

# Fixed Income Presentation

Preliminary 2021 results

February 24, 2022

**Aareal**  
YOUR COMPETITIVE ADVANTAGE.

# Agenda

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- **Introduction of Aareal**
- Takeover offer from financial investors
- Achievements and goals
- Preliminary 2021 group results
- Segments
- Capital, funding & liquidity
- ESG
- Outlook 2022
  
- Appendix

# 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.€ 29,5 bn; average LTV: 58%

“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 € 12.4 bn in Q4 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**

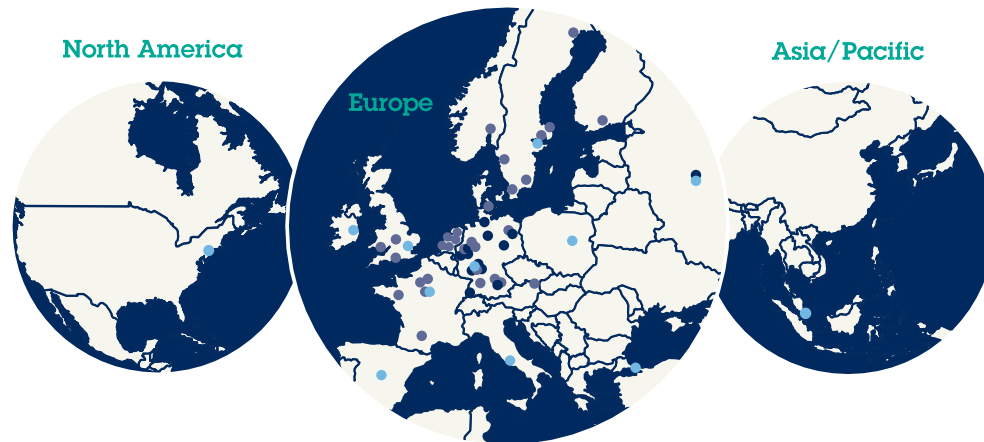
**Sustainable** and **resilient business model** with **strong downside protection** delivers **decades of consistent profitable growth**

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

“Accelerate”

# Aareal Bank Group

One Bank – three segments – three continents



## • Structured Property Financing

**Aareal Bank, Real Estate Structured Finance:** Dublin, Istanbul, London, Madrid, Moscow, New York, Paris, Rome, Singapore, Stockholm, Warsaw, Wiesbaden |

**Aareal Estate AG:** Wiesbaden

## • Banking & Digital Solutions

**Aareal Bank, Consulting/Services Bank:** Berlin, Essen, Wiesbaden | **Aareal First Financial Solutions AG:** Mainz | **Deutsche Bau- und Grundstücks-AG:** Berlin, Bonn, Düsseldorf, Frankfurt/Main, Freiburg, Hamburg, Hanover, Leipzig, Moscow, Munich | **plusForta GmbH:** Berlin, Düsseldorf

## • Aareon

**Aareon:** Amsterdam, Augsburg, Berlin, Bochum, Coventry, Dortmund, Emmen, Enschede, Gorinchem, Grathem, Hamburg, Hattingen, Helsinki, Hückelhoven, Karlskrona, Kiel, Lund, Mainz, Meudon-la-Forêt, Mölndal, Munich, Nantes, Norrtälje, Orléans, Oslo, Paris, Piteå, Southampton, Stockholm, Stuttgart, Swansea, Toulouse, Utrecht, Vienna

# Aareal's ownership structure

## 100% Free Float

### Aareal Bank AG

- Listed in the German SDAX
- 59,857,221 outstanding shares
- 100% free float
- > 3,000 employees
- Balance Sheet: 48.7 bn €
- Flat hierarchies

### Stock performance since 01. Jan 2003



# 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+'. 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

5 **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.



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# Takeover offer from financial investors

## Key terms of concluded investment agreement

- Aareal Bank concluded investment agreement with Atlantic BidCo GmbH (“**Atlantic BidCo**”), a company indirectly held by funds managed by Advent International and Centerbridge Partners, Canada Pension Plan Investment Board (CPPIB) and funds managed by Goldman Sachs (“**Investors**”), for terms of a voluntary public tender offer to acquire all outstanding Aareal Bank shares<sup>1)</sup>
- Cash consideration of €33.00 per Aareal Bank share (incl. €1.60 dividend)<sup>2)</sup>
- Offer values Aareal Bank Group at c. EUR 2.0 billion for 100% of share capital
- Atlantic BidCo has entered into irrevocable undertakings to tender (“**Irrevocables**”) with Petrus Advisers, Talomon, Teleios and Vesa, representing c. 37% of Aareal Bank’s share capital

## Strategic rationale of concluded investment agreement

- Atlantic BidCo highly supportive of “Aareal Next Level” strategy and existing Aareal Bank Group composition
- 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 Atlantic BidCo
- Investments in growth set to be financed henceforth through retained profits<sup>3)</sup>; Additional equity potentially available from Atlantic BidCo if required to facilitate further growth beyond envisaged business plan, subject to customary approvals
- Investors’ sector expertise, experience and market access will support Aareal Bank Group’s accelerated growth ambitions
- Unanimous support by Aareal Bank’s Management Board and Supervisory Board

Note: as of April 6<sup>th</sup> 2022

1) The mandatory waiver notice by BaFin approving the renewed tender offer by Atlantic BidCo has not yet been issued

2) Management Board and Supervisory Board have decided to postpone the ordinary Annual General Meeting initially scheduled for 18 May 2022 to a later date in accordance with legal requirements

3) ‘Retention of dividend’ policy not applying to payments in context of AT1 instruments



# Agenda

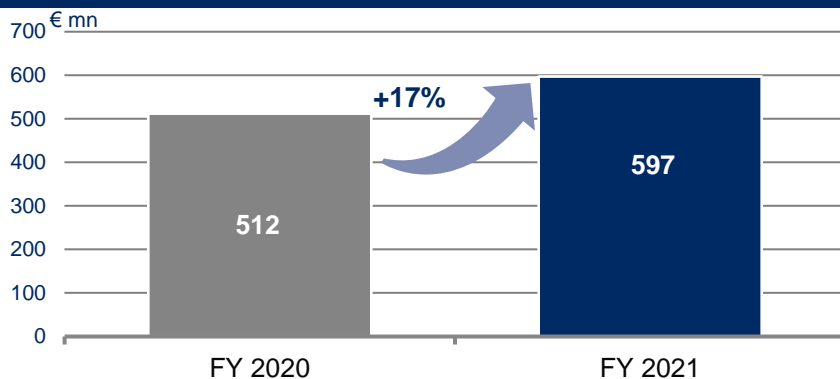
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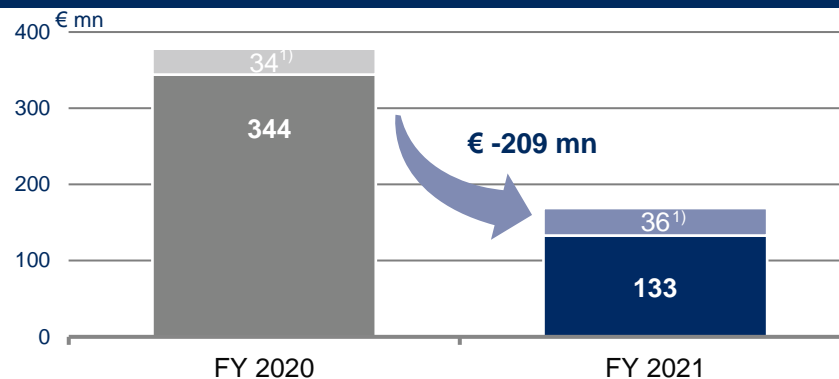
# Achievements 2021

Strategic targets achieved or exceeded

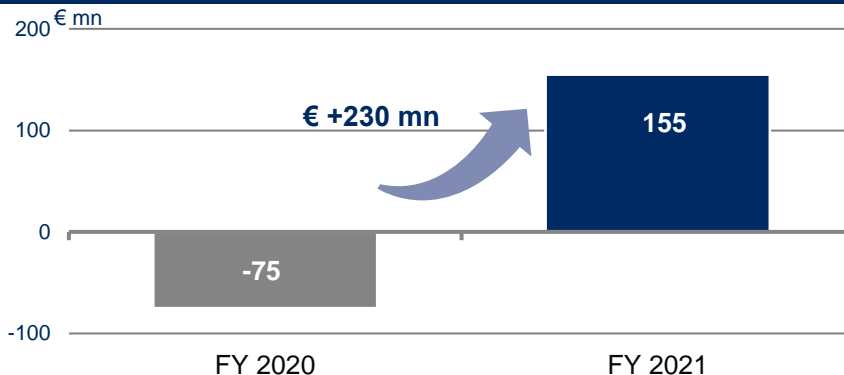
## NII: Increased momentum



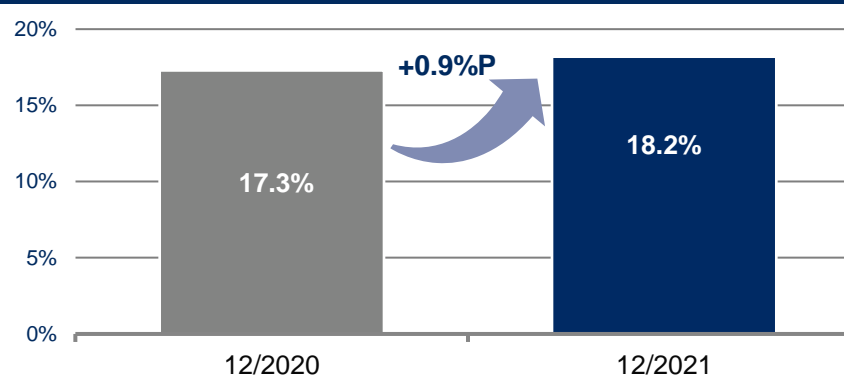
## LLP: Strong decline



## Operating profit: Strong turnaround



## CET1 ratio<sup>2)</sup>: Solid capital base



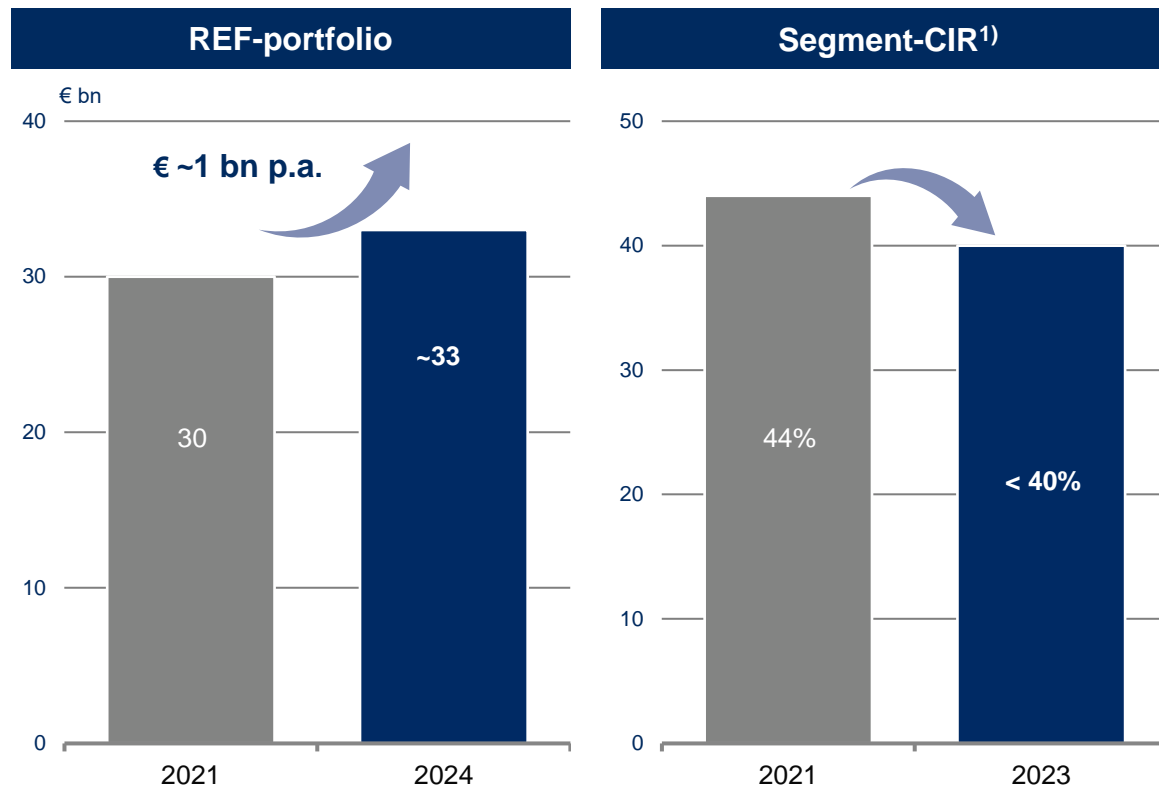
Position for further growth strengthened

1) Value adjustments of NPL accounted as fvpl

2) CET 1 Basel IV (phase-in) as at YE

# Structured Property Financing

From ACTIVATE! to GROW!




- „Play the matrix“: Use market opportunities in traditional asset classes and regions – with attractive margins and risk parameters
- Possible rounding out: Expand business in CRE and adjacent segments based on our capabilities and risk policy
- Refine portfolio management: Continued evaluation of risk-return metrics incl. correlations and granularity, increase of syndications
- Financing growth internally: Use of the solid capital position and readjustment of the balance between investments and distributions as part of the existing dividend policy

1) Excluding bank levy and contribution to deposit guarantee scheme


# 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 |

# Banking & Digital Solution

From ELEVATE! to LEVERAGE!

## Maintaining deposit volume



> **12** bn €

in 2024

## Strengthening growth momentum and increasing NCI

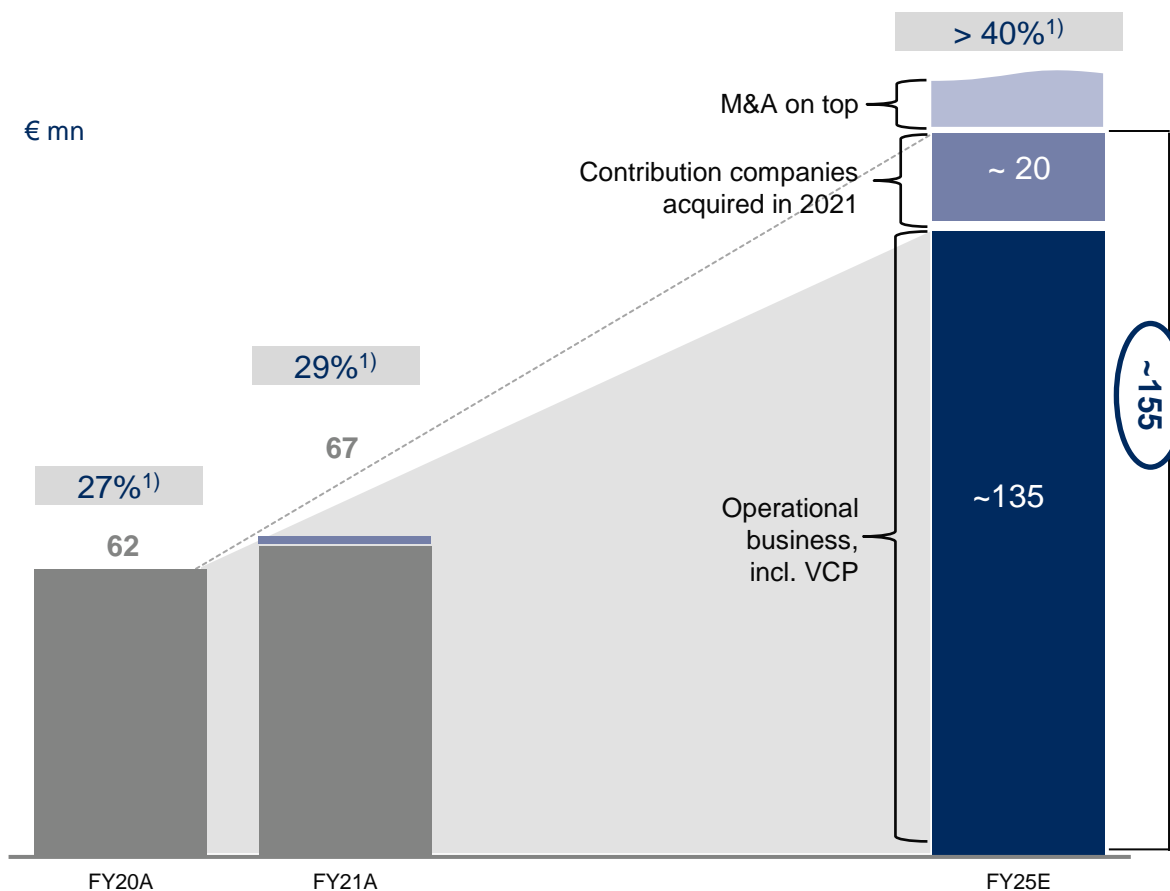


~ **13** %

CAGR NCI (2020-23)

- Good opportunities for further continuous customer growth in the housing industry, e.g. in the property management segment
- Focus on core competence, payment transactions: provision of integrated services and products using our Aareal Exchange Payment Platform (AEPP)
- Explore international “win-win” opportunities in the payments space with Aareon
- Pursue selected M&A opportunities and divestment of non-profitable business
- Strong focus on maintaining crisis resilient deposit base e.g. by positioning as the “tenant deposit guarantee bank” in Germany; long-term upside potential in rising rate environment

### Adjusted EBITDA evolution



- Implement growth and investment plan developed with Advent: Rule of 40 SaaS company
- Starting April 1<sup>st</sup>, new CEO: Harry Thomsen
- Acceleration of M&A activities, increase of hunting line by € 100 mn to a total of € 350 mn planned<sup>2)</sup> by Aareal Bank
- Adj. EBITDA target for 2025 increased to around € 155 mn, of which € ~20 mn from acquisitions already completed; contributions from possible further acquisitions on top

1) Rule of 40

2) Throughout the entire planning period until 2024

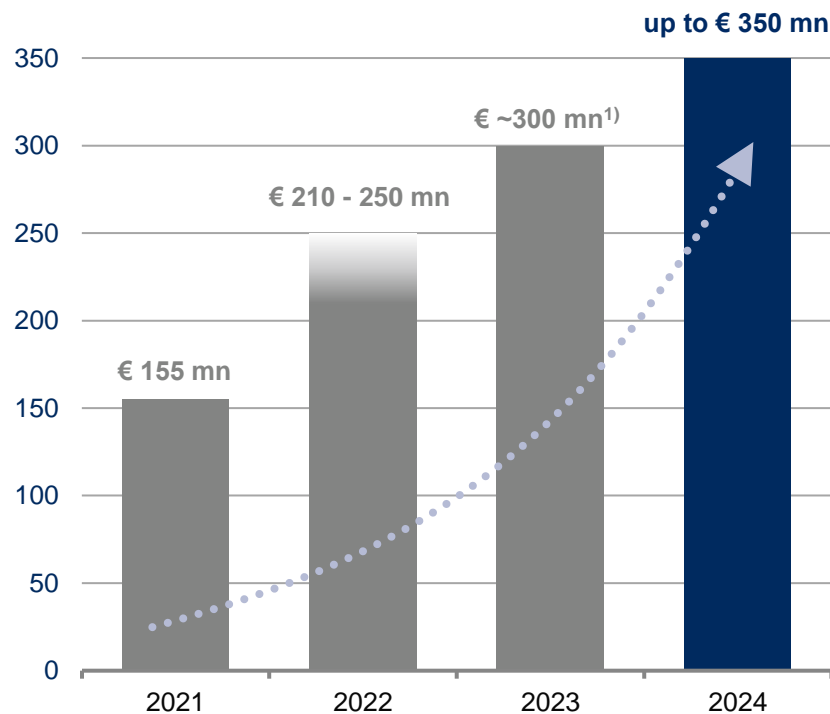
# Aareal Bank Group

## Growth strategy is value accretive

### Clear priorities

- 1 Taking advantage of growth opportunities in all three segments
- 2 Manage risks
- 3 Keep costs under control and grow at low marginal costs
- 4 Further improve efficiency of structures
- 5 Invest in banking infrastructure

### Target: more than doubling operating profit by 2024



~ 8%<sup>2)</sup> RoE  
after tax  
on Group-  
and Bank level

1) Excluding any potential acquisitions, and subject to the Covid-19 crisis being fully overcome by then

2) Based on 15% CET1 reference ratio (Basel IV, phase-in, revised IRBA)



**Further growth in all segments  
and a sustained increase in our  
profitability: this is what we intend  
to do in the coming years**



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# Highlights 2021

## Strong turnaround in 2021 results

<b>Business development</b>	<b>Group Financials</b>	<ul style="list-style-type: none"><li>▪ Operating profit of € 155 mn in upper third of guided range benefiting from strong revenue growth</li><li>▪ LLPs significantly lower despite further provision for remaining Covid-19 related uncertainties and completion of Italian de-risking</li><li>▪ Costs in line with guidance</li></ul>
	<b>Segment Performance</b>	<p><b>SPF:</b></p> <ul style="list-style-type: none"><li>▪ Overachieving new business targets – volumes, margins and LTVs</li><li>▪ Strong portfolio growth considerably above original target</li><li>▪ Major milestones in sustainable finance strategy achieved</li></ul> <p><b>BDS:</b></p> <ul style="list-style-type: none"><li>▪ NCI growth according to plan, deposit volume further increased</li></ul> <p><b>Aareon:</b></p> <ul style="list-style-type: none"><li>▪ Adj. EBITDA at upper end of targeted range despite sales revenues being impacted by<ul style="list-style-type: none"><li>▫ Longer than originally expected impact from Covid-19 on PS</li><li>▫ Transition from license revenue model to subscription-based contracts leading to higher recurring revenues (SaaS and subscription)</li></ul></li><li>▪ Strong execution of M&amp;A activities boosted adj. EBITDA above target</li></ul>
	<b>Outlook 2022</b>	<ul style="list-style-type: none"><li>▪ Operating profit in 2022 expected to reach almost pre-pandemic level</li><li>▪ Dividend proposal of 1.60 € (0.50 € plus retained tranche of 1.10 €)</li></ul>

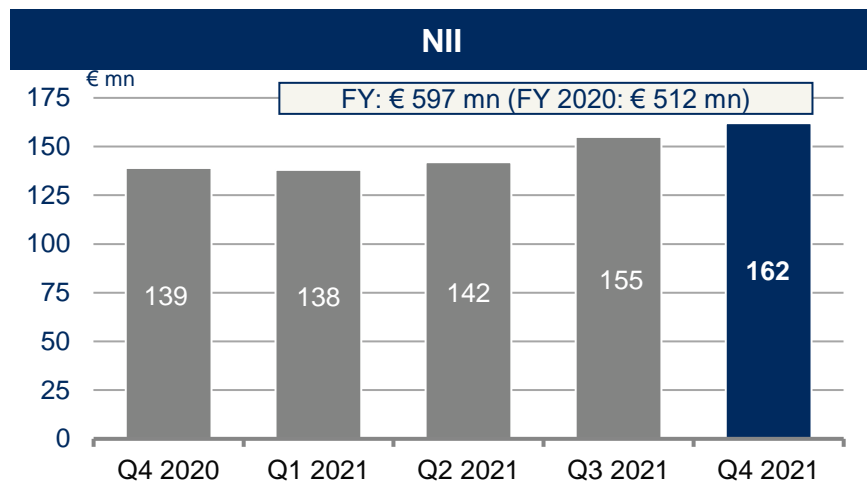
# Preliminary Group Results 2021

## Strong turnaround in operating profit

€ mn	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21	FY '20	FY '21	FY 2021-Comments
Net interest income	139	138	142	155	162	512	597	Significant increase driven by strong portfolio growth and good margins
Loss allowance	177	7	33	39	54	344	133	LLPs significantly lower despite further provision for remaining Covid-19 related uncertainties and completion of Italian de-risking
Net commission income	66	59	59	56	71	234	245	Increase mainly driven by Aareon
Derecognition result	9	0	8	7	8	28	23	Within expected range
FV- / hedge-result	-19	-4	-2	-5	-24	-26	-35	Incl. € -36 mn value adjustments of NPL accounted as fvpl
Admin expenses	117	150	118	125	135	469	528	Costs in line with guidance
<i>Others</i>	-1	-4	-15	1	4	-11	-14	Incl. one-off from tax related provisions (€ -11 mn) as communicated
<b>Operating profit (EBT)</b>	<b>-99</b>	<b>32</b>	<b>41</b>	<b>50</b>	<b>32</b>	<b>-75</b>	<b>155</b>	Strong turnaround
Income taxes	-13	11	29	27	20	-6	87	Tax ratio above normalised level due to one-offs as communicated
Minorities	3	1	1	0	-1	5	1	
AT1	4	4	3	3	4	-16	-14	
<b>Consolidated net income allocated to ord. shareholders</b>	<b>-93</b>	<b>16</b>	<b>8</b>	<b>20</b>	<b>9</b>	<b>-90</b>	<b>53</b>	
Earnings per share (€)	-1.56	0.27	0.13	0.33	0,16	-1.50	0.89	

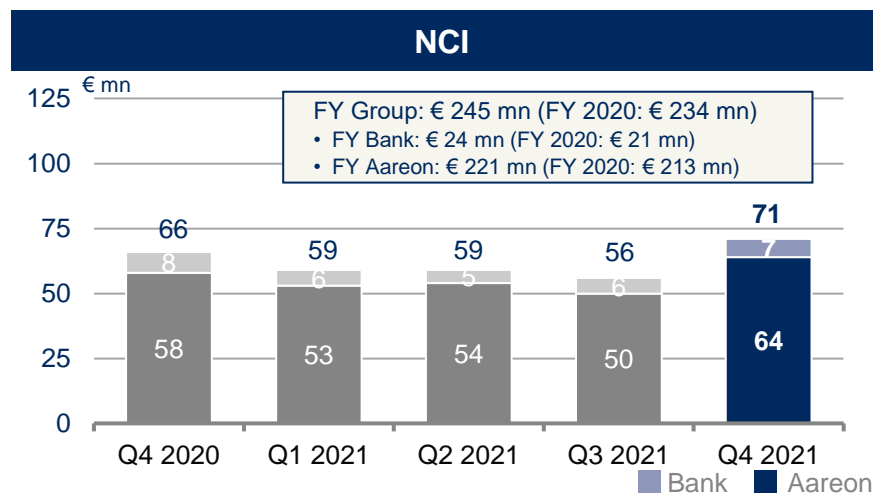
# Net interest income (NII) / Net commission income (NCI)

Growth in all 3 segments reflected in increasing NII and NCI



## Significant increase driven by strong portfolio growth and good margins

- Significant NII increase of 17% yoy, strongly outperforming original guidance of € 550 - 580 mn
- Strong new business generation with good margins well above plan leveraging market opportunities
- Portfolio already increased above original YE-target
- Funding costs improved
- FY-TLTRO contribution at € 26 mn vs. € 11 mn in 2020

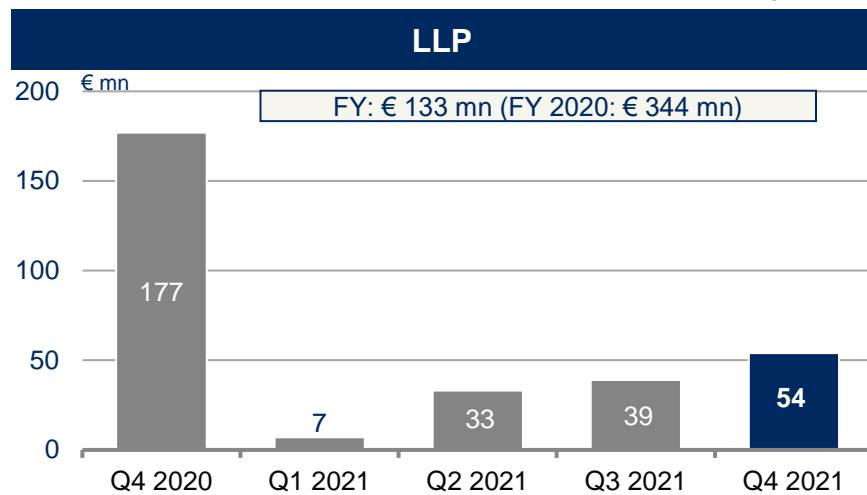
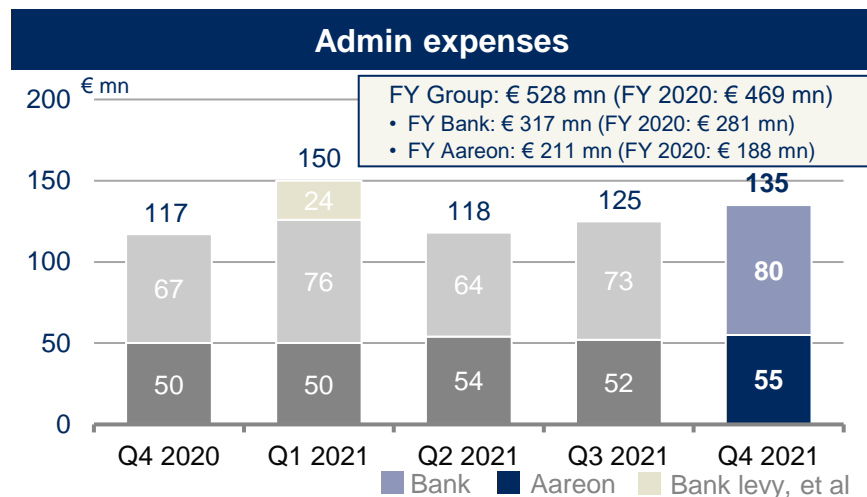


## Increase mainly driven by Aareon

- Aareon:
  - Increase in revenues (ERP, digital solutions) despite
    - Covid-19 related burdens with respect to PS
    - Transition of revenue model
  - License model transitioning to SaaS steadily increasing recurring revenues
  - Successful M&A activities
  - Q4 regularly boosted by seasonal effects
- BDS:
  - NCI in line with FY target

# Admin expenses / Loan loss provisions (LLP)

Admin expenses in line with FY-guidance; LLPs significantly lower



## Admin expenses in line with full year guidance

Bank: Increase mainly due to

- Lower Covid-19 related underspend
- Positive share price performance, especially in Q4 with respect to share based remuneration
- Increased bank levy / Deposit guaranty fees

Aareon:

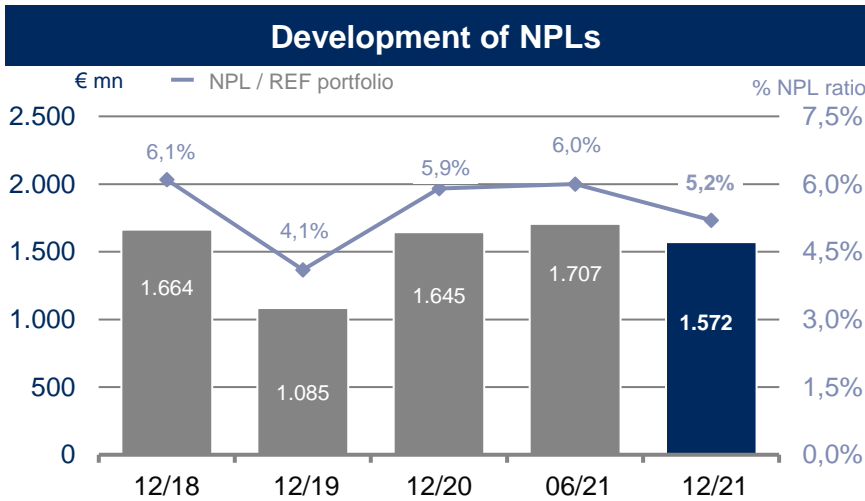
- Increase mainly driven by investments in organic growth (Value Creation Program) and M&A activities

## LLPs significantly lower despite further provision for remaining Covid-19 related uncertainties and completion of Italian de-risking

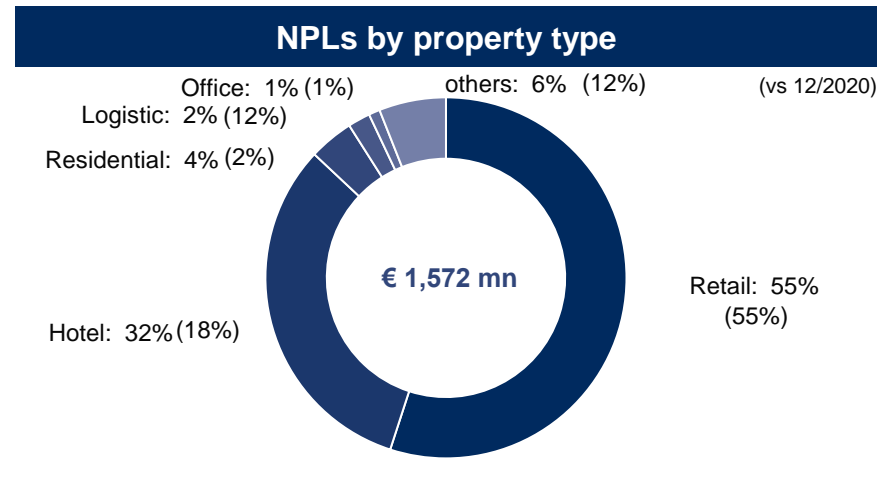
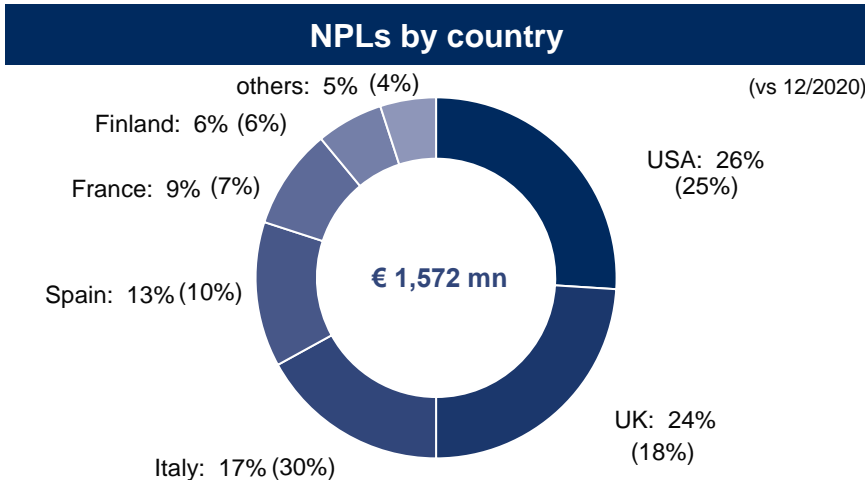
- Fulfilling expectations
- Q4/21 includes additional scenario weighted LLPs (€ 32 mn) on existing NPLs providing for remaining Covid-19 uncertainties
- Total FY-LLP of € 169 mn incl.
  - € 36 mn value adjustments of NPL accounted as fvpl (2020: € 34 mn)
  - € 13 mn net effect from concluded Italian de-risking

# Non performing loans (NPL)

Robust asset quality keeps NPL portfolio largely stable during second year of pandemic



- NPLs reduced yoy in difficult environment
- Further limited volatility expected while post Covid-19 on the way to normalisation
- De-Risking of Italian NPLs successfully concluded
- Single new NPLs arose, mainly cashflow driven, however well collateralized with minor LLP demand



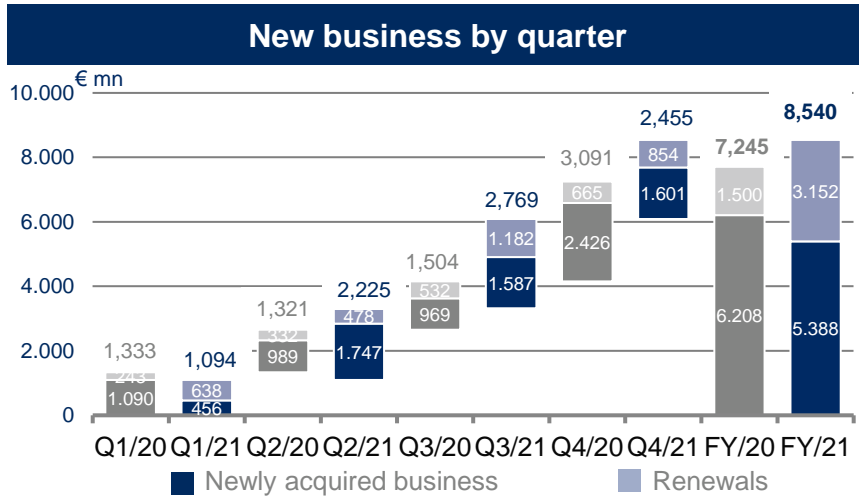
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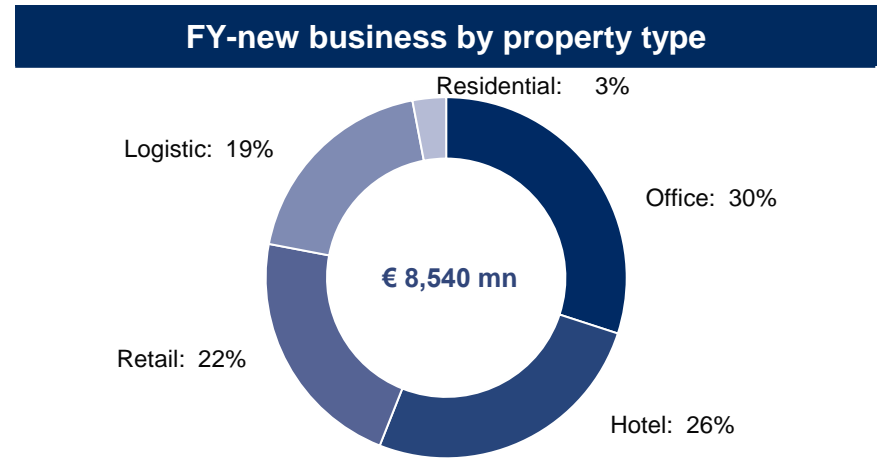
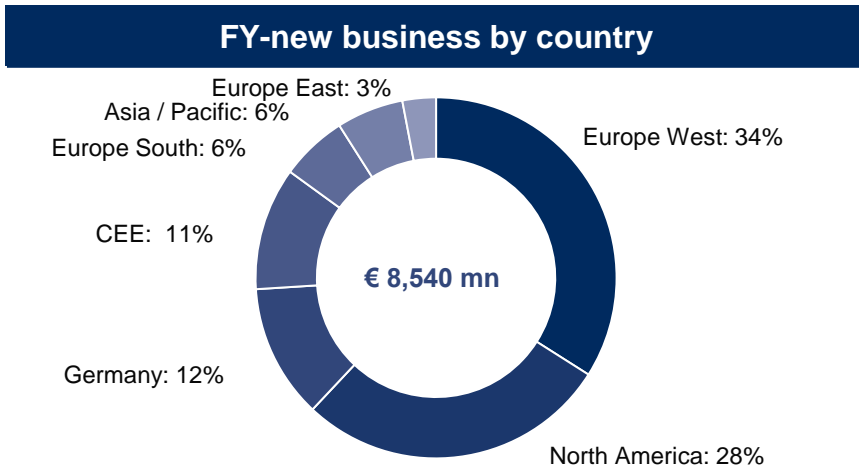
# Segment: Structured Property Financing

Overachieving new business targets – volumes, margins and LTVs



### FY-Newly acquired business

- Strong new business generation with good margins leveraging market opportunities
- FY Ø-margins of ~235 bps and >250 bps in Q4/21 (FY plan 2021: 215 bps)<sup>1)</sup>
- Conservative Ø-LTV of 57% (Q4: 55%)
- First green loans governed acc. to “Green Finance Framework” totalling € ~430 mn in 2021
- With € 8.5 bn overachieving original new business target of € 7 - 8 bn

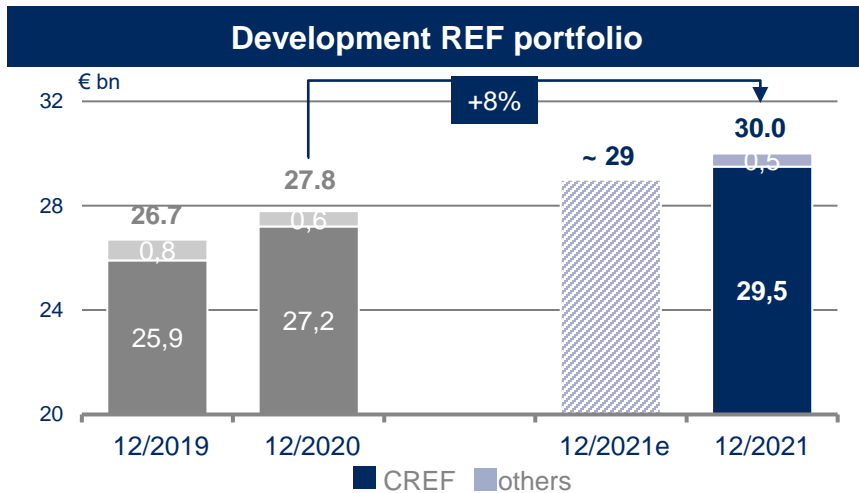


1) Pre FX

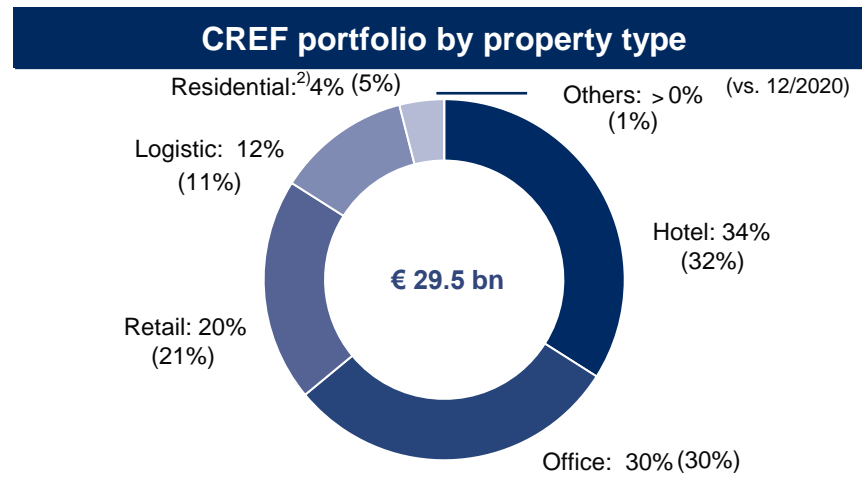
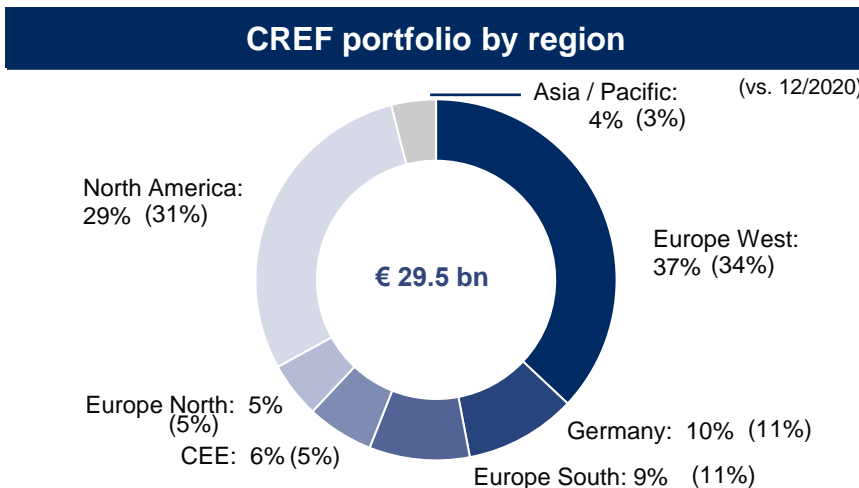


# Segment: Structured Property Financing

Strong portfolio growth considerably above original target



- By leveraging market opportunities focusing on attractive risk-return profile REF-portfolio increased to € 30 bn by end of 2021 (Original target: € ~29 bn)
- Sticking to overall country and asset diversification with increasing importance of logistics financings, as well as portfolio-transactions with risk reducing cross collateralisation
- Russia has been classified as a non-core market for a long time; there has been a significant reduction in net exposure from a peak of € ~1 bn to slightly above € 200 mn
- No exposure in Ukraine



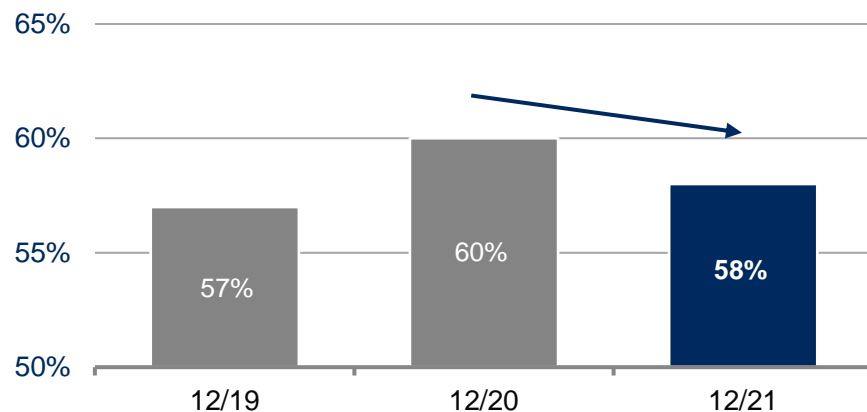
1) Performing CREF-portfolio only (exposure)

2) Incl. Student housing (UK & Australia only)

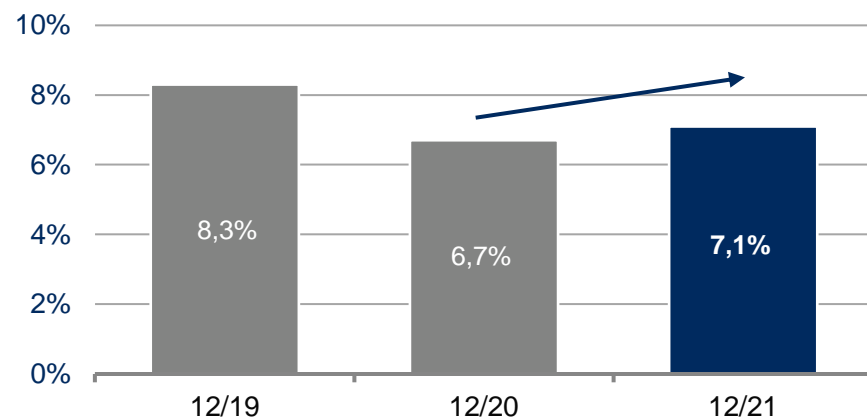
# Segment: Structured Property Financing

Robust asset quality in second year of pandemic, LTV and YoD recover

## LTV development<sup>1)</sup>



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

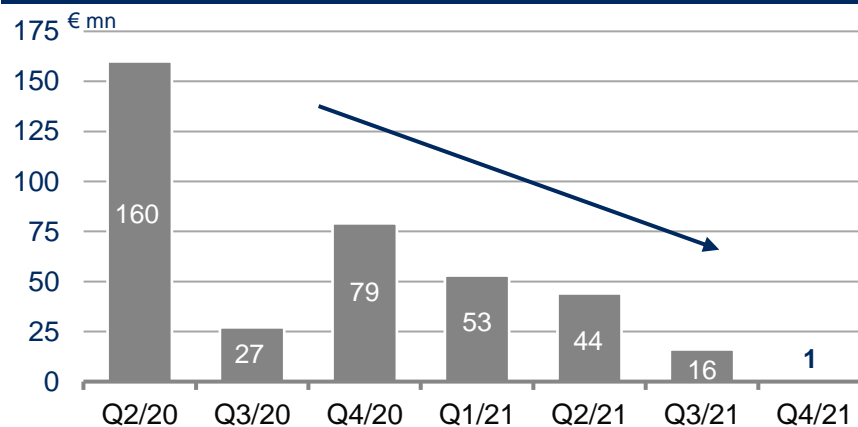


1) Performing CREF-portfolio only (exposure)

## Improving KPIs throughout second year of pandemic

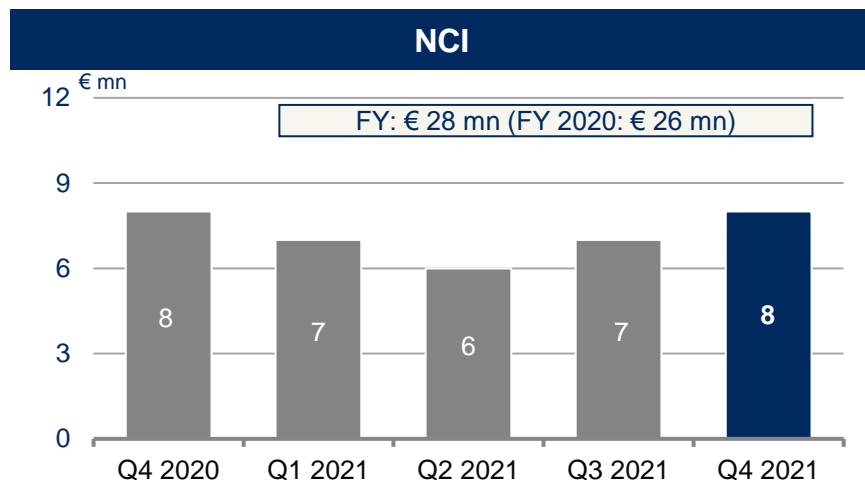
- LTV and YoD recovering steadily while demand for liquidity support significantly reduced
- Update on Hotels
  - LTV improved to 60% (from 63% in Q1/21)
  - YoD improved to 5.0% (from 2.0% in Q1/21)
- Update on Retail
  - LTV improved to 59% (from 61% in Q1/21)
  - YoD improved to 9.1% (from 8.9% in Q1/21)

## Development of demand for liquidity support



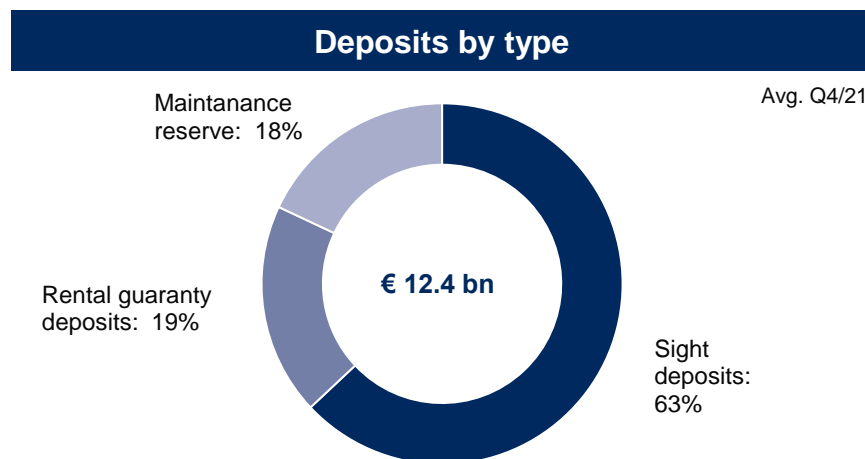
# Segment: Banking & Digital Solutions

NCI growth according to plan, deposit volume further increased



## NCI further increased

- FY NCI increased from € 26 mn in 2020 to € 28 mn in 2021 as expected despite burdens from BGH ruling (of € ~1 mn)
- NCI growth ex BGH one-off in line with FY- and 13% CAGR target

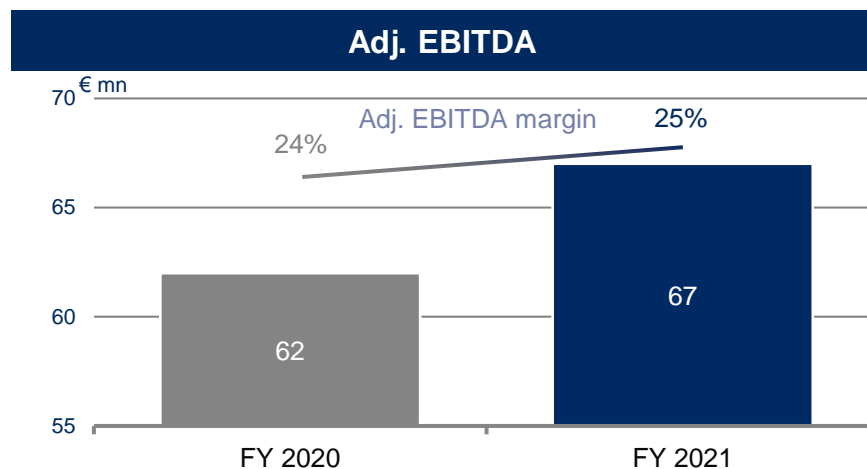
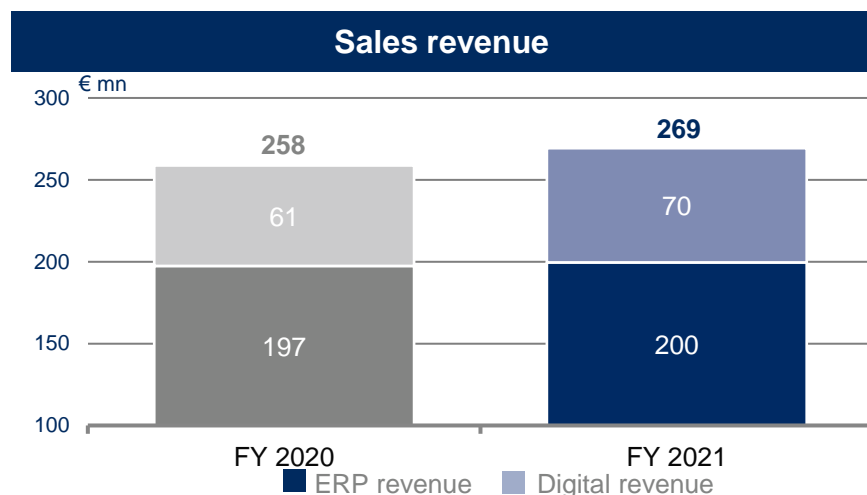


## Deposit volume further increased

- Original target of € 11 bn overachieved
- Total deposits increased by € 1 bn yoy
- Deposits from rental guarantees and maintenance reserves increased by € ~0.5 bn mn to € 4.6 bn yoy
- Increase in deposits supporting CREF portfolio growth
- Stable funding source during crisis continuously proven over last decade

## Segment: Aareon

Adj. EBITDA above target despite ongoing shift to SaaS and continued Covid-19 impact



- Sales revenues increased by € 11 mn to € 269 mn (+4% yoy), diluted by ongoing Covid-19 impact on PS<sup>1)</sup> and the switch of the revenue model from license to subscription based contracts
  - Digital revenues ex PS up 23% yoy (incl. PS up 15%)
  - ERP revenues ex PS up 3% yoy (incl. PS up 1%)
- Recurring revenue up to 71% (67% in 2020)
  - High share underpins stability of business model
  - Proportion expected to grow as new acquisitions and campaigns show their full potential

- Adj. EBITDA increased to € 67 mn (incl. € 2 mn contribution from M&A). Thereby at upper end of original guided range € 63 - 65 mn organically
- Adj. EBITDA margin increased by 100 bps yoy, due to VCP bearing fruit
- EBITDA 2021 adjusted by € 24 mn (2020: € 9 mn) from ramping-up strategic M&A roadmap and investments in new products and VCP strategy
- Items included in “Adjustments<sup>2)</sup>” are expected to reduce in 2022; especially investments in VCP

Note: Numbers not adding up refer to rounding

1) PS (Professional Services) = Consulting business

2) Adjustments incl. new products, VCP, ventures, M&A and other one-offs

# Segment: Aareon is developing into a “Rule of 40” SaaS-company

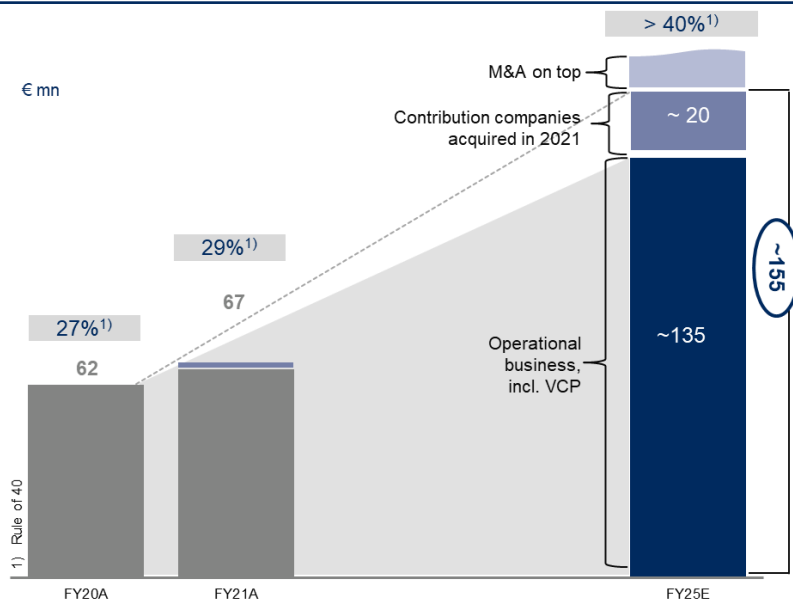
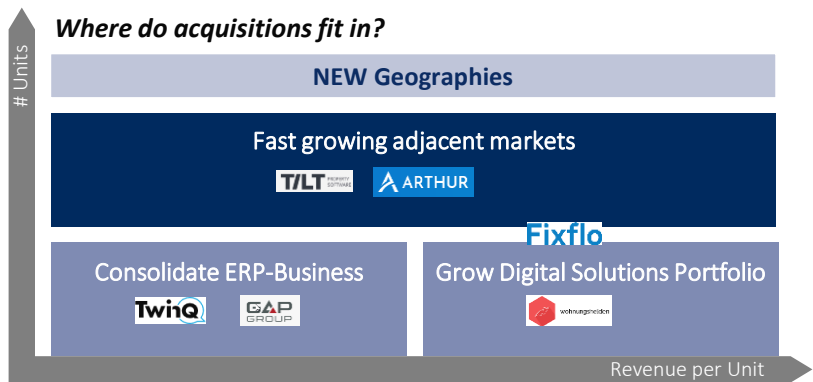
## Strong investments in M&A and VCP

### Operational business: significantly strengthened

- ERP
  - Implementation of new ERP product generations
  - Competence centres for new technologies in place
- Digital solutions
  - New digital solutions expanding Aareon Smart World
  - Pilot customers running AI-based Virtual Assistant Neela and Digital Agency for entire letting process
  - AiBATROS® Energy- and CO2-analysis for climate efficient renovation

### M&A activities: strong execution in 2021

- 6 acquisitions financed by hunting line



### Value Creation Program: substantial progress

Focus on transforming into a full SaaS company

- SaaS/subscription campaigns developed and initiated leading to higher recurring revenues
- Optimised processes will speed up software implementation
- CRE Competence Centre set up

# Agenda

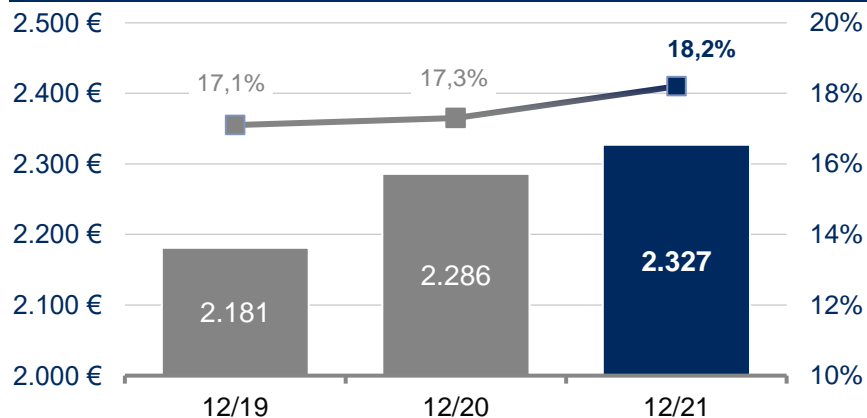
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- Introduction of Aareal Bank
- Takeover offer from financial investors
- Achievements and goals
- Preliminary 2021 group results
- Segments
- **Capital, funding & liquidity**
- ESG
- Outlook 2022
  
- Appendix

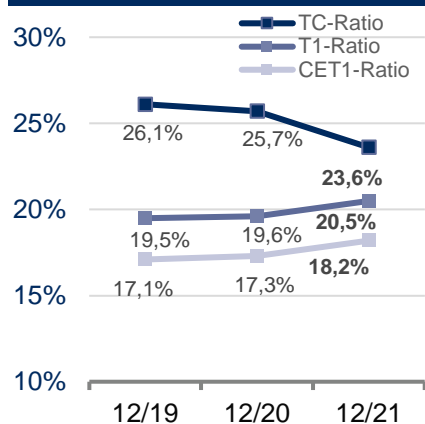
# Capital

## Solid capital position

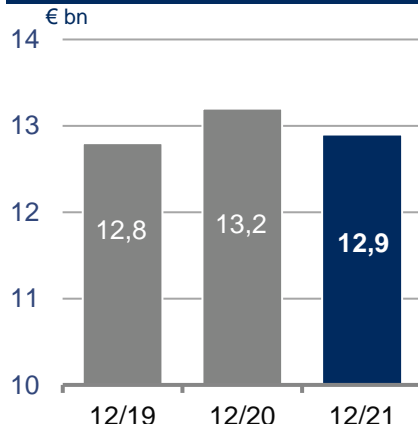
### B4 (phase in)<sup>1)</sup> CET1 capital / ratio development



### B4 (phase in) capital ratios



### B4 (phase in) RWA

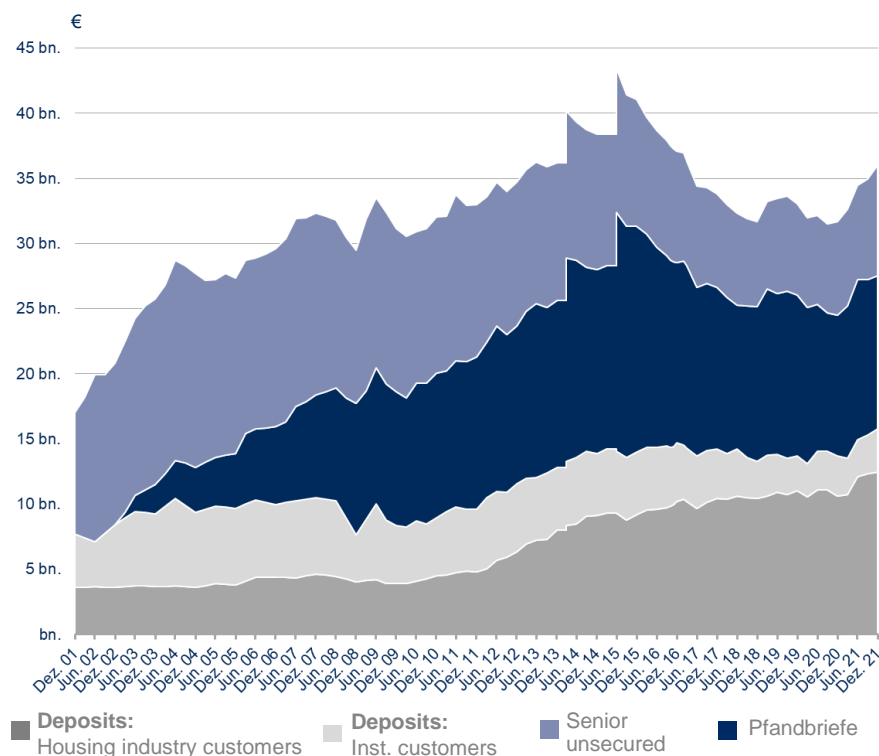


- Very solid capital ratios throughout Covid-19 crisis
- Increased capital ratios (B4 phase-in) in 2021 despite of loan growth mainly due to
  - Improved portfolio quality (sound new business, recovery of LGDs, reduction of NPLs)
  - Sound RWA mgmt. (e.g. consideration of collateral)
  - Improved OCI due to decreased pension provisions
- Planned dividend payout fully deducted from CET1
- B3 CET1 ratio: 22.2% (12/20: 21.5%)
  - Following the publication of the Commission's proposal for European implementation of B4 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, as communicated
- Early redemption of € 300 mn Tier 2 Notes in Q1/21 reflected in TC-Ratio
- AT1 as a further measure to optimise capital structure
- Solid T1-Leverage ratio at 5.5% despite TLTRO participation and portfolio growth
- Remaining regulatory uncertainties (models, ICAAP, ILAAP, B4, etc.)

1) Underlying RWA estimate in accordance with the current version of the CRR plus revised AIRBA requirements for commercial property lending, based on the European Commission's draft for the European implementation of Basel IV dated 27.10.2021. The calculation also includes a buffer (maintaining the scaling factor of 1.06 for AIRBA risk weights, and the 370% risk weight for the IRBA equity exposure class), to account for the uncertainty surrounding the final wording of CRR III as well as the implementation of further regulatory requirements such as EBA requirements for internal Pillar 1 models. When Basel IV enters into force on 01.01.2025, RWA will be calculated based on the European requirements, which will have been finalised by then, and the higher of the revised AIRBA and the revised CRSA (standardised approach for credit risk) phase-in output floor. The SREP recommendations concerning the NPL inventory and the ECB's NPL guidelines for the regulatory capital of NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB tests were taken into account.

# Funding & Liquidity

## Diversified funding sources and distribution channels

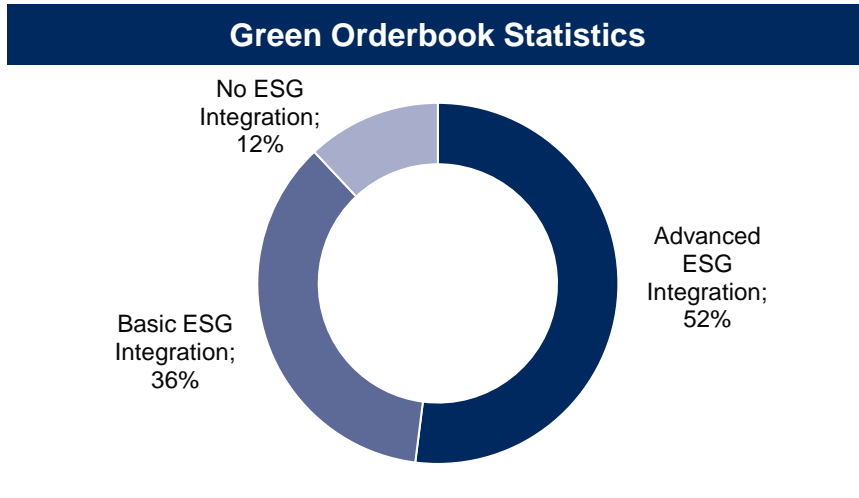


- Sustainable and strong housing industry deposits increased by € 1 bn and verified as an important part of well diversified funding mix
- Successful long term funding transactions of € 3.5 bn in 2021 and already € 1.25 bn in Q1 2022 including:
  - Two € 500 mn Pfandbrief Benchmarks (7Y & 7Y)
  - \$ 750 mn Pfandbrief Benchmark (4Y)
  - Inaugural SONIA linked £ 500 mn Pfandbrief (4Y)
  - € 450 mn increase in outstanding Senior preferred Bond (11/2027) to new notional amount of € 750 mn (6Y)
  - € 500 mn Senior Preferred Benchmark (5Y)
  - Q1 2022:
    - € 750 mn Pfandbrief Benchmark (8Y) and
    - € 500 mn Senior Preferred Inaugural Green Benchmark (6Y)
- Launch of European Commercial Paper program and successful placements in Q4 2021
  - € 830 mn (€ 405 mn Green)
  - \$ 325 mn (\$ 76 mn Green)
- Liquidity ratios significantly over fulfilled
  - NSFR > 100%
  - LCR >> 100%



# Funding & Liquidity

## Very successful Senior Preferred Inaugural Green benchmark transaction



Successful announcement of Green Financing Framework and receiving of Second Party Opinion from Sustainalytics supported strong entry into Green debt markets with highly successful Green ECP & Green SP Benchmark transactions:

- € 500 mn Senior Preferred Inaugural Green Benchmark Transaction with maturity of 6 years
- 88% of allocation to ESG related investors
- ECPs € 405 mn Green & \$ 76 mn Green till 12/2021
- Broader investor base



*“Based on the above, Sustainalytics is confident that Aareal is well-positioned to finance green loans and issue green bonds*

*and that the Aareal Bank Green Finance Framework - Liabilities is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.”*

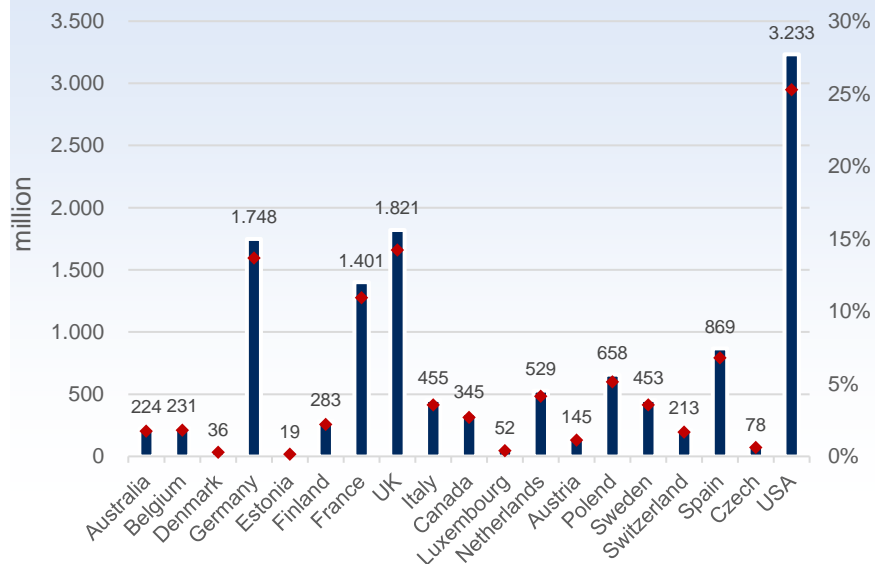
# Mortgage Cover Pool

## Well diversified regarding Geography and Property Type

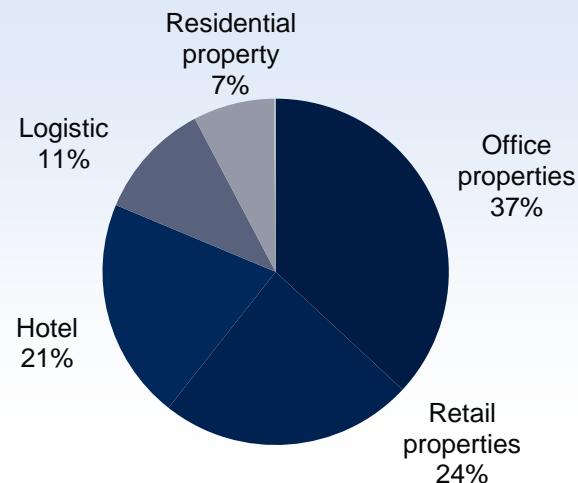
- Cover pool of € 13.9 bn including € 1.15 bn substitute assets diversified over 18 countries
- High quality of assets: first-class mortgage loans (mortgage-lending-value 55.5%)
- Mortgage-lending-value with high discount from market-value
- Ø LTV of the mortgage cover pool 33.9%
- Moody's has calculated a 'Aaa' supporting over-collateralisation ratio of 18.0% on a PV basis
- Over-collateralisation on a PV basis as of 31.12.2021: 22.4%
- High diversification within property types
- No assets in the covered pool from Russia and Ukraine



### 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  
Hypothekendarlehen

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  
Hypothekendarlehen

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  
Hypothekendarlehen

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  
Hypothekendarlehen

7 Years  
Maturity 15.09.2028  
ISIN: DE000AAR0306

Lead Manager  
BayernLB, Commerzbank,  
Helaba, Natixis, UniCredit

September 2021

Q1 2022


 **Aareal Bank Group**

**0.1250%**  
EUR 750.000.000  
Hypothekendarlehen

8 Years  
Maturity 01.02.2030  
ISIN: DE000AAR0314

Lead Manager  
CMZB, DZ Bank, LBBW,  
NordLB, SocGen, UniCredit

January 2022

 **Aareal Bank Group**

**0.75%**  
EUR 500.000.000  
**Senior Preferred „green“**

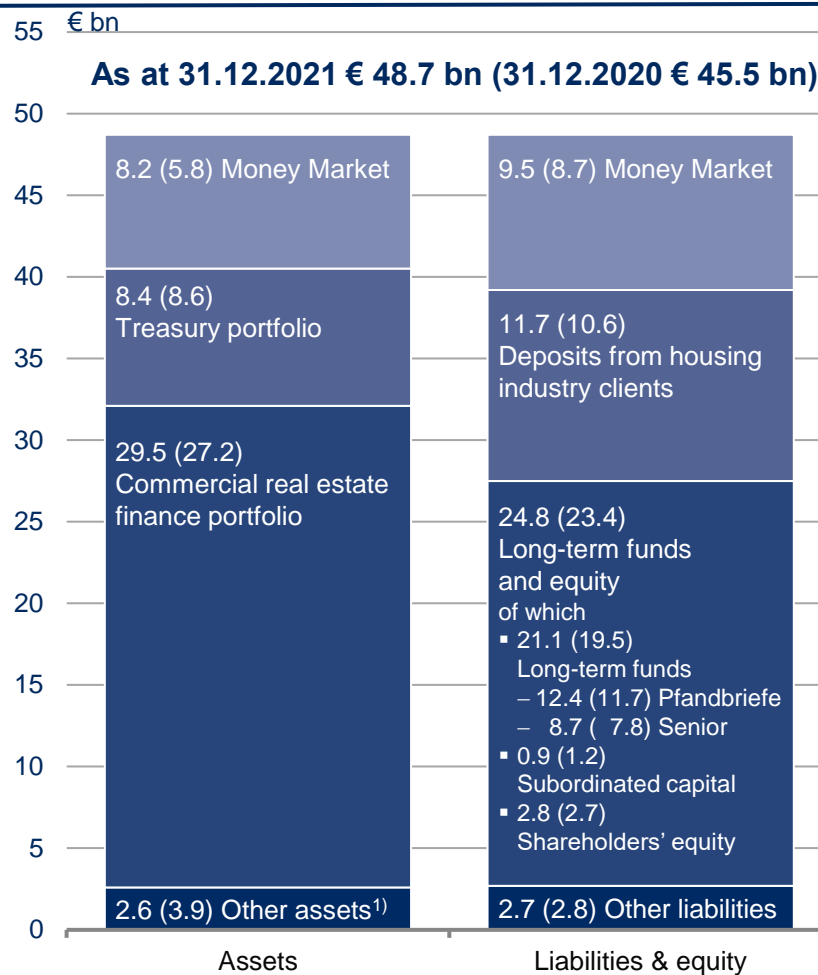
6 Years  
Maturity 18.04.2028  
ISIN: DE000AAR0322

Lead Manager  
CMZB, DB, DekaBank, DZ  
Bank, HSBC, Natixis

January 2022

# B/S structure according to IFRS

Well balanced

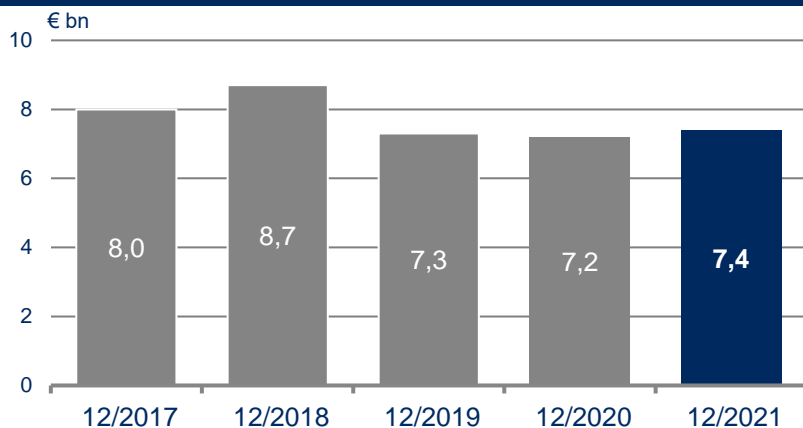


1) Other assets includes € 0.3 bn private client portfolio and WIB's € 0.3 bn public sector loans

# Treasury portfolio

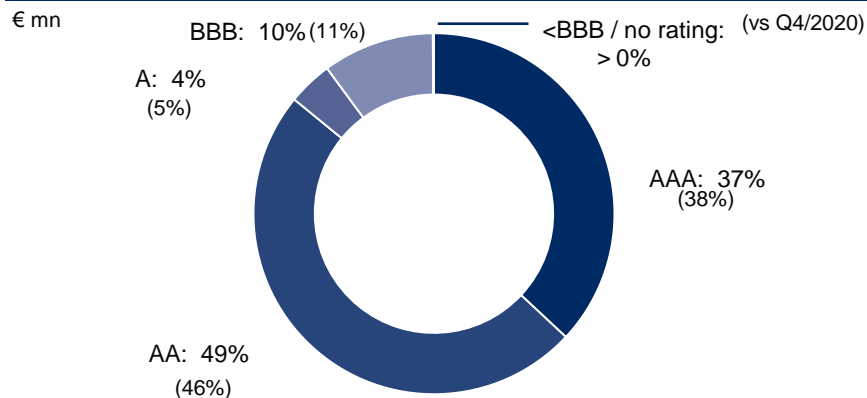
€ 7.4 bn of high rating quality and highly liquid assets

## TR portfolio development

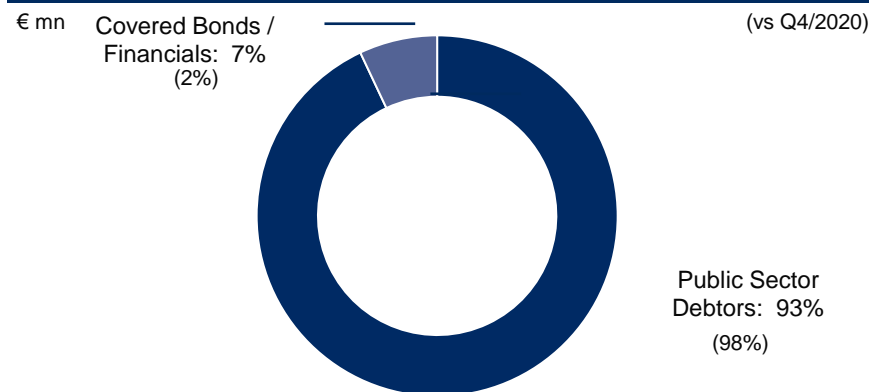


- Portfolio further diversified with additional investments in new agencies and Covered Bonds
- Investments in Covered Bonds supporting spread improvement

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



## TR portfolio by asset class



As at 30.12.2021 – all figures are nominal amounts

1) Composite Rating

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

## Fostering this transition

### 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

# Major Milestones in Sustainable Finance Strategy achieved

## Green loans for green properties refinanced by green funding instruments

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

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

**~40%**

of our portfolio through documentation of proof in IT systems

94% transparency based on client information

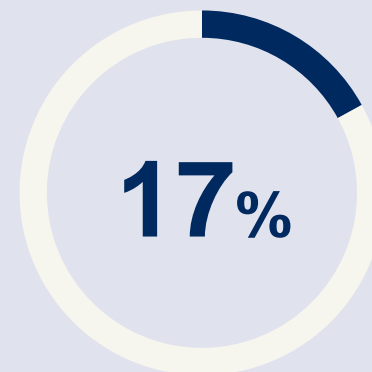
Since the launch in June 2021

**€ ~430 mn**

in Green Loans

have been issued

Verified<sup>2)</sup>, individual Green Properties



of CREF portfolio

with more potential subject to ongoing validation

Since implementation of Green Finance Framework – Funding

**€ ~1 bn**

has been issued via our inaugural Senior Preferred Green Bond as well as via the green Commercial Paper Program

1) Portfolio data as at 31.12.2021

2) Verified: certificate is documented



# Agenda

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# Outlook 2022

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>	€ 597 mn € 245 mn € 169 mn € 528 mn	€ 600 - 630 mn € 270 - 290 mn € 100 - 140 mn € 540 - 570 mn
<ul style="list-style-type: none"> <li>Operating profit</li> <li>Net income<sup>2)</sup></li> <li>Earnings per share (EPS)</li> </ul>	€ 155 mn € 53 mn € 0.89	€ 210 - 250 mn € 120 - 150 mn <sup>3)</sup> € 2.00 - 2.50 <sup>3)</sup>	

Segments	METRIC	2021	OUTLOOK 2022
	Structured Property Financing	<ul style="list-style-type: none"> <li>REF Portfolio</li> <li>New business</li> </ul>	€ 30.0 bn € 8.5 bn
Banking & Digital Solutions	<ul style="list-style-type: none"> <li>Deposit volume</li> <li>NCI</li> </ul>	€ 12.4 bn € 28 mn	€ ~12 bn ~13% CAGR (2020-2023)
Aareon	<ul style="list-style-type: none"> <li>Revenues</li> <li>Adj. EBITDA</li> </ul>	€ 269 mn € 67 mn	€ 305 - 325 mn € 73 - 78 mn

1) Incl. value adjustments from NPL fvpl

2) Net income attributable to ordinary shareholder

3) Based on expected FY-tax ratio of 34%

4) Subject to FX development

Note: All 2021 figures preliminary and unaudited

# Acceleration of our successful strategy 'Aareal Next Level' based on strong and crisis resilient capital base

## **SPF: From ACTIVATE! to GROW!**

→ Grow REF portfolio to € ~33 bn in 2024

## **BDS: From ELEVATE! to LEVERAGE!**

→ Segment and independent value proposition established; cross- and upselling of payment services and digital products well advanced

## **Aareon: continue to ACCELERATE!**

→ Adj. EBITDA target 2025 raised from € ~135 mn to € ~155 mn

**Maintaining Aareal's strong funding and capital position**

# Aareal Next Level

## Our KPIs and targets

	Our KPIs and targets		
	2023	2024	2025
<b>Aareal Bank Group</b>			
▪ Operating profit	€ ~300 mn <sup>1)</sup>	Up to € 350 mn	
▪ RoE post tax group <sup>2)</sup>	~8% <sup>1)</sup>	↗	
▪ Dividend policy	50% base dividend plus potential supplementary dividend <sup>3)</sup>		
<b>Aareal Bank</b>			
▪ REF portfolio YE	€ ~32 bn	€ ~33 bn	
▪ CIR SPF <sup>4)</sup>	<40%		
<b>Aareon</b>			
▪ Revenue	>10% CAGR (2020-2025)		
▪ Adj. EBITDA	↗	↗	€ ~135 mn plus € ~20 mn closed M&A
	Contribution from additional future M&A on top		
▪ Rule of 40	↗	↗	Achieve rule of 40

1) Excluding any potential acquisitions, and subject to the Covid-19 crisis being fully overcome by then

2) Based on 15% CET1 reference ratio (Basel IV, phase-in, revised IRBA)

3) Subject to ECB approval; Balanced growth investments and shareholders' remuneration in line with existing dividend policy

4) Excluding bank levy and contribution to deposit guarantee scheme



- All strategic goals achieved or exceeded
- So far, pandemic-related risks well managed
- Course set for further growth

**We want to and will grow.  
More strongly than previously planned.  
With and for our customers.  
In all segments.**

# Preliminary Group Results 2021

# Appendix

# Aareal Bank Group

## Preliminary results 2021

	01.01.- 31.12.2021 € mn	01.01.- 31.12.2020 € mn	Change
<b>Profit and loss account</b>			
Net interest income	597	512	17%
Loss allowance	133	344	-61%
Net commission income	245	234	5%
Net derecognition gain or loss	23	28	-18%
Net gain or loss from financial instruments (fvpl)	-30	-32	-6%
Net gain or loss on hedge accounting	-5	6	-183%
Net gain or loss from investments accounted for using the equity method	-2	1	-300%
Administrative expenses	528	469	13%
Net other operating income / expenses	-12	-11	9%
<b>Operating Profit</b>	<b>155</b>	<b>-75</b>	<b>-307%</b>
Income taxes	87	-6	-1550%
<b>Consolidated net income</b>	<b>68</b>	<b>-69</b>	<b>-199%</b>
Consolidated net income attributable to non-controlling interests	1	5	-80%
Consolidated net income attributable to shareholders of Aareal Bank AG	67	-74	-191%
<b>Earnings per share (EpS)</b>			
Consolidated net income attributable to shareholders of Aareal Bank AG <sup>1)</sup>	67	-74	-191%
of which: allocated to ordinary shareholders	53	-90	-159%
of which: allocated to AT1 investors	14	16	-13%
Earnings per ordinary share (in €) <sup>2)</sup>	0.89	-1.50	-159%
Earnings per ordinary AT1 unit (in €) <sup>3)</sup>	0.14	0.16	-13%

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

## Preliminary results 2021 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 31.12. 2021	01.01.- 31.12. 2020	01.01.- 31.12. 2021	01.01.- 31.12. 2020	01.01.- 31.12. 2021	01.01.- 31.12. 2020	01.01.- 31.12. 2021	01.01.- 31.12. 2020	01.01.- 31.12. 2021	01.01.- 31.12. 2020
€ mn										
Net interest income	560	474	43	39	-6	-1	0	0	597	512
Loss allowance	133	344		0	0	0			133	344
Net commission income	8	8	28	26	221	213	-12	-13	245	234
Net derecognition gain or loss	23	28							23	28
Net gain or loss from financial instruments (fvpl)	-30	-32	0	0		0			-30	-32
Net gain or loss on hedge accounting	-5	6							-5	6
Net gain or loss from investments accounted for using the equity method	0	2	-1		-1	-1			-2	1
Administrative expenses	256	227	73	68	211	188	-12	-14	528	469
Net other operating income / expenses	-13	-14	-1	0	2	4	0	-1	-12	-11
<b>Operating profit</b>	<b>154</b>	<b>-99</b>	<b>-4</b>	<b>-3</b>	<b>5</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>155</b>	<b>-75</b>
Income taxes	82	-14	-1	-1	6	9			87	-6
<b>Consolidated net income</b>	<b>72</b>	<b>-85</b>	<b>-3</b>	<b>-2</b>	<b>-1</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>68</b>	<b>-69</b>
<b>Allocation of results</b>										
Cons. net income attributable to non-controlling interests	0	0	0	0	1	5			1	5
Cons. net income attributable to shareholders of Aareal Bank AG	72	-85	-3	-2	-2	13	0	0	67	-74



# Aareal Bank Group

## Preliminary results – quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					Aareon					Consolidation / Reconciliation					Aareal Bank Group				
	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4
	2021		2020			2021		2020			2021		2020			2021		2020			2021		2020		
€ mn																									
Net interest income	154	146	133	127	129	10	11	11	11	10	-2	-2	-2	0	0	0	0	0	0	0	162	155	142	138	139
Loss allowance	54	39	33	7	177	0				0	0	0	0		0						54	39	33	7	177
Net commission income	2	2	2	2	4	8	7	6	7	8	64	50	54	53	58	-3	-3	-3	-3	-4	71	56	59	59	66
Net derecognition gain or loss	8	7	8	0	9																8	7	8	0	9
Net gain / loss from fin. instruments (fvpl)	-23	-3	-3	-1	-21	0									0						-23	-3	-3	-1	-21
Net gain or loss on hedge accounting	-1	-2	1	-3	2																-1	-2	1	-3	2
Net gain / loss from investments acc. for using the equity method	0				2	0		-1			-1	0	0	0	-1						-1	0	-1	0	1
Administrative expenses	63	59	50	84	54	20	17	17	19	18	55	52	54	50	50	-3	-3	-3	-3	-5	135	125	118	150	117
Net other operating income / expenses	8	-1	-15	-5	-3	-1	0	0	0	0	-2	2	1	1	3	0	0	0	0	-1	5	1	-14	-4	-1
<b>Operating profit</b>	<b>31</b>	<b>51</b>	<b>43</b>	<b>29</b>	<b>-109</b>	<b>-3</b>	<b>1</b>	<b>-1</b>	<b>-1</b>	<b>0</b>	<b>4</b>	<b>-2</b>	<b>-1</b>	<b>4</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>50</b>	<b>41</b>	<b>32</b>	<b>-99</b>
Income taxes	14	28	30	10	-18	0	0	-1	0	1	6	-1	0	1	4						20	27	29	11	-13
<b>Consolidated net income</b>	<b>17</b>	<b>23</b>	<b>13</b>	<b>19</b>	<b>-91</b>	<b>-3</b>	<b>1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>	<b>-1</b>	<b>-1</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>23</b>	<b>12</b>	<b>21</b>	<b>-86</b>
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	-1	0	1	1	3						-1	0	1	1	3
Cons. net income attributable to ARL shareholders	17	23	13	19	-91	-3	1	0	-1	-1	-1	-1	-2	2	3	0	0	0	0	0	13	23	11	20	-89

# Aareal Bank Group

## Preliminary results Q4 2021

	01.10.- 31.12.2021	01.10.- 31.12.2020	Change
	€ mn	€ mn	
<b>Profit and loss account</b>			
Net interest income	162	139	17%
Loss allowance	54	177	-69%
Net commission income	71	66	8%
Net derecognition gain or loss	8	9	-11%
Net gain or loss from financial instruments (fvpl)	-23	-21	10%
Net gain or loss on hedge accounting	-1	2	-150%
Net gain or loss from investments accounted for using the equity method	-1	1	-200%
Administrative expenses	135	117	15%
Net other operating income / expenses	5	-1	-600%
<b>Operating Profit</b>	<b>32</b>	<b>-99</b>	<b>-132%</b>
Income taxes	20	-13	-254%
<b>Consolidated net income</b>	<b>12</b>	<b>-86</b>	<b>-114%</b>
Consolidated net income attributable to non-controlling interests	-1	3	-133%
Consolidated net income attributable to shareholders of Aareal Bank AG	13	-89	-115%
<b>Earnings per share (EpS)</b>			
Consolidated net income attributable to shareholders of Aareal Bank AG <sup>1)</sup>	13	-89	-115%
of which: allocated to ordinary shareholders	9	-93	-110%
of which: allocated to AT1 investors	4	4	
Earnings per ordinary share (in €) <sup>2)</sup>	0.16	-1.56	-110%
Earnings per ordinary AT1 unit (in €) <sup>3)</sup>	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.

# Aareal Bank Group

## Preliminary results Q4 2021 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.10.- 31.12. 2021	01.10.- 31.12. 2020	01.10.- 31.12. 2021	01.10.- 31.12. 2020	01.10.- 31.12. 2021	01.10.- 31.12. 2020	01.10.- 31.12. 2021	01.10.- 31.12. 2020	01.10.- 31.12. 2021	01.10.- 31.12. 2020
€ mn										
Net interest income	154	129	10	10	-2	0	0	0	162	139
Loss allowance	54	177	0	0	0	0			54	177
Net commission income	2	4	8	8	64	58	-3	-4	71	66
Net derecognition gain or loss	8	9							8	9
Net gain or loss from financial instruments (fvpl)	-23	-21	0			0			-23	-21
Net gain or loss on hedge accounting	-1	2							-1	2
Net gain or loss from investments accounted for using the equity method	0	2	0		-1	-1			-1	1
Administrative expenses	63	54	20	18	55	50	-3	-5	135	117
Net other operating income / expenses	8	-3	-1	0	-2	3	0	-1	5	-1
<b>Operating profit</b>	<b>31</b>	<b>-109</b>	<b>-3</b>	<b>0</b>	<b>4</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>-99</b>
Income taxes	14	-18	0	1	6	4			20	-13
<b>Consolidated net income</b>	<b>17</b>	<b>-91</b>	<b>-3</b>	<b>-1</b>	<b>-2</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>-86</b>
<b>Allocation of results</b>										
Cons. net income attributable to non-controlling interests	0	0	0	0	-1	3			-1	3
Cons. net income attributable to shareholders of Aareal Bank AG	17	-91	-3	-1	-1	3	0	0	13	-89

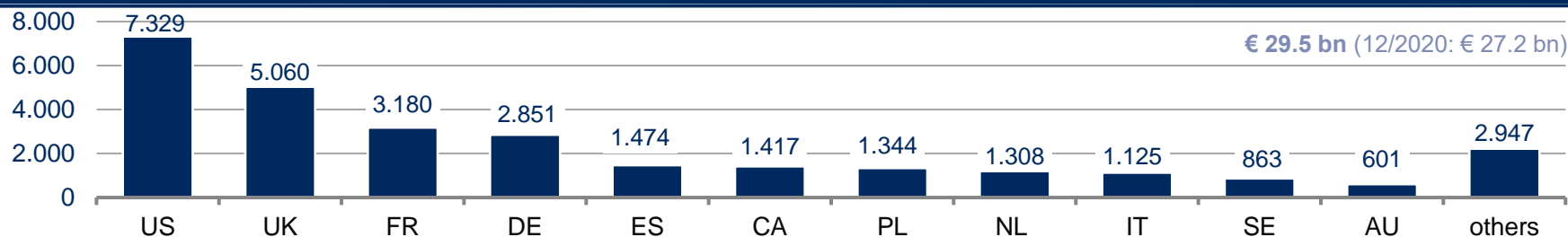
## Asset quality

# Appendix

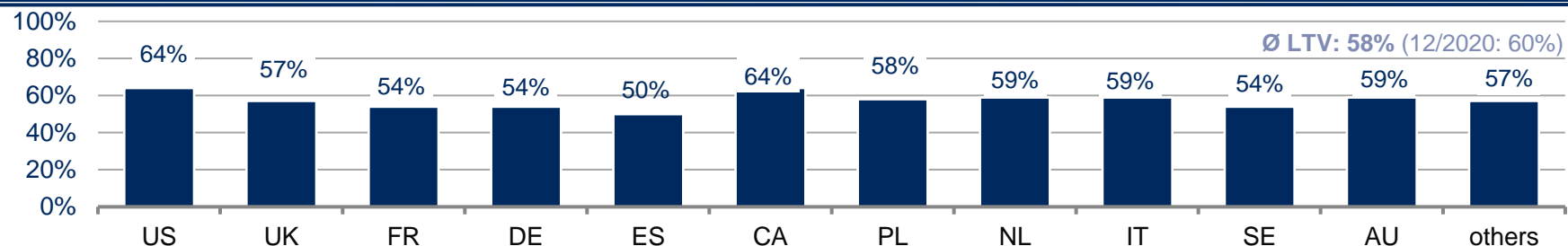
# CREF portfolio by country

€ 29.5 bn highly diversified

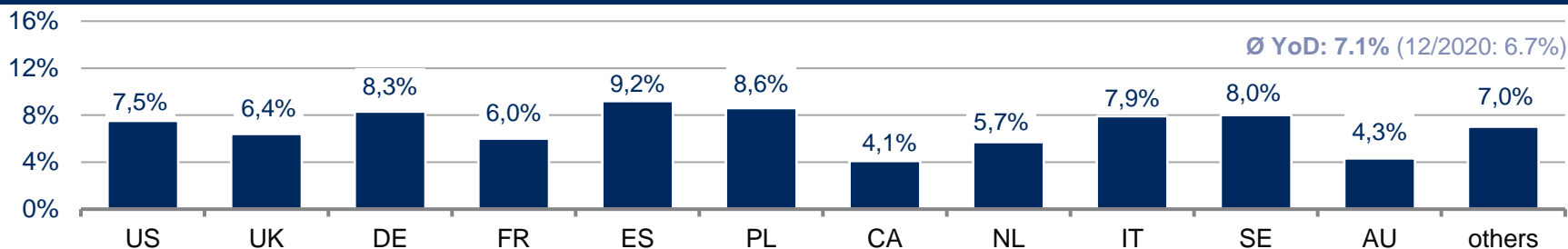
## CREF portfolio (€ mn)



## LTV<sup>1)</sup>



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

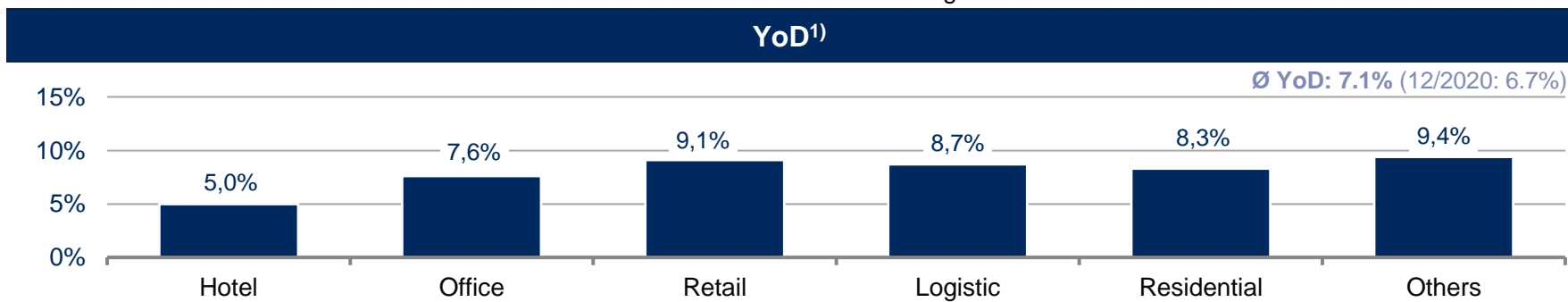
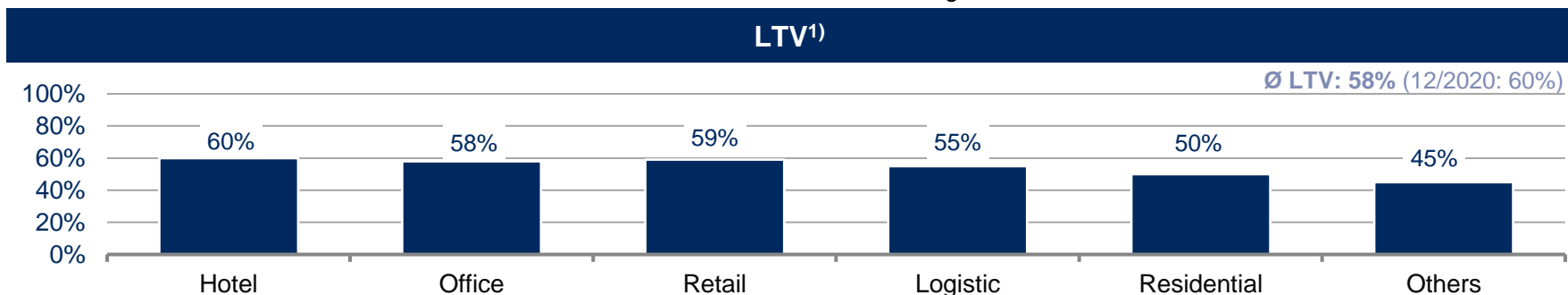
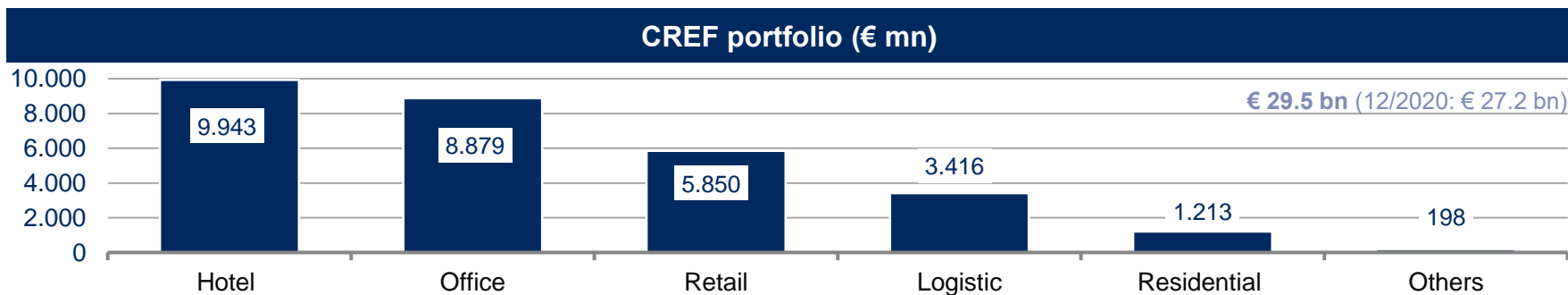


Note: others incl. countries with a portfolio below € 500 mn

1) Performing CREF-portfolio only (exposure)

# CREF portfolio by property types

€ 29.5 bn highly diversified

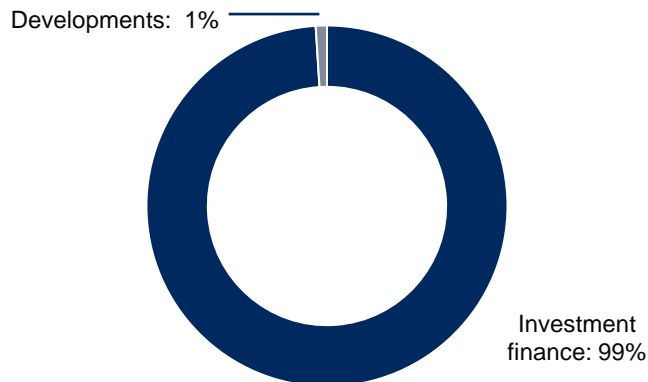


1) Performing CREF-portfolio only (exposure)

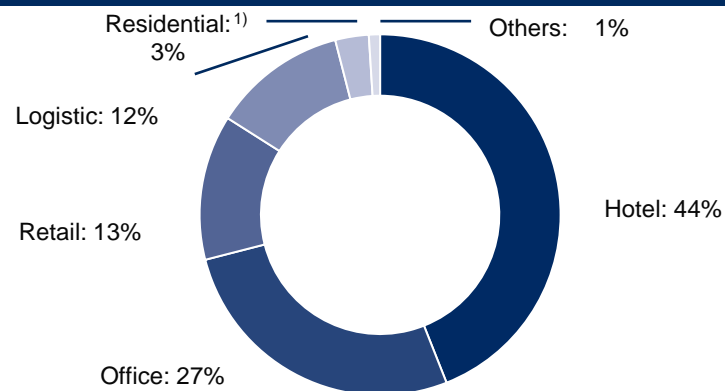
# Western Europe (ex Germany) CREF portfolio

Total volume outstanding as at 31.12.2021: € 10.9 bn

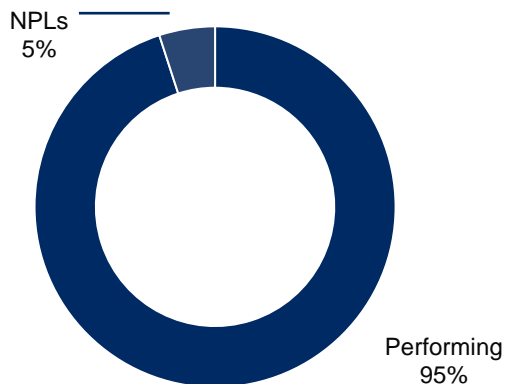
## by product type



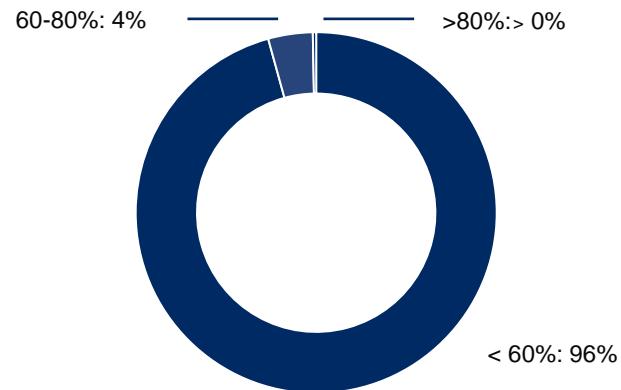
## by property type



## by performance



## by LTV ranges<sup>2)</sup>



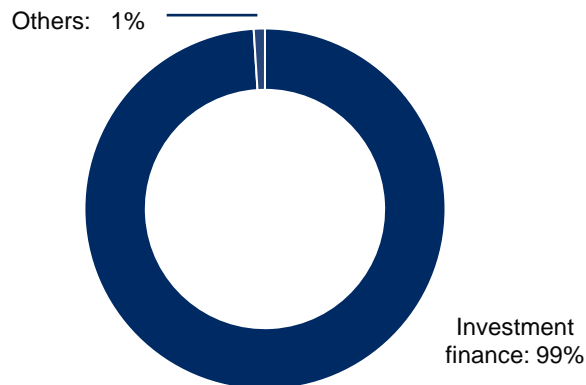
1) Incl. Student housing (UK & Australia only)

2) Performing CREF-portfolio only (exposure)

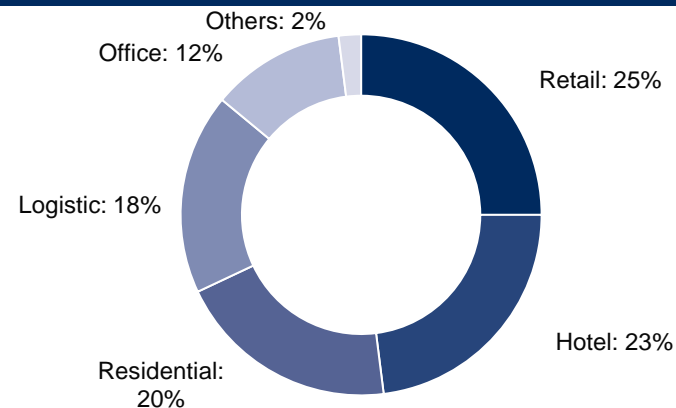
# German CREF portfolio

Total volume outstanding as at 31.12.2021: € 2.9 bn

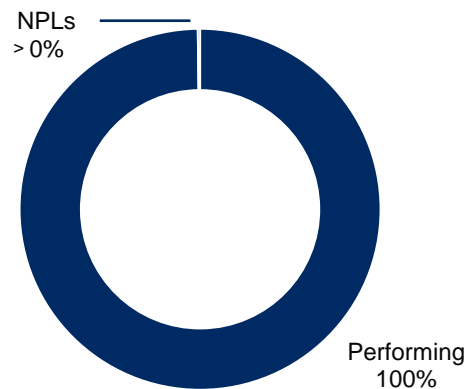
## by product type



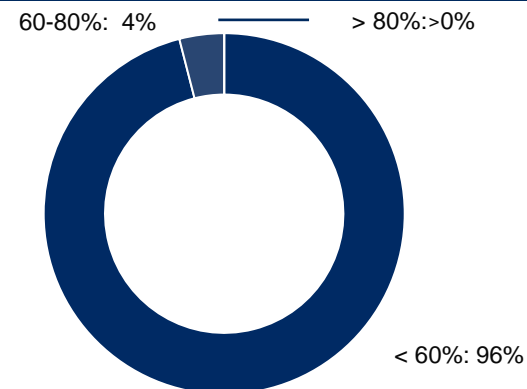
## by property type



## by performance



## by LTV ranges<sup>1)</sup>



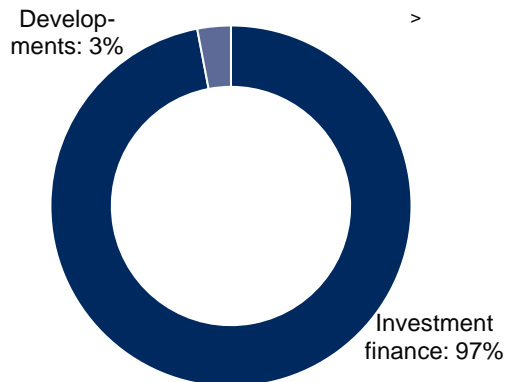
1) Performing CREF-portfolio only (exposure)



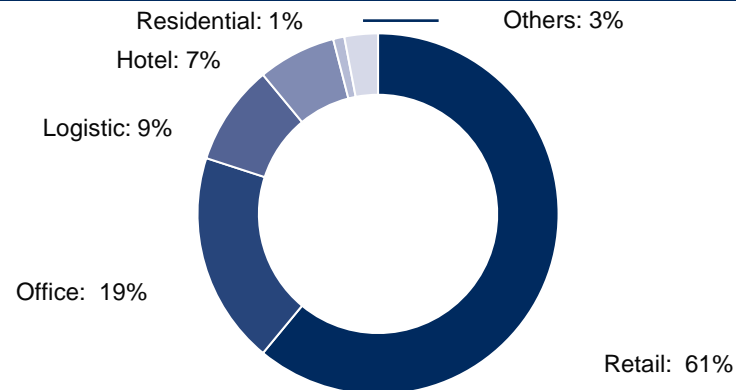
# Southern Europe CREF portfolio

Total volume outstanding as at 31.12.2021: € 2.6 bn

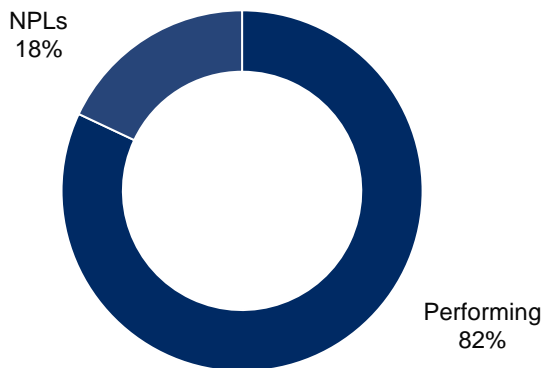
## by product type



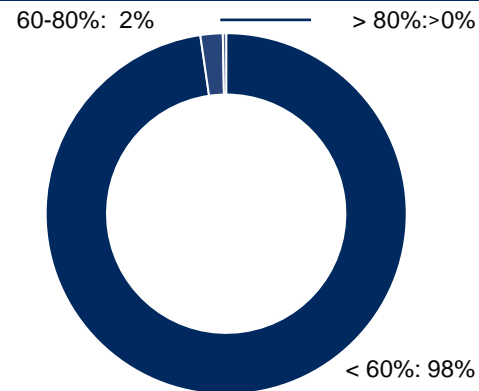
## by property type



## by performance



## by LTV ranges<sup>1)</sup>

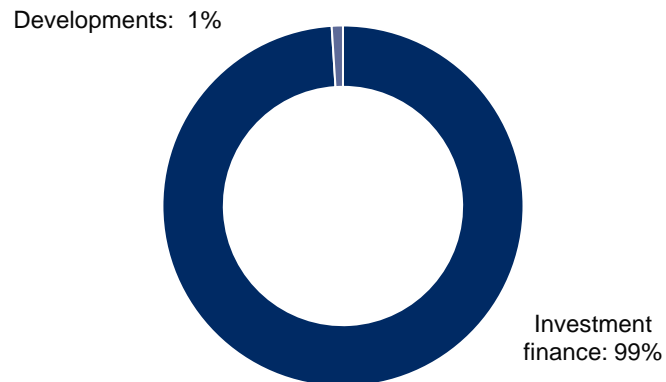


1) Performing CREF-portfolio only (exposure)

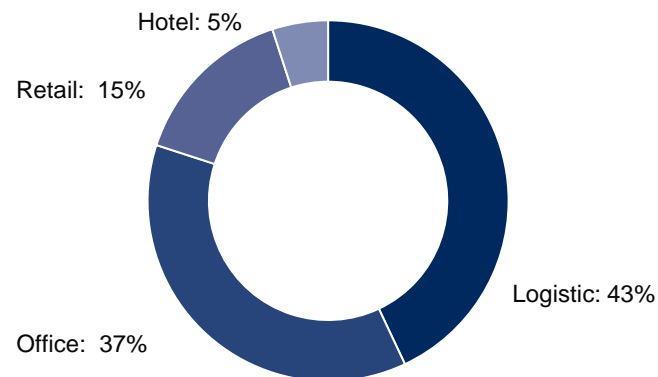
# Central- and East Europe CREF portfolio

Total volume outstanding as at 31.12.2021: € 1.8 bn

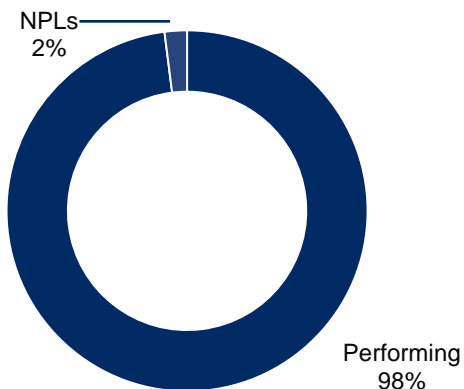
## by product type



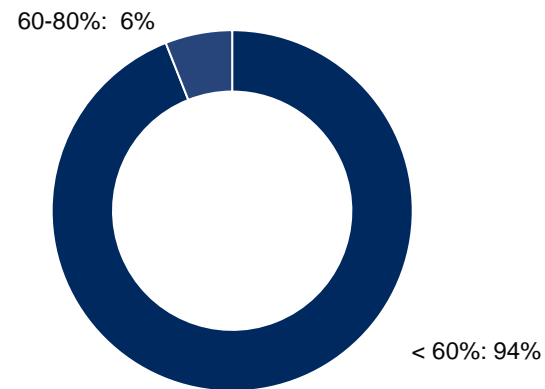
## by property type



## by performance



## by LTV ranges<sup>1)</sup>

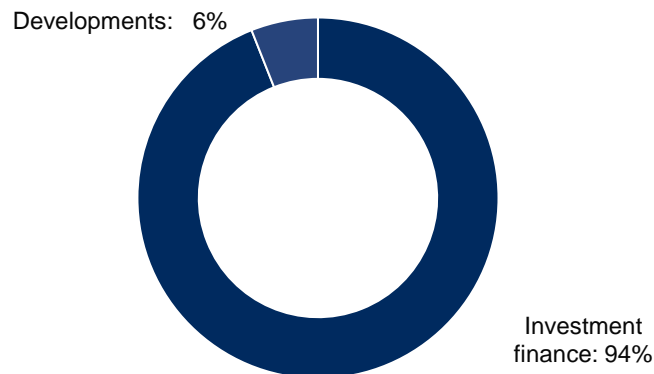


1) Performing CREF-portfolio only (exposure)

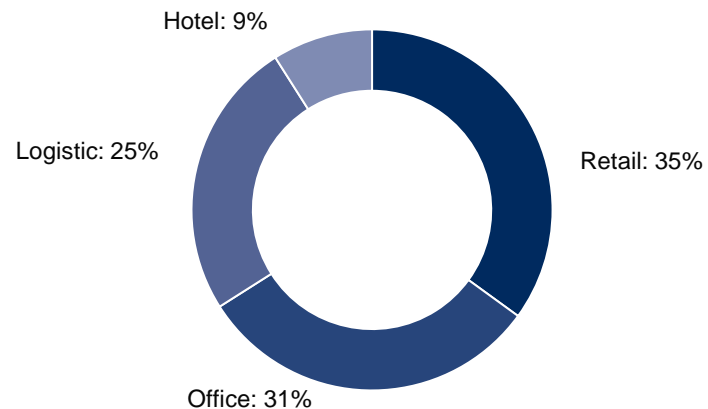
# Northern Europe CREF portfolio

Total volume outstanding as at 31.12.2021: € 1.4 bn

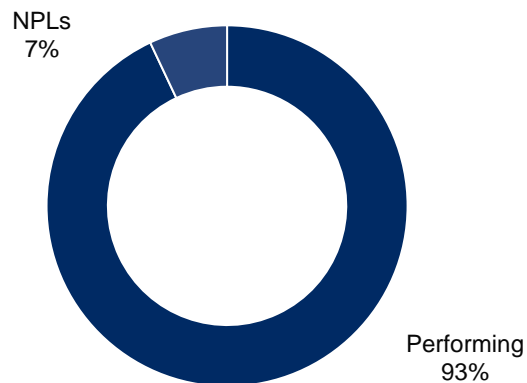
## by product type



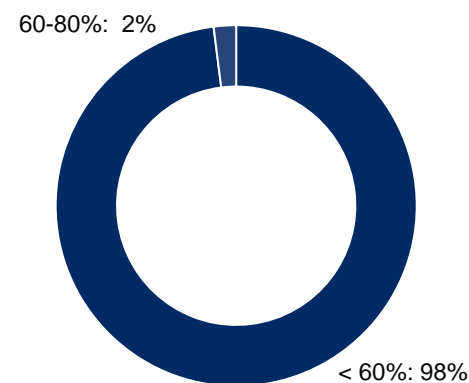
## by property type



## by performance



## by LTV ranges<sup>1)</sup>



1) Performing CREF-portfolio only (exposure)

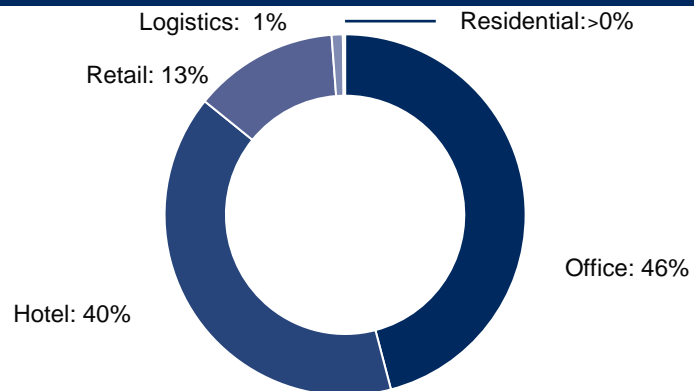
# North America CREF portfolio

Total volume outstanding as at 31.12.2021: € 8.7 bn

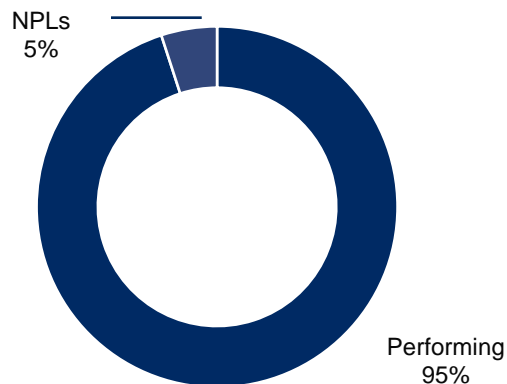
## by product type



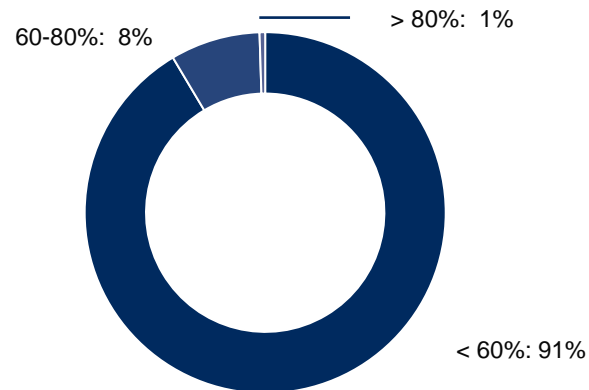
## by property type



## by performance



## by LTV ranges<sup>1)</sup>



1) Performing CREF-portfolio only (exposure)

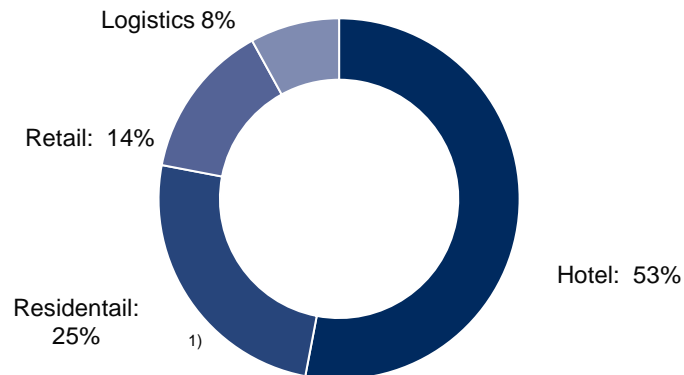
# Asia / Pacific CREF portfolio

Total volume outstanding as at 31.12.2021: € 1.2 bn

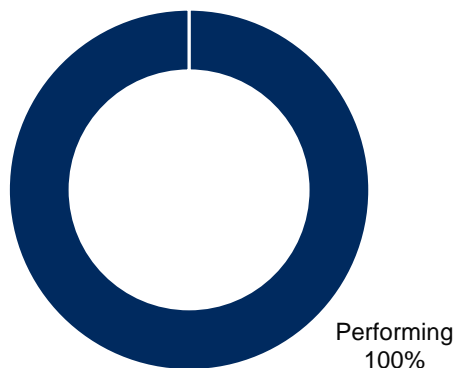
## by product type



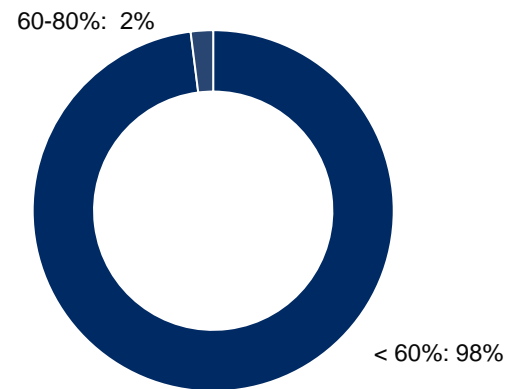
## by property type



## by performance



## by LTV ranges<sup>2)</sup>



1) Incl. Student housing (UK & Australia only)

2) Performing CREF-portfolio only (exposure)

**Segment: Aareon**

# Appendix

# Segment: Aareon

## P&L and other KPIs

P&L Aareon segment - Industry format <sup>1)</sup>	Q4'20	FY'20	Q4'21	FY'21	Δ Q4 '21/'20	Δ FY '21/'20
€ mn						
Sales revenue	70	258	75	269	7%	4%
▪ <i>Thereof ERP</i>	53	197	54	200	2%	1%
▪ <i>Thereof Digital</i>	17	61	20	70	24%	15%
Costs <sup>2)</sup>	-53	-205	-57	-227	9%	11%
▪ <i>Thereof material</i>	-12	-45	-11	-48	-7%	7%
<b>EBITDA</b>	<b>17</b>	<b>53</b>	<b>18</b>	<b>43</b>	<b>4%</b>	<b>-20%</b>
Adjustments <sup>2)</sup>	-4	-9	-8	-24	74%	>100%
<b>Adj. EBITDA</b>	<b>21</b>	<b>62</b>	<b>25</b>	<b>67</b>	<b>18%</b>	<b>8%</b>
<b>EBITDA</b>	<b>17</b>	<b>53</b>	<b>18</b>	<b>43</b>	<b>4%</b>	<b>-20%</b>
D&A / Financial result	-6	-26	-13	-38	>100%	45%
<b>EBT / Operating profit</b>	<b>10</b>	<b>27</b>	<b>4</b>	<b>5</b>	<b>-61%</b>	<b>-82%</b>

R&D, RPU and operating cashflow	
Revenue per unit (RPU) – LTM (€)	23
R&D spend as % of software revenue – YTD	25%
YTD Operating Cash Flow (€ mn)	36

- RPU (last 12 months) at 23 € (9M/21: 22 €)
- R&D spend picking up in line with communicated pattern of gradual increase in the short term up to 25% of revenue
- VCP- and M&A-related investments led to higher costs as planned, VCP investments expected to fade out in the future
- Operating Cash Flow at € 36 mn (12M/20: € 55 mn) mainly driven by higher investments

1) Calculation refers to unrounded numbers

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

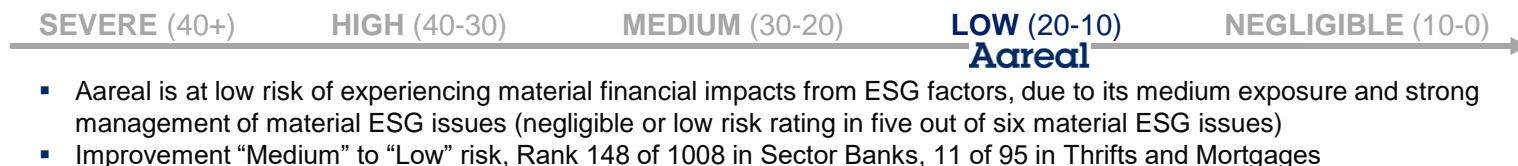
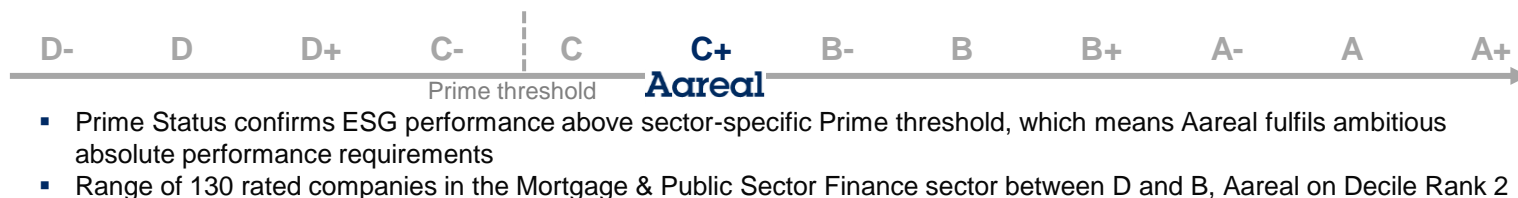
## Fostering Real Estate's ESG transition

# Appendix



# Consistently positive rating results

## Rewarding Aareal's ESG performance



# Aareal Green Finance Framework: Eligibility criteria

## Building on our modern portfolio and extensive know-how

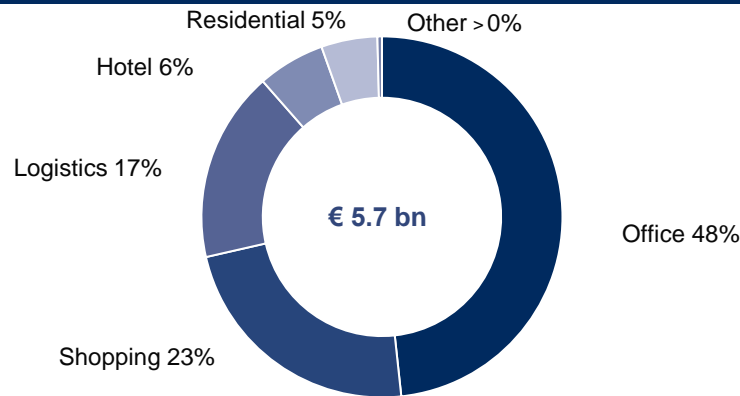


Eligibility category	Eligibility criteria (alternatives)								
Green Buildings	<p><b>1. Classification as EU taxonomy compliant</b></p> <p>Buildings meet the EU Taxonomy criteria according to the COMMISSION DELEGATED REGULATION (EU) 2021/2139, Chapter 7.7. "Acquisition and ownership of buildings"</p>	<p><b>2. Green building certification (type: "level")</b></p> <ul style="list-style-type: none"> <li>▪ BREEAM: "Outstanding", "Excellent", "Very Good"</li> <li>▪ LEED: "Platinum", "Gold"</li> <li>▪ DGNB: "Platinum", "Gold"</li> <li>▪ Green Star: "6 Stars", "5 Stars"</li> <li>▪ NABERS: "6 Stars", "5 Stars", "4 Stars"</li> <li>▪ HQE: "Exceptional" and "Excellent"</li> </ul>	<p><b>3. Energy efficiency of the property</b></p> <p>The property meets the national requirements for a nearly zero-energy building (nZEB) valid at the time of the financing commitment <b>and / or</b> The property falls <b>below</b> the maximum energy reference values</p> <table border="1" data-bbox="1387 708 1779 836"> <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. Classification as EU taxonomy compliant</b></p> <p>To qualify, energy-efficient modernisation/renovation measures need to meet the EU Taxonomy criteria according to the COMMISSION DELEGATED REGULATION (EU) 2021/2139, Chapter 7.2 "Renovation of existing buildings".</p>	<p><b>2. Upgrade to Green Building</b></p> <p>Completion of the measure brings the property up to the green building standard defined above.</p>	<p><b>3. Significant energy efficiency improvement</b></p> <p>Completion of the measure results in an energy efficiency improvement of at least 30%.</p>						

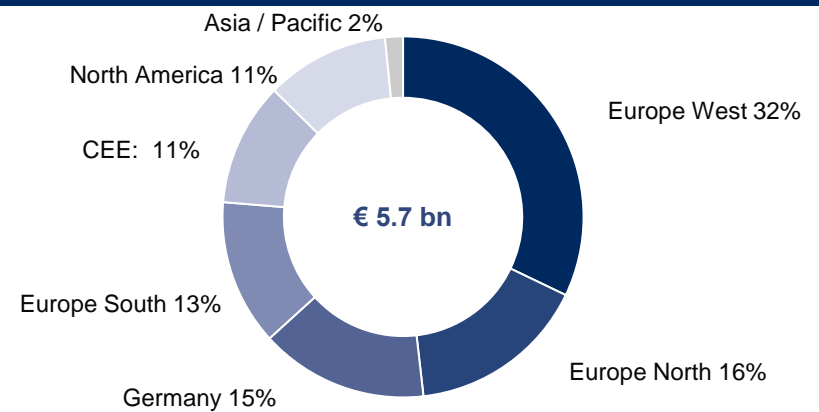
# Increasing demand for future oriented, energy efficient buildings

Already € 1.5 bn newly acquired business in 2021 met green criteria<sup>1)</sup>

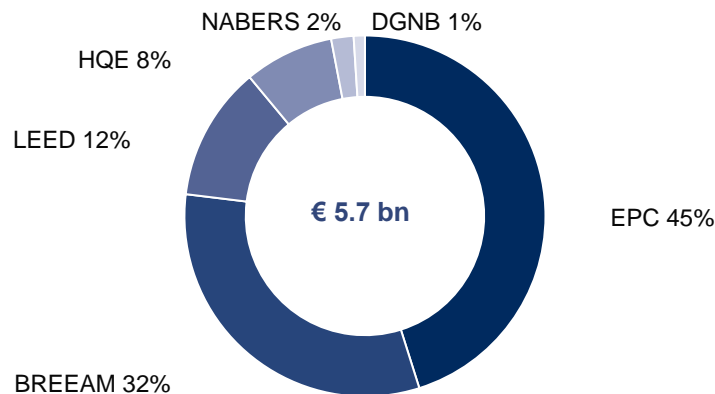
## Verified Green Properties by Property Type<sup>2)</sup>



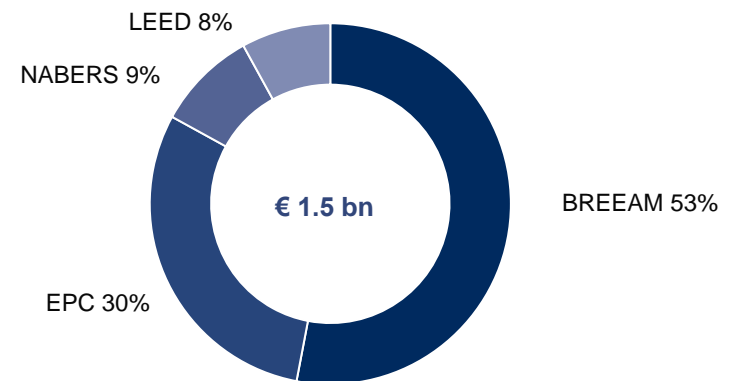
## Verified Green Properties by Region<sup>2)</sup>



## Verified Green Properties by Qualification<sup>2)</sup>



## Newly Acquired Green Business by Qualification<sup>2)</sup>



1) Acc. to Aareal Green Finance Framework

2) Exposure as at 31.12.2021

Exposure is allocated to individual properties of the finance project weighted according to market values.

ESG-Data as at 10.02.2022.

Note: All 2021 figures preliminary and unaudited

# Aareal Bank Group – Set for Growth!

# Appendix

# Structured Property Financing

From ACTIVATE! to GROW!

## GROW! Structured Property Financing

**Growth of REF portfolio from € 30 bn to € ~33 bn in 2024 in line with current risk policy based on strong capital base...**

- Significant attractive market opportunities available in our “home turf” – with a strong focus on Green Properties and Green Loans
- Expand business in CRE and adjacent segments based on our capabilities and risk policy
- Continued evaluation of risk-return metrics incl. correlations and granularity
- Maintaining strict cost discipline and implementing efficiency measures

**...and highly attractive marginal RoE above cost of equity, supported by continuous management of back book**

- Continued focused syndication efforts

## Targets

**REF portfolio:**

- € ~1 bn growth p.a.
- YE 2024: € ~33 bn

**Additional Green Loan volume:**

- Until YE 2024: € ~2 bn

**SPF CIR:**

- YE 2023: <40%<sup>1)</sup>

1) Excluding bank levy and contribution to deposit guarantee scheme

# Banking & Digital Solutions

## From ELEVATE! to LEVERAGE!

### LEVERAGE! Banking & Digital Solutions

#### Strong and independent value proposition of housing and adjacent business to be leveraged – increase cross selling and NCI

- Expand payments platform with software solutions and financial products
- Explore international “win-win” opportunities in the payments space with Aareon
- Focus on core-competencies and value-add products
- Pursuing selected M&A opportunities

#### Strong focus on maintaining crisis resilient deposit base

- Long-term upside potential in rising rate environment

### Targets

#### Grow NCI:

- CAGR of ~13% (2020-2023)
- Ambition to double NCI until 2025

#### Deposit volume:

- Ø 2024: € >12 bn

# Aareon

## ACCELERATE! to be continued

### ACCELERATE! Aareon

#### Fully on track to develop Aareon to a "Rule of 40" company by 2025

- VCP initiatives started in 2021, driving Go-To-Market excellence and operational excellence
- Appointment of SAP's Harry Thomsen as Dr. Manfred Alflen's successor, effective 1 April 2022

#### Highly attractive M&A platform

- Opportunity to further scale internationally based on execution of attractive M&A pipeline
- Aareal hunting line for M&A to be increased by € 100 mn to € 350 mn throughout the entire planning period and thus, retain full (strategic) flexibility and NII-synergies within the Group
- Option to tap institutionalized third-party debt markets to refinance hunting line in medium term

### Targets

#### YE 2025 Adj. EBITDA:

- € ~135 mn plus  
€ ~20 mn from companies already acquired in 2021
- Contribution from add. M&A on top

#### Achieve "Rule of 40<sup>1)</sup>" performance

1) Rule of 40: Sum of Aareon's annual revenue growth and adj. EBITDA margin will at least reach 40%

# Strong funding and capital position – key growth enablers

Funding and capital	Targets
<p data-bbox="85 372 780 408"><b>Further enhancing Aareal's funding platform</b></p> <ul data-bbox="85 436 1244 708" style="list-style-type: none"><li data-bbox="85 436 1244 508">▪ Sophisticated strategy to meet funding requirements from portfolio growth and ESF reform</li><li data-bbox="85 536 658 572">▪ Expansion of green funding activities</li><li data-bbox="85 601 716 636">▪ Further diversification of funding sources</li><li data-bbox="85 665 1199 708">▪ Continues optimization of our regulatory capital structure and funding costs</li></ul> <p data-bbox="85 751 958 786"><b>Maintaining Aareal's strong funding and capital position</b></p> <ul data-bbox="85 815 1193 1025" style="list-style-type: none"><li data-bbox="85 815 678 851">▪ Strong and crisis resilient capital base</li><li data-bbox="85 879 1141 915">▪ Continues active portfolio management to optimise equity consumption</li><li data-bbox="85 943 1193 1025">▪ Balance of growth investments and shareholders' remuneration in-line with existing dividend policy</li></ul>	<p data-bbox="1290 365 1804 401"><b>€ ~1 bn Green Financing in 2022</b></p>

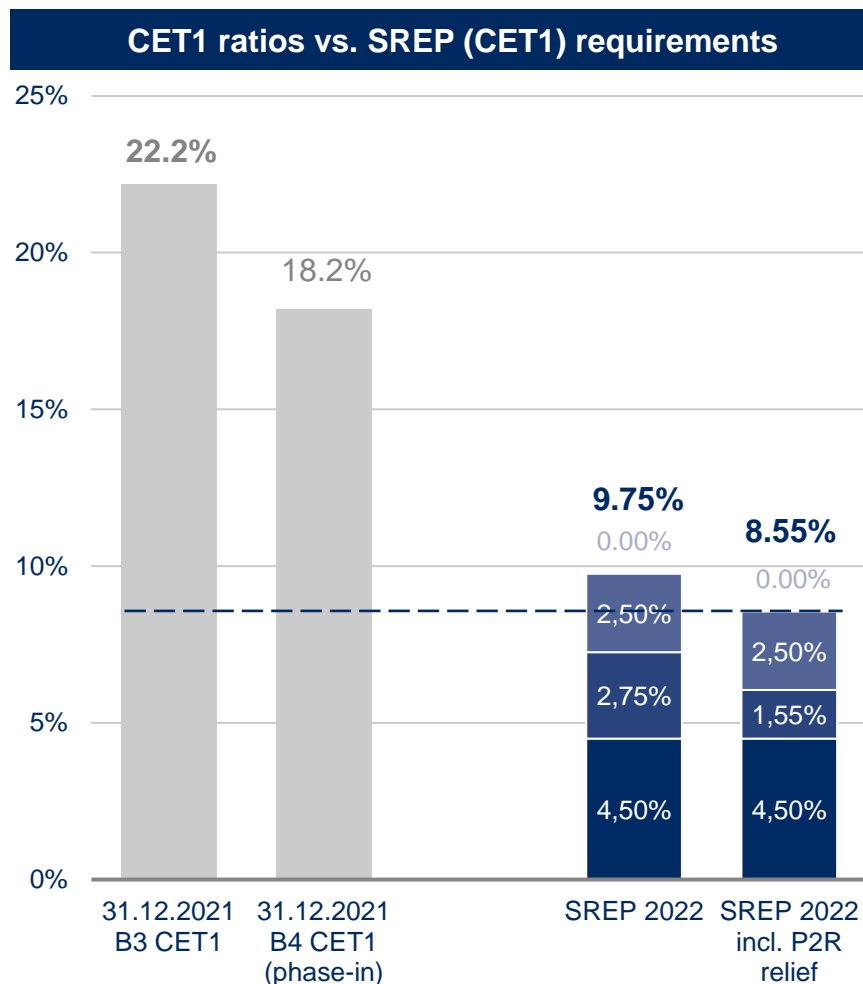


## Regulation

# Appendix

# SREP (CET 1) requirements

Demonstrating conservative and sustainable business model



- Capital ratios significant above SREP requirements
- P2R increase in 2022 (2.75%; 2021: 2.25%) due to Corona impacting especially commercial real estate markets
- P2R relief by using possibility of partially fulfilling requirements with AT1 and T2 capital
- Total capital requirement 2021 (Overall Capital Requirement (OCR)) amounts to 12.8% compared to 28.9% total capital ratio
- All ratios already include TRIM effects as well as prudential provisioning

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

## Dividend Policy

Appendix

# Dividend Policy and BVPS-development

## Base Dividend<sup>1)</sup>

Distribute **approx. 50%** of the earnings per ordinary share (EpS) as base dividend

## Potential Supplementary Dividend<sup>1)</sup>

A supplementary dividend **up to 20 - 30%** of the EpS to be considered, if

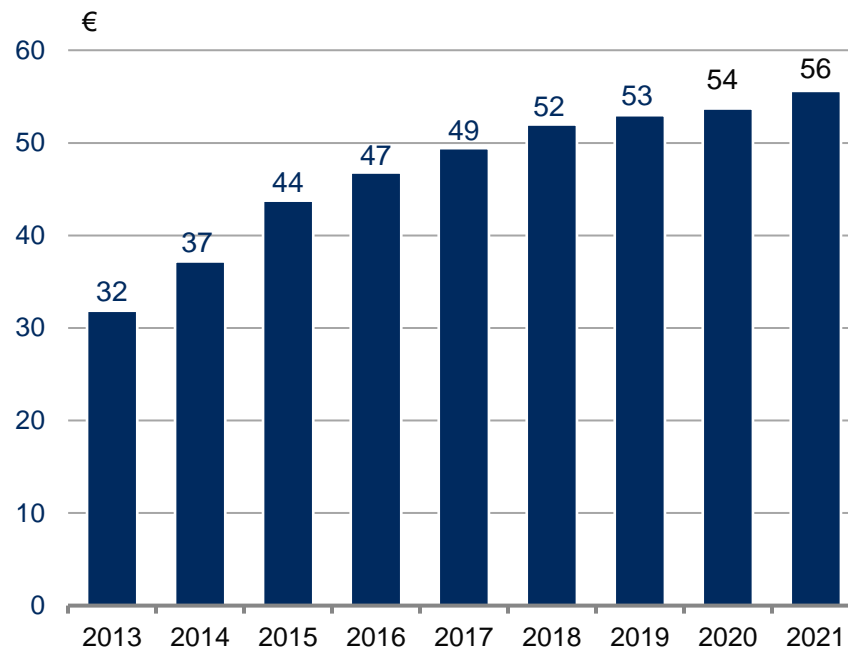
- No material deterioration of the environment (with longer-term and sustainably negative effects) **and**
- No material changes in regulation incl. sufficient capital buffers in a forward looking perspective **and**
- No attractive investment opportunities **and**
- No positive growth environment beyond current planning

### For FY 2021, payable in 2022:

Further development of Covid-19 and above-mentioned factors to be considered regarding supplementary dividend

1) ECB approval required

## Significant book value per share growth incl. dividend



Attractive dividend policy and significant book value growth created sustainable value for Aareal and hence our shareholders

# 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

# Definitions and contacts

# Definitions

<b>New Business</b>	$\frac{\text{Newly acquired business} + \text{renewals}}{\text{Total Business}}$
<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 result on hedge accounting + net trading income + results from non-trading assets + results from investments accounted for at equity + results from investment properties + net other operating income
<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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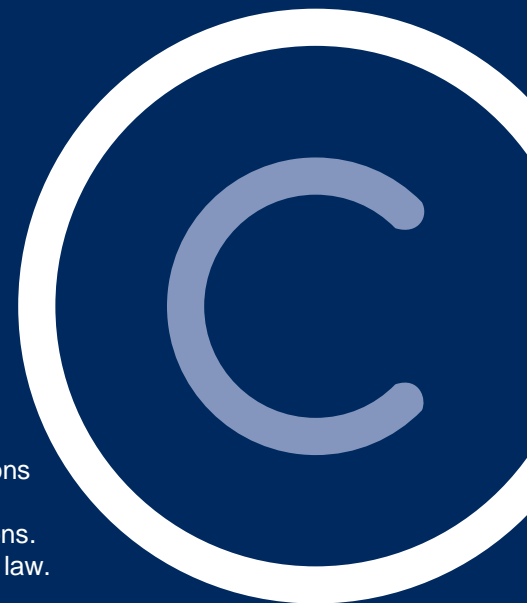
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