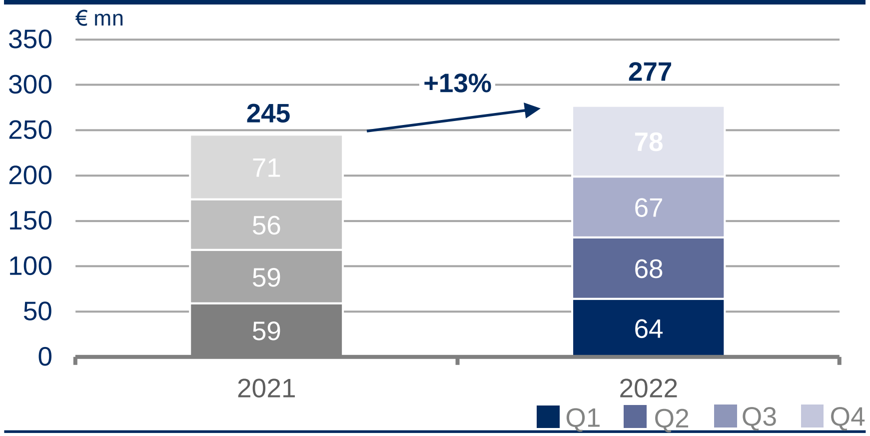
Net interest income (NII) / Net commission income (NCI)

Strong income momentum

NII



NCI



Portfolio growth and positive effects of higher interest rates and diversified funding mix

- SPF
  - Strong new business generation
  - Funding mix successfully further diversified
- BDS
  - NII significantly picking up in H2 with rising interest rate environment
  - Higher deposit volume supporting NII and providing stable funding

Aareon and BDS contribute to increase

- Aareon
  - NCI supported by healthy growth in recurring revenues
  - Shift from license to SaaS/Subscription making further progress
- BDS
  - Recurring revenues, which dominate segment NCI, increased as planned
  - Licence fees for banking software increased

Note: All 2022 figures preliminary and unaudited

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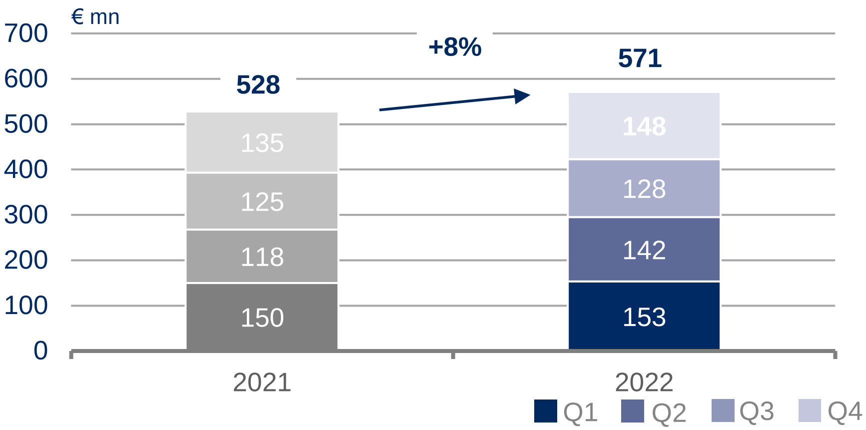
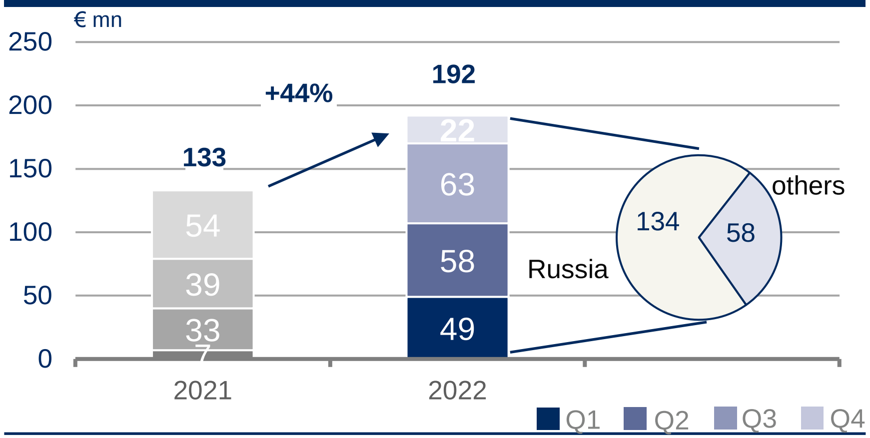
Admin expenses / Loan loss provisions (LLP)

Admin: Aareon growing – Bank stable
LLP: Dominated by provision on remaining Russian exposure

Admin expenses



LLP



Reflects Aareon growth, Bank stable excluding PTO one-offs

Bank[1]:

- € 327 mn incl. € 11 mn PTO one-off (2021: € 317 mn)
- Growth at low marginal costs
- CIR[2] of 40% (2021: 50%): mid-term target of <44% already achieved

Aareon:

- Increase to € 244 mn (vs. € 211 mn) driven by investments in growth

Dominated by provision on remaining Russian exposure

- LLP ex Russia is evidence of strong recovery after Covid-crisis
- Russia: Total of € 134 mn Russian LLP represents 63% of outstanding loan volume (€ 213 mn[3])

1) Structured Property Financing and Banking & Digital Solutions
2) Excl. bank levy and contributions to the deposit guarantee scheme
3) Incl. interest

Note: All 2022 figures preliminary and unaudited

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Segment Highlights

Strong operating performance in all three segments

Structured Property Financing

- Strong new business generation of € 8.9 bn strictly adhering to unchanged, conservative risk standards with LtVs and margins better than plan
- Portfolio further increased to € 30.9 bn (12/2021: € 30.0 bn) in line with plan
- Funding mix successfully further diversified

Banking & Digital Solutions

- NCI increased to € 31 mn (12/2021: € 28)
- Positive impact on NII of rising interest rates in H2
- Avg. deposit volume increased to € 13.4 bn in 2022 (2021: € 12.0 bn)

Aareon

- Run-rate of recurring revenue increased to 74% (2021: 71%)
- Significant growth, especially in SaaS business
- New management continues to implement growth plan while enhancing efficiency of product portfolio

Note: All 2022 figures preliminary and unaudited

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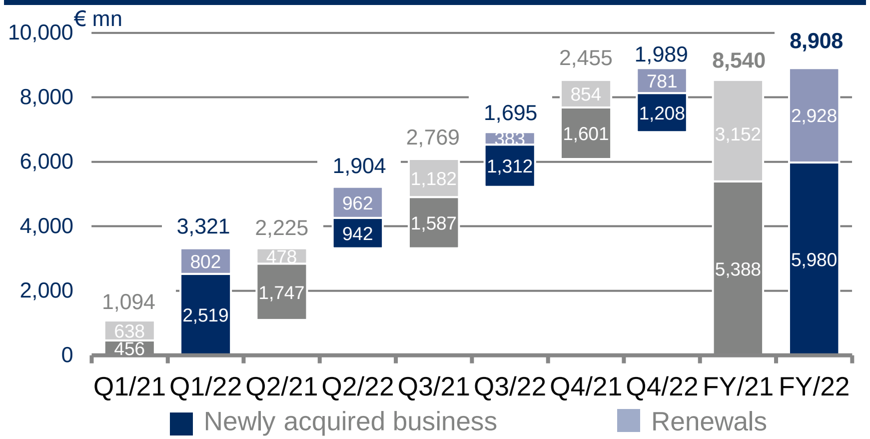
Segment Highlights: Structured Property Financing

Strong new business generation while strictly adhering to unchanged conservative risk standards

New business by quarter



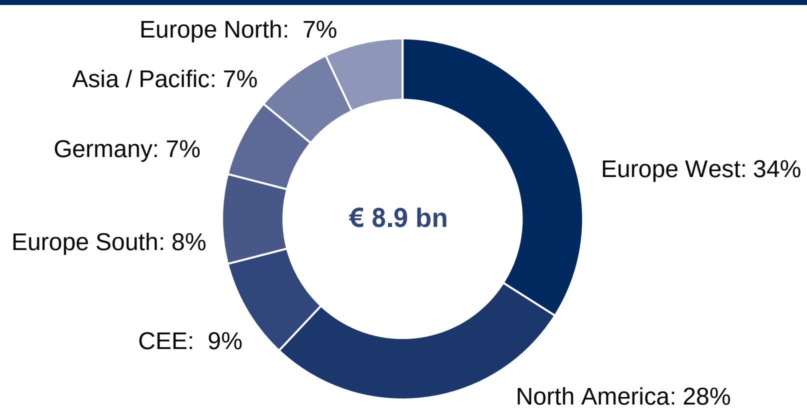
Newly acquired business

- FY avg. margin[1)] of 240 bps (FY plan 2022: ~205 bps)
- Conservative FY avg. LtV of 55%

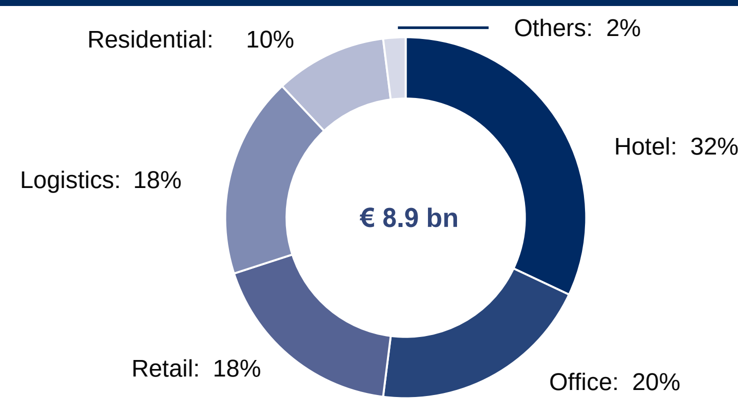
€ 1.8 bn Green loans[2)]

- € ~1 bn new business
- € ~800 mn existing loans qualifying after clients' agreement

FY-new business by country



FY-new business by property type



1) Pre FX
2) Governed by "Green Finance Framework"

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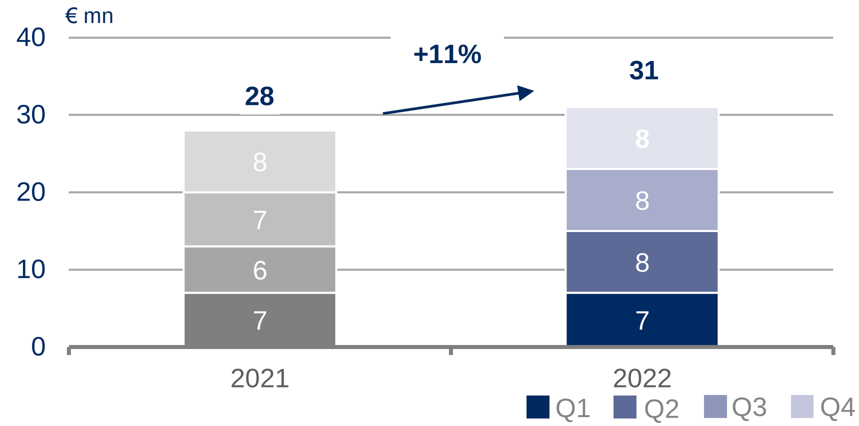
Segment Highlights: Banking & Digital Solutions

NII benefitting from rising interest rates

NCI



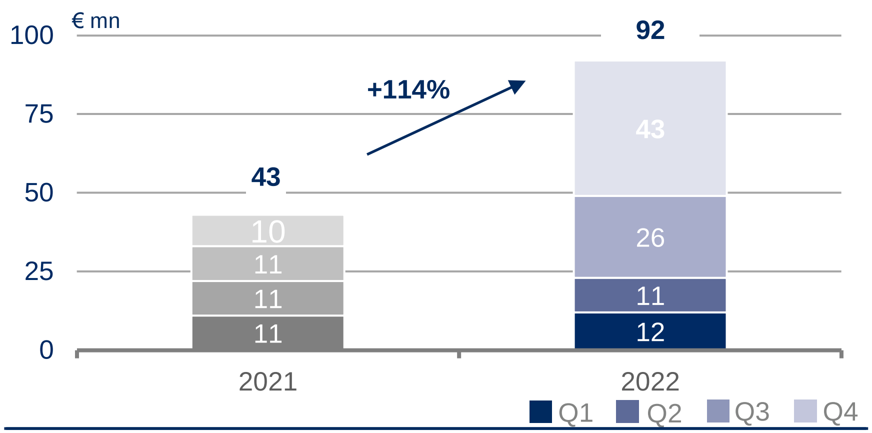
NCI increased as planned

- Growing recurring revenues (banking and software fees)
- New products and services providing growth potential

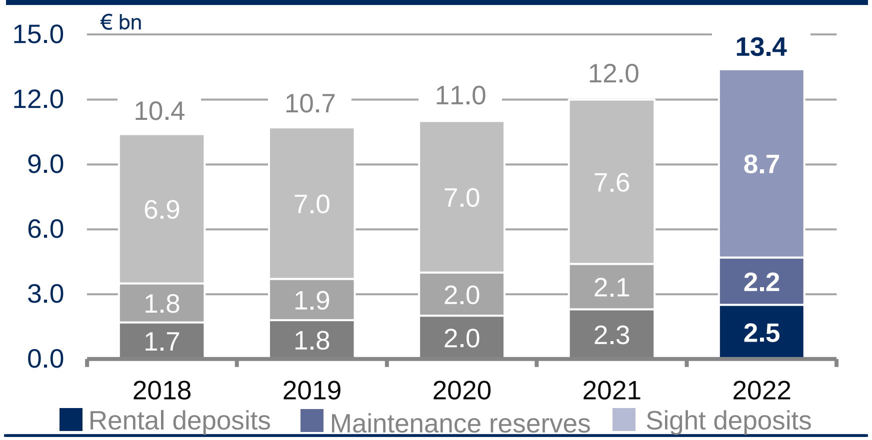
Deposit volume significantly above target level of € ~12 bn supporting diversification of funding mix

- In H2 rising interest rates generated significant NII increase
- Growth in customer numbers positively impacted deposit volume
- Sticky rental deposits continuously growing

NII



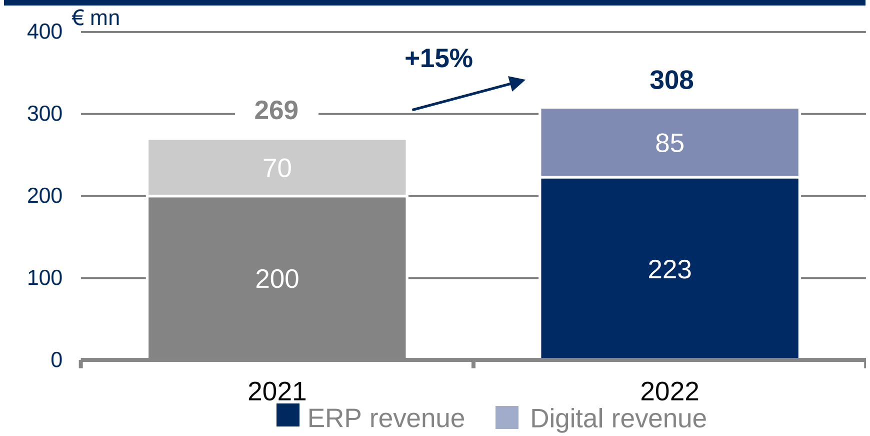
Average deposit volume by type



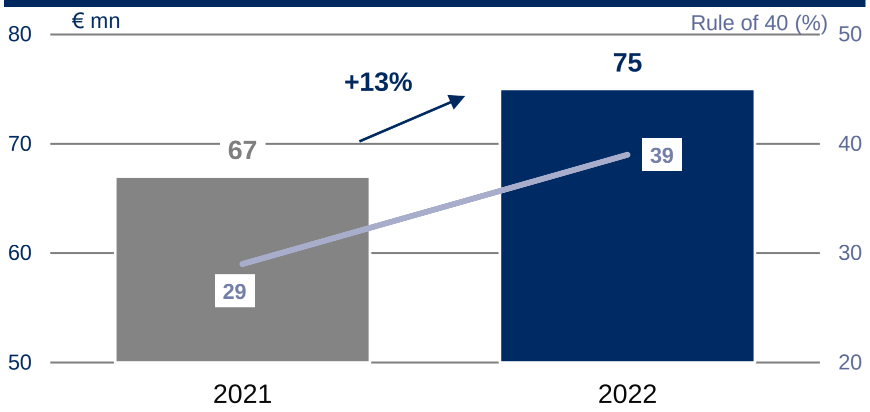
Segment Highlights: Aareon

Healthy recurring run-rate, new management focusing on execution of growth plan and enhancing efficiency of product portfolio

Sales revenue



Adj. EBITDA & Rule-of-40



Note: Numbers not adding up refer to rounding

- Switch of revenue model from license to SaaS/ Subscription underpins healthy recurring revenue growth
  - SaaS growth accelerated to 25% yoy (2021: 16%)
  - Run-rate of recurring revenues successfully increased to 74% (2021: 71%)
- Sales revenues increased by € 39 mn to € 308 mn (+15% yoy)
  - Digital revenues up 22%
  - ERP revenues up 12%
- Adj. EBITDA increased by € 8 mn to € 75 mn (+13% yoy), adj. EBITDA margin at 24.4% (2021: 24.8%)
- Rule-of-40 in 2022 almost achieved
- Areas of management attention
  - Focus on executing growth agenda incl. M&A
  - Investments of € ~35 mn to increase long-term profitability
    - Streamline product portfolio
    - Adjust facility presence
    - Implement early retirement program
  - Implementation of a partnering platform based on Locoia, acquired in December 2022

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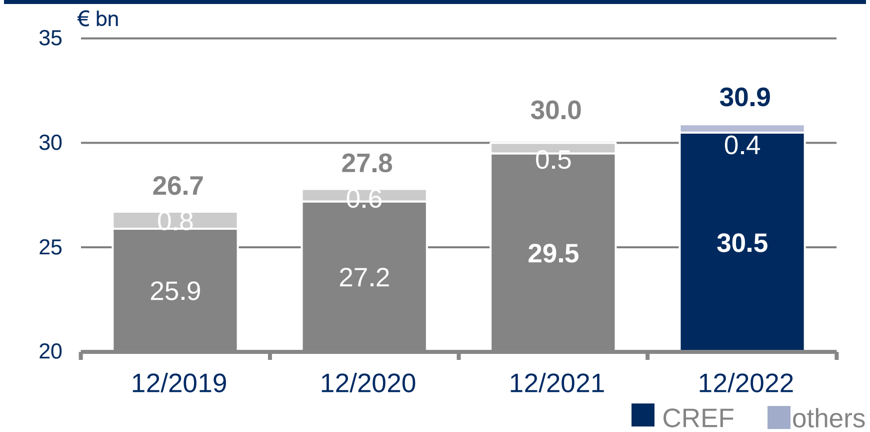
Portfolio

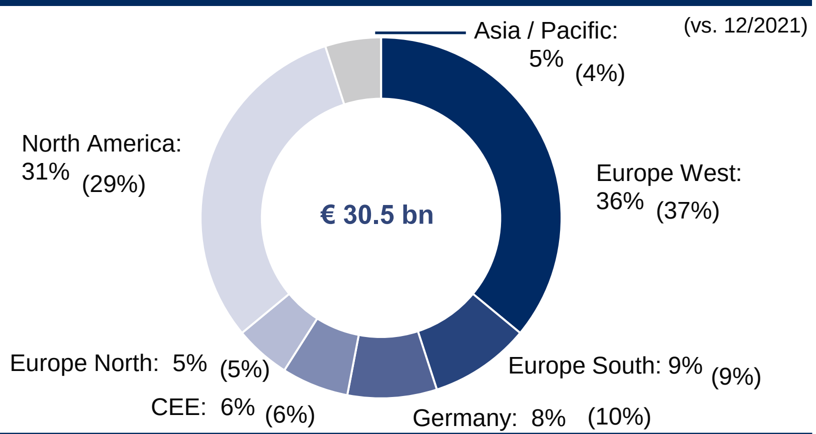
Portfolio volume further increased in line with plan

REF portfolio

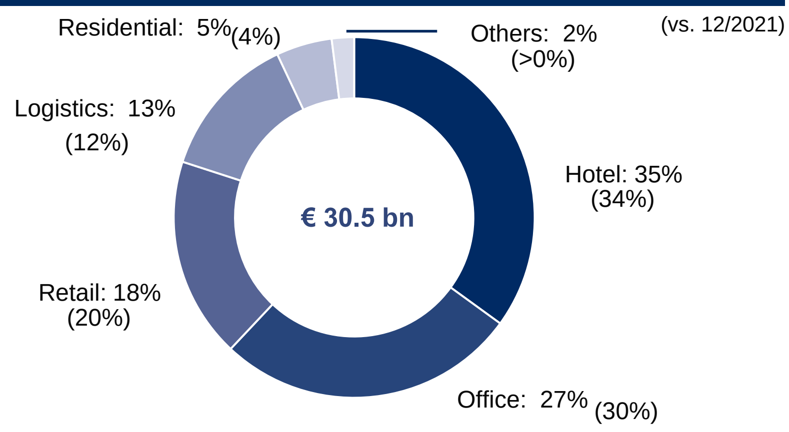


- Sticking to overall country and asset diversification with increasing importance of logistics financings, and of portfolio transactions with risk reducing cross collateralisation
- € 30.9 bn below 9/2022 volume due to significantly weaker USD in Q4
- Green property financing portfolio at € 6.5 bn or 21% of total CREF portfolio (12/21: 17%)
- Virtually no financing of developments (~0.5%), refurbishments to foster green transition

CREF portfolio by region



CREF portfolio by property type



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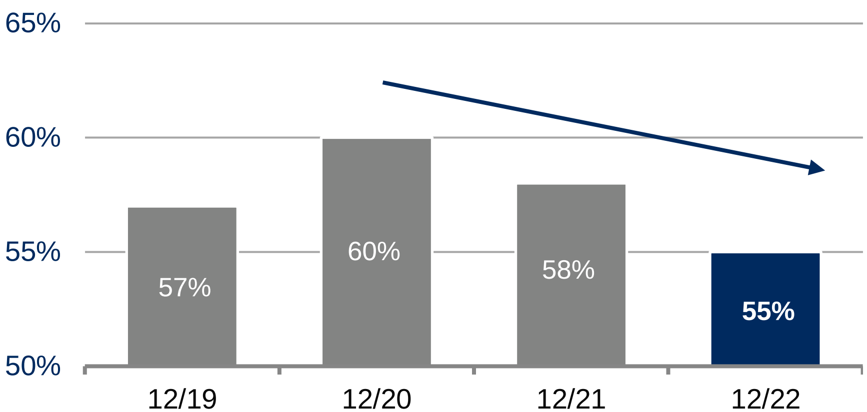
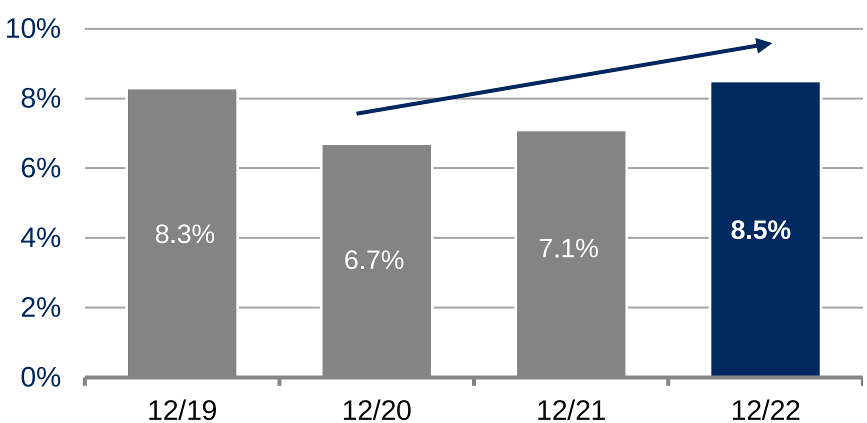
Asset quality

Portfolio KPIs continued to improve, already better than pre-Covid

LtV[1)]



YoD[1)]



1) Performing CREF-portfolio only (exposure)

LtVs reduced by improvements for all property types

%	12 '19	12 '20	12 '21	12 '22
Hotel	56	62	60	56
Logistics	56	56	55	52
Office	58	58	58	57
Retail	58	61	59	56

YoD increased for hotel, logistics and retail

%	12 '19	12 '20	12 '21	12 '22
Hotel	9.3	3.0	5.0	9.0
Logistics	8.5	9.2	8.7	9.0
Office	7.7	8.1	7.6	6.9
Retail	9.6	8.8	9.1	9.8

Note: All 2022 figures preliminary and unaudited

Asset quality

Deep dive: Office market faces structural changes

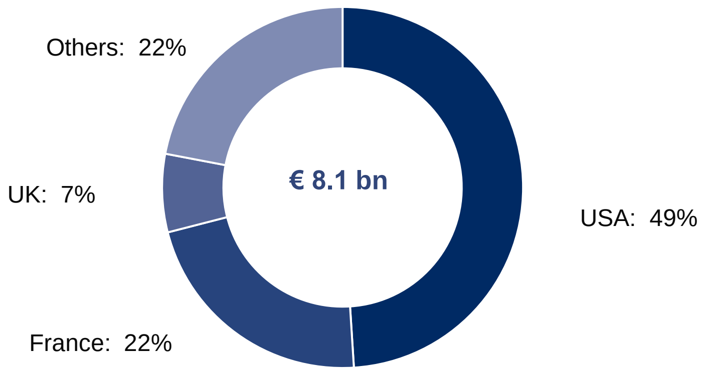
Market	▪ Post Covid ("new work norms") and ESG initiating structural changes ▪ Uncertainties regarding pace and amount of inflation-related interest rate increases
Current trends	▪ Covid caused remote working experience leading to a structural reduction in demand for office space ▪ On average vacant space will take longer to lease and may be at lower rents resulting in lower asset values ▪ Demand is gravitating towards smart buildings that support companies' initiatives regarding environmental, health / wellness and employee experience ▪ Structural changes will call for more refurbishments fulfilling changing priorities and ESG-requirements ▪ Prime locations with the highest connectivity will demand a premium, existing disparity between Class A and Class B assets will get larger
Positioning	▪ Properties financed: High quality in good locations ▪ Clients: Professional, highly committed ▪ Tenants: Strong tenant structure ▪ Loan type: Investment finance incl. refurbishments, no developments ▪ Risk positioning: Conservative with avg. LTV of 57% providing good buffer and clients' support

Note: All 2022 figures preliminary and unaudited

Asset quality

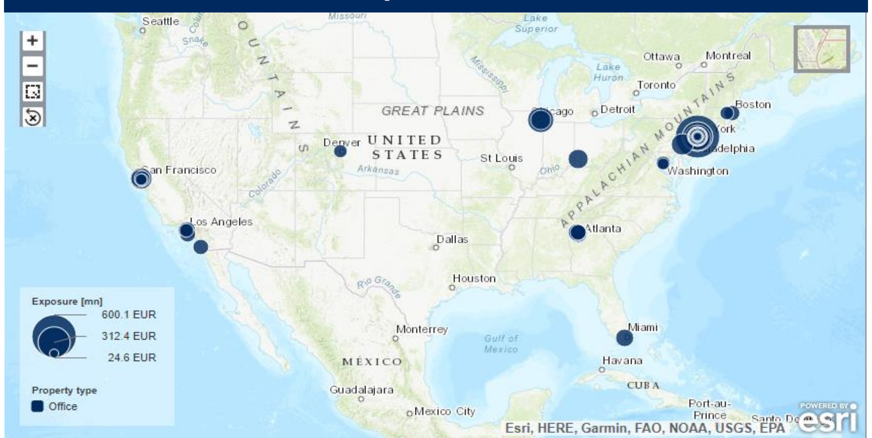
Deep dive: Office portfolio well positioned to face structural changes

Office portfolio by region

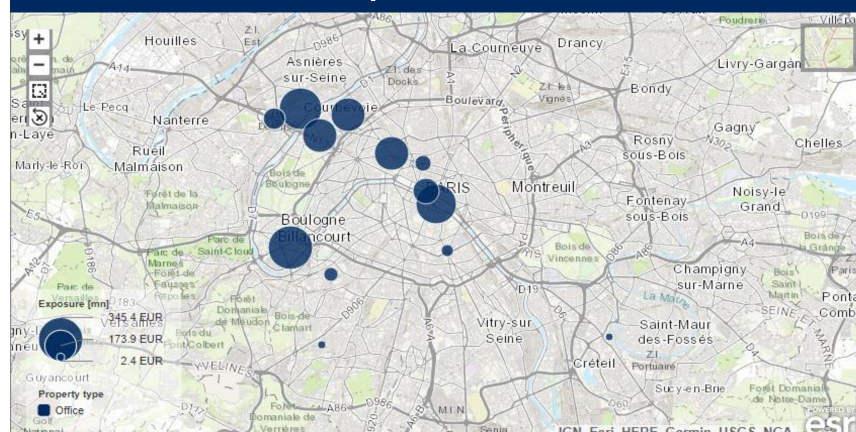


- High quality assets in good locations (major US cities, Paris) and very solid LTVs are mitigating factors
- Moderate decline in avg. YoD (12/22: 6.9% vs. 12/21: 7.6%) due to structural changes
  - USA: planned refurbishments and temporary vacancies with likely longer reletting periods following new work norms
  - France: high share of planned refurbishments into green assets (~1/3 of total office portfolio)
- Call for more ”green“ refurbishments following structural changes seen as an opportunity

Office portfolio USA



Office portfolio France



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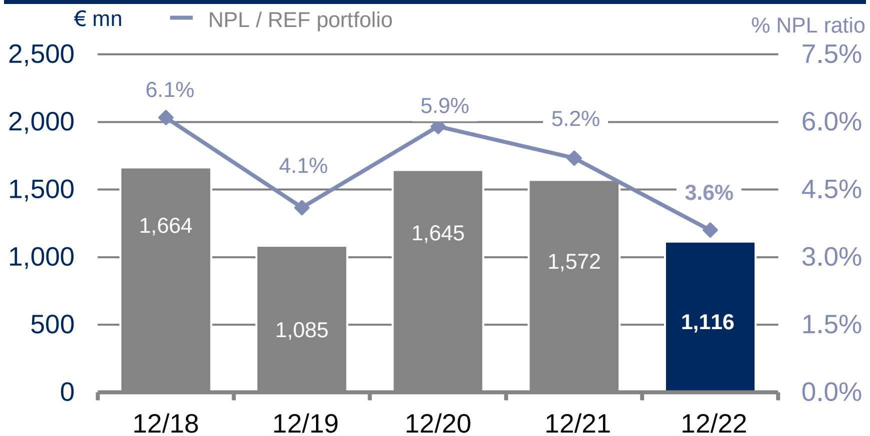
Note: All 2022 figures preliminary and unaudited

Asset quality

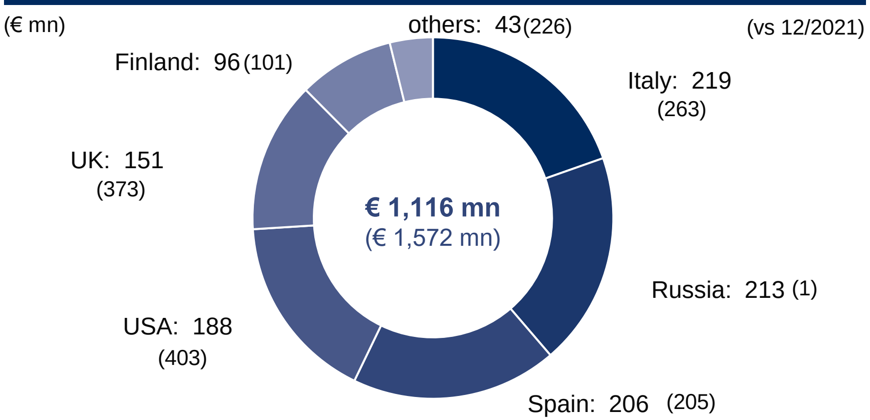
NPLs significantly reduced

NPLs

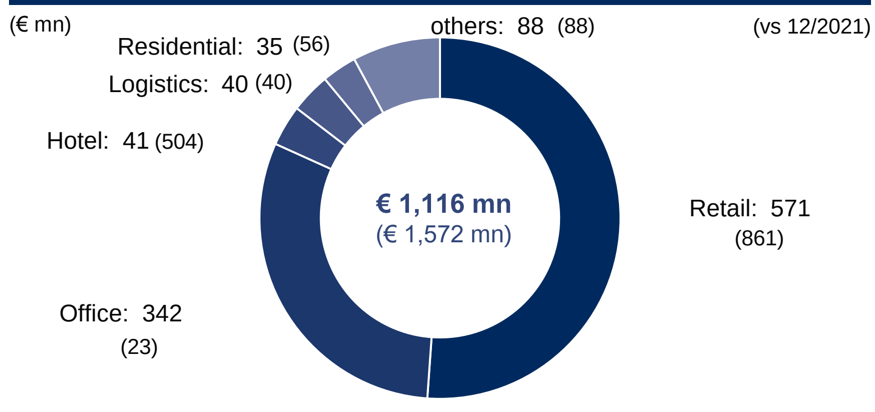


- NPL portfolio significantly reduced following post Covid recovery, down by € ~450 mn (30%) in 2022 (ex Russia decline would have amounted to € ~670 mn or ~40%)
- Reduction predominantly in the retail and hotel segment witnessing strong recovery
- Aside from Russia, manageable inflow of new NPLs in 2022
- One-off budget of € ~60 mn assigned for a swift NPL reduction to sustainably reduce NPL ratio < 3%
- NPE ratio[1]: 2.8% (12/2021: 3.6%)

NPLs by country



NPLs by property type



1) Acc. to EBA Risk Dashboard
(Non-performing debt instruments (loans and advances & debt securities) other than held for trading / Total gross debt instruments)

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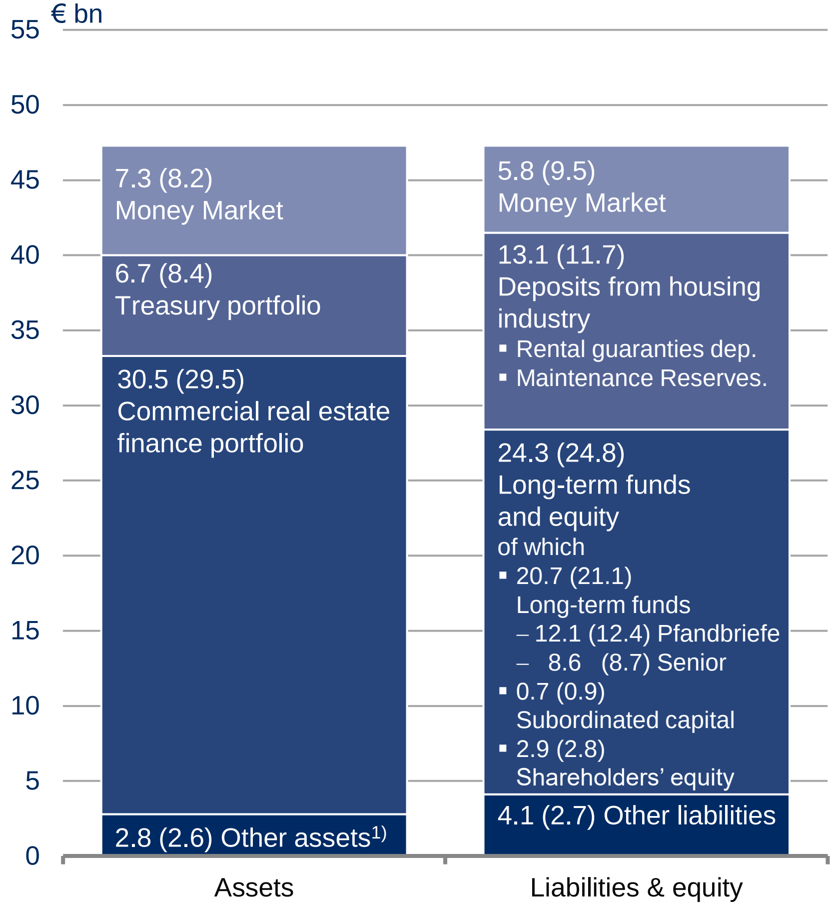
Liquidity

Comfortable liquidity position

Balance sheet as at 31.12.2022: € 47.3 bn
(31.12.2021: € 48.7 bn)



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

Conservative liquidity management throughout the cycle

- On average long-term funds have longer maturities than finance portfolio
- Substantial buffer in regulatory liquidity ratios (LCR / NSFR) despite strong growth in portfolio and difficult economic and capital markets environment
  - NSFR at 119%
  - LCR at 210%

- Assets:
  High quality treasury portfolio with continuous efforts to further improve / optimise structure
- Liabilities & equity:
  Money Market includes retail deposits and ECPs from successfully further diversified funding mix, TLTRO partially repaid in Q4

Note: All 2022 figures preliminary and unaudited

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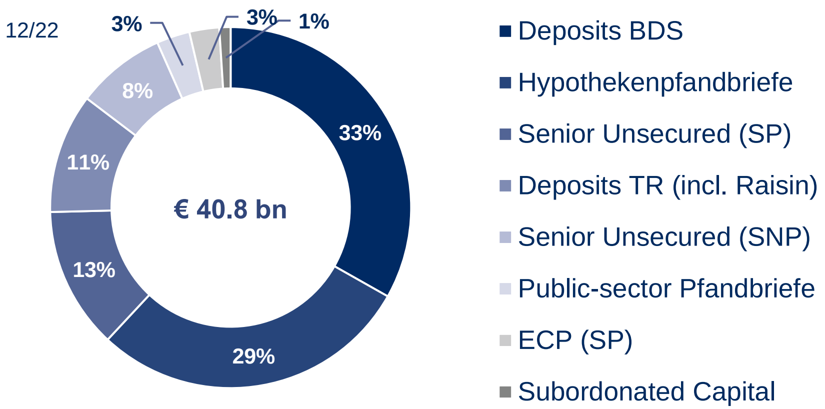
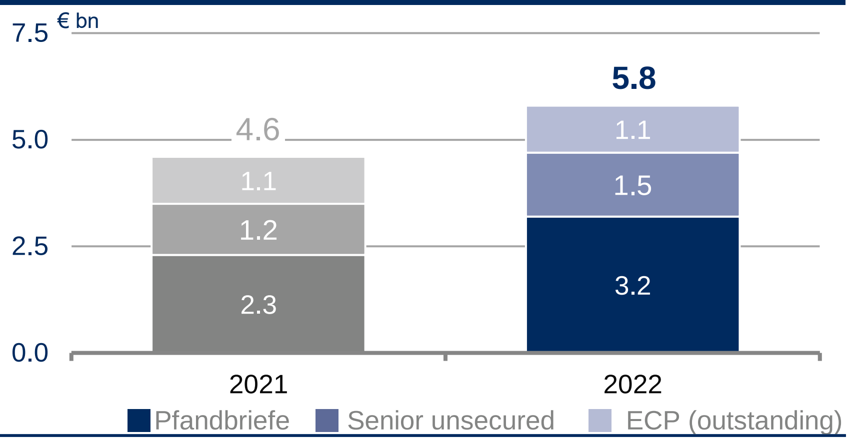
Funding

Successful further diversification of funding mix, established as green bond issuer

Funding by type



(Capital market) Issuance volume



Note: Calculation refers to unrounded numbers

Funding further diversified

- Retail deposits as additional funding source by cooperating with Raisin/Weltsparen and Deutsche Bank
- Launch of Commercial Paper Program enables offering ECP in EUR, GBP & USD and also in Green format
- Second issue Rating from Moody's (A3) launched

Funding activities in 2022

- Pfandbrief and Senior unsecured totalling € ~4.7 bn incl.
  - 2 Green Senior Benchmarks (€ 1 bn)
  - 4 Pfandbrief Benchmarks (€ 2.6 bn)
- € 1.1 bn ECP outstanding in EUR, USD and GBP
  - Thereof € ~500 mn Green ECPs
- Strong and proven access to the institutional private placement market (€ >1.1 bn)

Promising start in 2023

- 2 Pfandbriefe (€ 1.5 bn) issued in January and February
- Having further diversified and optimized funding mix, less Senior capital markets funding planned despite targeted CREF-portfolio growth

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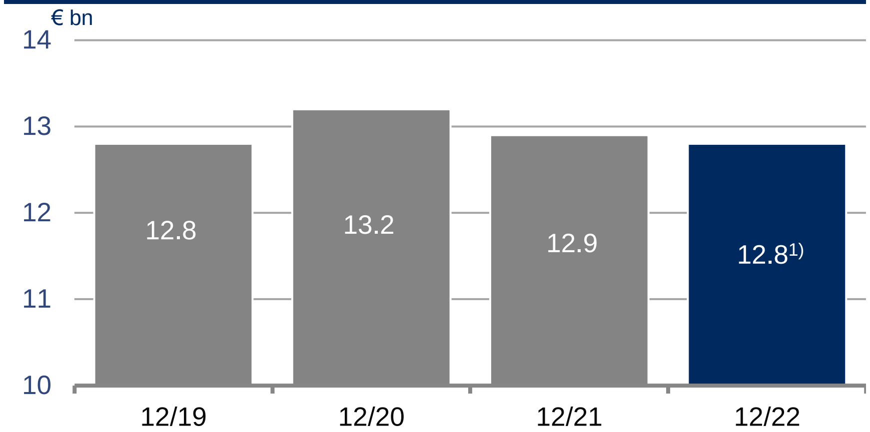
Capital

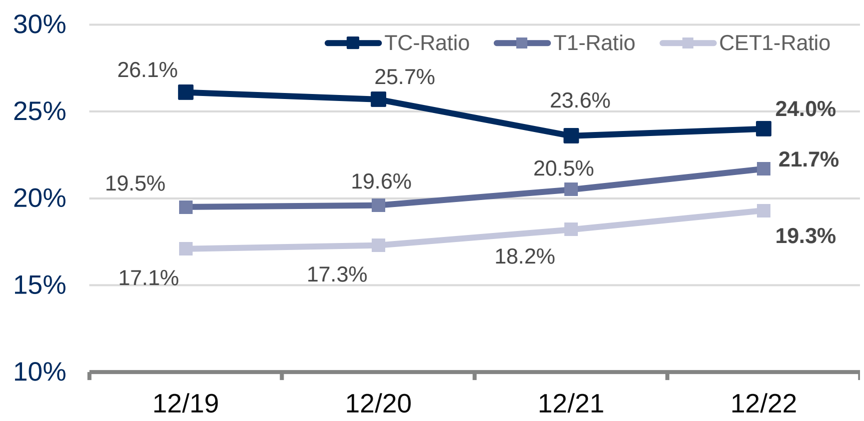
Improved capital position despite portfolio growth

B4 (phase in) RWA



- RWA increase from CREF portfolio growth compensated by portfolio quality improvements

B4 (phase in) capital ratios



- CET1 ratio increased despite portfolio growth mainly due to
  - Retained earnings
  - Portfolio quality improvements
- Capital ratios very solid throughout Covid-19 crisis
- T1-Leverage ratio improved to 6.0% (2021: 5.5%)

1) 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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ESG

Foundation laid, on track for mid-term targets

Details on slides 46/47

Phase 1 → **Phase 2**

✓ **"Green Finance Framework" established**

✓ **Creating transparency in our global CREF portfolio**

✓ **"Green" financing business expanded**

✓ **"Green" funding business expanded**

Supporting our clients' green transformation

SPF

€ ~5 bn
Double "green lending" by 2026

BDS & Aareon

Offer
ESG-complying products

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Note: All 2022 figures preliminary and unaudited

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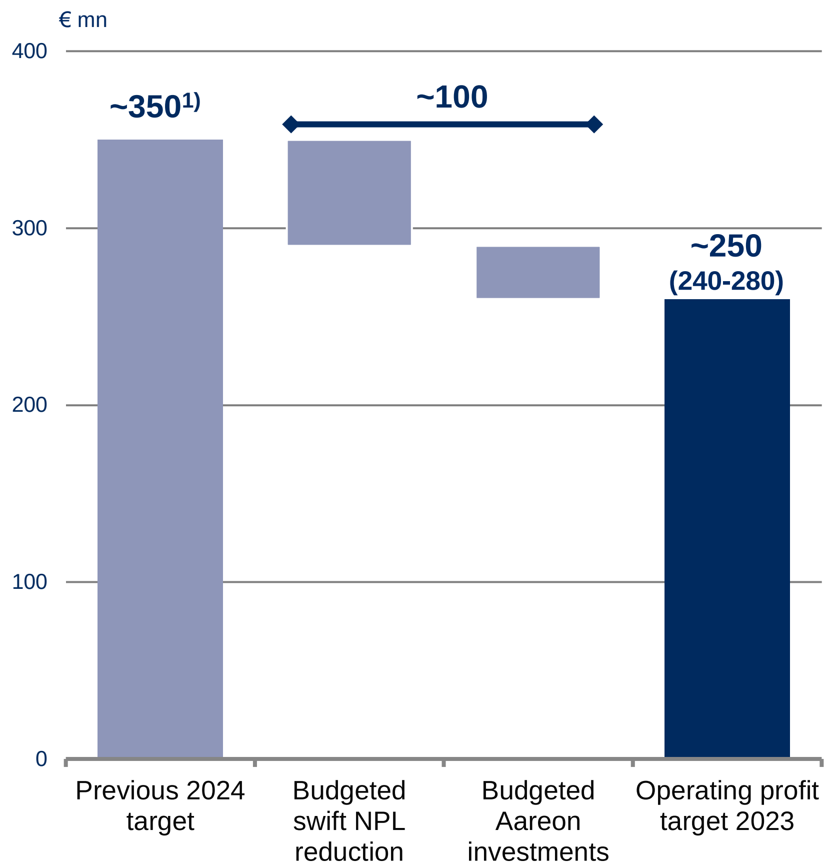
Outlook 2023

Confident of achieving 2024 target on an operating level one year earlier, enabling one-off budget for additional strategic measures

Operating profit target 2023



Strong operating performance enables us to implement strategic measures to further improve corporate resilience. One-off budget of close to € 100 mn assigned

- Budgeted swift NPL reduction
  - Strategic goal to sustainably reduce NPL ratio < 3%
  - One-off budget of € ~60 mn
- Budgeted Aareon investments € ~35 mn
  - Streamline product portfolio
  - Adjust facility presence
  - Implement early retirement program

  to facilitate annual cost savings in the area of lower double-digit millions starting from 2024

1) Operating profit target 2024: up to € 350 mn

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Outlook 2023

Group

METRIC	2022	OUTLOOK 2023
Net interest income	€ 702 mn	€ 730 - 770 mn
Net commission income	€ 277 mn	€ 315 - 335 mn
LLP[1)]	€ 192 mn	€ 170 - 210 mn incl. € 60 mn budget for a swift NPL reduction
Admin expenses	€ 571 mn	€ 590 - 630 mn incl. € 35 mn budget for Aareon investments
Operating profit (adjusted)		**€ ~350 mn**
Operating profit	**€ 239 mn**	**€ 240 - 280 mn**
Earnings per share (EPS)	**€ 2.32**	**€ 2.40 - 2.80[2)]**

Developments in the macroeconomic environment remain uncertain

Segments

	METRIC	2022	OUTLOOK 2023
Structured Property Financing	REF Portfolio	€ 30.9 bn	€ 32 - 33 bn[3)]
	New business	€ 8.9 bn	€ 9 - 10 bn
Banking & Digital Solutions	Deposit volume	€ 13.4 bn	€ ~13 bn
	NCI	€ 31 mn	~13% CAGR (2020-2023)
Aareon	Revenues	€ 308 mn	€ 325 - 345 mn
	Adj. EBITDA	€ 75 mn	€ 90 - 100 mn

1) Incl. value adjustments from NPL fvpl
2) Based on expected FY-tax ratio of ~33%
3) Subject to FX development

Note: All 2022 figures preliminary and unaudited

Aareal

Key takeaways

Excellently positioned in its 100th anniversary year

Strong earnings momentum creating a very good base for the future

Successful strategy with an excellent market position in our three segments, a well diversified funding base and comfortable capital ratios

Strength that enables investments to further improve corporate resilience and flexibility

Note: All 2022 figures preliminary and unaudited

Agenda

100 Years Building Your Tomorrow

Aareal YOUR COMPETITIVE ADVANTAGE.

Note: All 2022 figures preliminary and unaudited

Appendix

Group results

100 Years Building Your Tomorrow

Aareal

YOUR COMPETITIVE ADVANTAGE.

Note: All 2022 figures preliminary and unaudited

Aareal Bank Group
Results FY 2022

	01.01.-31.12.2022 € mn	01.01.-31.12.2021 € mn	Change
Profit and loss account			
Net interest income	702	597	18%
Loss allowance	192	133	44%
Net commission income	277	245	13%
Net derecognition gain or loss	1	23	-96%
Net gain or loss from financial instruments (fvpl)	26	-30	
Net gain or loss on hedge accounting	-2	-5	-60%
Net gain or loss from investments accounted for using the equity method	-2	-2	0%
Administrative expenses	571	528	8%
Net other operating income / expenses	0	-12	
Operating Profit	**239**	**155**	**54%**
Income taxes	86	87	-1%
Consolidated net income	**153**	**68**	**125%**
Consolidated net income attributable to non-controlling interests	0	1	
Consolidated net income attributable to shareholders of Aareal Bank AG	153	67	128%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG[1)]	153	67	128%
of which: allocated to ordinary shareholders	138	53	160%
of which: allocated to AT1 investors	15	14	7%
Earnings per ordinary share (in €)[2)]	2.32	0.89	161%
Earnings per ordinary AT1 unit (in €)[3)]	0.15	0.14	7%

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.

Note: All 2022 figures preliminary and unaudited

Aareal

Aareal Bank Group
Results FY 2022 by segments

€ mn	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.-31.12. 2022	01.01.-31.12. 2021	01.01.-31.12. 2022	01.01.-31.12. 2021	01.01.-31.12. 2022	01.01.-31.12. 2021	01.01.-31.12. 2022	01.01.-31.12. 2021	01.01.-31.12. 2022	01.01.-31.12. 2021
Net interest income	627	560	92	43	-17	-6	0	0	702	597
Loss allowance	192	133	0		0	0			192	133
Net commission income	6	8	31	28	252	221	-12	-12	277	245
Net derecognition gain or loss	1	23							1	23
Net gain or loss from financial instruments (fvpl)	26	-30	0	0	0				26	-30
Net gain or loss on hedge accounting	-2	-5							-2	-5
Net gain or loss from investments accounted for using the equity method	0	0	-1	-1	-1	-1			-2	-2
Administrative expenses	260	256	79	73	244	211	-12	-12	571	528
Net other operating income / expenses	-6	-13	-1	-1	7	2	0	0	0	-12
Operating profit	**200**	**154**	**42**	**-4**	**-3**	**5**	**0**	**0**	**239**	**155**
Income taxes	70	82	14	-1	2	6			86	87
Consolidated net income	**130**	**72**	**28**	**-3**	**-5**	**-1**	**0**	**0**	**153**	**68**
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	0	1			0	1
Cons. net income attributable to shareholders of Aareal Bank AG	130	72	28	-3	-5	-2	0	0	153	67

Note: All 2022 figures preliminary and unaudited

Aareal Bank Group

Results Q4 2022

	01.10.-31.12.2022 € mn	01.10.-31.12.2021 € mn	Change
Profit and loss account			
Net interest income	188	162	16%
Loss allowance	22	54	-59%
Net commission income	78	71	10%
Net derecognition gain or loss	-23	8	
Net gain or loss from financial instruments (fvpl)	4	-23	
Net gain or loss on hedge accounting	4	-1	
Net gain or loss from investments accounted for using the equity method	0	-1	
Administrative expenses	148	135	10%
Net other operating income / expenses	1	5	-80%
Operating Profit	**82**	**32**	**156%**
Income taxes	29	20	45%
Consolidated net income	**53**	**12**	**342%**
Consolidated net income attributable to non-controlling interests	0	-1	
Consolidated net income attributable to shareholders of Aareal Bank AG	53	13	308%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG[1)]	53	13	308%
of which: allocated to ordinary shareholders	49	9	444%
of which: allocated to AT1 investors	4	4	
Earnings per ordinary share (in €)[2)]	0.83	0.16	419%
Earnings per ordinary AT1 unit (in €)[3)]	0.04	0.04	

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.

Note: All 2022 figures preliminary and unaudited

Aareal

Aareal Bank Group

Results Q4 2022 by segments

€ mn	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.10.-31.12. 2022	01.10.-31.12. 2021	01.10.-31.12. 2022	01.10.-31.12. 2021	01.10.-31.12. 2022	01.10.-31.12. 2021	01.10.-31.12. 2022	01.10.-31.12. 2021	01.10.-31.12. 2022	01.10.-31.12. 2021
Net interest income	152	154	43	10	-7	-2	0	0	188	162
Loss allowance	22	54	0	0	0	0			22	54
Net commission income	1	2	8	8	72	64	-3	-3	78	71
Net derecognition gain or loss	-23	8							-23	8
Net gain or loss from financial instruments (fvpl)	4	-23	0	0	0				4	-23
Net gain or loss on hedge accounting	4	-1							4	-1
Net gain or loss from investments accounted for using the equity method	0	0		0	0	-1			0	-1
Administrative expenses	60	63	25	20	66	55	-3	-3	148	135
Net other operating income / expenses	-2	8	0	-1	3	-2	0	0	1	5
Operating profit	**54**	**31**	**26**	**-3**	**2**	**4**	**0**	**0**	**82**	**32**
Income taxes	18	14	8	0	3	6			29	20
Consolidated net income	**36**	**17**	**18**	**-3**	**-1**	**-2**	**0**	**0**	**53**	**12**
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	0	1			0	-1
Cons. net income attributable to shareholders of Aareal Bank AG	36	17	18	-3	-1	-1	0	0	53	13

Note: All 2022 figures preliminary and unaudited

Aareal Bank Group

Preliminary results – quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					Aareon					Consolidation / Reconciliation					Aareal Bank Group				
	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 '21	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 '21	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 '21	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 '21	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 '21
€ mn																									
Net interest income	152	162	163	150	154	43	26	11	12	10	-7	-4	-3	-3	-2	0	0	0	0	0	188	184	171	159	162
Loss allowance	22	63	58	49	54	0	0		0		0	0	0	0	0						22	63	58	49	54
Net commission income	1	1	2	2	2	8	8	8	7	8	72	61	61	58	64	-3	-3	-3	-3	-3	78	67	68	64	71
Net derecognition gain or loss	-23	2	13	9	8																-23	2	13	9	8
Net gain / loss from fin. instruments (fvpl)	4	4	12	6	-23	0	0	0		0	0		0								4	4	12	6	-23
Net gain or loss on hedge accounting	4	1	-3	-4	-1																4	1	-3	-4	-1
Net gain / loss from investments acc. for using the equity method	0				0			-1	0	0	0	0	-1	0	-1						0	0	-2	0	-1
Administrative expenses	60	54	61	85	63	25	17	19	18	20	66	60	65	53	55	-3	-3	-3	-3	-3	148	128	142	153	135
Net other operating income / expenses	-2	-2	1	-3	8	0	0	-1	0	-1		1	2	1	-2	0	0	0	0	0	1	-1	2	-2	5
Operating profit	**54**	**51**	**69**	**26**	**31**	**26**	**17**	**-2**	**1**	**-3**	**2**	**-2**	**-6**	**3**	**4**	**0**	**0**	**0**	**0**	**0**	**82**	**66**	**61**	**30**	**32**
Income taxes	18	18	24	10	14	8	6	0	0	0	3	0	-2	1	6						29	24	22	11	20
Consolidated net income	**36**	**33**	**45**	**16**	**17**	**18**	**11**	**-2**	**1**	**-3**	**-1**	**-2**	**-4**	**2**	**-2**	**0**	**0**	**0**	**0**	**0**	**53**	**42**	**39**	**19**	**12**
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	-1	0	1	-1						0	-1	0	1	-1
Cons. net income attributable to ARL shareholders	36	33	45	16	17	18	11	-2	1	-3	-1	-1	-4	1	-1	0	0	0	0	0	53	43	39	18	13

Note: All 2022 figures preliminary and unaudited

Aareal

Appendix

Asset Quality

Years Building Your Tomorrow

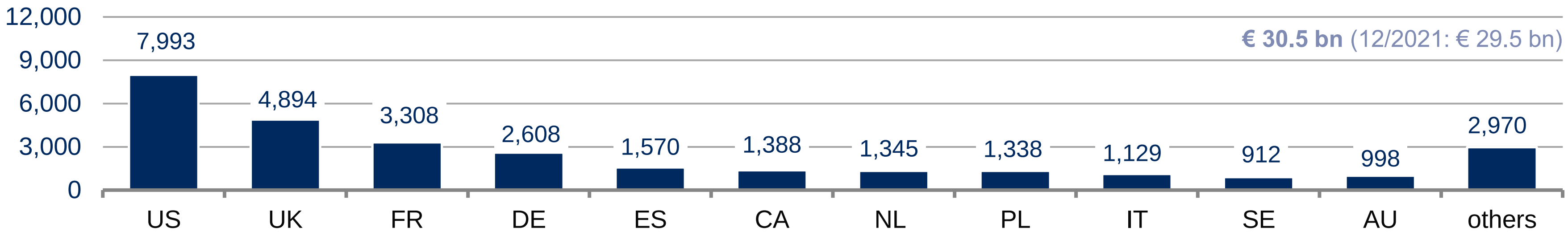
YOUR COMPETITIVE ADVANTAGE.

Note: All 2022 figures preliminary and unaudited

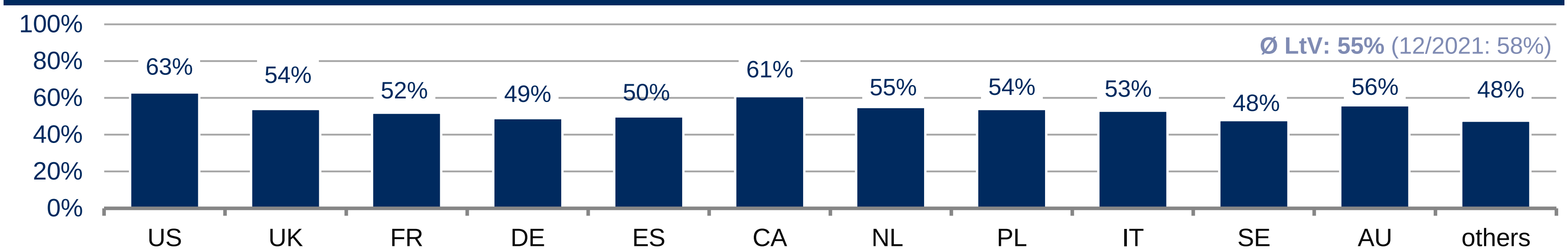
CREF portfolio by country

€ 30.5 bn highly diversified

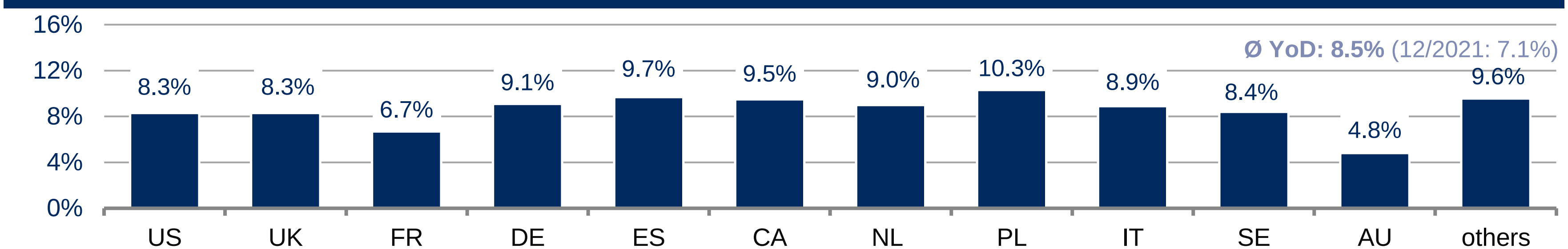
CREF portfolio (€ mn)



LtV[1)]



YoD[1)]



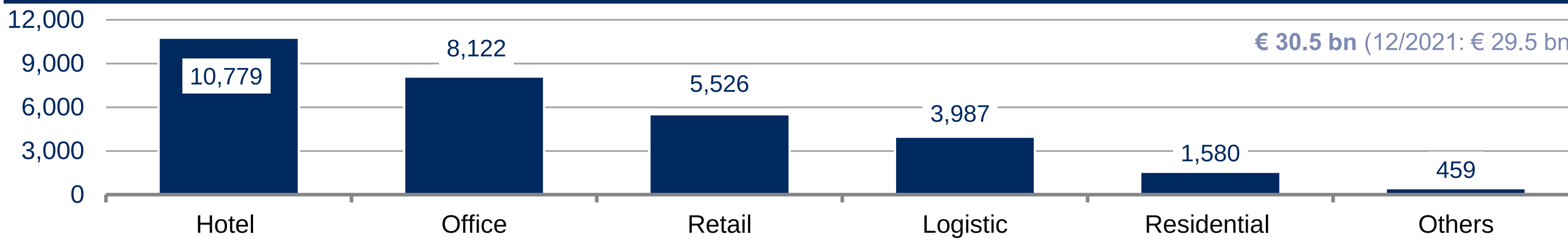
Note: others incl. countries with a portfolio below € 500 mn
1) Performing CREF-portfolio only (exposure)

Note: All 2022 figures preliminary and unaudited

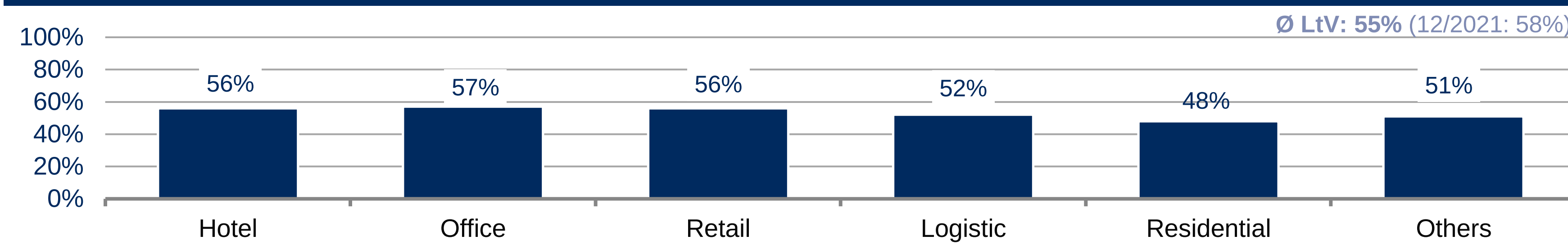
CREF portfolio by property types

€ 30.5 bn highly diversified

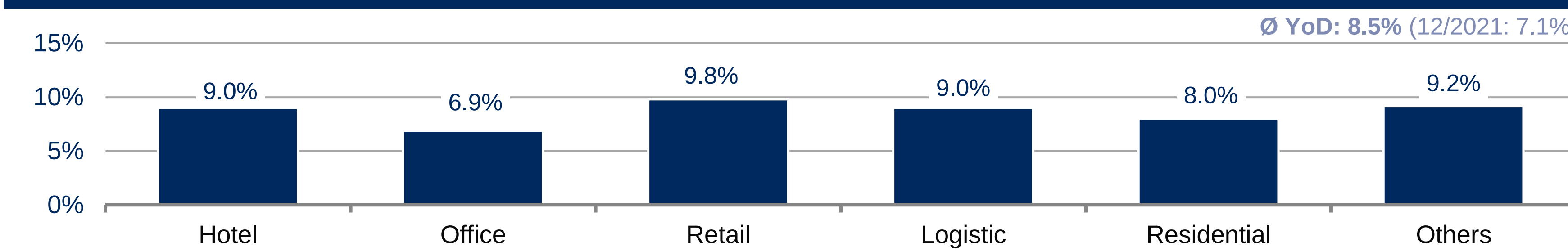
CREF portfolio (€ mn)



LtV1)



YoD1)



1) Performing CREF-portfolio only (exposure)

Note: All 2022 figures preliminary and unaudited

Implications of the Russian war against Ukraine

Russian exposure 63% provisioned

Russian operations

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

Russian exposure

- One loan; outstanding € 213 mn (EURO denominated)
- Office complex in Moscow
- Nearly fully let to international and Russian tenants
- Client able and willing to pay
- Currently Russian sanctions hinder cash transfer out of Russia
  - € 134 mn LLP booked in 2022
  - Remaining net exposure of € 78 mn equals ~30% of 10/2021 market value of the financed property

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

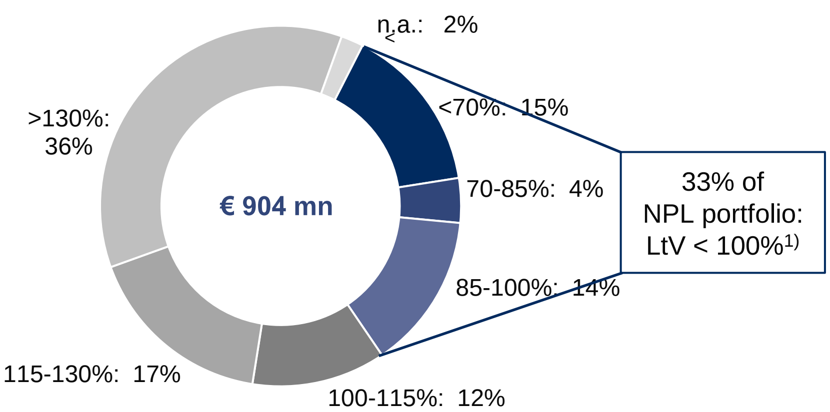
Note: All 2022 figures preliminary and unaudited

Non performing loans (NPL ex Russia)
Deep dive

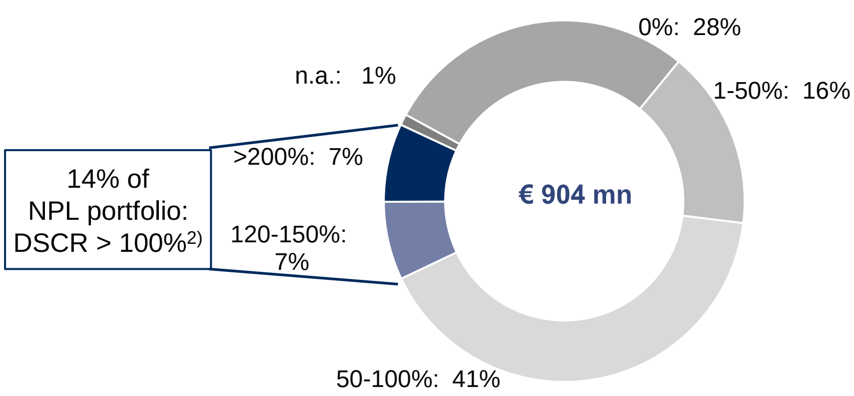
- NPL classification depends on a variety of triggers
  (e.g. arrears, NOI, DSCR, LtVs, yields, prices, marketability, …)
- NPL classification might be triggered <u>even</u> if no nominal loss will be made but contractual payments are or potentially will not be received in line with the agreement (timing / amounts)
- Current NPL portfolio (ex Russian NPL):
  - 33% of NPL portfolio with LtV <100%
  - 14% of NPL portfolio with DSCR >100%

  ➔ **Only 60% of NPL portfolio with LtV >100% <u>and</u> DSCR <100%**

LtV distribution



DSCR distribution



1) Based on current market values
2) Based solely on asset performance (not including sponsor support)

Note: All 2022 figures preliminary and unaudited

Appendix
Aareon

100 Years Building Your Tomorrow

Aareal
YOUR COMPETITIVE ADVANTAGE.

Note: All 2022 figures preliminary and unaudited

Segment: Aareon
2022 P&L and other KPIs

P&L Aareon segment - Industry format[1)] € mn	Q4'21	FY'21	Q4'22	FY'22	Δ Q4 '22/'21	Δ FY '22/'21
Sales revenue	75	269	87	308	17%	15%
▪ *Thereof ERP*	*54*	*200*	*63*	*224*	*15%*	*12%*
▪ *Thereof Digital*	*20*	*70*	*25*	*85*	*21%*	*22%*
Costs[2)]	-57	-227	-66	-255	15%	13%
▪ *Thereof material*	*-11*	*-48*	*-16*	*-57*	*45%*	*17%*
EBITDA	**18**	**43**	**22**	**53**	**23%**	**24%**
Adjustments[2)]	-8	-24	-7	-22	-7%	-7%
Adj. EBITDA	**25**	**67**	**29**	**75**	**14%**	**13%**
EBITDA	**18**	**43**	**22**	**53**	**23%**	**24%**
D&A / Financial result	-13	-38	-19	-56	42%	48%
EBT / Operating profit	**4**	**5**	**2**	**-3**	**-42%**	**<-100%**

R&D, RPU and operating cashflow	
Revenue per unit (RPU) – LTM (€)	22
R&D spend as % of software revenue	24%
Operating Cash Flow (€ mn)	36

- RPU (last 12 months) at 22 €. With cross-selling opportunities to be harvested
- R&D spend slightly above 24%, still close to communicated pattern of 25% threshold
- Operating Cash Flow at € 36 mn (2021: € 36 mn)

1) Calculation refers to unrounded numbers
2) Incl. New product, VCP, Ventures, M&A and one-offs

Note: All 2022 figures preliminary and unaudited

Appendix
ESG

100 Years Building Your Tomorrow

Aareal
YOUR COMPETITIVE ADVANTAGE.

Note: All 2022 figures preliminary and unaudited

ESG in our daily business

Putting sustainability at the core of our decisions

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 the new framework provided since Q2 2021

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

Continue to enlarge climate transparency in the portfolio

- Portfolio transparency and data accumulation significantly improved for both existing and new lending and to be continued
- Aareal Bank involved in international initiatives to calculate financed emissions (PCAF)

Note: All 2022 figures preliminary and unaudited

Aareal's demanding 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

- 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 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 Stars" and above ▪ HQE: "Excellent" and 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%.

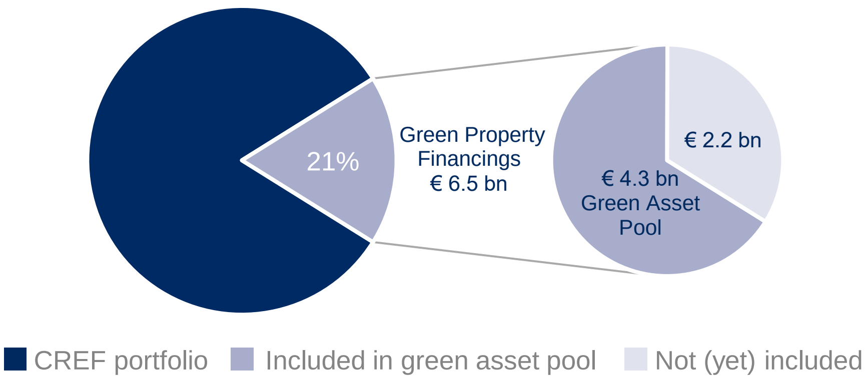
1) All buildings within a financing have to qualify as green buildings according to Aareal GFF
2) Partnership for Carbon Accounting Financials
3) Chapter 7.2 "Renovation of existing buildings"

Note: All 2022 figures preliminary and unaudited

Aareal

21% of CREF portfolio classified as Green Property Financings

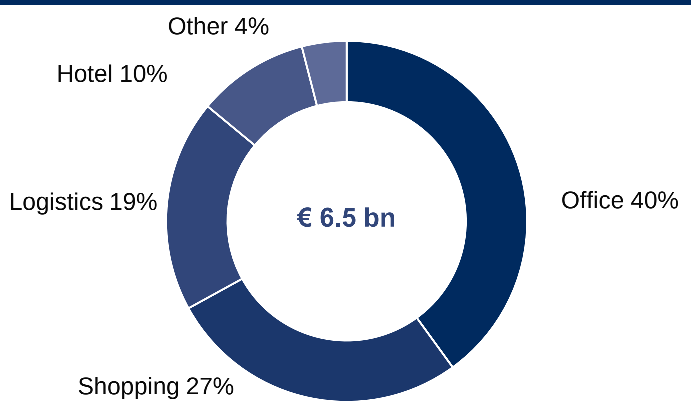
CREF[1)] portfolio



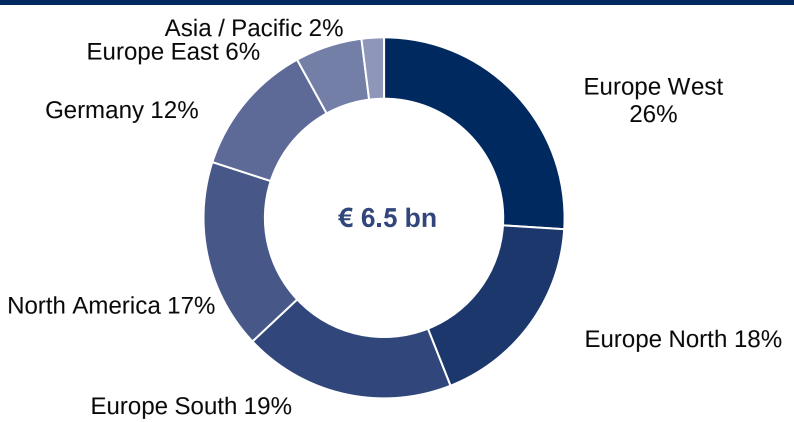
€ 6.5 bn[1)] (21%) of total CREF portfolio fulfilling Aareal's Green Finance Framework and are classified as "Green Property Financings", thereof

- € 4.3 bn included in green asset pool for underlying of Green bond issues
- € 2.2 bn green property financings mainly for technical reasons 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 31.12.2022 – ESG Data as at 31.12.2022
2) Valid certificate is documented

Note: All 2022 figures preliminary and unaudited

ESG@Aareal

Phase 1: Mission accomplished

	We have laid the foundation…	…achieved our 2022 goals… ✓	… and will continue to follow our path
Growing our impact	**Green expansion of financing business** **€ 2 bn by 2024 additional green loan volume**	Achieved	On track for 2024
	Optimisation of funding mix **€ 1 bn in 2022 - new allocation of green funding**	€ 1 bn long-term funding + € 0.5 bn green CPs	+ € 0.5 green long-term funding in 2023
	Providing transparency for global CREF portfolio **20% by 2022 – Verified green properties**	> 21 % screening almost completed	Grow share of verified green properties PCAF report on financed emissions by '24
	Limiting our own Greenhouse Gas emissions **Carbon neutrality by '23 of our business operations worldwide**	Achieved	On track for 2023
	Expansion of innovative solutions with ESG impact **Growth targets by 2025 – Identification of enabler products by 2022**	Achieved	On track for 2025
Setting the tone at the top	**ESG governance with enhanced Board's oversight** **CEO responsibility – Regular Board engagement**	Achieved	Achieved and continuing
	ESG integration in business, credit, investment, risk and refinancing strategies and decision making process **Targeting of ESG initiatives in individual / group targets**	15 % ESG component in Management Bords variable remuneration	Increased to 25% of our Management Board's variable remuneration in 2023

Additional Highlights

- Green Finance Frameworks Lending & Liabilities established and signed off by second party opinion (SPO)
- Strengthened investability for green investors through consistently positive ESG rating results
- Strong performance in ECB climate stress test, which assessed our portfolio for its vulnerability to physical and transitory risks

Note: All 2022 figures preliminary and unaudited

ESG@Aareal

Our mission for phase 2: On the „Road to Paris“ we are supporting our clients

SPF

BDS

Aareon

Real Estate Structured Finance
With our green lending activities we support our worldwide clients as they transform their real estate portfolio

Treasury
We offer a wide range of sustainable / green investment opportunities to our investors

With banking and software products we aim to support our clients as they master their ESG challenges

Mid-term ambition

€ ~5 bn of our total loan portfolio in “green lending” by 2026

Continuously leverage our Green Asset Pool for long-term funding

Increase revenue share of ESG compliant software products by 2026

On-going transparency initiatives to reach and surpass to highest market standards

Note: All 2022 figures preliminary and unaudited

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 39 percent among 199 participating banks in MSCI ACWI Index
- Outstanding Score in Governance (7.9 of 10) compared to industry average (5.5)

ISS ESG

since 2012

D- | D | D+ | C- | Prime threshold | C | **C+** (Aareal) | 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 132 rated companies in the Mortgage & Public Sector Finance sector between D and B, Aareal on Decile Rank 1

SUSTAINALYTICS

as of 02/2022

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)
- Improvement "Medium" to "Low" risk (17.2), Rank 138 of 982 in Sector Banks, 12 of 100 in Thrifts and Mortgages

Moody's ESG Solutions

as of 04/2021

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

- ESG Overall Score of 51 ("Robust"), Rank 32 of 97 in Sector Retail & Specialized Banks
- Aareal with significant above sector average results in Environment 49 [⌀46], Social 48 [⌀43] and Governance 56 [⌀46]

CDP DISCLOSURE INSIGHT ACTION

since 2022

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

- Improvement to 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 17/02/2023

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Appendix

Treasury Portfolio, Funding & Liquidity

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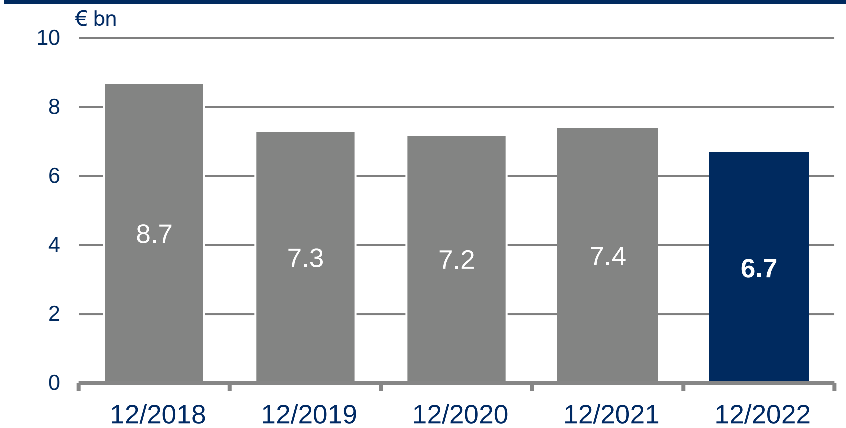
Note: All 2022 figures preliminary and unaudited

Treasury portfolio

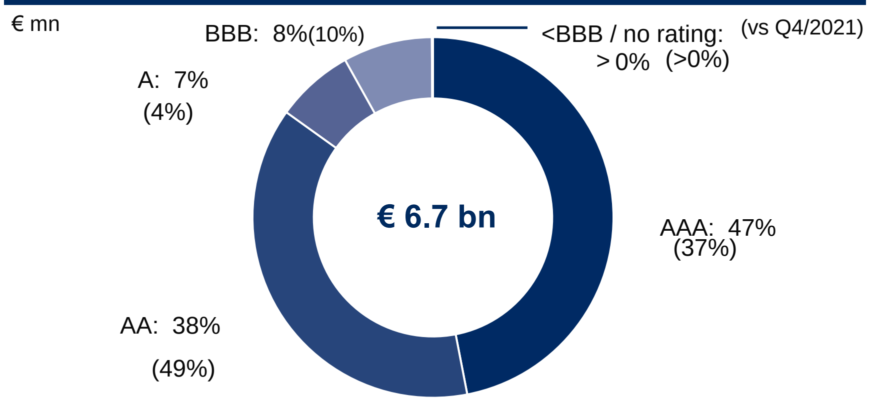
€ 6.7 bn of highly rated, quality liquid assets providing collateral and additional liquidity

TR portfolio development

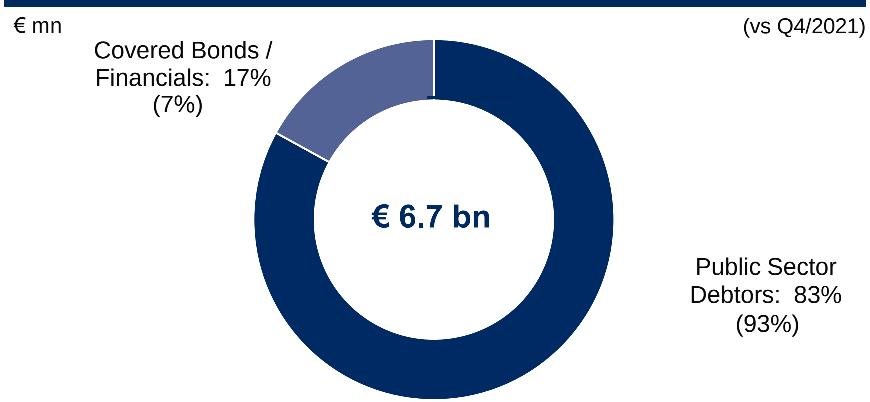


- Reduction due to maturities and sale of public sector bonds after significant spread widenings
- Diversification intensified by re-investing in new agencies and Covered Bonds supporting spread improvement
- Enables income generation vs holding just cash collateral
- Serves as a liquidity reserve in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

TR portfolio by rating[1)]



TR portfolio by asset class



As at 31.12.2022 – all figures are nominal amounts
1) Composite Rating

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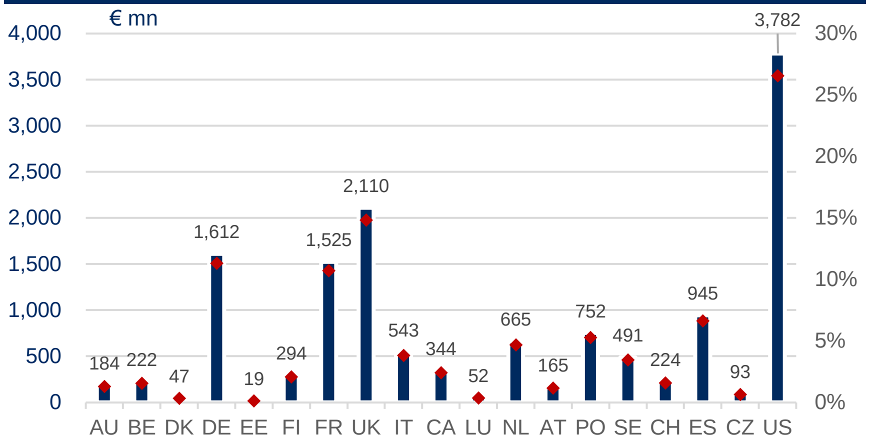
Note: All 2022 figures preliminary and unaudited

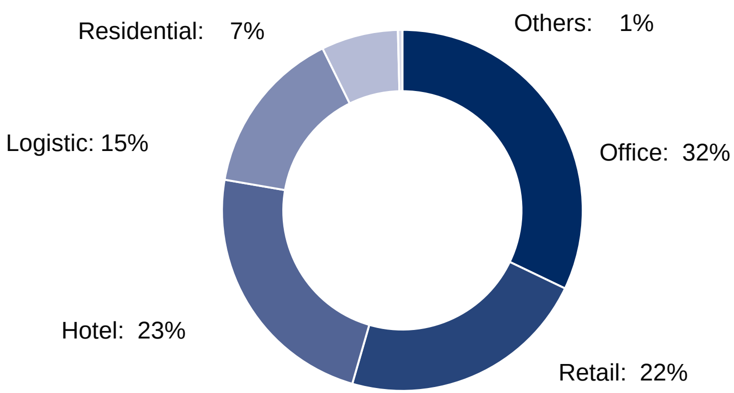
Funding

Strong Mortgage Cover Pool and Aaa Rating for Pfandbriefe

Cover Pool by Geography



Cover Pool by Property Type



Pfandbriefe funding cornerstone of wholesale issuance

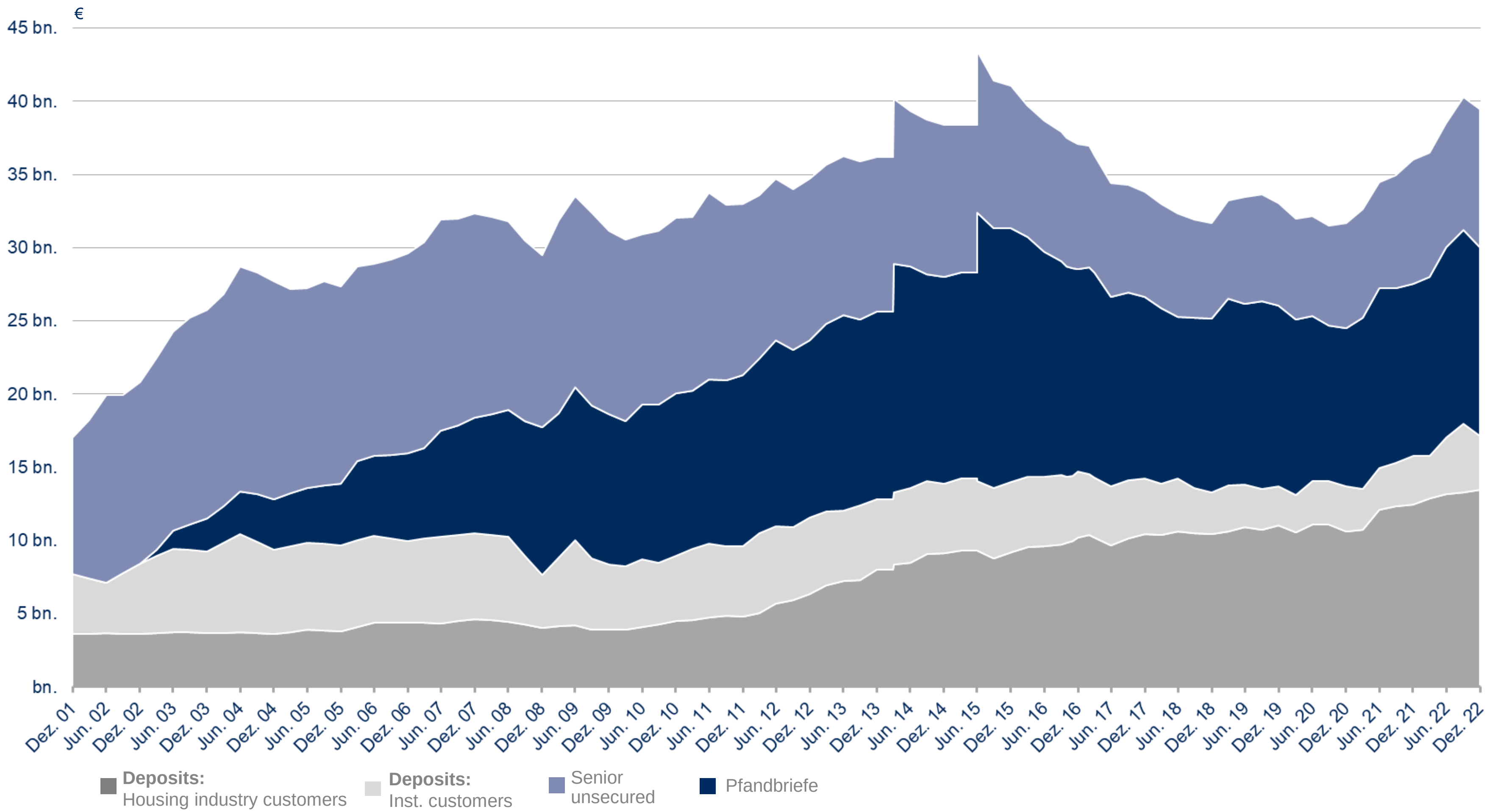
- Cover pool of € 15.2 bn incl. € 1.1 bn substitute assets diversified over 19 countries
- High quality assets: first-class mortgage loans (mortgage-lending-value 55.5%)
- Mortgage-lending-value with high discount from market-value
- Avg. LtV of the mortgage cover pool 32.0%
- Moody´s has calculated a 'Aaa' supporting over-collateralisation ratio of 18.0% on a PV basis
- Over-collateralisation on a PV basis as of FY 2022 20.7%
- High diversification within property types
- No assets in the covered pool from Russia and Ukraine

As at 31.12.2022

Note: All 2022 figures preliminary and unaudited

Funding & Liquidity

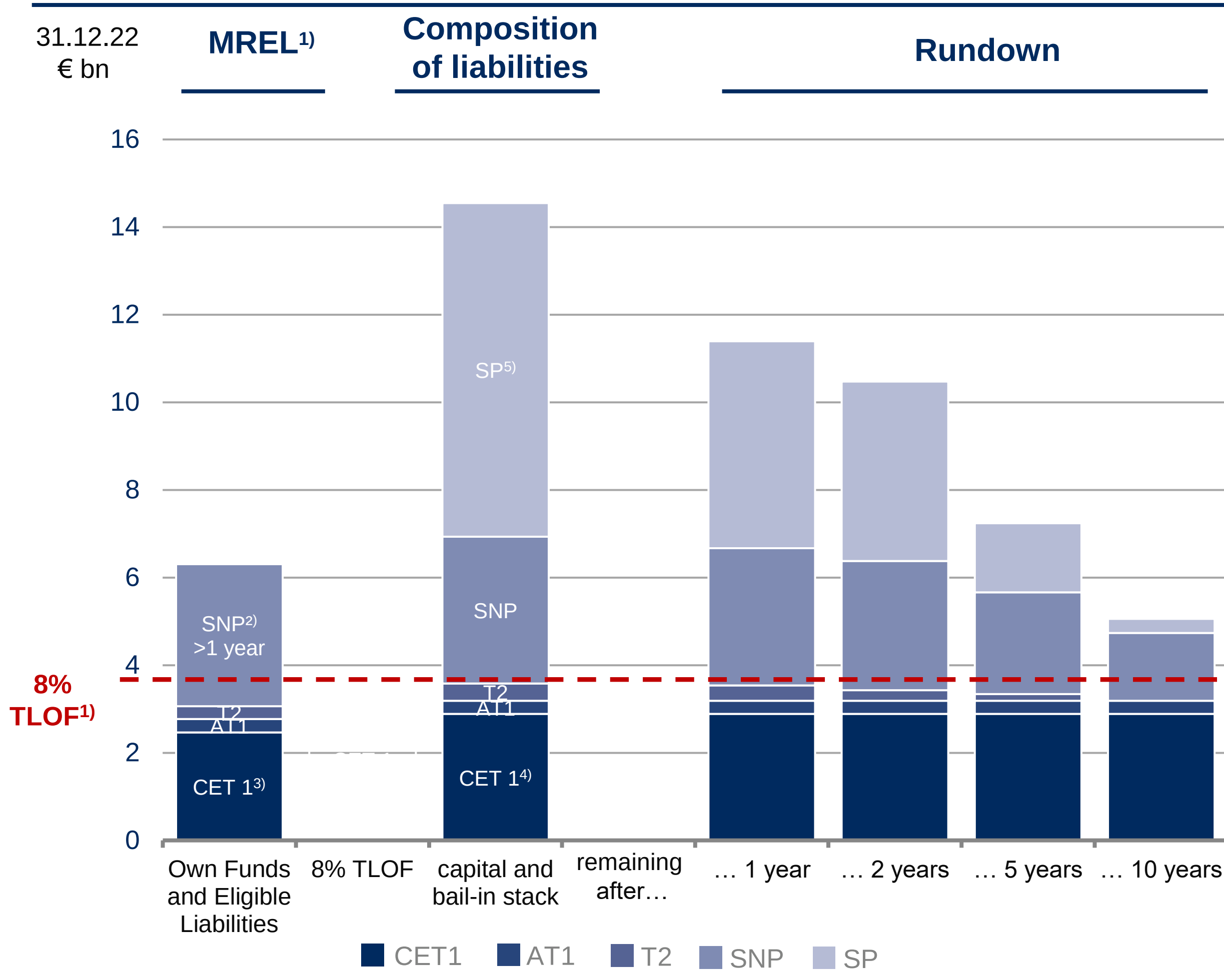
Diversified funding sources and distribution channels



Note: All 2022 figures preliminary and unaudited

Funding & Capital

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 upcoming 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 according to contractual maturities
3) Considering regulatory adjustments
4) CET1 assumed to be constant over time
5) Senior Preferred, excluding structured unsecured issuances
Note: All 2022 figures preliminary and unaudited

Appendix

Regulation

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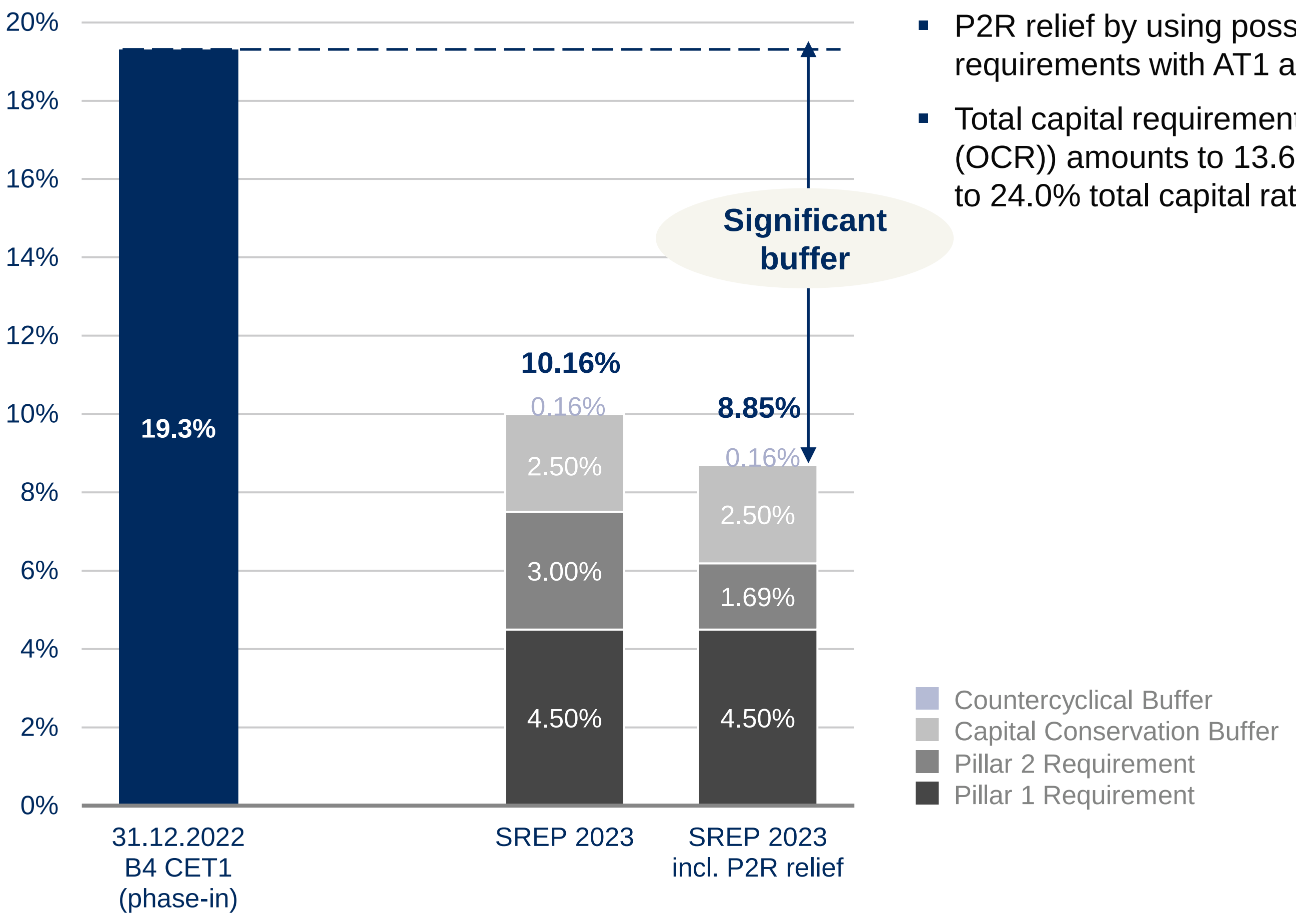
Note: All 2022 figures preliminary and unaudited

Capital - SREP (CET 1) requirements

Demonstrating conservative and sustainable business model

CET1 ratio vs. SREP (CET1) requirements



- Capital ratios significant above SREP requirements
- P2R relief by using possibility of partially fulfilling requirements with AT1 and T2 capital
- Total capital requirement (Overall Capital Requirement (OCR)) amounts to 13.66% compared to 24.0% total capital ratio

Note: All 2022 figures preliminary and unaudited

Appendix

AT1: ADI of Aareal Bank AG

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Note: All 2022 figures preliminary and unaudited

Interest payments and ADI of Aareal Bank AG

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

€ mn	31.12. 2016	31.12. 2017	31.12. 2018	31.12. 2019	31.12. 2020	31.12. 2021	31.12. 2022
Net Retained Profit	122	150	126	120	90	96	61
▪ *Net income*	*122*	*147*	*126*	*120*	*90*	*30*	*61*
▪ *Profit carried forward from previous year*	*0*	*3*	*-*	*-*	*-*	*66*	*-*
▪ *Net income attribution to revenue reserves*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
+ Other revenue reserves after net income attribution	720	720	720	720	840	840	936
= Total dividend potential before amount blocked[1)]	842	870	846	840	930	936	997
./. Dividend amount blocked under section 268 (8) of the German Commercial Code	235	283	268	314	320	386	466
./. Dividend amount blocked under section 253 (6) of the German Commercial Code	28	35	42	40	43	36	24
= Available Distributable Items[1)]	580	552	536	486	566	515	507
+ Increase by aggregated amount of interest expenses relating to Distributions on Tier 1 Instruments[1)]	46	32	25	23	21	20	21
= 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)]	626	584	560	509	588	535	529

Note: Calculation refers to unrounded numbers
1) Unaudited figures for information purposes only

Note: All 2022 figures preliminary and unaudited

Appendix

Definitions and contacts

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Note: All 2022 figures preliminary and unaudited

Definitions

Term	Definition
New Business	New business = Newly acquired business + renewals
Common Equity Tier 1 ratio	$\frac{\text{CET 1}}{\text{Risk weighted assets}}$
NPE ratio (acc. EBA Risk Dashboard)	$\frac{\text{Non-performing debt instruments (loans and advances \& debt securities) other than held for trading}}{\text{Total gross debt instruments}}$
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	$\frac{\text{operating profit ./. income taxes ./. income/loss attributable to non controlling interests ./. net AT1 coupon}}{\text{Number of ordinary shares}}$
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
NPL ratio	$\frac{\text{NPL-exposure acc. CRR (excl. exposure in cure period)}}{\text{Total REF Portfolio}}$

Note: All 2022 figures preliminary and unaudited

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