

## PRESS RELEASE

### **Aareal Bank announces adverse non-recurring tax effect and informs about preliminary results for the second quarter**

- **Despite further burdens, second-quarter consolidated operating profit presumably rises markedly to €41 million (Q2 2020: €2 million)**
- **Aareal Bank affirms forecast for the full-year consolidated operating profit of between €100 million and €175 million**
- **Tax rate of around 55 per cent on average expected for 2021**

Wiesbaden, 2 August 2021 - As part of a review of a prior fund investment which was sold in 2012, new findings emerged which have a negative impact on Aareal Bank's results for the 2021 financial year amounting to an additional €11 million burden to be recorded in net other operating income for the second quarter of 2021 and a further €26 million to be recognised in the tax position for the 2021 financial year. Aareal Bank will recognise the corresponding provisions in the second quarter of 2021 and adjust the expected tax rate for the full year.

Taking this non-recurring effect into consideration, the preliminary operating profit for the second quarter of 2021 will presumably amount to €41 million, significantly above the results of the same quarter of the previous year, which had also been affected by the pandemic (Q2 2020: €2 million). Without the additional tax burdens, the preliminary operating profit would have amounted to €52 million.

Compared to Q2/2020, overall profit increased by 14 per cent in the second quarter of 2021. Net interest income markedly increased to €142 million (Q2 2020: €122 million) and reached its highest level in almost four years. Net commission income stood at €59 million, also clearly exceeding the previous year's level (Q2 2020: €54 million) thanks to continuing revenue growth at Aareon.

At €33 million, loss allowance during the second quarter of 2021 remained significantly lower than in the same period of the previous year (Q2 2020: €48 million), as expected. Due to non-recurring and growth-driven effects, second-quarter administrative expenses amounted to €118 million, in line with expectations (Q2 2020: €109 million).

New commercial property financing business continued to develop dynamically during the second quarter. At around €2.2 billion it increased by approximately 70 per cent in comparison to the second quarter of 2020, leading to an increase of the portfolio to €28.5 billion, in line with expectations (Q2 2020: €26.3 billion).

Despite comprehensive consideration of the adverse non-recurring effect, Aareal Bank confirms the previously communicated expectations regarding operating profit for the year 2021 as a whole in a range between €100 million and €175 million.

The expected tax rate however will rise during the current financial year. Based on the mid-point of the expected range for operating profit, it should amount to approx. 55 per cent. In case operating profit should trend to the upper end of the target corridor, the expected tax rate would be around 50 per cent respectively around 60 per cent in case of a trend to the lower end of the range, in both cases corresponding to the relative share of non-tax-deductible components of the results.

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### **About Aareal Bank Group**

Aareal Bank Group, headquartered in Wiesbaden, is a leading international property specialist. It provides smart financings, software products, and digital solutions for the property sector and related industries, and is present across three continents: Europe, North America and Asia/Pacific. Aareal Bank AG, whose shares are included in Deutsche Börse's SDAX index, is the Group's parent entity. It manages the various entities organised in the Group's three business segments: Structured Property Financing, Banking & Digital Solutions, and Aareon. The Structured Property Financing segment encompasses all of Aareal Bank Group's property financing and funding activities. Here, the Bank supports its clients in making large-volume commercial property investments. The investment properties mostly comprise office buildings, hotels, shopping centres, logistics and residential property, as well as student apartments. In the Banking & Digital Solutions segment, Aareal Bank Group supports businesses from the housing, property management and energy industries as a digitalisation partner – combining extensive advisory services and product solutions with traditional corporate banking services and deposit-taking. Its subsidiary Aareon, the leading supplier of ERP software and digital solutions for the European property sector and their partners, represents the third business segment. Aareon offers reliable, pioneering solutions in the fields of consulting, software and services to optimise IT-supported business processes, and to extend business models. The Aareon Smart World digital platform links businesses from the housing industry and related sectors with customers, staff and business partners, as well as connecting technical devices in apartments and buildings.