



Fixed Income Presentation

Q1 2022 results

May 11, 2022

Aareal
YOUR COMPETITIVE ADVANTAGE.

Agenda

- **Introduction of Aareal**
- Q1 2022 key points
- Group results
- Segments
- Capital, funding & liquidity
- Outlook

- 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.€ 30.8 bn; average LTV: 57%

“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 € 12.9 bn in Q1 2022

“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**

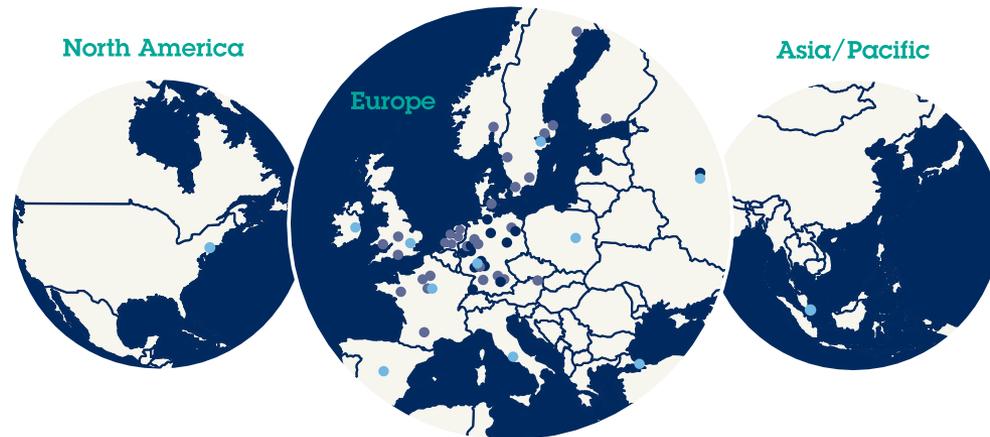
Sustainable and resilient business model with **strong downside protection** delivers **decades of consistent profitable growth**

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

2) **Frankfurt am Main, May 18, 2022** -- Moody's Investors Service (Moody's) has today affirmed the A3 long-term deposit and issuer ratings of Aareal Bank AG (Aareal Bank), the outlook on these ratings remains negative. Concurrently, Moody's affirmed Aareal Bank's baa3 Baseline Credit Assessment (BCA) and Adjusted BCA.

1) **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+'.

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Q1 2022 key points

Good operating performance in Q1 2022

Voluntary public tender offer received

- 1 Growth strategy continued in all 3 segments despite challenging geopolitical and macro-economic environment
- 2 Good quarterly results; LLP for remaining Russian exposure; significant increase in income
- 3 Very solid capital position maintained following significant portfolio growth; successful funding activities
- 4 Voluntary public tender offer launched by Atlantic BidCo.
(Tender period from 26 April to 24 May 2022)

Q1 2022 key points

Atlantic BidCo¹⁾ launched voluntary public tender offer 26 April 2022,
Cash consideration of € 33 per Aareal Bank share (incl. €1.60 dividend)²⁾

1 Atlantic BidCo fully supports “Aareal Next Level” strategy and existing Aareal Bank Group composition

2 Intention is 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

3 Investment agreement and the terms of the offer mainly unchanged compared to previous Atlantic BidCo’s offer;
Cash consideration increased to € 33.00 per Aareal Bank share (incl. € 1.60 dividend)²⁾ and irrevocable undertakings to tender 37% of Aareal Bank shares provided by certain shareholders

4 Unanimous support by Aareal Bank’s Management Board and Supervisory Board;
Offer considered highly beneficial for further development of Aareal Bank Group;
Reasoned statement of Management and Supervisory Board published on 6 May 2022

5 Offer document published on 26 April 2022; Tender period from 26 April to 24 May 2022 (expected)
37.79% of shares were tendered³⁾ according to notification of Atlantic BidCo dated 10 May 2022

1) Atlantic BidCo GmbH (“Atlantic BidCo”), a company indirectly held by funds managed by Advent International and Centerbridge Partners, CPP Investment Board Europe S.à.r.l, a wholly owned subsidiary of Canada Pension Plan Investment Board (“CPP Investments”) and funds managed by Goldman Sachs (“Investors”), publish a new voluntary public tender offer to acquire all outstanding Aareal Bank shares

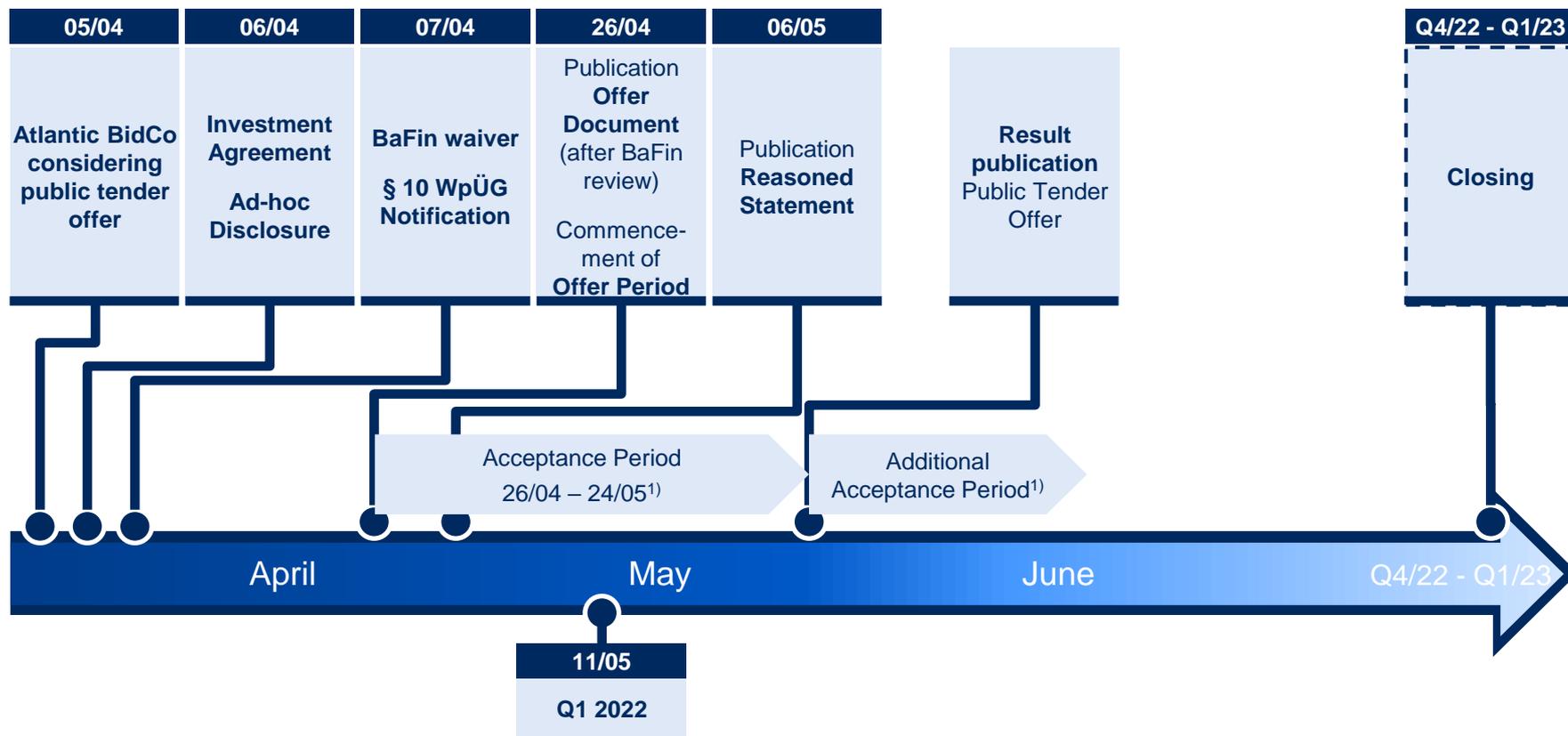
2) Cash consideration incl. initially announced €1.60 dividend; Management Board and Supervisory Board have decided to postpone the ordinary Annual General Meeting initially scheduled for 18 May 2022 to a later date

3) https://atlantic-offer.com/download/companies/ma1071/1071_01pflicht/Aarea_Bank_AG_announcement_10052022.pdf

Q1 2022 key points

Envisaged timeline; if public offer is successful, closing is subject to timing of regulatory clearances

Process voluntary public tender offer (schematic)



Corporate events Aareal Bank

1) Extended by 2 weeks if offer is amended; 2 weeks additional tender period if minimum acceptance threshold reached

Q1 2022 key points

Delivering on strategy in a challenging environment: growth in all segments

Structured Property Financing

- By leveraging market opportunities and focusing on an attractive risk-return profile, the portfolio volume increased to € 30.8 bn by the end Q1 2022 (12/2021: € 30.0 billion)
- With € 3.3 bn new business generated which is the highest level since Q4 2018

Banking & Digital Solutions

- Expansion of the product range and development of new market and customer groups through acquisition of FinTech CollectAI
- Broader range of services in customer communication through AI-based solutions for interactive invoices and intelligent dunning
- Deposit volume significantly increased

Aareon

- Sales revenues further increased
- Increased shareholding in Dutch PropTech company OSRE B.V. to > 50%, expanding presence in Dutch Market as part of international growth strategy



“Overall, we are showing good results for the first quarter of 2022, despite an additional risk provision for Russia, thanks to very strong growth in income. We continue to implement our strategy consistently without losing sight of geopolitical risks.”

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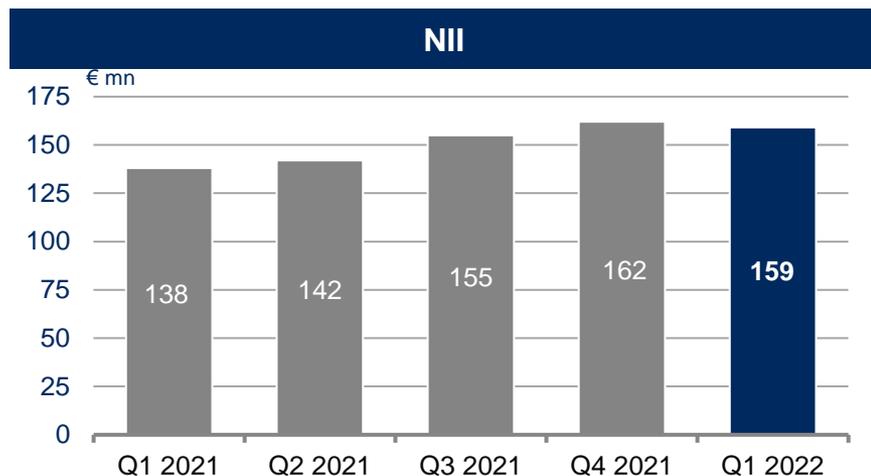
Group Results

Good quarterly results; LLP for remaining Russian exposure; significant increase in income

€ mn	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Comments
Net interest income	138	142	155	162	159	Significant increase yoy driven by further portfolio growth and good margins
Loss allowance	7	33	39	54	49	Net underlying LLP reversal due to further normalisation of the pandemic; but offset by additional LLP for remaining Russian exposure
Net commission income	59	59	56	71	64	Increase yoy mainly driven by Aareon
Derecognition result	0	8	7	8	9	Positive effects from early loan repayments
FV- / hedge-result	-4	-2	-5	-24	2	
Admin expenses	150	118	125	135	153	Slightly above Q1 2021 reflecting Aareon growth
<i>Others</i>	-4	-15	1	4	-2	
Operating profit (EBT)	32	41	50	32	30	Good quarterly results; LLP for remaining Russian exposure; significant increase in income
Income taxes	11	29	27	20	11	FY tax ratio of ~36% expected
Minorities	1	1	0	-1	1	
AT1	4	3	3	4	3	
Consolidated net income allocated to ord. shareholders	16	8	20	9	15	
Earnings per share (€)	0.27	0.13	0.33	0,16	0.25	

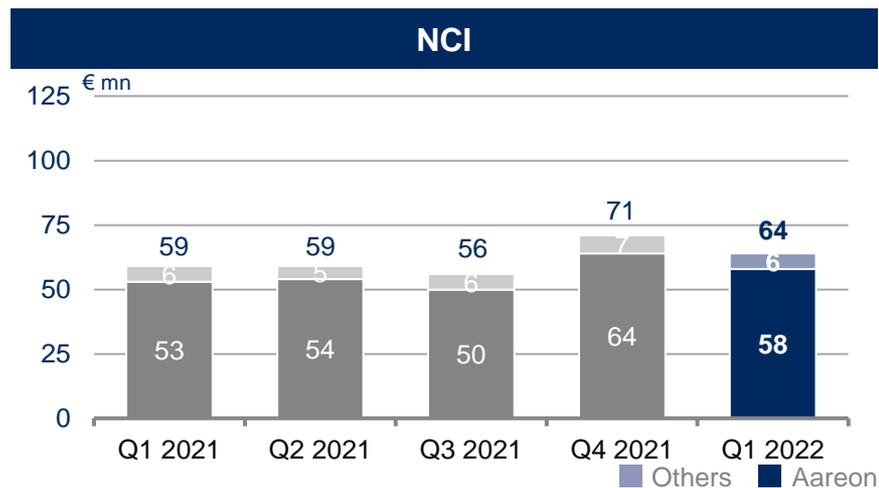
Net interest income (NII) / Net commission income (NCI)

Income significantly increased compared to last year



Significant increase yoy driven by further portfolio growth and good margins

- NII increase of 15% yoy
- Strong new business generation with good margins above plan leveraging market opportunities
- Portfolio further increased as planned
- Successful funding transactions
- TLTRO contribution of € 7 mn (€ 5 mn in Q1 2021 / € 7 mn in Q4 2021)

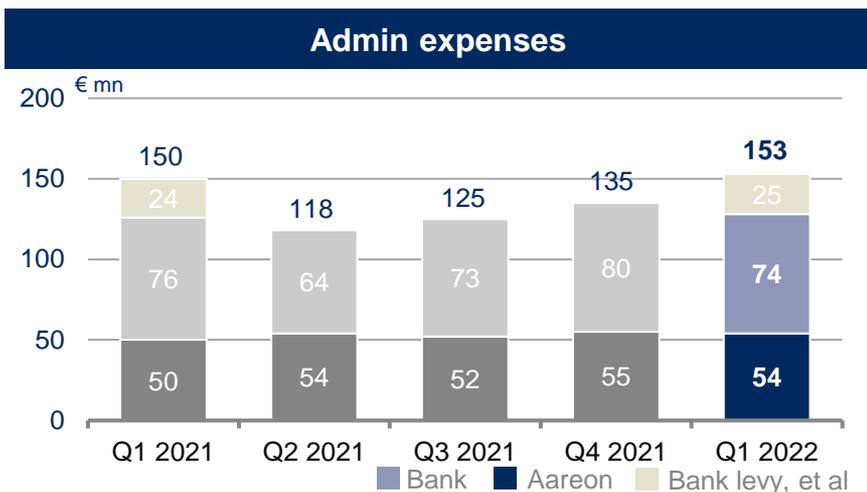


Development yoy mainly driven by Aareon

- M&A-activities in 2021
- Higher penetration from digital products
- Shift from license to SaaS/Subscription

Admin expenses / Loan loss provisions (LLP)

Admin reflecting Aareon growth, additional LLP for remaining Russian exposure mitigated by net underlying LLP reversal



Slightly above Q1 2021 reflecting Aareon growth

Bank:

- Largely stable
- Mid-term target of a CIR <40% in the SPF segment¹⁾ already achieved in Q1

Aareon:

- Increase mainly driven by M&A activities in 2021



Net underlying LLP reversal due to further normalisation of the pandemic; additional LLP for remaining Russian exposure

- Net underlying LLP reversal of € 12 mn
- € 61 mn relates to remaining Russian exposure

1) Structured Property Financing segment: in line with common practice in the banking sector, bank levy and contributions to the deposit guarantee scheme are not included

Implications of the Russian war against Ukraine

New Russian NPL ~30% provisioned; No exposure in Ukraine

Russian operations

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

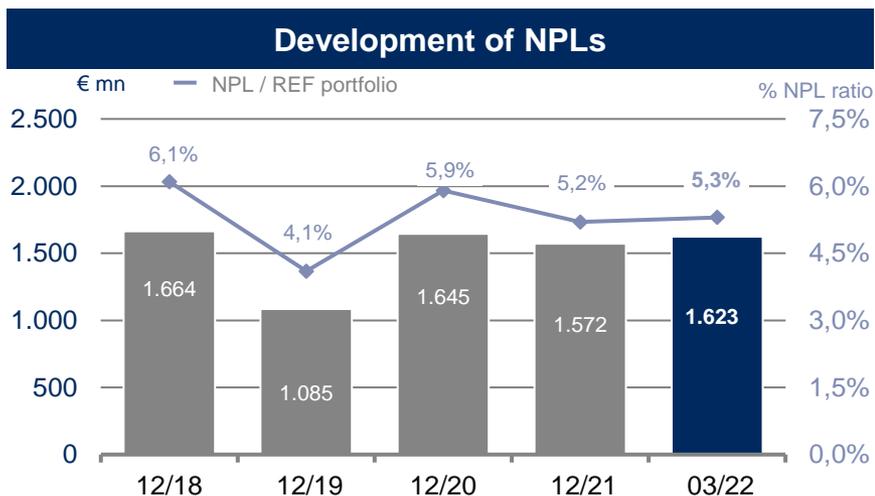
Russian exposure

- Two financings with a net exposure of € ~200 mn as of 31.12.2021, EURO denominated; one financing almost fully provisioned
- The second financing has been classified as NPL in Q1 as loan due in Q4 2022 and as of today on-time payback is uncertain
- In Q1 2022 € ~60 mn additional LLP booked (Stage 3); remaining net exposure of € ~140 mn
- Remaining net exposure equals ~50% of 10/2021 market value
- Property characteristics:
 - Office complex in Moscow
 - Nearly fully let to international and Russian tenants
 - Client able and willing to pay (DSCR >> 100%)
 - Currently Russian sanctions hinder cash transfer out of Russia

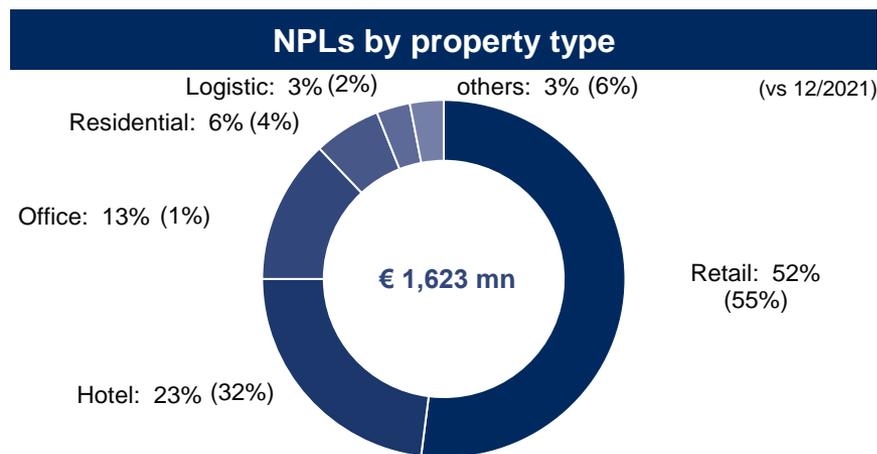
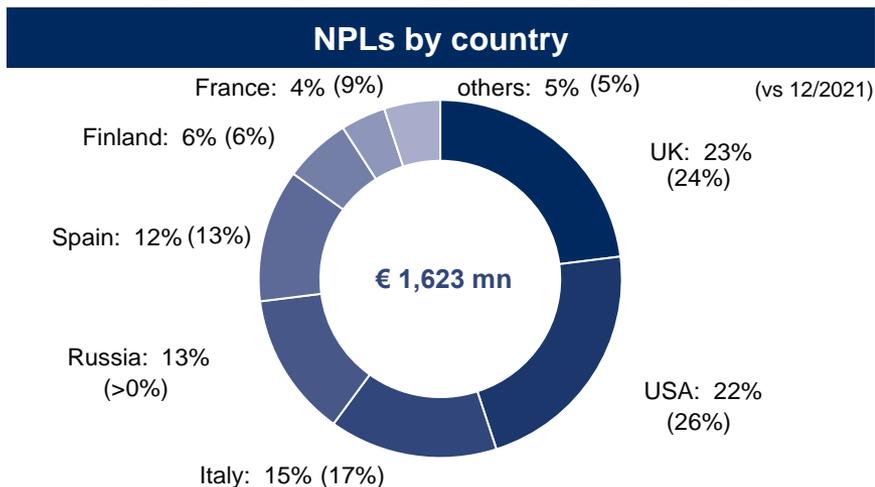
As of today impacts from geopolitical and macroeconomic environment are not predictable. However the markdown reflects volatility seen in other crisis in the past.

Non performing loans (NPL)

Positive underlying development clouded by Russian exposure



- Total NPL slightly increased due to remaining Russian exposure classified as NPL (€ ~200 mn)
- NPL volumes reduced in France, Italy and USA
- Office up (Russia); recovery in hotels is starting to be reflected

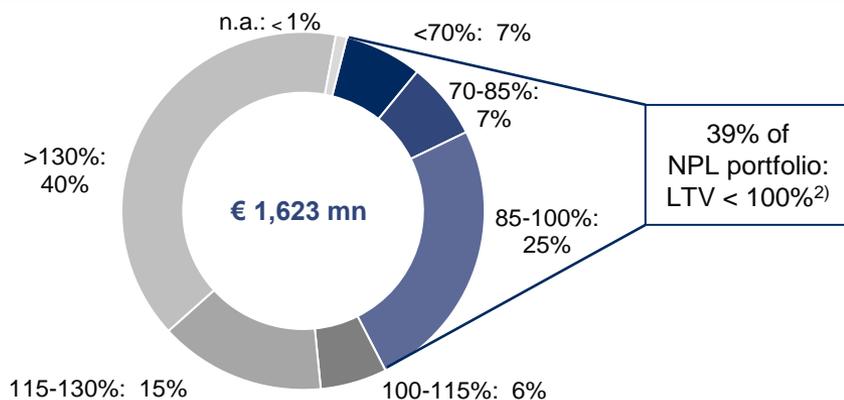


Non performing loans (NPL)

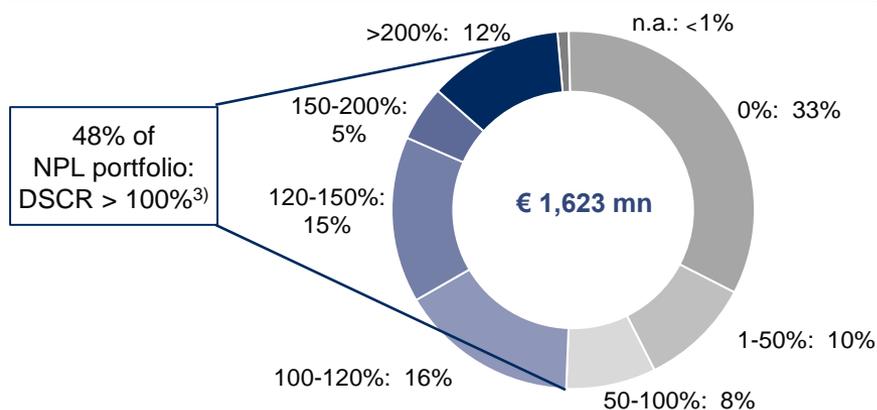
Deep dive

- NPL classification depends on a variety of triggers (e.g. arrears, NOI, DSCR, LTVs, yields, prices, marketability, ...)
 - NPL classification might be triggered even if no nominal loss will be made but contractual payments are or potentially will not be received in line with the agreement (timing / amounts)
 - Current NPL portfolio:
 - 39% of NPL portfolio with LTV <100%
 - 48% of NPL portfolio with DSCR >100%¹⁾
- Only 22% of NPL portfolio with LTV >100% and DSCR <100%
- Meaningful share of NPLs with decent risk parameters

LTV distribution



DSCR distribution



1) In FY 2021, interest payments are made for more than 70% of the NPL portfolio

2) Based on current market values

3) Based solely on asset performance (not including sponsor support)

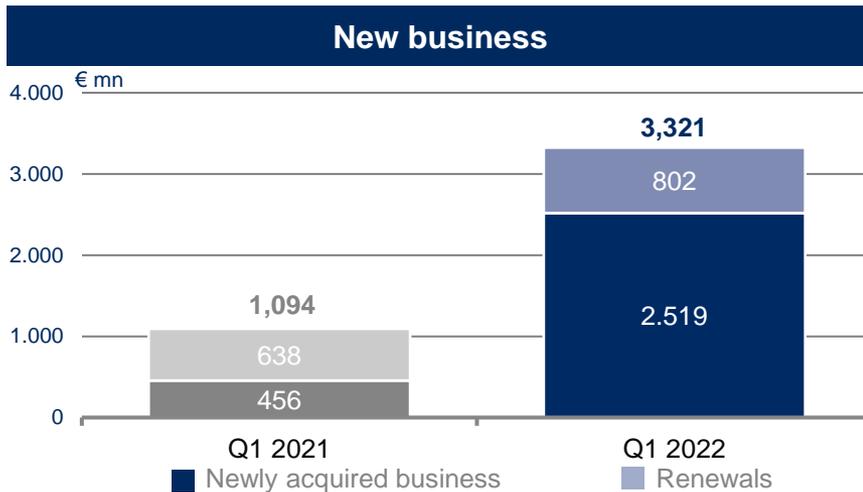
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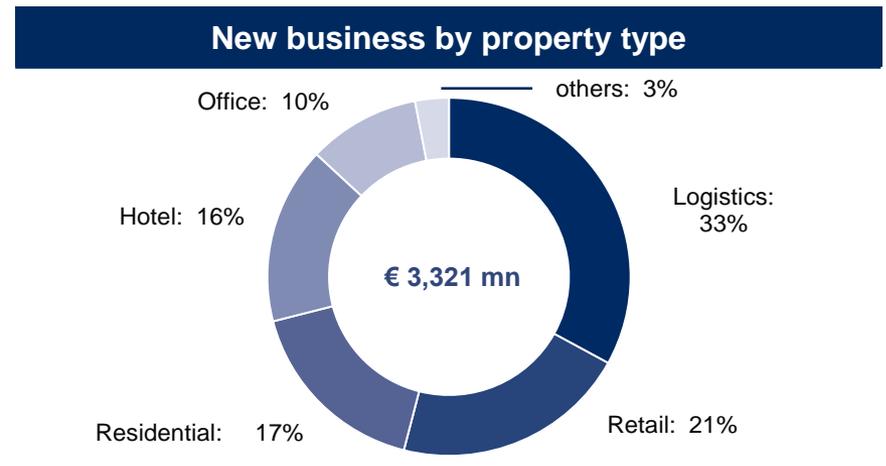
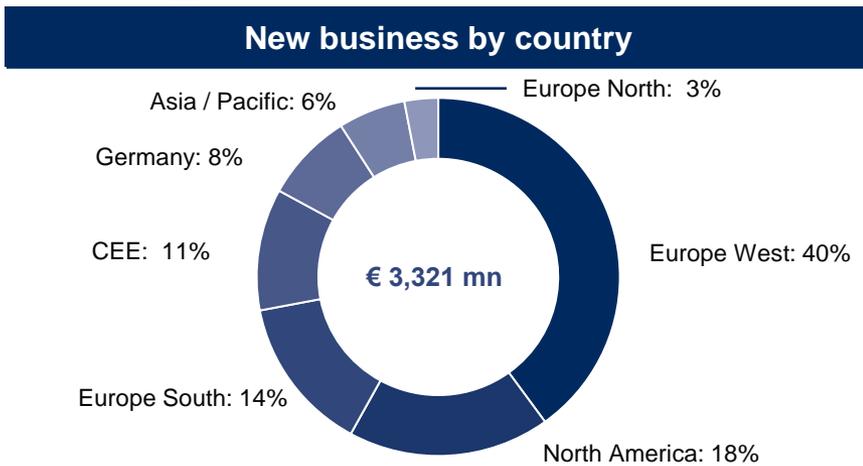
Segment: Structured Property Financing

Strong new business origination with focus on logistics



Newly acquired business of € 3.3 bn tripled vs. Q1 2021

- Strong new business origination focusing on logistics
- Good Ø-margins of ~220 bps (FY plan 2022: ~205 bps)¹⁾
- Conservative Ø-LTV of 57%
- Further green loans governed by “Green Finance Framework” signed



1) Pre FX

Segment: Structured Property Financing

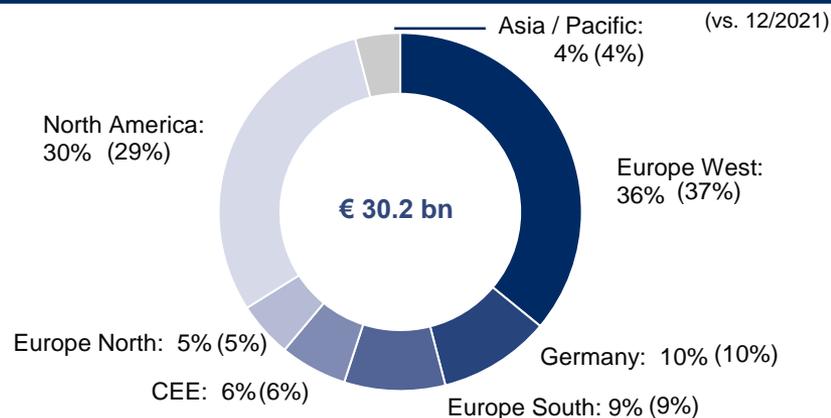
Further portfolio increase in Q1 as planned

Development REF portfolio

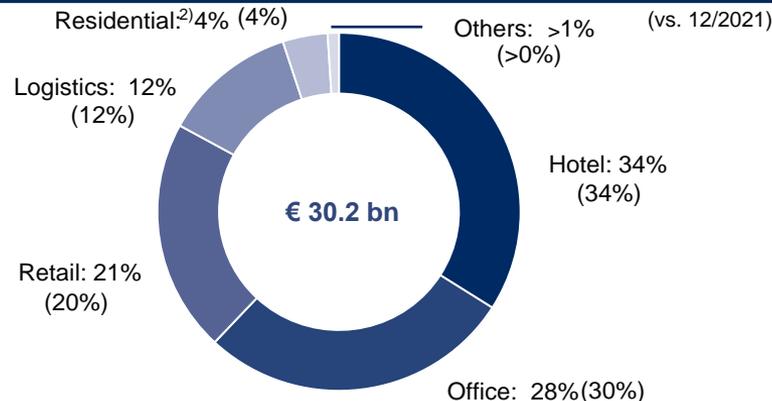


- By leveraging market opportunities and focusing on attractive risk-return profile REF-portfolio further increased
- Sticking to overall country and asset diversification with increasing importance of logistics financings, as well as portfolio-transactions with risk reducing cross collateralisation
- Increasing share of green loans governed by “Green Finance Framework” totalling € ~670 mn (€ ~240 mn in Q1 2022)

CREF portfolio by region



CREF portfolio by property type

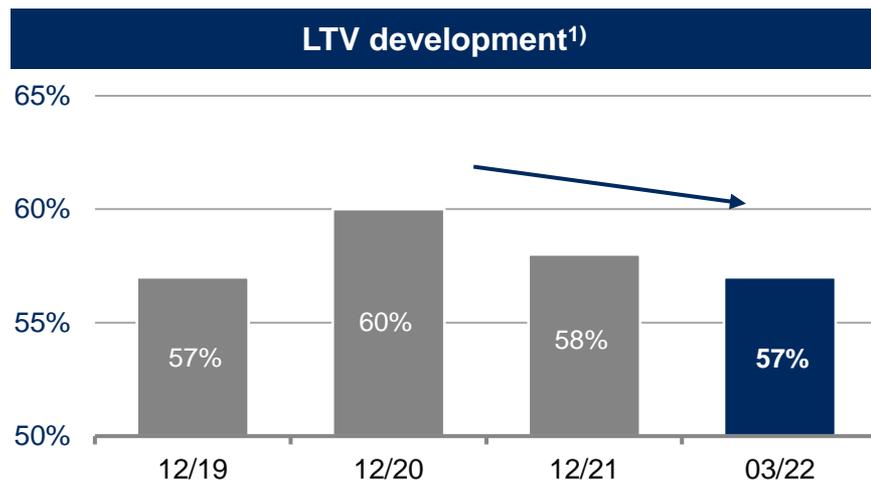


1) Performing CREF-portfolio only (exposure)

2) Incl. Student housing

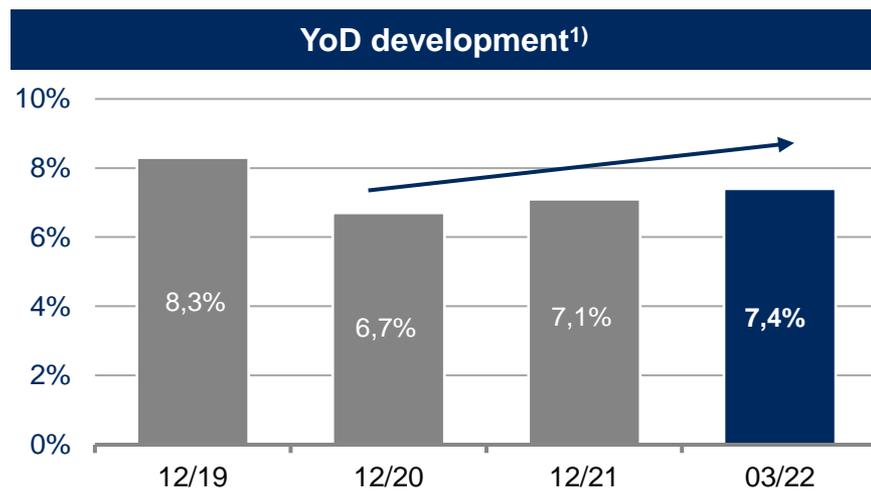
Segment: Structured Property Financing

KPIs continue to improve with the Covid-19 pandemic subsiding, overall portfolio-LTV back on pre-crisis level



Overall LTVs are declining on improvements in the hotel and retail segment

- Hotels improved to 59% (62% in 12/20)
- Retail improved to 58% (61% in 12/20)



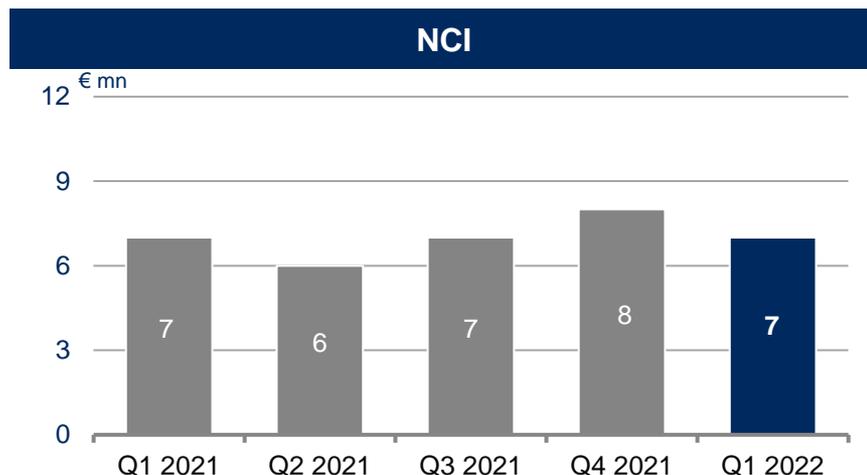
Overall YoDs are increasing on improvements in the hotel and retail segment

- Hotel YoD improved to 5.9% (3.0% in 12/20)
- Retail YoD improved to 9.5% (8.8% in 12/20)

1) Performing CREF-portfolio only (exposure)

Segment: Banking & Digital Solutions

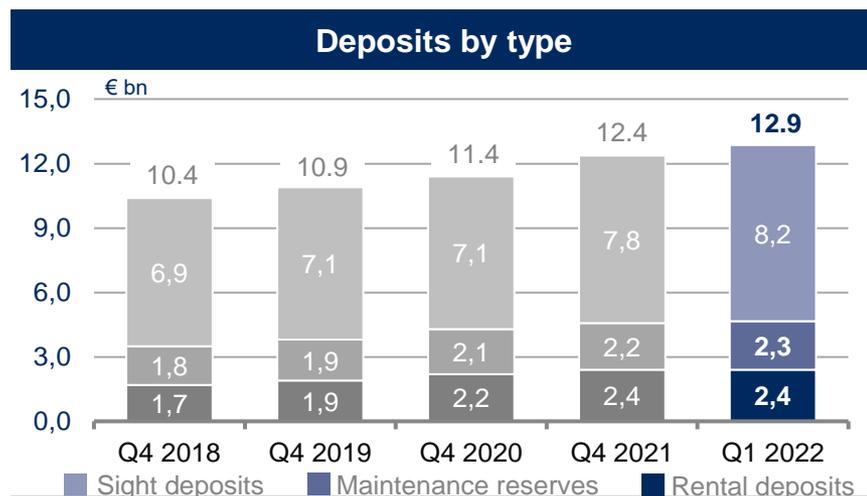
Deposit volume further increased



Stable NCI yoy

Acquisition of CollectAI will support further revenue growth

- AI-based solutions for interactive invoices and intelligent dunning processes
- Expanding range of products and services by adding end-customer communications functionality
- Opportunity of exploring new markets and client groups, and for further growth with existing clients from the housing sector and related industries



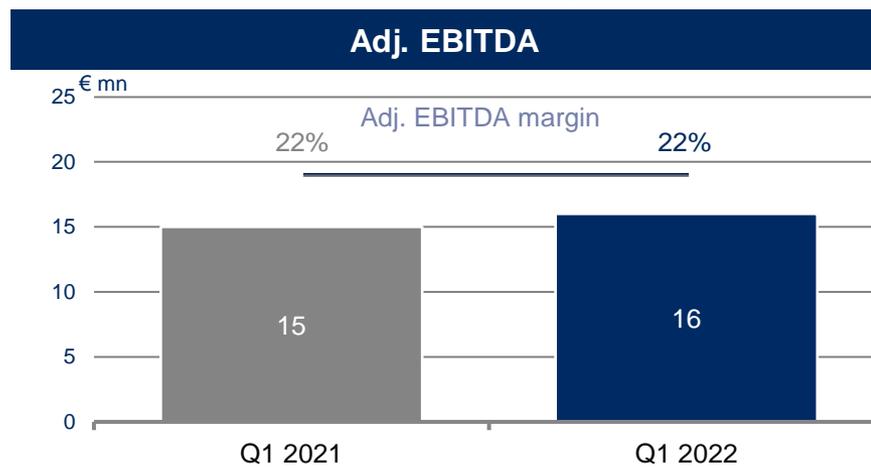
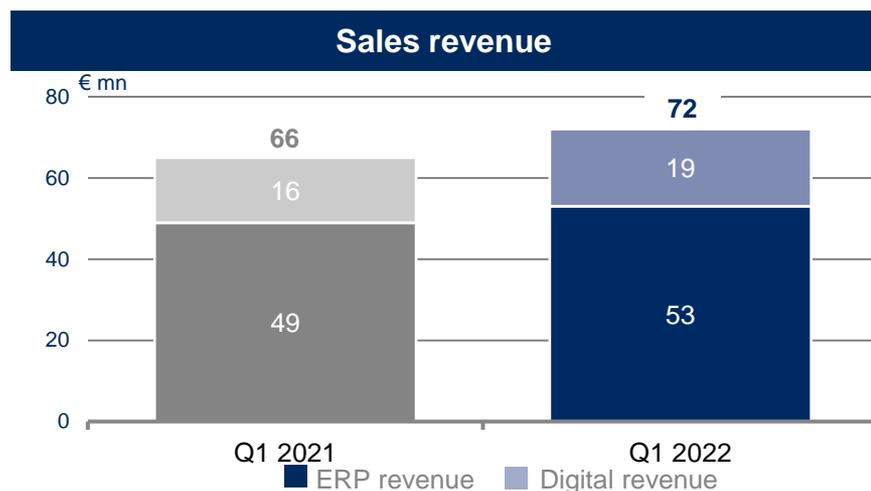
Deposit volume further increased, above target level

- Particularly sticky deposit types also increasing steadily
- Increase supporting CREF portfolio growth
- Deposits as a crisis proven important funding source, by year-end limited outflow expected due to ESF¹⁾ reform

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

Segment: Aareon

M&A well on track, Ongoing shift to SaaS/Subscription



- Switch of revenue model from licence to SaaS/ Subscription provides foundation for healthy recurring revenue share run-rate (>70%) going forward
- Sales revenues increased by € 6 mn to € 72 mn (+9% yoy); PS ongoing challenging
 - Digital revenues ex PS up 20% yoy (incl. PS¹) up 15%
 - ERP revenues ex PS up 9% yoy (incl. PS¹) up 8%
- Adj. EBITDA increased by € 1 mn to € 16 mn (+7% yoy) and adj. EBITDA margin stable yoy as a result of the aforementioned switch of revenue model
- Intensifying of partnership with OSRE (NL) – Aareon rises share (>50%), further cross selling opportunities
- Attractive M&A pipeline; hunting line increased to € 350 mn

Note: Numbers not adding up refer to rounding

1) PS (Professional Services) = Consulting business

Agenda

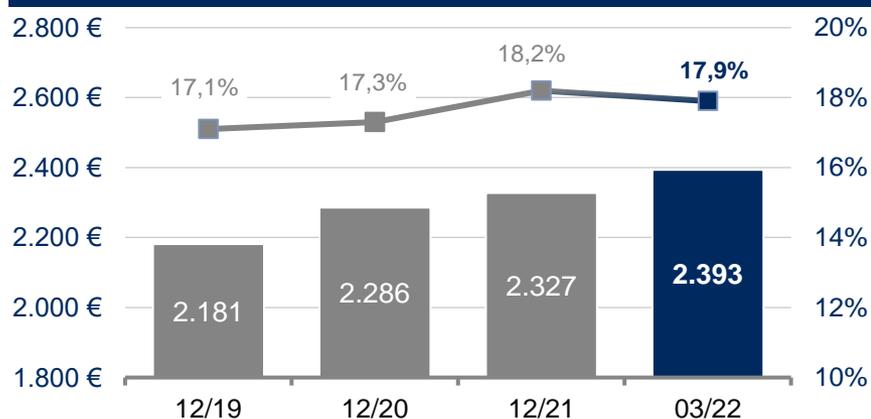
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Capital

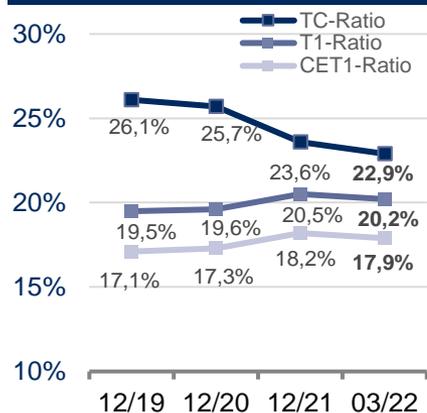
Very solid capital position maintained following significant portfolio growth

B4 (phase in)¹⁾ CET1 capital / ratio development

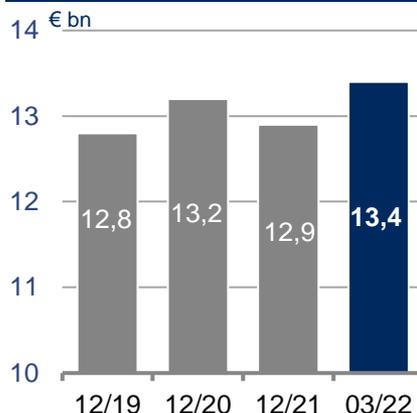


- Very solid capital ratios throughout Covid-19 crisis and despite ongoing portfolio growth
- Moderate decrease in CET1 ratio (B4 phase-in) in Q1 mainly due to RWA increase from strong new business; partly pending collateral consideration
- Increase in CET1 mainly driven by further decreased pension provisions
- Originally announced dividend payout (1.60€ per share) fully deducted from CET1
- Solid T1-Leverage ratio at 5.3%²⁾ despite TLTRO participation and portfolio growth
- Remaining regulatory uncertainties (models, ICAAP, ILAAP, B4, etc.)

B4 (phase in) capital ratios



B4 (phase in) RWA



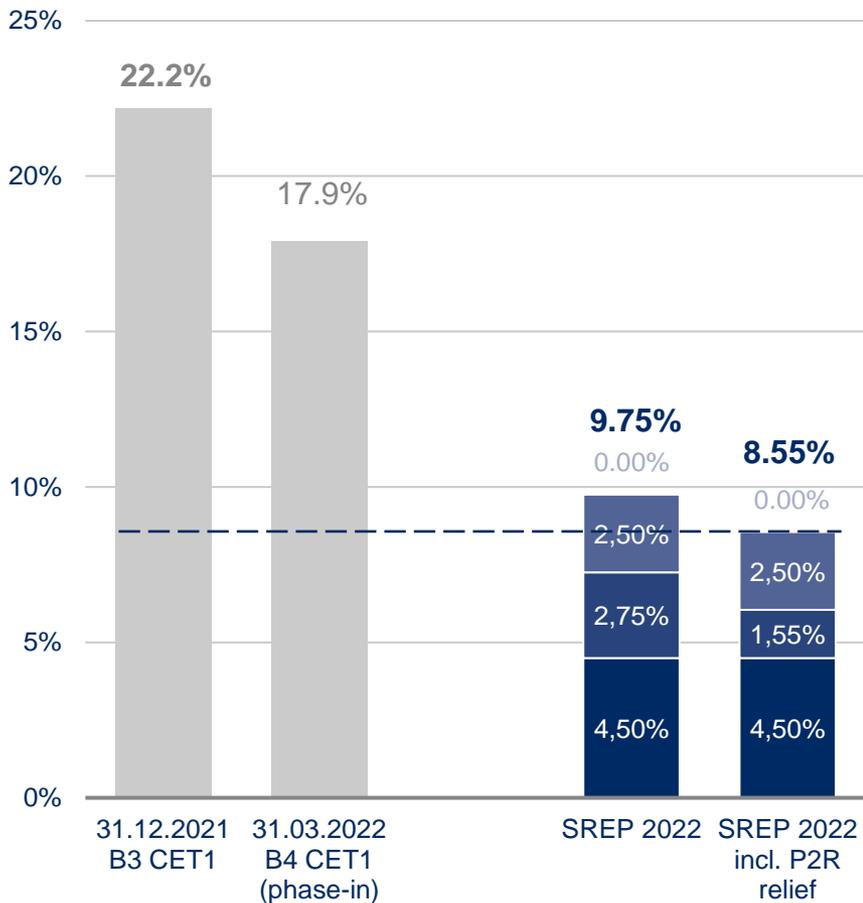
1) Underlying RWA estimate in accordance with the current version of the CRR plus revised AIRBA requirements for commercial property lending, based on the European Commission's draft for the European implementation of Basel IV dated 27.10.2021. The calculation also includes a buffer (maintaining the 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.

2) preliminary

SREP (CET 1) requirements

Demonstrating conservative and sustainable business model

CET1 ratios vs. SREP (CET1) requirements

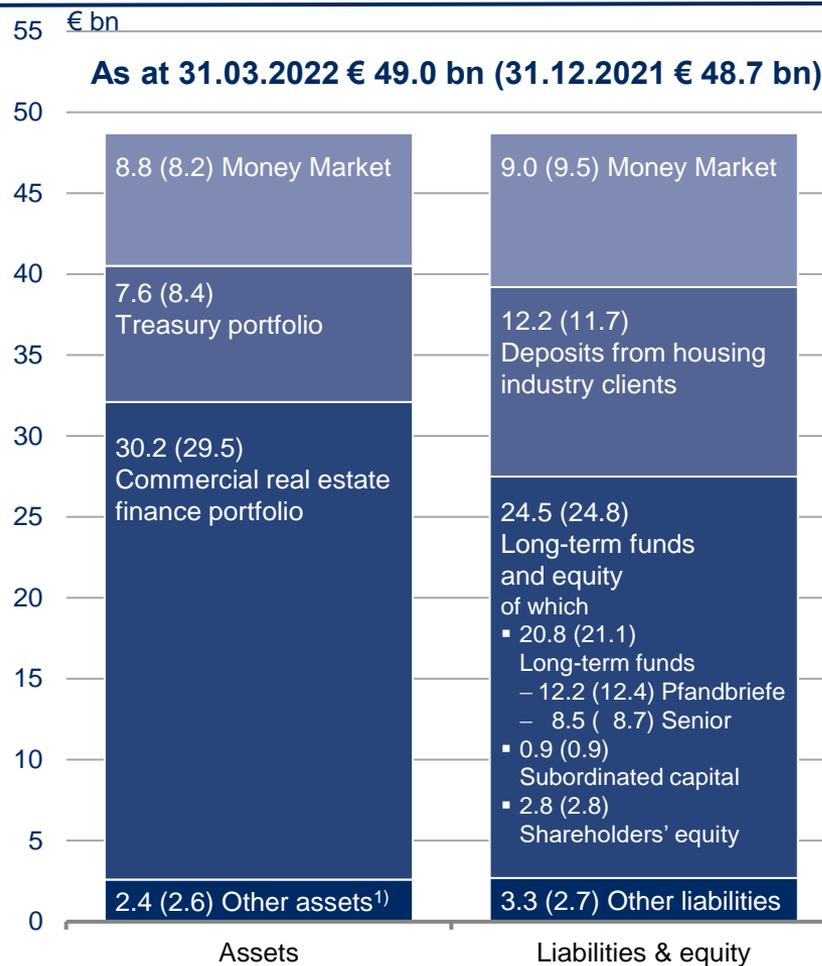


- Capital ratios significant above SREP requirements
- P2R increase in 2022 (2.75%; 2021: 2.25%) due to Corona impacting especially commercial real estate markets
- P2R relief by using possibility of partially fulfilling requirements with AT1 and T2 capital
- Total capital requirement 2021 (Overall Capital 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

B/S structure according to IFRS

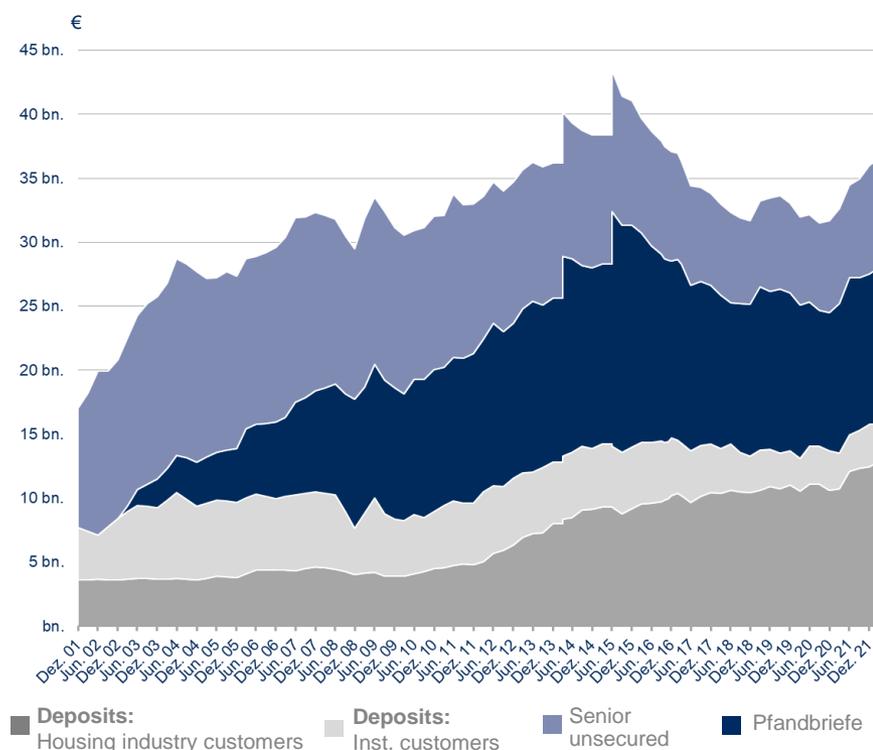
Well balanced



1) Other assets includes € 0.2 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 deposits verified as an important part of well diversified funding mix
- Successful long term funding transactions of € ~2.4 bn in Q1 2022 and April includes:
 - € 750 mn Pfandbrief Benchmark (8Y)
 - € 500 mn Senior Preferred Inaugural Green Benchmark (6Y)
 - € 750 mn Pfandbrief Benchmark (7Y) and
- Due to higher interest environment, demand for private placements coming back:
 - € 300 mn senior unsecured and
 - € 100 mn mortgage backed (Hypothekenspfandbriefe)private placements with intermediate to long term maturities
- Continuous demand for green and conventional ECPs in EUR, USD and GBP with a total size of ~ € 400 mn
- Liquidity ratios significantly over fulfilled
 - NSFR > 100%
 - LCR >> 100%

Funding

Favourable market environment used for strong funding activities

Capital markets refinancing activities in 2021

Q1 2021

 **Aareal Bank Group**

0.010%
EUR 500.000.000
Hypothekendarlehenbrief

7 Years
Maturity 01.02.2028
ISIN: DE000AAR0280

Lead Manager
BNPP, Commerzbank, LBBW,
SocGen, UniCredit

January 2021

 **Aareal Bank Group**

0.625%
USD 750.000.000
Hypothekendarlehenbrief

4 Years
Maturity 14.02.2025
ISIN: XS2297684842

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

February 2021

 **Aareal Bank Group**

0.250%
TAP EUR 200mn to 500mn
Senior Preferred

7 Years
Maturity 13.11.2027
ISIN: DE000A289LU4

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

February 2021

Q2 2021

 **Aareal Bank Group**

SONIA +31bps
GBP 500.000.000
Hypothekendarlehenbrief

4 Years
Maturity 29.04.2025
ISIN: XS2337339977

Lead Manager
Deutsche Bank, HSBC,
NatWest, Nomura

April 2021

Q3 2021

 **Aareal Bank Group**

0.250%
TAP EUR 250mn to 750mn
Senior Preferred

7 Years
Maturity 13.11.2027
ISIN: DE000A289LU4

Lead Manager
Commerzbank, DekaBank,
GS, HSBC

July 2021

Q4 2021

 **Aareal Bank Group**

0.05%
EUR 500.000.000
Senior Preferred

5 Years
Maturity 02.09.2026
ISIN: DE000AAR0296

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

September 2021

 **Aareal Bank Group**

0.010%
EUR 500.000.000
Hypothekendarlehenbrief

7 Years
Maturity 15.09.2028
ISIN: DE000AAR0306

Lead Manager
BayernLB, Commerzbank,
Helaba, Natixis, UniCredit

September 2021

2022

 **Aareal Bank Group**

0.1250%
EUR 750.000.000
Hypothekendarlehenbrief

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

 **Aareal Bank Group**

1.375%
EUR 750.000.000
Hypothekendarlehenbrief

7 Years
Maturity 01.02.2029
ISIN: DE000AAR0330

Lead Manager
BayernLB, BNP, DB, DZ Bank,
Helaba, Natixis

April 2022

Aareal Bank`s outstanding Benchmark Transactions

Pfandbriefe, Senior Unsecured and AT1

Product	Ratings*	Currency	Volume	Maturity	Coupon	ISIN
Pfandbriefe	Aaa	USD	750,000,000	02/14/25	0.625%	XS2297684842
Pfandbriefe	Aaa	GBP	500,000,000	04/29/25	SONIA + 100bps	XS2337339977
Pfandbriefe	Aaa	GBP	250,000,000	06/16/22	1.500%	XS1883300292
Pfandbriefe**	Aaa	EUR	750,000,000	02/01/30	0.125%	DE000AAR0314
Pfandbriefe**	Aaa	EUR	750,000,000	02/01/29	1.375%	DE000AAR0330
Pfandbriefe	Aaa	EUR	500,000,000	09/15/28	0.010%	DE000AAR0306
Pfandbriefe	Aaa	EUR	500,000,000	02/01/28	0.010%	DE000AAR0280
Pfandbriefe	Aaa	EUR	500,000,000	07/08/27	0.010%	DE000AAR0256
Pfandbriefe	Aaa	EUR	500,000,000	08/03/26	0.010%	DE000AAR0272
Pfandbriefe	Aaa	EUR	500,000,000	07/15/25	0.375%	DE000AAR0215
Pfandbriefe	Aaa	EUR	500,000,000	07/30/24	0.375%	DE000AAR0207
Pfandbriefe	Aaa	EUR	750,000,000	02/01/24	0.125%	DE000AAR0249
Pfandbriefe	Aaa	EUR	500,000,000	07/31/23	0.125%	DE000AAR0223
Pfandbriefe	Aaa	EUR	750,000,000	02/01/23	0.125%	DE000AAR0231
Pfandbriefe	Aaa	EUR	500,000,000	07/04/22	0.010%	DE000AAR0199
Senior Preferred	A-	EUR	500,000,000	04/10/24	0.375%	DE000A2E4CQ2
Senior Preferred	A-	EUR	500,000,000	09/02/26	0.050%	DE000AAR0298
Senior Preferred	A-	EUR	500,000,000	04/07/27	0.050%	DE000AAR0264
Senior Preferred	A-	EUR	750,000,000	11/23/27	0.250%	DE000A289LU4
Senior Preferred green **	A-	EUR	500,000,000	04/18/28	0.750%	DE000AAR0322
Additional Tier 1	BB	EUR	300,000,000	PERP_NC_5-1	7.3626%	DE000A1TNDK2

* Pfandbriefe are rated by Moody`s and Senior Unsecured and AT1 by FitchRatings

** issued in 2022

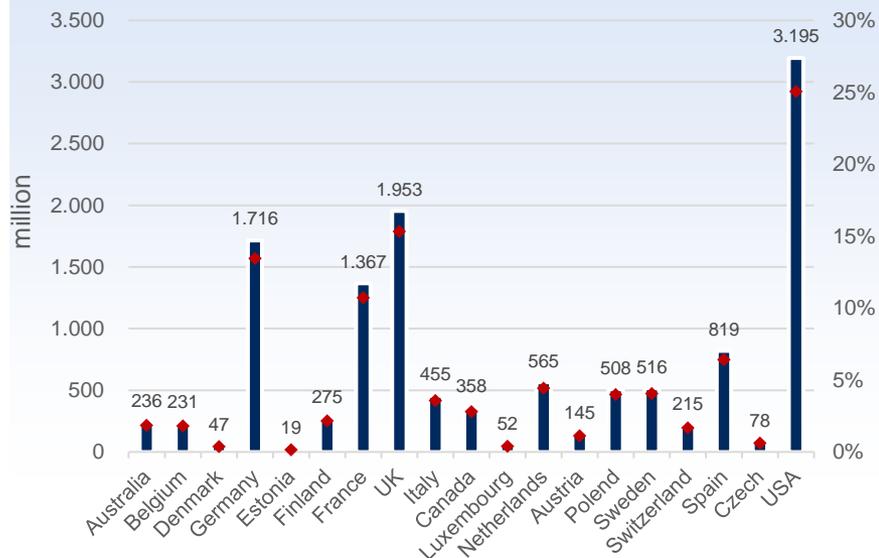
Mortgage Cover Pool

Well diversified regarding Geography and Property Type

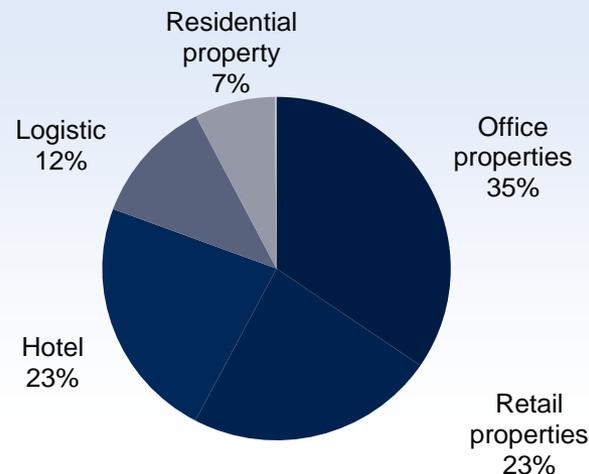
- Cover pool of € 14.0 bn including € 1.4 bn substitute assets diversified over 19 countries
- High quality of assets: first-class mortgage loans (mortgage-lending-value 55.3%)
- Mortgage-lending-value with high discount from market-value
- Ø LTV of the mortgage cover pool 33.4%
- Moody's has calculated a 'Aaa' supporting over-collateralisation ratio of 16.5% on a PV basis
- Over-collateralisation on a PV basis as of 31.03.2022: 20.3%
- High diversification within property types
- No assets in the covered pool from Russia and Ukraine



Cover Pool by Geography



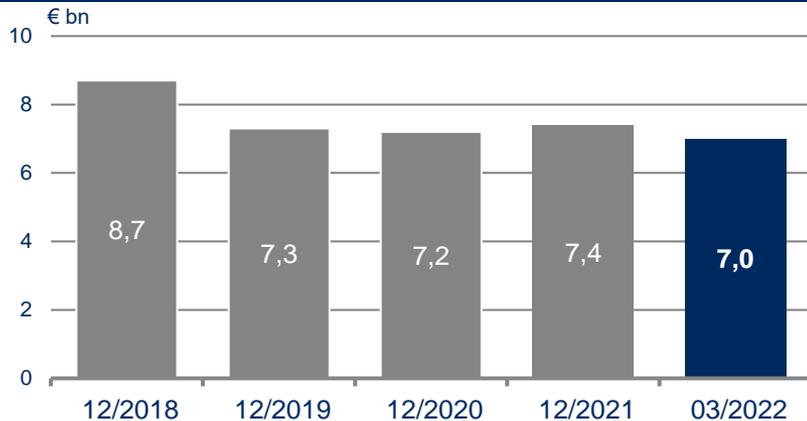
Cover Pool by Property Typ



Treasury portfolio

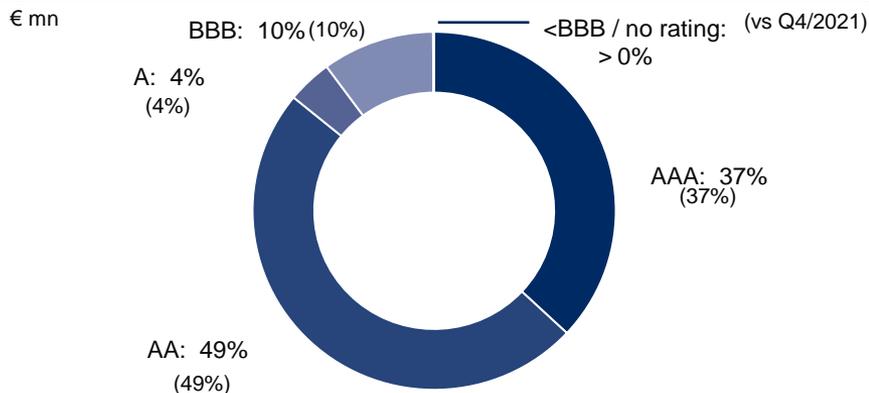
€ 7.0 bn of high rating quality and highly liquid assets

TR portfolio development

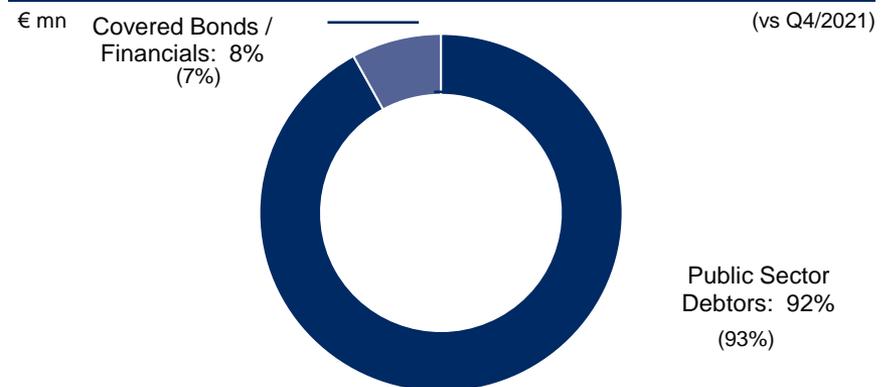


- Portfolio further diversified with additional investments in new agencies and Covered Bonds
- Investments in Covered Bonds supporting spread improvement

TR portfolio by rating¹⁾



TR portfolio by asset class



As at 31.03.2022 – all figures are nominal amounts
1) Composite Rating

Agenda

- Introduction of Aareal
- Q1 2022 key points
- Group results
- Segments
- Capital, Funding & Liquidity
- **Outlook 2022**

- Appendix

Outlook 2022

Retaining operating profit guidance (but lower end of range expected)

Group	METRIC	2021	OUTLOOK 2022
	<ul style="list-style-type: none"> Net interest income Net commission income LLP¹⁾ Admin expenses 	<ul style="list-style-type: none"> € 597 mn € 245 mn € 169 mn € 528 mn 	<ul style="list-style-type: none"> € 600 - 630 mn € 270 - 290 mn € 140 - 180 mn (incl. € ~60 mn Russia) € 540 - 570 mn
<ul style="list-style-type: none"> Operating profit Net income²⁾ Earnings per share (EPS) 	<ul style="list-style-type: none"> € 155 mn € 53 mn € 0.89 	<ul style="list-style-type: none"> € 210 - 250 mn (lower end) € 120 - 150 mn³⁾ (lower end) € 2.00 - 2.50³⁾ (lower end) 	
Outlook 2022: Subject to external uncertainties and potential costs if offer by Atlantic BidCo is successful			

Segments	METRIC	2021	OUTLOOK 2022
	Structured Property Financing	<ul style="list-style-type: none"> REF Portfolio New business 	<ul style="list-style-type: none"> € 30.0 bn € 8.5 bn
Banking & Digital Solutions	<ul style="list-style-type: none"> Deposit volume NCI 	<ul style="list-style-type: none"> € 12.4 bn € 28 mn 	<ul style="list-style-type: none"> € ~12 bn ~13% CAGR (2020-2023)
Aareon	<ul style="list-style-type: none"> Revenues Adj. EBITDA 	<ul style="list-style-type: none"> € 269 mn € 67 mn 	<ul style="list-style-type: none"> € 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 ~36%

4) Subject to FX development

Key takeaways

Aareal Bank Group is well on track in a challenging environment.

Operationally a good first quarter delivered:
Growth strategy is bearing fruit, and we are consistently and systematically pushing ahead with the numerous growth initiatives in all three segments.

Provisions have been made for remaining Russian exposure.
Whether and to what extent potential further effects of the crisis may affect us is currently difficult to assess.

Our current strategy is successful on a stand-alone basis.
However, the ongoing offer by Atlantic BidCo provides attractive opportunities beyond our current growth plan.

Q1 2022 Group Results

Appendix

Aareal Bank Group

Results Q1 2022

	01.01.- 31.03.2022 € mn	01.01.- 31.03.2021 € mn	Change
Profit and loss account			
Net interest income	159	138	15%
Loss allowance	49	7	600%
Net commission income	64	59	8%
Net derecognition gain or loss	9	0	
Net gain or loss from financial instruments (fvpl)	6	-1	-700%
Net gain or loss on hedge accounting	-4	-3	33%
Net gain or loss from investments accounted for using the equity method	0	0	
Administrative expenses	153	150	2%
Net other operating income / expenses	-2	-4	-50%
Operating Profit	30	32	-6%
Income taxes	11	11	0%
Consolidated net income	19	21	-10%
Consolidated net income attributable to non-controlling interests	1	1	0%
Consolidated net income attributable to shareholders of Aareal Bank AG	18	20	-10%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	18	20	-10%
of which: allocated to ordinary shareholders	15	16	-6%
of which: allocated to AT1 investors	3	4	-25%
Earnings per ordinary share (in €) ²⁾	0.25	0.27	-7%
Earnings per ordinary AT1 unit (in €) ³⁾	0.03	0.04	-25%

- 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 2022 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 31.03. 2022	01.01.- 31.03. 2021	01.01.- 31.03. 2022	01.01.- 31.03. 2021	01.01.- 31.03. 2022	01.01.- 31.03. 2021	01.01.- 31.03. 2022	01.01.- 31.03. 2021	01.01.- 31.03. 2022	01.01.- 31.03. 2021
	€ mn									
Net interest income	150	127	12	11	-3	0	0	0	159	138
Loss allowance	49	7	0		0	0			49	7
Net commission income	2	2	7	7	58	53	-3	-3	64	59
Net derecognition gain or loss	9	0							9	0
Net gain or loss from financial instruments (fvpl)	6	-1							6	-1
Net gain or loss on hedge accounting	-4	-3							-4	-3
Net gain or loss from investments accounted for using the equity method			0		0	0			0	0
Administrative expenses	85	84	18	19	53	50	-3	-3	153	150
Net other operating income / expenses	-3	-5	0	0	1	1	0	0	-2	-4
Operating profit	26	29	1	-1	3	4	0	0	30	31
Income taxes	10	10	0	0	1	1			11	11
Consolidated net income	16	19	1	-1	2	3	0	0	19	21
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	16	19	1	-1	1	2	0	0	18	20

Aareal Bank Group

Preliminary results – quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					Aareon					Consolidation / Reconciliation					Aareal Bank Group					
	Q1 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q1 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q1 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q1 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q1 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	
€ mn																										
Net interest income	150	154	146	133	127	12	10	11	11	11	-3	-2	-2	-2	0	0	0	0	0	0	159	162	155	142	138	
Loss allowance	49	54	39	33	7	0					0	0	0	0							49	54	39	33	7	
Net commission income	2	2	2	2	2	7	8	7	6	7	58	64	50	54	53	-3	-3	-3	-3	-3	64	71	56	59	59	
Net derecognition gain or loss	9	8	7	8	0																9	8	7	8	0	
Net gain / loss from fin. instruments (fvpl)	6	-23	-3	-3	-1		0														6	-23	-3	-3	-1	
Net gain or loss on hedge accounting	-4	-1	-2	1	-3																-4	-1	-2	1	-3	
Net gain / loss from investments acc. for using the equity method		0				0	0		-1		0	-1	0	0	0						0	-1	0	-1	0	
Administrative expenses	85	63	59	50	84	18	20	17	17	19	53	55	52	54	50	-3	-3	-3	-3	-3	153	135	125	118	150	
Net other operating income / expenses	-3	8	-1	-15	-5	0	-1	0	0	0	1	-2	2	1	1	0	0	0	0	0	-2	5	1	-14	-4	
Operating profit	26	31	51	43	29	1	-3	1	-1	-1	3	4	-2	-1	4	0	0	0	0	0	30	32	50	41	32	
Income taxes	10	14	28	30	10	0	0	0	-1	0	1	6	-1	0	1						11	20	27	29	11	
Consolidated net income	16	17	23	13	19	1	-3	1	-1	-1	2	-2	-1	-1	3	0	0	0	0	0	19	12	23	12	21	
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	1	-1	0	1	1						1	-1	0	1	1	
Cons. net income attributable to ARL shareholders	16	17	23	13	19	1	-3	1	0	-1	1	-1	-1	-2	2	0	0	0	0	0	18	13	23	11	20	

Asset quality

Appendix

Segment: Structured Property Financing

Spotlight: Inflation impact on real estate markets

General

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

Protection mechanism

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

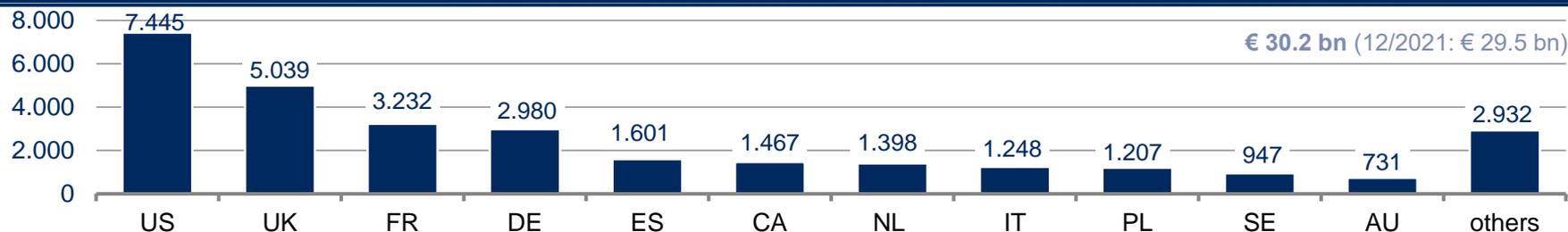
Well protected against “normal” inflation. Stagflation could trigger challenges

1) For risk assessment also considering forward looking NOI

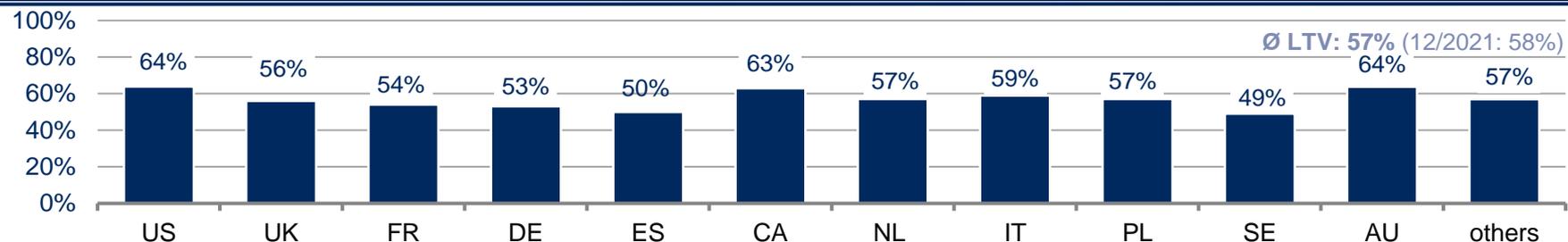
CREF portfolio by country

€ 30.2 bn highly diversified

CREF portfolio (€ mn)



LTV¹⁾



YoD¹⁾

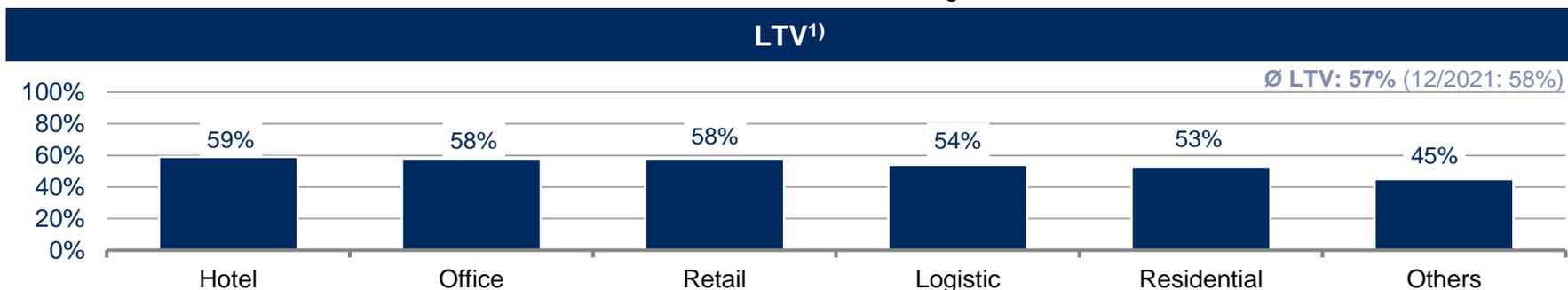
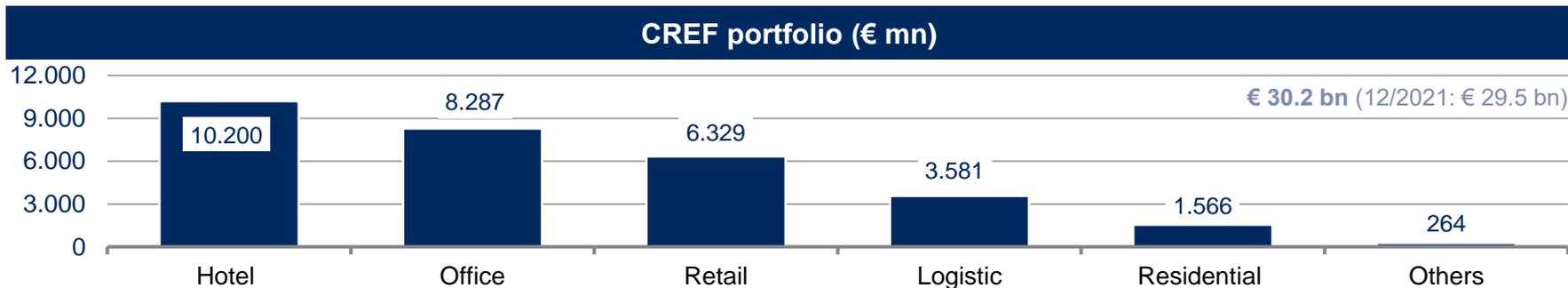


Note: others incl. countries with a portfolio below € 500 mn

1) Performing CREF-portfolio only (exposure)

CREF portfolio by property types

€ 30.2 bn highly diversified

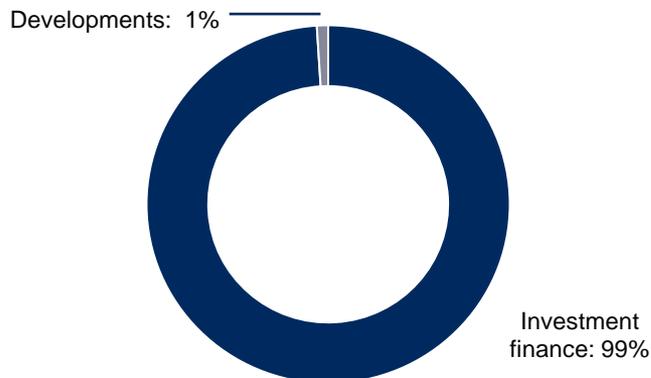


1) Performing CREF-portfolio only (exposure)

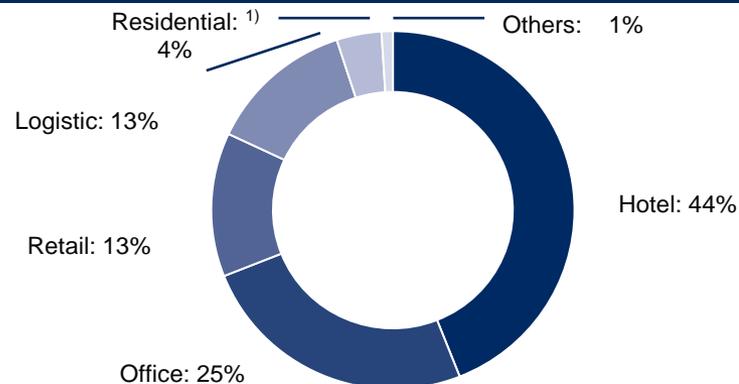
Western Europe (ex Germany) CREF portfolio

Total volume outstanding as at 31.03.2022: € 11.0 bn

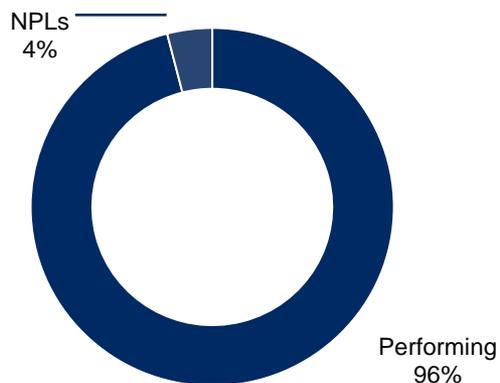
by product type



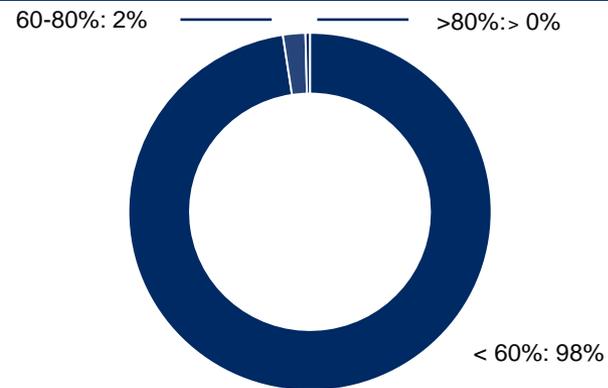
by property type



by performance



by LTV ranges²⁾



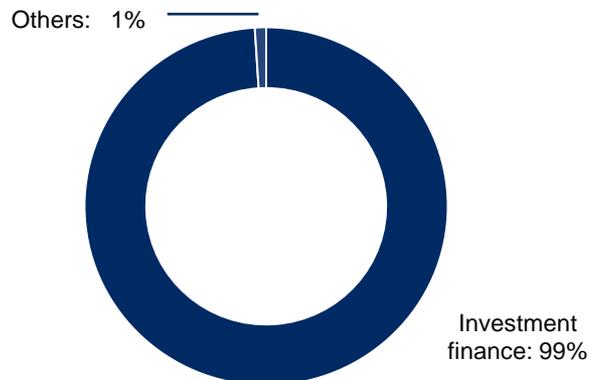
1) Incl. Student housing

2) Performing CREF-portfolio only (exposure)

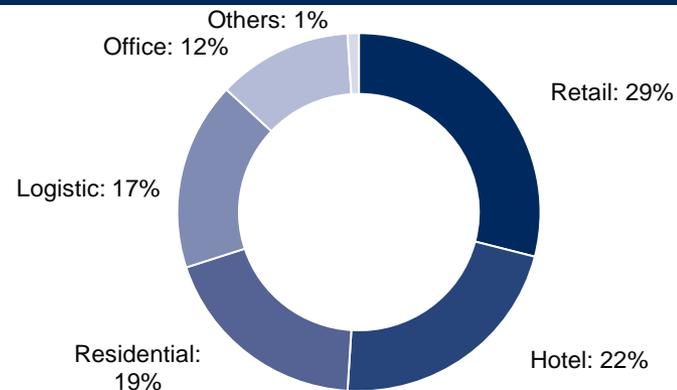
German CREF portfolio

Total volume outstanding as at 31.03.2022: € 3.0 bn

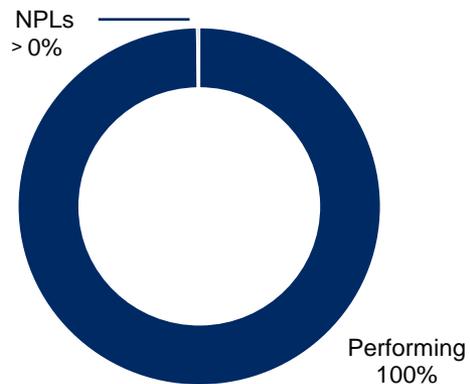
by product type



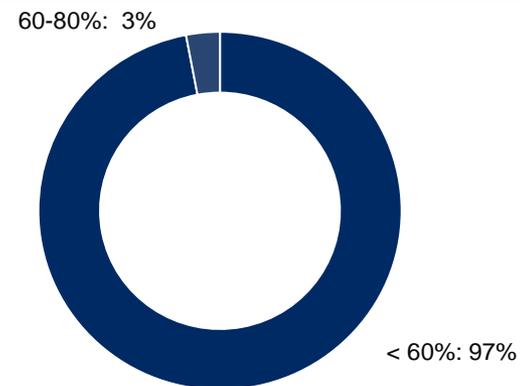
by property type



by performance



by LTV ranges¹⁾

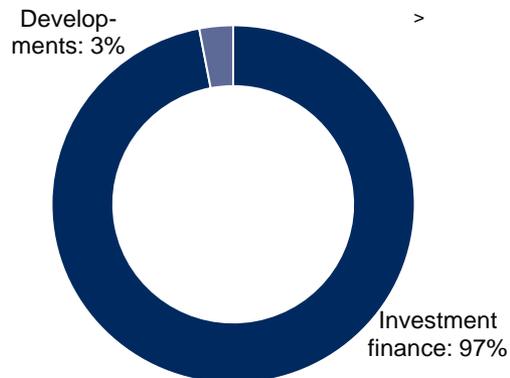


1) Performing CREF-portfolio only (exposure)

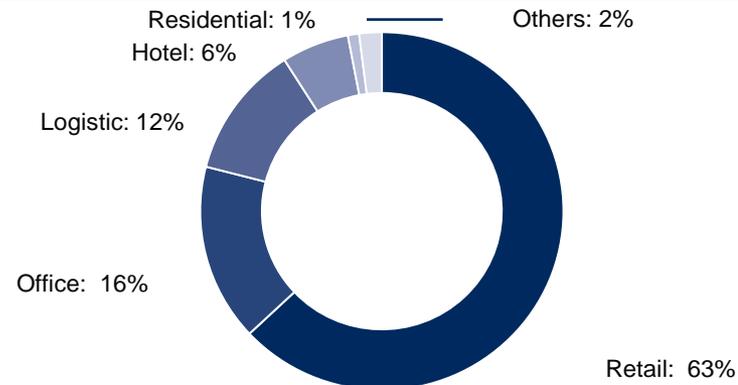
Southern Europe CREF portfolio

Total volume outstanding as at 31.03.2022: € 2.8 bn

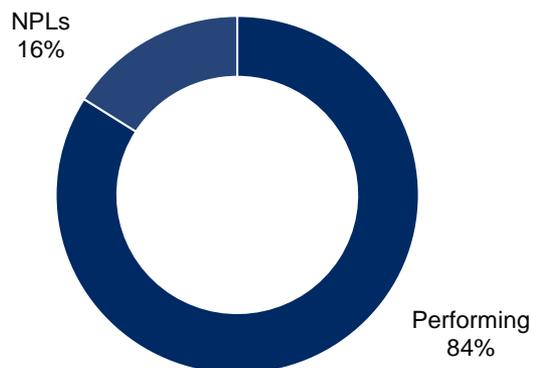
by product type



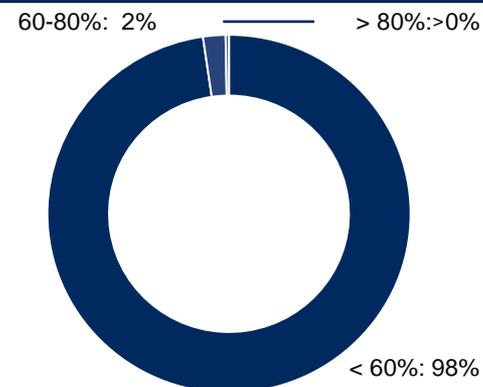
by property type



by performance



by LTV ranges¹⁾



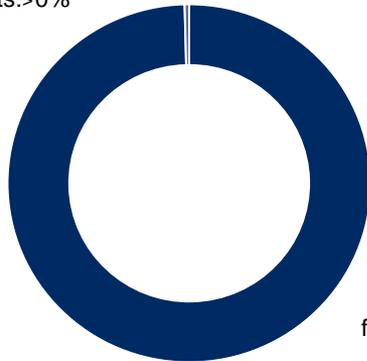
1) Performing CREF-portfolio only (exposure)

Central- and East Europe CREF portfolio

Total volume outstanding as at 31.03.2022: € 1.7 bn

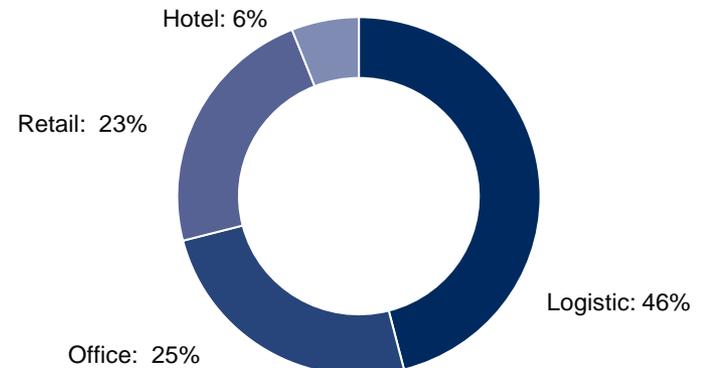
by product type

Developments: >0%



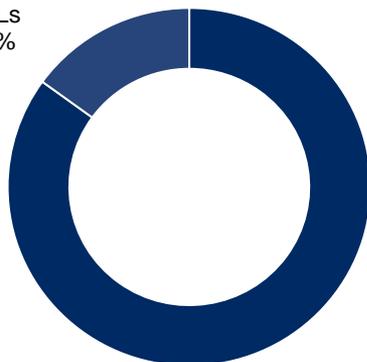
Investment
finance: 100%

by property type



by performance

NPLs
15%

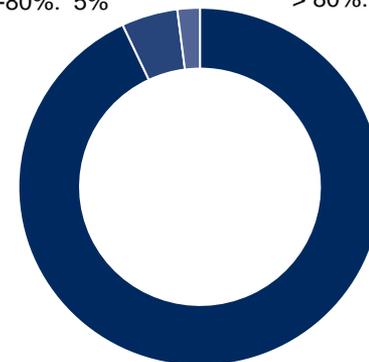


Performing
85%

by LTV ranges¹⁾

60-80%: 5%

> 80%: 2%



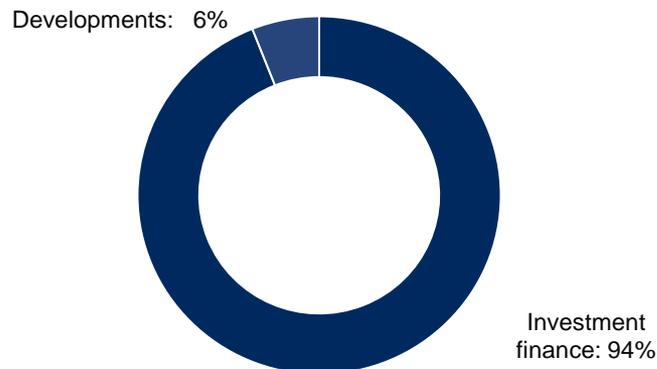
< 60%: 93%

1) Performing CREF-portfolio only (exposure)

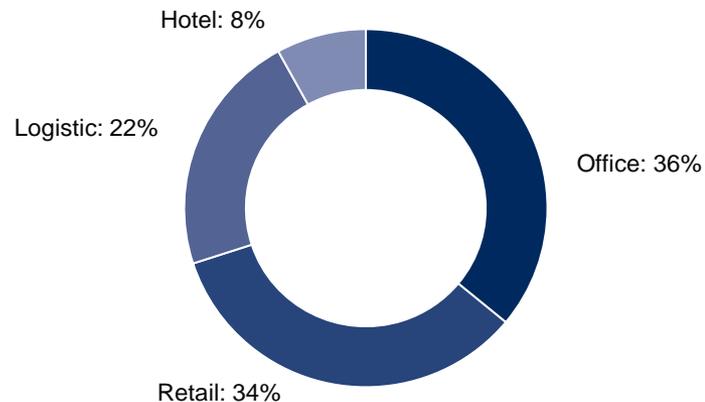
Northern Europe CREF portfolio

Total volume outstanding as at 31.03.2022: € 1.5 bn

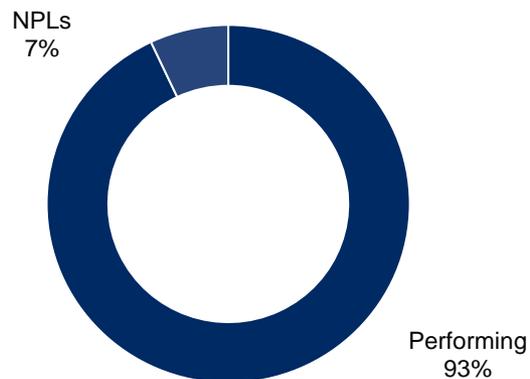
by product type



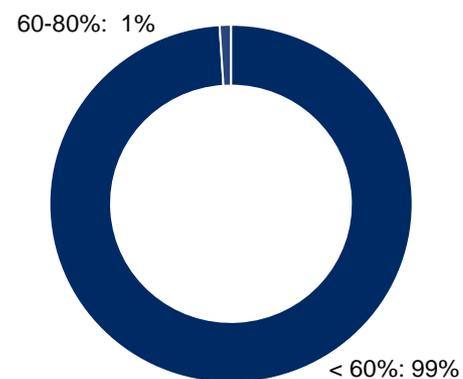
by property type



by performance



by LTV ranges¹⁾



1) Performing CREF-portfolio only (exposure)

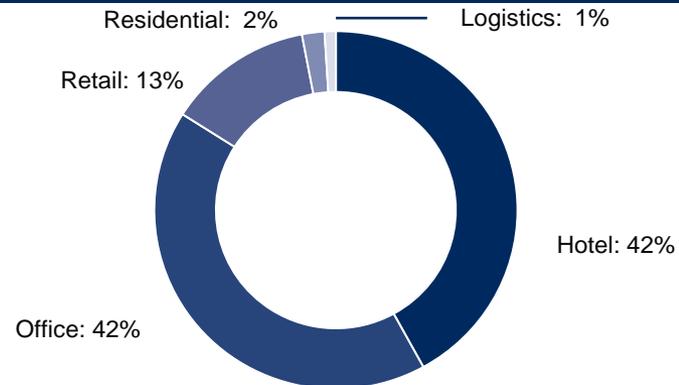
North America CREF portfolio

Total volume outstanding as at 31.03.2022: € 8.9 bn

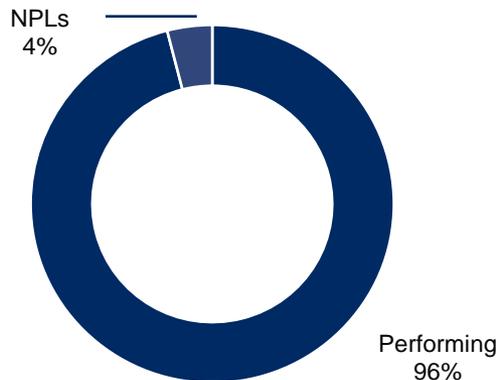
by product type



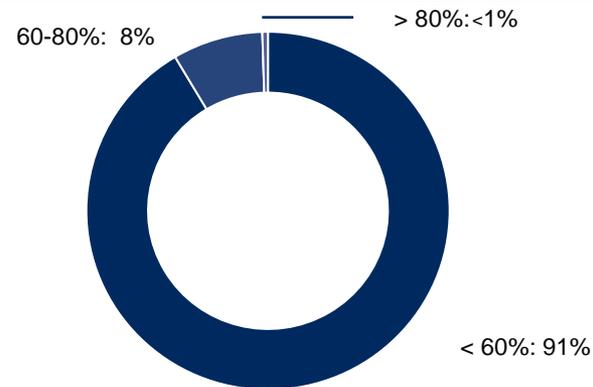
by property type



by performance



by LTV ranges¹⁾

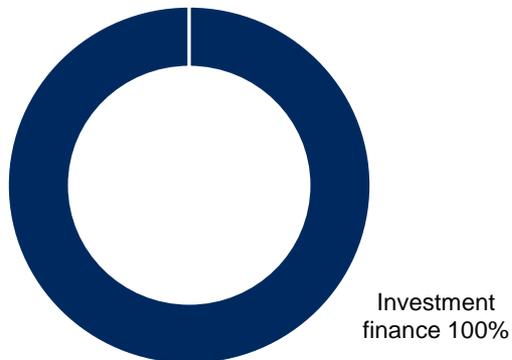


1) Performing CREF-portfolio only (exposure)

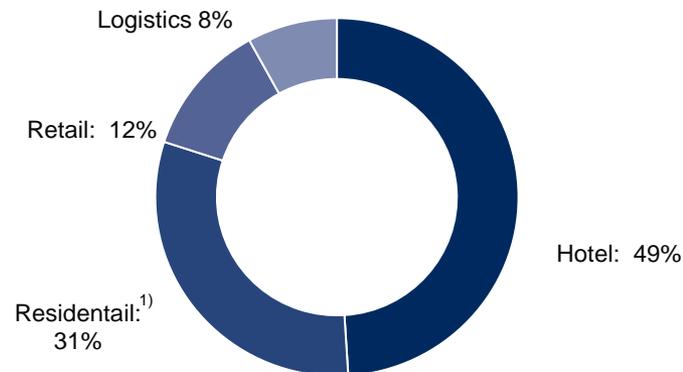
Asia / Pacific CREF portfolio

Total volume outstanding as at 31.03.2022: € 1.3 bn

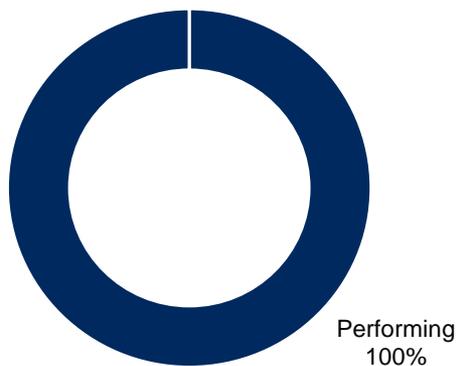
by product type



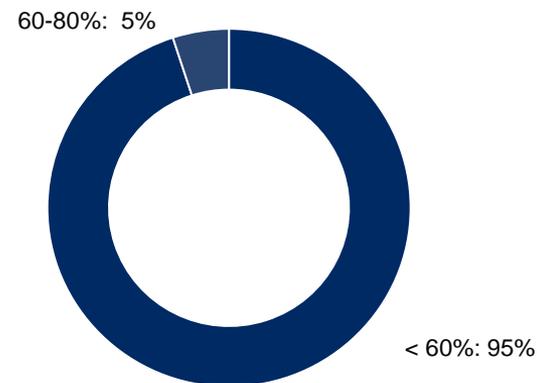
by property type



by performance



by LTV ranges²⁾



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

2) Performing CREF-portfolio only (exposure)

B/S & Treasury Portfolio

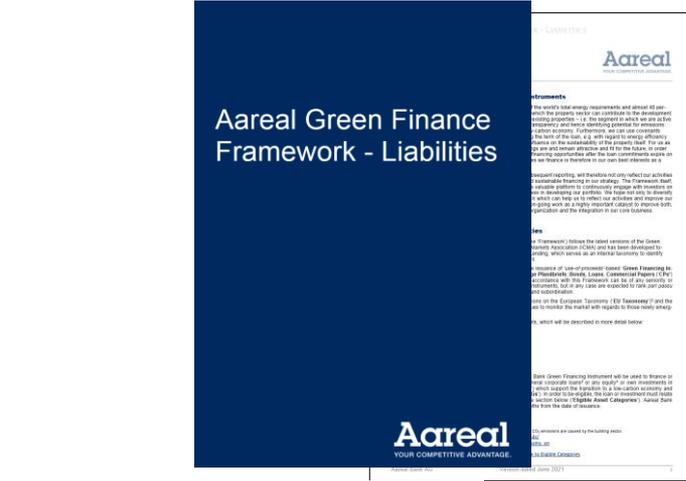
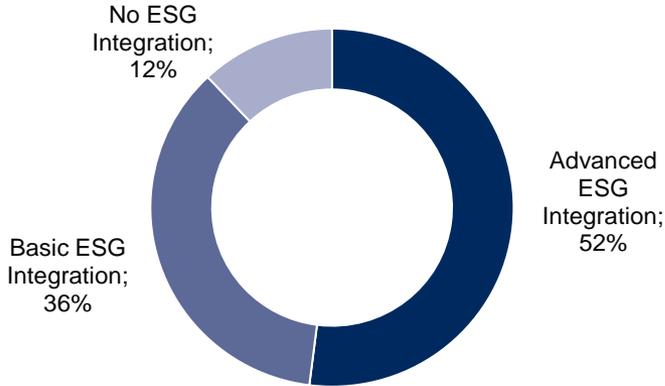
Appendix

Funding & Liquidity

Very successful Senior Preferred Inaugural Green benchmark transaction

Published
Feb 2022

Green Orderbook Statistics



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.”

Segment: Aareon

Appendix

Segment: Aareon

Q1 2022 P&L and other KPIs

P&L Aareon segment - Industry format ¹⁾	Q1'21	Q1'22	Δ Q1 '22/'21
€ mn			
Sales revenue	66	72	9%
▪ <i>Thereof ERP</i>	49	53	8%
▪ <i>Thereof Digital</i>	16	19	15%
Costs ²⁾	-55	-59	6%
▪ <i>Thereof material</i>	-12	-14	12%
EBITDA	10	13	27%
Adjustments ²⁾	-4	-3	-41%
Adj. EBITDA	15	16	7%
EBITDA	10	13	27%
D&A / Financial result	-7	-11	61%
EBT / Operating profit	4	3	-31%

R&D, RPU and operating cashflow	
Revenue per unit (RPU) – LTM (€)	23
R&D spend as % of software revenue – YTD	26%
YTD Operating Cash Flow (€ mn)	16

- RPU (last 12 months) at 23 €. With cross-selling opportunities to be harvested this is expected to gradually increase
- R&D spend slightly above 25%, but expected to stay in line with communicated pattern of 25% threshold
- Operating Cash Flow at € 16mn (Q1/21: € 18 mn) slightly lower due to shifts in working capital composition

1) Calculation refers to unrounded numbers

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

ESG

Appendix

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

Fostering this transition

Published
Feb 2022

ESG¹⁾ 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!

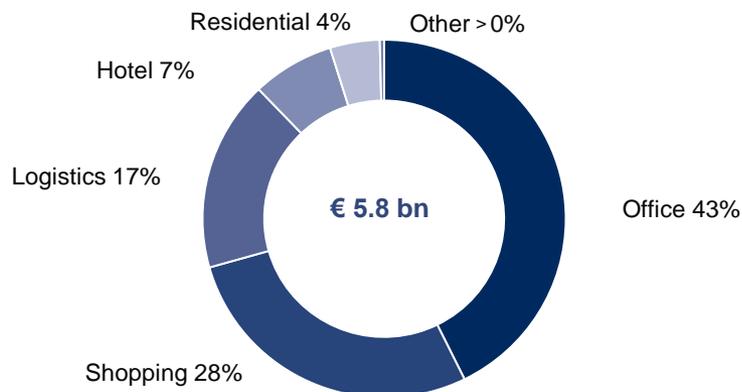
- Contributing to the transition to a low carbon economy with every green financing
- Enabling customers to improve their sustainability performance with every smart digital solution connecting multiple parties and equipment

1) Environmental, Social, Governance

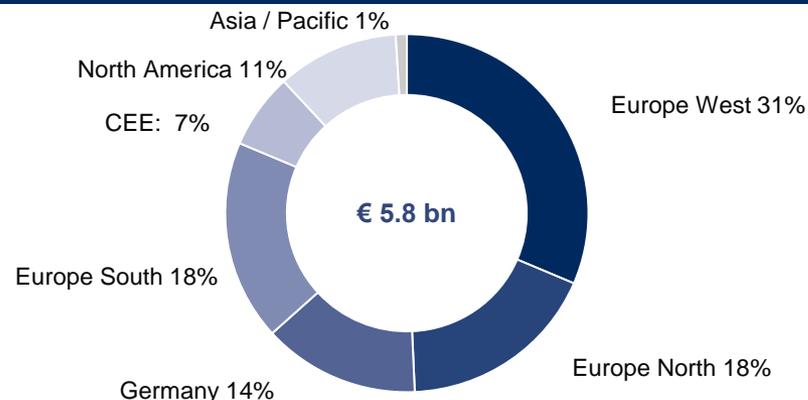
Increasing demand for future oriented, energy efficient buildings

€ 0.3 bn newly acquired business in Q1 2022 met green criteria¹⁾

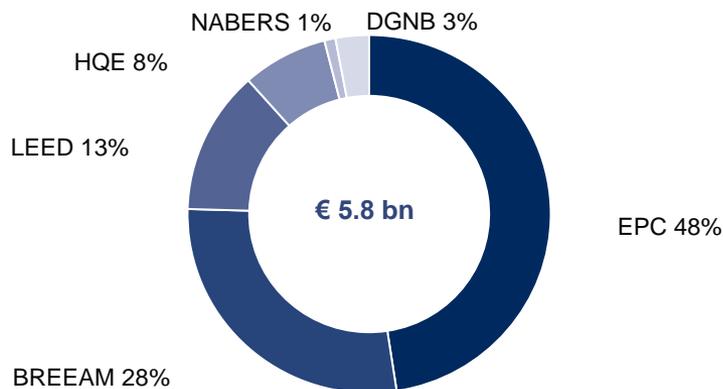
Verified Green Properties by Property Type²⁾



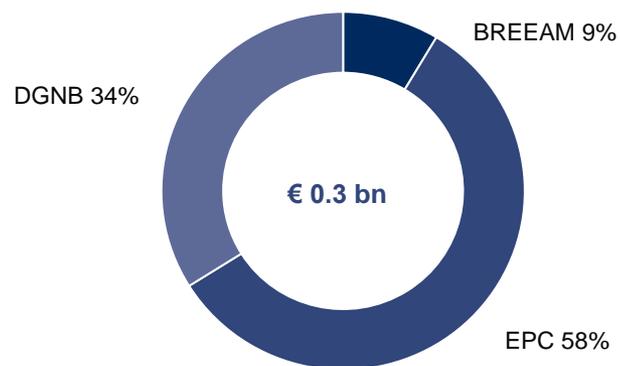
Verified Green Properties by Region²⁾



Verified Green Properties by Qualification²⁾



Newly Acquired Green Business by Qualification²⁾



1) Acc. to Aareal Green Finance Framework

2) Exposure as at 31.03.2022

Exposure is allocated to individual properties of the finance project weighted according to market values.
ESG-Data as at 31.03.2022.

Major Milestones in Sustainable Finance Strategy achieved

Green loans for green properties refinanced by green funding instruments

Published
Feb 2022

Significant progress¹⁾ in ESG transparency and performance:

Verified²⁾ 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

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

Verified²⁾, individual Green
Properties
**17%**
of CREF portfolio
with more potential subject to
ongoing validation

1) Portfolio data as at 31.12.2021
2) Verified: certificate is documented

Consistently positive rating results

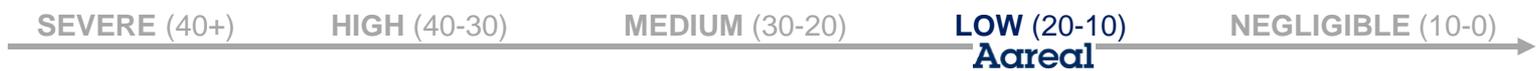
Rewarding Aareal's ESG performance



- With continuous AA status in ESG Rating, Aareal is in the top third of 192 Banks in MSCI ACWI Index
- Outstanding Score in Governance (7.1 of 10) compared to industry average (4.8)



- Prime Status confirms ESG performance above sector-specific Prime threshold, which means Aareal fulfils ambitious absolute performance requirements
- Range of 130 rated companies in the Mortgage & Public Sector Finance sector between D and B, Aareal on Decile Rank 2



- Aareal is at low risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues (negligible or low risk rating in five out of six material ESG issues)
- Improvement "Medium" to "Low" risk, Rank 148 of 1008 in Sector Banks, 11 of 95 in Thrifts and Mortgages



- Rank 27 of 95 in Sector Retail & Specialized Banks
- Aareal with significant above sector average results in Environment 48 [ø44], Social 48 [ø43] and Governance 57 [ø45]



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



Aareal Green Finance Framework: Eligibility criteria

Building on our modern portfolio and extensive know-how



Published
Feb 2022

Eligibility category	Eligibility criteria (alternatives)								
Green Buildings	<p>1. Classification as EU taxonomy compliant</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>2. Green building certification (type: "level")</p> <ul style="list-style-type: none"> ▪ BREEAM: "Outstanding", "Excellent", "Very Good" ▪ LEED: "Platinum", "Gold" ▪ DGNB: "Platinum", "Gold" ▪ Green Star: "6 Stars", "5 Stars" ▪ NABERS: "6 Stars", "5 Stars", "4 Stars" ▪ HQE: "Exceptional" and "Excellent" 	<p>3. Energy efficiency of the property</p> <p>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</p> <table border="1" data-bbox="1387 706 1787 835"> <tr> <td>75 kWh/m² p.a.</td> <td>Residential</td> </tr> <tr> <td>140 kWh/m² p.a.</td> <td>Office, Hotel, Retail</td> </tr> <tr> <td>65 kWh/m² p.a.</td> <td>Logistics</td> </tr> </table>	75 kWh/m ² p.a.	Residential	140 kWh/m ² p.a.	Office, Hotel, Retail	65 kWh/m ² p.a.	Logistics
75 kWh/m ² p.a.	Residential								
140 kWh/m ² p.a.	Office, Hotel, Retail								
65 kWh/m ² p.a.	Logistics								
Energy efficiency upgrades	<p>1. Classification as EU taxonomy compliant</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>2. Upgrade to Green Building</p> <p>Completion of the measure brings the property up to the green building standard defined above.</p>	<p>3. Significant energy efficiency improvement</p> <p>Completion of the measure results in an energy efficiency improvement of at least 30%.</p>						

Aareal Bank Group – Set for Growth!

Appendix

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

Published
Feb 2022

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

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%¹⁾

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 40¹⁾" 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

Further enhancing Aareal's funding platform

- Sophisticated strategy to meet funding requirements from portfolio growth and ESF reform
- Expansion of green funding activities
- Further diversification of funding sources
- Continues optimization of our regulatory capital structure and funding costs

Maintaining Aareal's strong funding and capital position

- Strong and crisis resilient capital base
- Continues active portfolio management to optimise equity consumption
- Balance of growth investments and shareholders' remuneration in-line with existing dividend policy

Targets

€ ~1 bn Green Financing in 2022

Aareal Next Level

Our KPIs and targets

	Our KPIs and targets		
	2023	2024	2025
Aareal Bank Group			
▪ Operating profit	€ ~300 mn ¹⁾	Up to € 350 mn	
▪ RoE post tax group ²⁾	~8% ¹⁾	↗	
▪ Dividend policy	50% base dividend plus potential supplementary dividend ³⁾		
Aareal Bank			
▪ REF portfolio YE	€ ~32 bn	€ ~33 bn	
▪ CIR SPF ⁴⁾	<40%		
Aareon			
▪ 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

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 ¹⁾	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 ¹⁾	579	552	536	486	566	515
+ Increase by aggregated amount of interest expenses relating to Distributions on Tier 1 Instruments ¹⁾	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 ¹⁾	625	584	560	509	587	535

1) Unaudited figures for information purposes only

Definitions and contacts

Definitions

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

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Thank you.

Aareal
YOUR COMPETITIVE ADVANTAGE.