



# Analyst Conference Call

Q3 2022 results

November 10, 2022

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**Aareal**  
YOUR COMPETITIVE ADVANTAGE.

# Agenda

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- **Highlights**
  - Group results
  - Segments
  - Funding & Capital
  - Outlook
- Appendix

# Highlights

## Ongoing strong operating performance in Q3 despite LLP on Russian exposure

- 1 Q3 operating profit increased by 32% to € 66 mn, despite additional LLP of € 43 mn on remaining Russian exposure
- 2 Strong earnings momentum:  
Q3 NII increased by 19% (yoy), NCI up by 20%
- 3 Strict cost discipline, strategy of growth at low marginal cost successfully executed,  
CIR of banking business further reduced to 39%
- 4 2022 capital market funding plan already fulfilled  
CET1 ratio (19.4%) remains at a comfortable level
- 5 Operating profit outlook 2022 confirmed<sup>1)</sup>,  
despite 9M-LLP on Russian exposure and negative impact of ECB's decision on TLTRO in Q4
- 6 Investors expect completion of qualifying holding procedure in spring 2023

1) Developments in the macroeconomic environment remain uncertain

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# Group Results

## Strong earnings momentum offsetting additional LLP on remaining Russian exposure

€ mn	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	9M '21	9M '22	9M Comments
Net interest income	155	162	159	171	184	435	514	Significant increase of 18% mainly driven by portfolio growth and first positive effects of higher interest rates
Loss allowance	39	54	49	58	63	79	170	LLP dominated by additional provision on remaining Russian exposure (9M: € 126 mn)
Net commission income	56	71	64	68	67	174	199	Both Aareon and BDS contribute to 14% increase
Derecognition result	7	8	9	13	2	15	24	Includes positive effects of elevated market volatility
FV- / hedge-result	-5	-24	2	9	5	-11	16	
Admin expenses	125	135	153	142	128	393	423	Reflects investments in Aareon growth. Bank largely stable despite PTO one-offs
<i>Others</i>	1	4	-2	0	-1	-18	-3	
<b>Operating profit (EBT)</b>	<b>50</b>	<b>32</b>	<b>30</b>	<b>61</b>	<b>66</b>	<b>123</b>	<b>157</b>	Strong earnings momentum offsetting add. LLP on remaining Russian exposure
Income taxes	27	20	11	22	24	67	57	
Minorities	0	-1	1	0	-1	2	0	
AT1	3	4	3	4	4	10	11	
<b>Consolidated net income allocated to ord. shareholders</b>	<b>20</b>	<b>9</b>	<b>15</b>	<b>35</b>	<b>39</b>	<b>44</b>	<b>89</b>	
Earnings per share (€)	0.33	0,16	0.25	0.59	0.65	0.73	1,49	
RoE after taxes (%) <sup>1) 2)</sup>						2.3	4.3	
Cost/income ratio (%) <sup>3)</sup>	45	52	43	39	35	50	39	Successful execution of growth at low marginal cost strategy

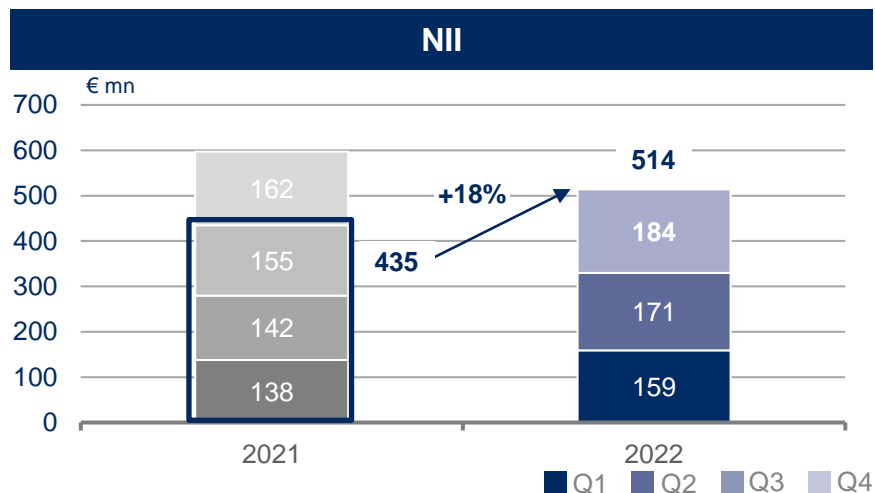
1) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis

2) Annualized

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

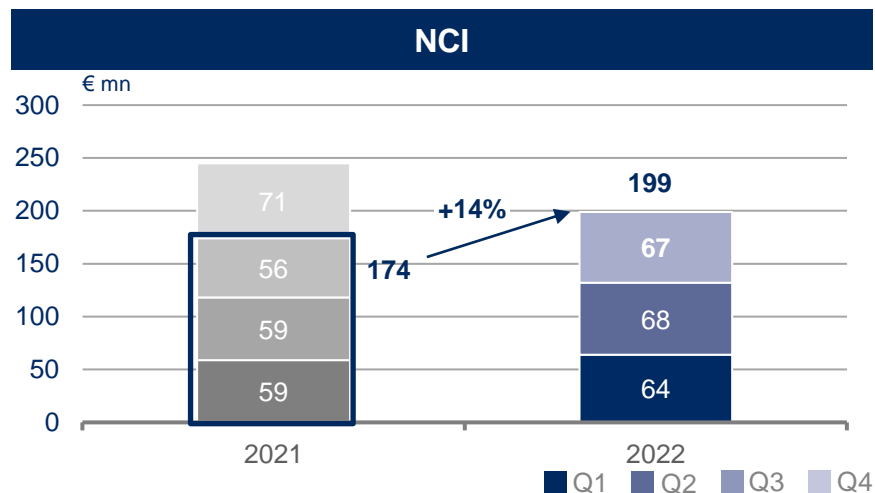
# Net interest income (NII) / Net commission income (NCI)

Strong earnings momentum



**Significant increase of 18% mainly driven by portfolio growth and first positive effects of higher interest rates**

- **RSF**  
Strong new business generation focusing on attractive return profiles while strictly adhering to unchanged conservative risk standards
- **BDS**  
Rising interest rates generated significant increase in NII
  - Q3 up from € 11 mn to € 26 mn (yoy)
  - 9M up from € 33 mn to € 49 mn

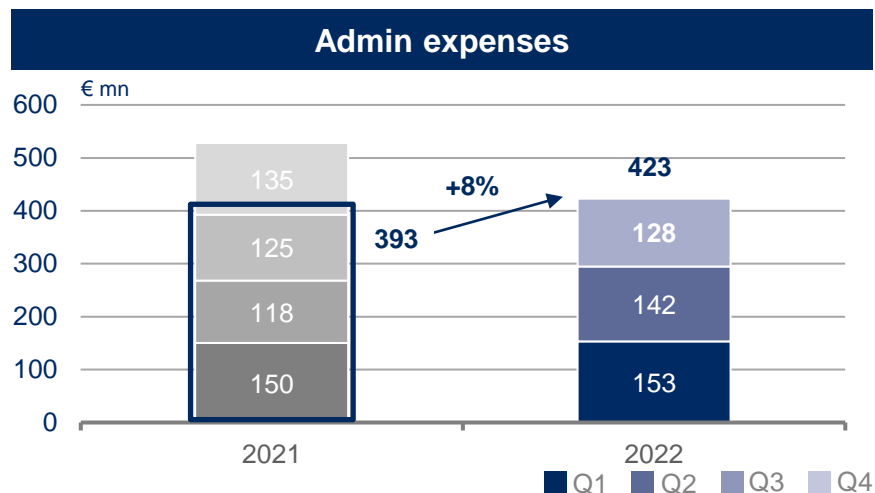


**Both Aareon and BDS contribute to 14% increase**

- **Aareon**
  - 9M NCI increased by € 23 mn to € 180 mn (+15% yoy)
  - Shift from license to SaaS/Subscription making further progress - SaaS shows strong growth of >20% in 9M (yoy), supported by strong organic performance
- **BDS**
  - 9M NCI increased by € 3 mn to € 23 mn (+15% yoy)

# Admin expenses / Loan loss provisions (LLP)

High cost discipline, LLP dominated by provisions on remaining Russian exposure



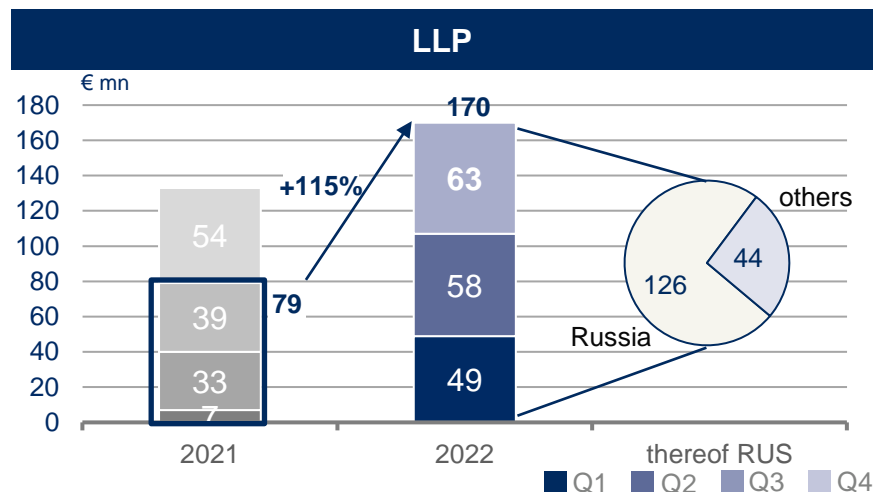
Reflects investments in Aareon growth, bank largely stable despite PTO one-offs

Bank<sup>1)</sup>:

- 9M € 245 mn (vs. € 237 mn yoy); incl. € 12 mn PTO one-offs
- Growing at low marginal costs; CIR<sup>2)</sup> beating own target
- Improved CIR at 39% demonstrates very efficient operations based on high cost discipline

Aareon:

- Increase driven by M&A related costs
- 9M: € 178 mn (vs. € 156 mn yoy)



Dominated by additional provision on remaining Russian exposure

- Additional € 43 mn provision on Russian exposure due to the worsening prospects of a rapid de-escalation in Ukraine
  - Total of € 126 mn Russian LLP represents 60% of gross exposure of € ~210 mn<sup>2)</sup>
  - Post provision net exposure is ~30% of 10/21 appraisal value
- 9M LLP ex Russia of only € 44 mn is evidence of high quality portfolio and strong recovery after Covid-crisis

1) Structured Property Financing and Banking & Digital Solutions

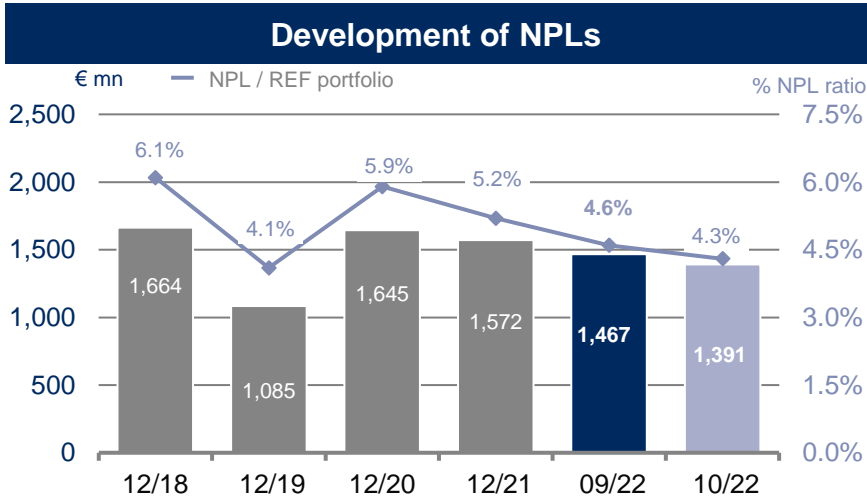
2) Structured Property Financing and Banking & Digital Solutions (excl. bank levy and contributions to the deposit guarantee scheme)

3) Incl. interest

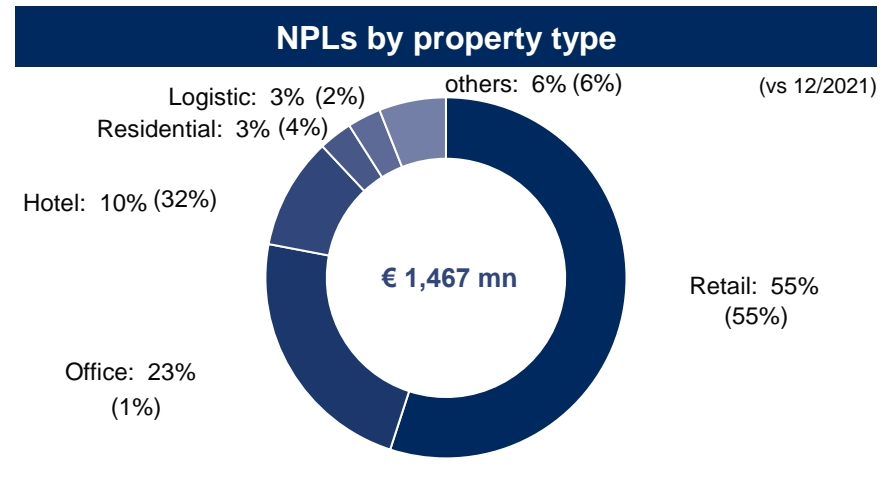
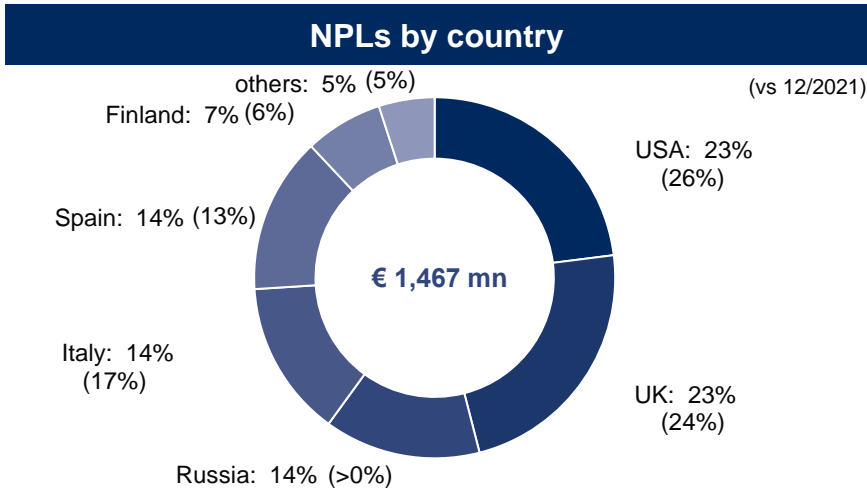


# Non performing loans (NPL)

## NPLs further reduced



- NPLs include € ~210 mn remaining Russian exposure
- One new NPL in Q3, office in New York
- Reduction predominantly in the hotel segment, in Q4 all US-hotels back to performing
- End of October 2022: Underlying NPL portfolio ex Russia significantly reduced by € ~390 mn (-25%) in 2022 witnessing post Covid-19 recovery





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- **Segments**
- Funding & Capital
- Outlook
  
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# Segment Highlights

## Growth in all three segments continued

### Structured Property Financing

- Strong new business generation of € 6.9 bn in 9M strictly adhering to unchanged, conservative risk standards
- Portfolio increased to € 31.9 bn (12/2021: € 30.0 bn) above original target partly FX driven, continuously growing green loans portfolio
- Strong loan margins mitigate the temporarily elevated funding spreads
- Fast recovery of KPIs to pre-Covid crisis levels is evidence of high overall portfolio resilience

### Banking & Digital Solutions

- NCI increased by 15% to € 23 mn in 9M (€ 20 mn in 9M 2021)
- Rising interest rates generate significant increase in NII
- Ø-deposit volume at € 13.5 bn (from € 12.4 bn in Q4 '21)

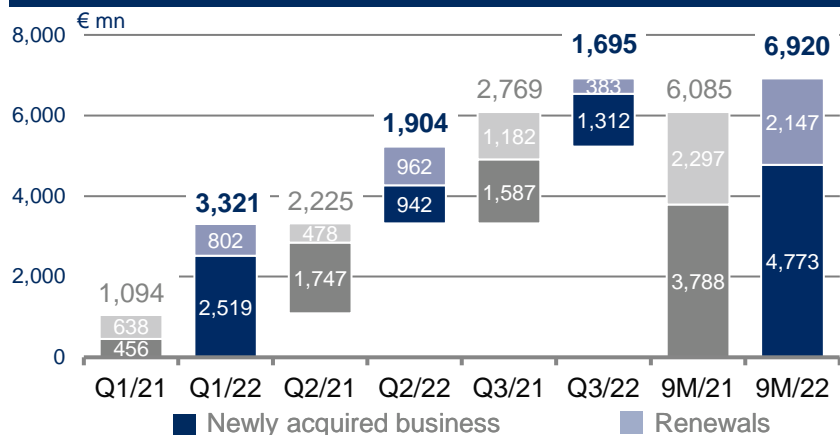
### Aareon

- Switch of revenue model from license to SaaS/Subscription underpins healthy recurring revenue growth
- Share of recurring revenues above 70%
- New management focus on execution of Aareon's growth plan and efficiency of product portfolio

# Segment: Structured Property Financing

New business generation strictly adhering to unchanged conservative risk standards

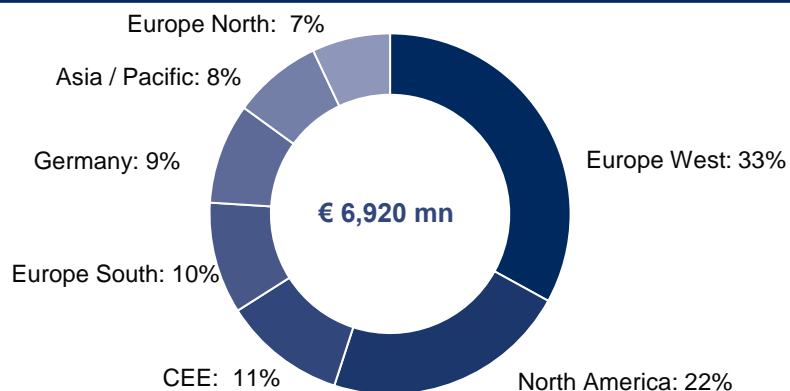
## New business



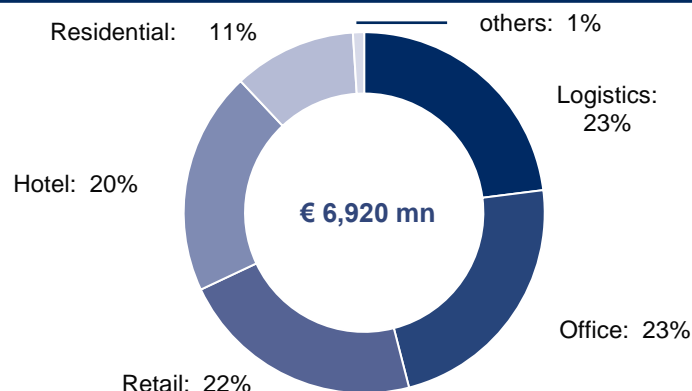
## Newly acquired business

- 9M Ø-margin<sup>1)</sup> of 227 bps (FY plan 2022: ~205 bps)
- Conservative 9M Ø-LtV of 56% (54% in Q3)
- 9M shows logistics with largest share
- Green loans<sup>2)</sup>:  
€ ~600 mn new business in 9M, additional € ~800 mn existing loans qualifying after clients' application

## 9M new business by country



## 9M new business by property type

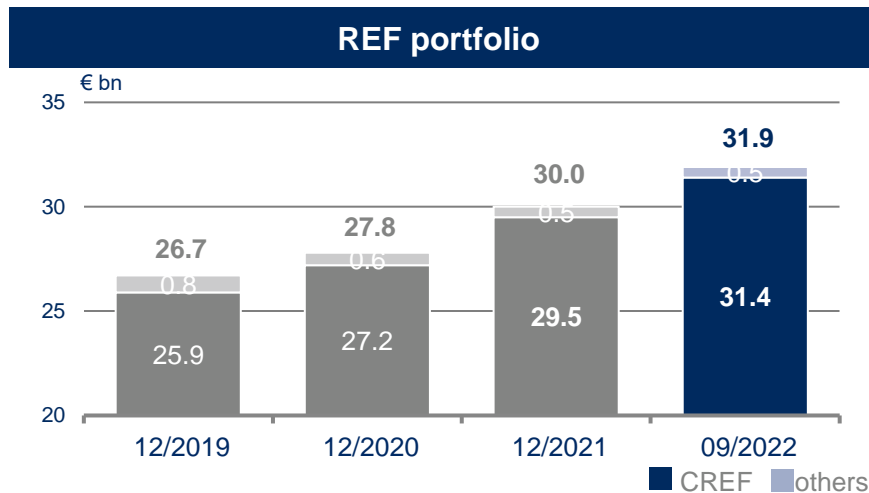


1) Pre FX

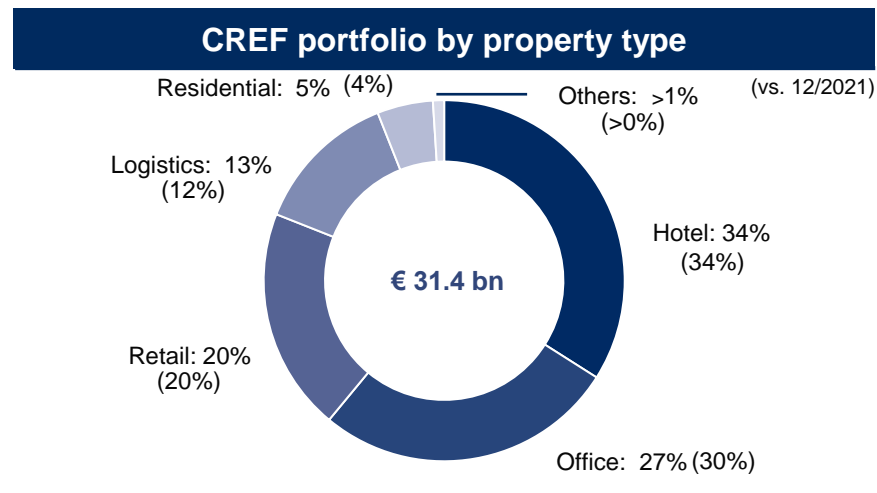
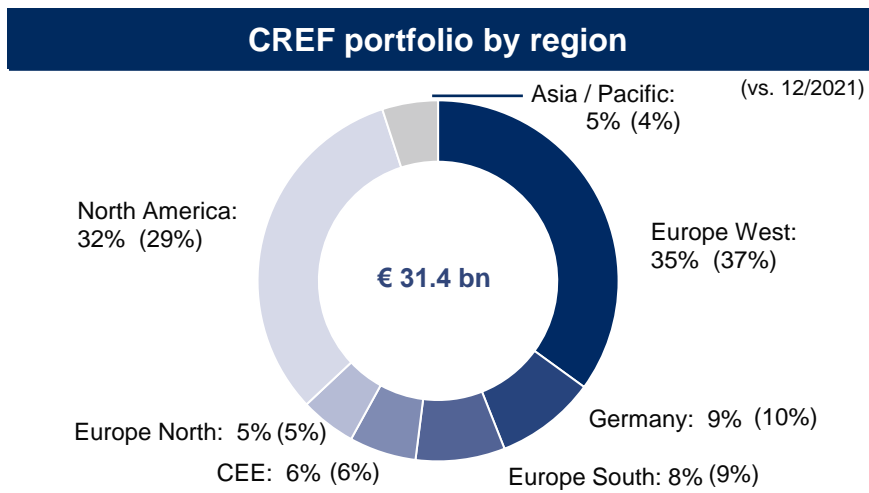
2) Governed by "Green Finance Framework"

# Segment: Structured Property Financing

Portfolio volume further increased, healthy KPIs at pre-Covid levels

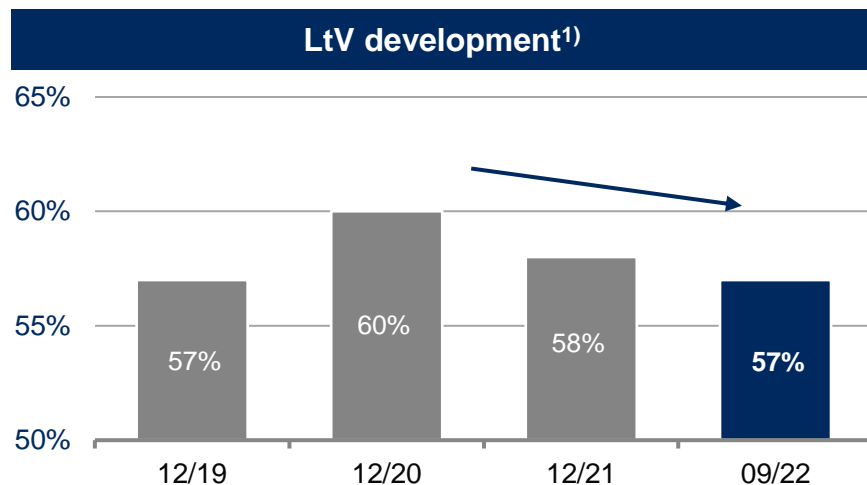


- Sticking to overall country and asset diversification with increasing importance of logistics financings, as well as portfolio-transactions with risk reducing cross collateralisation
- Green property financing portfolio at € 6.4 bn or 21% of total CREF portfolio (12/21: 17%)
- Germany remaining at low 9% portfolio share
- Virtually no financing of developments (~0.5%)
- Portfolio-LtV at 57% (12/21: 58%)
- Portfolio-YoD further improved to 8.1% (12/21: 7.1%)



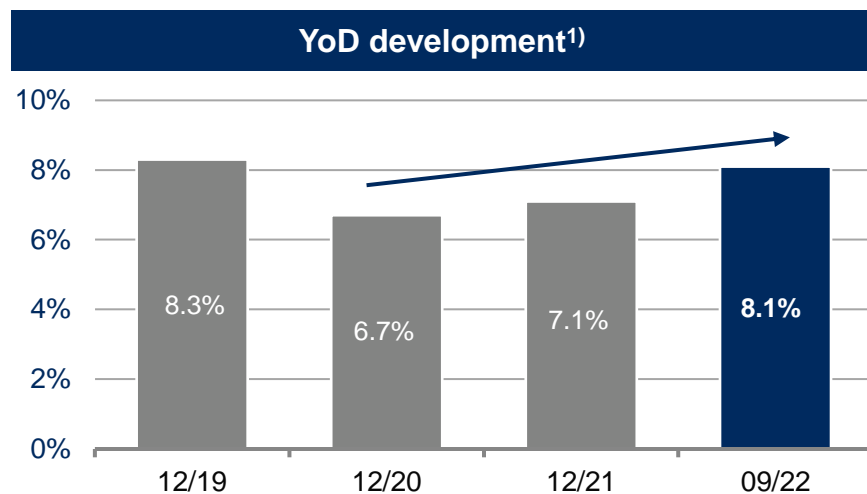
## Segment: Structured Property Financing

KPIs continue to improve with the Covid-19 pandemic subsiding, overall portfolio-LtV and YoD back on pre-crisis levels



**Overall LtVs are declining on improvements in all segment**

- Hotel LtVs at 58% (62% at 12/20)
- Retail LtVs at 57% (61% at 12/20)
- Office LtVs at 57% (58% at 12/20)
- Logistic LtVs at 53% (55% at 12/20)



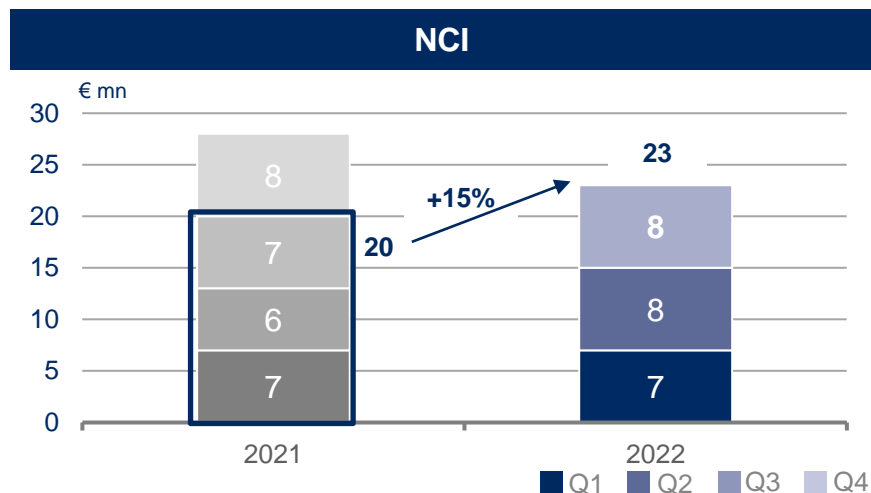
**Overall YoDs are increasing on improvements in the hotel and retail segment, YoD in office segment down**

- Hotel YoD at 8.1% (3.0% at 12/20)
- Retail YoD at 9.7% (8.8% at 12/20)
- Office YoD at 6.8% (8.1% at 12/20)
- Logistic YoD at 8.6% (8.7% at 12/20)

1) Performing CREF-portfolio only (exposure)

# Segment: Banking & Digital Solutions

NII benefitting from rising interest rates

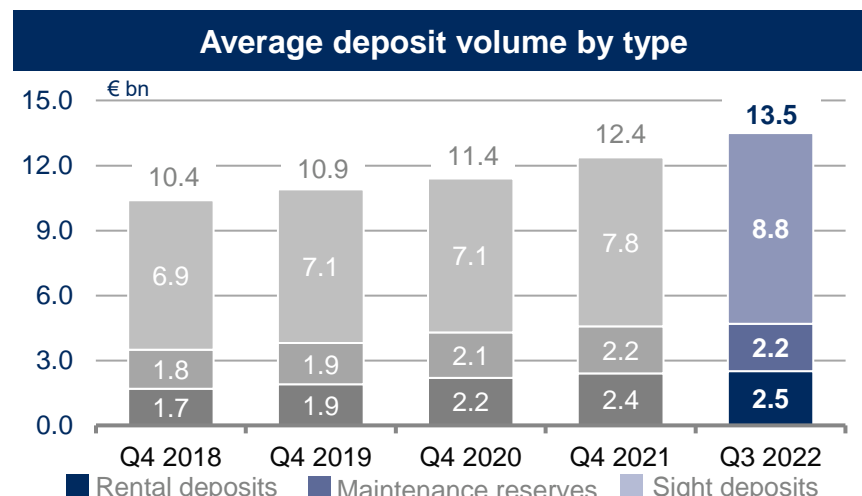
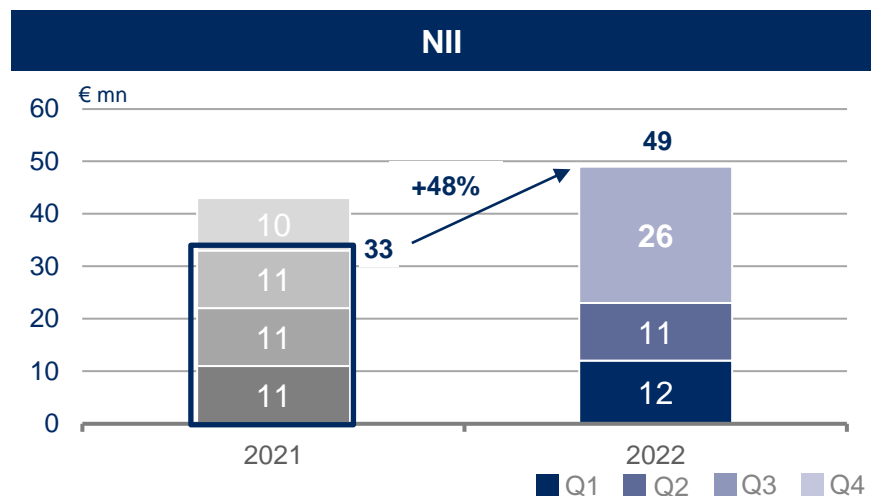


### Positive development in NCI as planned

- CollectAI contributing to NCI development
- Growth on recurring revenues on banking-, software fees

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

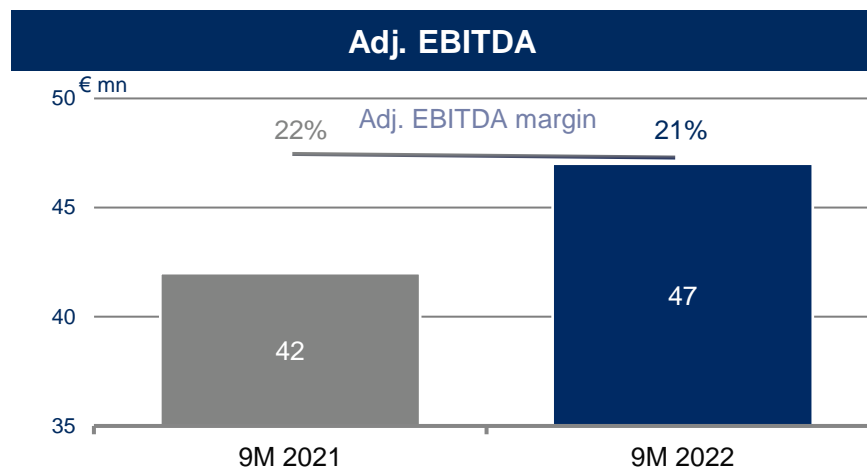
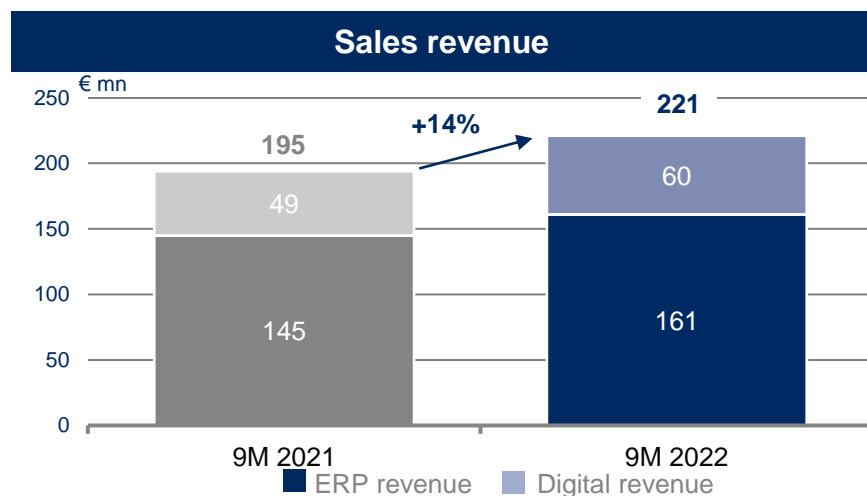
- Rising interest rates generating significant increase in NII at segment and group level
- Limited outflow of deposits expected due to
  - Rising energy prices
  - ESF<sup>1)</sup> reform in 2023



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

## Segment: Aareon

Ongoing revenue growth, management focus on execution of Aareon's growth plan and efficiency of product portfolio



Note: Numbers not adding up refer to rounding

1) PS (Professional Services) = Consulting business

- Switch of revenue model from license to SaaS/ Subscription underpins healthy recurring revenue growth
  - SaaS growth accelerated to > 20% yoy, supported by strong organic performance
  - Run-rate recurring revenues is expected significantly above 70% going forward
- Sales revenues increased by € 27 mn to € 221 mn (+14% yoy); PS<sup>1</sup>) continues to be challenging
  - Digital revenues up 22%, thereof 13% organically
  - ERP revenues up 11%, thereof 4% organically
- Adj. EBITDA increased by € 5 mn to € 47 mn (+12% yoy)
- Integration of Swedish Momentum Software Group AB well underway
- New management focus on
  - Implementation / Execution of Aareon's growth plan, organically and M&A
  - Efficiency of product portfolio
  - Improving Aareon in an evolutionary transition to a rule of 40 SaaS company



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# Funding & Capital

## Conservative line-up

### Funding

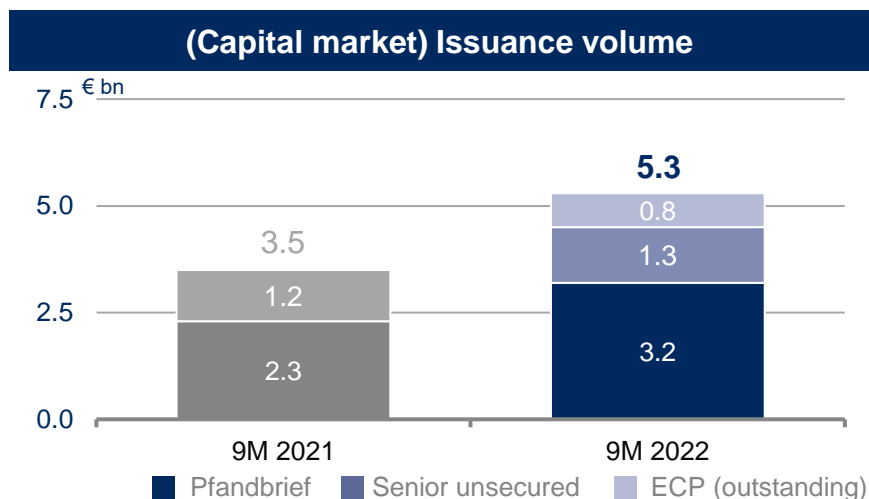
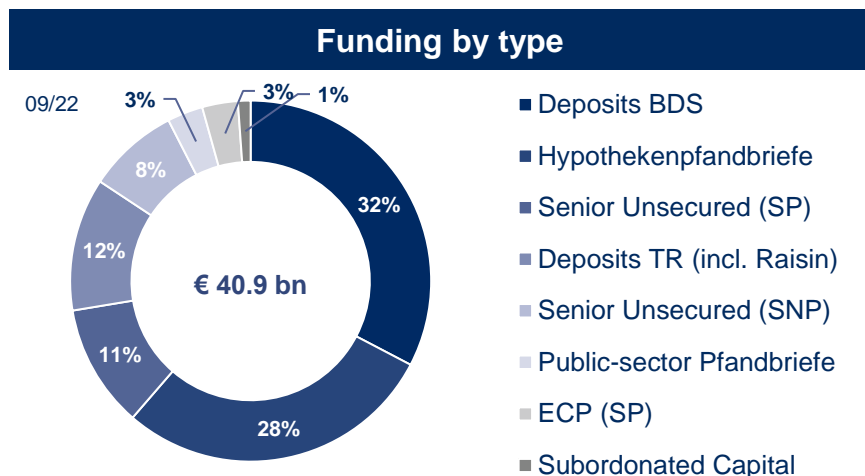
- Funding mix further diversified
- Successful 9M funding activities
- 2022 funding plan already fulfilled despite PTO-related uncertainties and very challenging environment

### Capital

- Comfortable capital ratios supporting controlled portfolio growth, strictly adhering to unchanged conservative risk standards
- Capital ratios significantly above regulatory requirements

# Funding

2022 funding plan already fulfilled in Q3; funding mix further diversified



## Funding mix further diversified

- Cooperation with Raisin/Deutsche Bank started in Q2 extended to include Weltsparen in Q3 to access retail deposits as additional funding source
- Commercial Paper Program successfully launched, offering ECPs in Green format and EUR, GBP & USD. Outstanding volume of € ~800 mn
- Second issue Rating from Moody's (A3) launched in Q2

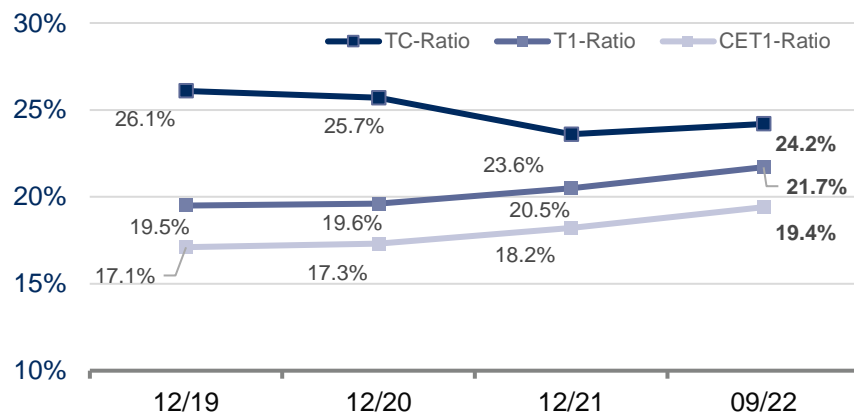
## Successful 9M funding activities

- Pfandbrief and Senior totalling € ~4.5 bn incl.
  - 2 Green Senior Benchmarks (€ 1 bn)
  - 4 Pfandbrief Benchmarks (€ 2.6 bn)
- € 1.2 bn ECP incl.
  - € 700 mn conventional ECPs in EUR, USD and GBP (€ ~400 mn outstanding)
  - € ~500 mn additional Green ECPs (€ ~400 mn outstanding)
- Strong and proven access to the institutional private placement market with unsecured and mortgage backed products of € >800 mn

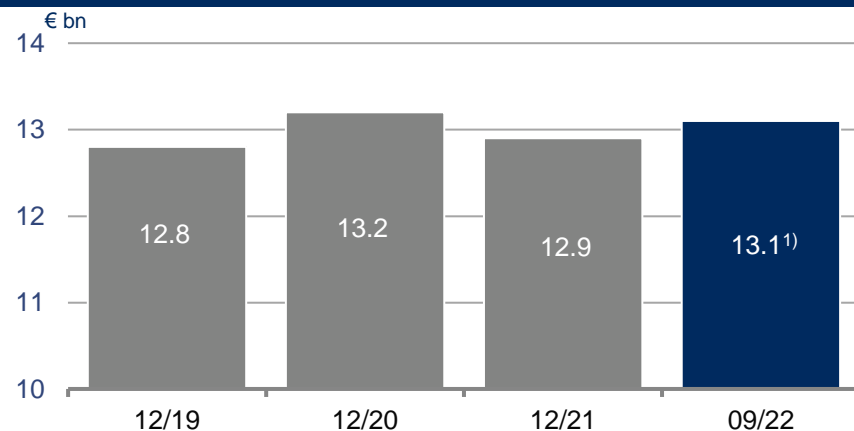
# Capital

## Maintaining robust capital base

### B4 (phase in) capital ratios



### B4 (phase in) RWA



1) Underlying RWA estimate based on the revised CRSA (phase-in) output floor, resulting from a "higher of" comparison with the RWA estimate based on the CRR in its current version plus revised AIRBA requirements for commercial property finance in line with the draft version dated 27 October 2021 of the European implementation of Basel IV by the European Commission which officially enter into force as of 1 January 2025

### CET1 ratio

- Very solid throughout Covid-19 crisis
- 9M increase mainly due to retention of originally announced dividend pay-out (1.60 € per share), retained profits for the current year and reduced pension liabilities
- Solid T1-Leverage ratio at 5.4%

### RWA

- Increase from CREF portfolio growth compensated by portfolio quality improvements

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# Outlook 2022

Operating profit guidance confirmed despite 9M-LLP on Russian exposure and negative impact of ECB's decision on TLTRO in Q4

Group	METRIC	2021	OUTLOOK 2022
	<ul style="list-style-type: none"> <li>▪ Net interest income</li> <li>▪ Net commission income</li> <li>▪ LLP<sup>1)</sup></li> <li>▪ Admin expenses</li> </ul>	<ul style="list-style-type: none"> <li>€ 597 mn</li> <li>€ 245 mn</li> <li>€ 169 mn</li> <li>€ 528 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ 660 - 690 mn (€ 600 - 630 mn)</li> <li>€ 270 - 290 mn</li> <li>€ 140 - 180 mn upper end</li> <li>incl. € 126 mn Russia (€ 100 - 140 mn)</li> <li>€ 550 - 580 mn (€ 540 - 570 mn)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Operating profit</li> <li>▪ Net income<sup>2)</sup></li> <li>▪ Earnings per share (EPS)</li> </ul>	<ul style="list-style-type: none"> <li>€ 155 mn</li> <li>€ 53 mn</li> <li>€ 0.89</li> </ul>	<ul style="list-style-type: none"> <li>€210-250mn lower end (€210-250mn)</li> <li>€120-150 mn<sup>3)</sup> lower end (€120-150mn)</li> <li>€2.00-2.50<sup>3)</sup> lower end (€2.00-2.50)</li> </ul>	
<b>Outlook 2022:</b> Developments in the macroeconomic environment remain uncertain			

Segments	METRIC	2021	OUTLOOK 2022
	Structured Property Financing	<ul style="list-style-type: none"> <li>▪ REF Portfolio</li> <li>▪ New business</li> </ul>	<ul style="list-style-type: none"> <li>€ 30.0 bn</li> <li>€ 8.5 bn</li> </ul>
Banking & Digital Solutions	<ul style="list-style-type: none"> <li>▪ Deposit volume</li> <li>▪ NCI</li> </ul>	<ul style="list-style-type: none"> <li>€ 12.4 bn</li> <li>€ 28 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ &gt;12 bn (€ ~12 bn)</li> <li>~13% CAGR</li> </ul>
Aareon	<ul style="list-style-type: none"> <li>▪ Revenues</li> <li>▪ Adj. EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>€ 269 mn</li> <li>€ 67 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ 305 - 325 mn</li> <li>€ 73 - 78 mn</li> </ul>

Note: ( ) = original guidance Feb. 2022

1) Incl. value adjustments from NPL fvpl

2) Net income attributable to ordinary shareholder

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

4) Subject to FX development

## Key takeaways

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### **Aareal's next level strategy pays off**

Ongoing strong operating performance even in a difficult environment; operational profitability and efficiency sustainably strengthened

### **Outlook confirmed**

Aareal Bank confirms its 2022 outlook despite 9M-LLP on Russian exposure, PTO-related one offs and negative impact of ECB's decision on TLTRO in Q4

### **Well prepared...**

...for the challenges ahead, thanks to Aareal Bank's earnings power and financial strength



## Group Results

# Appendix

# Aareal Bank Group

## Results Q3 2022

	01.07.- 30.09.2022 € mn	01.07.- 30.09.2021 € mn	Change
<b>Profit and loss account</b>			
Net interest income	184	155	19%
Loss allowance	63	39	62%
Net commission income	67	56	20%
Net derecognition gain or loss	2	7	-71%
Net gain or loss from financial instruments (fvpl)	4	-3	
Net gain or loss on hedge accounting	1	-2	
Net gain or loss from investments accounted for using the equity method	0	0	0%
Administrative expenses	128	125	2%
Net other operating income / expenses	-1	1	
<b>Operating Profit</b>	<b>66</b>	<b>50</b>	<b>32%</b>
Income taxes	24	27	-11%
<b>Consolidated net income</b>	<b>42</b>	<b>23</b>	<b>83%</b>
Consolidated net income attributable to non-controlling interests	-1	0	
Consolidated net income attributable to shareholders of Aareal Bank AG	43	23	87%
<b>Earnings per share (EpS)</b>			
Consolidated net income attributable to shareholders of Aareal Bank AG <sup>1)</sup>	43	23	87%
of which: allocated to ordinary shareholders	39	20	95%
of which: allocated to AT1 investors	4	3	33%
Earnings per ordinary share (in €) <sup>2)</sup>	0.65	0.33	97%
Earnings per ordinary AT1 unit (in €) <sup>3)</sup>	0.04	0.03	33%

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

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

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

# Aareal Bank Group

## Results Q3 2022 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.07.- 30.09. 2022	01.07.- 30.09. 2021	01.07.- 30.09. 2022	01.07.- 30.09. 2021	01.07.- 30.09. 2022	01.07.- 30.09. 2021	01.07.- 30.09. 2022	01.07.- 30.09. 2021	01.07.- 30.09. 2022	01.07.- 30.09. 2021
	€ mn									
Net interest income	162	146	26	11	-4	-2	0	0	184	155
Loss allowance	63	39	0		0	0			63	39
Net commission income	1	2	8	7	61	50	-3	-3	67	56
Net derecognition gain or loss	2	7							2	7
Net gain or loss from financial instruments (fvpl)	4	-3	0						4	-3
Net gain or loss on hedge accounting	1	-2							1	-2
Net gain or loss from investments accounted for using the equity method					0	0			0	0
Administrative expenses	54	59	17	17	60	52	-3	-3	128	125
Net other operating income / expenses	-2	-1	0	0	1	2	0	0	-1	1
<b>Operating profit</b>	<b>51</b>	<b>51</b>	<b>17</b>	<b>1</b>	<b>-2</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>66</b>	<b>50</b>
Income taxes	18	28	6	0	0	-1			24	27
<b>Consolidated net income</b>	<b>33</b>	<b>23</b>	<b>11</b>	<b>1</b>	<b>-2</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>23</b>
<b>Allocation of results</b>										
Cons. net income attributable to non-controlling interests	0	0	0	0	-1	0			-1	0
Cons. net income attributable to shareholders of Aareal Bank AG	33	23	11	1	-1	-1	0	0	43	23

# Aareal Bank Group

## Results 9M 2022

	01.01.- 30.09.2022 € mn	01.01.- 30.09.2021 € mn	Change
<b>Profit and loss account</b>			
Net interest income	514	435	18%
Loss allowance	170	79	115%
Net commission income	199	174	14%
Net derecognition gain or loss	24	15	60%
Net gain or loss from financial instruments (fvpl)	22	-7	
Net gain or loss on hedge accounting	-6	-4	50%
Net gain or loss from investments accounted for using the equity method	-2	-1	100%
Administrative expenses	423	393	8%
Net other operating income / expenses	-1	-17	-94%
<b>Operating Profit</b>	<b>157</b>	<b>123</b>	<b>28%</b>
Income taxes	57	67	-15%
<b>Consolidated net income</b>	<b>100</b>	<b>56</b>	<b>79%</b>
Consolidated net income attributable to non-controlling interests	0	2	-100%
Consolidated net income attributable to shareholders of Aareal Bank AG	100	54	85%
<b>Earnings per share (EpS)</b>			
Consolidated net income attributable to shareholders of Aareal Bank AG <sup>1)</sup>	100	54	85%
of which: allocated to ordinary shareholders	89	44	102%
of which: allocated to AT1 investors	11	10	10%
Earnings per ordinary share (in €) <sup>2)</sup>	1.49	0.73	104%
Earnings per ordinary AT1 unit (in €) <sup>3)</sup>	0.11	0.10	10%

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

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

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

# Aareal Bank Group

## Results 9M 2022 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 30.09. 2022	01.01.- 30.09. 2021	01.01.- 30.09. 2022	01.01.- 30.09. 2021	01.01.- 30.09. 2022	01.01.- 30.09. 2021	01.01.- 30.09. 2022	01.01.- 30.09. 2021	01.01.- 30.09. 2022	01.01.- 30.09. 2021
	€ mn									
Net interest income	475	406	49	33	-10	-4	0	0	514	435
Loss allowance	170	79	0		0	0			170	79
Net commission income	5	6	23	20	180	157	-9	-9	199	174
Net derecognition gain or loss	24	15							24	15
Net gain or loss from financial instruments (fvpl)	22	-7	0		0				22	-7
Net gain or loss on hedge accounting	-6	-4							-6	-4
Net gain or loss from investments accounted for using the equity method	0		-1	-1	-1	0			-2	-1
Administrative expenses	200	193	54	53	178	156	-9	-9	423	393
Net other operating income / expenses	-4	-21	-1	0	4	4	0	0	-1	-17
<b>Operating profit</b>	<b>146</b>	<b>123</b>	<b>16</b>	<b>-1</b>	<b>-5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>157</b>	<b>123</b>
Income taxes	52	68	6	-2	-1	0			57	67
<b>Consolidated net income</b>	<b>94</b>	<b>55</b>	<b>10</b>	<b>0</b>	<b>-4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>56</b>
<b>Allocation of results</b>										
Cons. net income attributable to non-controlling interests	0	0	0	0	0	2			0	2
Cons. net income attributable to shareholders of Aareal Bank AG	94	55	10	0	-4	-1	0	0	100	54

# Aareal Bank Group

## Preliminary results – quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					Aareon					Consolidation / Reconciliation					Aareal Bank Group				
	Q3	Q2	Q1	Q4	Q3	Q3	Q2	Q1	Q4	Q3	Q3	Q2	Q1	Q4	Q3	Q3	Q2	Q1	Q4	Q3	Q3	Q2	Q1	Q4	Q3
	2022		2021			2022		2021			2022		2021			2022		2021			2022		2021		
€ mn																									
Net interest income	162	163	150	154	146	26	11	12	10	11	-4	-3	-3	-2	-2	0	0	0	0	0	184	171	159	162	155
Loss allowance	63	58	49	54	39	0		0			0	0	0	0	0						63	58	49	54	39
Net commission income	1	2	2	2	2	8	8	7	8	7	61	61	58	64	50	-3	-3	-3	-3	-3	67	68	64	71	56
Net derecognition gain or loss	2	13	9	8	7																2	13	9	8	7
Net gain / loss from fin. instruments (fvpl)	4	12	6	-23	-3	0	0		0			0									4	12	6	-23	-3
Net gain or loss on hedge accounting	1	-3	-4	-1	-2																1	-3	-4	-1	-2
Net gain / loss from investments acc. for using the equity method				0			-1	0	0		0	-1	0	-1	0						0	-2	0	-1	0
Administrative expenses	54	61	85	63	59	17	19	18	20	17	60	65	53	55	52	-3	-3	-3	-3	-3	128	142	153	135	125
Net other operating income / expenses	-2	1	-3	8	-1	0	-1	0	-1	0	1	2	1	-2	2	0	0	0	0	0	-1	2	-2	5	1
<b>Operating profit</b>	<b>51</b>	<b>69</b>	<b>26</b>	<b>31</b>	<b>51</b>	<b>17</b>	<b>-2</b>	<b>1</b>	<b>-3</b>	<b>1</b>	<b>-2</b>	<b>-6</b>	<b>3</b>	<b>4</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66</b>	<b>61</b>	<b>30</b>	<b>32</b>	<b>50</b>
Income taxes	18	24	10	14	28	6	0	0	0	0	0	-2	1	6	-1						24	22	11	20	27
<b>Consolidated net income</b>	<b>33</b>	<b>45</b>	<b>16</b>	<b>17</b>	<b>23</b>	<b>11</b>	<b>-2</b>	<b>1</b>	<b>-3</b>	<b>1</b>	<b>-2</b>	<b>-4</b>	<b>2</b>	<b>-2</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>39</b>	<b>19</b>	<b>12</b>	<b>23</b>
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	-1	0	1	-1	0						-1	0	1	-1	0
Cons. net income attributable to ARL shareholders	33	45	16	17	23	11	-2	1	-3	1	-1	-4	1	-1	-1	0	0	0	0	0	43	39	18	13	23

**Asset quality**

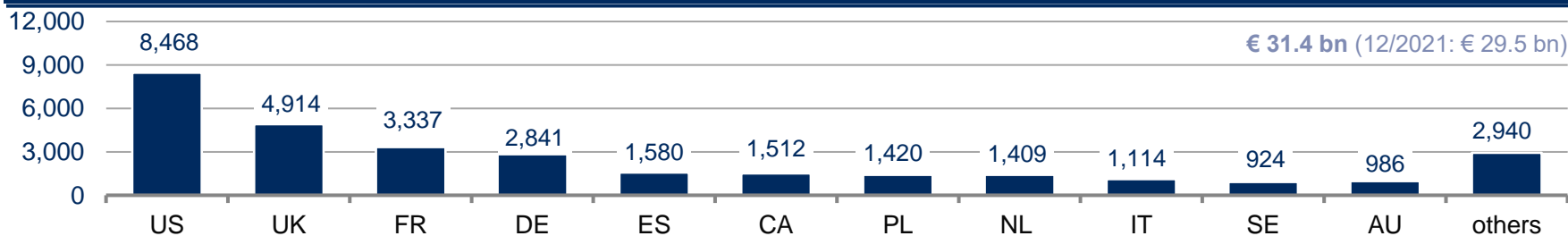
# Appendix



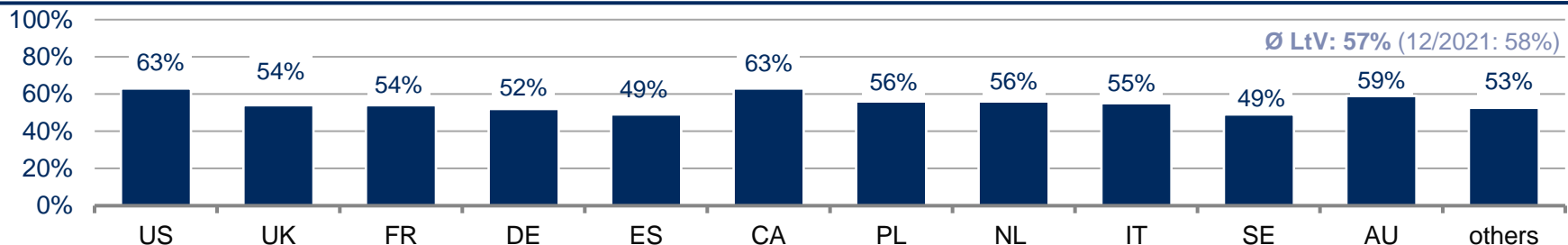
# CREF portfolio by country

€ 31.4 bn highly diversified

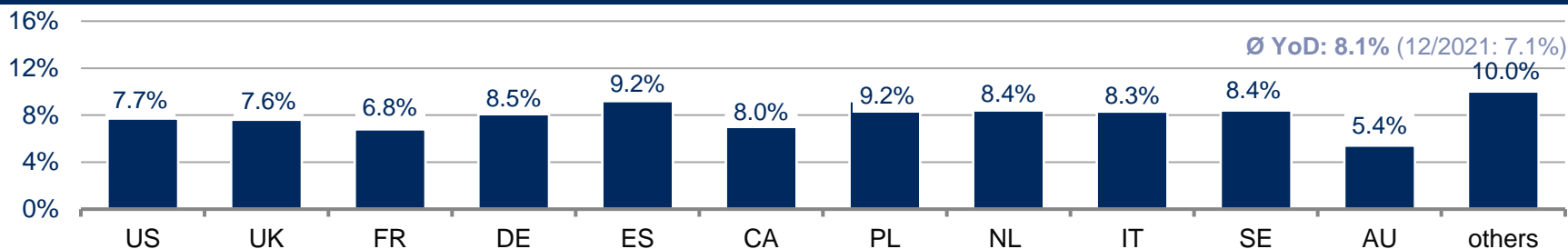
## CREF portfolio (€ mn)



## LtV<sup>1)</sup>



## YoD<sup>1)</sup>

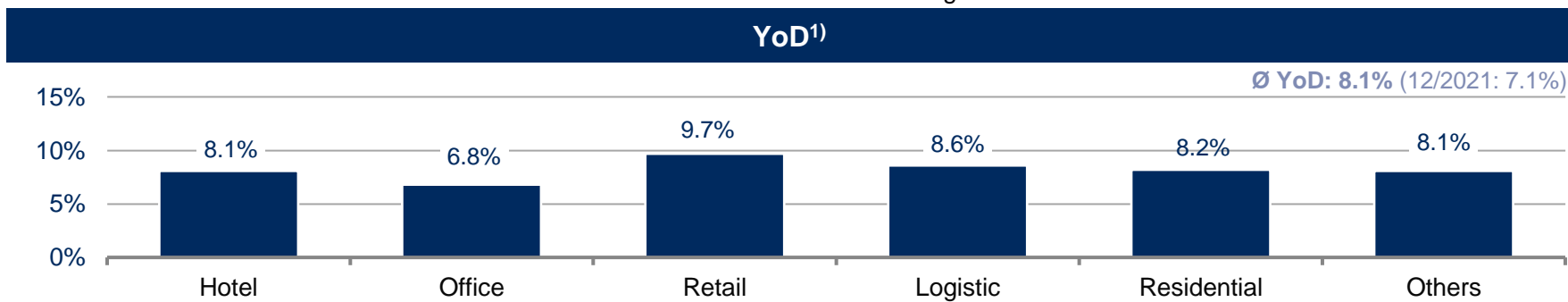
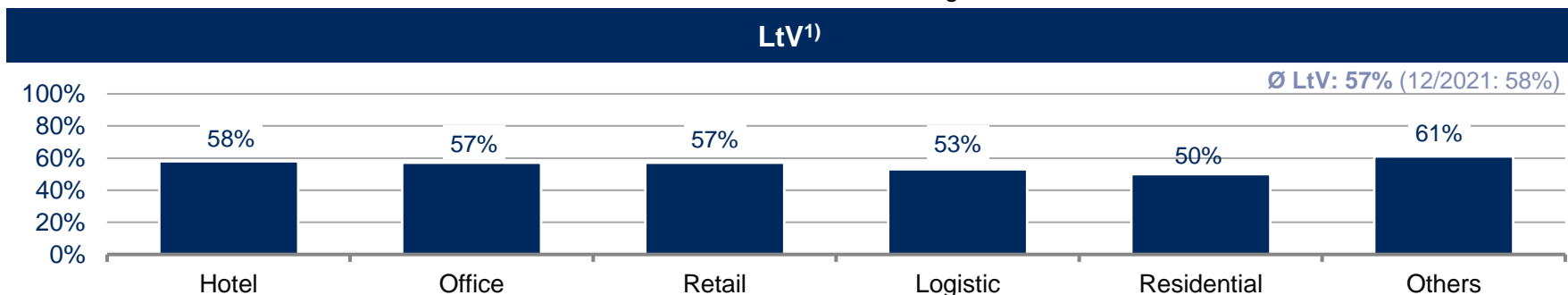
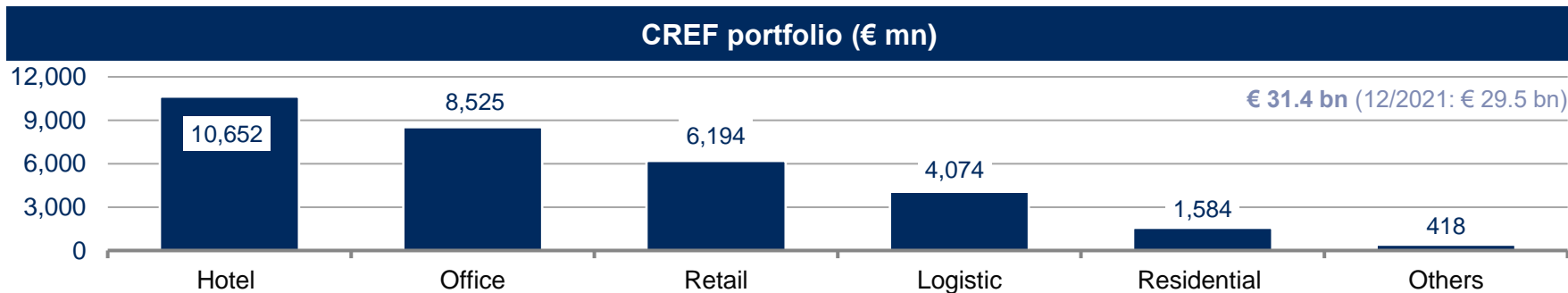


Note: others incl. countries with a portfolio below € 500 mn

1) Performing CREF-portfolio only (exposure)

# CREF portfolio by property types

€ 31.4 bn highly diversified



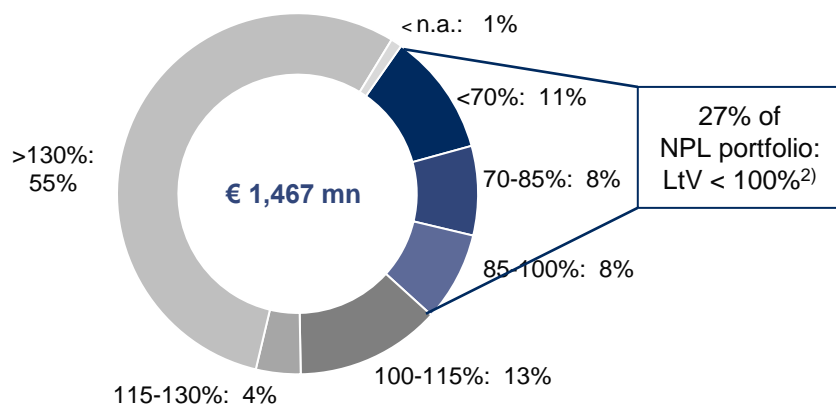
1) Performing CREF-portfolio only (exposure)

# Non performing loans (NPL)

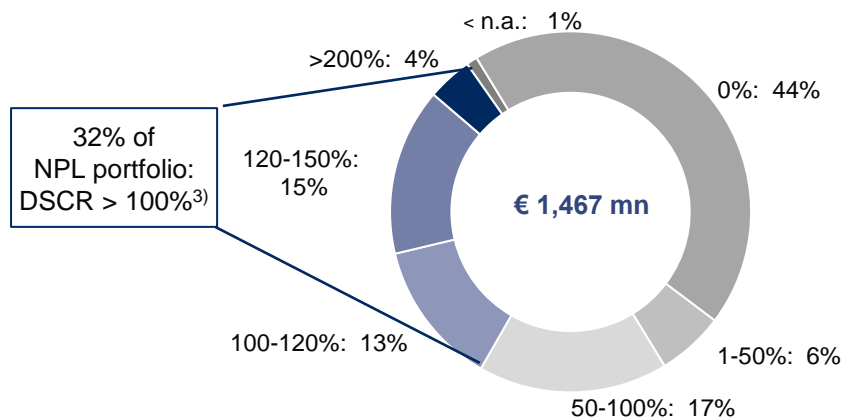
## Deep dive

- NPL classification depends on a variety of triggers (e.g. arrears, NOI, DSCR, LtVs, yields, prices, marketability, ...)
  - NPL classification might be triggered even if no nominal loss will be made but contractual payments are or potentially will not be received in line with the agreement (timing / amounts)
  - Current NPL portfolio:
    - 27% of NPL portfolio with LtV <100%
    - 32% of NPL portfolio with DSCR >100%<sup>1)</sup>
- ➔ Only 50% of NPL portfolio with LtV >100% and DSCR <100%
- ➔ Meaningful share of NPLs with decent risk parameters

### LtV distribution



### DSCR distribution



1) In FY 2021, interest payments are made for more than 70% of the NPL portfolio  
 2) Based on current market values  
 3) Based solely on asset performance (not including sponsor support)

# Implications of the Russian war against Ukraine

New Russian NPL ~60% provisioned; No exposure in Ukraine

## Russian operations

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

## Russian exposure

- Two financings with a net exposure of € 212 mn as of 30.09.2022, EURO denominated; one financing almost written off
- The second financing has been classified as NPL in Q1 as loan due in Q4 2022 and as of today on-time payback is uncertain
- In 9M 2022 € 126 mn LLP booked (Stage 3); remaining net exposure of € 86 mn
- Remaining net exposure equals ~30% of 10/2021 market value
- Property characteristics:
  - Office complex in Moscow
  - Nearly fully let to international and Russian tenants
  - Client able and willing to pay (DSCR >> 100%)
  - Currently Russian sanctions hinder cash transfer out of Russia

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

# Segment: Structured Property Financing

## Spotlight: Inflation impact on real estate markets

Published  
May 2022

### General

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

### Protection mechanism

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

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

1) For risk assessment also considering forward looking NOI

**Segments**

Appendix

# Segment: Aareon

## Q3 2022 P&L and other KPIs

P&L Aareon segment - Industry format <sup>1)</sup>	Q3'21	9M'21	Q3'22	9M'22	Δ Q3 '22/'21	Δ 9M '22/'21
€ mn						
Sales revenue	62	195	75	221	21%	14%
▪ <i>Thereof ERP</i>	46	145	54	161	19%	11%
▪ <i>Thereof Digital</i>	16	49	20	60	26%	22%
Costs <sup>2)</sup>	-54	-169	-64	-190	18%	12%
▪ <i>Thereof material</i>	-12	-38	-14	-41	15%	9%
<b>EBITDA</b>	<b>8</b>	<b>25</b>	<b>11</b>	<b>32</b>	<b>42%</b>	<b>25%</b>
Adjustments <sup>2)</sup>	-5	-16	-4	-15	-19%	-7%
<b>Adj. EBITDA</b>	<b>13</b>	<b>42</b>	<b>15</b>	<b>47</b>	<b>17%</b>	<b>12%</b>
<b>EBITDA</b>	<b>8</b>	<b>25</b>	<b>11</b>	<b>32</b>	<b>42%</b>	<b>25%</b>
D&A / Financial result	-9	-24	-13	-37	45%	51%
<b>EBT / Operating profit</b>	<b>-2</b>	<b>1</b>	<b>-3</b>	<b>-5</b>	<b>62%</b>	<b>&lt;-100%</b>

R&D, RPU and operating cashflow	
Revenue per unit (RPU) – LTM (€)	22
R&D spend as % of software revenue – YTD	26%
YTD Operating Cash Flow (€ mn)	19

- RPU (last 12 months) at 22 €. With cross-selling opportunities to be harvested
- R&D spend slightly above 25%, but expected to stay in line with communicated pattern of 25% threshold
- Operating Cash Flow at € 19 mn (9m'21: € 16 mn) higher – better operational result

1) Calculation refers to unrounded numbers

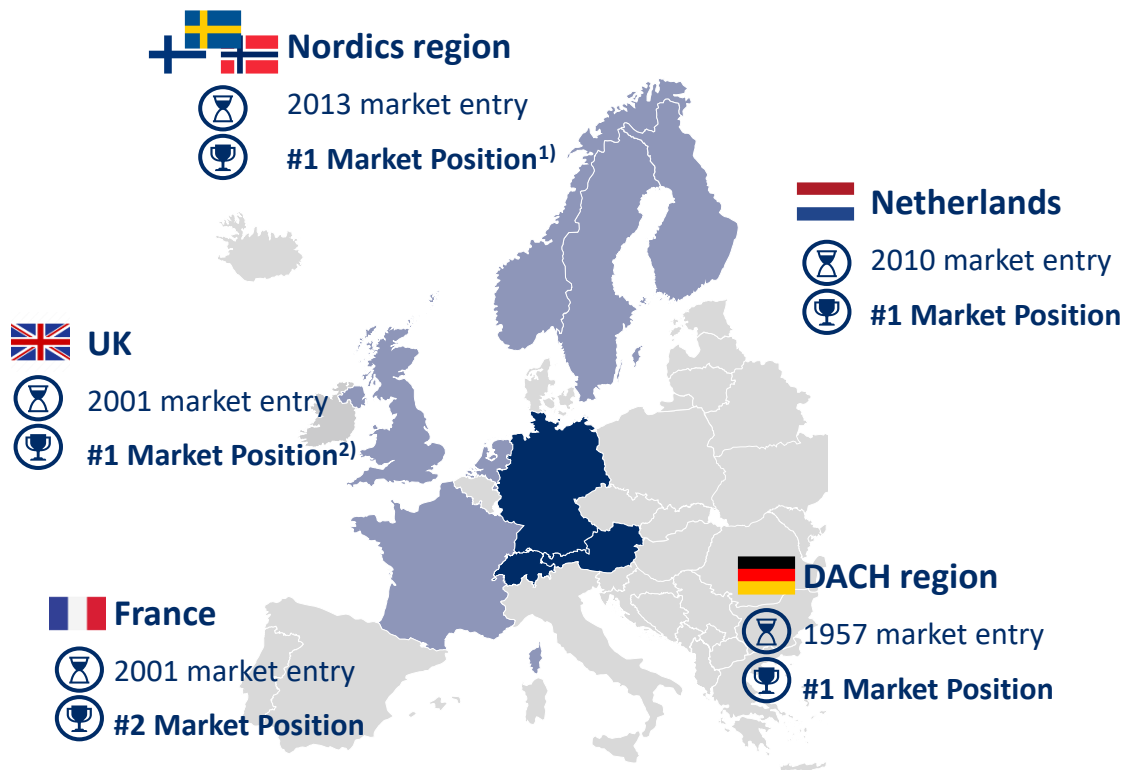
2) Incl. New product, VCP, Ventures, M&A and one-offs

## Segment: Aareon

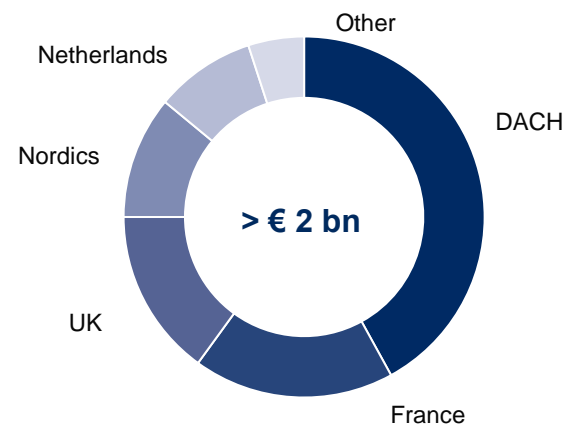
Aareon is now the clear leader in Europe – with expansion potential and a total addressable market > € 2 bn

Aareon now has a leading market position in all its countries

With potential to further expand



Total addressable market –  
Potential by Aareon Core Geographies



Growth of units<sup>3)</sup> from ~10 mn (2019) to more than 13 mn (H1/2022)

1) Acquisition of Momentum Software Group AB as of 27 June 2022

2) Combining Private SMB and Social Housing markets

3) Unit growth taken into account on a pro rata temporis basis; Additionally, Aareon has also expanded other related business models



ESG

# Appendix

# ESG in our daily business

## Putting sustainability at the core of our decisions

### ESG in our lending business

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


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

### ESG in our financing activity

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

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

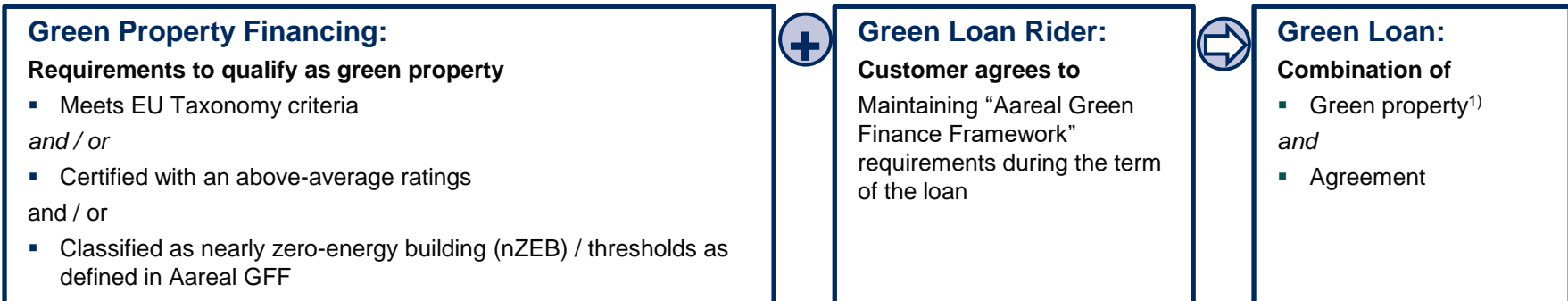
### Continue to enlarge climate transparency in the portfolio

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

# More than 21% of the portfolio fulfills Aareal's demanding Green Finance Framework



## Aareal Green Finance Framework (GFF) in place




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

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



# ESG: Our goals

## Contributing to green transformation of the economy

### Growing our impact - mitigating climate change and fostering transition

- |          |   |   |   |
|----------|---|---|---|
| <b>1</b> | <b>Green expansion of financing business</b>                              |  | <b>€ 2 bn by 2024</b><br>Additional green loan volume                       |
| <b>2</b> | <b>Optimisation of funding mix</b>  |  | <b>€ 1 bn in 2022</b><br>New allocation of green funding                    |
| <b>3</b> | <b>Providing transparency for global CREF portfolio</b>                   |  | <b>20% by 2022</b><br>Verified green properties                             |
| <b>4</b> | <b>Limiting our own Greenhouse Gas emissions</b>                          |  | <b>Carbon neutrality by 2023</b><br>Of our business operations worldwide    |
| <b>5</b> | <b>Expansion of innovative solutions with ESG impact (BDS and Aareon)</b> |  | <b>Growth targets by 2025</b><br>Identification of enabler products by 2022 |

### Setting the tone at the TOP - ensuring Aareal is run on strong ESG principles

- |          |  |   |  |
|----------|--|---|--|
| <b>6</b> | <b>ESG governance with enhanced Board's oversight</b>  |    | <b>CEO responsibility</b><br>Regular Board engagement                |
| <b>7</b> | <b>ESG integration in business-, credit-, investment-, risk- and refinancing strategies as well as decision making process</b> |  | <b>Targeting of ESG initiatives</b><br>In individual / group targets |

# Major Milestones in Sustainable Finance Strategy achieved

## Increasing transparency reveals strong share of green properties

Significant progress<sup>1)</sup> in ESG transparency and performance:

Verified<sup>2)</sup> ESG-Transparency for

**~45%**

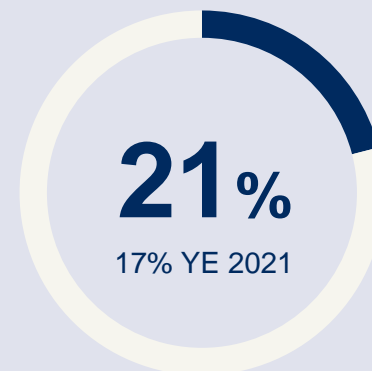
of our portfolio through documentation of proof in IT systems

Since the launch in June 2021

**€ ~1.9 bn**

qualified for Green Loan

Green Property Financings<sup>2)</sup>



of CREF<sup>4)</sup> portfolio

with more potential subject to ongoing validation

Since implementation of Green Finance Framework – Funding

**> € 1.5 bn**

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

1) As at 30.09.2022

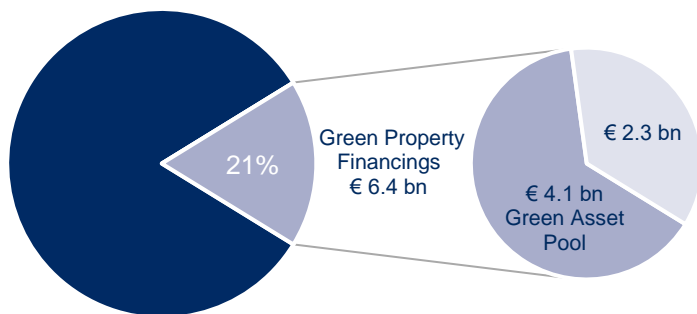
2) Valid certificate is documented

3) Conversions: Existing loans converted into green loans

4) CREF excl. not directly by properties collateralized business

# 21% of total CREF portfolio classified as Green Property Financings

## CREF<sup>1)</sup> portfolio

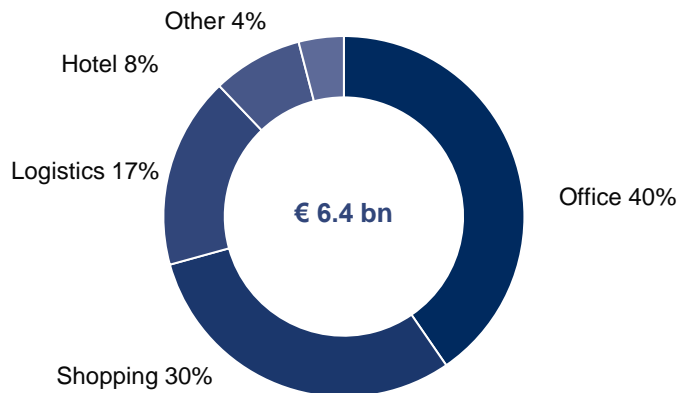


€ 6.4 bn<sup>1)</sup> (21%) of total CREF portfolio fulfilling Aareal Banks Green Finance Framework and are classified as “Green Property Financings”, thereof

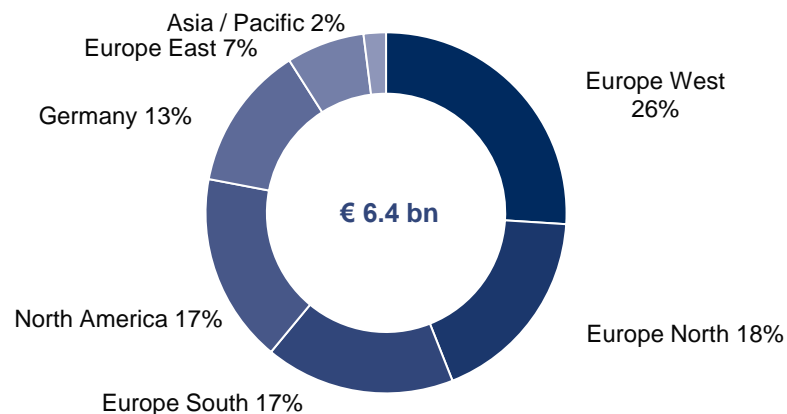
- € 4.1 bn included in green asset pool for underlying of Green bond issues
- € 2.3 bn green property financings mainly for technical reasons not (yet) included

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

## Green Property Financings<sup>2)</sup> by property type



## Green Property Financings<sup>2)</sup> by region



1) CREF excl. not directly by properties collateralized business  
Portfolio data as at 30.09.2022 – ESG Data as at 30.09.2022  
2) Valid certificate is documented

# Consistently positive rating results

## Rewarding Aareal's ESG performance



since 2015



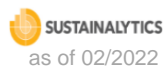
- With continuous AA status in ESG Rating, Aareal at the best 39 percent among 190 participating banks in MSCI ACWI Index
- Outstanding Score in Governance (7.9 of 10) compared to industry average (5.4)



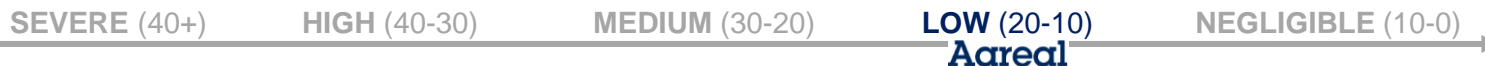
since 2012



- Prime Status confirms ESG performance above sector-specific Prime threshold, which means Aareal fulfils ambitious absolute performance requirements
- Range of 135 rated companies in the Mortgage & Public Sector Finance sector between D and B, Aareal on Decile Rank 1



as of 02/2022



- Aareal is at low risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues (negligible or low risk rating in five out of six material ESG issues)
- Improvement "Medium" to "Low" risk, Rank 140 of 992 in Sector Banks, 10 of 96 in Thrifts and Mortgages



as of 04/2021



- Rank 30 of 99 in Sector Retail & Specialized Banks
- Aareal with significant above sector average results in Environment 49 [ø45], Social 48 [ø43] and Governance 56 [ø46]



since 2019



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

Note: Results and Benchmarks as at 21/10/2022

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

## Fostering this transition

Published  
Feb 2022

### ESG<sup>1)</sup> is (and has always been) fundamental to our business

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

### Integration of ESG in decision making initiated group-wide

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

### Strategic sustainability management based on five criteria

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

### We have impact!

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

1) Environmental, Social, Governance



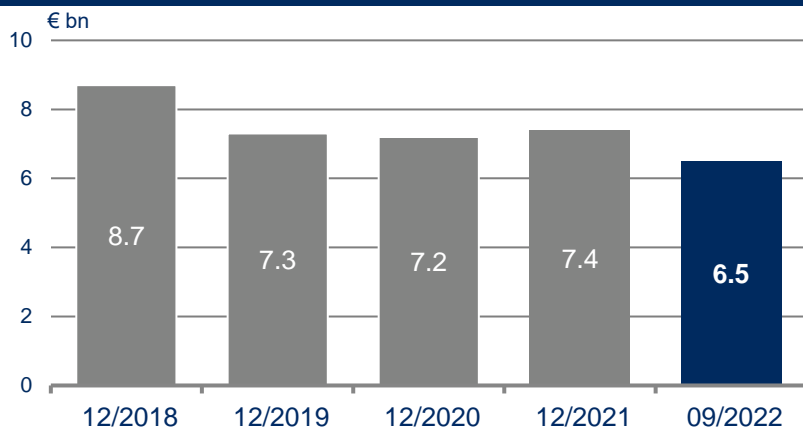
## Treasury Portfolio, Funding & Liquidity

# Appendix

# Treasury portfolio

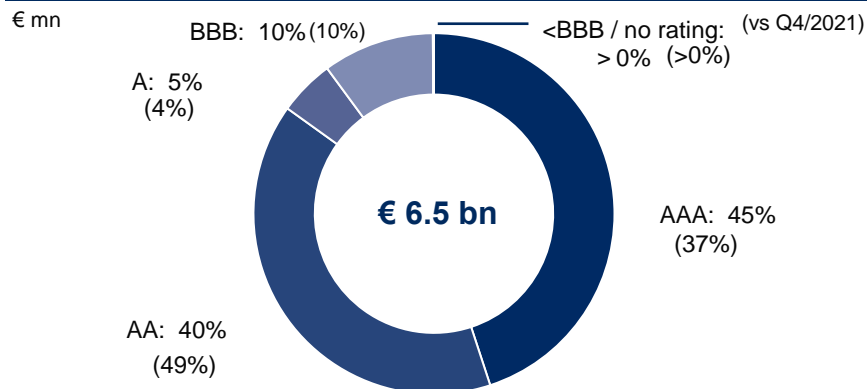
€ 6.5 bn of high rating quality and highly liquid assets operates as collateral or additional liquidity

## TR portfolio development

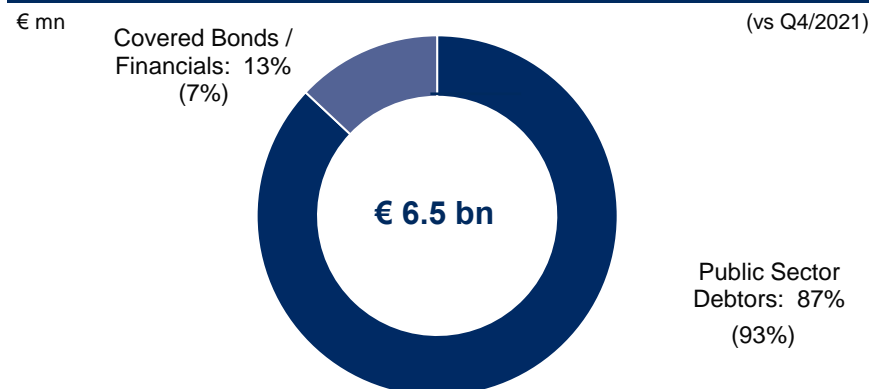


- Reduction due to maturities and sale of public sector bonds after significant spread widenings
- Diversification intensified by re-investing in new agencies and Covered Bonds supporting spread improvement
- Enables generating carry vs holding just cash collateral
- Serves as a liquidity reserve in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

## TR portfolio by rating<sup>1)</sup>



## TR portfolio by asset class



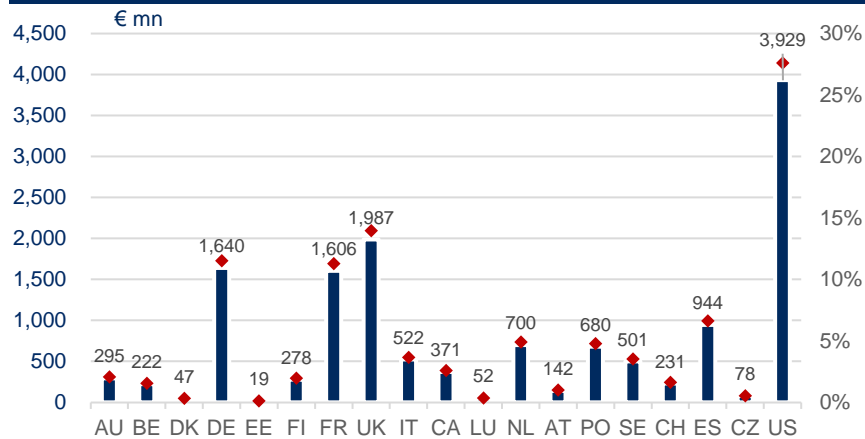
As at 30.09.2022 – all figures are nominal amounts

1) Composite Rating

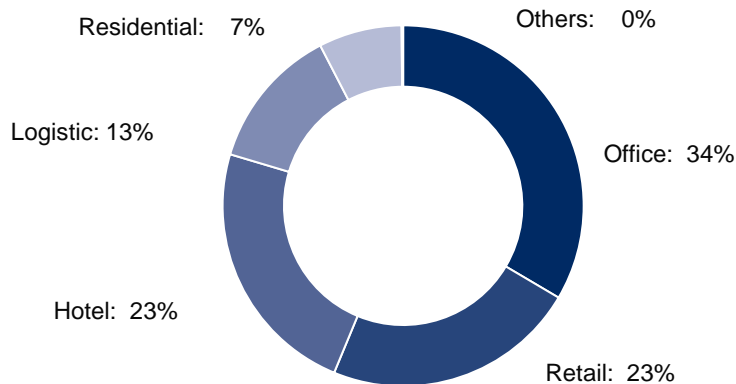
# Funding

## Strong Mortgage Cover Pool and Aaa Rating for Pfandbriefe

### Cover Pool by Geography



### Cover Pool by Property Typ



### Pfandbriefe funding cornerstone of wholesale issuance

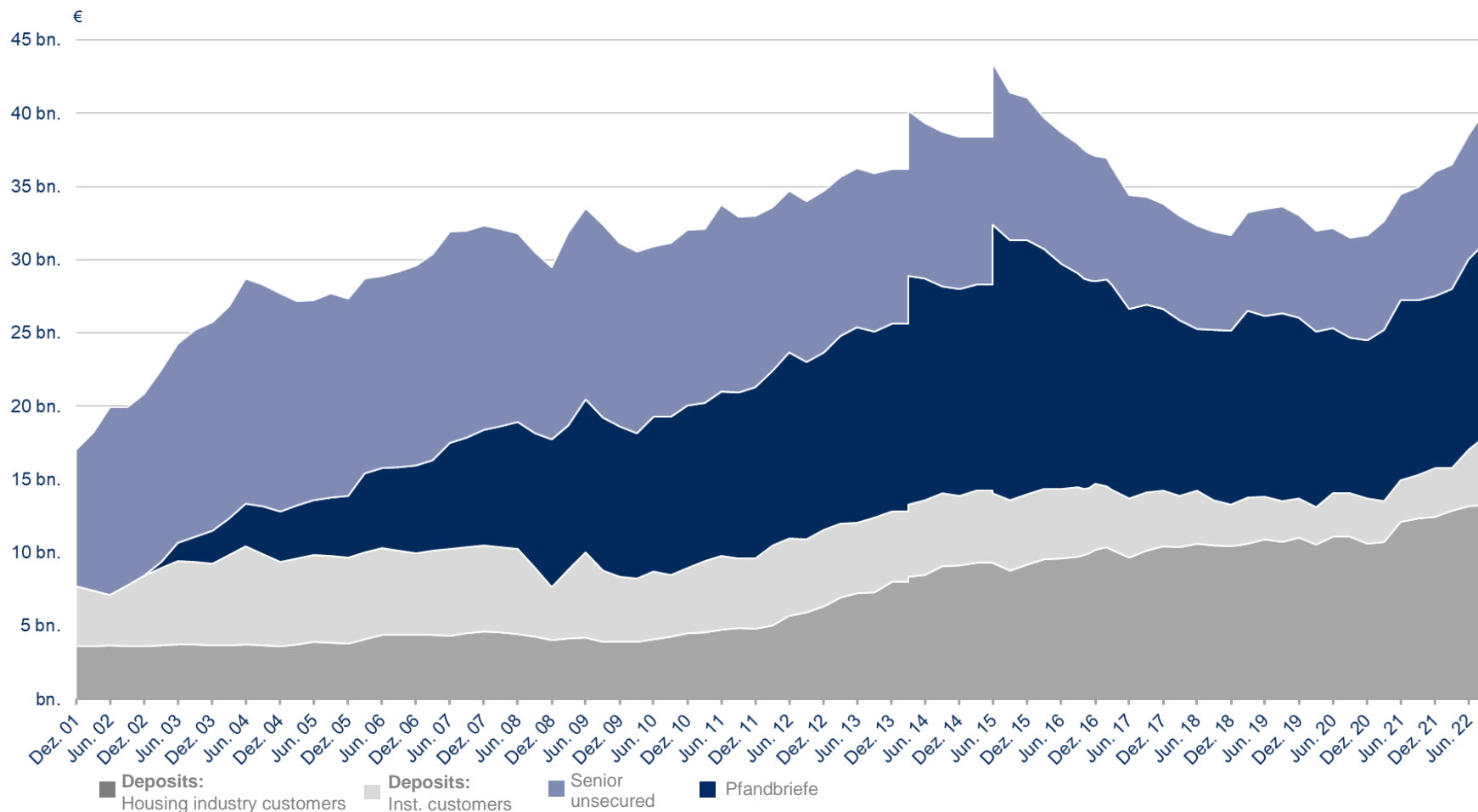
- Cover pool of € 15.3 bn incl. € 1.0 bn substitute assets diversified over 19 countries
- High quality assets: first-class mortgage loans (mortgage-lending-value 55.8%)
- Mortgage-lending-value with high discount from market-value
- Ø LtV of the mortgage cover pool 32.6%
- Moody's has calculated a 'Aaa' supporting over-collateralisation ratio of 17.0% on a PV basis
- Over-collateralisation on a PV basis as of 9M 2022 22.2%
- High diversification within property types
- No assets in the covered pool from Russia and Ukraine



1) As at 30.09.2022

# Funding & Liquidity

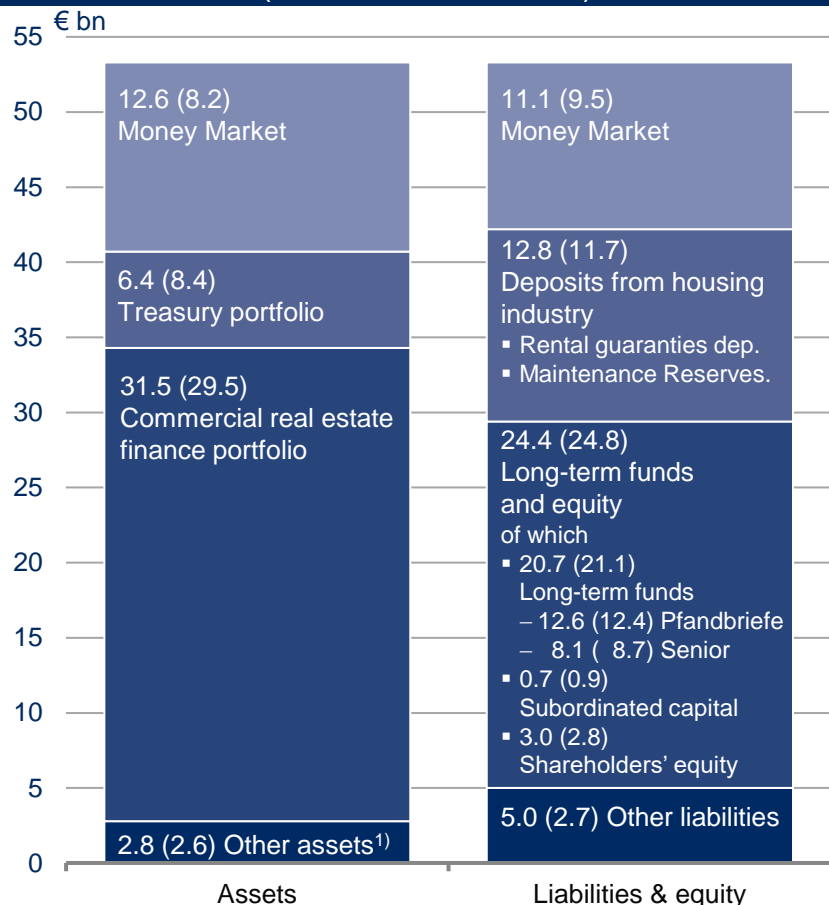
Diversified funding sources and distribution channels



# Liquidity

## Well balanced maturity profile

**Balance sheet as at 30.09.2022: € 53.3 bn**  
(31.12.2021: € 48.7 bn)



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

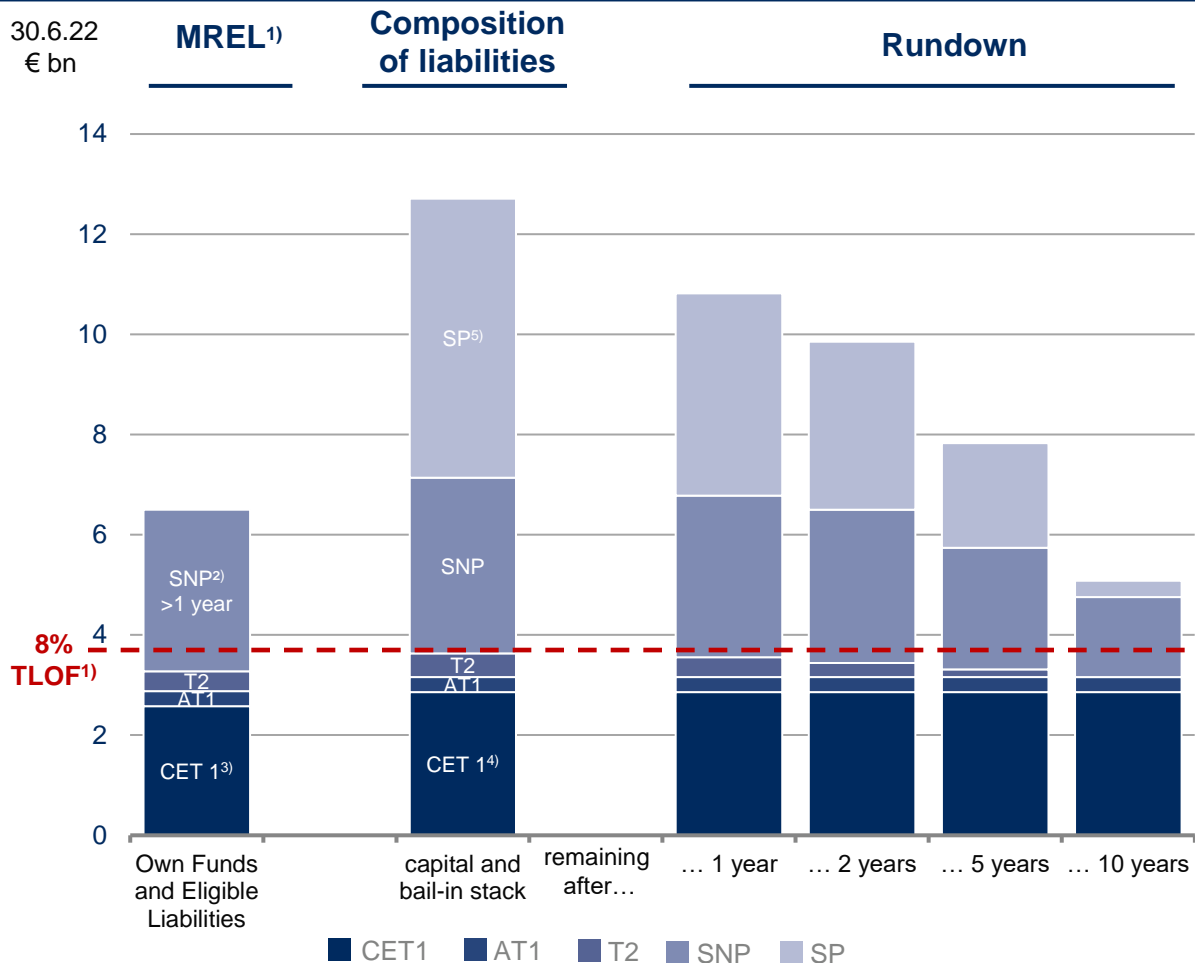
2) As at 06. October 2022

### Conservative liquidity management throughout the cycle

- Long-term funds on average 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
- High quality treasury portfolio with continuous efforts to further improve / optimise structure
- NSFR at 122%<sup>2)</sup>
- LCR at 222%<sup>2)</sup>

# Funding & Capital

## MREL ratios far 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

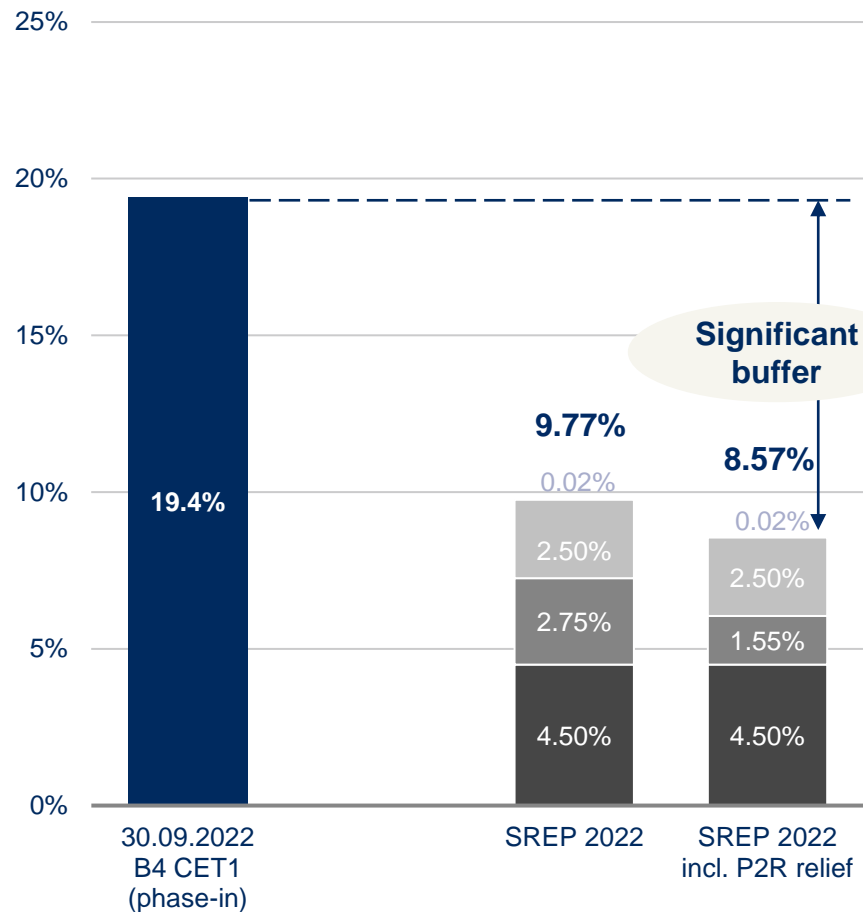
Regulation

# Appendix

# 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 13.27% compared to 24.2% total capital ratio

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



## AT1: ADI of Aareal Bank AG

Appendix

# Interest payments and ADI of Aareal Bank AG

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

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

1) Unaudited figures for information purposes only

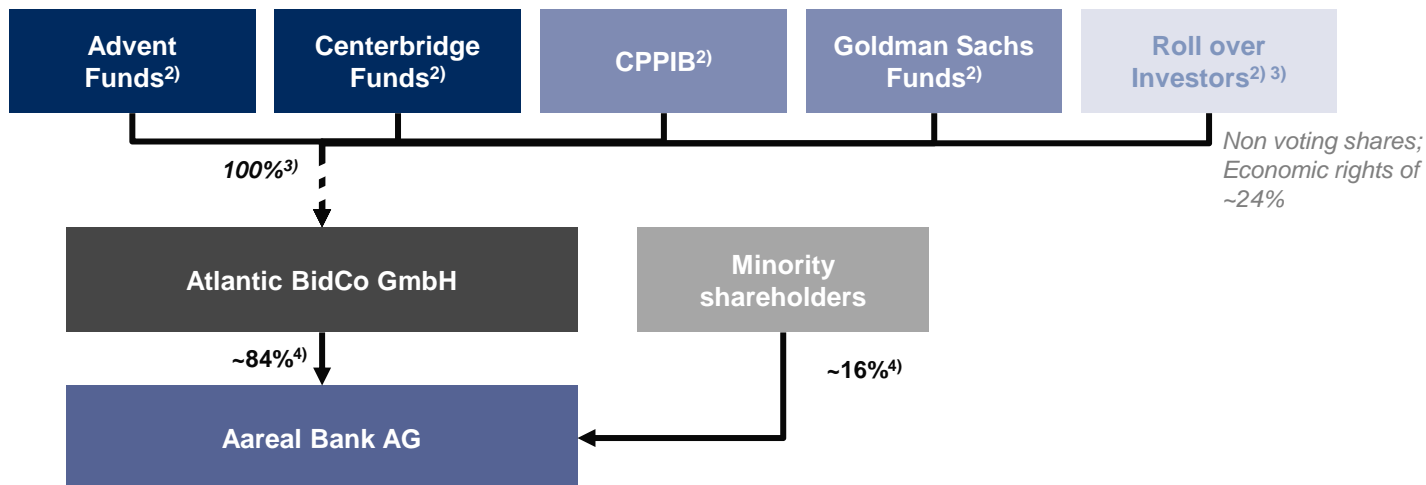
# Appendix

## Public tender offer

Aareal remains committed to a strong reputation in capital markets and will continue to meet highest transparency standards after successful PTO

- Advent, Centerbridge and CPP Investments<sup>1)</sup>, highly regarded investors managing a multi billion USD portfolio globally, are highly supportive of “Aareal Next Level” strategy and existing Aareal Bank Group composition
- Their sector expertise will support Aareal’s accelerated growth ambitions
- Aareal continues to be a reliable player in capital markets and a transparent and rated frequent issuer of investment grade instruments
- Fulfilling highest transparency standards regarding our investor’s engagement, disclosure content and frequency
- 84% of Aareal Bank shares tendered in June in response to Atlantic BidCo’s public tender offer; closing is subject to finalisation of regulatory clearances by Atlantic BidCo. and is expected in Q4/22 or Q1/23

### Envisaged structure following closing<sup>4)</sup>



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

2) Indirect holding of participation in Atlantic BidCo GmbH

3) Minority representation in governance structure

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

# Definitions and contacts

# Definitions

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

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