Kepler Cheuvreux

20th German Corporate Conference

January 20, 2021
Marc Hess, CFO

Aareal
YOUR COMPETITIVE ADVANTAGE.

Aareal Bank leaves the pandemic year 2020 firmly behind with extensive loss allowance and looks ahead with confidence (1/2)

Environment

- Recent pandemic development massively worse than expected in Q3
- Extended and further tightened global lockdown measures
- Continuously anticipating a marked economic recovery to occur in the current year, as soon as global vaccination campaigns start to take effect

➢ Anticipate a clearly positive operating profit for 2021

Comprehensively taking account of the recent intensification of the pandemic

- All loans for which liquidity support measures (payment deferrals and liquidity facilities) classified as stage 2
- In addition, stage 3 allowance has been raised in individual cases

➢ Expect consolidated operating loss in a € double-digit mn amount for FY 2020

Note: All 2020 figures preliminary and unaudited

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Aareal Bank leaves the pandemic year 2020 firmly behind with extensive loss allowance and looks ahead with confidence (2/2)

Intention to resume dividend payments[1]

- Based on strong capitalisation, plan to offer the prospect of a total dividend payout of € 1.50 per share[1,2] in two steps in 2021 for FY 2020 resuming track record as a reliable dividend payer. The intended payout totalling approx. € 90 mn will be taken into account as a deduction from regulatory capital as at 31 December 2020
- Dividend distribution in compliance with ECB guidance of approx. € 0.35 - 0.40 per share[1] in H1 / 2021 plus additional distribution of approx. € 1.10 - 1.15 per share[1,2] in Q4 in 2021, if at that time requirements are met

➢ Attractive shareholder renumeration addressing investors' demand for cash distributions in current lowest for longer rate environment

➢ Envisaged total dividend per share equivalent to dividend yield of ~7%, based on XETRA closing price as of 18. January 2021[2] of € 21.50

Strategic review: significant increase in results envisaged by 2023

- Adjustments to be made within the "Aareal Next Level" strategic framework in order to be able to fully exploit the opportunities arising from changes induced by Covid-19, and to retain successful performance in the future
- Envisages consolidated operating profit in the range of € 300 mn, to be achieved already in 2023[3]
- This translates into a RoE after taxes of ~8%[4], in line with CoE; this applies to the Aareal Bank Group and to the Bank (excluding Aareon)

1) Subject to the preparation and audit of the financial statements and the regulatory authority's approval for inclusion of profits, the Management Board plans to submit a corresponding proposal for the appropriation of profits to the ordinary Annual General Meeting in May 2021
2) Provided that regulatory requirements concerning uncertainty surrounding the Covid-19 crisis will have been fulfilled at that time
3) Excluding any potential acquisitions, and subject to the Covid-19 crisis being fully overcome by then.
4) 15% CET 1 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

Note: All 2020 figures preliminary and unaudited

Aareal enters into first stage evolution of „Aareal Next Level"

360 degree strategic review – preliminary key findings

Aareal Next Level	Key levers
ACTIVATE! **Structured Property Financing**	1. Continue to pursue risk-conscious, organic expansion of financing business, as already expedited in the fourth quarter of 2020, with a target volume of around € 30 billion by the end of 2022 2. Additional optimisation of funding mix and capital structure to further enhance inherent profitability
ELEVATE! **Consulting / Services Bank**	3. Use the opportunities – which will increase with the conclusion of the unbundling exercise – for expanding product range, and entering into further partnerships, with a particular focus on strengthening commission-based business
ACCELERATE! **Aareon**	4. Stronger profit momentum through the implementation of the Value Creation Plan for Aareon, which is currently being prepared together with partner Advent ▪ With Arthur, Aareon executed already the first transaction of its M&A roadmap since Advent closing
Organisation	5. Further efficiency measures in organisation, of processes and infrastructure with one of the objectives being SPF target CIR of ~40%

On top: free capital retained for additional M&A e.g. in Aareon

Note: All 2020 figures preliminary and unaudited

Excerpt from Analyst Conference Call
Q3 2020 results

November 12, 2020
Marc Hess, CFO – Christof Winkelmann, CMO

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YOUR COMPETITIVE ADVANTAGE.

Excerpt Nov. `12 2020

Agenda

- Asset Quality
- Segments
- Group results Q3 2020
- Capital, B/S, Funding/Liquidity

- Appendix

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Asset quality

01

Asset quality

Actively managing Covid-19 implications, precautionary model based risks provisioning (management overlays)

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Covid-19 implications	▪ Pre-crisis: Sound portfolio quality with low LTVs and strong cash flows ▪ Contacted 90%+ of our clients during the first three weeks following mid-march's Covid-19 related- and vastly implemented global restrictions ▪ Debt service ▫ During the crisis, the portfolio has benefitted of significant equity contributions by our clients ▫ Normal loan servicing by large part of our clients ▫ Governmental programs are providing additional support to the real estate sector ▫ So far, reasonable monetary support from our side (€ 80 mn amortisation, € 107 mn liquidity lines / interest suspensions), representing an increase <1% in our CREF exposure ▫ In majority of cases, borrowers and the bank are both participating in bridging cashflow needs ▫ This is in part possible, as clients have build up significant cash reserves during the last cycle ▪ Property values ▫ External appraisals successively undertaken. Impact so far in line with current assumptions, reflected in management overlays, with limited effect on overall portfolio LTV ▫ Overlays are anticipating possible changes in property values going forward ▫ Especially assets in good locations in metropole areas are trading at or around their pre Covid-19 valuations and in parts above the same

Uncertainties continue and further LTV changes are possible, however they are expected to stay below the level of ~70% at the onset of the WFC in 2008

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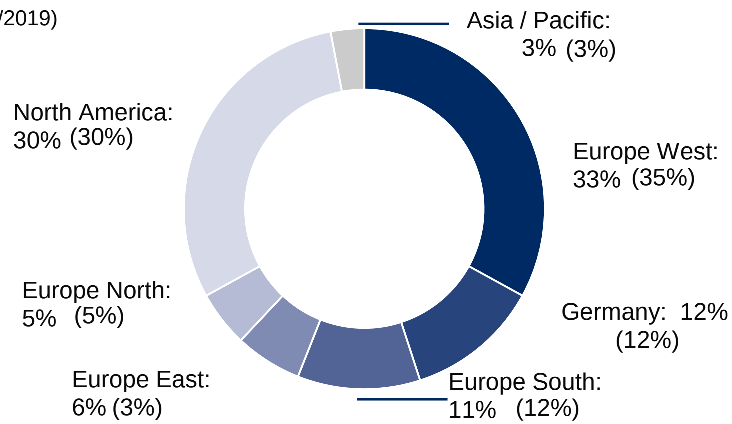
Commercial real estate finance portfolio (CREF)

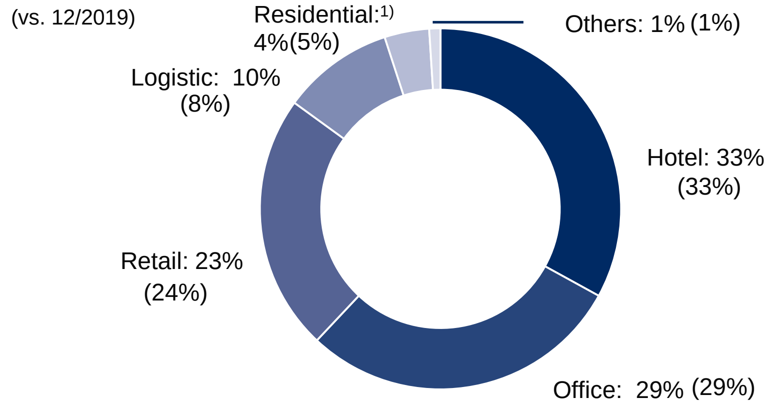
€ 26.1 bn highly diversified

Published Nov, 12 '20

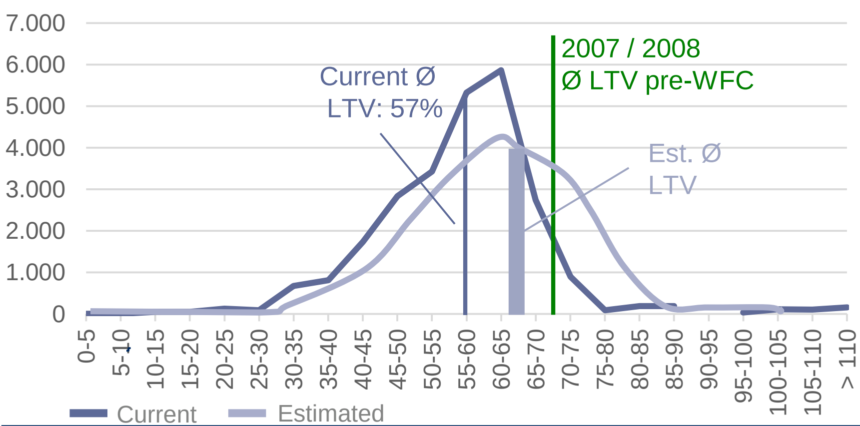
Portfolio by region



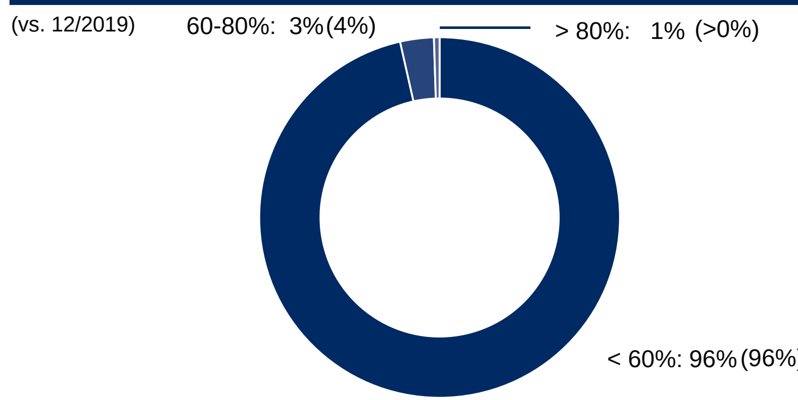
Portfolio by property type



Estimated LTV by YE 2020[3)]



Portfolio by LTV ranges[2)]



1) Incl. Student housing (UK & Australia only)
2) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020
3) Acc. to our market value development expectations

Commercial real estate finance portfolio (CREF) by country

€ 26.1 bn highly diversified

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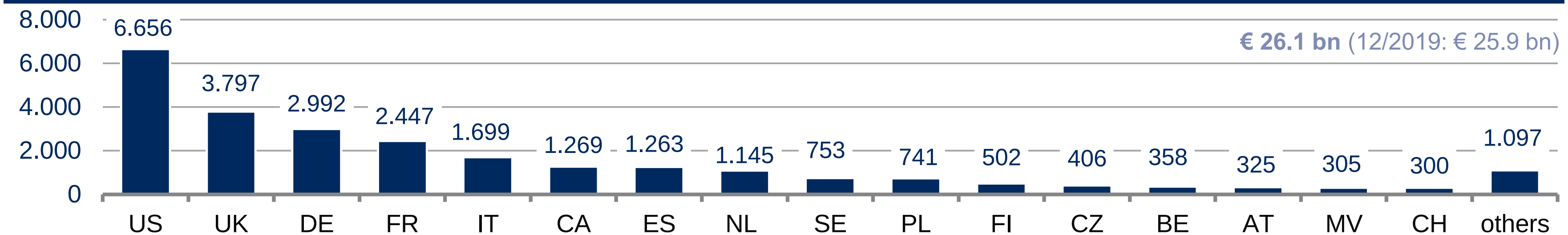
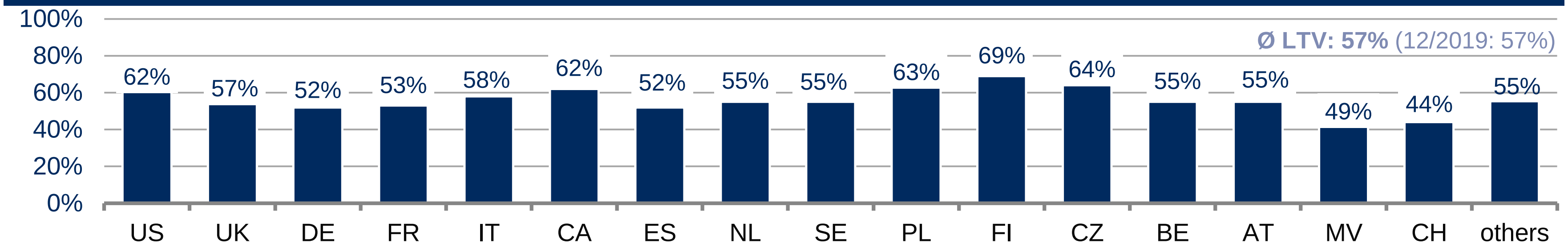
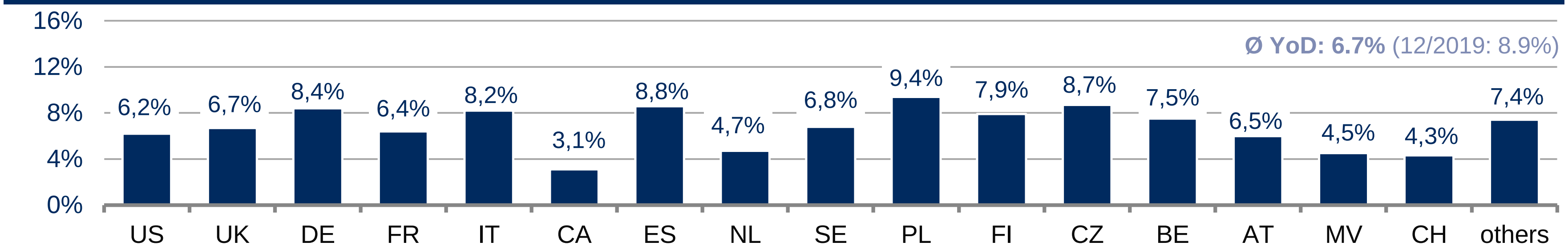
CREF portfolio (€ mn)



LTV[1)]



YoD[2)]



1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020
2) Performing CREF-portfolio only, based on 12-months forward looking estimate (see also page 86 definitions)

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Commercial real estate finance portfolio (CREF) by property types

€ 26.1 bn highly diversified

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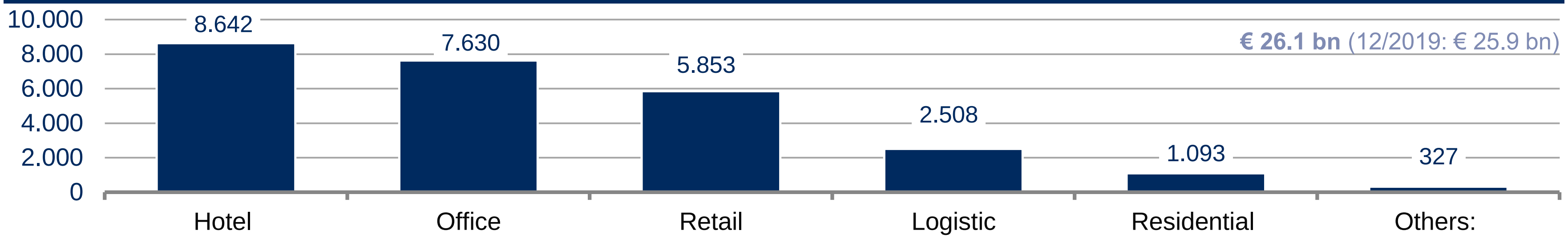
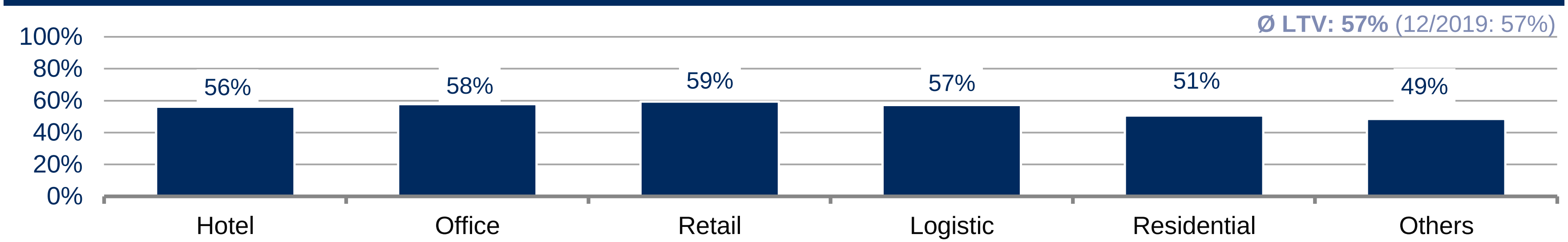
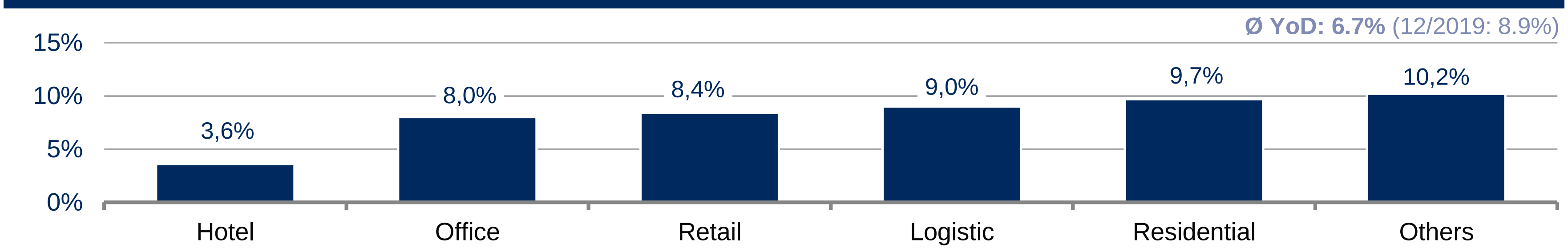
CREF portfolio (€ mn)



LTV[1)]



YoD[2)]



1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020
2) Performing CREF-portfolio only, based on 12-months forward looking estimate (see also page 86 definitions)

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Our Hotel financing business

Experienced team, solid portfolio

Published Nov, 12 '20

History

- 20 years of dedicated Hotel financing
- Team members recruited from hotel related industries (i.e. Operators, Managers, Valuers and hotel equity investments)
- Gradual increase in hotel lending since 2000, decreasing leverage levels over time with growing differentiation via USPs and recognition in the industry with increasing client base globally (initiative started in 2000; by 12/2008 € 3.7 bn loan book with an average LTV of 68%; by 12/2019: € 8.6 bn loan book with LTV an average LTV of 56%)
- 06/2001: Securitisation of an European and American Hotel portfolio ("Global Hotel One") € 1.1 bn, maturity 5 years, no defaults, despite 9/11 in NYC
- Successfully accompanied our hotel finance portfolio through the GFC

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Our Hotel financing business
Key facts

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Total portfolio exposure	EUR 8.6 bn
▪ Portfolio deals	45%
▪ Single asset deals	55%
Number of countries	19
Number of hotels	236 hotels
Average exposure per hotel	EUR 36 mn
Number of loans	94
Average exposure per loan	EUR 90 mn
Total number of hotel rooms	58,241 rooms
Exposure per hotel room	EUR 150,000

Our Hotel financing business

Key findings

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The Aareal hotel portfolio is:

- Well diversified by 236 hotels in 19 countries
- Well balanced in terms of brand and hotel category
- Well backed by i.a. sound public companies, sovereign wealth funds and HNWI who have shown their financial commitment to the assets throughout this crisis
- Conservatively leveraged with sufficient buffer for value decreases caused by the current crisis

- Of the top 15 loans (all are loans above € 150 mn, of which 12 are portfolio financings), only 6 were provided with additional liquidity since March. Overall, 35% (~ € 3 bn) of our hotel exposure has received liquidity support since the beginning of the year.
- The sum of all hotel loan support financed so far represents approximately 1.4% of the total hotel portfolio size.
- 45% portfolio deals vs. 55% single assets deals (portfolio deals are all cross collateralised to the extend legally permissible)

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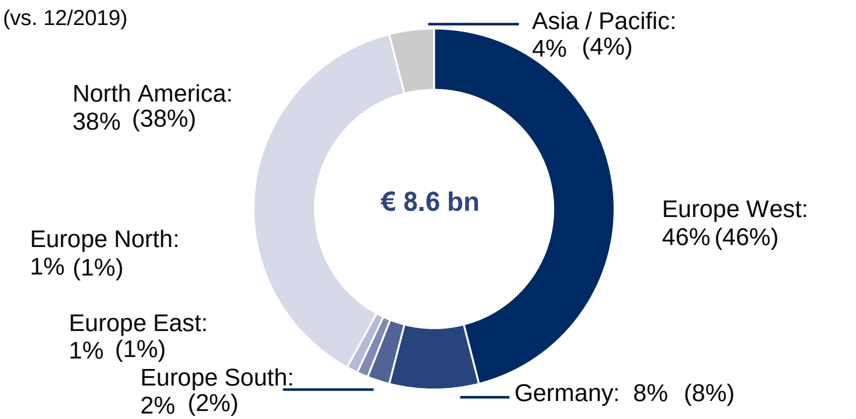
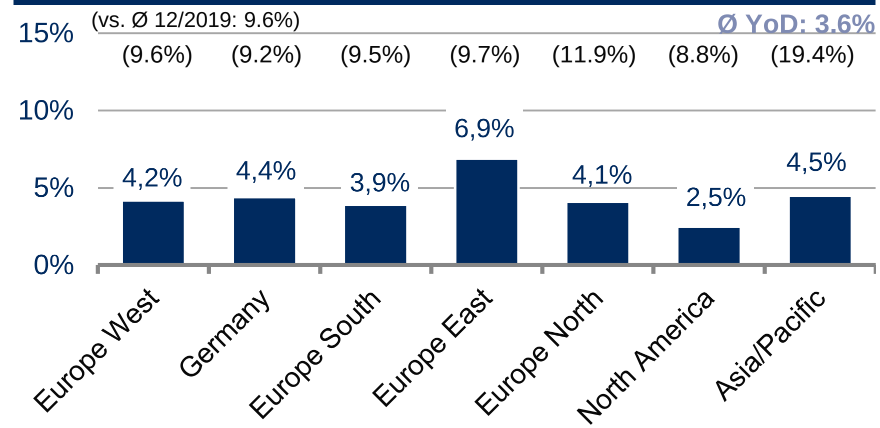
Asset quality: Hotel Portfolio

Hotel portfolio well positioned to master Covid-19 crisis

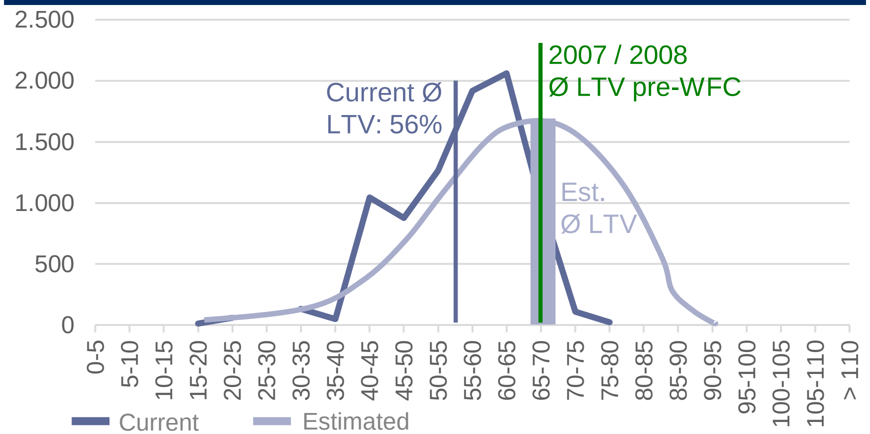
Hotel Portfolio by region



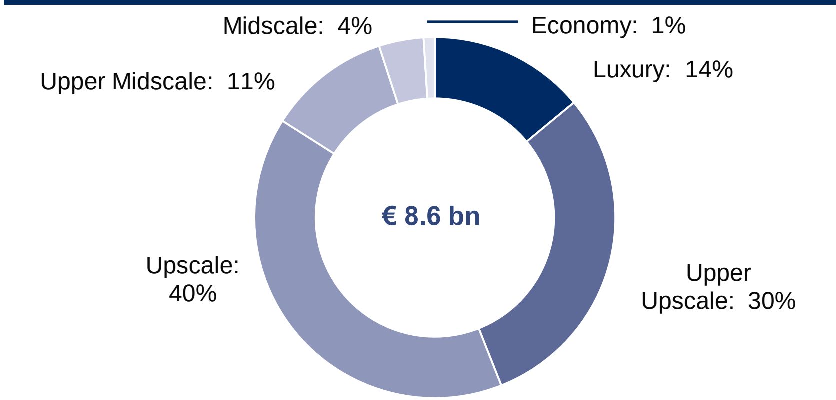
Yield on debt



Estimated LTV by YE 2020[1,2]



Hotel by category[3)]



1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020
2) Acc. to our market value development expectations
3) Acc. to STR classification

Our Hotel financing business

Market developments

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Markets

- "Travel" industry is one of the largest industries / employers globally
- 10 years of booming economies allowed hotel owners to build up substantial reserves and buffers, which they are willing to re-invest
- Cost of carry is significantly lower than in 2008, where the average 3M Euribor was approximately ~ 4.5%, compared to the 2020 YtD avg. 3M Euribor of ~ -0.4%
- Limited transaction volumes in markets for hotel assets, indicating
  - No overwhelming distress of owners / banks
  - No markable increase in NPL transactions to date
  - Current loan parameters are on a more conservative level than at the onset of the GFC
  - Borrowers for the largest part are looking through the cycle and are seeing positive equity value in their assets
  - Measures taken by governments globally further increase market liquidity
  - No foreseeable increase of interest rates (quite the contrary: Central Banks signaled willingness to further lower interest rates, if needed)

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Our Hotel financing business

Expectations and examples

Expectations

- Catch up effect for business related travel expected to be significant, as is pent up demand for personal travel
- In the interim, people will learn to live and travel with Covid-19 and not against it
- Final resolution with accepted treatment / vaccine
- Currently, Resort Hotels and drive-to-destinations far better, while China is a possible projection on how hotels will fare, as Covid-19 is under control
- With our profound know-how and well-established network in hospitality industry, we are expecting to apply our expertise and USPs to generate attractive risk / return through the cycle

A picture is worth a thousand words…

For the refinancing of senior debt on the

Beverly Hilton Hotel and Waldorf Astoria Beverly Hills, California

USA

For the refinancing of the

Four Seasons Hotel Des Bergues, Geneva

Switzerland

For the financing of the

Cumberland Hotel & Retail in London,

United Kingdom

For the financing of

10 Hotels

across Canada (including Victoria, Toronto, Calgary, Montreal)

For the refinancing of the

Project Mountain Portfoliowith 14 hotels

in Austria, Belgium, Germany and The Netherlands

For the financing of the

Marriott Hotel

in Munich, Germany

Segments

02

Segment: Structure Property Financing

New business with low LTVs and significantly above planned margins

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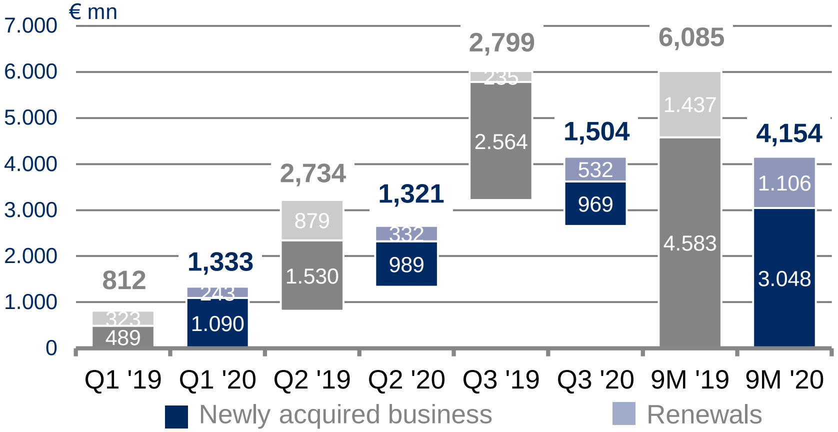
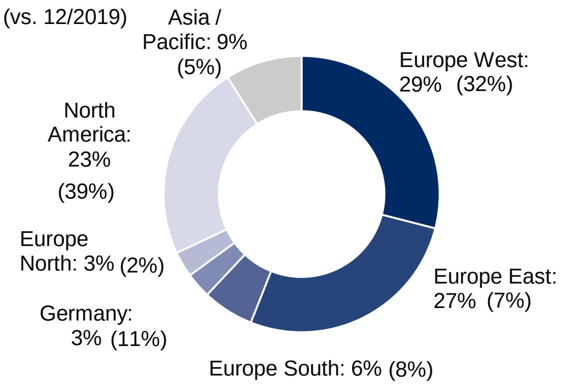
New business by quarter

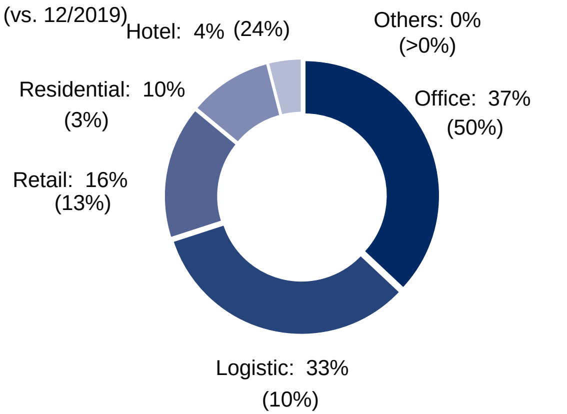


- Newly acquired business in Q3:
  - Margins of ~220 bp above plan (180-190 bps)
  - Strong Ø LTV of 57%
  - Increased focus on logistics
- Portfolio size picking up despite FX effects
- Further portfolio increase in Q4 expected to upper end of guided range (€ 26 - 28 bn); TLTRO-bonus collection therewith likely
- Using market opportunities through the cycle by applying expertise and USPs

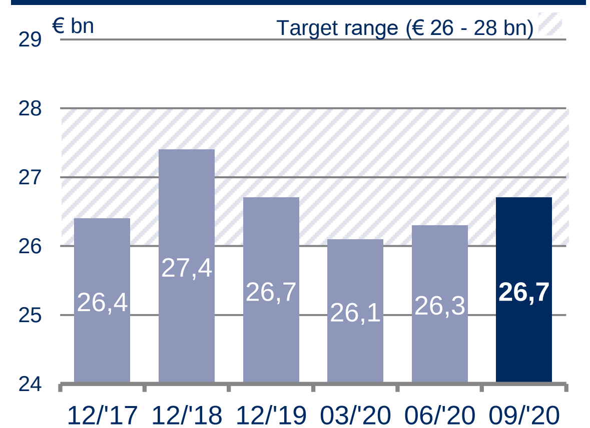
Q3-new business by region



Q3-new business by property type



REF portfolio development



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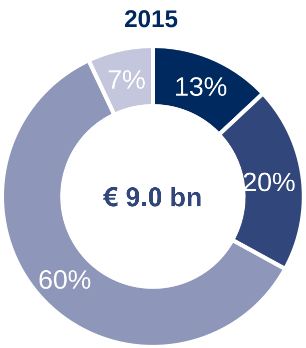
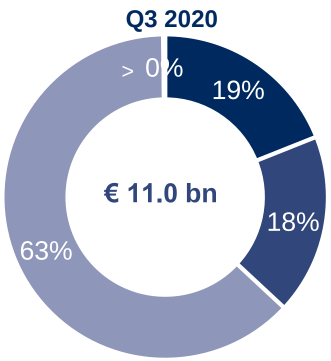
Segment: Consulting/Services Bank

Housing industry deposits proven stable, Ytd NCI increased

Split of deposits by type





- Rental guarantee deposits
- Maintenance reserve
- Sight deposits
- Other term deposits

€ mn	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20
Net interest income	-4	-5	10	10	9
Net commission income	7	6	5	7	6
Admin expenses	20	16	18	17	15
Net other operating income	0	1	0	0	0
Operating profit	-17	-14	-3	0	0

- Stable deposit volume of € 11 bn
- Structure further improved, sticky rental guarantee deposits grown above € 2 bn
- Q3 NII at € 9 mn / 9M '20 at € 29 mn
  (Q3 '19: € -4 mn / 9M '19: € -10 mn)
  Improvement in current year mainly due to adjusted modelling and transfer pricing, reflecting value of housing industry deposits as stable funding source
- Due to higher short term interest rates and Covid-19 related underspend segment FY-EBT now expected even better than revised guidance of ~ € -10 mn (original guidance ~ € -20 mn)
- Unlocking further business opportunities, e.g. joint-venture with ista ("objego")

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Segment: Aareon

Continued Covid-19 resiliency, limited adj. EBITDA impact confirmed

P&L Aareon segment - Industry format[1] € mn	**Q3'19**	**9M'19**	**Q1'20**	**Q2'20**	**Q3'20**	**9M'20**	**∆ Q3 '20/'19**	**∆ 9M '20/'19**
Sales revenue	60	182	64	61	63	188	5%	4%
▪ *Thereof ERP*	*48*	*146*	*49*	*47*	*49*	*144*	*1%*	*-1%*
▪ *Thereof Digital*	*12*	*35*	*15*	*15*	*14*	*44*	*20%*	*25%*
Costs[2]	-47	-140	-50	-51	-50	-152	7%	8%
▪ *Thereof material*	*-11*	*-32*	*-11*	*-12*	*-10*	*-34*	*-2%*	*7%*
EBITDA	**13**	**41**	**14**	**10**	**13**	**36**	**-1%**	**-12%**
New products / Inorganic[3]	-1	-1	-1	-2	-2	-4	>100%	>100%
One offs	0	0	0	0	0	0		
Adj. EBITDA	**14**	**42**	**15**	**12**	**14**	**41**	**6%**	**-3%**
EBITDA	**13**	**41**	**14**	**10**	**13**	**36**	**-1%**	**-12%**
D&A / Financial result	-6	-17	-7	-7	-6	-20	9%	12%
EBT / Operating profit	**7**	**24**	**7**	**3**	**6**	**17**	**-9%**	**-29%**

- Sales revenues increased by € 6 mn to € 188 mn (+4%); Q2 was the quarter most affected by Covid-19 whereas catch-up becomes visible in Q3
- Costs: Steadfast on investments supporting Aareon's growth strategy which is in line with 2020 run rate – driven by increasing FTE numbers and additional investments
- As of now, Aareon continues to assess this crisis from a business point of view as a singular event and still expects an adjusted EBITDA effect in FY 20 of approx. € -10 mn
- Adj. EBITDA as well as adj. EBITDA margin virtually stable at € 41 mn (PY: € 42 mn) and 22% (PY: 23%) respectively – growing digital business compensated lower consulting revenues due to Covid-19 crisis
- Outlook 2025:
  Development of value creation plan with goal to become a "Rule of 40" company

1) Calculation refers to unrounded numbers
2) Incl. capitalised software and other income
3) New Products consist of e.g. Virtual Assistant, Aareon Smart Platform, etc., Inorganic bundles Venture (e.g. Ophigo) and M&A activities, include investments in new product developments

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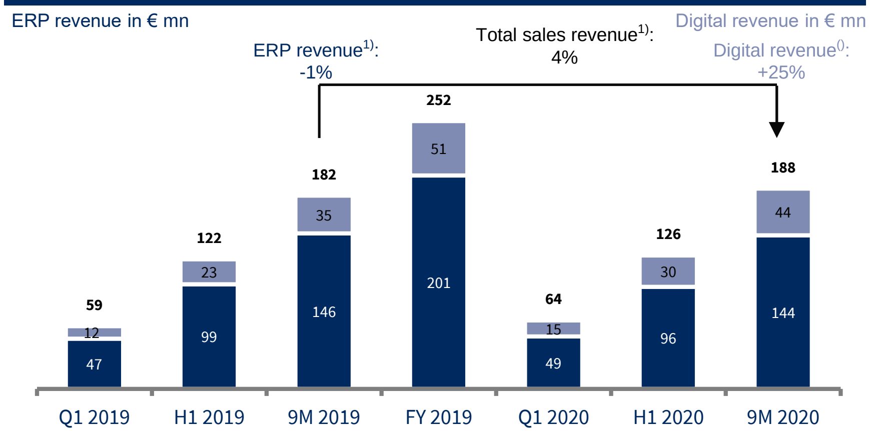
Segment: Aareon

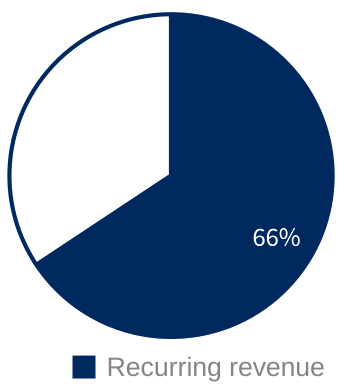
YTD: Recurring revenue providing stability, growth in digital continues

Sales revenue development



- Aareon total sales revenue increased by 4% yoy, mainly driven by Digital and Consulting
- Digital grew by 25% yoy, based on higher penetration with existing digital products and CalCon
- ERP decreased by -1% yoy because of lower Consulting due to Covid-19
- Consulting utilisation rate: ~60% (previous years ~70%) still relatively high thanks to green (digitalised) consulting

Q3: Share of recurring revenue (LTM)[2]



- The recurring revenues share (LTM) of 66% (2019: 64%) at high level and has steadily been growing throughout the quarters
- Increasing assurance of revenues independent from circumstances another pillar of becoming a “Rule of 40” company
- The trend in the customer base to buy into SaaS based ERP- and digital solution is ongoing, additionally the demand for outsourcing services is high as well

1) Represents growth rate from 9M ’19 to 9M ’20 (based on unrounded numbers)
2) LTM: Last twelve months

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Group results Q3 2020

03

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Q3 results 2020

Positive operating profit despite Covid-19 impacts, growing NII & NCI

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€ mn	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q3 2020-Comments
Net interest income	134	130	123	122	128	Positive impacts from TLTRO participation and increased portfolio
Derecognition result	15	22	7	9	3	Effects from early repayments
Loss allowance	27	35	58	48	61	Above last years' level due to Covid-19 impact
Net commission income	54	65	57	54	57	Above last years' level driven by Aareon's growth
FV- / hedge-result	2	-4	11	-16	-2	
Admin expenses	114	118	129	109	114	Flat despite Aareon growth
Others	*0*	*2*	*0*	*-10*	*0*	
Operating profit (EBT)	**64**	**62**	**11**	**2**	**11**	Positive operating profit despite Covid-19 impacts, growing NII & NCI
Income taxes	24	20	4	-7	10	FY tax ratio above 50% expected due to expenses non effective for tax purposes
Minorities	1	0	1	0	1	
Consolidated net income allocated to shareholders	**39**	**42**	**6**	**9**	**0**	Additional € ~180 mn from Aareon minority sale will be shown in Q4 directly in equity position under IFRS consolidated financial statements (unlike in HGB financial statements)
Earnings per share[1)] (€)	0.60	0.62	0.04	0.07	-0.05	

1) After AT1 accrual

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Net interest income (NII)

Positive impacts from TLTRO participation and increased portfolio

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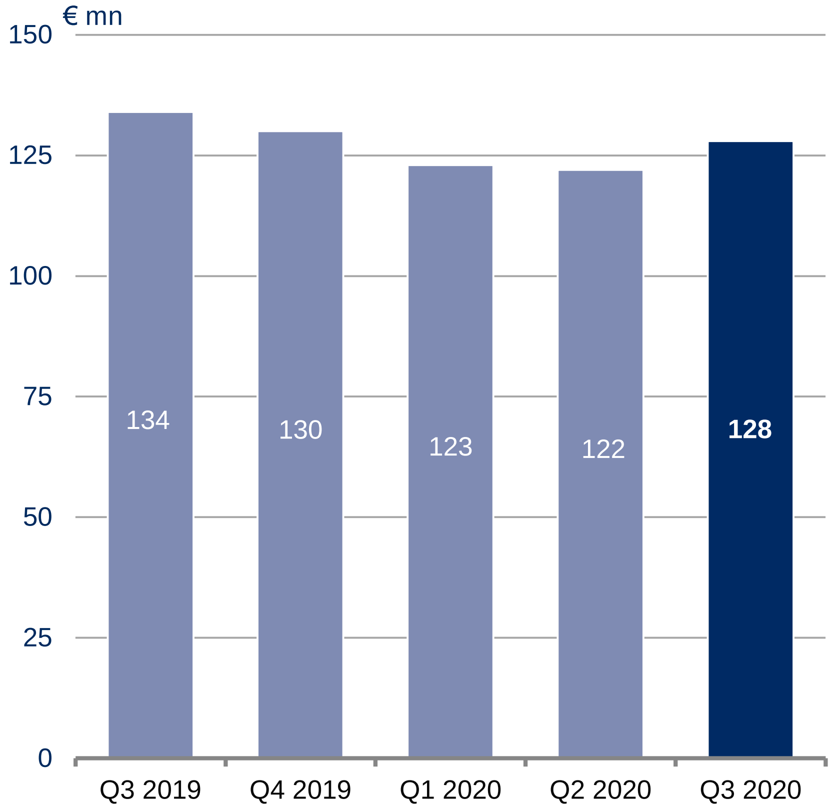

- Positive TLTRO effect (bonus) of ~ € 4 mn
- Portfolio increase (€ 26.7 bn) by strong new business supporting NII despite weakened USD
- YE-portfolio size in the upper end of guided range expected (€ 26 - 28 bn);
  TLTRO-bonus collection therewith likely

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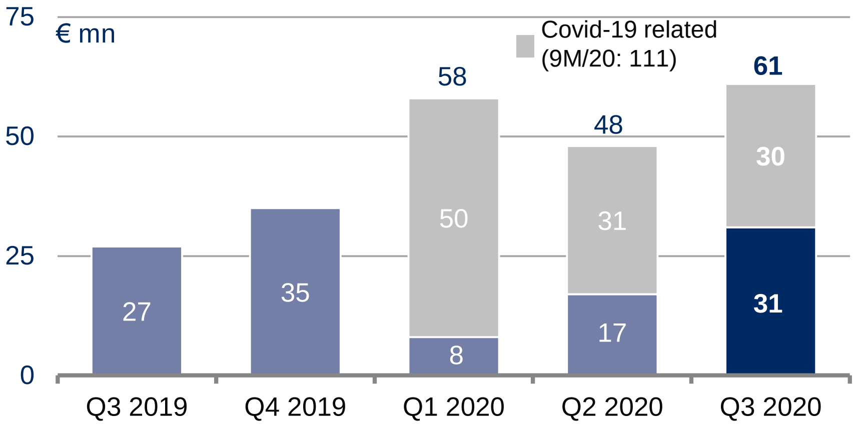
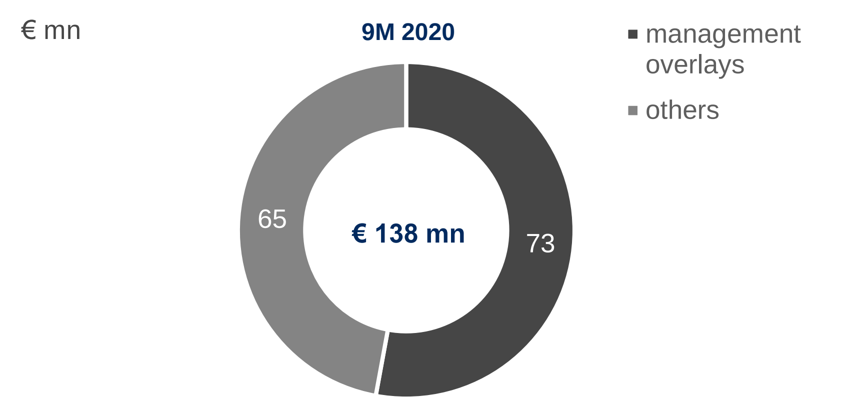
Loss allowance (LLP) / Others

Above last years' level due to Covid-19 impact

P/L position: LLP



Covid-19 related P/L effects with respect to asset valuation



9M LLP amounts to € 167 mn, thereof

- € 57 mn management overlay
  (Q1: € 17 mn, Q2: € 20 mn, Q3: € 20 mn)
- € 51 mn Stage 1/2 including but not limited to Covid-19
  (Q1: € 15 mn, Q2: € 11 mn, Q3: € 25 mn)
  Stage 1/2 related LLP stock increased throughout the crises by 108% to € 79 mn

- Covid-19 effect (with respect to asset valuation) of € 138 mn in 9M (Q3: € 32 mn) reflected in the following P/L positions:
  - LLP: € 111 mn (Q3: € 30 mn)
    thereof management overlays: € 57 mn (Q3: € 20 mn)
  - Fvpl: € 14 mn (Q3: € 1 mn)
    thereof management overlays: € 16 mn (Q3: € 3 mn)
  - Other expenses: € 13 mn (Q3: € 0 mn)

Defaulted exposure
NPL portfolio further decreased

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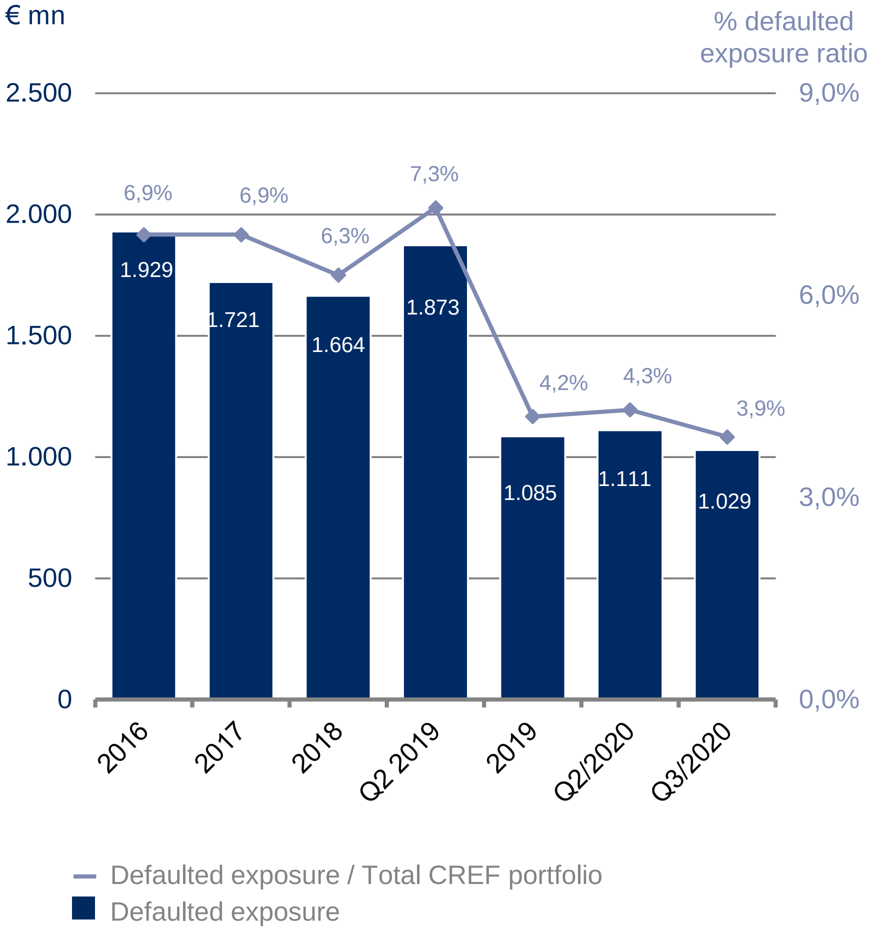
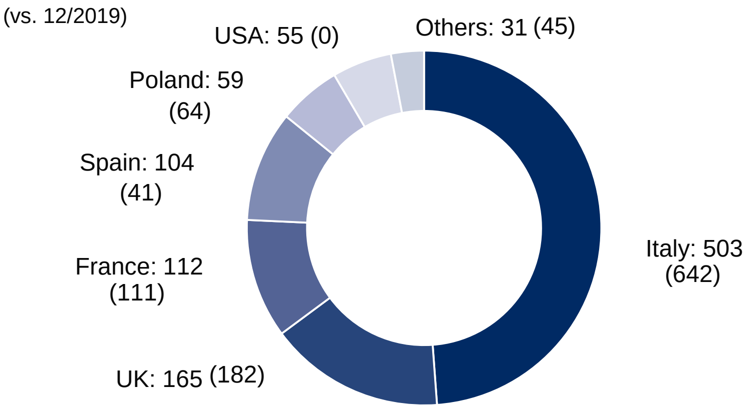
Development of defaulted exposure



Defaulted exposure by country (€ mn)

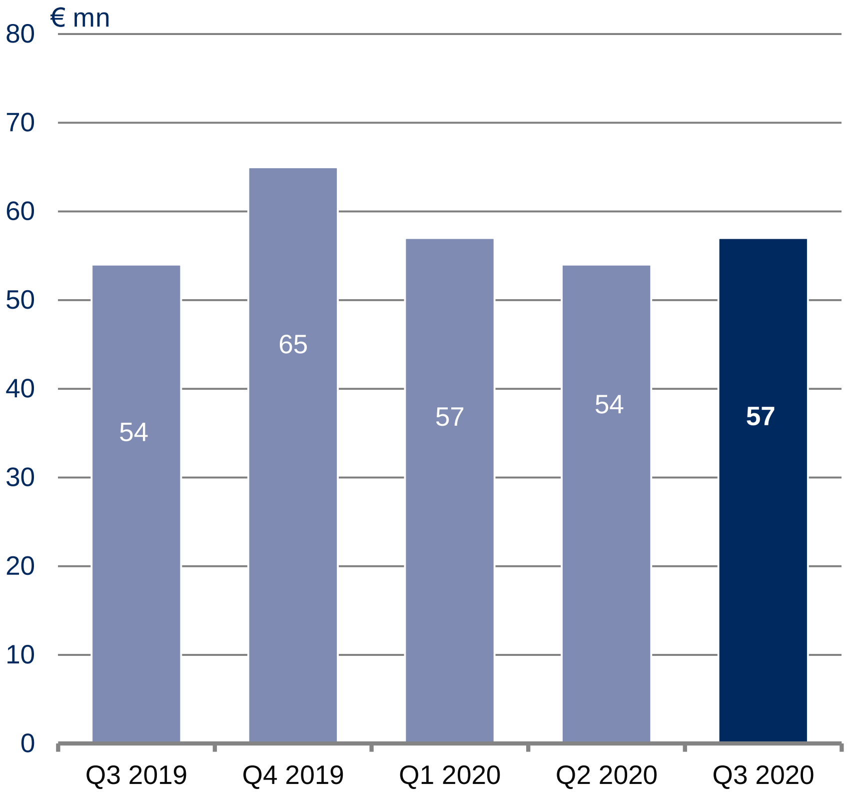


- Successful accelerated de-risking activities
- Additional outflow of several smaller and inflow of two new NPLs
- ➢ Net NPL reduction in Q3 of € 82 mn
- Opportunities for further accelerated de-risking will be assessed if they emerge

Aareal

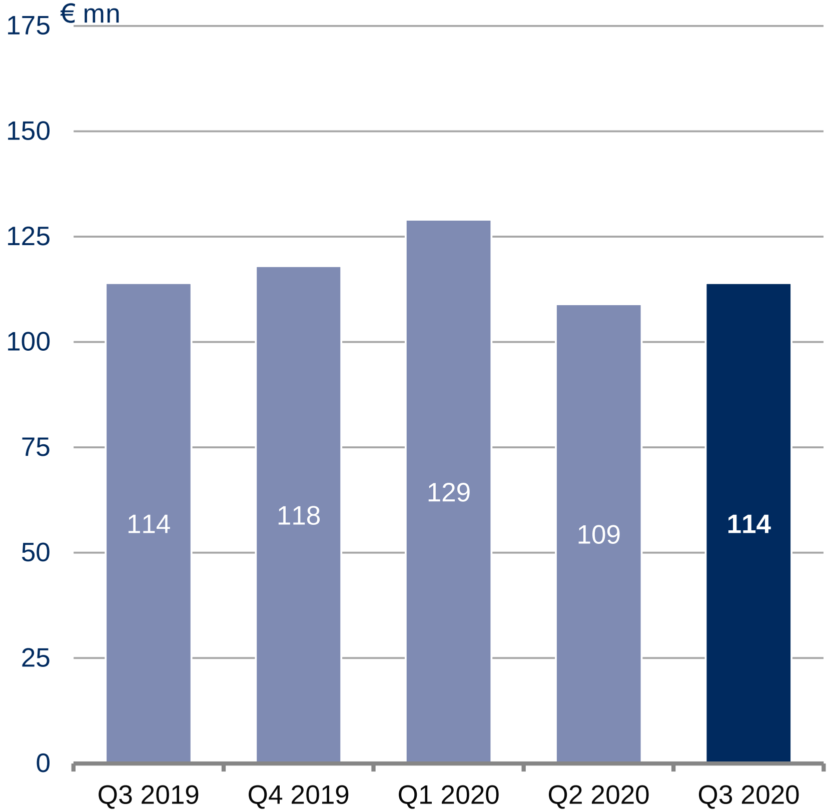
Net commission income

Above last years' level driven by Aareon's growth



- Aareon's NCI contribution increased
  - Growth in digital solutions continuous
  - Recovery in Consulting business
  - High share of recurring revenues providing earnings stability even in times of Covid-19 crisis
- C/S Bank segment increased NCI YtD

Admin expenses
Flat despite Aareon growth



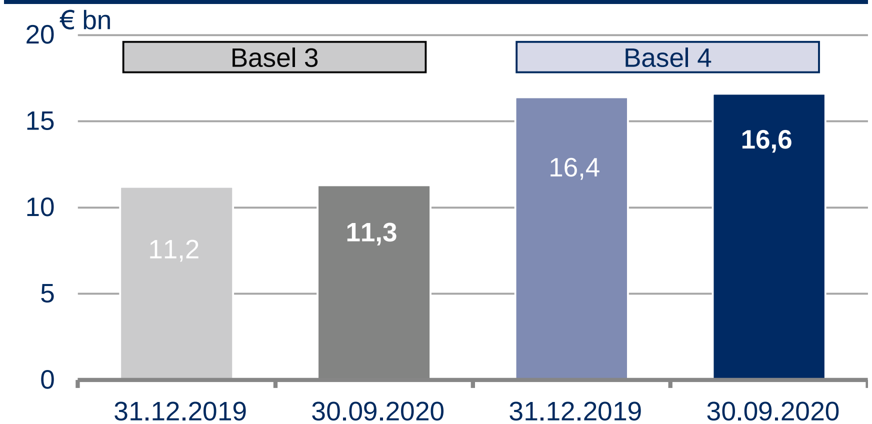
- Q3 admin expenses kept on previous years' level
- 9M 2020 figure (€ 352 mn) significantly reduced despite Aareon growth (9M 2019 € 370 mn, incl. € 11 mn DHB Integration)
- Q1 including € 18 mn European bank levy and ESF
- Aareon
  - Q3 2020: € 46 mn (Q3 2019: € 43 mn)
  - 9M 2020: € 138 mn (9M 2019: € 127 mn)

Capital, B/S, Funding/Liquidity

04

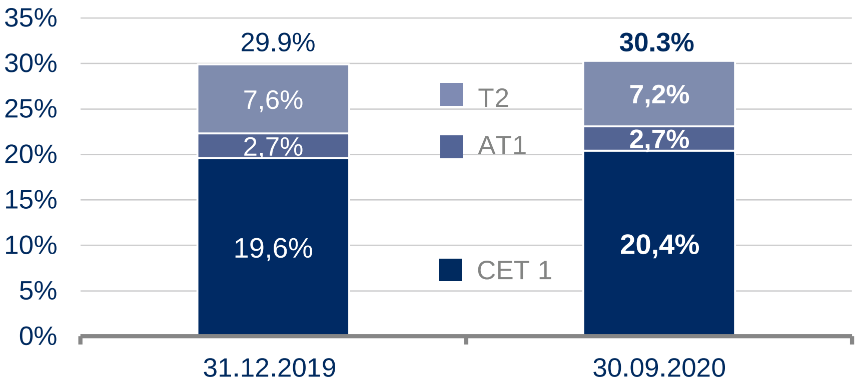
Capital
Solid capital ratios

B3 / B4[1] RWA[2]

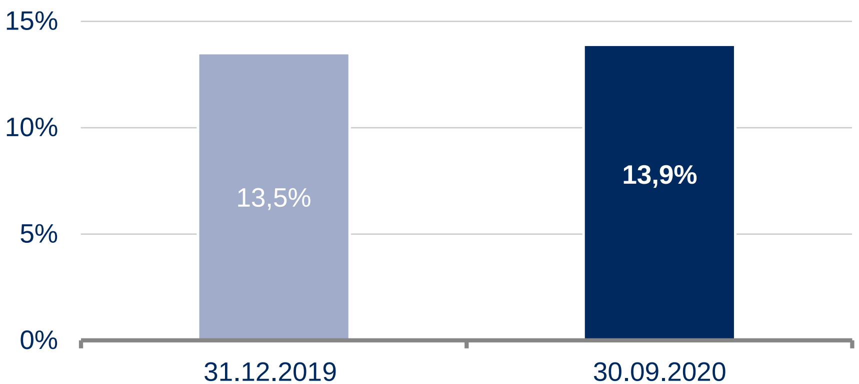


- Portfolio growth & first Covid-19 effects triggered Q3 RWA increase. CRR2 Quick-Fix overcompensate B3 RWA increase
- RWA increase in Q4 expected (e.g. portfolio growth, Covid-19 effects). B4 RWA less exposed to Covid-19 volatility due to floor
- Capital gain (~€ 180 mn) from sale of Aareon minority share will positively impact Q4 capital ratios (B3: ~150bps / B4: ~110bps)
- Significant CET1, AT1 and T2 buffers; optimisation potential in review
- T1-Leverage ratio at 6.0% despite TLTRO participation
- Remaining regulatory uncertainties (models, ICAAP, ILAAP, B4 etc.): modelled RWA's may further inflate

B3 capital ratio[3]



B4 CET 1 ratio[1]



1) Underlying RWA estimate, given a 72.5 % output floor based on the final Basel Committee framework dated 7 December 2017, calculation subject to outstanding EU implementation as well as the implementation of further regulatory requirements
2) Ratings not yet reflecting potential changes from management overlays
3) When calculating own funds as at 30 Sep. 2020, interim profits were taken into account, deducting the pro-rata dividend in line with the dividend policy, and incorporating the pro-rata accrual of net interest payable on the AT1 bond. Moreover, the expected relevant impact of the TRIM exercise on commercial property financings, and of the SREP recommendations concerning the NPL inventory as well as the ECB's NPL guidelines for exposures newly classified as NPLs, were taken into account for determining regulatory indicators.

Aareal

B/S structure according to IFRS

As at 30.09.2020: € 44.5 bn (31.12.2019: € 41.1 bn)

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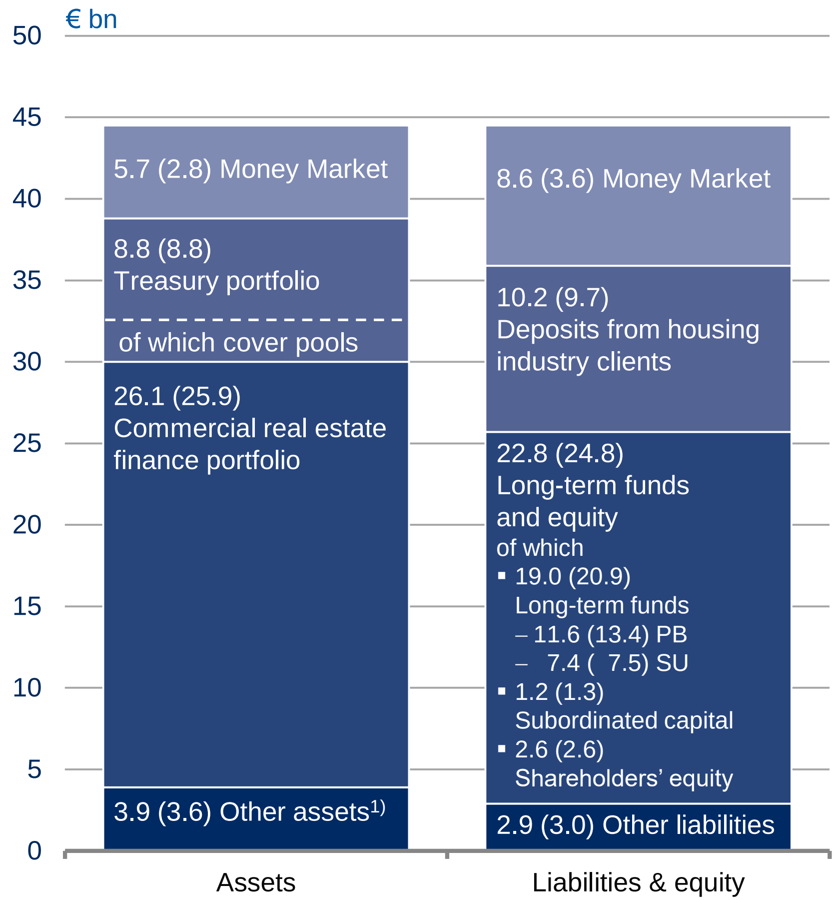

- Well balanced B/S structure
- Temporary significant increase of total assets due to participation in ECBs' TLTRO (> € 4 bn) currently reflected in money market positions

1) Other assets includes € 0.4 bn private client portfolio and WIB's € 0.3 bn public sector loans

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Funding / Liquidity

Diversified funding sources and distribution channels

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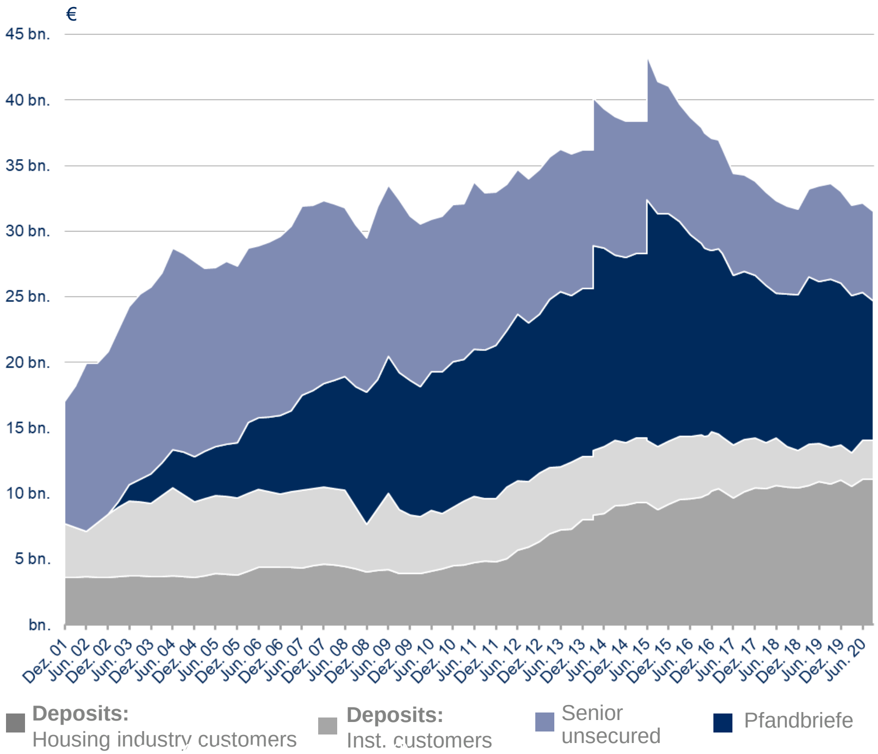

- Sustainable and strong housing industry deposit base being part of well diversified funding mix
- Successful capital market transactions during the first 9 months:
  - More than 40 senior unsecured private placements with a volume of € 600 mn
  - September: € 500 mn senior preferred benchmark (6.5Y, MS +95bps)
  - October: € 500 mn Pfandbrief benchmark (6Y, MS+1bp)

➢ Expected Q4 portfolio growth already funded

- Liquidity ratios significantly over fulfilled:
  - NSFR > 100%
  - LCR >> 100%

Aareal

Treasury portfolio

€ 7.3 bn (2019: € 7.3 bn) of high quality and highly liquid assets

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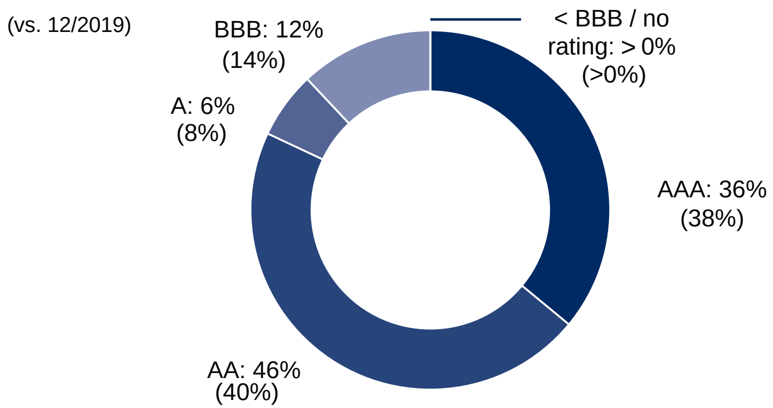
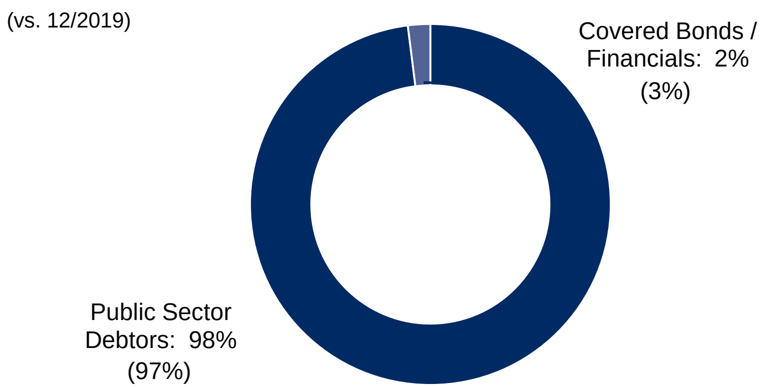
by rating[1)]



by asset class



As at 30.09.2020 – all figures are nominal amounts

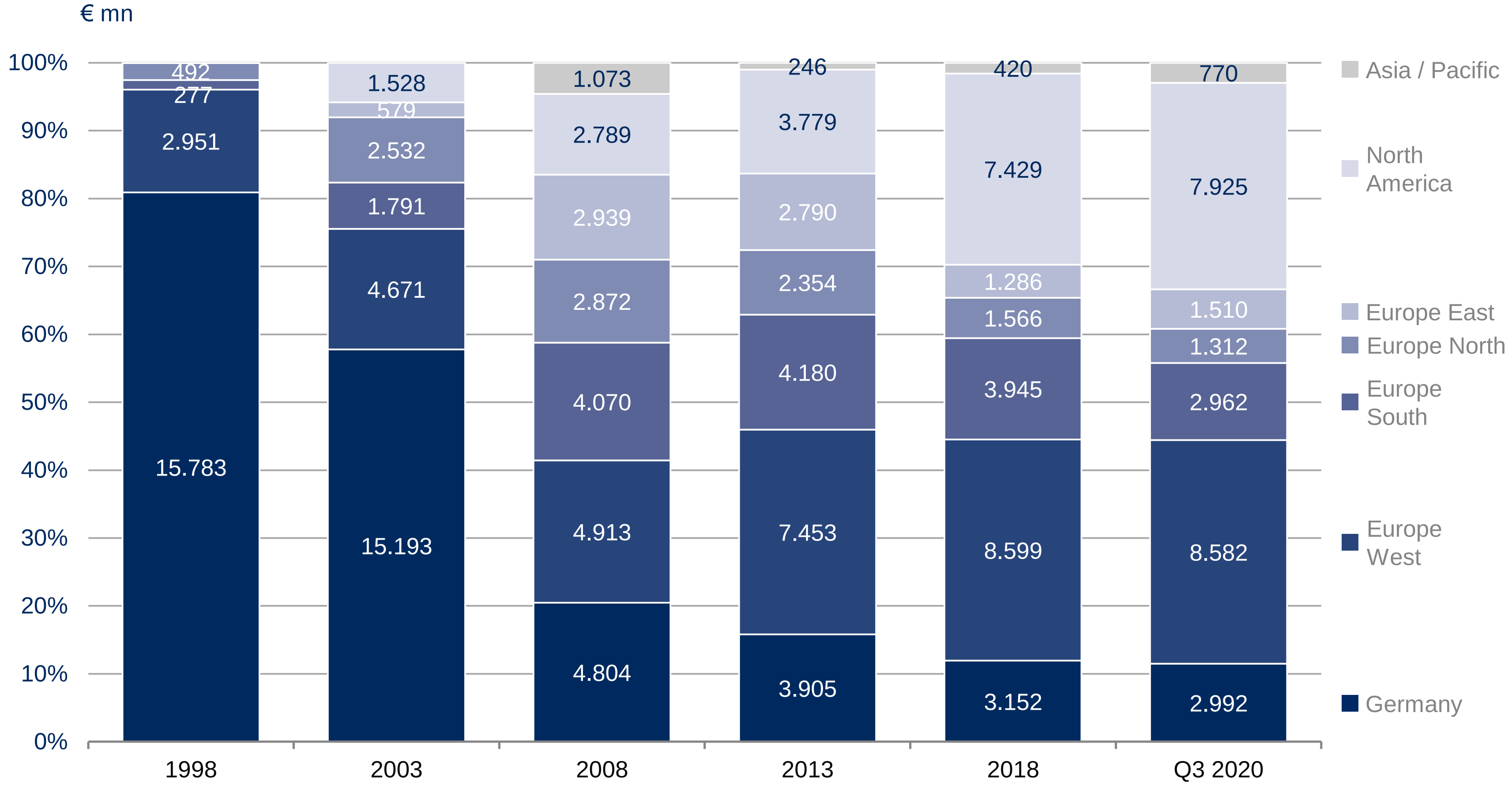
1) Composite Rating

Asset quality

Appendix

Development commercial real estate finance portfolio

By region



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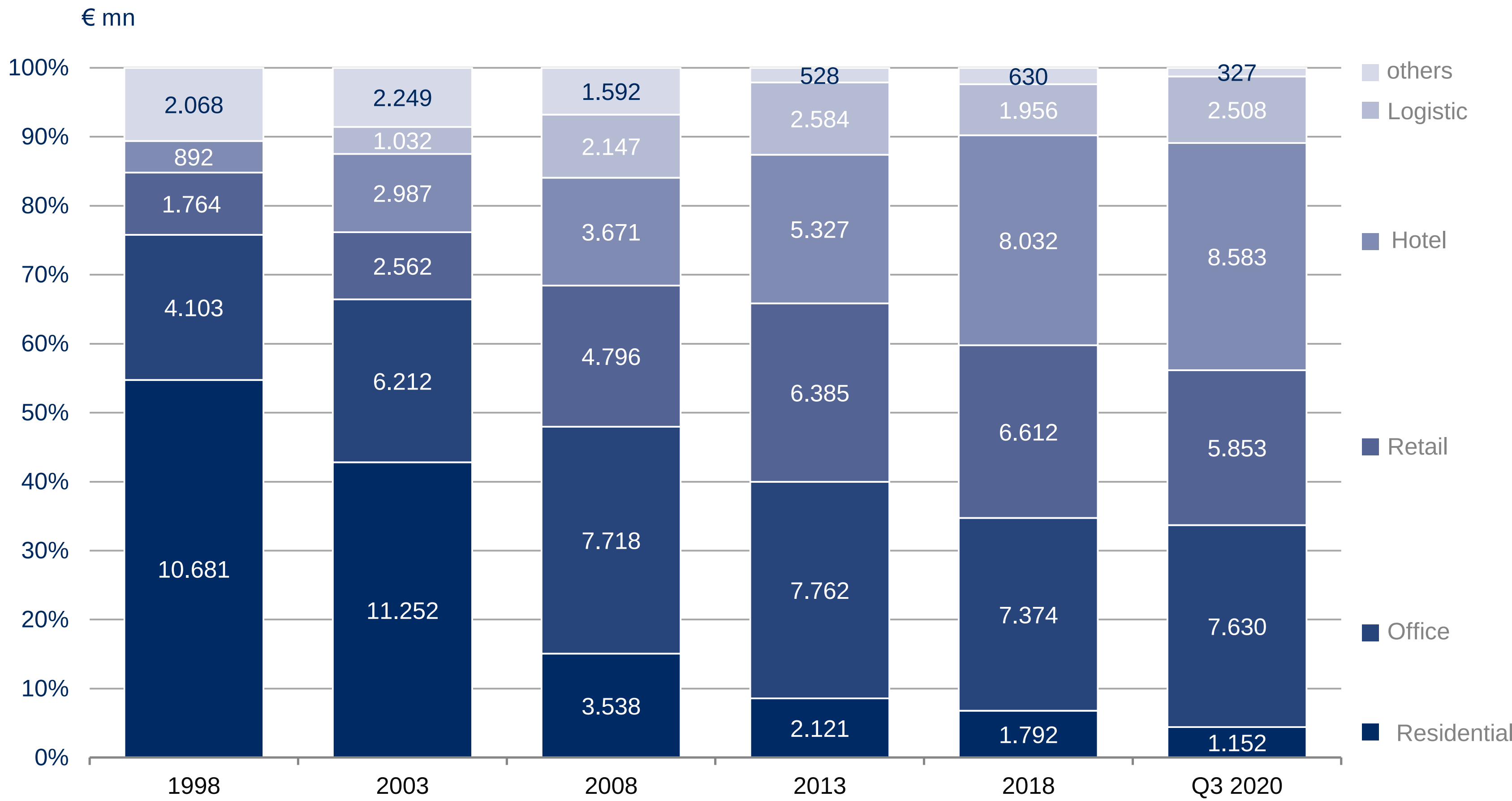
Development commercial real estate finance portfolio
By property type



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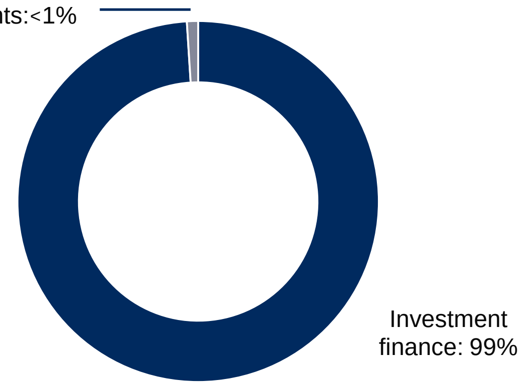
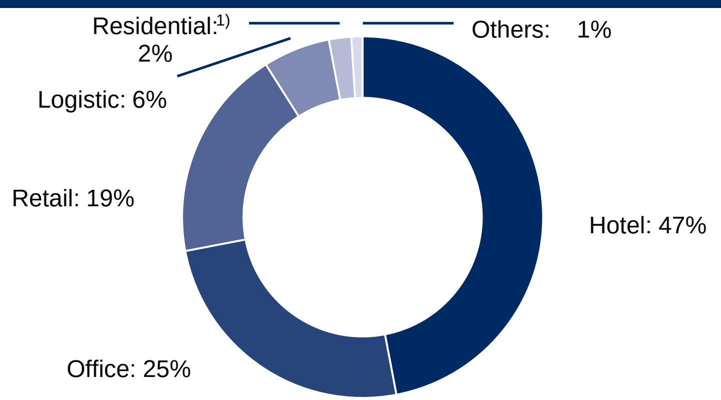
Western Europe (ex Germany) CREF portfolio

Total volume outstanding as at 30.09.2020: € 8.6 bn

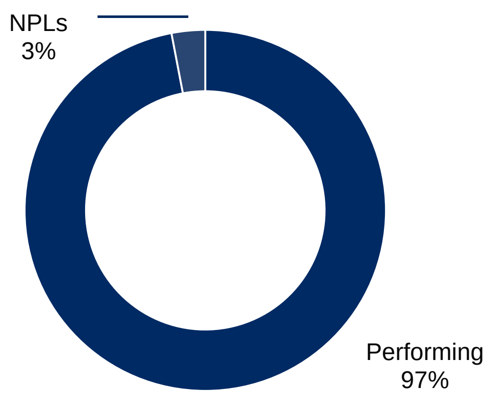
by product type



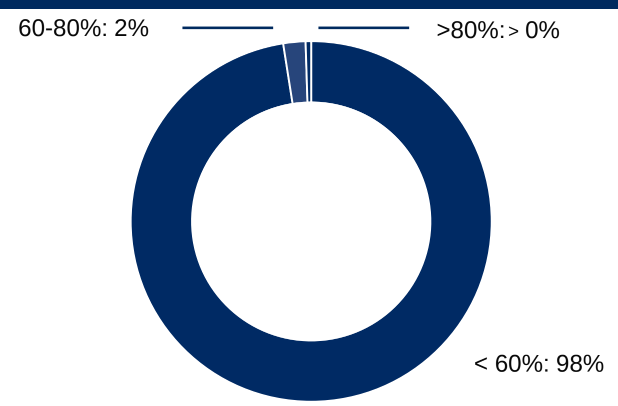
by property type



by performance



by LTV ranges[2)]



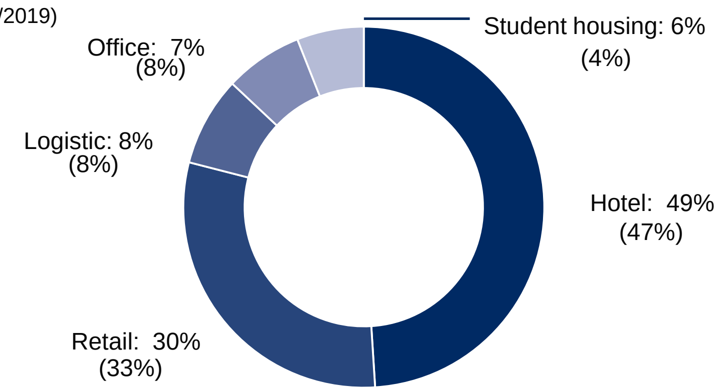
1) Incl. Student housing (UK & Australia only)
2) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

Published Nov, 12 '20

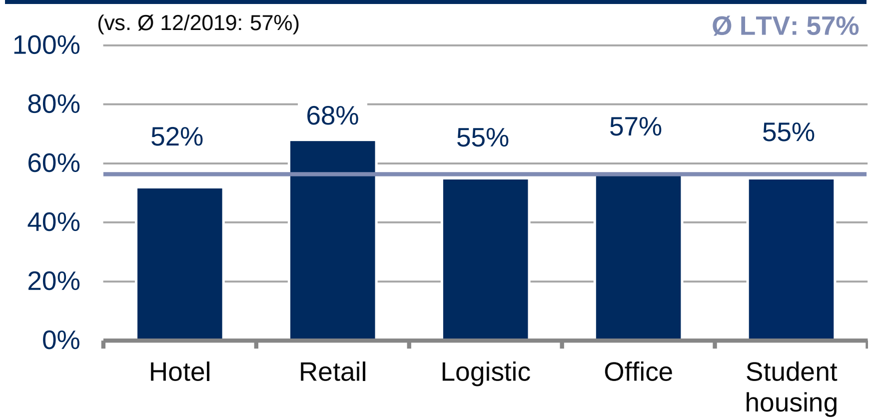
Spotlight: UK CREF portfolio

€ 3.8 bn (~15% of total CREF-portfolio)

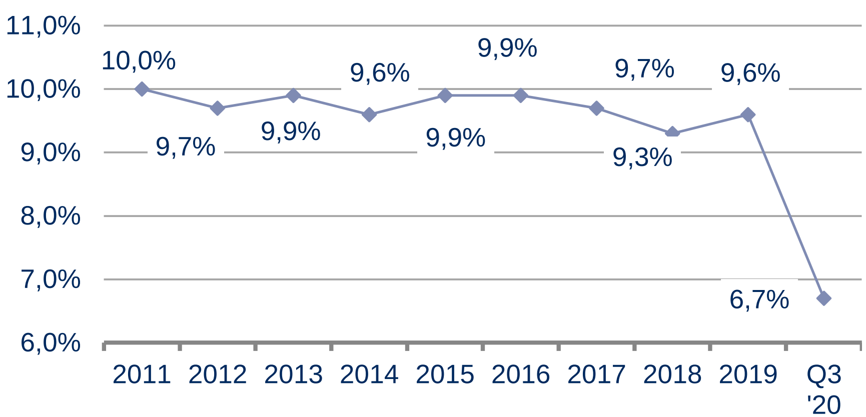
Total portfolio by property type



Average LTV by property type[1)]



Yield on debt[1)]



Comments (vs. 2019)

- Performing:
  - Investment finance only, no developments
  - ~ 60% of total portfolio in Greater London area, emphasising on hotels
  - € 155 mn with LTV > 60%
  - Avg. LTV on same level as total CREF-portfolio
  - Significant drop in YoD due to high hotel share of portfolio strongly effected by Covid-19
- Defaulted exposure: € 165 mn (€ 182 mn)

1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

German CREF portfolio

Total volume outstanding as at 30.09.2020: € 3.0 bn

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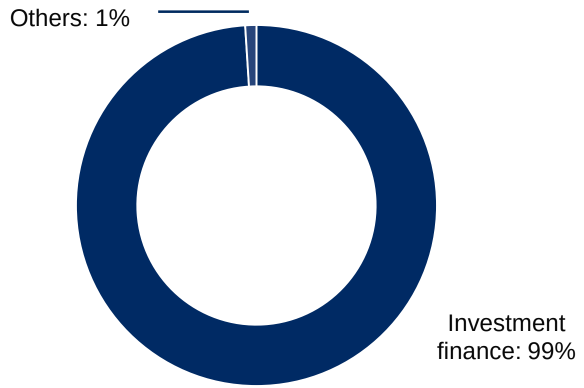
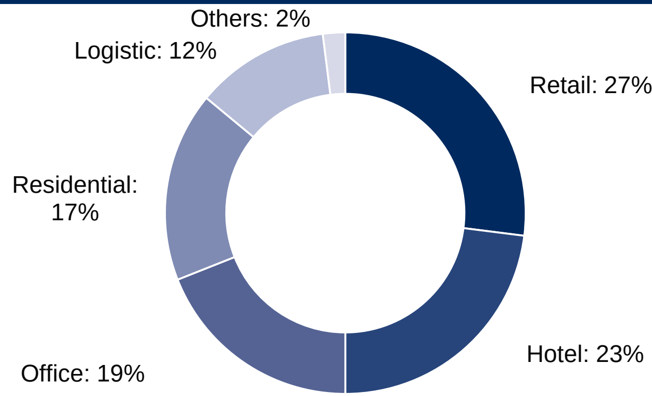
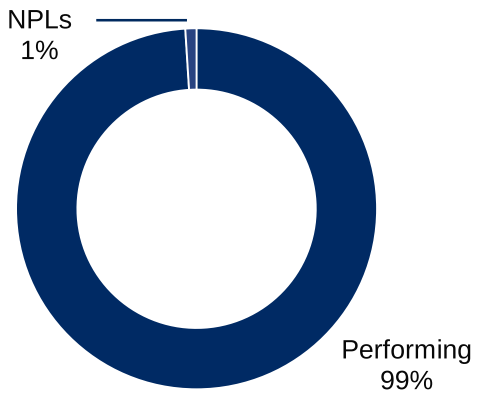
by product type



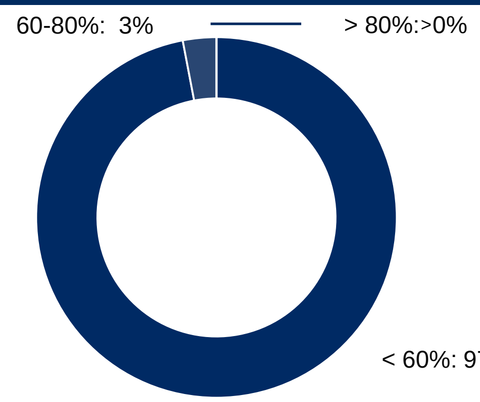
by property type



by performance



by LTV ranges[1)]



1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

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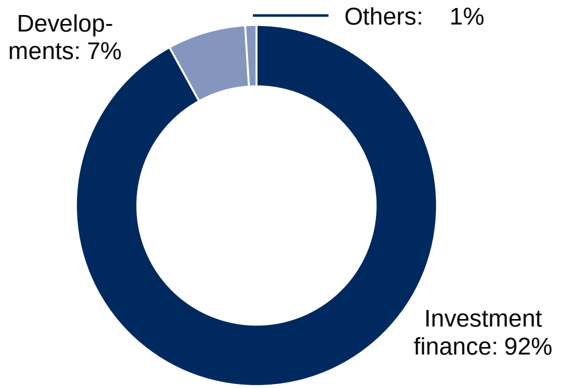
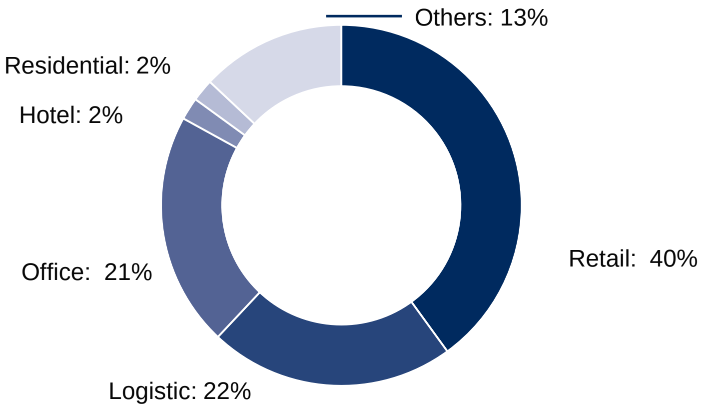
Southern Europe CREF portfolio

Total volume outstanding as at 30.09.2020: € 3.0 bn

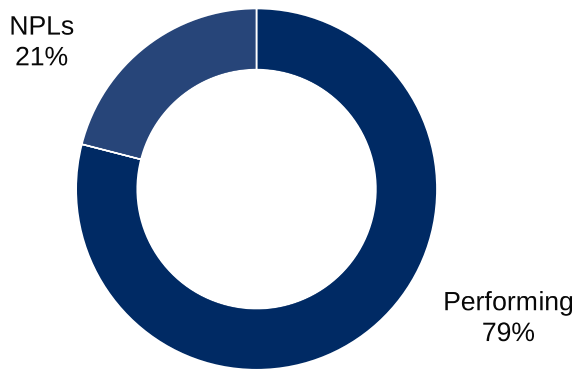
by product type



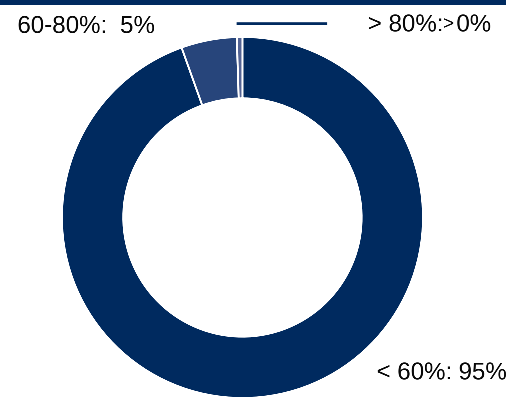
by property type



by performance



by LTV ranges1)



1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

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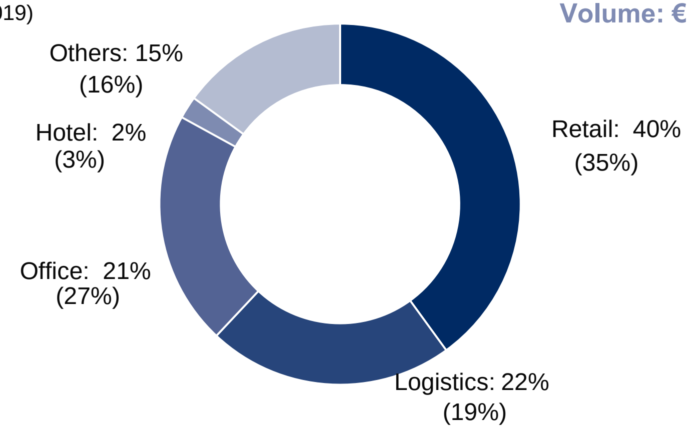
Published Nov, 12 '20

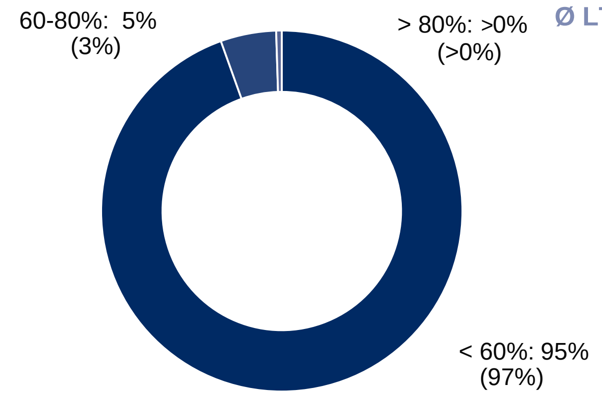
Spotlight: Italian CREF portfolio (€ 1.7 bn)

Successful de-risking led to further significant NPL reduction

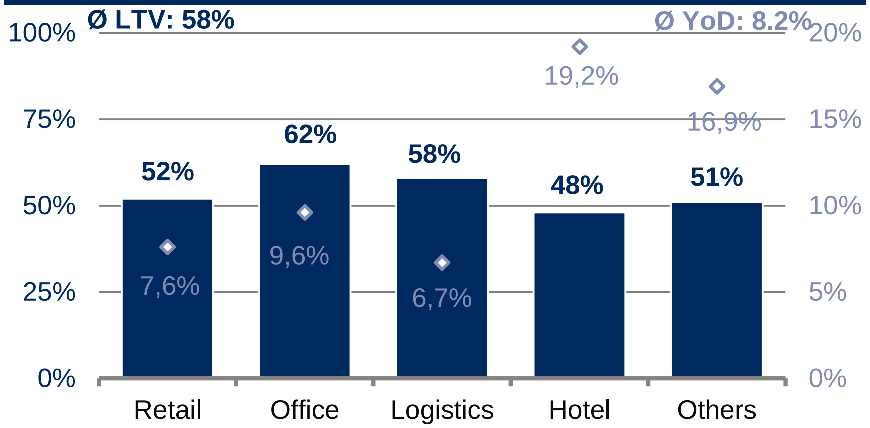
Italian Portfolio by property type



Italian Portfolio by LTV ranges[1)]



Average LTV / YoD by property type[1)]



Comments

- LTV: € 14 mn > 70% / € 7 mn > 80% / € 2 mn > 90%
- Defaulted exposure: € 503 mn as at 30.09.2020
- Further de-risking in 07/2020 led to an additional reduction of the Italian NPL portfolio close to € 500 mn

1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

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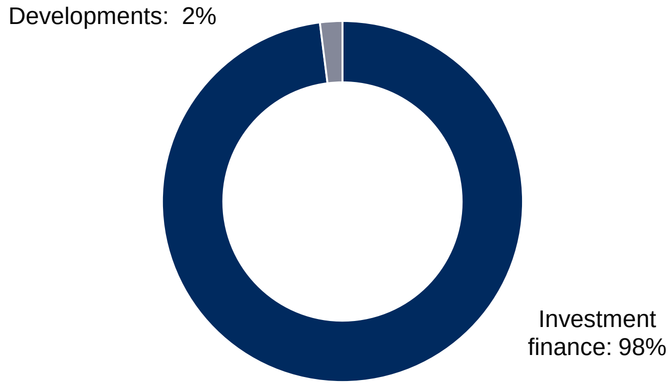
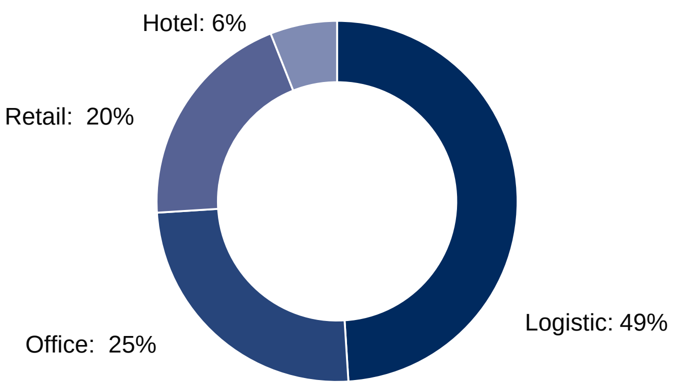
Eastern Europe CREF portfolio

Total volume outstanding as at 30.09.2020: € 1.5 bn

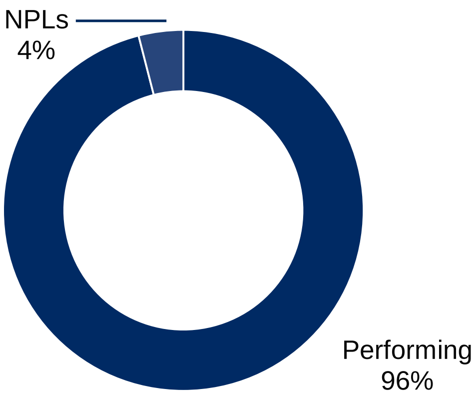
by product type



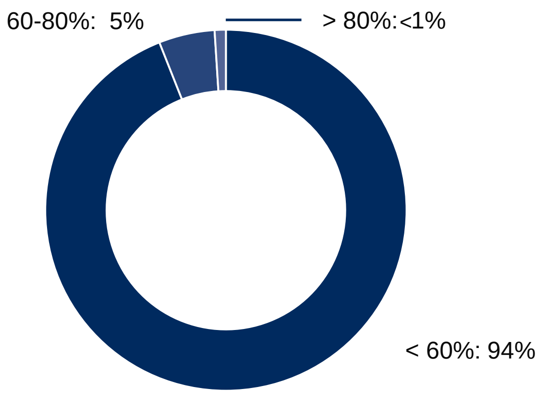
by property type



by performance



by LTV ranges[1)]



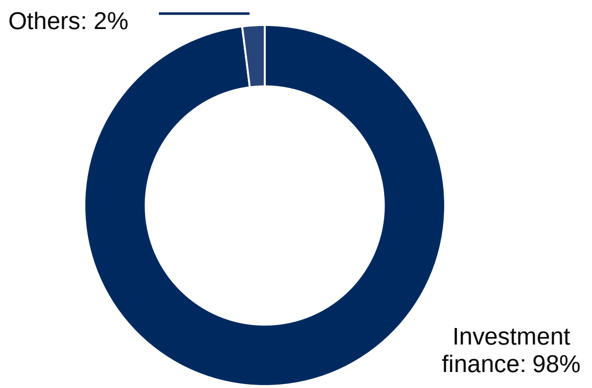
1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

Northern Europe CREF portfolio

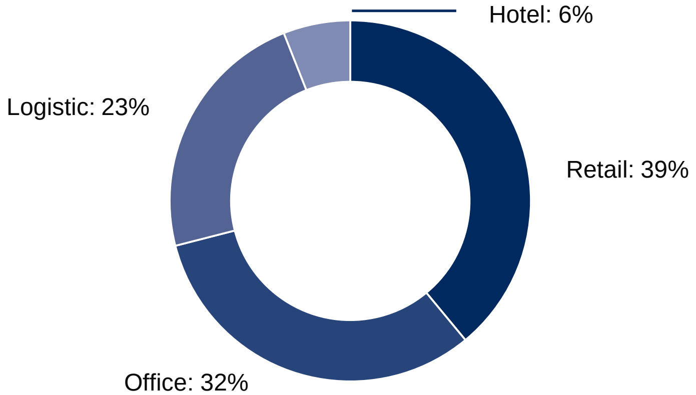
Total volume outstanding as at 30.09.2020: € 1.3 bn

Published Nov, 12 '20

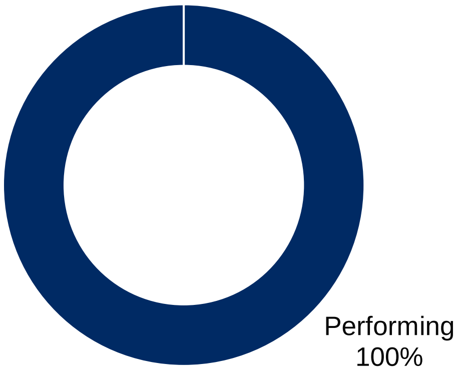
by product type



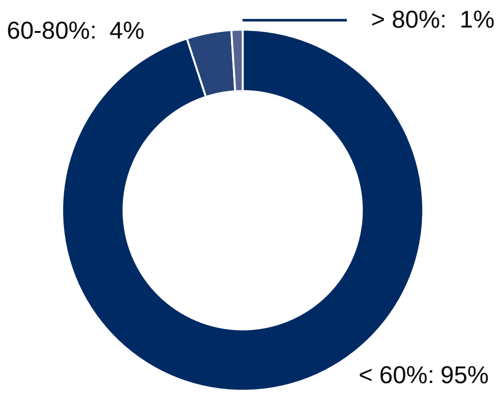
by property type



by performance



by LTV ranges[1)]



1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

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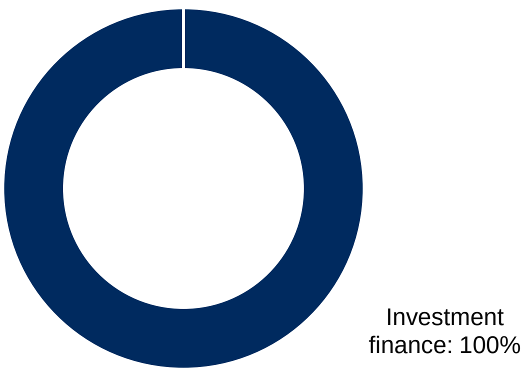
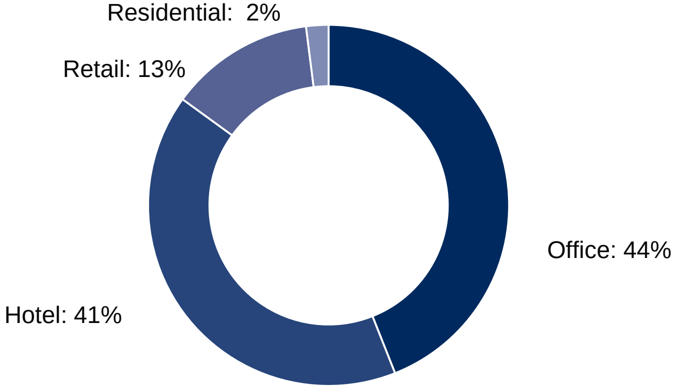
North America CREF portfolio
Total volume outstanding as at 30.09.2020: € 7.9 bn

Published Nov, 12 '20

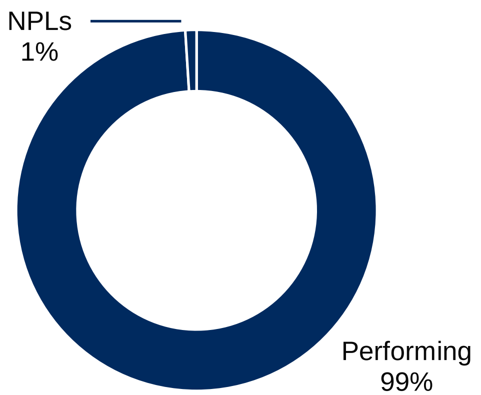
by product type



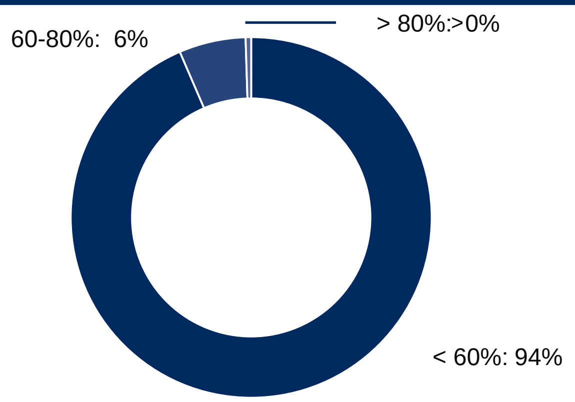
by property type



by performance



by LTV ranges[1)]



1) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

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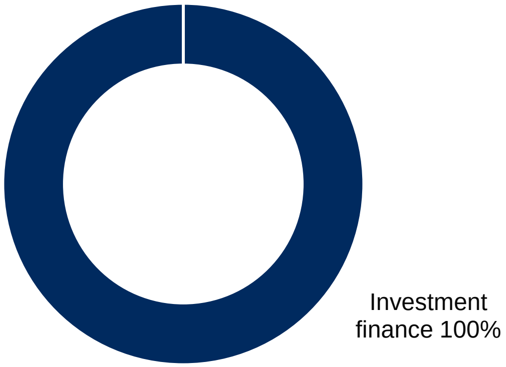
Published Nov, 12 ‘20

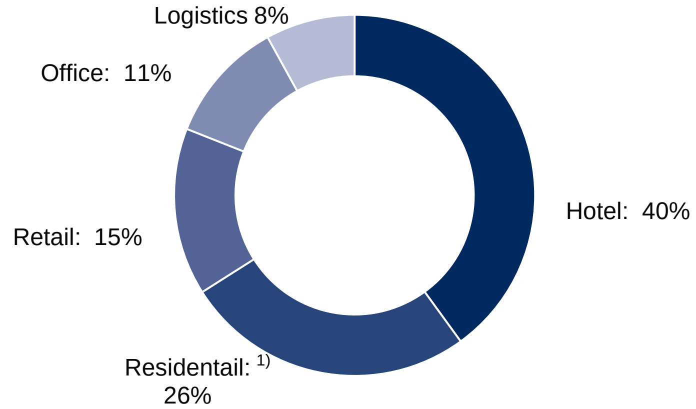
Asia / Pacific CREF portfolio

Total volume outstanding as at 30.09.2020: € 0.8 bn

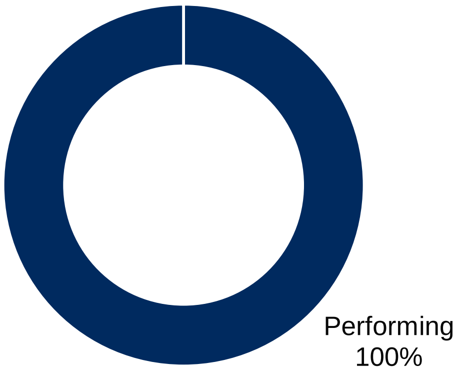
by product type



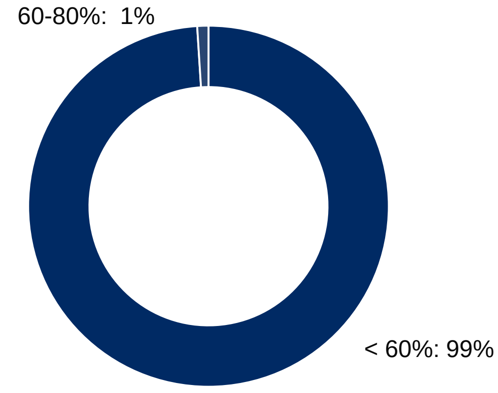
by property type



by performance



by LTV ranges[2)]



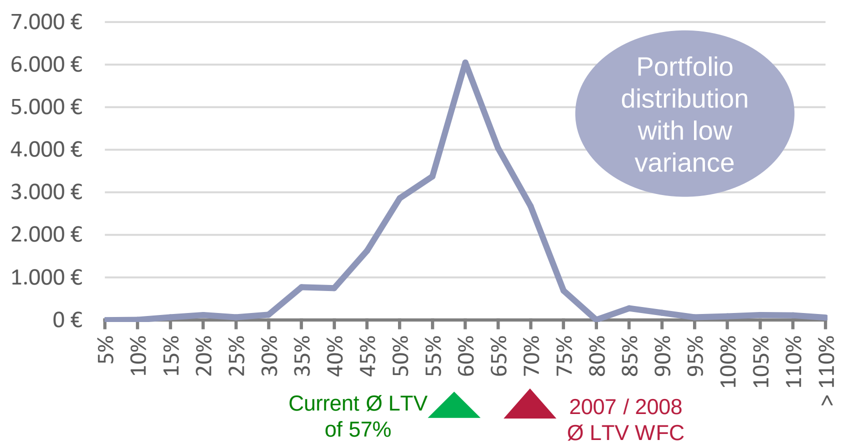
1) Incl. Student housing (UK & Australia only)
2) Performing CREF-portfolio only (exposure). Due to lockdown in H1 2020 only limited number of external appraisals available as at 30.09.2020

Published May 2020

Commercial real estate finance portfolio[1] (CREF)

Conservative risk parameters

Total CREF exposure by LTV[1]



Portfolio risk matrix

Exposure		LTV						
		70% bis 75%	75% bis 80%	80% bis 85%	85% bis 90%	90% bis 95%	95% bis 100%	über 100%
Probability	100%	250		132		71		
	95%							
	90%							
	85%							
	80%							
	75%							
	70%							
	60%							
	40%							
	20%							

Density

Current average LTV of 57%

Layered LTVs:

- > 70% LTV exposure: € 250 mn
- > 80% LTV exposure: € 132 mn
- > 90% LTV exposure: € 71 mn

- **High portfolio concentration at 57% LTV**
- **Fairly small tail risk**

1) Performing CREF-portfolio only, LTV / YoD pre Covid-19, exposure (excl. commitments) as at 31.03.2020

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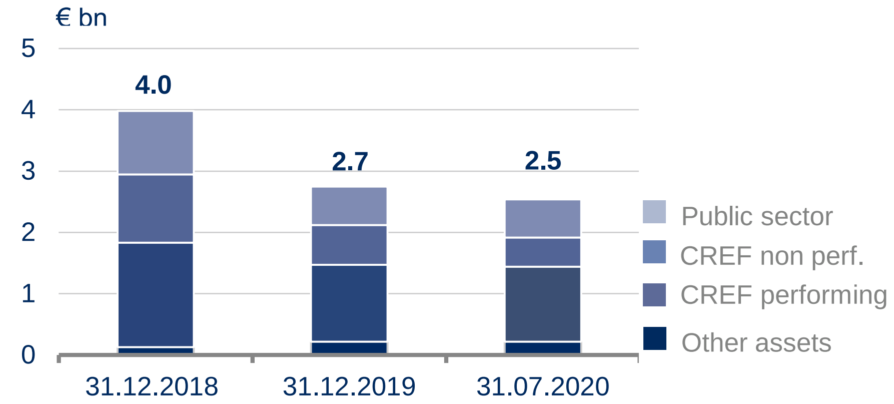
Accelerated de-risking

Published Aug. 2020

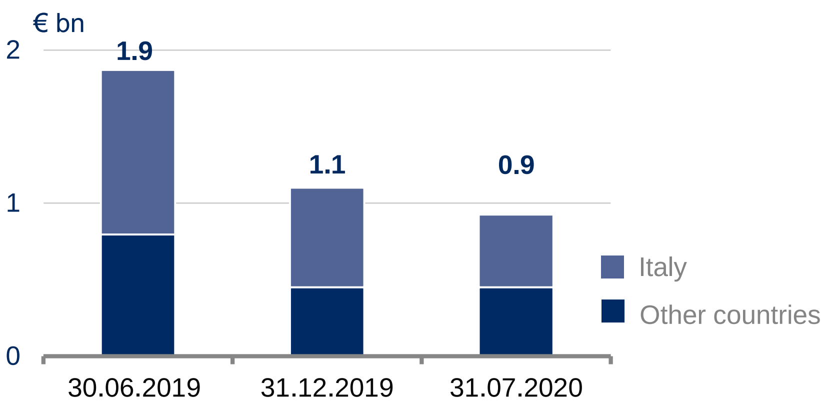
Italian exposure, FY2018-2020



Accelerated de-risking

- Program with focus on Italian portfolio, continued in Q4 with Italian credit risk further down by approx. € 0.6 bn (thereof € 0.3 bn NPL, € 0.3 bn single borrower risk)
- Total effect from accelerated de-risking of approx. € 1.2 bn[1)] Italian credit risk in 2019
- P&L burden 2019 of approx. € 50 mn (€ ~15 mn in Q4)

Non performing loans, H1 2019 – H1 2020



NPL reduction

- In H2 2019 total NPL volume down by approx. 40%
- Italian NPL also down by approx. 40% in 2019 (incl. a foreclosed Italian asset of approx. € 90 mn taken on own book for future development, not part of acc. de-risking)

1) Thereof € 350 mn NPL (in FY 2019, of which € 310 mn in H2 2019), € 350 mn single borrower risk, € 410 mn BTPs, € 80 mn NPL provisioned for future reduction

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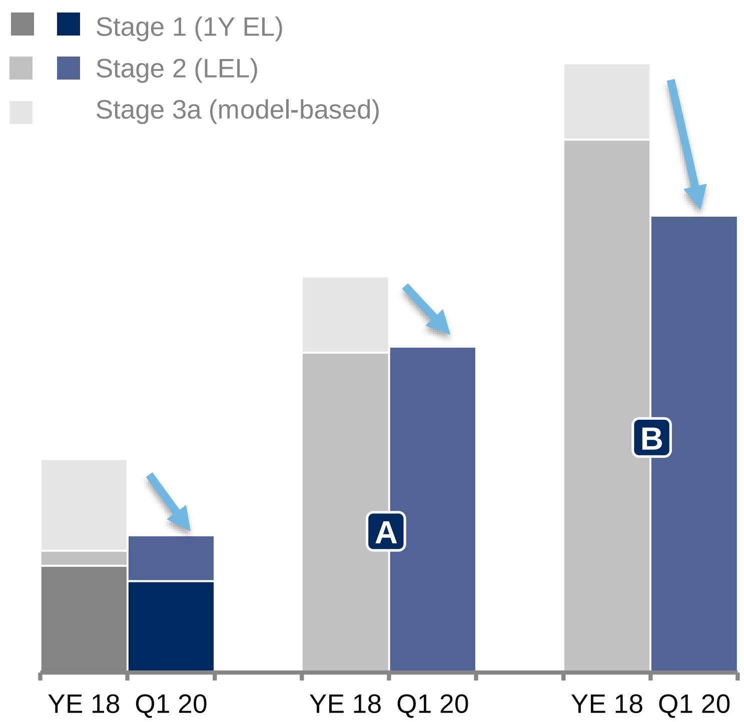
Commercial real estate finance portfolio (CREF)

Dimension of (theoretical) Stage migration effects have benefit from successful de-risking executed in 2019 and Covid-19 related provisions already considered in Q1/20 LLP

Published May 2020



What: IFRS 9 Stage 2 maximum shift, LLP dimension depending on rating development

How:
- **A** Modelling an (unrealistic) theoretical case of 100% loan volume migrating from Stage 1 to Stage 2
- **B** Additional shift of 1-2 rating classes

Impact: Recognition in P/L

Dimension: Q1 2020: ~ € 100 mn additional Stage 2 LLPs
YE 2018: ~ € 150 mn additional Stage 2/3a LLPs

➔ Dimension of (theoretical) Stage migration effects have benefit from successful de-risking executed in 2019 and Covid-19 related provisions already considered in Q1/2020 LLP

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Segments

Published Nov, 12 '20

Appendix

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Aareon segment

Dimension products / markets and M&A activities / other cooperations

Published Nov, 12 '20

Progress on the development of products, markets and M&A activities / other cooperations	
Products/Markets	▪ Launch of Wodis Yuneo – user centric approach and based on newest technology (intelligent tools and analytics components. Routine tasks, for example, can be automated and errors avoided using certain algorithms, optimized user interface, high flexibility due to web-based technology). First customers decided for Wodis Yuneo ▪ Neela AI based Virtual Assistant: Start of roll-out ▪ Venture OFI Group with platform Ophigo used by first customers. Two other ventures (ecaria and Refurbio) created and start to build-up the business model ▪ Online event Aareon Live "Pioneering Spirit" with about 1,600 registered participants. First presentation of the new ERP product generation Wodis Yuneo in Germany, prominent key notes, further product information as well as online exhibition
M&A activities / other cooperations	▪ CalCon integration project on track – product integrated in Aareon Smart World and sales synchronized as well as internal process set up; communications intensified. ▪ M&A activity to expand inorganically and drive digital product capabilities according to communicated growth case – extensive market screening for potential targets and numerous opportunities have been identified which are systematically pursued and modelled within a value creation plan ▪ Success will lead to upside potential

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Accelerate growth and value creation by partnership with Advent

Appendix

Published Aug. 2020

This landmark transaction delivers on one of the key pillars of "Aareal Next Level"

Aareal
YOUR COMPETITIVE ADVANTAGE.

Structured Property Financing (SPF)	Consulting/Service (C/S) Bank	Aareon
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.€ 26 bn; average LTV: 57%	**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 € 11.0 bn in Q3 2020	**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
"Activate"	**"Elevate"**	**"Accelerate"**

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Ideally positioned to drive consolidation in the fragmented real estate ecosystem by further stepping up M&A activity

Published Aug. 2020

Ideally positioned to drive industry consolidation

Track record
"We have done it before"

Scale and footprint
"We are the natural consolidator"

Unique ability to unlock synergies
"We can make these deals work"

Supportive shareholders
"We have the resources"

Track record of successful M&A execution and integration

2020	CalCon
2017	Kalshoven; mse real estate Businesses
2015	Square; phi-Consulting
2013	incit
2012	1st Touch
2010	SG automatisering; FACILITOR (1)
2008	SyloGis.com
2007	AIPG
2006	wodis
2000	prem'; System Team Housing

Accelerated M&A add-on strategy with support of Advent

Great home for businesses

+

Customer and market footprint

+

Ability to unlock further synergies

+

Considerable M&A fire power

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Note: (1) Acquisition of 51%, with remaining 49% acquired in July 2014

Important milestone on the path to implementing "Aareal Next Level"

Published Aug. 2020

1 **Keep structured property financing on track**

Structured property financing — **ACTIVATE!**

- Leverage on expanded origination, structuring and exit opportunities – flexibly „play the matrix" (countries, asset classes, structures)
- Expand servicing and digitisation opportunities
- De-risk balance sheet and flexibility where appropriate
- Protect the group's backbone and retain "best in class position"
- Contribute to mega-trend ESG by focusing on high-quality, long lasting value property financing

2 **Leverage and grow our housing and adjacent industries business**

Housing & adjacent industries — **ELEVATE!**

- Elevate product range by utilising deep understanding of customer processes and infrastructure…
- …by further expanding product suite with a focus on fee income
- Take opportunities of joint business model developments with customers and other market players (e.g. "objego"; joint-venture with ista)
- Support affordable housing through our cost-efficient payment solutions

3 **As an integral part of our strategy strengthen Aareon's position as the leading software company for the European real estate industry over time and become a company with a strong independent value proposition**

Aareon — **ACCELERATE!**

- Continue execution of already announced organic growth strategy to double EBITDA in the mid-term…
- …particularly by expanding our digital solutions portfolio organically
- On top: accelerate through additional M&A activities – if and when opportunities arise
- Further invest in digital ecosystems relating sectors to meet today's challenges (e.g. virtual assistance, digitalised maintenance, mobile services)

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Strategic milestone: Aareal Bank enters into a long-term partnership with Advent to accelerate growth and value creation of Aareon

Published Aug. 2020

Advent acquires 30% of Aareon

- 30% minority stake in Aareon will be acquired by Advent at an attractive Enterprise value of € ~960 mn[1]
- Corresponding equity value of €~860 mn[1] of which Aareal Bank will receive net cash proceeds of € ~260 mn as of closing
- Additionally Advent granted an earn-out component of up to € 50 mn dependent on certain performance conditions
- Closing of the transaction is subject to customary conditions, primarily related to anti-trust approvals, and is anticipated to take place in the fourth quarter of 2020

Financial effects on Aareal Bank Group

- Expected realisation (as of closing) of a significant, P&L neutral, capital gain of € ~180 mn after taking into account minority interest in equity, transaction costs and taxation on capital gain
- CET1 capital to be strengthened accordingly
- Upfront capital gain significantly outweighs minor EPS dilution (FY 2020: ~0.05 EUR[2])
- EPS effect to be compensated over time by significantly raised Aareon ambition level and reinvestment of proceeds

The transaction takes advantage of the very favourable market environment for resilient software-centric businesses

1) on a 100% basis
2) expected EPS effect for the time period of 31.03.2020 until 31.12.2020

Rationale for the transaction: Aareal Bank and Advent to jointly support Aareon on its way to "Next Level"

Published Aug. 2020

Unlock potential

- Create a platform for Aareon to achieve its full potential
- Become Europe's undisputed software leader facilitating the digitalisation of the real estate industry
- Leverage the strategic advantages offered by digitalisation to contribute to a more sustainable economic growth

Value creation

- Cornerstones of a value creation plan have been agreed upon; updated business plan to be defined and presented over the coming months
- Core elements: Boost organic growth, drive operational excellence and execute M&A

Roll-up M&A strategy

- Support and enhance existing M&A roadmap and significantly step up M&A activity
- Drive consolidation in a fragmented ecosystem
- Benefit from Advent's extensive network, transaction execution and sector expertise

Strategic support

- Advent to be represented in Aareon's Supervisory Board
- Advisory Board to support Aareon Management with industry and functional expertise with a view to achieve mutually agreed visions

Financial support

- Utilise Aareon's significant debt capacity for M&A
- Further equity contribution from Aareal Bank and Advent on a pro rata basis as required
- Support by Advent with debt, equity and capital markets expertise

Ambition level: Become a „Rule of 40" software company

	today	by 2025
Annual revenue growth + EBITDA margin	30%	>40%

"Rule of 40": Sum of Aareon's annual revenue growth and EBITDA margin will at least reach 40 per cent

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Partnering with Advent will enable Aareal Bank and Aareon to even stronger support our clients

Published Aug. 2020

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Advent International
GLOBAL PRIVATE EQUITY

Aareon is ideally positioned to help its clients with the challenges and opportunities that come with the rapid digitisation of the real estate industry – Covid-19 seen as a catalyst for digitisation

Continued R&D investment will allow Aareon to underpin its role as a digital pioneer in the real estate industry by expanding its suite of innovative products and digital solutions for our clients

As the natural consolidator and a great home for acquired businesses, Aareon will bring the best products and solutions in the ecosystem to our clients

As Aareal Bank will remain the majority shareholder committed to Aareon's long-term performance, the existing synergies between the parent and subsidiary will be preserved – in the interests of both institutions' clients

Value crystallisation today and strengthen the upsides for the future boost shareholder value

Published Aug. 2020

Value crystallisation today

- Crystallise Aareon's current value in a very favourable market environment for resilient software-centric businesses for Aareal Bank
- Realise an attractive capital gain as of closing, hence…
- …significant increase of our regulatory capital

Upsides for the future

- Achieve higher value contribution to our shareholders in a partnership by…
  - further accelerating Aareon's EBITDA and revenue growth beyond promised 2025 levels
  - multiple re-rating of Aareon as a "Rule of 40" company
- Minor EPS effect on Aareal Bank Group level to be compensated over time by significantly raised Aareon ambition level

Use of proceeds

- Unlock additional growth potential as promised in "Aareal Next Level":
  - Pursue value-enhancing sustainable opportunities in both segments of the Bank's business
  - Further support Aareon's M&A roadmap with strong new partner
- Enhance flexibility regarding capital management actions

See next page

Aareal

Additional boost by investing the proceeds value-enhancing

Published Aug. 2020

Proceeds of the transaction

Investing in our business…

1	**Keep structured property financing on track**		
Structured property financing	**ACTIVATE!**		▪ Leverage on expanded origination, structuring and exit opportunities – flexibly „play the matrix“ (countries, asset classes, structures) ▪ Expand servicing and digitisation opportunities ▪ De-risk balance sheet and flexibility where appropriate ▪ Protect the group's backbone and retain "best in class position" ▪ Contribute to mega-trend ESG by focusing on high-quality, long lasting value property financing
2	**Leverage and grow our housing and adjacent industries business**		
Housing & adjacent industries	**ELEVATE!**		▪ Elevate product range by utilising deep understanding of customer processes and infrastructure… ▪ …by further expanding product suite with a focus on fee income ▪ Take opportunities of joint business model developments with customers and other market players (e.g. "objego"; joint-venture with ista) ▪ Support affordable housing through our cost-efficient payment solutions
3	**As an integral part of our strategy strengthen Aareon's position as the leading software company for the European real estate industry over time and become a company with a strong independent value proposition**		
Aareon	**ACCELERATE!**		▪ Continue execution of already announced organic growth strategy to double EBITDA in the mid-term… ▪ …particularly by expanding our digital solutions portfolio organically ▪ On top: accelerate through additional M&A activities – if and when opportunities arise ▪ Further invest in digital ecosystems relating sectors to meet today's challenges (e.g. virtual assistance, digitalized maintenance, mobile services)

…leading to

Increased optionality regarding value-enhancing opportunities, if and when they arise

Advanced flexibility regarding potential capital management actions

By doing so create sustainable value for Aareal Bank and hence our shareholders…

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Aareal Bank and Aareon have 60+ years of shared history and look forward to an exciting future with Advent

Published Aug. 2020

Foundation & spin-off
1957-2002

Data processing centre of **Aareal Bank's predecessor company** develops into an **IT services group**

Development of **GES,** the **precursor ERP solution**

Spin-off of IT services group into an independent subsidiary

Formation and renaming of property specialist bank **Aareal Bank**

IT services group renamed as **Aareon AG**

Positioning & growth
2002-2020

Transition from IT services to software and growth delivered via a **3-phase model:**

1. **Drive ERP adoption** and **international expansion**
2. **Develop "ERP-near" digital solutions**
3. **Accelerate growth** via **increased R&D spending** and **opportunistic M&A**

Resulting in uninterrupted revenue growth

Market leader
Today

No.1 European ERP provider to the real estate industry

Sustainable client base with **10m+ units** under management

400k+ tenants using **Aareon CRM** portals & apps

Digital products successfully established

Pan-European geographic footprint

Aareon

Accelerated growth
Tomorrow

Develop, agree and execute a **joint value creation plan**

Boost **organic growth**

Step up **M&A activity**

Drive **operational excellence**

"Rule of 40" by 2025

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Aareon

Advent International
GLOBAL PRIVATE EQUITY

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Capital, B/S, Funding/Liquidity

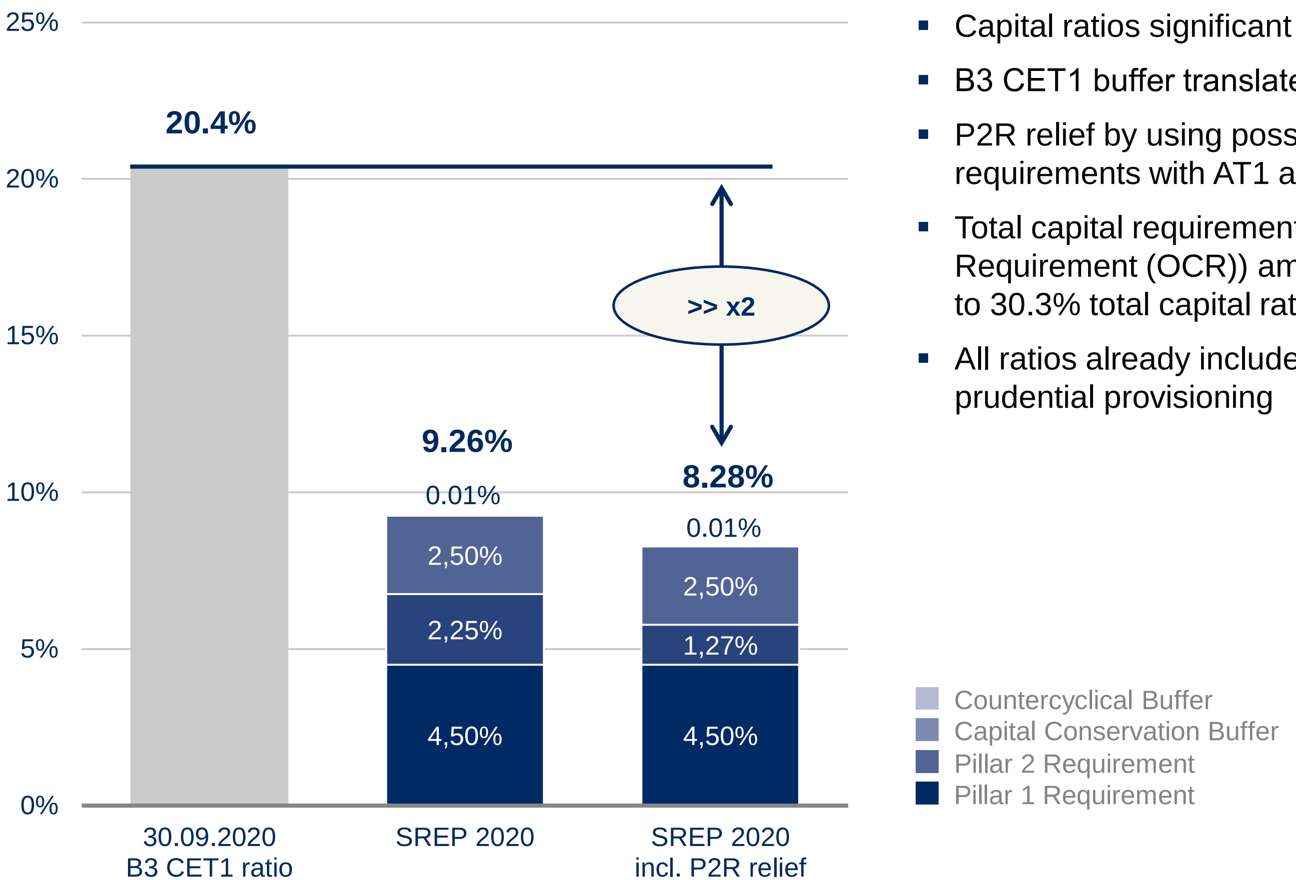
Appendix

Published Nov, 12 '20

SREP (CET 1) requirements

Demonstrating conservative and sustainable business model

B3 CET1 ratio vs. SREP (CET1) requirements



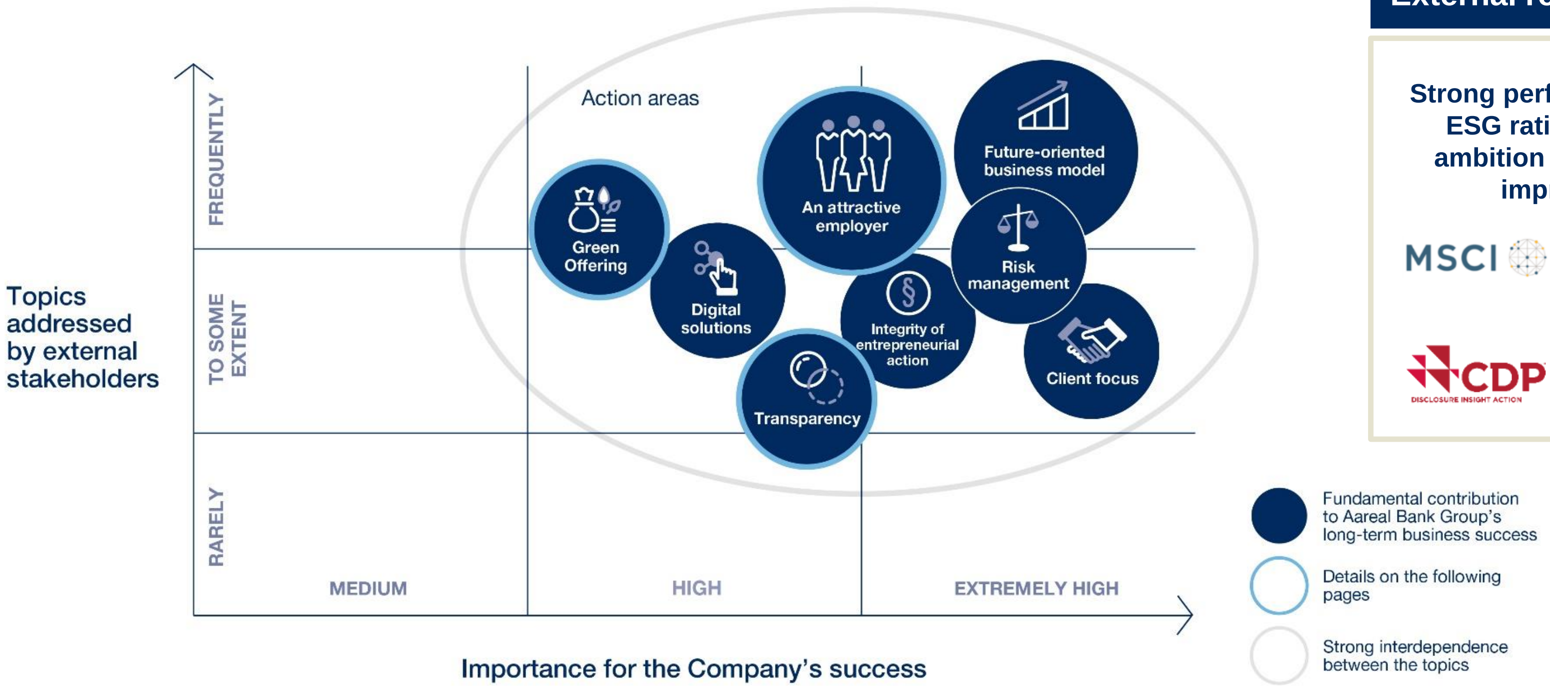
- Capital ratios significant above SREP requirements
- B3 CET1 buffer translates into > € 1.3 bn
- P2R relief by using possibility of partially fulfilling requirements with AT1 and T2 capital
- Total capital requirement 2020 (Overall Capital Requirement (OCR)) amounts to 12.8% compared to 30.3% total capital ratio
- All ratios already include TRIM effects as well as prudential provisioning

Appendix

We take a strategic approach to sustainability management

Action areas key to securing the Company's long-term success – as identified in regularly updated materiality analysis

Published Nov, 12 '20



External recognition

Strong performance in ESG ratings with ambition to further improve

MSCI
SUSTAINALYTICS
CDP DISCLOSURE INSIGHT ACTION
ISS ESG

- We are fostering the transition in Real Estate – to a more sustainable, digitised and connected future
- Our intensified effort will make ESG an even more integral part of our DNA and a driver of value enhancement for all our stakeholders

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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

Published Nov, 12 '20

	Ongoing	By next year	By 2022 & Beyond
Strategy Development & Implementation	Define sustainability targets for management compensation schemes	Quantitative sustainability measures and targets for long-term compensation schemes in place	

Selected Examples (Action Areas + Measures)

	Ongoing		
Attractive Employer	▪ Frequent employee surveys and disclosure ▪ External recognition of human capital management [Fair Pay Certification, Logib-D (08/2020), Top Employer (13th, 2019)]		Employee satis-faction score

		By next year	
Green Offering	▪ ESG product offering e.g. lending, funding Establish	Expand	No. of products

			By 2022
Transparency	▪ Transparency at portfolio level on selected ESG aspects [80%] ▪ For more than 50% of our portfolio Green Building Certificates[1], Energy Performance Certificates or both are in place		Full ESG transparency

1) DGNB, BREEAM, HQE, LEED

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Dividend Policy

Appendix

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Aareal Next Level

Our Dividend Policy – Confirmed despite significant regulatory burdens

Published Feb 2020

Payout ratio of up to 80% confirmed

Base Dividend

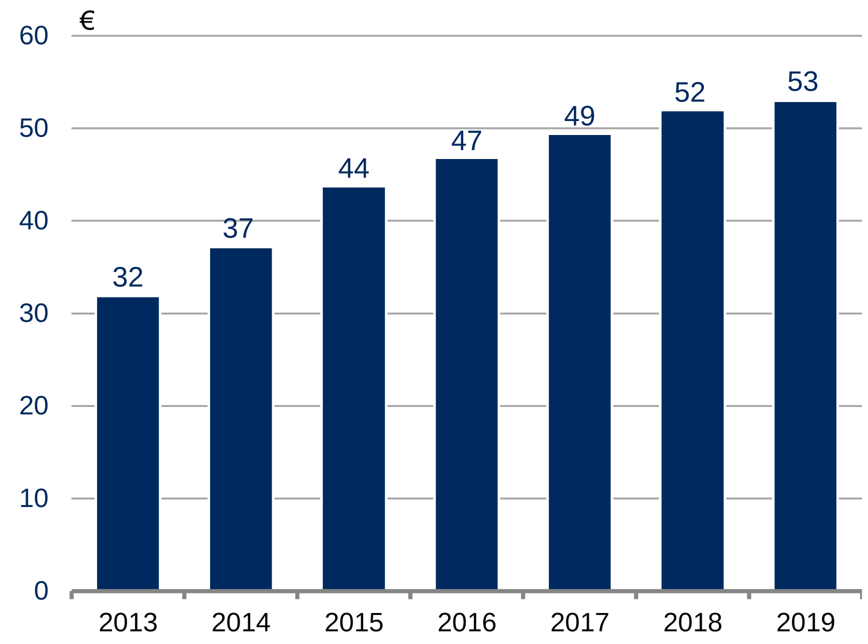
- We intend to distribute approx. 50% of the earnings per ordinary share (EpS) as base dividend

+

Supplementary 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

Significant book value per share growth incl. dividend



- **Attractive dividend policy and significant book value growth creating sustainable value for Aareal and hence our shareholders**

Regulation

Published Nov, 12 ‘20

Appendix

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Economic ICAAP the next focus on the regulatory agenda – our reading and take away

Published Nov, 12 '20

House of ICAAP
according to ECB ICAAP Guidelines

Maintaining capital adequacy on an ongoing basis over the medium term from 2 complementary internal perspectives

Regulatory capital ratios	Economic ICAAP
Normative internal perspective	**Economic internal perspective**

Regulatory capital ratios – Normative internal perspective

- Ongoing fulfilment of all relevant regulatory requirements and external constraints
- Medium-term projections for at least three years:
  - Ensure the ongoing fulfillment of OCR plus P2G in the baseline, and TSCR in adverse scenarios
  - Takes into account all material risks (not limited to Pillar 1 risks)
  - Considers upcoming changes in the legal / regulatory / accounting framework
- Adequate and consistent internal methods to quantifying impacts on Pillar 1 ratios
- Additional management buffers determined by the institutions

Economic ICAAP – Economic internal perspective

- Risks that may cause economic losses are covered by internal capital[1)]
- Capital adequacy concept based on economic value considerations (e.g. net present value approach)
- Internal definition of capital
- Point-in-time risk qualification of the current situation feeding into medium-term assessment covering future developments
- Adequate and consistent internal risk quantification methods
- Internal indicators, thresholds and management buffers.

1 Economic ICAAP on SSM priority list 2020

- Ongoing discussions regarding interpretation of requirements
- Different methods currently used throughout Europe to estimate future volatility (scenario based vs. VAR models)
- ICAAP Guidelines published end of 2018 are very conservative regarding holding period and confidential interval
- ECB aims for future harmonization (equal to TRIM?) and potential tightening

2 AT1 with normative triggers will no longer be eligible under Economic ICAAP:

Regulatory capital ratios: Future treatment appears to be more generous, although decisions will be taken on a case by case basis

- P2R could be partly covered by AT1 (and/or T2)

Economic ICAAP: Future requirements will be tightened

- AT1 with normative triggers not accountable any more (see ECB feedback statement; question 208)
- Interim grandfathering of existing AT1 (issued, cut off date?) not decided yet, but unlikely from our point of view

- **AT1 in the economic ICAAP, currently and presumably in future no alternative instruments (beside CET1) available to fulfil ECB requirements (economic triggers instead of normative)**
- **Economic ICAAP to become the new capital constraint for European banks?**

1) Different risk categories regarding regulatory capital ratios and economic ICAAP

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AT1: ADI of Aareal Bank AG

Published Nov, 12 '20

Appendix

Interest payments and ADI of Aareal Bank AG

Available Distributable Items (as of end of the relevant year)

Published Nov, 12 '20

€ mn	31.12. 2015	31.12. 2016	31.12. 2017	31.12. 2018	31.12. 2019
Net Retained Profit	99	122	147	126	120
▪ *Net income*	*99*	*122*	*147*	*126*	*120*
▪ *Profit carried forward from previous year*	-	-	-	-	-
▪ *Net income attribution to revenue reserves*	-	-	-	-	-
+ Other revenue reserves after net income attribution	720	720	720	720	720
= Total dividend potential before amount blocked[1)]	819	842	870	846	840
./. Dividend amount blocked under section 268 (8) of the German Commercial Code	287	235	283	268	314
./. Dividend amount blocked under section 253 (6) of the German Commercial Code	-	28	35	42	40
= Available Distributable Items[1)]	532	579	552	536	486
+ Increase by aggregated amount of interest expenses relating to Distributions on Tier 1 Instruments[1)]	46	46	32	24	23
= 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)]	578	625	584	560	509

1) Unaudited figures for information purposes only

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Group results Q3 2020

Published Nov, 12 '20

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Aareal Bank Group
Results Q3 2020

Published Nov, 12 '20

	01.07.-30.09.2020 € mn	01.07.-30.09.2019 € mn	Change
Profit and loss account			
Net interest income	128	134	-4%
Loss allowance	61	27	126%
Net commission income	57	54	6%
Net derecognition gain or loss	3	15	-80%
Net gain or loss from financial instruments (fvpl)	-4	5	-180%
Net gain or loss on hedge accounting	2	-3	-167%
Net gain or loss from investments accounted for using the equity method	0	0	0%
Administrative expenses	114	114	0%
Net other operating income / expenses	0	0	0%
Operating Profit	**11**	**64**	**-83%**
Income taxes	10	24	-58%
Consolidated net income	**1**	**40**	**-98%**
Consolidated net income attributable to non-controlling interests	1	1	0%
Consolidated net income attributable to shareholders of Aareal Bank AG	0	39	-100%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG 1)	0	39	-100%
of which: allocated to ordinary shareholders	-4	35	-111%
of which: allocated to AT1 investors	4	4	
Earnings per ordinary share (in €) 2)	-0.05	0.60	-108%
Earnings per ordinary AT1 unit (in €) 3)	0.04	0.04	

1) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.
2) Earnings per ordinary share are determined by dividing the earnings allocated to ordinary shareholders of Aareal Bank AG by the weighted average of ordinary shares outstanding during the financial year (59,857,221 shares). Basic earnings per ordinary share correspond to diluted earnings per ordinary share.
3) Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of 3 € each) are determined by dividing the earnings allocated to AT1 investors by the weighted average of AT1 units outstanding during the financial year. Earnings per AT1 unit (basic) correspond to (diluted) earnings per AT1 unit.

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Published
Nov, 12 '20

Aareal Bank Group

Results Q3 2020 by segments

€ mn	Structured Property Financing		Consulting / Services Bank		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.07.-30.09.2020	01.07.-30.09.2019	01.07.-30.09.2020	01.07.-30.09.2019	01.07.-30.09.2020	01.07.-30.09.2019	01.07.-30.09.2020	01.07.-30.09.2019	01.07.-30.09.2020	01.07.-30.09.2019
Net interest income	119	138	9	-4	0	0	0	0	128	134
Loss allowance	61	27			0	0			61	27
Net commission income	1	2	6	7	53	49	-3	-4	57	54
Net derecognition gain or loss	3	15							3	15
Net gain or loss from financial instruments (fvpl)	-4	5			0				-4	5
Net gain or loss on hedge accounting	2	-3							2	-3
Net gain or loss from investments accounted for using the equity method					0	0			0	0
Administrative expenses	56	55	15	20	46	43	-3	-4	114	114
Net other operating income / expenses	0	-1	0	0	0	1	0	0	0	0
Operating profit	**4**	**74**	**0**	**-17**	**7**	**7**	**0**	**0**	**11**	**64**
Income taxes	9	27	-1	-6	2	3			10	24
Consolidated net income	**-5**	**47**	**1**	**-11**	**5**	**4**	**0**	**0**	**1**	**40**
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	-5	47	1	-11	4	3	0	0	0	39

Aareal Bank Group
Results 9M 2020

Published Nov, 12 '20

	01.01.-30.09.2020 € mn	01.01.-30.09.2019 € mn	Change
Profit and loss account			
Net interest income	373	403	-7%
Loss allowance	167	55	204%
Net commission income	168	164	2%
Net derecognition gain or loss	19	42	-55%
Net gain or loss from financial instruments (fvpl)	-11	5	-320%
Net gain or loss on hedge accounting	4	-4	-200%
Net gain or loss from investments accounted for using the equity method	0	0	0%
Administrative expenses	352	370	-5%
Net other operating income / expenses	-10	1	
Operating Profit	**24**	**186**	**-87%**
Income taxes	7	65	-89%
Consolidated net income	**17**	**121**	**-86%**
Consolidated net income attributable to non-controlling interests	2	2	0%
Consolidated net income attributable to shareholders of Aareal Bank AG	15	119	-87%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG[1)]	15	119	-87%
of which: allocated to ordinary shareholders	3	107	-97%
of which: allocated to AT1 investors	12	12	
Earnings per ordinary share (in €)[2)]	0.06	1.80	-97%
Earnings per ordinary AT1 unit (in €)[3)]	0.12	0.12	

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.
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Aareal Bank Group

Results 9M 2020 by segments

Published Nov, 12 '20

€ mn	Structured Property Financing		Consulting / Services Bank		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.-30.09. 2020	01.01-30.09. 2019	01.01.-30.09. 2020	01.01-30.09. 2019	01.01.-30.09. 2020	01.01-30.09. 2019	01.01.-30.09. 2020	01.01-30.09. 2019	01.01.-30.09. 2020	01.01-30.09. 2019
Net interest income	345	414	29	-10	-1	-1	0	0	373	403
Loss allowance	167	55			0	0			167	55
Net commission income	4	6	18	17	155	150	-9	-9	168	164
Net derecognition gain or loss	19	42							19	42
Net gain or loss from financial instruments (fvpl)	-11	5	0		0				-11	5
Net gain or loss on hedge accounting	4	-4							4	-4
Net gain or loss from investments accounted for using the equity method					0	0			0	0
Administrative expenses	173	195	50	57	138	127	-9	-9	352	370
Net other operating income / expenses	-11	0	0	-1	1	2	0	0	-10	1
Operating profit	**10**	**213**	**-3**	**-51**	**17**	**24**	**0**	**0**	**24**	**186**
Income taxes	4	74	-2	-17	5	8			7	65
Consolidated net income	**6**	**139**	**-1**	**-34**	**12**	**16**	**0**	**0**	**17**	**121**
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	2	2			2	2
Cons. net income attributable to shareholders of Aareal Bank AG	6	139	-1	-34	10	14	0	0	15	119

Aareal Bank Group

Results – quarter by quarter

Published Nov, 12 '20

€ mn	Structured Property Financing					Consulting / Services Bank					Aareon					Consolidation / Reconciliation					Aareal Bank Group				
	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	119	113	113	135	138	9	10	10	-5	-4	0	-1	0	0	0	0	0	0	0	0	128	122	123	130	134
Loss allowance	61	48	58	35	27				0		0	0	0	0	0						61	48	58	35	27
Net commission income	1	1	2	4	2	6	7	5	6	7	53	49	53	58	49	-3	-3	-3	-3	-4	57	54	57	65	54
Net derecognition gain or loss	3	9	7	22	15																3	9	7	22	15
Net gain / loss from fin. instruments (fvpl)	-4	-17	10	-4	5		0				0	0	0	0							-4	-17	10	-4	5
Net gain or loss on hedge accounting	2	1	1	0	-3																2	1	1	0	-3
Net gain / loss from investments acc. for using the equity method				1							0	0	0	0	0						0	0	0	1	0
Administrative expenses	56	49	68	59	55	15	17	18	16	20	46	46	46	46	43	-3	-3	-3	-3	-4	114	109	129	118	114
Net other operating income / expenses	0	-11	0	-1	-1	0	0	0	1	0	0	1	0	1	1	0	0	0	0	0	0	-10	0	1	0
Operating profit	**4**	**-1**	**7**	**63**	**74**	**0**	**0**	**-3**	**-14**	**-17**	**7**	**3**	**7**	**13**	**7**	**0**	**0**	**0**	**0**	**0**	**11**	**2**	**11**	**62**	**64**
Income taxes	9	-8	3	21	27	-1	0	-1	-4	-6	2	1	2	3	3						10	-7	4	20	24
Consolidated net income	**-5**	**7**	**4**	**42**	**47**	**1**	**0**	**-2**	**-10**	**-11**	**5**	**2**	**5**	**10**	**4**	**0**	**0**	**0**	**0**	**0**	**1**	**9**	**7**	**42**	**40**
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	1	0	1	0	1						1	0	1	0	1
Cons. net income attributable to ARL shareholders	-5	7	4	42	47	1	0	-2	-10	-11	4	2	4	10	3	0	0	0	0	0	0	9	6	42	39

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 =	$\frac{\text{Operating profit/income ./. loss attributable to non-controlling interests ./. AT1 coupon}}{\text{Average IFRS equity excl. non-controlling interests, AT1 and dividends}}$
CIR =	$\frac{\text{Admin expenses}}{\text{Net income}}$
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 =	$\frac{\text{operating profit ./. income taxes ./. income/loss attributable to non controlling interests ./. net AT1 coupon}}{\text{Number of ordinary shares}}$
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
CREF-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

Note: All 2020 figures preliminary and unaudited

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