



Fixed Income Presentation

Q1 2021 results

May 11, 2021

Aareal
YOUR COMPETITIVE ADVANTAGE.

Agenda

- (1) Introduction of Aareal Bank
 - (2) Highlights
 - (3) Group Results
 - (4) Segments
 - (5) Capital, Funding & Liquidity
 - (6) Outlook
 - (7) Key Takeaways
- Appendix

Introduction of Aareal Bank

01

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.€ 28,2 bn; average LTV: 60%

“Activate”

Consulting/Service (C/S) Bank

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 € 11.6 bn in Q1 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**

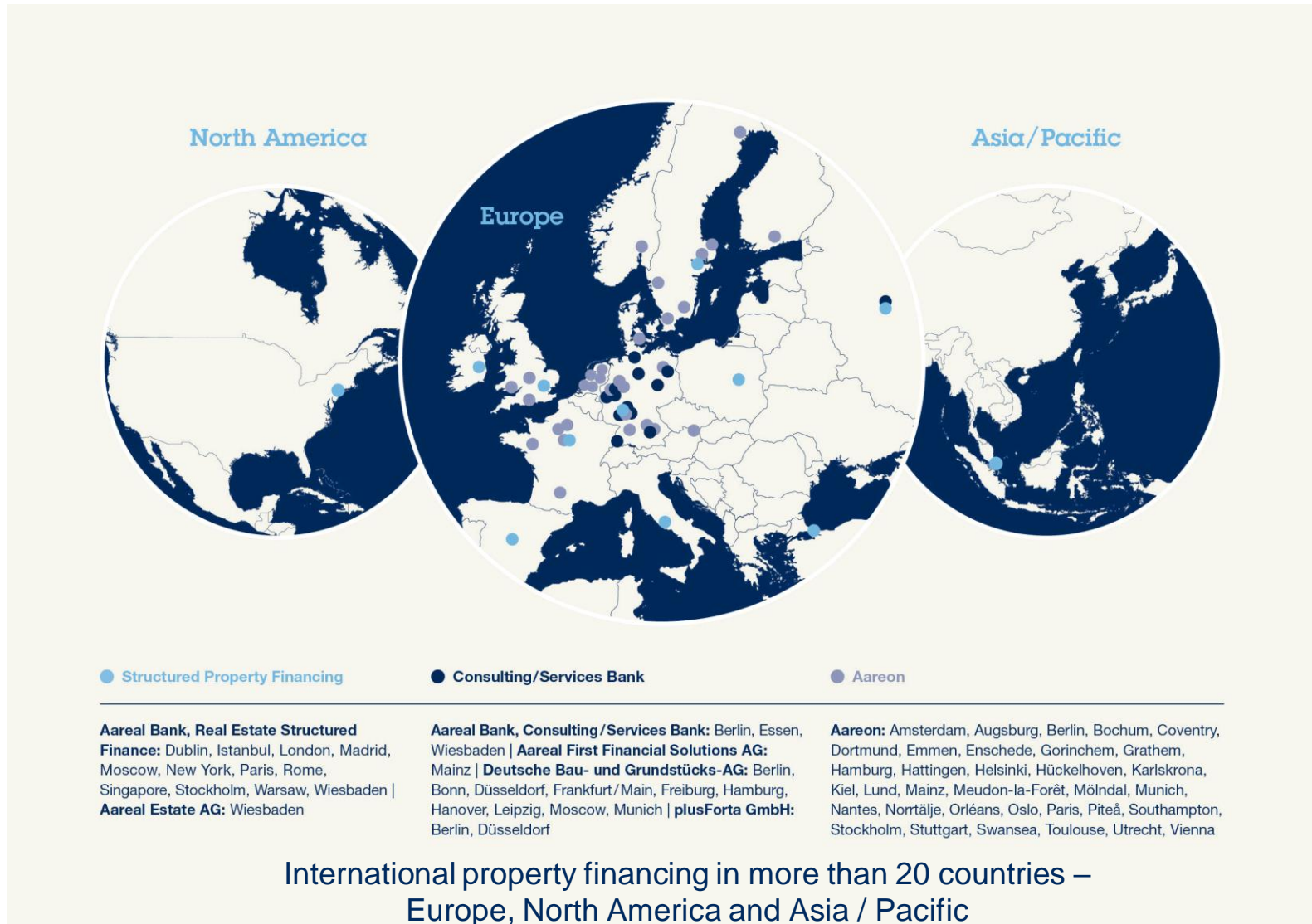
Sustainable and resilient business model with **strong downside protection** delivers **decades of consistent profitable growth**

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



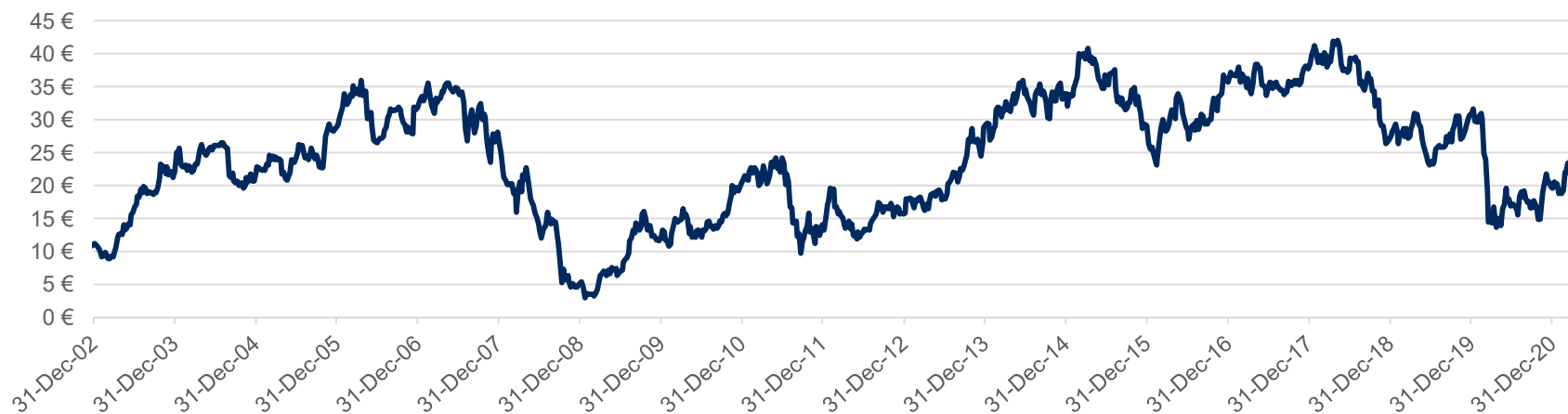
Aareal's ownership structure

100% Free Float

Aareal Bank AG

- Listed in the German SDAX
- 59,857,221 outstanding shares
- 100% free float
- 3,010 employees
- Balance Sheet: 46.5 bn €
- Flat hierarchies

Stock performance since 01. Jan 2003



Aareal Bank Ratings



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

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

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

Highlights

02

Aareal

Highlights

Solid performance – Outlook confirmed

Aareal Bank Group	Still uncertain environment	<ul style="list-style-type: none">▪ Sticking to swoosh scenario (economic recovery)▪ Positive developments in the US, UK and Asia - Continental Europe still lagging behind triggered by slower vaccination process
	Solid performance	<ul style="list-style-type: none">▪ Solid Q1 with operating profit in line with FY-guidance▪ Strong double digit NII growth yoy▪ Low Q1-LLP after Covid-19 related comprehensive risk provisioning in 2020▪ Growth in all three segments▪ SPF:<ul style="list-style-type: none">- New business and promising deal pipeline support growth plan, attractive margins and good LTVs- Portfolio further increased towards target size▪ BDS:<ul style="list-style-type: none">- Growing NCI- Deposit volume at high level▪ Aareon:<ul style="list-style-type: none">- Sales revenues further increased yoy despite Covid-19 related burden in Consulting business
	Outlook confirmed	<ul style="list-style-type: none">▪ Outlook confirmed▪ AGM dividend¹⁾ proposal of € 0.40 – remaining € 1.10 intended to be paid out after an extraordinary Annual General Meeting which could possibly take place in the fourth quarter

1) The dividend payment of € 1.50 per share in 2021 for the financial year 2020 would need to be made in two steps. In compliance with the requirements published by the European Central Bank (ECB) on 15 December 2020, the distributable amount is € 0.40 per share. The Management Board will submit a proposal for the appropriation of profits to the ordinary Annual General Meeting in May 2021.

9 Depending on the economic developments, the regulatory requirements, the capital position and the risk situation of the bank, an extraordinary Annual General Meeting, which could possibly take place in the fourth quarter, could then decide on the intended remaining payout of € 1.10 per share.

Group Results

03

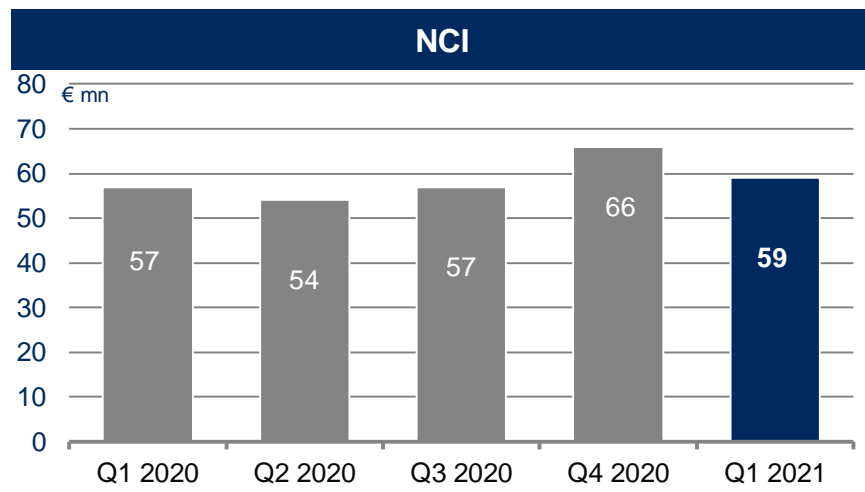
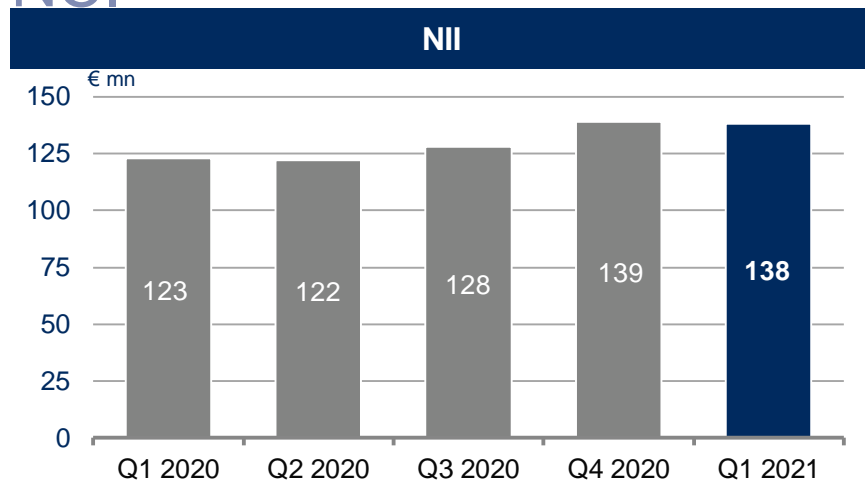
Group Results

Operating profit in line with FY-guidance, strong double digit NII growth yoy

€ mn	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Comments
Net interest income	123	122	128	139	138	Positive impacts from increased portfolio and TLTRO participation
Loss allowance	58	48	61	177	7	Low Q1-LLP after Covid-19 related comprehensive risk provisioning in 2020
Net commission income	57	54	57	66	59	Above last year driven by BDS and Aareon growth despite Covid-19 burdens
Derecognition result	7	9	3	9	0	Positive effects from early loan repayments, de-risking measures (Italian bonds)
FV- / hedge-result	11	-16	-2	-19	-4	Negative hedge-result and minor value adjustments (NPLs)
Admin expenses	129	109	114	117	150	In line with FY-guidance despite higher deposit guarantee fees and bank levy, Q1/20 contained Covid-19 related underspend
<i>Others</i>	0	-10	0	-1	-4	Covid-19 related lower income from own assets
Operating profit (EBT)	11	2	11	-99	32	In line with FY-guidance
Income taxes	4	-7	10	-13	11	
Minorities	1	0	1	3	1	
AT1	4	4	4	4	4	
Consolidated net income allocated to ord. shareholders	2	5	-4	-93	16	
Earnings per share (€)	0.04	0.07	-0.05	-1.56	0.27	

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

Growth in all three segments reflected in increasing NII and NCI



Positive impacts from increased portfolio and TLTRO participation

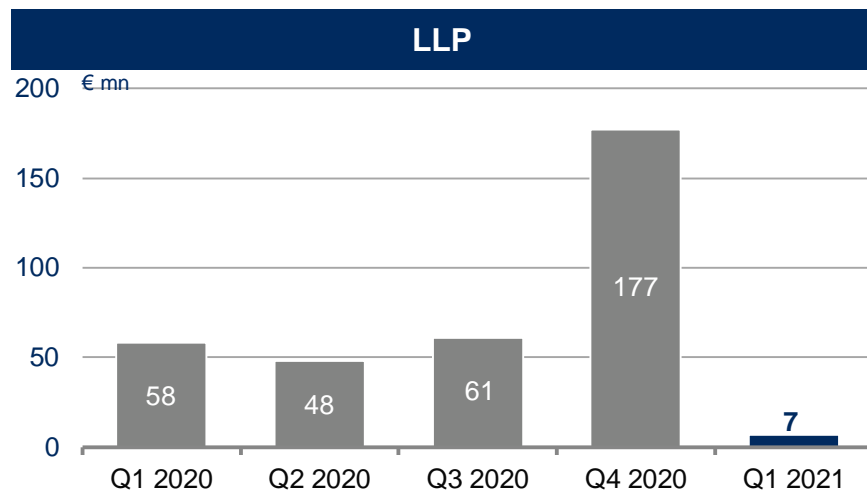
- Significant NII increase of 12% vs Q1/20 due to higher portfolio and TLTRO effects
- Solid new business with margins significantly above plan
- REF portfolio further increased towards targeted € ~29 bn by YE 2021

Above last year driven by BDS and Aareon growth despite Covid-19 burdens

- BDS with positive development YoY
- Aareon's contribution further increased despite Covid-19 related burdens
 - Q1/20 virtually unaffected by Covid-19
 - Q4 regularly boosted by seasonal effects

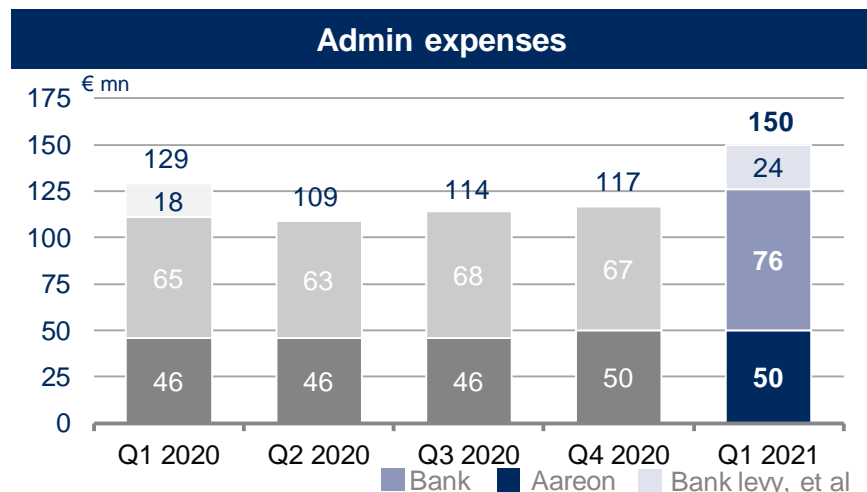
Loan loss provisions (LLP) / Admin expenses

Low LLP, Admin expenses in line with FY-guidance



Low Q1-LLP after Covid-19 related comprehensive risk provisioning in 2020

- Q1 LLP of € 7 mn (Q1/20: € 58 mn). Last years' figures largely impacted by Covid-19 effects
- Due to remaining Covid-19 related uncertainties FY-LLP guidance confirmed despite low Q1 figure
- € 2 mn value adjustments of NPLs in FVPL



In line with FY-guidance despite higher deposit guarantee fees and bank levy, Q1/20 contained Covid-19 related underspend

Bank:

- Deposit guarantee fees and bank levy higher than plan and previous year (€ +6 mn) due to a deposit protection event (Greensill) and other effects
- Q1/21 incl. € 3 mn from share price increase by ~25% while Q1/20 benefitted from Covid-19 related underspend (€ -10 mn)
- Hence underlying costs € 2 mn better than Q1/20 and in line with FY-target despite unforeseen burdens

Aareon:

- Increased cost base from higher FTE, anticipating further growth. First investments in VCP

Segments

04

Segment: Structured Property Financing

Vaccination is speeding up normalisation

Business Environment

General observations

- Rate of vaccinations against Covid-19 is picking up largely across the globe, though some countries are further progressed than others
- Vaccination passports or proof of recovery from infection and negative tests are to enable normal freedom of movement in- and across borders and to facilitate a return to normality in everyday activities
- Economic forecasts are increased by governments across North America, Europe and Asia-Pacific
- Real estate value declines have slowed significantly or completely stopped, with first signs of value recovery in sight due to decreasing Covid-19 restrictions and openings of shopping centres and hotels as well as increasing tendencies to return to offices. Individual declines can however not be fully excluded, yet, and are also subject to any unforeseen new restrictions and developments
- Investor sentiment is improving across the board in respect of travel and tourism such as with Blackstone investing approx. USD 17 bln ytd 2021 buying hotels including Extended Stay America INC, private-jet-operator Signature Aviation Plc and U.K. travel company Bourne Leisure

Segment: Structured Property Financing

Investment markets

North America

- Close to 50% of the US-adult population have received the vaccine
- US consumer sentiment in April is at its highest level in 14 months
- 90% of cinemas are open selling >20% more tickets in Q1/21 vs. Q4/20
- CDC has lifted travel warning within the US, number of flights are approaching pre-covid levels
- NYC is opening up all remaining venues latest on July 1st
- GDP grew at an annual rate of 6.4% during the first quarter of 2021

Continental Europe

- Lagging behind due to remaining lockdown measures to fight 3rd wave, but vaccination speed is picking up, openings of retail and restaurants are starting in several countries
- In Germany, Union Investment made a comeback into the hotel market acquiring a 21 storey hotel in Stuttgart with completion by December of this year

UK

- Vaccination ahead continental Europe
- Reopening of facilities such as retailers, pubs, etc.
- Restaurants with reservation rates at 80% of April 2019 although open only outside
- Footfall across all UK shopping destinations was estimated to be up approx. 88% week-on-week during the first week of opening, with footfall across high streets, retail parks and shopping centers up 330% from April 11 to 17 versus the same week in 2020
- Recovery is however still at an early stage and is still subject to possible further volatility in individual cases

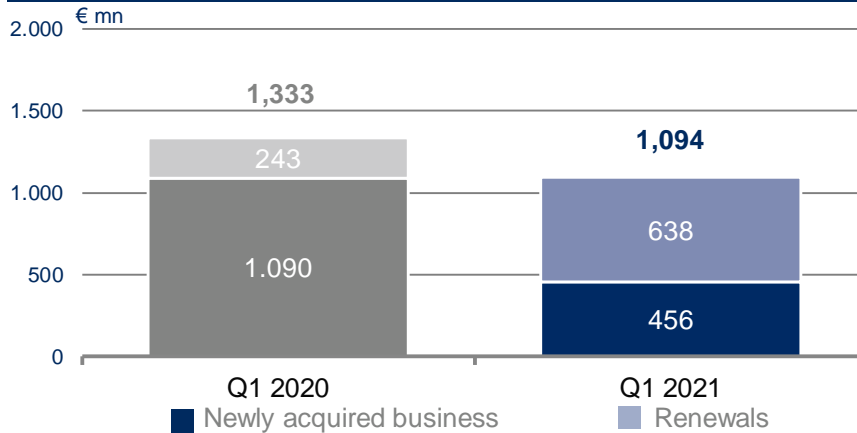
Asia / Pacific

- China is mostly back to pre-covid activity and in parts already above
- Travel bubbles established between countries i.e. Australia and New Zealand

Segment: Structured Property Financing

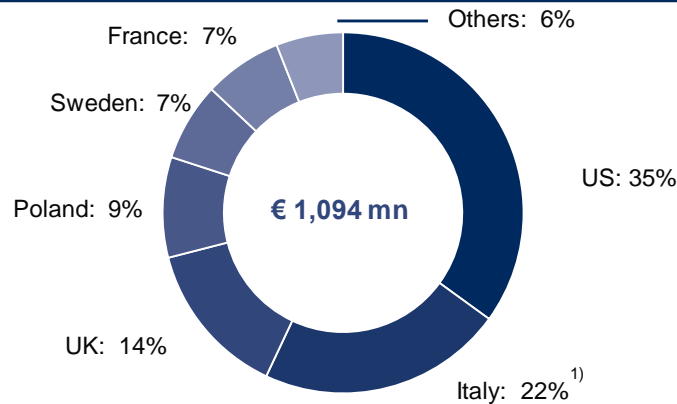
New business with attractive margins and good LTVs, promising deal pipeline

New business by quarter

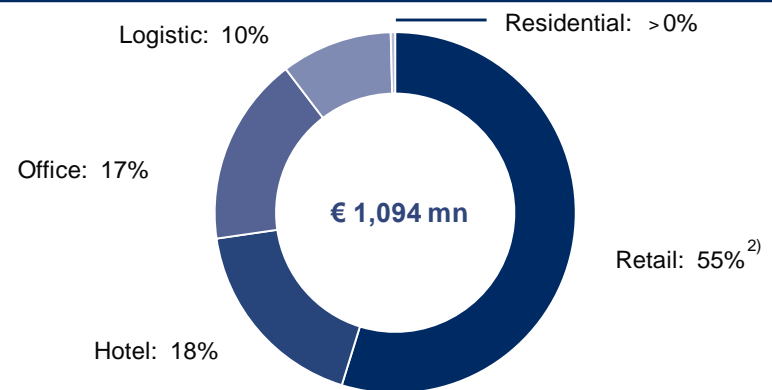


- Newly acquired business
 - Pre-FX margins of ~250 bp significantly above plan (~215 bps)
 - Conservative Ø-LTV of 61% on post-covid valuations
 - Good deal pipeline
- Share of retail contractually and opportunity driven e.g. the prolongation of an Italian shopping center portfolio (LTV: 63%) and a newly originated Highstreet real estate in Manhattan with interesting risk-return profiles
- Focus on ESG aspects in all geographies
 - Green finance framework put into place with first transaction expected to follow during Q2

New business by country



New business by property type



1) Renewals only

2) Thereof 40% Italian renewals

Segment: Structured Property Financing

Aareal “Green Finance Framework - Lending” put into place

ESG Integration – achievements & next steps

Important milestones reached in expanding a risk-conscious and ESG-orientated portfolio:

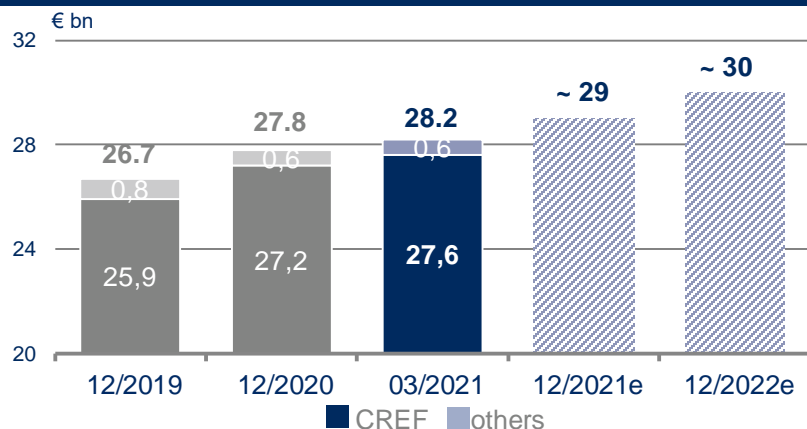
- **Aareal “Green Finance Framework – Lending” put into place**
 - Aareal’s Green Finance Framework confirmed through Second Party Opinion (SPO):
“Sustainalytics is of the opinion that the Aareal Bank Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020.”
 - Explicit customer demand in Aareal Green Lending internationally identified and interest is high for the new product
 - As such first green lending within the new framework expected to have taken place by end of 2nd quarter

- **Continue to enlarge climate transparency in the portfolio**
 - Portfolio transparency significantly improved in 2020
 - Continue improving for the existing, as well as for new lending engagements
 - Aareal involved in international initiatives to calculate financed emissions (PCAF)

Segment: Structured Property Financing

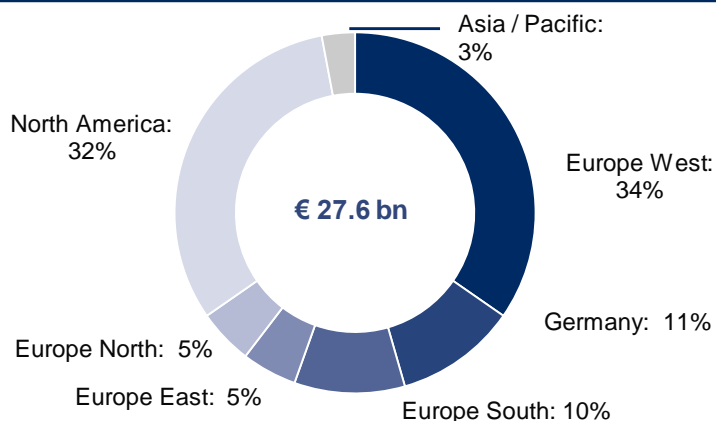
Portfolio further increased towards target size

Development REF portfolio

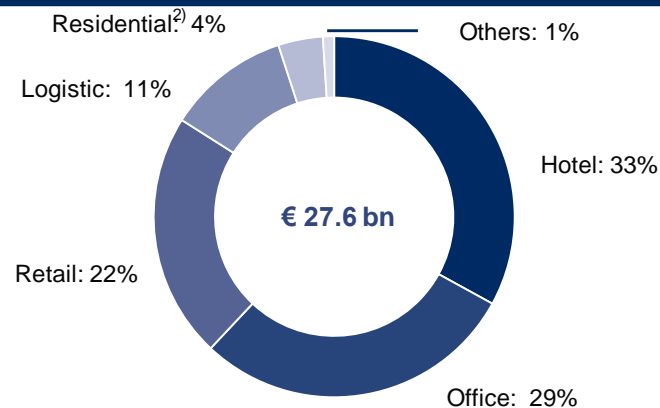


- Portfolio further increased towards target size of € ~29 bn by YE 2021
- Ø-portfolio LTV¹⁾ at 60%
- Ø-portfolio YoD¹⁾ at 6.3%
- Covid-19 related demand for liquidity lines and postponements of amortisation remains moderate in Q1/21: € 53 mn
(Q2/20: € 160 mn, Q3/20: € 27 mn, Q4/20: € 79 mn)

CREF portfolio by region



CREF portfolio by property type

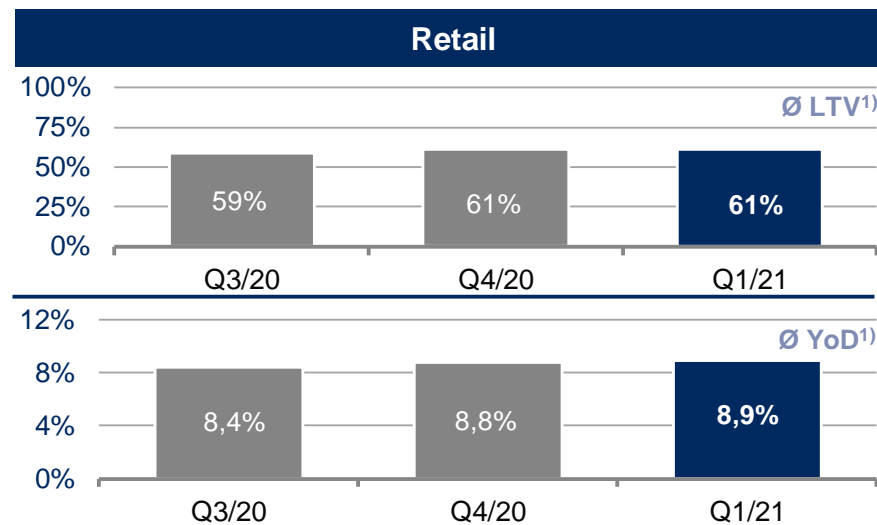
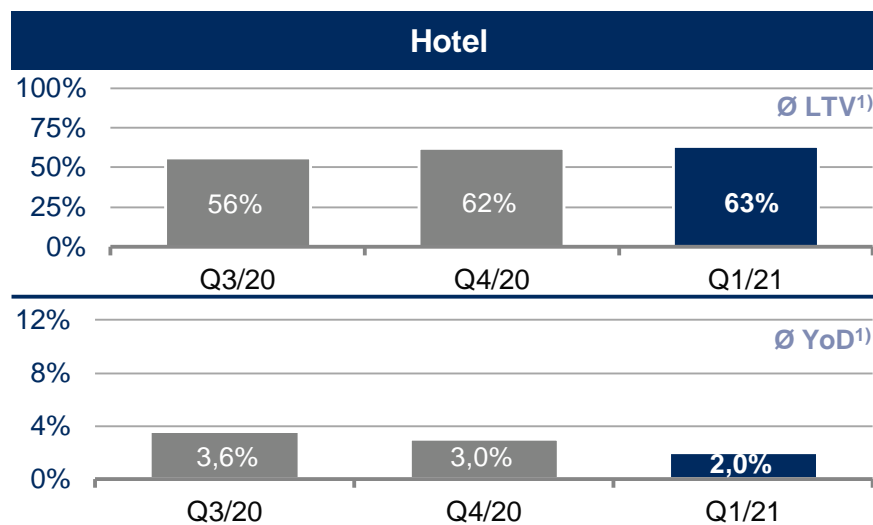


1) Performing CREF-portfolio only (exposure)

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

Segment: Structured Property Financing

Update on hotel- and retail portfolio



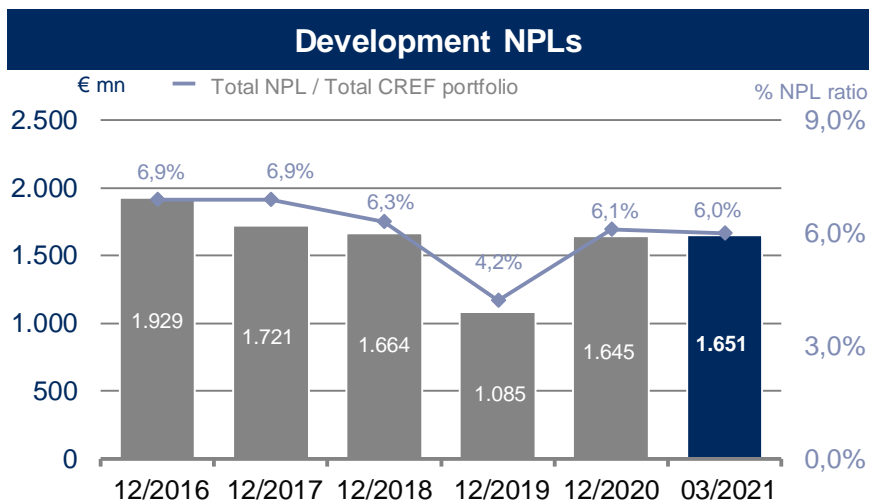
- Hotel values are stabilising, however still affected by longer than expected lockdown measures and travel bans
- Stable LTV ratio with updated valuations and attractive new business opportunities
- YoD expected to pick up, decrease per Q1 due to extended mandated closures in numerous countries
- No additional NPLs

- Recovery gaining momentum with the opening of shopping centers e.g. in UK and the US
- Stable LTV ratio with updated valuations and selective attractive new business opportunities
- YoD already showing gradual re-opening- and amortisation effects, stabilising and increasing slightly to 8.9% overall
- The industry is at an early stage in the recovery with fluctuation in actual performance in individual cases still possible
- No additional NPLs

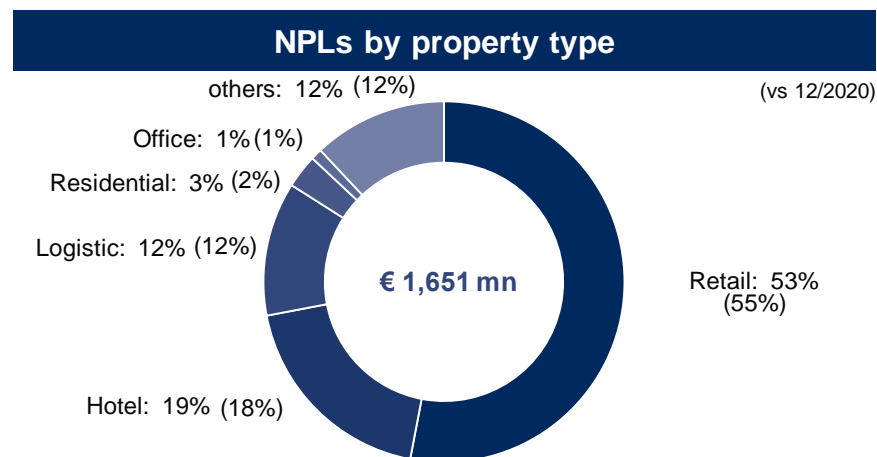
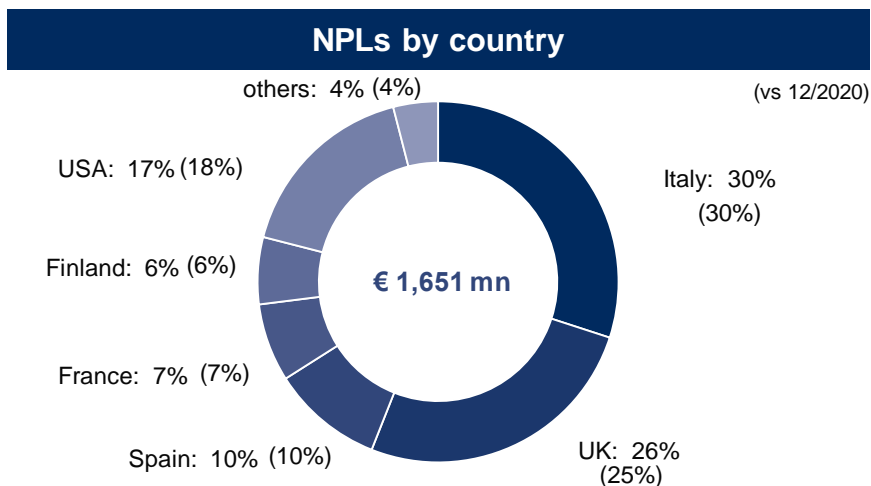
1) Performing CREF-portfolio only (exposure)

Non performing loans (NPL)

Stable NPL portfolio



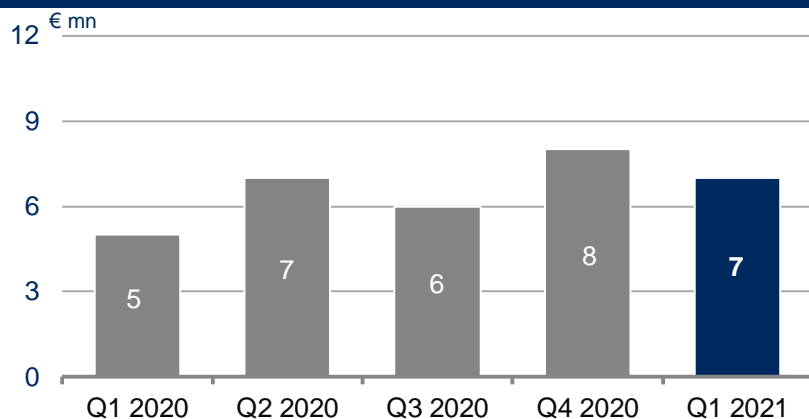
- Stable in Q1 2021
- Minor overall changes incl. FX-effects
- Close and dedicated monitoring of exposure continued



Segment: Banking & Digital Solutions

Growing NCI, deposits at high level

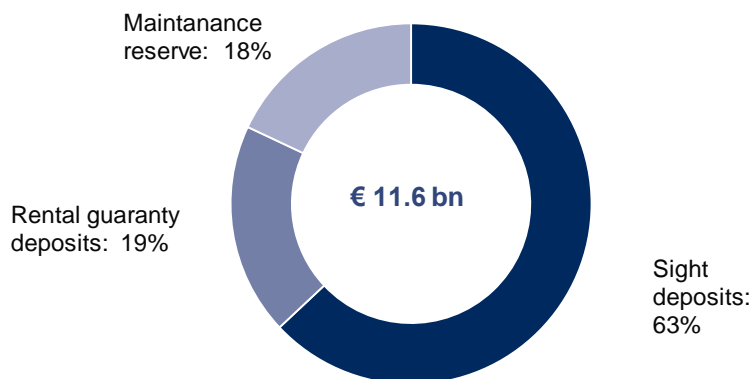
NCI



Growing NCI

- NCI increased by ~35% vs. Q1/20 fully in line with FY-guidance
- Further progress in digital solutions
 - Integration of PayPal and credit card payments in Aareal Exchange & Payment Platform
 - Roll-out of Aareal Meter on track
- Further development of product range also via new partnerships

Deposits by type



Deposits at high level

- Deposits from rental guarantees and maintenance reserves further increased
- Stickiness during crises proven: Even Corona did not have negative impact on deposits

Segment: Aareon

M&A activities and Products / Markets

Progress on M&A activities and the development of products, markets

M&A activities

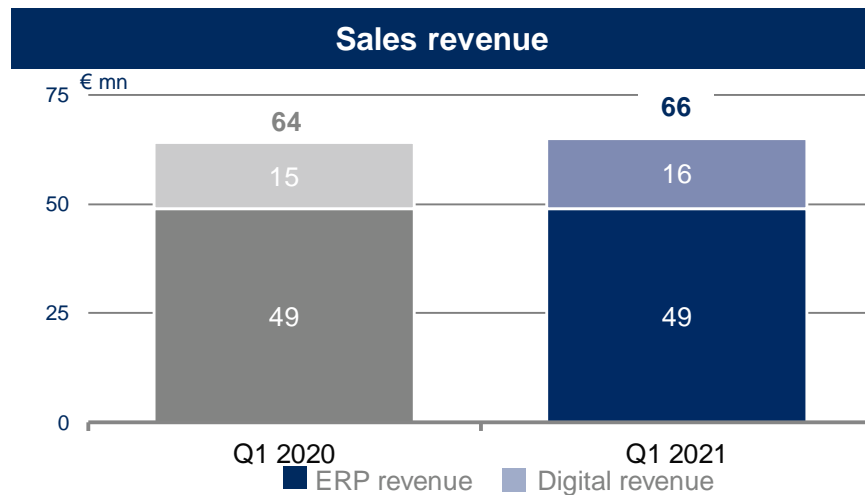
- Signing of Twinq acquisition, Netherlands, in Q2/21 - market-leading software specialist for private owned housing market – complementing the offering of Aareon NL and manifesting its leading position in the market
- Extensive market screening, numerous opportunities have been identified. They are systematically pursued: The promising M&A pipeline will lead to upside potential on top of communicated mid-term adj. EBITDA-target
- Credit facility of € 250 mn provided by Aareal to finance M&A
- Arthur Online Ltd., UK: Transaction successfully closed in January. Post merger integration project has started. Enables Aareon to develop the market for small and medium-sized property managers in the UK

Products/Markets

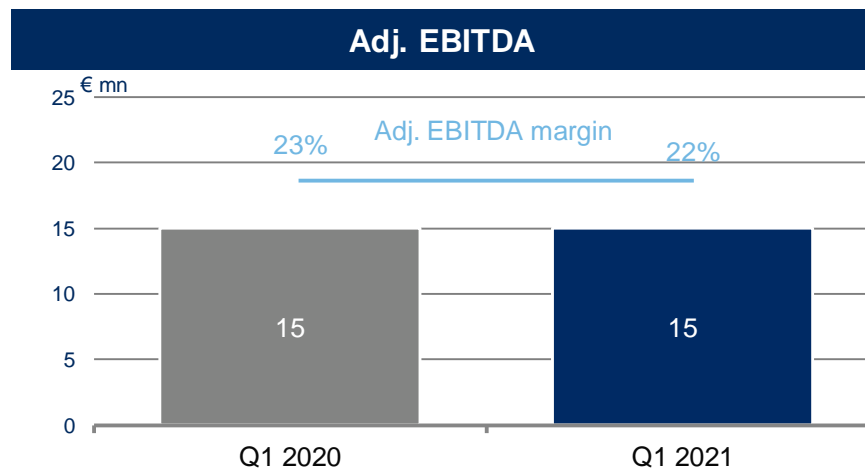
- High demand for next generation ERP product Wodis Yuneo in Germany with more than 320 customer (30% of Wodis customers) already contracted. Wodis Yuneo has high flexibility due to web-based technology and features with intelligent tools and analytics components as well as optimised user interface
- Neela AI based Virtual Assistant: First Pilot customers. Marketing Launch in France in January.
- CalCon – new Logos for new product generation AiBATROS

Segment: Aareon

Increased sales revenue yoy despite Covid-19 effects, Adj. EBITDA stable



- Sales revenues increased by € 2 mn to € 66 mn (+2% yoy) despite Covid-19 interference, Q1/20 revenues (almost) unaffected from the crisis
- Digital revenues ex PS¹⁾ up 16% yoy (incl. PS up 9%), PS revenues were impacted by Covid-19
- ERP revenues ex PS up 3% yoy (incl. PS flat)
- Healthy license traction in DACH, e.g. Wodis Yuneo, thriving recurring stream
- High share of recurring revenue (>67%, Q1/20: 65%), steadily growing
- FY-outlook confirmed despite ongoing Covid-19 related challenges in Professional Services



- Q1/21-adj. EBITDA on last year's (pre Covid-19) level
- Good sales revenue momentum compensated increased cost base from higher FTE, anticipating further growth
- EBITDA Q1/21 adjusted by € 4 mn (Q1/20: € 1 mn) from ramping-up strategic M&A roadmap and investments in New Products and VCP strategy

Note: Numbers not adding up refer to rounding

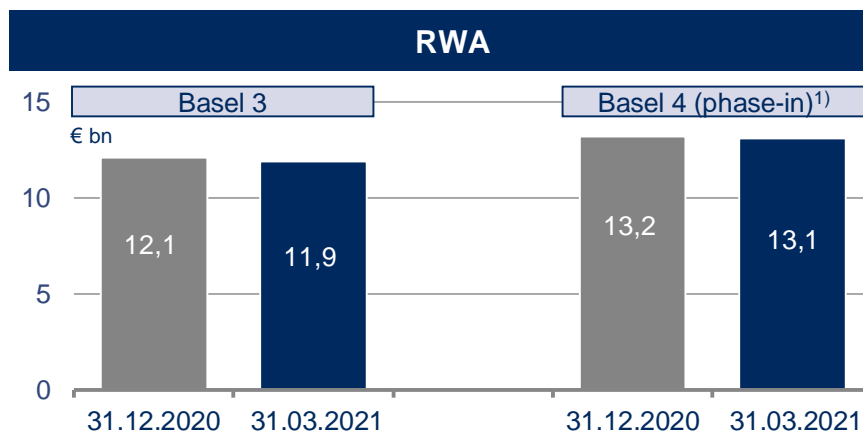
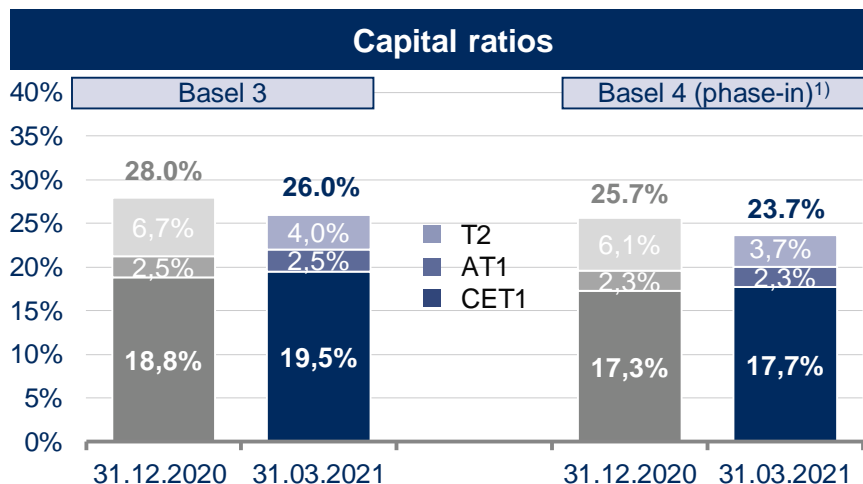
1) PS (Professional Services) = Consulting business

Capital, Funding & Liquidity

05

Capital

CET1 ratios in Q1/21 up despite portfolio growth



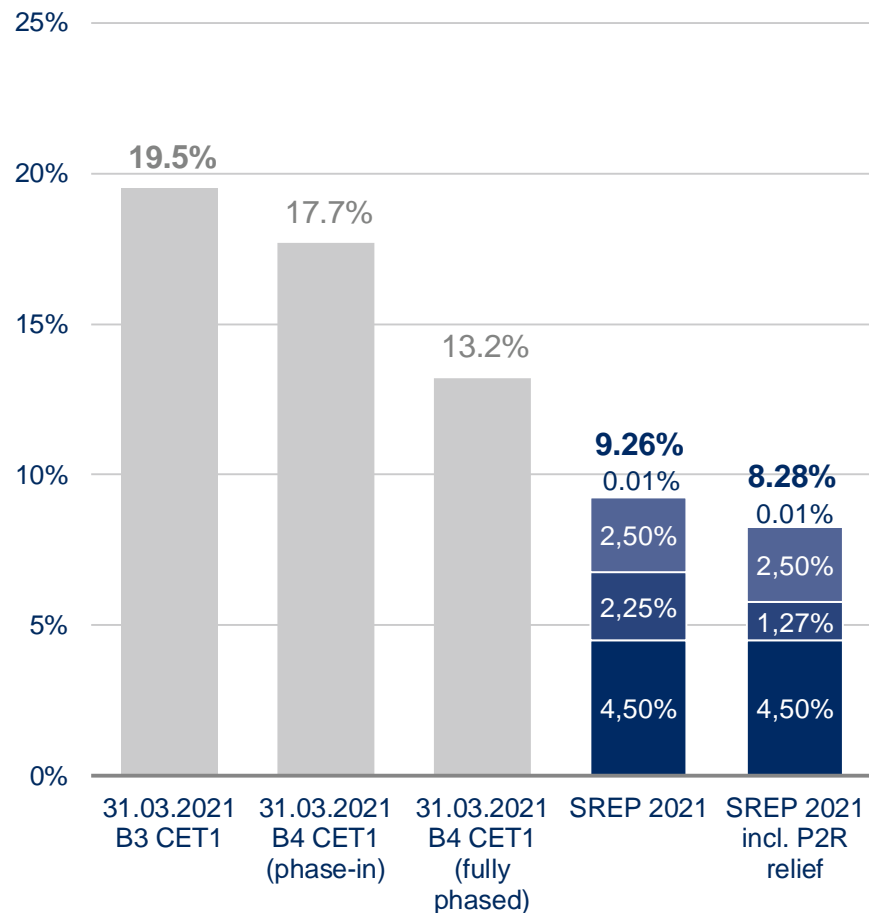
- RWA decrease
 - Quality improvements and relief in operational risk overcompensating effects from portfolio growth
- CET1 increase
 - Mainly due to relief from reduced pension liabilities
 - Intended dividend payout of a total of € 1.50 per share in 2021 for 2020 and pro rata 2021 dividend in line with dividend policy already deducted¹⁾
- Redemption of € 300 mn Tier 2 Notes in Q1 reflected in total capital ratios, further optimisation potential
- T1-Leverage ratio at 5.7% despite TLTRO participation
- Remaining regulatory uncertainties (models, ICAAP, ILAAP, B4 etc.)

1) The dividend payment of € 1.50 per share in 2021 for the financial year 2020 would need to be made in two steps. In compliance with the requirements published by the European Central Bank (ECB) on 15 December 2020, the distributable amount is € 0.40 per share. The Management Board will submit a proposal for the appropriation of profits to the ordinary Annual General Meeting in May 2021. Depending on the economic developments, the regulatory requirements, the capital position and the risk situation of the bank, an extraordinary Annual General Meeting, which could possibly take place in the fourth quarter, could then decide on the intended remaining payout of € 1.10 per share.

SREP (CET 1) requirements

Demonstrating conservative and sustainable business model

CET1 ratios vs. SREP (CET1) requirements

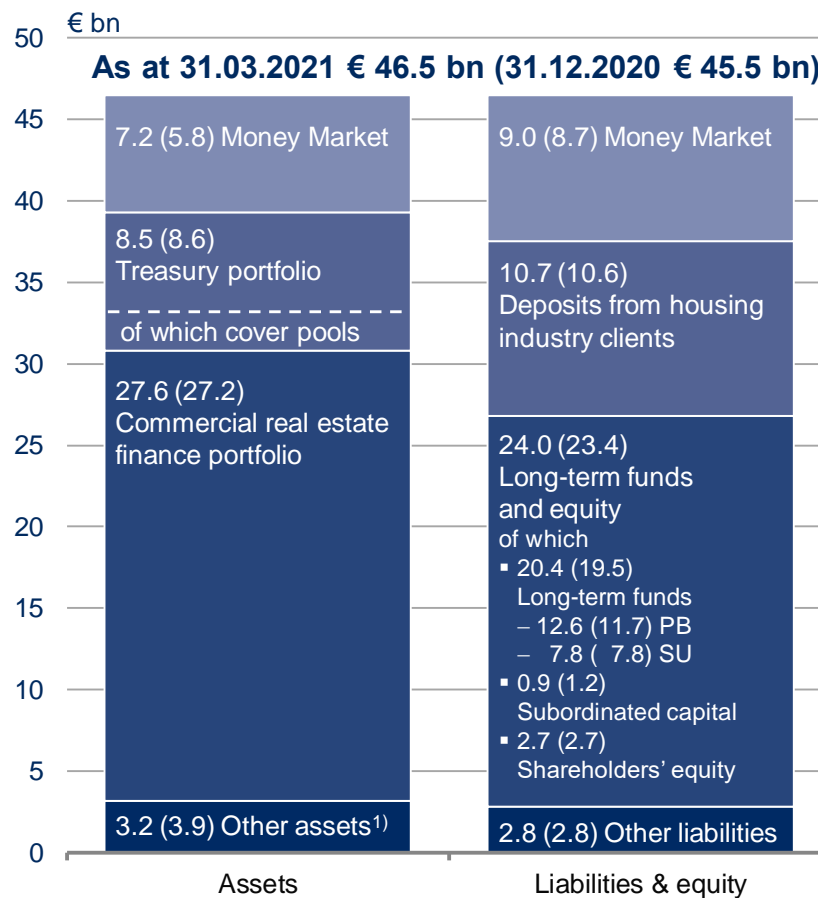


- Capital ratios significant above SREP requirements
- P2R relief by using possibility of partially fulfilling requirements with AT1 and T2 capital
- Total capital requirement 2021 (Overall Capital Requirement (OCR)) amounts to 12.8% compared to 26.0% total capital ratio
- All ratios already include TRIM effects as well as prudential provisioning

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

B/S structure according to IFRS

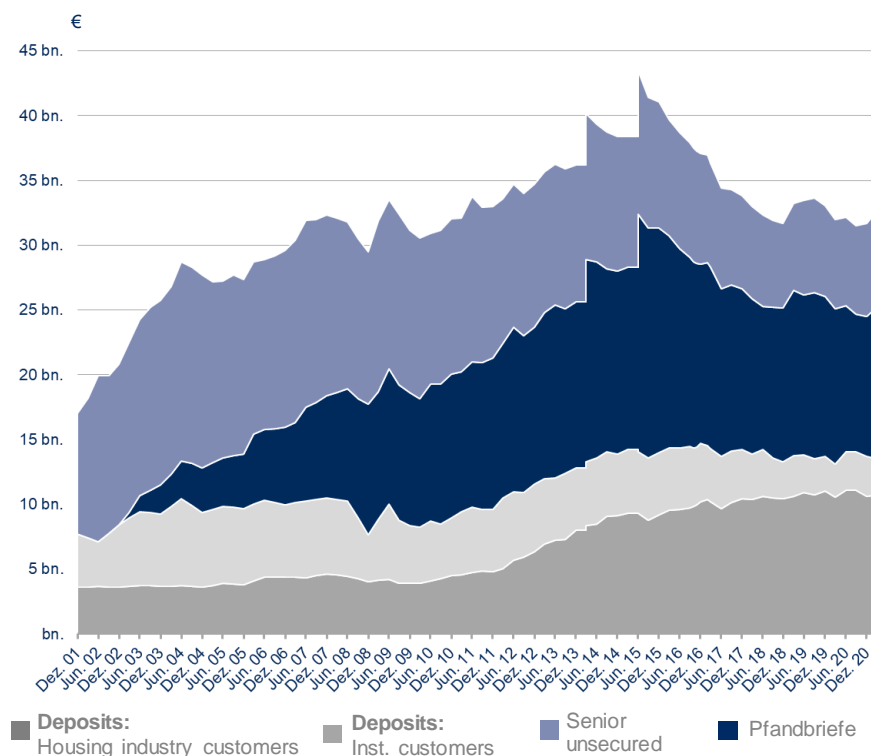
Well balanced



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

Funding & Liquidity

Diversified funding sources and distribution channels



- Sustainable and strong housing industry deposit base part of well diversified funding mix
- Successful funding activities in 2021
 - January: € 500 mn Pfandbrief Benchmark with a 7 year tenure very successfully placed
 - February: \$ 750 mn Pfandbrief Benchmark with a 4 years maturity and a well oversubscribed orderbook placed mainly outside Germany (GER < 30%)
 - April: Inaugural SONIA linked £ 500 mn Pfandbrief predominantly distributed to new UK investors
- First Green bond issuance planned in H2 2021
- Participation in ECB's TLTRO (€ +1 bn) increased to a total of € 5.3 bn
- Overall refinancing activities exceed more than € 2 bn equivalent and is slightly above funding plan
- Liquidity ratios significantly over fulfilled:
 - NSFR > 100%
 - LCR >> 100%

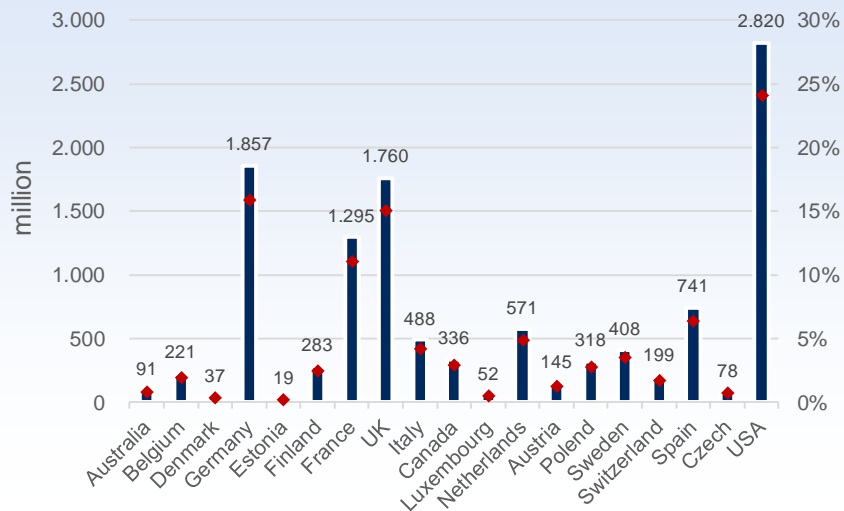
Mortgage Cover Pool

Well diversified regarding Geography and Property Type

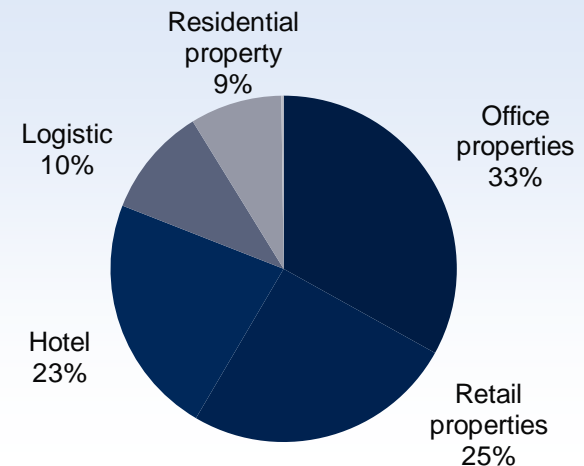
- Cover pool of € 12.5 bn including € 0.7 bn substitute assets diversified over 19 countries
- High quality of assets: first-class mortgage loans (mortgage-lending-value 55.9%)
- Mortgage-lending-value with high discount from market-value
- Ø LTV of the mortgage cover pool 33.5%
- Moody's has calculated a 'Aaa' supporting over-collateralisation ratio of 16.0% on a PV basis
- Over-collateralisation on a PV basis as of 31.03.2021: 17.5%
- 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 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



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

Capital markets refinancing activities 2020



Aareal Bank Group

0.500%
EUR 500.000.000
Senior Preferred

7 Years
Maturity 07. Apr 2027
ISIN: DE000AAR0264

Lead Manager
BayernLB, Deka Bank,
DZ Bank, HSBC, Natixis

September 2020




Aareal Bank Group

0.010%
EUR 500.000.000
Hypothekendarlehenbrief

6 Years
Maturity 03. Aug 2026
ISIN: DE000AAR0272

Lead Manager
BNP Paribas, Commerzbank,
Deutsche Bank, Helaba,
UniCredit

October 2020



Aareal Bank Group

0.250%
EUR 300.000.000
Senior Preferred

7 Years
Maturity 13.11.2027
ISIN: DE000A289LU4

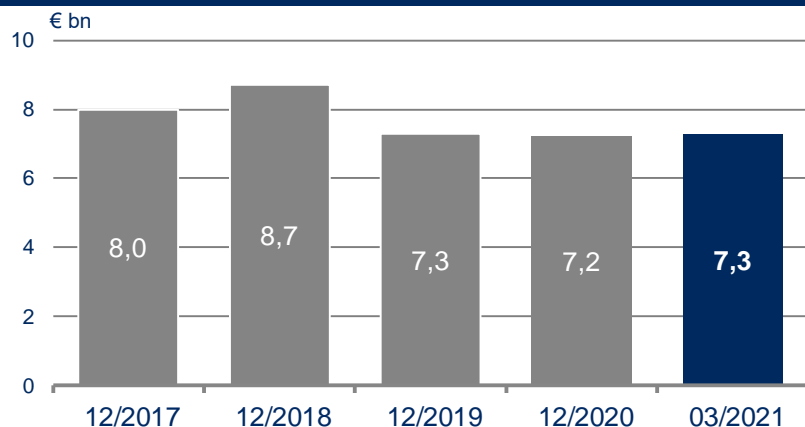
Sole-Lead Manager
Goldman Sachs

November 2020

Treasury portfolio

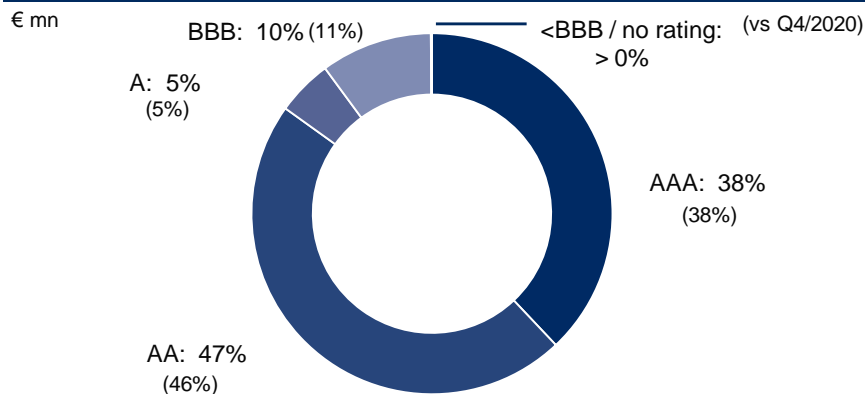
€ 7.3 bn of high quality and highly liquid assets

TR portfolio development

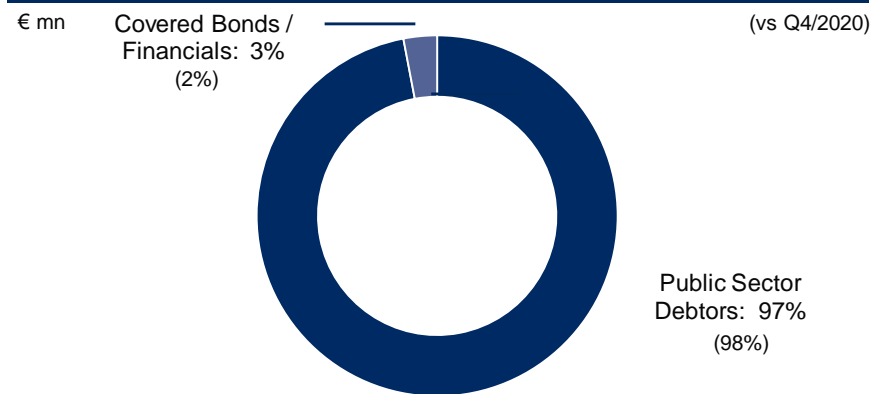


- Regional portfolio split further diversified with additional investments in France and the Netherlands
- Investments in Covered Bonds significantly supported the spread improvement
- Further de-risking of Italian bonds supporting optimisation of the TR-portfolio regarding the economic perspective

TR portfolio by rating¹⁾



TR portfolio by asset class



As at 31.03.2021 – all figures are nominal amounts

1) Composite Rating

Outlook 2021

06

Outlook 2021

Confirmed

Group	METRIC	2020	OUTLOOK 2021 ¹⁾
	<ul style="list-style-type: none"> Net interest income Net commission income LLP Admin expenses 	<ul style="list-style-type: none"> € 512 mn € 234 mn € 344 mn € 469 mn 	<ul style="list-style-type: none"> € 550 - 580 mn € 250 - 270 mn € 125 - 200 mn € 520 - 540 mn
<ul style="list-style-type: none"> Operating profit Earnings per share (EPS) 	<ul style="list-style-type: none"> € -75 mn € -1.50 	<ul style="list-style-type: none"> € 100 - 175 mn € 0.70 - 1.50 	

Segments	Aareal Next Level	METRIC	2020	OUTLOOK 2021 ¹⁾
	„Activate“	Structured Property Financing	<ul style="list-style-type: none"> REF Portfolio New business 	<ul style="list-style-type: none"> € 27.8 bn € 7.2 bn
„Elevate“	Banking & Digital Solutions	<ul style="list-style-type: none"> Deposit volume NCI 	<ul style="list-style-type: none"> € 11.0 bn € 26 mn 	<ul style="list-style-type: none"> € ~11 bn € ~28 mn
„Accelerate“	Aareon	<ul style="list-style-type: none"> Revenues Adj. EBITDA 	<ul style="list-style-type: none"> € 258 mn € 62 mn 	<ul style="list-style-type: none"> € 276 mn - € 280 mn € 63 mn - € 65 mn

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) Subject to FX development

Key Takeaways

07

Key takeaways

Strong start into the year: immediate return to profitability



- Earnings in the first quarter of 2021 tripled year-on-year
- Net interest and commission income increased as expected
- Low loan loss provision after comprehensive risk provisioning in 2020
- Increased FY-effect of bank levy considered in Q1

Robust operating performance: growth in all three segments



- SPF: Loan portfolio increased further at attractive margins and good LTVs on track to reach € 29 bn
- BDS: Product portfolio expanded, fee income increased
- Aareon: Revenue increased despite ongoing Covid-19 challenges in Consulting business

Outlook confirmed despite ongoing uncertainties



- Gradual economic recovery expected in the course of 2021 and 2022
- Aareal Next Level: Strategic growth initiatives in all segments well on track
- Operating profit outlook for 2021 confirmed – between € 100 mn and € 175 mn

Group results Q1 2021

Appendix

Aareal Bank Group

Results Q1 2021

	01.01.- 31.03.2021 € mn	01.01.- 31.03.2020 € mn	Change
Profit and loss account			
Net interest income	138	123	12%
Loss allowance	7	58	-88%
Net commission income	59	57	4%
Net derecognition gain or loss	0	7	
Net gain or loss from financial instruments (fvpl)	-1	10	-110%
Net gain or loss on hedge accounting	-3	1	-400%
Net gain or loss from investments accounted for using the equity method	0	0	
Administrative expenses	150	129	16%
Net other operating income / expenses	-4	0	
Operating Profit	32	11	191%
Income taxes	11	4	175%
Consolidated net income	21	7	200%
Consolidated net income attributable to non-controlling interests	1	1	
Consolidated net income attributable to shareholders of Aareal Bank AG	20	6	233%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	20	6	233%
of which: allocated to ordinary shareholders	16	2	700%
of which: allocated to AT1 investors	4	4	0%
Earnings per ordinary share (in €) ²⁾	0.27	0.04	575%
Earnings per ordinary AT1 unit (in €) ³⁾	0.04	0.04	0%

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

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

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

Aareal Bank Group

Results Q1 2021 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 31.03. 2021	01.01.- 31.03. 2020	01.01.- 31.03. 2021	01.01.- 31.03. 2020	01.01.- 31.03. 2021	01.01.- 31.03. 2020	01.01.- 31.03. 2021	01.01.- 31.03. 2020	01.01.- 31.03. 2021	01.01.- 31.03. 2020
	€ mn									
Net interest income	127	113	11	10	0	0	0	0	138	123
Loss allowance	7	58			0	0			7	58
Net commission income	2	2	7	5	53	53	-3	-3	59	57
Net derecognition gain or loss	0	7							0	7
Net gain or loss from financial instruments (fvpl)	-1	10				0			-1	10
Net gain or loss on hedge accounting	-3	1							-3	1
Net gain or loss from investments accounted for using the equity method					0	0			0	0
Administrative expenses	84	68	19	18	50	46	-3	-3	150	129
Net other operating income / expenses	-5	0	0	0	1	0	0	0	-4	0
Operating profit	29	7	-1	-3	4	7	0	0	32	11
Income taxes	10	3	0	-1	1	2			11	4
Consolidated net income	19	4	-1	-2	3	5	0	0	21	7
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	1	1			1	1
Cons. net income attributable to shareholders of Aareal Bank AG	19	4	-1	-2	2	4	0	0	20	6

Aareal Bank Group

Results – quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					Aareon					Consolidation / Reconciliation					Aareal Bank Group				
	Q1	Q4	Q3	Q2	Q1	Q1	Q4	Q3	Q2	Q1	Q1	Q4	Q3	Q2	Q1	Q1	Q4	Q3	Q2	Q1	Q1	Q4	Q3	Q2	Q1
	2021		2020			2021		2020			2021		2020			2021		2020			2021		2020		
€ mn																									
Net interest income	127	129	119	113	113	11	10	9	10	10	0	0	0	-1	0	0	0	0	0	0	138	139	128	122	123
Loss allowance	7	177	61	48	58		0					0	0	0	0						7	177	61	48	58
Net commission income	2	4	1	1	2	7	8	6	7	5	53	58	53	49	53	-3	-4	-3	-3	-3	59	66	57	54	57
Net derecognition gain or loss	0	9	3	9	7																0	9	3	9	7
Net gain / loss from fin. instruments (fvpl)	-1	-21	-4	-17	10				0			0	0	0	0						-1	-21	-4	-17	10
Net gain or loss on hedge accounting	-3	2	2	1	1																-3	2	2	1	1
Net gain / loss from investments acc. for using the equity method		2									0	-1	0	0	0						0	1	0	0	0
Administrative expenses	84	54	56	49	68	19	18	15	17	18	50	50	46	46	46	-3	-5	-3	-3	-3	150	117	114	109	129
Net other operating income / expenses	-5	-3	0	-11	0	0	0	0	0	0	1	3	0	1	0	0	-1	0	0	0	-4	-1	0	-10	0
Operating profit	29	-109	4	-1	7	-1	0	0	0	-3	4	10	7	3	7	0	0	0	0	0	32	-99	11	2	11
Income taxes	10	-18	9	-8	3	0	1	-1	0	-1	1	4	2	1	2						11	-13	10	-7	4
Consolidated net income	19	-91	-5	7	4	-1	-1	1	0	-2	3	6	5	2	5	0	0	0	0	0	21	-86	1	9	7
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	1	3	1	0	1						1	3	1	0	1
Cons. net income attributable to ARL shareholders	19	-91	-5	7	4	-1	-1	1	0	-2	2	3	4	2	4	0	0	0	0	0	20	-89	0	9	6

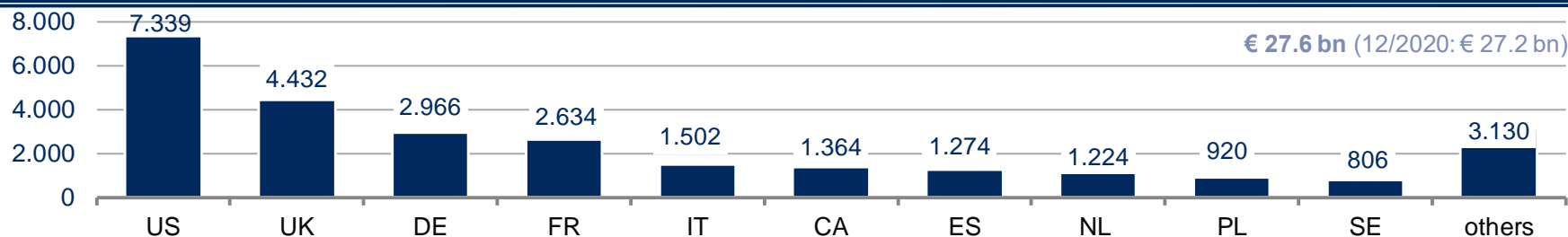
Asset quality

Appendix

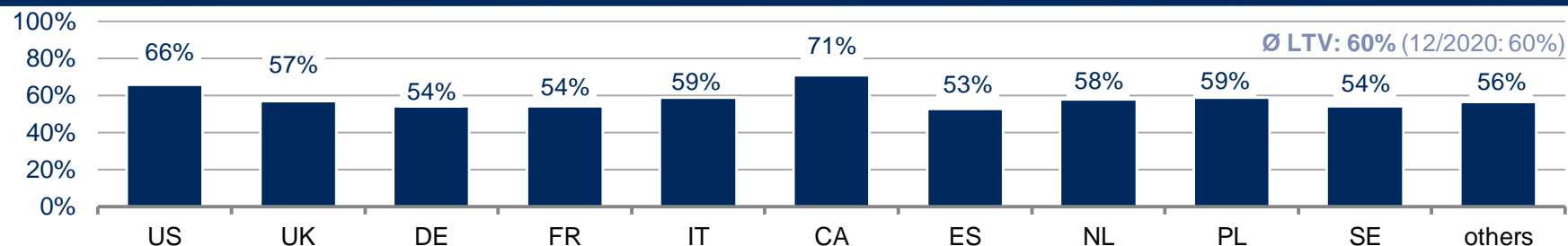
CREF portfolio by country

€ 27.6 bn highly diversified

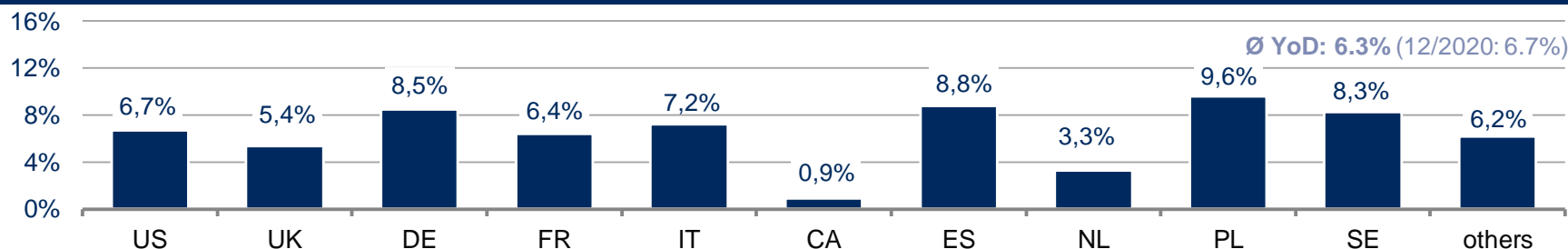
CREF portfolio (€ mn)



LTV¹⁾



YoD¹⁾

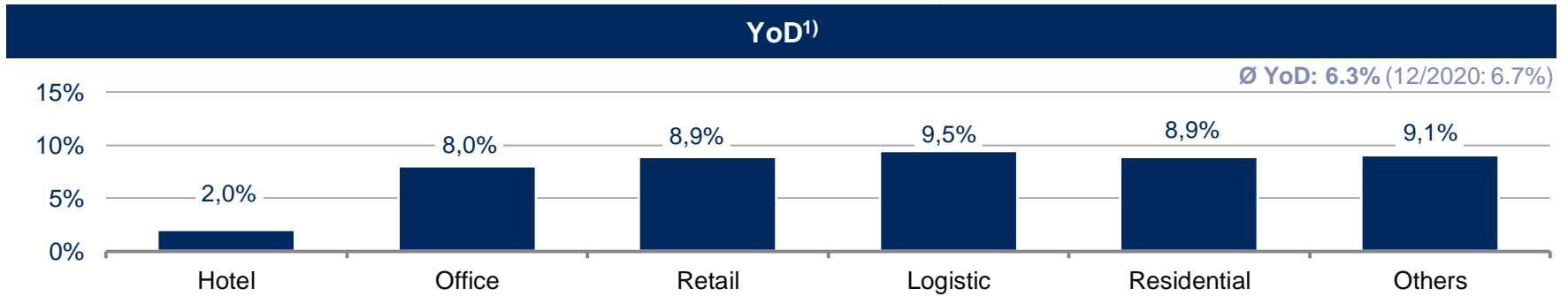
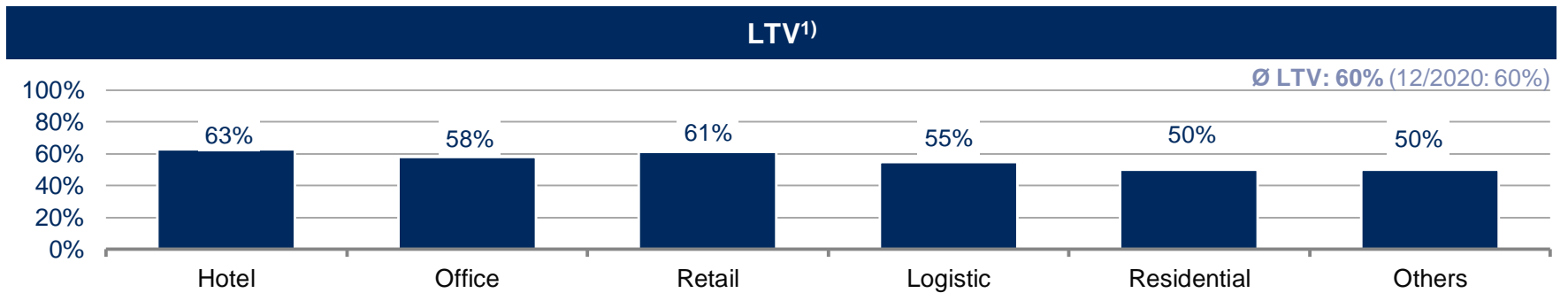
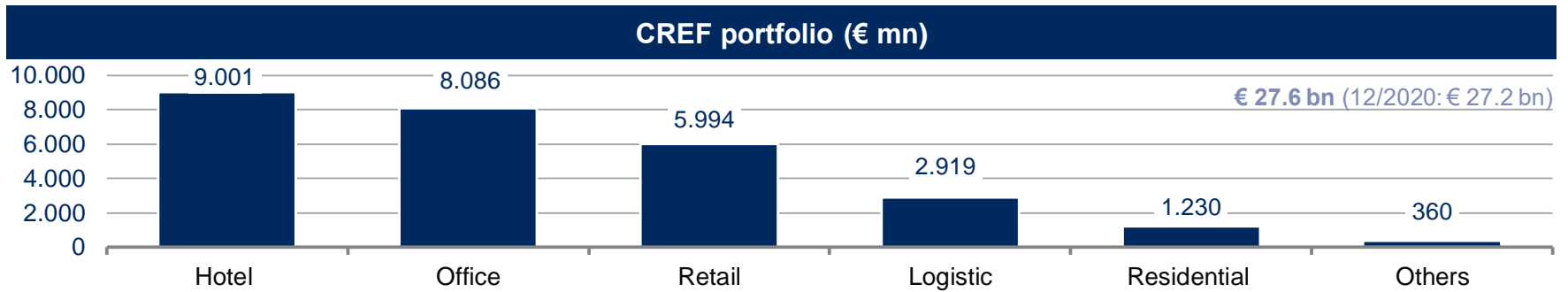


Note: others incl. countries with a portfolio below € 500 mn

1) Performing CREF-portfolio only (exposure)

CREF portfolio by property types

€ 27.6 bn highly diversified

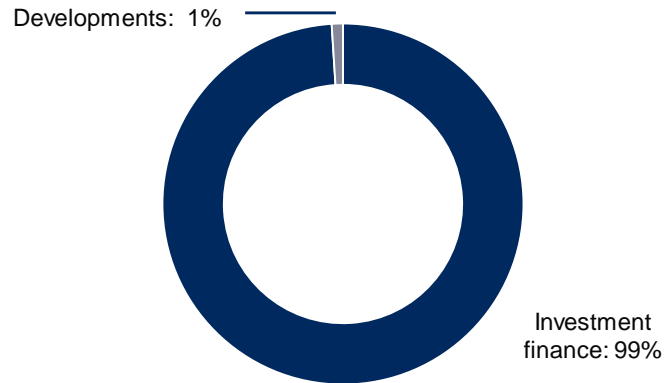


1) Performing CREF-portfolio only (exposure)

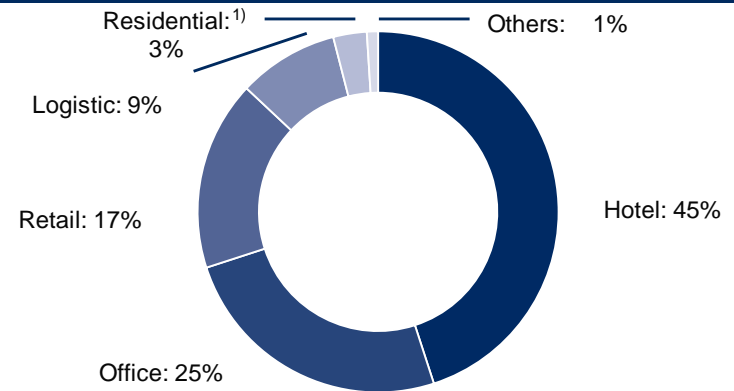
Western Europe (ex Germany) CREF portfolio

Total volume outstanding as at 31.03.2021: € 9.6 bn

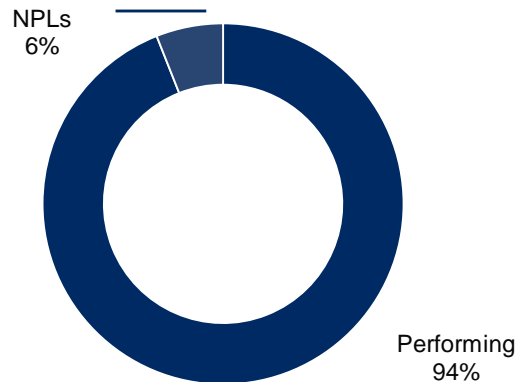
by product type



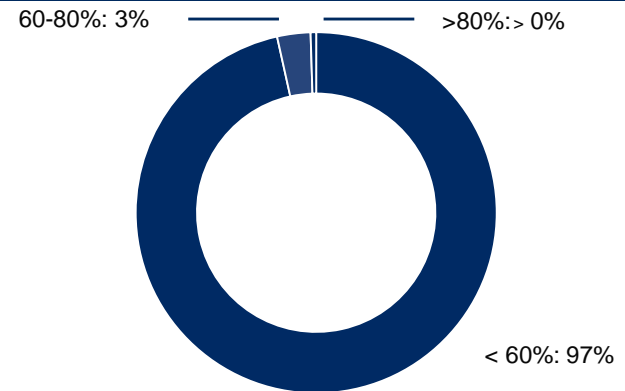
by property type



by performance



by LTV ranges²⁾



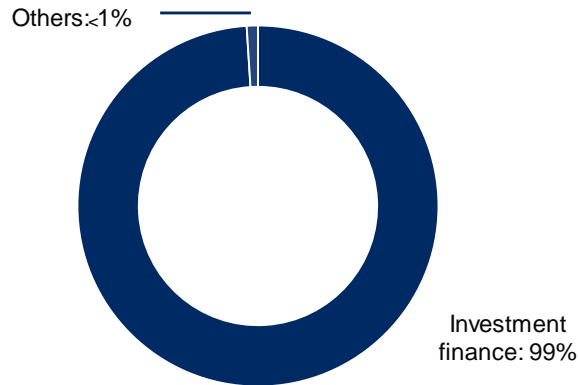
1) Incl. Student housing (UK & Australia only)

2) Performing CREF-portfolio only (exposure)

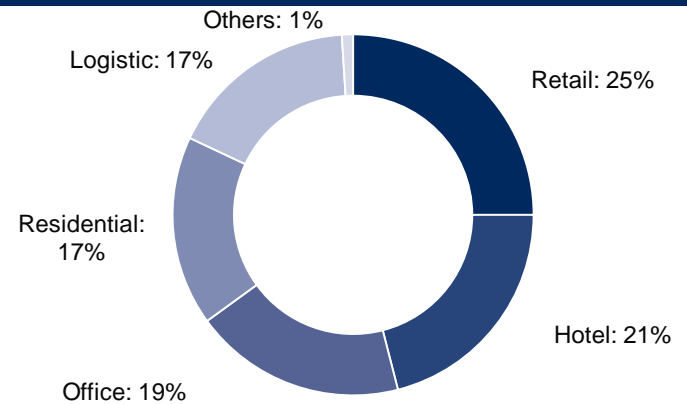
German CREF portfolio

Total volume outstanding as at 31.03.2021: € 3.0 bn

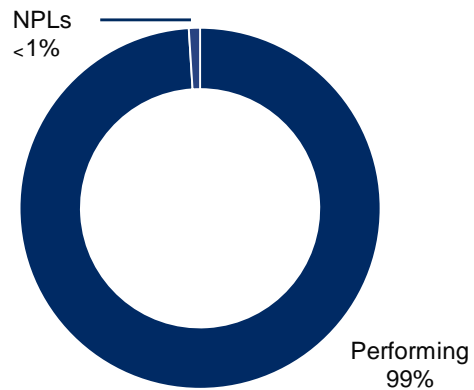
by product type



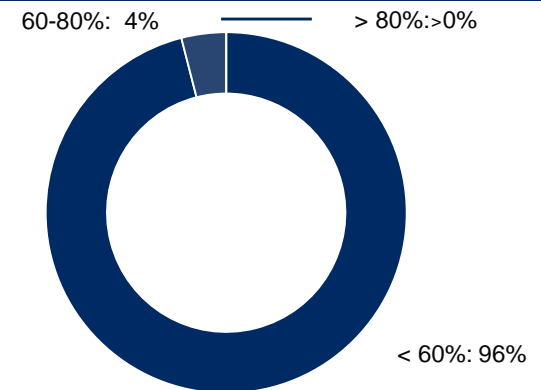
by property type



by performance



by LTV ranges¹⁾

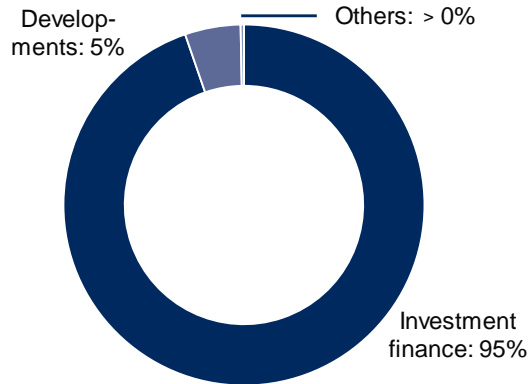


1) Performing CREF-portfolio only (exposure)

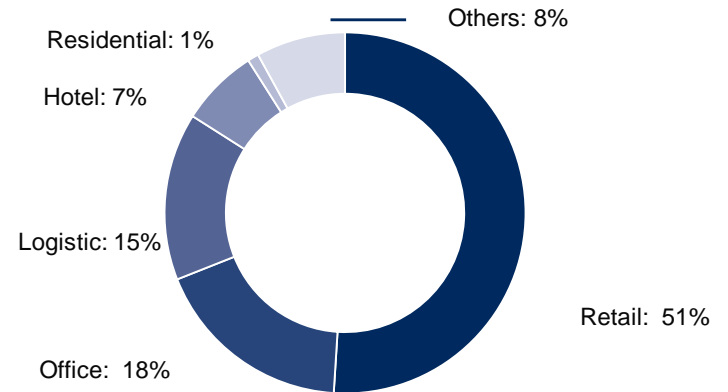
Southern Europe CREF portfolio

Total volume outstanding as at 31.03.2021: € 2.8 bn

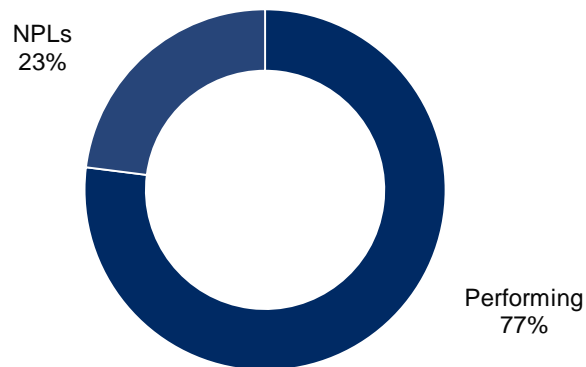
by product type



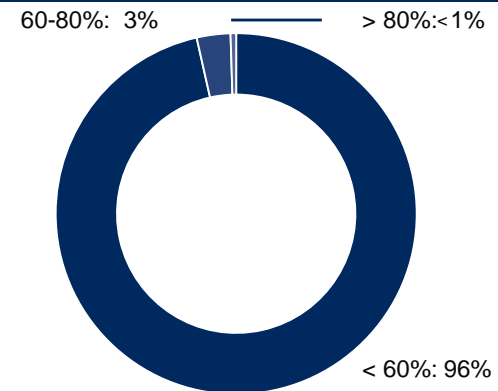
by property type



by performance



by LTV ranges¹⁾

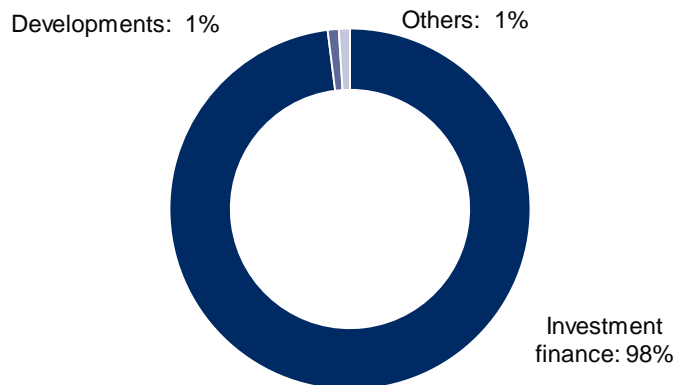


1) Performing CREF-portfolio only (exposure)

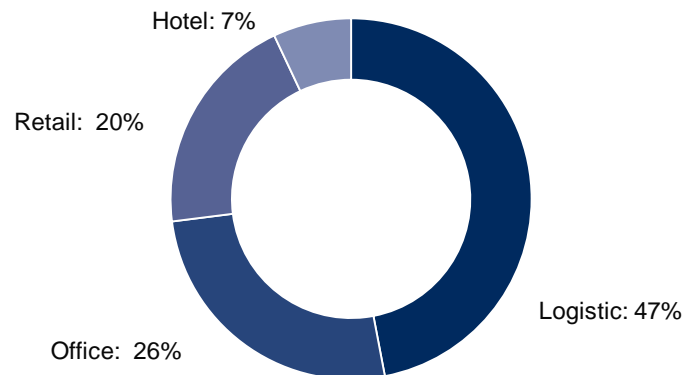
Eastern Europe CREF portfolio

Total volume outstanding as at 31.03.2021: € 1.4 bn

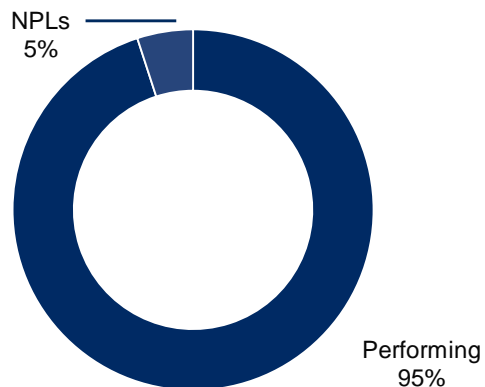
by product type



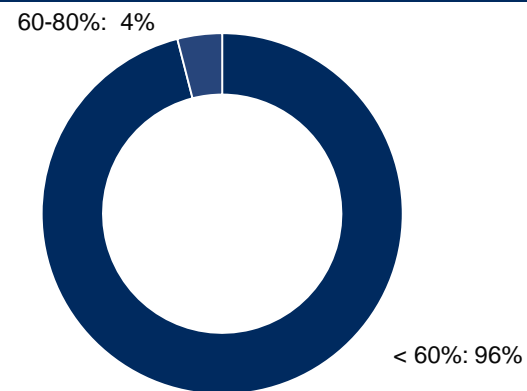
by property type



by performance



by LTV ranges¹⁾



1) Performing CREF-portfolio only (exposure)

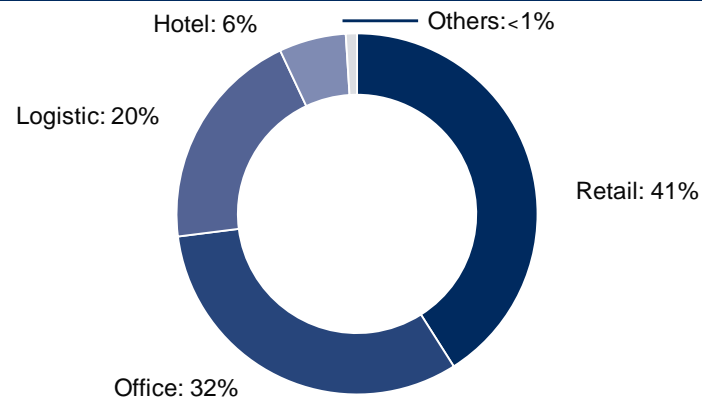
Northern Europe CREF portfolio

Total volume outstanding as at 31.03.2021: € 1.3 bn

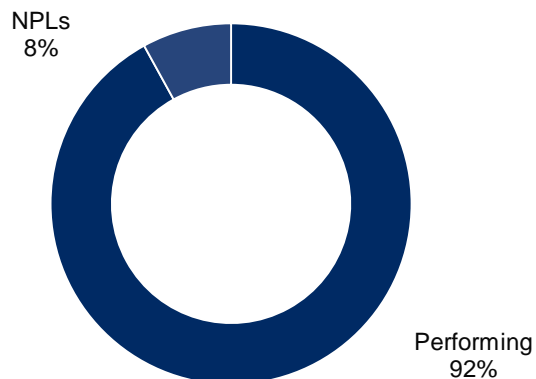
by product type



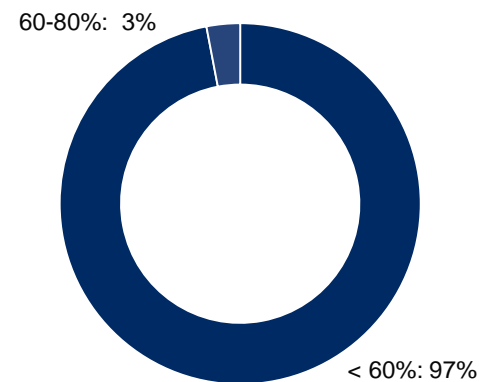
by property type



by performance



by LTV ranges¹⁾



1) Performing CREF-portfolio only (exposure)

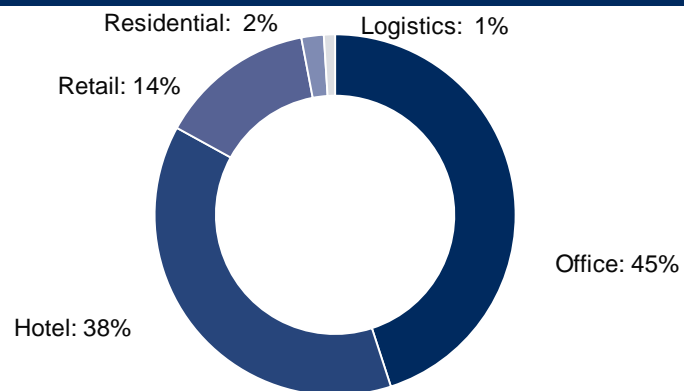
North America CREF portfolio

Total volume outstanding as at 31.03.2021: € 8.7 bn

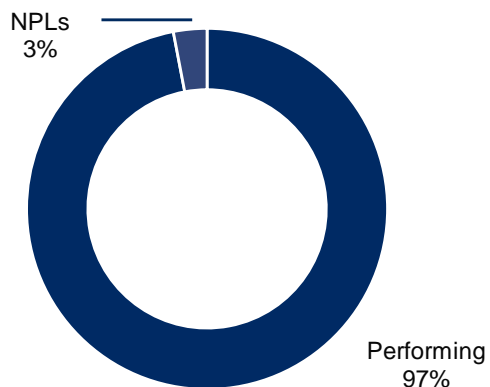
by product type



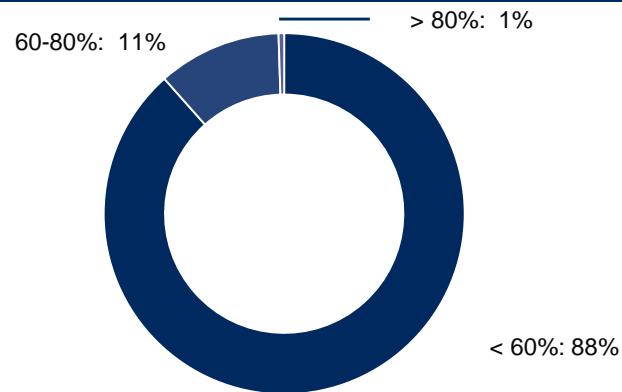
by property type



by performance



by LTV ranges¹⁾



1) Performing CREF-portfolio only (exposure)

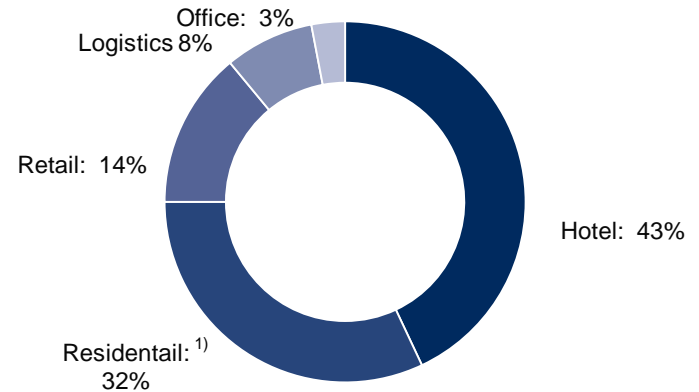
Asia / Pacific CREF portfolio

Total volume outstanding as at 31.03.2021: € 0.8 bn

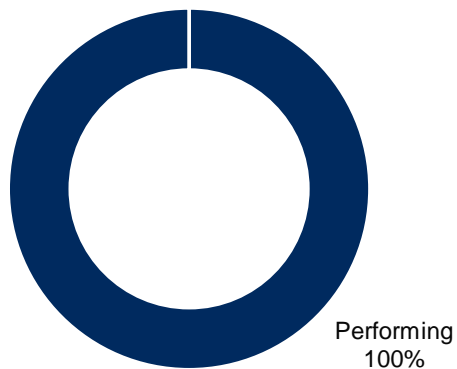
by product type



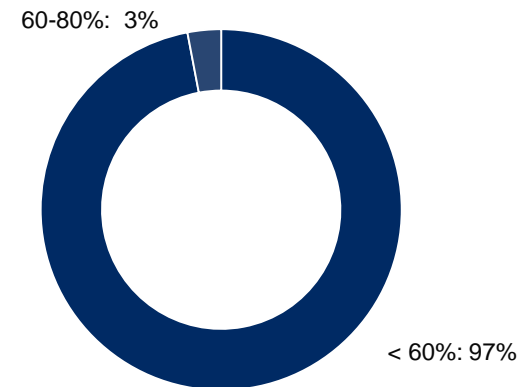
by property type



by performance



by LTV ranges²⁾



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

2) Performing CREF-portfolio only (exposure)

Aareal's Green Finance Framework finalised and endorsed through an SPO by Sustainalytics – publication to follow shortly

All of the building(s) securing a loan must fulfil at least one of the following criteria in order for the loan to be classified as *green*

1. Classification as EU taxonomy compliant

Buildings meet the EU Taxonomy criteria according to the EU Commission Delegated Regulation, Chapter 7.7 "Acquisition and ownership of existing buildings"

2. Green building certification (type/level)

Existence of a reputable (referring to the World Green Building Council) green building certificate with an above-average rating, according to the below listed rating categories of the following providers:

- BREEAM: "Outstanding", "Excellent" and "Very Good"
- LEED: "Platinum" and "Gold"
- DGNB: "Platinum" and "Gold"
- HQE: "Exceptional" and "Excellent"
- Green Star: "6 Stars" and "5 Stars"
- NABERS: "6 Stars", "5 Stars" and "4 Stars"

3. Energy efficiency of the property

The property meets the national requirements for a nearly zero-energy building (nZEB) valid at the time of the financing commitment **and / or**

The property falls **below** the maximum energy reference values

75 kWh/m² p.a.

Residential

140 kWh/m² p.a.

Office, Hotel, Retail

65 kWh/m² p.a.

Warehouse / Logistics

Segments: Aareon

Appendix

Segment: Aareon

P&L and other KPIs

P&L Aareon segment - Industry format ¹⁾	Q1'20	3M'20	Q2'20	Q3'20	Q4'20	3M'21	Δ Q1 '21/'20	Δ 3M '21/'20
€ mn								
Sales revenue	64	64	61	63	70	66	2%	2%
▪ <i>Thereof ERP</i>	49	49	47	49	53	49	0%	0%
▪ <i>Thereof Digital</i>	15	15	15	14	17	16	9%	9%
Costs ²⁾	-50	-50	-51	-50	-53	-55	9%	9%
▪ <i>Thereof material</i>	-11	-11	-12	-10	-12	-12	8%	7%
EBITDA	14	14	10	13	17	10	-24%	-24%
Adjustments ²⁾	-1	-1	-2	-2	-4	-4	>100%	>100%
Adj. EBITDA	15	15	12	14	21	15	0%	0%
EBITDA	14	14	10	13	17	10	-24%	-24%
D&A / Financial result	-7	-7	-7	-6	-6	-7	1%	1%
EBT / Operating profit	7	7	3	6	10	4	-47%	-47%

R&D, RPU and operating cashflow	
Revenue per unit (RPU) – LTM (€)	24
R&D spend as % of software revenue – YTD	21%
Capitalisation ratio (%)	18%
YTD Operating Cash Flow (€ mn)	18

1) Calculation refers to unrounded numbers

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

Aareal Next Level – 360°-review

Appendix

Aareal enters into first stage evolution of 'Aareal Next Level'

Operating profit target of € ~300 mn to be achieved already in 2023¹⁾

January 2020	<ul style="list-style-type: none"> ▪ We introduced our strategy 'Aareal Next Level' with three strategic pillars ACTIVATE!, ELEVATE! and ACCELERATE!
Q4 2020	<ul style="list-style-type: none"> ▪ Management initiated a 360° review of 'Aareal Next Level' in the context of Covid-19 and its mid term structural implications supported by McKinsey ▪ Key focus of 360° review: i) create sustainable shareholder value in a new normal after Covid-19 with the aim of earning our CoE mid-term¹⁾ and ii) resume our track record as reliable dividend payer²⁾
Early 2021	<ul style="list-style-type: none"> ▪ 360° review confirms 'Aareal Next Level' remaining a successful and attractive strategy even in a post Covid-19 environment. Thus, we will enter into first stage evolution of 'Aareal Next Level' ▪ We identified 1 2 3 4 5 additional levers within the 'Aareal Next Level' strategic framework to significantly improve our successful performance in the future ▪ We envisage to achieve an operating profit target of € ~300 mn already in 2023³⁾ which translates into a return on equity after taxes of ~8%¹⁾ on Group as well as on Bank level ▪ Free capital retained for either M&A and/or capital management

1) 15% CET 1 reference ratio (Basel IV, phase-in, revised IRBA) exceeding the market average as a reference; excluding any potential acquisitions; subject to the Covid 19 crisis being fully overcome by then

2) Subject to ECB approval

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

Note: All 2020 figures preliminary and unaudited

'Aareal Next Level' strategy confirmed as successful and attractive

Operating profit target of € ~300 mn to be achieved already in 2023¹⁾



Strategy and business model confirmed, being successful in a normalised environment post Covid-19



First evolution of 'Aareal Next Level' enables utilising market opportunities in Covid-19 environment and increase efficiency in organisation, of processes and infrastructure



Operating profit target of € ~300 mn to be achieved already in 2023¹⁾ translating into a RoE after taxes of ~8%²⁾ on Group and Bank level

Transformation, innovation and investment budgets



- Aareal Bank: i) transformation budget of € 10 mn fully financed by related positive one-offs and ii) innovation budget for growth initiatives of on avg. € ~2 mn p.a. (2021 - 2023) to boost NCI in Banking & Digital Solutions³⁾
- Additional investment budget⁴⁾ for Aareon with growth costs in context of VCP implementation (2021: € ~8 mn) leading to a temporary dilution of EBT

1) Excluding any potential acquisitions, and subject to the Covid-19 crisis being fully overcome by then
2) 15% CET 1 reference ratio (Basel IV, phase-in, revised IRBA) exceeding the market average as a reference; excluding any potential acquisitions; subject to the Covid 19 crisis being fully overcome by then
3) Formerly known as Consulting / Services Bank: has been renamed effective from Jan. 2021
4) Excluding costs for Aareon M&A and M&A financing
Note: All 2020 figures preliminary and unaudited

ACTIVATE! Structured Property Financing

Take advantage of market opportunities, grow book and optimize funding

We continue to leverage on expanded origination, structuring and exit opportunities – “Play the Matrix”
i.e. countries, property types and structures

Lever	First stage evolution of 'Aareal Next Level'	Targets
1	<p>Continue to pursue risk-conscious and ESG conform, organic expansion of financing business based on attractive margins to increase our on-balance credit portfolio</p> <ul style="list-style-type: none"> As done in Q4, utilizing market opportunities in the Covid-19 environment with attractive risk / return profiles building on our USPs Increase our NII, leverage our platform and enhance profitability through RoE accretive business, syndication capability is continuously used to improve structure of new business and profitability / return We will continue to further develop our asset light strategy 	<p>REF portfolio: YE 21: € ~29 bn YE 22: € ~30 bn</p>
2	<p>Optimisation of funding mix and capital structure to enhance profitability and return</p> <ul style="list-style-type: none"> Review and fine-tune our liquidity and ALM strategy, but maintain prudent liquidity ratios Enhance our funding mix regarding new products e.g. establishing a CP programme and optimize funding costs, by speeding up our cover pool process Optimize our regulatory capital structure 	<p>Q1 21: Termination of T2 € 300 mn</p> <p>YE 22: Executed ALM / liquidity strategy</p>

ACTIVATE! We continue to strive towards greater ESG-transparency

Preliminary data on climate performance for about 85% of our existing CREF portfolio has been collected – pursuit of further data ongoing



Transparency

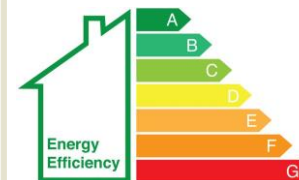
Improvement of ESG-Transparency

- Together with our clients we are striving to achieve maximum transparency relating to the environmental performance of our commercial real estate finance portfolio
- Through an ongoing dialogue with our clients and research in external databases we have been able to gather preliminary data on about 85% of our CREF portfolio
- For approximately 65% of our CREF portfolio we know of robust building certificates (i.e. DGNB, BREEAM, HQE, LEED, NABERS) or energy-performance certificates or both
- We continue our effort in improving the extent, level of detail and quality of our ESG-data together with our clients
- At the same time we are implementing further enhancements to our IT-Systems in order to accommodate documentation of relevant climate-performance data



Our target remains to achieve full transparency relating to climate performance in 2022

External recognition



ELEVATE! Banking & Digital Solutions¹⁾

Leverage on our deeply embedded customer integration and increase NCI

We continue to leverage and grow our housing and adjacent industries business through elevation and expansion of our product suite with focus on NCI based income and take opportunities in cooperation with customers and other partners

Lever	First stage evolution of 'Aareal Next Level'	Targets
<p>3</p>	<p>Increase our opportunities for a further expansion with a particular focus on our net commission income in our Digital Solutions business</p> <ul style="list-style-type: none"> ▪ Sharpening our strategic profile and enhance our development capabilities ▪ Continue to leverage and grow our housing and adjacent industries business through cross selling with an increasing contribution of our innovation portfolio <ul style="list-style-type: none"> ➤ grow NCI with a CAGR of 13% until 2023 ▪ On top: Innovation budget for growth initiatives of on average € ~2 mn p.a. between 2021 and 2023 together with pursuing selected M&A opportunities with the ambition to double NCI until 2025 <p>We reconfirm the attractiveness of our deposit base in our Banking business which is deeply imbedded in our clients' processes</p> <ul style="list-style-type: none"> ▪ Sticky deposit base at attractive terms and costs from group perspective, further upside in a rising rate environment and the opportunity of additional cross selling 	<p>Ø 23: Deposit volume of € >11 bn</p> <p>Grow NCI with a CAGR of 13% until 2023</p> <p>Ambition to double NCI until 2025</p>

1) Formerly known as Consulting / Services Bank: has been renamed effective from Jan. 2021

ACCELERATE! Aareon

VCP to increase mid-term adj. EBITDA target to € 135 mn, M&A on top

We continue to strengthen Aareon's position as the leading and independent software company for the property industry with a strong value proposition

Lever	First stage evolution of 'Aareal Next Level'	Targets
4	<p>VCP, developed with Advent, Aareon and Aareal, to increase mid-term adj. EBITDA target from € >110 mn to € 135 mn and M&A on top</p> <ul style="list-style-type: none"> Accelerate investment in developing new digital products and offerings to add to Aareon's growing portfolio of Digital Solutions Go to market excellence and accelerate "new logo" wins Leveraging Aareon's core ERP installed base to upsell / cross sell new modules and digital solutions from Aareon's Smart World Additional investment budget¹⁾ for Aareon with growth costs in context of VCP implementation (2021: € ~8 mn) leading to a temporary dilution of EBT 	<p>YE 23: VCP with add. positive EBT impact (organic)</p> <p>YE 25: Increase adj. EBITDA from € >110 mn to € ~135 mn; achieve Rule of 40²⁾</p>
M&A	<p>Implementing Aareon's strategic M&A roadmap</p> <ul style="list-style-type: none"> Execution of strategic M&A roadmap and EBITDA contribution from M&A activities on top Initially up to € 250 mn debt funding of M&A roadmap negotiated Recent acquisition of SaaS company Arthur being the first evidence of the successful partnership with Advent 	<p>EBITDA from M&A on top</p>

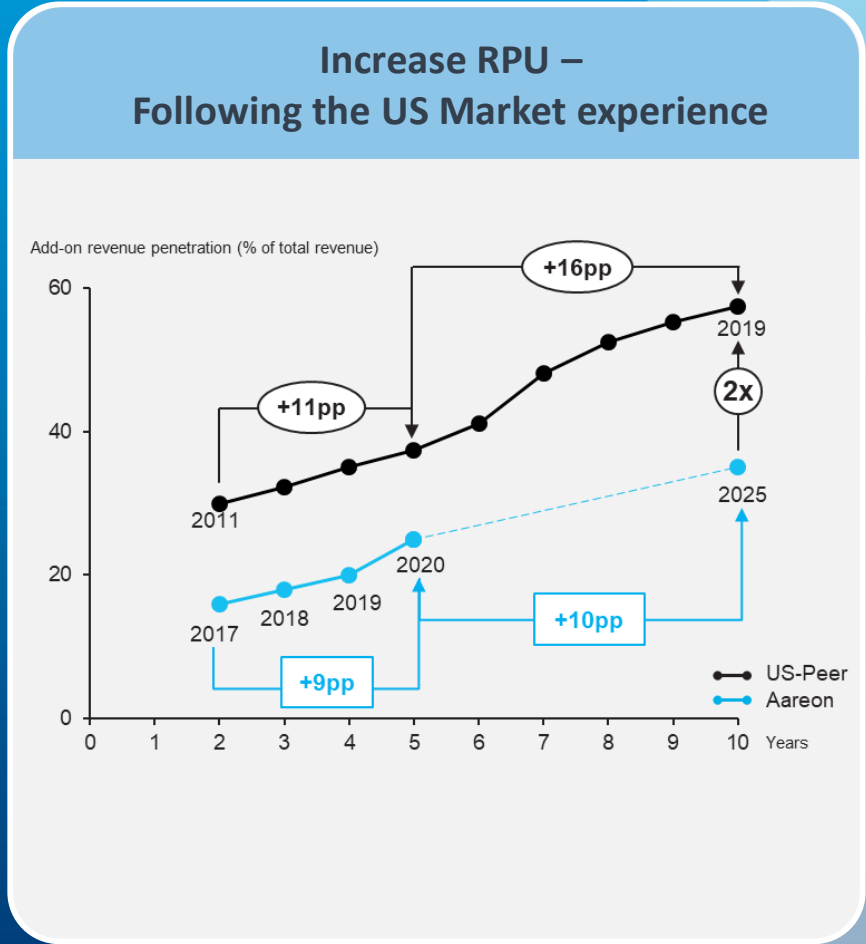
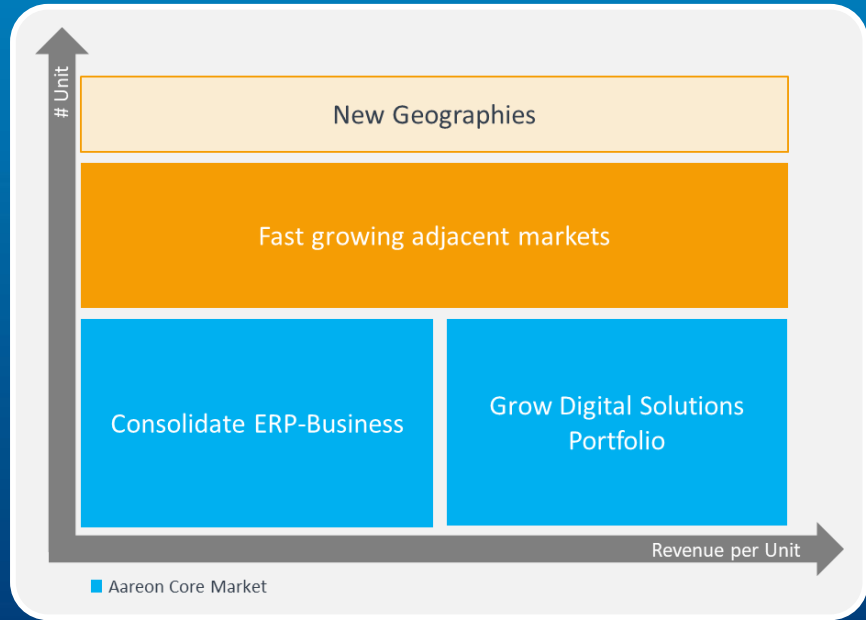
1) Excluding costs for Aareon M&A and M&A financing

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

Aareon unmatched growth opportunity

Substantial upside unlocked through a combination of RPU growth and unit expansion

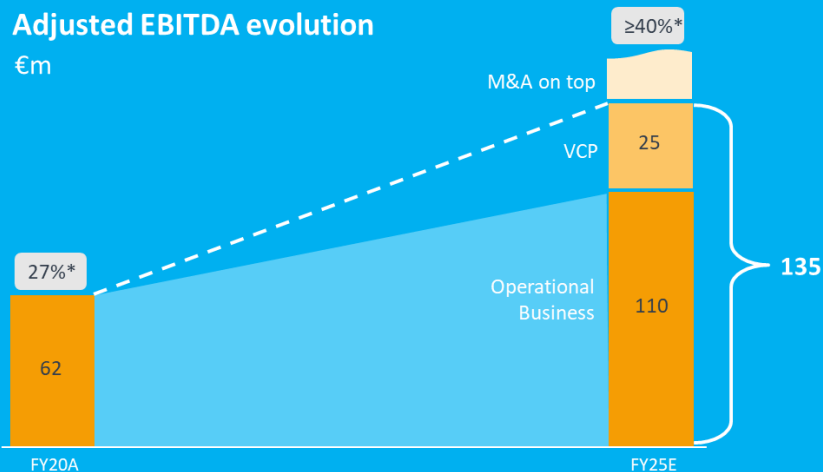
- Highly integrated digital ecosystem Aareon Smart World
- End-to-end product suite and roadmaps, from ERP to Digital Solutions
- Strong pan-European M&A roll-up platform



Aareon elevated to a “Rule of 40 company”

Adjusted EBITDA evolution

€m



Operational business (as presented at Investor Day)

- ERP 2025: Ambitious continuation of implementation of new ERP product generations
- Offer Digital Solutions, continued investment in developing innovative and competitive digital products
- Employee Engagement Program: Empower people for success

Well structured M&A process

- Highly attractive M&A platform, with opportunity to further scale internationally
- New M&A and PMI teams implemented
- Sharpened & expanded M&A pipeline is systematically pursued – considering mature business & high growth ventures
- Financing structure for M&A has been negotiated (€250m)

Value Creation Program

- Go-To-Market: Improve GTM excellence with focus on targeting new logos and driving up-/cross-sell. Opportunity to extend value based packages to customers while driving digitalisation of industry
- SaaS Acceleration: Drive SaaS to realise higher share of recurring revenues
- Software Implementation Efficiency: Accelerate growth from recurring software through highly efficient software implementations
- Operations Excellence: Leverage potential organisational value creation levers that could support growth
- 360One: Provide a data lake for reporting excellence. Improve back office performance and automation

Aareon further increased strong financial outlook

Despite Covid-19 pandemic KPIs remained rather solid in 2020

	2020A	Former Mid-Term	2025E
Revenue growth	2%	7-9%	10%*
% Recurring revenues of total revenue	67%	-	70%
Revenue per unit (RPU) in €	24	35-40	40
Adj. EBITDA in €m (without M&A)	62	110	135
Rule of 40	27%	-	≥40%
% R&D spend** (of software revenue)	22%	20%	20%

**short-term up to 25%

*CAGR 20/25



Organisation: Implementation of group wide efficiency measures

Maintaining strict cost discipline and implement further efficiency measures

Level	First stage evolution of 'Aareal Next Level'	Targets
-------	--	---------

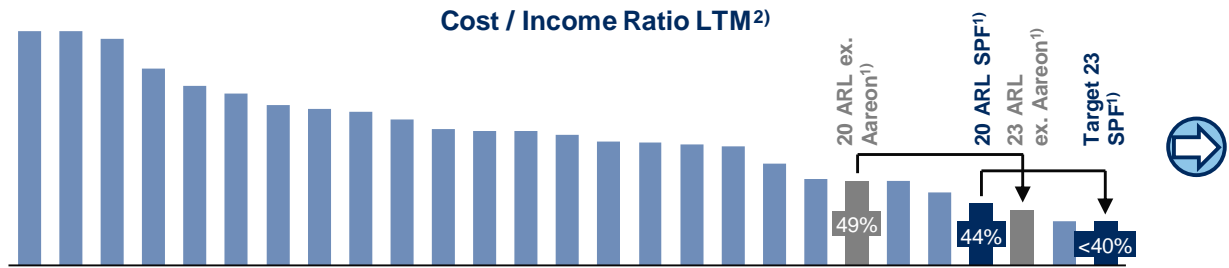
5

Objective of further efficiency measures in organisation, processes & infrastructure

- IT Next Level: Further reduction of specific internal developments and implementation of standardized applications in our S4 Hana environment will i) further reduce complexity of Aareal's IT platforms and ii) enable cloud-based business and IT operating models. Thus, leading to lower running and change costs
- Efficiency measures optimising marginal costs of portfolio expansion, i.e. automatisaton of the credit and adjacent processes as well as reporting procedures
- Campus: i) recalibrate workfloor concepts to address new way of working, ii) optimise self-owned real estate incl. residential development realising a related capital gain of € ~10 mn and iii) create an attractive source of income for our CTA (pensions)
- Implementation of young talent programme already started in 2020; first positive effects already achieved
- Cost reduction through streamlining of management structure: number of members of first management level (Managing Director) to be reduced by 15 percent; Supervisory Board to consider size and composition of Executive Board

YE 23:
SPF CIR
of <40%¹⁾

Transformation
budget financed
by related one
off effects



Continued cost discipline, additional efficiency measures and growth at low marginal costs underlines our compared to peers best in class Cost/Income Ratio

1) Excluding bank levy; 2020 ARL ex Aareon incl. bank levy 54% / 2020 ARL SPF incl. bank levy 48%
 2) Euro StoxxBanks plus Deutsche Pfandbriefbank as of 15.02.2021, total non-interest expense LTM divided by revenue before loan losses LTM (excluding unusual Items like goodwill impairments, restructuring costs etc.); Source: S&P Capital IQ

'Aareal Next Level': Our KPIs and targets

Operating profit target of € ~300 mn to be achieved already in 2023¹⁾

	2020	On track to achieve 'Aareal Next Level' objectives (February 2020)	Our KPIs and targets	
			2023	2025
Aareal Bank Group				
▪ Revenues ²⁾	€ 746 mn	✓	Mid-single digit growth CAGR	
▪ Operating profit	€ -75 mn		€ ~300 mn ¹⁾ Incl. positive impact of VCP	
▪ RoE post tax Group	-3.5%		~8% ³⁾	
▪ Dividend policy	Announced	Unchanged, 50% base dividend plus 20-30% supplementary dividend ⁴⁾		
Aareal Bank				
▪ CIR SPF ⁵⁾	44%		<40%	
Aareon				
▪ Revenue	€ 258 mn	✓	10% CAGR	
▪ Adj. EBITDA	€ 62 mn	✓	➡	€ ~135 mn Achieve rule of 40
			EBITDA from M&A on top	

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

2) Net interest income and net commission income

3) 15% CET 1 reference ratio (Basel IV, phase-in, revised IRBA) exceeding the market average as a reference; excluding any potential acquisitions; subject to the Covid-19 crisis being fully overcome by then

4) Subject to ECB approval

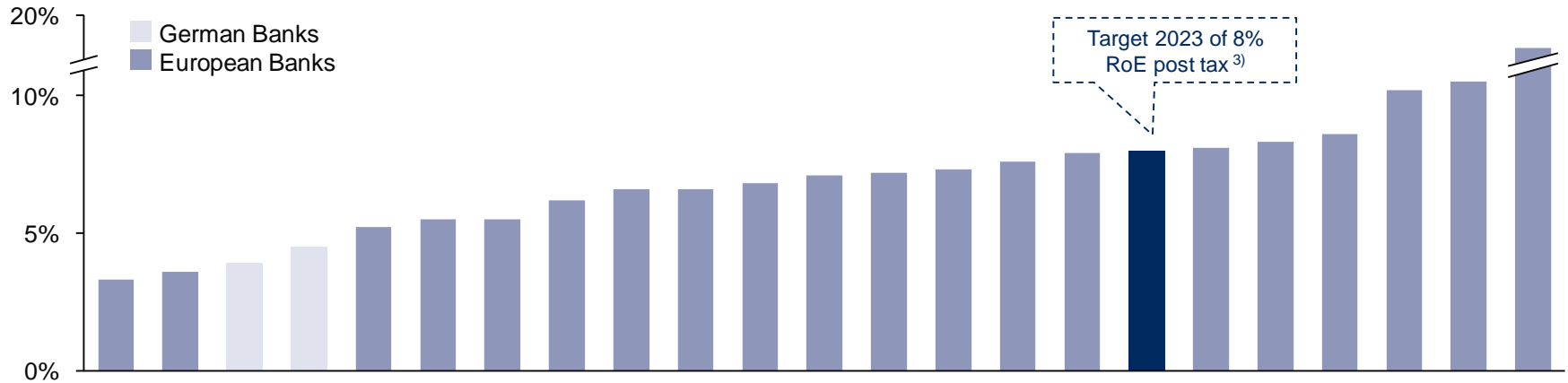
5) Excluding bank levy

Note: All 2020 figures preliminary and unaudited

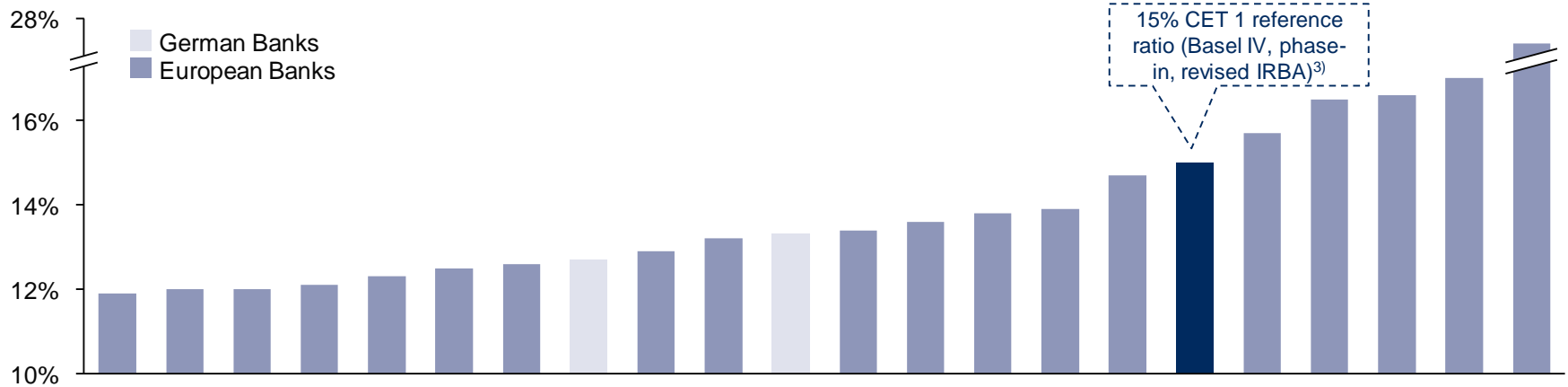
2023 Target RoE post tax above peers...

...despite higher CET1 Ratio

2023 RoE post tax – Broker estimates¹⁾



2023 CET1 Ratio – Broker estimates²⁾



1) Euro Stoxx Banks as of 18.02.2021, Average FactSet Consensus, where available: EPS divided by average book value per share (Source: Factset)

2) Euro Stoxx Banks as of 18.02.2021, Average FactSet Consensus, where available: (Source: Factset)

3) 15% CET 1 reference ratio (Basel IV, phase-in, revised IRBA)³⁾ exceeding the market average as a reference; excluding any potential acquisitions; subject to the Covid 19 crisis being fully overcome by then

Note: All 2020 figures preliminary and unaudited

Next Steps in our ESG Journey

Strengthening ESG as an integral part of our DNA by refining our strategy and setting ambitious goals and targets



1) e.g. Building certificates (i.e. DGNB, BREEAM, HQE, LEED, NABERS) or energy-performance certificates based on an ongoing dialogue with our clients as well as research in external databases

Dividend Policy

Appendix

Aareal Next Level

Our Dividend Policy temporarily suspended

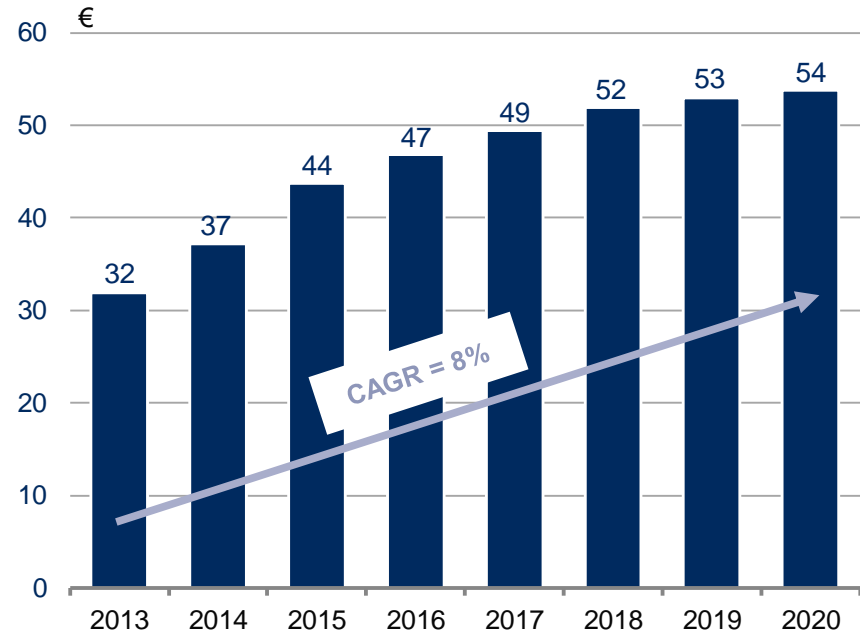
Payout ratio of up to 80%¹⁾



- We intend to distribute approx. 50% of the earnings per ordinary share (EpS) as base dividend
- In addition, we plan to distribute supplementary dividends of up to 20-30% of the EpS under the following prerequisites:
 - No material deterioration of the environment (with longer-term and sustainably negative effects)
 - Nor attractive investment opportunities neither positive growth environment

Suspended acc. to ECB's recommendation

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**

1) ECB approval required

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

1) Unaudited figures for information purposes only

Definitions and contacts

Definitions

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

Contact

Alexander Kirsch
Director – Solutions, Funding & Debt IR

T 0611 348 3858

M 0171 866 7081

E alexander.kirsch@aareal-bank.com

Funding Requests: funding@aareal-bank.com



Disclaimer

© 2021 Aareal Bank AG. All rights reserved.

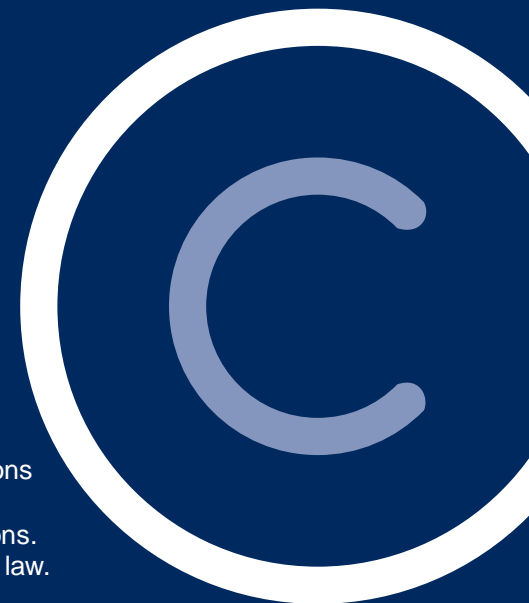
This document has been prepared by Aareal Bank AG, exclusively for the purposes of a corporate presentation by Aareal Bank AG. The presentation is intended for professional and institutional customers only.

It must not be modified or disclosed to third parties without the explicit permission of Aareal Bank AG. Any persons who may come into possession of this information and these documents must inform themselves of the relevant legal provisions applicable to the receipt and disclosure of such information, and must comply with such provisions. This presentation may not be distributed in or into any jurisdiction where such distribution would be restricted by law.

This presentation is provided for general information purposes only. It does not constitute an offer to enter into a contract on the provision of advisory services or an offer to purchase securities. Aareal Bank AG has merely compiled the information on which this document is based from sources considered to be reliable – without, however, having verified it. The securities of Aareal Bank AG are not registered in the United States of America and may not be offered or sold except under an exemption from, or pursuant to, registration under the United States Securities Act of 1933, as amended. Therefore, Aareal Bank AG does not give any warranty, and makes no representation as to the completeness or correctness of any information or opinion contained herein. Aareal Bank AG accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of, or in any way connected with, the use of all or any part of this presentation. The securities of Aareal Bank AG are not registered in the United States of America and may not be offered or sold except under an exemption from, or pursuant to, registration under the United States Securities Act of 1933, as amended.

This presentation may contain forward-looking statements of future expectations and other forward-looking statements or trend information that are based on current plans, views and/or assumptions and subject to known and unknown risks and uncertainties, most of them being difficult to predict and generally beyond Aareal Bank AG's control. This could lead to material differences between the actual future results, performance and/or events and those expressed or implied by such statements.

Aareal Bank AG assumes no obligation to update any forward-looking statement or any other information contained herein.





Thank you.

Aareal
YOUR COMPETITIVE ADVANTAGE.