



# Fixed Income Presentation

Q3 2021 results

Telefonkonferenz Deka Bank

“Blitzlicht aktuelle Marktsituation”

December 13<sup>th</sup> 2021

**Aareal**  
YOUR COMPETITIVE ADVANTAGE.

# Agenda

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- (1) Introduction of Aareal Bank
- (2) Highlights
- (3) Overview of Investment Agreement and Takeover Offer by Bidder Company
- (4) Group Results
- (5) Segments
- (6) Capital, Funding & Liquidity
- (7) Outlook
- (8) Key Takeaways

# Introduction of Aareal Bank

01

**Aareal**

# Aareal Bank Group

The new lineup - THREE segments

## Aareal

YOUR COMPETITIVE ADVANTAGE.

### Structured Property Financing (SPF)

#### Commercial real estate financing

solutions across 3 continents: Europe, North American and Asia/Pacific

#### Diverse property types

- Hotels, logistics, offices, retail, residential and student housing
- Additional **industry experts** in hotels, logistics and retail properties

#### Investment finance

- Single asset, portfolio, value add
- Portfolio size: c.€ 29,6 bn; average LTV: 59%

“Activate”

### Banking & Digital Solution (BDS)

#### Integrated payment transaction

**system** for the housing industry (market-leading) and the utility sector

#### Financial solutions

- Payment processing provider
- Deposit bank

#### Software solutions

- Intelligent solutions to improve connectivity and efficiency for bank and non-bank customers
- Average deposit volume of € 11.9 bn in Q3 2021

“Elevate”

### Aareon

#### European leader for real estate

**software**, 60+ years in the market serving c.3k customers and 10m+ units with 40 locations in DACH, Netherlands, France, Nordics and UK

**Mission-critical ERP** and broad set of **modular Digital Solutions** built on a **cloud-enabled PaaS platform**

**Sustainable** and **resilient business model** with **strong downside protection** delivers **decades of consistent profitable growth**

**Experienced leadership team** combining deep **software expertise** and longstanding **real estate experience** with a strong **M&A roll-up track-record**

“Accelerate”

# Aareal

# Aareal Bank Ratings



<b>Issuer Default Rating <sup>1)</sup></b>	<b>BBB+</b>
<b>Short-term</b>	<b>F2</b>
<b>Deposit Rating <sup>1)</sup></b>	<b>A-</b>
<b>Senior Preferred <sup>1)</sup></b>	<b>A-</b>
<b>Senior non Preferred <sup>1)</sup></b>	<b>BBB+</b>
<b>Viability Rating <sup>1)</sup></b>	<b>bbb+</b>
<b>Subordinated Debt <sup>1)</sup></b>	<b>BBB-</b>
<b>Additional Tier 1 <sup>1)</sup></b>	<b>BB</b>

<b>Issuer Rating</b>	<b>A3</b>
<b>Short-term Issuer Rating</b>	<b>P-2</b>
<b>Bank Deposit Rating</b>	<b>A3</b>
<b>Baseline Credit Assessment</b>	<b>baa3</b>
<b>Mortgage Pfandbriefe</b>	<b>Aaa</b>

Fitch Ratings - Frankfurt am Main - 17 Nov 2021: Fitch Ratings has affirmed AarealBank AG's Long-Term Issuer Default Rating (IDR) at 'BBB+' with Negative Outlook and Viability Rating (VR) at 'bbb+' with Negative Outlook. A full list of rating actions is below.

1) Rating changes as of 27.03.2020

Fitch has downgraded Aareal Bank AG's Long-Term IDR to 'BBB+' and placed Aareal's VR, Long-Term IDR, DCR and debt ratings on RWN  
**Fitch Ratings - Frankfurt am Main - 17 Nov 2021:** Fitch Ratings has affirmed Aareal Bank AG's Long-Term Issuer Default Rating (IDR) at 'BBB+' with Negative Outlook and Viability Rating (VR) at 'bbb+'. A full list of rating actions is below.



# Highlights

02

Aareal

# Highlights

## Good Q3 results demonstrate continued positive development

<b>Aareal Bank Group</b>	<b>Still uncertain environment</b>	<ul style="list-style-type: none"><li>▪ Gradually normalising environment supporting positive development</li><li>▪ Covid-19 related uncertainties continue, esp. for the running winter quarter</li><li>▪ Swoosh scenario expected to remain intact (economic recovery)</li></ul>
	<b>Encouraging performance</b>	<ul style="list-style-type: none"><li>▪ Successfully executing our strategy - significant top line driven profit increase continued</li><li>▪ Strong NII development based on profitable, risk conscious portfolio growth</li><li>▪ LLP as expected still above normalised average due to remaining Covid-19 related uncertainties</li><li>▪ SPF:<ul style="list-style-type: none"><li>- Strong new business with attractive margins further supporting growth plan</li><li>- Portfolio-YoD significantly recovered</li><li>- Portfolio volume already above original YE-target</li></ul></li><li>▪ BDS:<ul style="list-style-type: none"><li>- NCI further increased</li><li>- Deposit volume at high level</li></ul></li><li>▪ Aareon:<ul style="list-style-type: none"><li>- Successful M&amp;A activities</li><li>- Sales revenue growth still diluted by Covid-19</li></ul></li></ul>
	<b>Outlook</b>	<ul style="list-style-type: none"><li>▪ Operating profit target for 2021 confirmed, FY-tax rate as communicated between 50% - 60% expected</li><li>▪ The Bank invited to an EGM to be held on 9 Dec. 2021 for shareholders to vote on the second tranche of the dividend for the 2020 financial year amounting to 1.10 € per share.</li><li>▪ However the discussions with Centerbridge and Advent are still ongoing. In the event of an offer being submitted the dividend proposal for the EGM might be reassessed</li></ul>

# Overview of Investment Agreement and Takeover Offer by Bidder Company with Participation of Advent International and Centerbridge Partners

November 23, 2021



# Executive summary – Key Highlights from the Announcement

- 1** Aareal Bank concluded investment agreement with a bidder company<sup>1</sup> (“**Bidder**”) indirectly held by PE funds managed and advised by Advent International, Centerbridge Partners and co-investors (“**Investors**”) for terms of a voluntary public tender offer to acquire all outstanding Aareal Bank shares
- 2** Bidder highly supportive of “Aareal Next Level” strategy and existing Aareal Bank Group composition
- 3** Intention to accelerate growth initiatives launched under “Aareal Next Level” strategy across all three divisions; Management’s business plan for next 5 years envisages staff expansion in relevant divisions and is supported by Bidder
- 4** Investments in growth set to be financed henceforth through retained profits<sup>2</sup> – proposal for dividend payment withdrawn from agenda for EGM on 9 December; Additional equity potentially available from Bidder if required to facilitate further growth beyond envisaged business plan, subject to customary approvals
- 5** Investors’ sector expertise, experience and market access will support Aareal Bank Group’s accelerated growth ambitions
- 6** Launch of public tender offer by Bidder following approval of offer document by BaFin expected by mid December  
Cash consideration of €29.00 per Aareal Bank share represents a premium of c. 35% over 3 months VWAP<sup>3</sup>
- 7** Unanimous support by Aareal Bank’s Management Board and Supervisory Board



- **Offer considered highly beneficial for further development of Aareal Bank Group and its stakeholders<sup>4</sup>**
- **Two expert opinions commissioned from two investment banks confirm offer price as fair**
- **Aareal Bank provides shareholders with opportunity to decide in favor of this offer**

<sup>1</sup> Bidder to be renamed to Atlantic BidCo GmbH

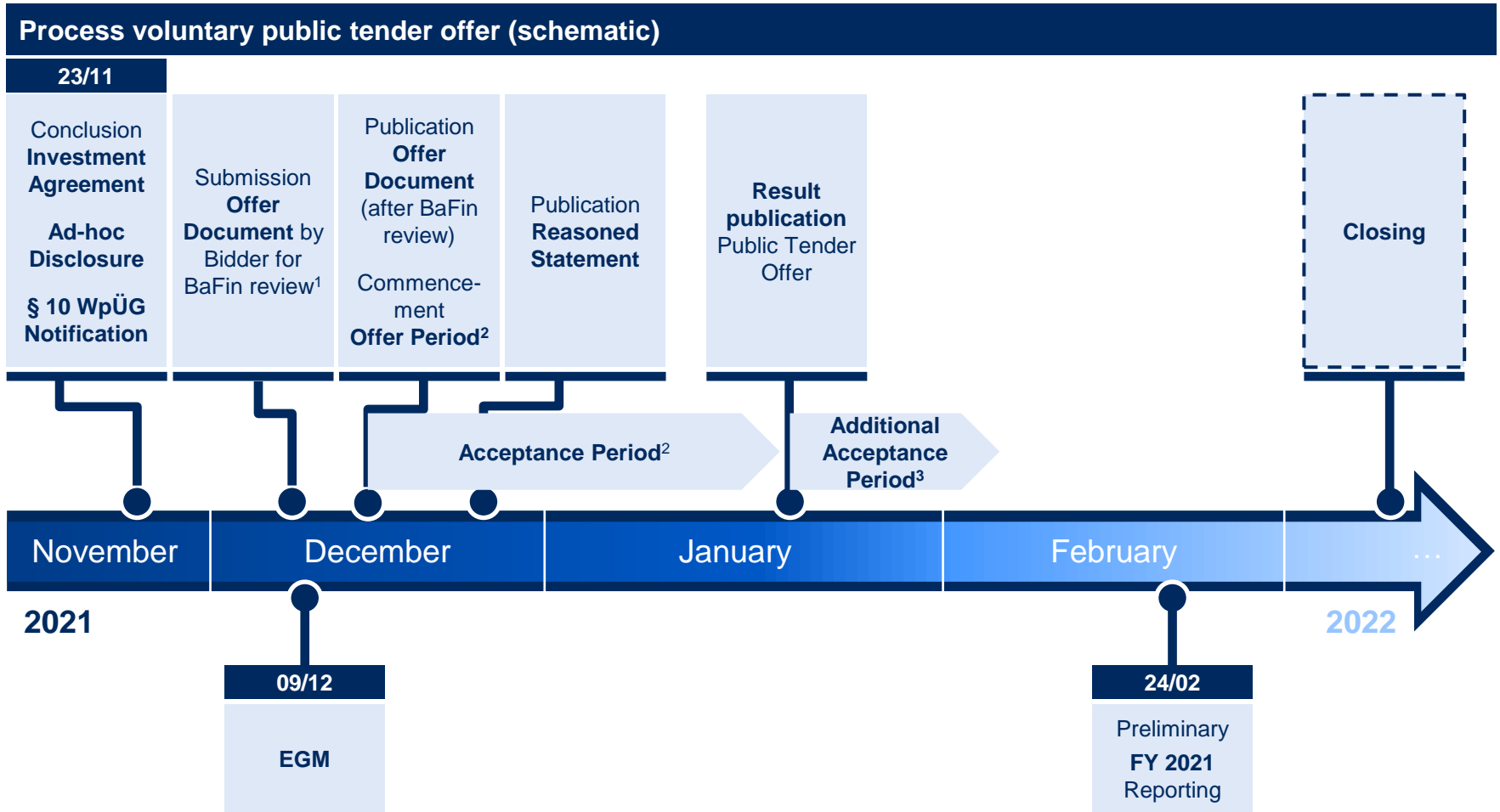
<sup>2</sup> ‘Retention of dividend’ policy not applying to payments in context of AT1 instruments

<sup>3</sup> VWAP = Volume weighted average share price for the 3 months period preceding the confirmation of talks between Aareal and potential investors in the ad hoc disclosure of 7 October 2021

<sup>4</sup> Subject to reasoned opinion of Management Board / Supervisory Board

# Envisaged timeline with regard to voluntary public tender offer

In case of successful voluntary public tender offer and receipt of required approvals closing envisaged around mid 2022



**Corporate events Aareal Bank**

<sup>1</sup> BaFin review period 10 – 15 working days  
<sup>2</sup> Minimum Acceptance Period of 5 weeks  
<sup>3</sup> In case of reaching minimum acceptance threshold, 2 weeks additional tender period

# Supporting and enhancing “Aareal Next Level” strategy

Aareal to leverage on expertise and global market access

## Significant investments to drive organic and inorganic growth financed through retained profits

<b>“ACTIVATE”</b> Structured Property Financing	<b>Increase portfolio volume over c. 5 years to up to €40bn respecting existing risk policy</b> Growth fueled by Bank’s traditional asset classes and property types, but also by tapping new and attractive property types and adjacent segments, maintaining conservative risk / return profiles; Continuing growth of lending volume in accordance with Bank’s existing ESG criteria
<b>“ELEVATE”</b> Banking & Digital Solutions	<b>Significantly grow commission income and asset light business</b> Acceleration and support for execution of organic growth and implementation of an M&A roadmap, leveraging on significant M&A expertise, global market access through the network of the Investors
<b>“ACCELERATE”</b> Aareon	<b>Support Value Creation Programme and enhance M&amp;A roadmap developed with Advent</b> Fund further growth by M&A activities through additional capital beyond envisaged initiatives already agreed with Advent
<b>Funding and capital</b>	<b>Intention to maintain robust capital base and a long-term senior preferred rating of at least A- by Fitch Ratings</b> Intention to support organic and inorganic growth across all segments by waiving dividend payments <sup>1</sup> in the years to come; Additional equity potentially available from Bidder if required to facilitate growth beyond envisaged business plan subject to customary approvals; Maintaining Aareal Bank’s strong debt story
<b>Organisation</b>	<b>Continuation of group wide efficiency measures in organisation, processes &amp; infrastructure</b> Sharing of best practices with regard to organisation, processes and use of technology and increase of size of the workforce in the relevant divisions

# Funding of portfolio volume to up to €40bn over the next 5 years

Loan growth to be funded through a balanced program of diverse liability products

The public tender offer considered leverages Aareal's banking platform whilst preserving the current composition of the Group

**Background: Acceleration of Aareal Next Level in the Banking Business**

**Acceleration of current strategy to lead to loan book expansion of up to c. €10bn**

- One focus of the joint plan is the banking business, where considerable economies of scale can be realised
- Aareal Bank to broaden and diversify the volume of its portfolio, in a market phase that offers **many opportunities for attractive new business**, whilst maintaining its conservative risk policy
- Long-term alignment with ESG criteria

**Commitment to Aareon**

**The investment agreement is based on the joint understanding that there will be no outflow of value from the Company by spinning off Aareal's stake in Aareon**

**Banking & Digital Solutions**

**Harbors considerable potential for further capital-efficient growth in net commission income**

- Intended expansion of payments services core offering – also through further M&A activities, and supported by the investors' market access and attractive cooperation models, also with their portfolio companies

**Funded Through a Mix of Measures**

**Equity Financing**

**The corresponding equity required will be through retained earnings**

- Beyond organic capital generation, the Bidder is generally prepared to provide additional equity if required, to facilitate growth beyond the joint business plan

**Debt Investor Considerations**

**A diverse mix of liability products will be available to Aareal and can be adjusted according to investor appetite:**

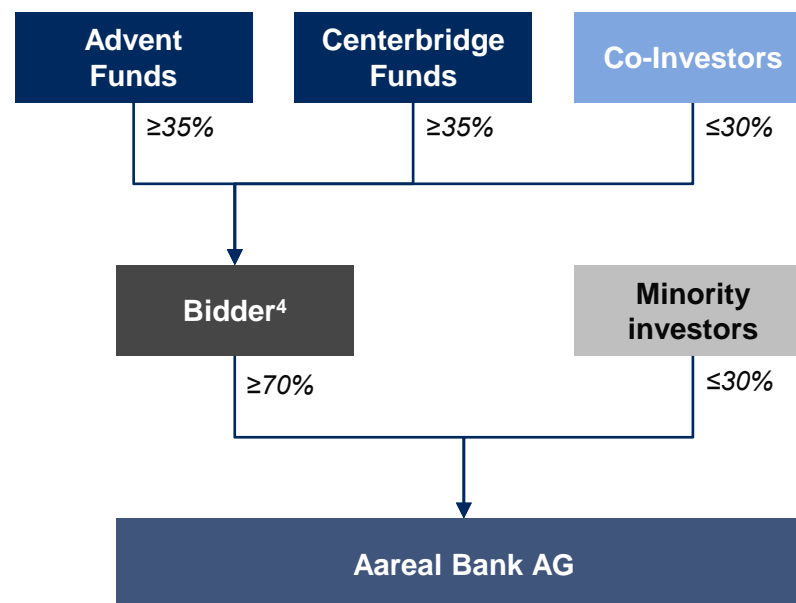
- 1) Deposits, 2) ECPs 3) Public Transactions 4) Private Placements
- Commitment to maintain or even improve robust capital base. Aim is to drive higher capital ratios compared to the standalone plan despite accelerated growth through retained earnings
  - Retention of a Fitch long-term senior debt rating of at least A-
  - Frequent debt issuance including benchmarks to fund the accelerated growth strategy and enhance the market liquidity of issued debt instruments
  - It is planned to issue Public Transactions, Private Placements and ECPs in a “green” and “conventional” format

# Key transaction terms and structure

## Key transaction terms

- Voluntary public tender offer to acquire all outstanding Aareal Bank shares for a cash consideration of €29.00 per share
  - Premium to unaffected 3M VWAP<sup>1</sup>: c. 35%
- Transaction implies an Equity Value of c. €1.736bn for Aareal Bank Group
  - Implied 2022 P/E<sup>2</sup>: ~16.1x
  - Implied P/B<sup>3</sup>: ~0.65x
- Key offer conditions:
  - Minimum acceptance threshold of 70%
  - Anti-trust clearances and regulatory approvals
  - Other customary offer conditions
- In case of a successful voluntary public tender offer Bidder will hold a majority of all outstanding Aareal Bank shares

## Envisaged target transaction structure



<sup>1</sup> VWAP = Volume weighted average share price for the 3 months period preceding the public announcement of talks between Aareal and potential investors in the ad hoc disclosure of 7 October 2021

<sup>2</sup> Based on VARA consensus as of 03<sup>rd</sup> November 2021 with a consensus EPS of €1.80 for FY 2022

<sup>3</sup> Based on IFRS equity attributable to Aareal Bank shareholders of € ~2,673mn as of 30.09.2021

<sup>4</sup> Direct or indirect participation of investors

# Summary of transaction

Public tender offer considered highly beneficial for further development of Aareal Bank Group and for its stakeholders<sup>1</sup>

Shareholders	<ul style="list-style-type: none"><li>▪ Realizing fair cash consideration of €29.00 per share with a c. 35% premium to 3 months VWAP<sup>2</sup></li><li>▪ Immediate monetization of substantial part of Aareal's future value upside</li></ul>
Debt investors	<ul style="list-style-type: none"><li>▪ Maintain or even improve robust capital base, even higher capital ratios compared to stand-alone plan despite accelerated growth by retention of profits<sup>3</sup> to fund growth</li><li>▪ Intended preservation of a Fitch Ratings long-term senior preferred rating of at least A-</li><li>▪ Frequent debt issuance ("green" and "conventional") incl. benchmarks to fund the accelerated growth strategy enhancing market liquidity of issued debt instruments</li></ul>
Customers	<ul style="list-style-type: none"><li>▪ Expansion of product and service portfolio in all three segments to enhance client-centric offering</li><li>▪ Clients to benefit from broader product and service offering and enhanced innovative power – this is made possible by access to investors' additional expertise in all three segments</li><li>▪ Development into adjacent markets and leveraging existing partner network</li></ul>
Employees	<ul style="list-style-type: none"><li>▪ Increase size of workforce in relevant Aareal Bank Group's divisions</li><li>▪ Expansion and growth of Aareal Bank Group across all three divisions ensuring sustainable long-term success of group</li><li>▪ Acceleration of Aareal Bank's growth strategy "Aareal Next Level"</li></ul>
Aareal Bank Group	<ul style="list-style-type: none"><li>▪ Leveraging Aareal Bank Group's platform</li><li>▪ Preservation of current composition of Aareal Bank Group</li></ul>

<sup>1</sup> Subject to reasoned opinion of Management Board / Supervisory Board

<sup>2</sup> VWAP = Volume weighted average share price for the 3 months period preceding the confirmation of talks between Aareal and potential investors in the ad hoc disclosure of 7 October 2021

<sup>3</sup> 'Retention of dividend' policy will not apply to payments in context of AT1 instruments

# Group Results

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Aareal

# Group Results

Successfully executing our strategy - significant top line driven profit increase continued

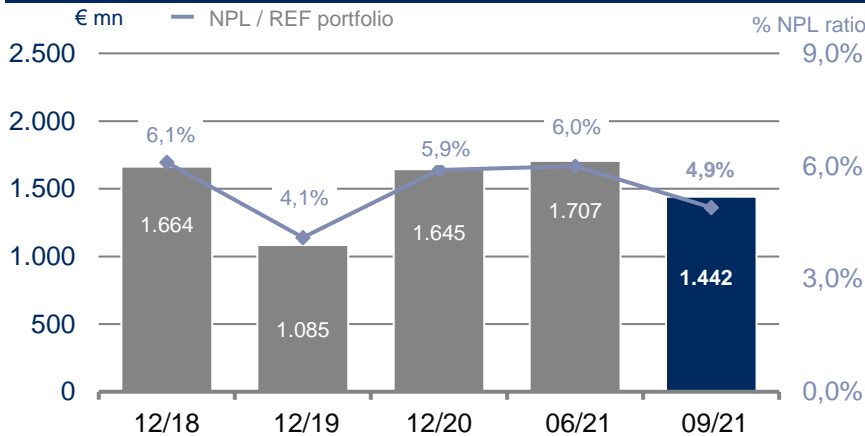
€ mn	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21	9M '20	9M '21	2021-Comments
Net interest income	128	139	138	142	155	373	435	Strong NII development based on profitable, risk conscious portfolio growth
Loss allowance	61	177	7	33	39	167	79	LLP as expected still above normalised average due to remaining uncertainties
Net commission income	57	66	59	59	56	168	174	9M growth driven by Aareon's recurring revenue and M&A. Sales revenue growth still diluted by Covid-19
Derecognition result	3	9	0	8	7	19	15	Positive effects from early loan repayments in line with expectations
FV- / hedge-result	-2	-19	-4	-2	-5	-7	-11	Q3 incl. € -7 mn value adjustments (NPLs)
Admin expenses	114	117	150	118	125	352	393	Cost discipline maintained; 9M increase mainly driven by Aareon growth and lower Covid-19 related underspend
<i>Others</i>	0	-1	-4	-15	1	-10	-18	
<b>Operating profit (EBT)</b>	<b>11</b>	<b>-99</b>	<b>32</b>	<b>41</b>	<b>50</b>	<b>24</b>	<b>123</b>	Successfully executing our strategy - significant top line driven profit increase continued
Income taxes	10	-13	11	29	27	7	67	FY-tax rate as communicated between 50% - 60% expected
Minorities	1	3	1	1	0	2	2	
AT1	4	4	4	3	3	12	10	
<b>Consolidated net income allocated to ord. shareholders</b>	<b>-4</b>	<b>-93</b>	<b>16</b>	<b>8</b>	<b>20</b>	<b>3</b>	<b>44</b>	
Earnings per share (€)	-0.05	-1.56	0.27	0.13	0.33	0.06	0.73	



# Non performing loans (NPL)

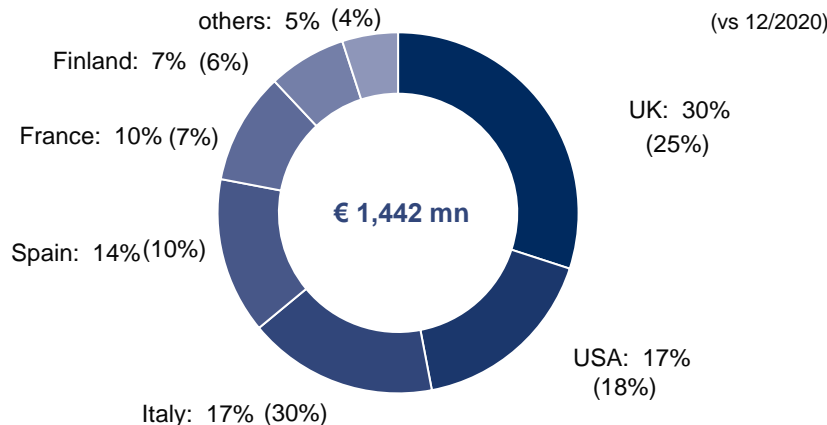
NPLs reduced by concluded Italian de-risking initiative

## Development of NPLs

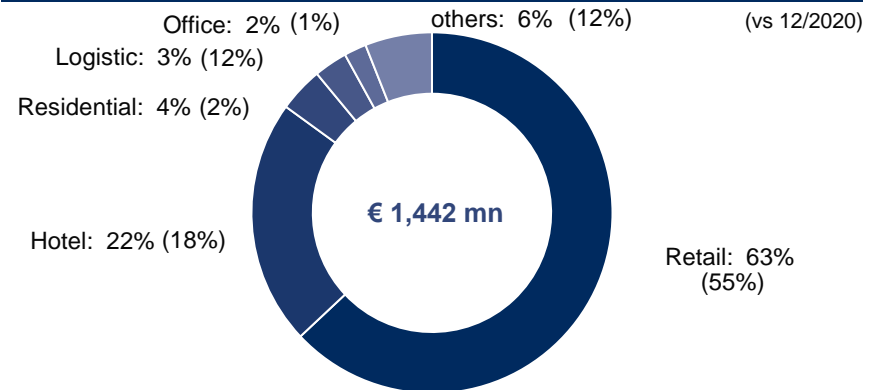


- Close and dedicated monitoring of exposure continued
- Significant reduction in Q3 mainly driven by concluded Italian de-risking initiative as already communicated
  - NPL-ratio reduced to 4.9%

## NPLs by country



## NPLs by property type



**Segments**

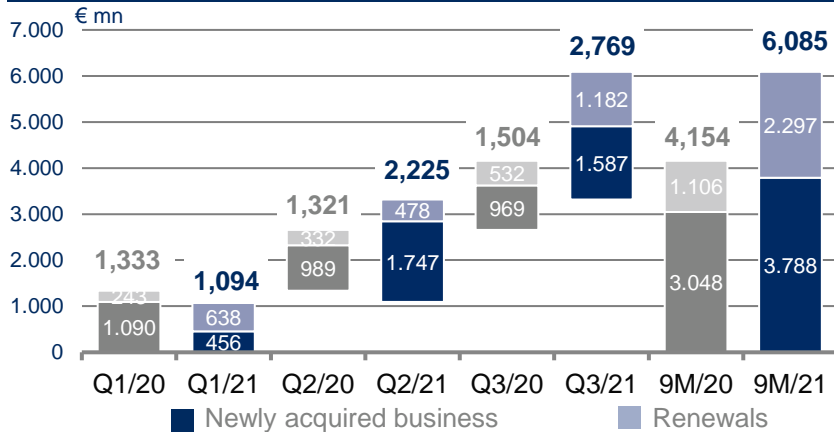
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**Aareal**

# Segment: Structured Property Financing

Strong new business further supporting growth plan

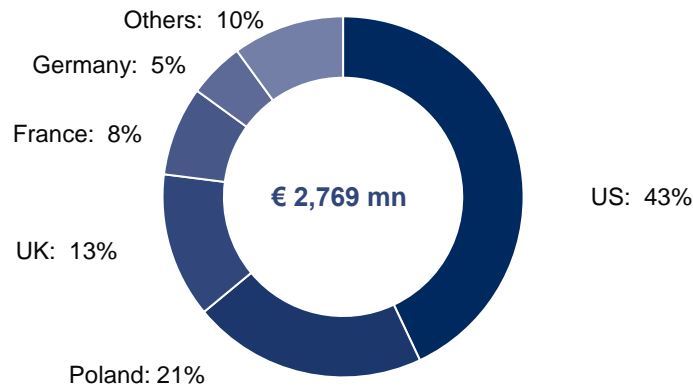
## New business by quarter



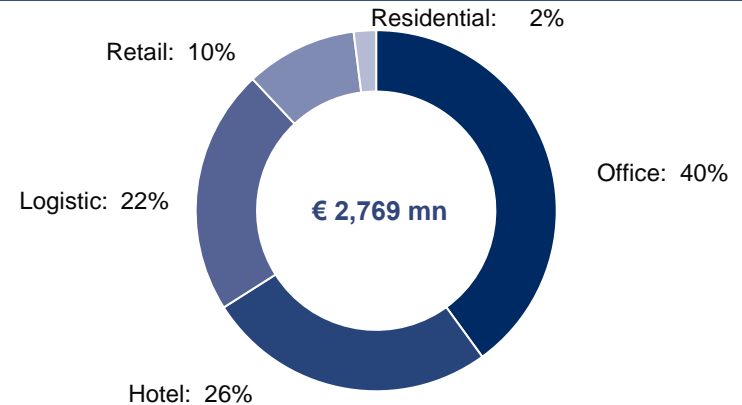
## Newly acquired business in Q3

- Strong new business generation with good margins leveraging market opportunities
- Pre-FX margins of >230 bps leading to a Ø-YtD margin of ~225 bps well above plan
- Conservative Ø-LTV of 57% after 9M
- Further green loans governed acc. to “Green Finance Framework” totalling € >275 mn
- FY-new business target of € 7 bn - € 8 bn, upper end of range expected

## Q3 new business by country

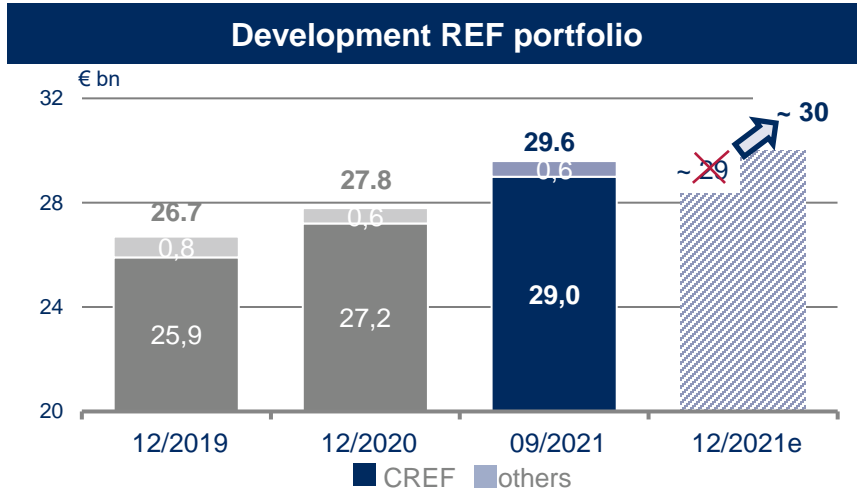


## Q3 new business by property type

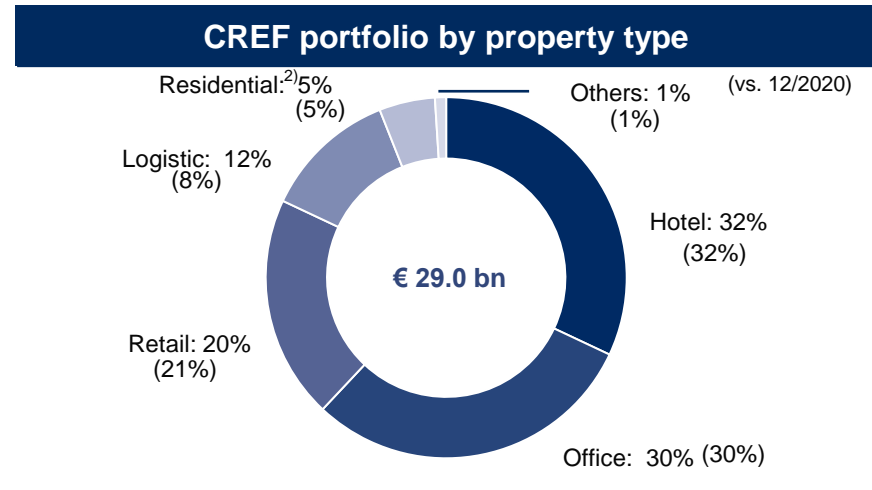
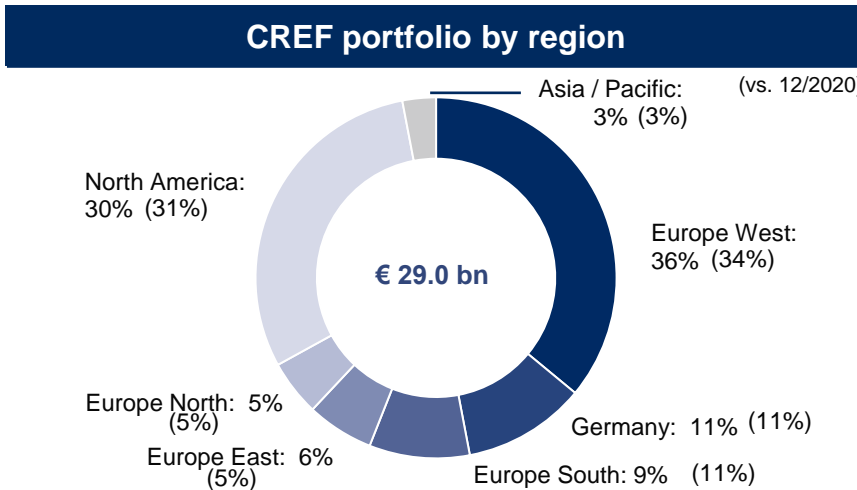


# Segment: Structured Property Financing

Portfolio already above original YE-target



- By leveraging market opportunities focusing on healthy risk-return profile REF-portfolio already increased to € 29.6 bn by end of Q3
- YE-portfolio target increased to € ~30 bn (from originally € ~29 bn)
- Sticking to overall country and asset diversification with increasing importance of logistics financings, as well as portfolios for risk improvement due to cross collateralisation
- Deal pipeline well filled with KPIs at or better than plan

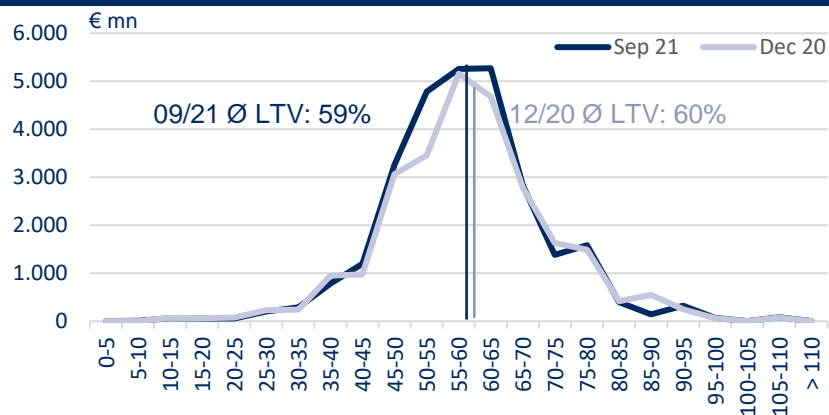


1) Performing CREF-portfolio only (exposure)  
 2) Incl. Student housing (UK & Australia only)

# Segment: Structured Property Financing

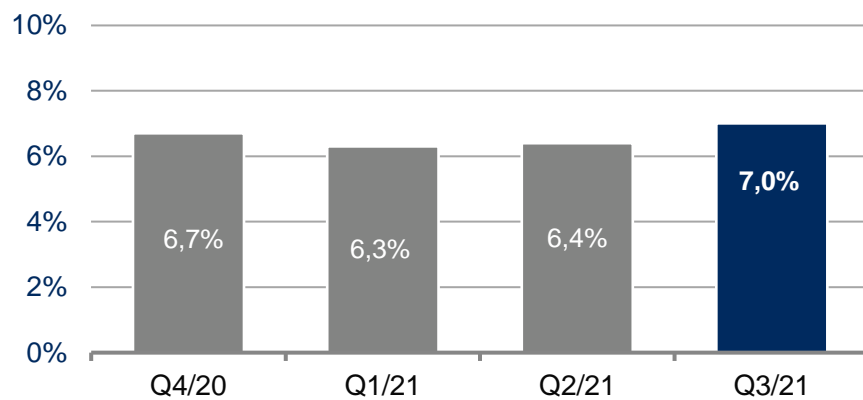
## Gradually normalising environment

LTV development 12/20 vs. 09/21<sup>1)</sup>

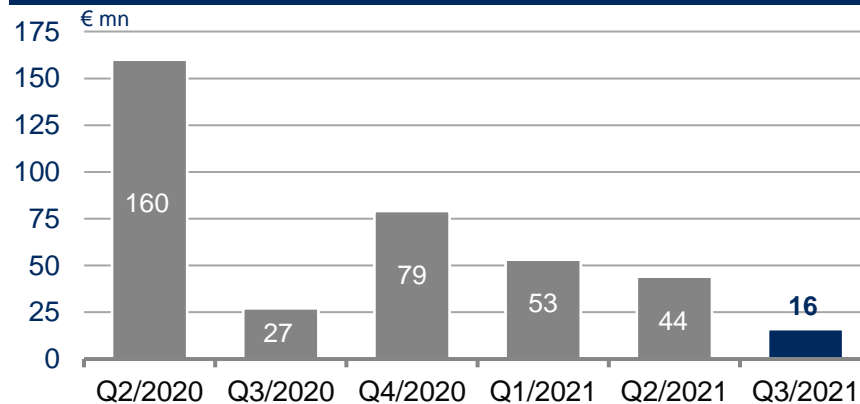


- Ø-portfolio LTV<sup>1)</sup> further improved vs. YE 2020 figures
- Ø-portfolio YoD<sup>1)</sup> significantly up at 7.0%
- Correspondingly, demand for liquidity support further declined in Q3

YoD development<sup>1)</sup>



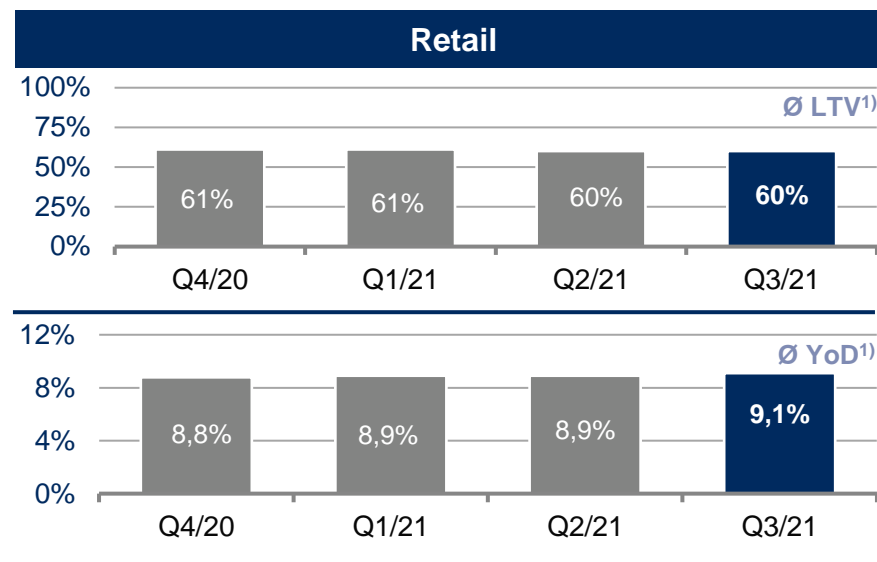
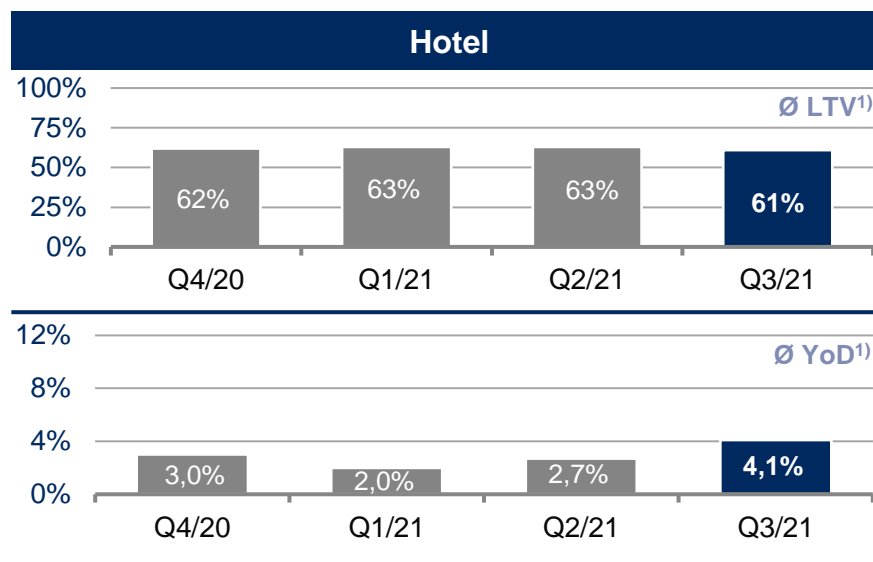
Development of liquidity support



1) Performing CREF-portfolio only (exposure)

# Segment: Structured Property Financing

## Update on hotel- and retail portfolio



- The US has lifted the travel ban for international arrivals as of November 8<sup>th</sup>, marking a significant change in policy
- The average LTV has further improved to 61% for the portfolio, as performance and visibility increase
- YoD's have risen markedly to above YE-level of 2020, with further uplift expected by YE

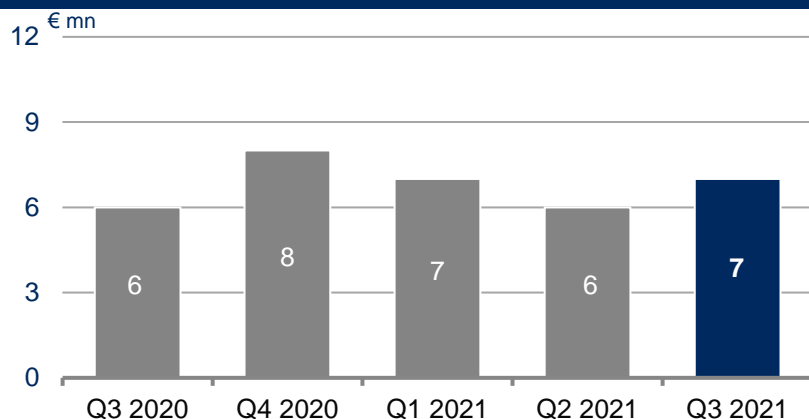
- Borrowers continue to adapt to the circumstances, working on and implementing new business strategies
- YoD has improved and represents a healthier overall level
- Updated valuations support further overall stabilisation of LTV level

1) Performing CREFF-portfolio only (exposure)

# Segment: Banking & Digital Solutions

## NCI further increased, deposits at high level

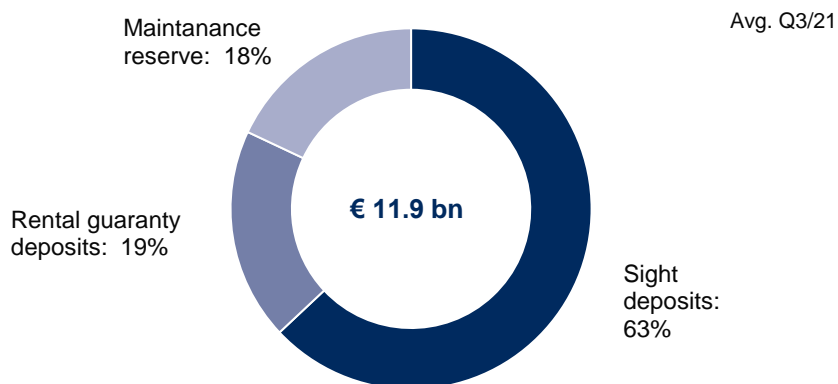
### NCI



### NCI further increased

- BDS continues positive underlying development towards defined target
- 9M-NCI further increase to € 20 mn in 9M/21 vs. € 18 mn in 9M/20
- Q2 burdened by BGH-ruling of € ~1 mn

### Deposits by type

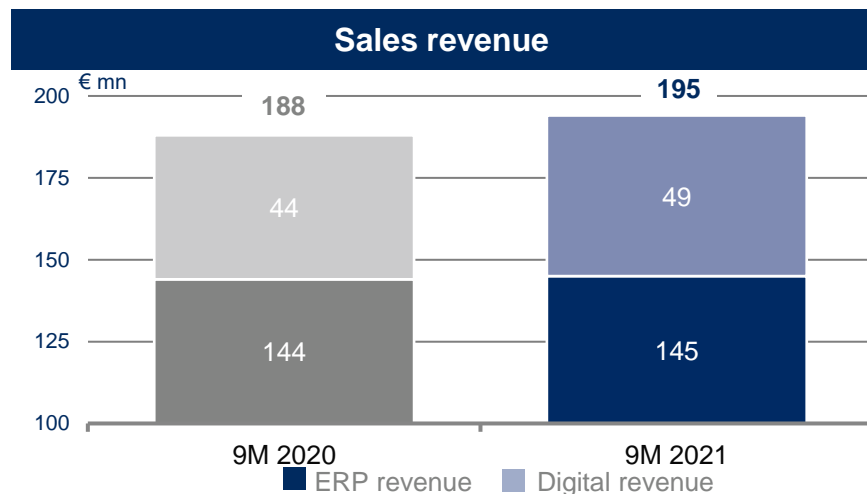


### Deposits at high level

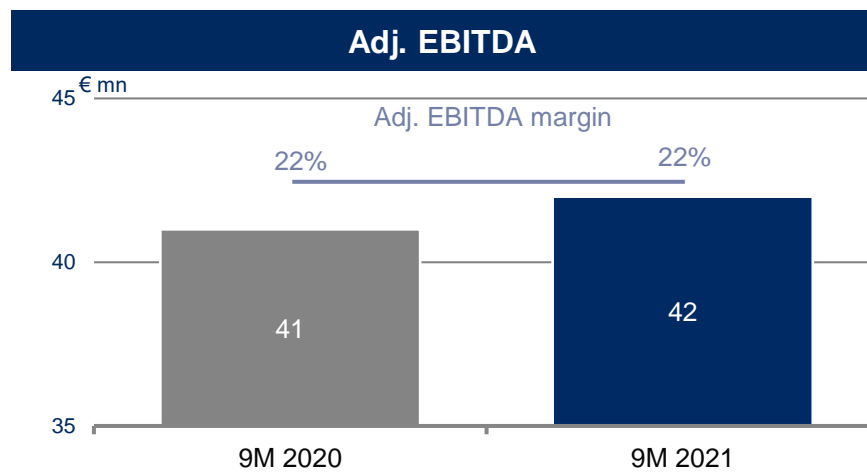
- YE-guidance raised to € 12 bn (from € 11 bn)
- Deposits from rental guarantees and maintenance reserves increased by € ~0.5 bn mn to € 4.4 bn vs. Q3/20
- Stable funding source during crisis continuously proven over last decade

## Segment: Aareon

Growth driven by increased recurring revenues and acquisitions, remaining on sustainable growth path despite temporarily lower PS



- Sales revenue increased by € 7 mn to € 195 mn (+3%)
- Digital revenues ex PS<sup>1)</sup> up 19% yoy (incl. PS up 12%)
- ERP revenues ex PS up 2% yoy (incl. PS up 1%)
- Main driver in both product groups is the increase of recurring revenues from organic growth and acquisitions in UK, NL and DACH
- PS is on a lower level due to Covid-19 impacts
- FY-revenue guidance slightly adjusted due to Covid-19 impact



- Adj. EBITDA ahead by € 1 mn to € 42 mn (+2%) - margin flat yoy due to lower contribution from PS mitigated by purposeful cost-conscious measures
- EBITDA 9M 2021 adjusted by € 16 mn (9M/20: € 4 mn) from ramping-up strategic M&A roadmap and investments in New Products and VCP strategy
- FY 2021 outlook regarding Adj. EBITDA confirmed incorporating effects from M&A transactions as well as ongoing related challenges within PS

Note: Numbers not adding up refer to rounding

1) PS (Professional Services) = Consulting business

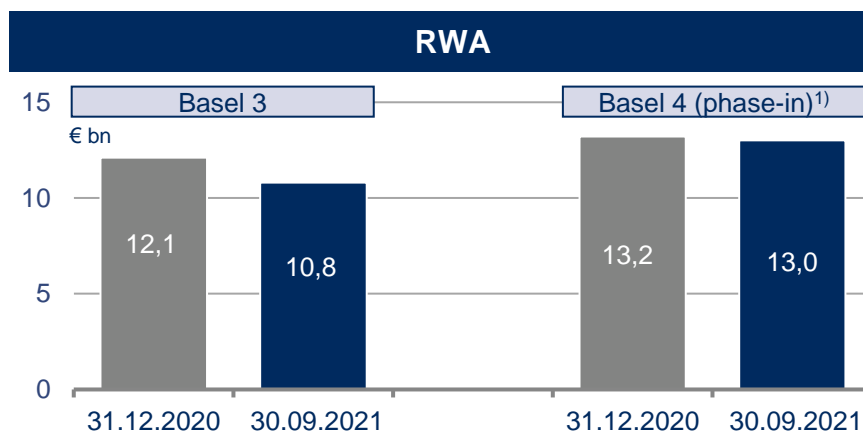
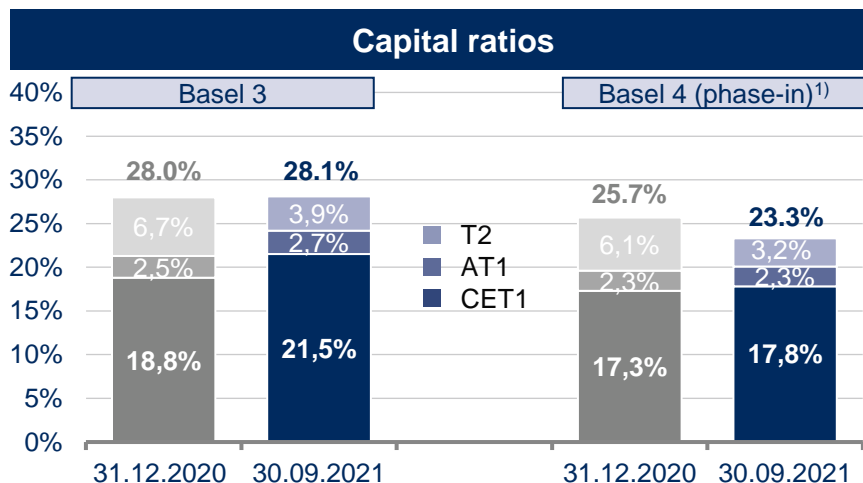


# Capital, Funding & Liquidity

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# Capital

## Solid capital position



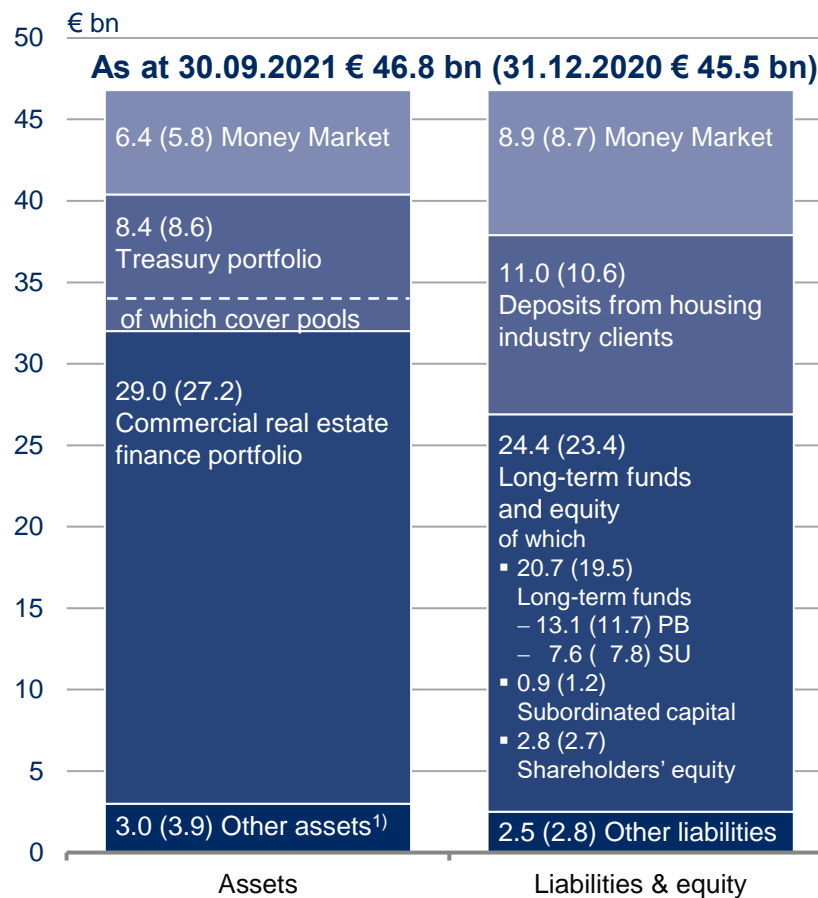
- Q3 increase in B3 and B4 (phase-in)<sup>1)</sup> CET1 ratios mainly resulting from lower RWAs
- RWA increase from strong and profitable portfolio growth more than compensated by positive effects from retroactively collateral recognition and from NPL reduction in Q3
- Following the publication of the Commission's proposal for the European implementation of B4 the standards have become more specific. To further align internal steering we currently consider to adjust the calculation of the B3 ratios accordingly from 2022 onwards
- Early redemption of € 300 mn Tier 2 Notes in Q1 reflected in total capital ratios, further optimisation potential
- Solid T1-Leverage ratio at 5.7% despite TLTRO participation and portfolio growth
- Remaining regulatory uncertainties (models, ICAAP, ILAAP, B4, etc.)

1) Underlying RWA estimate, incorporating the higher figure determined using the revised AIRBA or the revised CRSA (phased-in), based on the draft version dated 27 October 2021 of the European implementation of Basel IV by the European Commission. The conservative calculation of the material impact upon Aareal Bank is subject to the final EU implementation as well as the implementation of additional regulatory requirements, such as the EBA requirements.



# B/S structure according to IFRS

Well balanced



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

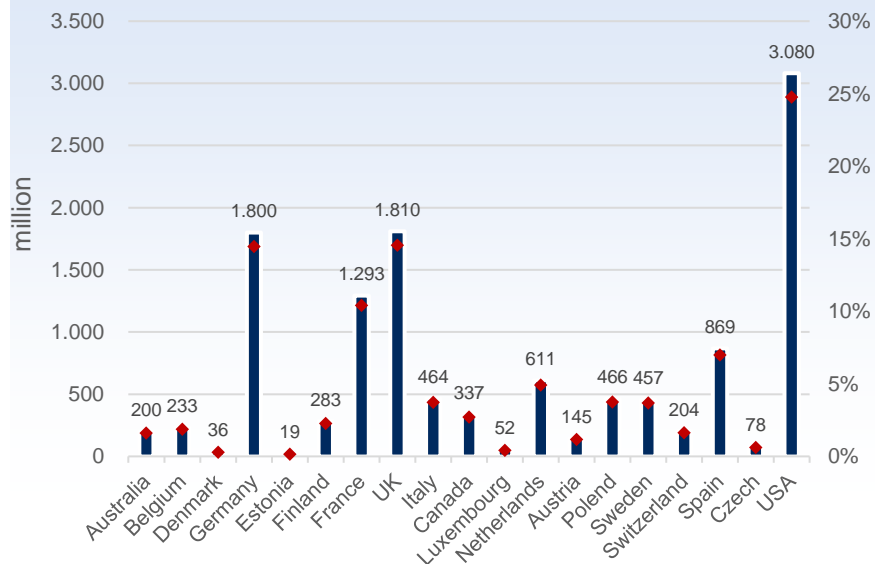
# Mortgage Cover Pool

## Well diversified regarding Geography and Property Type

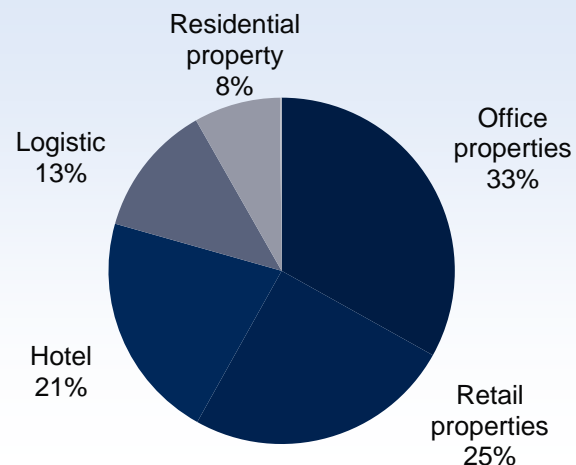
- Cover pool of € 13.1 bn including € 0.7 bn substitute assets diversified over 19 countries
- High quality of assets: first-class mortgage loans (mortgage-lending-value 55.8%)
- Mortgage-lending-value with high discount from market-value
- Ø LTV of the mortgage cover pool 33.0%
- Moody's has calculated a 'Aaa' supporting over-collateralisation ratio of 18.0% on a PV basis
- Over-collateralisation on a PV basis as of 30.09.2021: 21.5%
- High diversification within property types



### Cover Pool by Geography



### Cover Pool by Property Typ




# Funding

Favourable market environment used for strong funding activities

## Capital markets refinancing activities in 2021

Q1 2021

 **Aareal Bank Group**

**0.010%**  
EUR 500.000.000  
Hypothekendarlehenbrief

7 Years  
Maturity 01.02.2028  
ISIN: DE000AAR0280

Lead Manager  
BNPP, Commerzbank, LBBW,  
SocGen, UniCredit

January 2021


 **Aareal Bank Group**

**0.625%**  
USD 750.000.000  
Hypothekendarlehenbrief

4 Years  
Maturity 14.02.2025  
ISIN: XS2297684842

Lead Manager  
Citigroup, Deutsche Bank,  
HSBC, LBBW, NatWest

February 2021

 **Aareal Bank Group**


**0.250%**  
TAP EUR 200mn to 500mn  
**Senior Preferred**

7 Years  
Maturity 13.11.2027  
ISIN: DE000A289LU4

Lead Manager  
Commerzbank, DekaBank,  
DZ Bank, GS, HSBC

February 2021

Q2 2021

 **Aareal Bank Group**


SONIA +31bps  
GBP 500.000.000  
Hypothekendarlehenbrief

4 Years  
Maturity 29.04.2025  
ISIN: XS2337339977

Lead Manager  
Deutsche Bank, HSBC,  
NatWest, Nomura

April 2021

Q3 2021

 **Aareal Bank Group**


**0.250%**  
TAP EUR 250mn to 750mn  
**Senior Preferred**

7 Years  
Maturity 13.11.2027  
ISIN: DE000A289LU4

Lead Manager  
Commerzbank, DekaBank,  
GS, HSBC

July 2021

Q4 2021

 **Aareal Bank Group**

**0.05%**  
EUR 500.000.000  
**Senior Preferred**

5 Years  
Maturity 02.09.2026  
ISIN: DE000AAR0296

Lead Manager  
BNPP, Citi, Commerzbank,  
DekaBank, DZ Bank

September 2021

 **Aareal Bank Group**

**0.010%**  
EUR 500.000.000  
Hypothekendarlehenbrief

7 Years  
Maturity 15.09.2028  
ISIN: DE000AAR0306

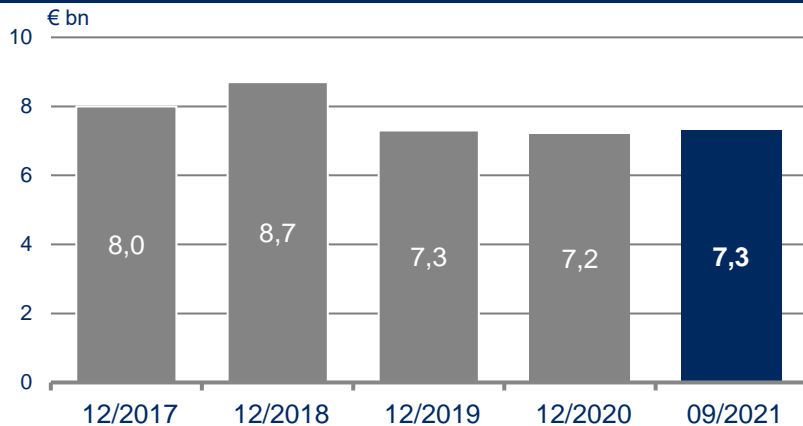
Lead Manager  
BayernLB, Commerzbank,  
Helaba, Natixis, UniCredit

September 2021

# Treasury portfolio

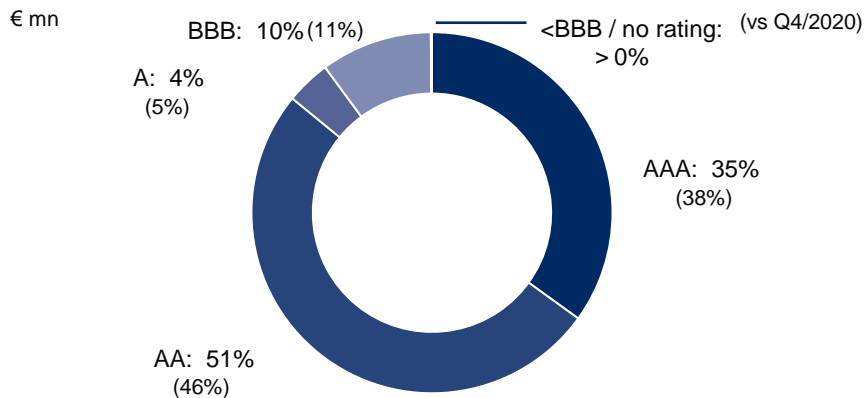
€ 7.3 bn of high quality and highly liquid assets

## TR portfolio development

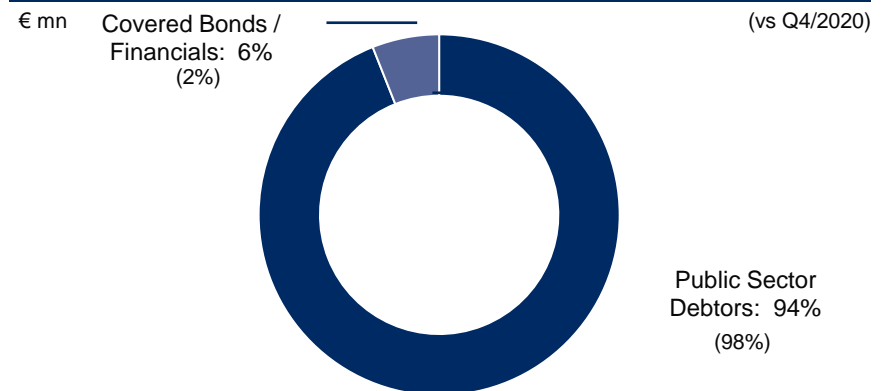


- Portfolio further diversified with additional investments in new agencies and Covered Bonds
- Investments in Covered Bonds supporting spread improvement

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



## TR portfolio by asset class



As at 30.06.2021 – all figures are nominal amounts  
1) Composite Rating

**Outlook 2021**

**07**

**Aareal**



# Outlook 2021

## Operating profit target confirmed

Group	METRIC	2020	OUTLOOK 2021 <sup>1)</sup>	
	<ul style="list-style-type: none"> <li>Net interest income</li> <li>Net commission income</li> <li>LLP</li> <li>Admin expenses</li> </ul>	<ul style="list-style-type: none"> <li>€ 512 mn</li> <li>€ 234 mn</li> <li>€ 344 mn</li> <li>€ 469 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ 550 - 580 mn</li> <li>€ 250 - 270 mn</li> <li>€ 125 - 200 mn</li> <li>€ 520 - 540 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ 570 - 590 mn</li> <li>€ 240 - 250 mn</li> </ul>
<ul style="list-style-type: none"> <li>Operating profit</li> <li>Earnings per share (EPS)</li> </ul>	<ul style="list-style-type: none"> <li>€ -75 mn</li> <li>€ -1.50</li> </ul>	<ul style="list-style-type: none"> <li>€ 100 - 175 mn</li> <li>€ ~0.40 - ~1.20<sup>2)</sup></li> </ul>		

Segments	Aareal Next Level		METRIC	2020	OUTLOOK 2021 <sup>1)</sup>	
	„Activate“	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>€ 27.8 bn</li> <li>€ 7.2 bn</li> </ul>	<ul style="list-style-type: none"> <li>€ ~29 bn<sup>3)</sup></li> <li>€ 7 bn - € 8 bn</li> </ul>	<ul style="list-style-type: none"> <li>€ ~30 bn<sup>3)</sup></li> </ul>
„Elevate“	Banking & Digital Solutions	<ul style="list-style-type: none"> <li>Deposit volume</li> <li>NCI</li> </ul>	<ul style="list-style-type: none"> <li>€ 11.0 bn</li> <li>€ 26 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ ~11 bn</li> <li>€ ~28 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ ~12 bn</li> </ul>	
„Accelerate“	Aareon	<ul style="list-style-type: none"> <li>Revenues</li> <li>Adj. EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>€ 258 mn</li> <li>€ 62 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ 276 - 280 mn</li> <li>€ 63 mn - € 65 mn</li> </ul>	<ul style="list-style-type: none"> <li>€ 270 - 274 mn</li> </ul>	

1) Based on "Swoosh" scenario. In the current environment, this forecast is subject to significant uncertainty, especially with regard to the assumed duration and intensity of the crisis, the pace of recovery and the associated effects on our clients, as well as prevailing unclear regulatory and accounting provisions, and the possibility that individual loan defaults cannot be reliably predicted.

2) EPS calculation based on expected FY-tax ratio between 50% and 60%

3) Subject to FX development

# Key Takeaways



**Aareal**

# Key takeaways

## Positive development continued in the third quarter



- Operating profit increased to € 50 mn in Q3
- Strong net interest income development based on profitable and risk conscious portfolio growth reflecting successful execution of our strategy „Aareal Next Level“
- Loan loss provisions significantly below last year, but Covid-19 related slightly above normalised level

## Growth initiatives paying off



- SPF: By end of Q3 REF-portfolio already increased above original YE-target – Strong new business focusing on healthy risk-return profile with attractive margins and good LtVs
- BDS: Net commission income further increased, deposits at high level
- Aareon: Successful M&A activities supporting further growth

## Outlook: Operating profit target 2021 confirmed



- Swoosh-scenario intact, depending on the duration of the pandemic and the pace of recovery
- FY-operating profit target confirmed
- FY-loan loss provision remains in guided range due to remaining uncertainties caused by the pandemic
- Course set for further controlled growth in the future

## Contact

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**Aareal**

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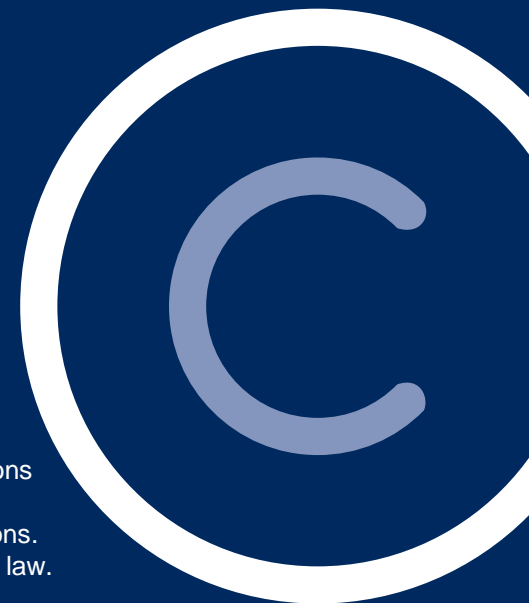
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