

Analyst Conference

Preliminary 2019 results

February 26, 2020

Hermann J. Merkens, CEO - Marc Hess, CFO

Aareal
YOUR COMPETITIVE ADVANTAGE.

Agenda

- Highlights 2019
- Business segment performance
- Preliminary figures 2019
- Asset quality
- Outlook 2020
- Aareal Next Level

- Appendix

Highlights 2019

Targets achieved – strategic decisions taken

Aareal Bank Group

Successful business development

Consolidated operating profit of €248 million within the range communicated at the beginning of the year, despite expenditure for accelerated de-risking – all KPIs within their respective target range

Attractive payout

Proposed dividend of € 2.00 per share, corresponding to a payout ratio of 83% – in line with the dividend policy – and a dividend yield of 7.1%¹⁾

Risks reduced

Accelerated de-risking executed successfully, at reasonable expense – risk exposure to Italy down by one-third in H2 2019, total NPL volume lowered by around 40 per cent since their peak in mid-2019

Convincing strategy

“Aareal Next Level” has set the strategic orientation for the years to come, following successful implementation of “Aareal 2020” – focus on exploring new growth potential and enhanced strategic options

Confident outlook

Overall, Aareal Bank expects to maintain its stable business performance during 2020, despite manifold uncertainty factors and persistent pressure from interest rates and regulation

1) Based on XETRA® closing price 25.02.2020: 28.25€

Highlights 2019: Financial targets

Delivered as promised ... despite accelerated de-risking

	Prelim 2019	(Orig.) Guidance 02/19	Comment
Operating profit (€ mn)	248	240 - 280	✓
Pre-tax RoE (%)	8.7	8.5 - 10.0	✓
New business origination (€ bn)	7.7	7 - 8	✓
CREF newly acquired business margins (bp)	~195	180 - 190	✓
REF portfolio (€ bn)	26.7	26 - 28	✓
B4 CET1 (%)	13.5	~12.5	✓
Operating profit Aareon (€ mn)	37	35 - 41	✓



Business Segment Performance

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Structured Property Financing

Highlights 2019

Structured Property Financing

Strong new business origination

- Total volume at upper end of guided range
- Despite conservative risk policy (“Quality over Quantity”) originally planned margins overachieved

Successful de-risking initiative

- Meaningful reduction of the total Italian exposure (CREF- and TR-portfolio)
- Despite additional FY-LLP at reasonable expense for the reduction of the NPL portfolio operating profit within originally guided range

Asset quality further improved

- Back-book LTV improved
- BBB exposure within the treasury portfolio significantly reduced

Stable NII

Although challenged by an adverse interest rate environment as well as further increased competition

Düsseldorfer Hypothekenbank

Integration of DHB successfully concluded

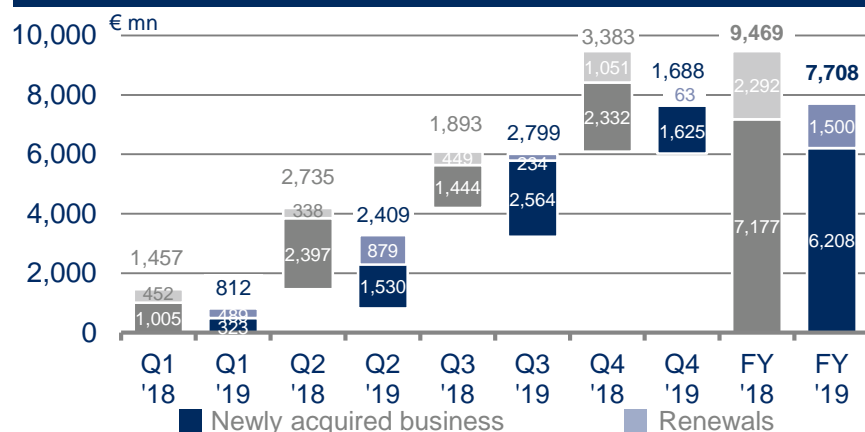
Capital ratios and funding

- Solid capital ratios supported by asset quality improvements
- Funding structure optimised

Structured Property Financing

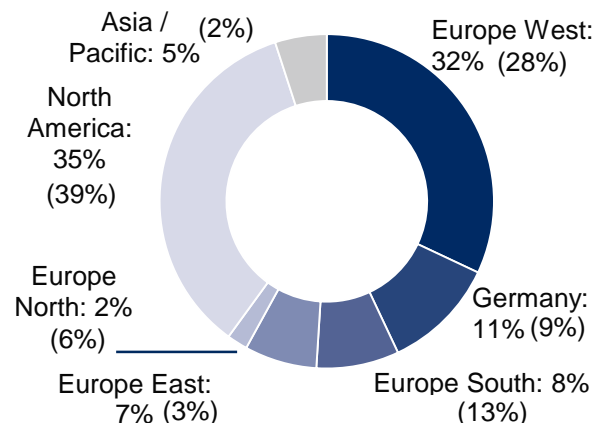
New business origination in line with target portfolio size

New business origination by quarter¹⁾

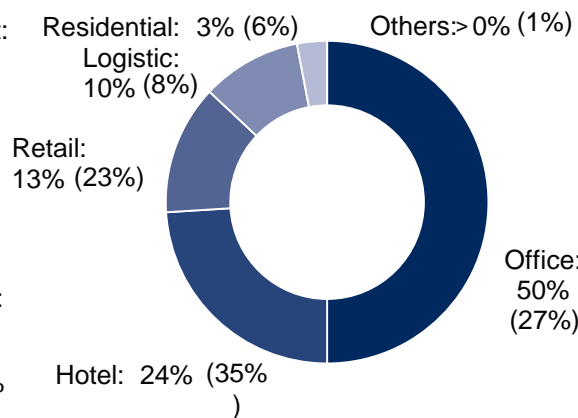


- Newly acquired business:
 - FY-margins of ~195 bp (planned 180-190 bp)
 - Q4-margins of ~200 bp
 - LTV stable on sound level yoy (59%)
- Back book LTV improved yoy from 58% to 57%
- Year-end portfolio size slightly down due to
 - Strong Q4-syndication activities
 - Accelerated de-risking

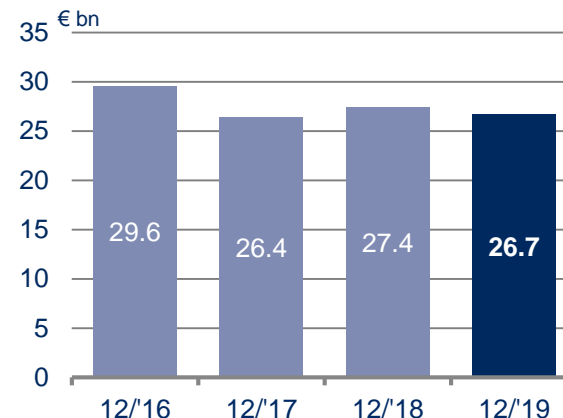
FY-new business by region¹⁾ (vs. 2018)



FY-new business by property type¹⁾ (vs. 2018)



REF²⁾³⁾ portfolio development



1) Incl. renewals
 2) 2019-REF-portfolio incl. private client business (€ 0.4 bn) and WIB's public sector loans (€ 0.4 bn)
 3) 2018-REF-portfolio incl. private client business (€ 0.6 bn) and WIB's public sector loans (€ 0.5 bn)

Consulting / Services

Highlights 2019

Consulting / Services

Aareon Group

- Steady revenue growth in line with mid-term targets
- Increased EBT even incl. strategic investments
- CalCon acquisition:
Successful self-funded M&A activity, further accelerating growth
- Aareon Investor Seminar¹⁾ increased transparency

Deposit taking business

- Housing industry deposits remained on high level
- Increased modelled volumes and maturities resulting from optimised deposit base structure to be invested in CREF business, supporting Group NII - Partly offsetting lower-for-longer
- plusForta acquisition:
Germany's market leading broker of tenant deposit guarantees - strengthens the digital solution offering
- Net commission income up by 25% y-o-y, also reflecting plusForta acquisition

1) https://www.aareal-bank.com/fileadmin/downloadlist/DAM_Content/IR/Praesentationen/2019/aareon-investment-seminar-20192805.pdf

Consulting / Services

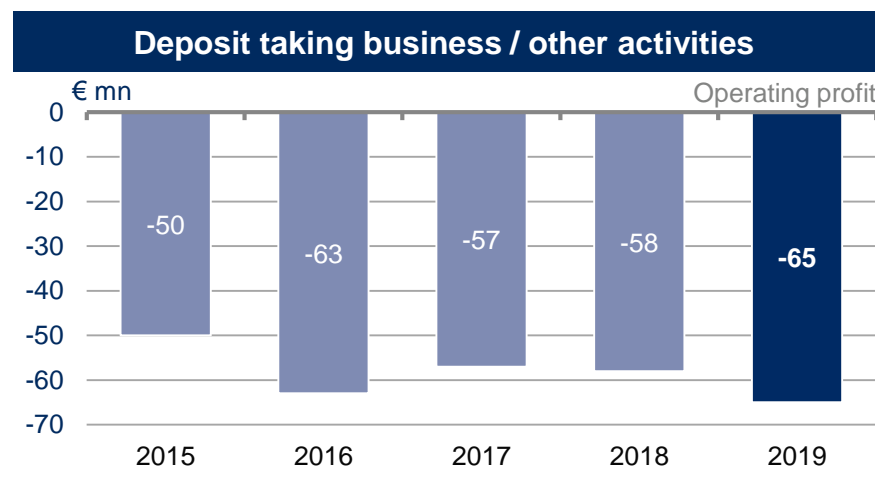
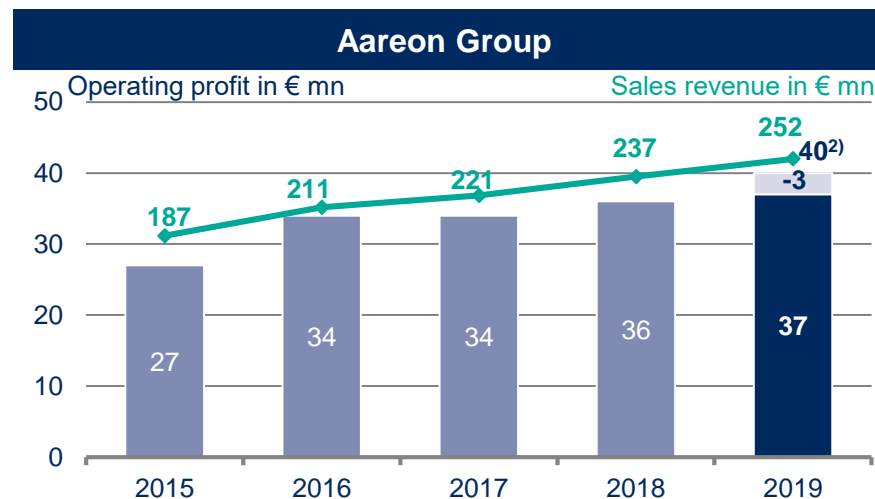
Aareon: Sales revenue continuously significant above previous year's levels, first strategic investments

P&L C/S Segment	2018	2019	Change
€ mn			
Net interest income	-12	-16	
▪ <i>Thereof Aareon</i>	0	-1	-
Loss allowance	-1	0	
▪ <i>Thereof Aareon</i>	-1	0	-
Net commission income	212	227	
▪ <i>Thereof Aareon</i>	197	208	6%
– Sales revenue	237	252	6%
– Material costs	40	44	10%
Admin expenses	227	242	
▪ <i>Thereof Aareon</i>	165	173	5%
Net other op. income	4	3	
▪ <i>Thereof Aareon</i>	3	4	33%
Operating profit (EBT)	-22	-28	
▪ <i>Thereof Aareon</i>	36	37	3%

- Aareon
 - Sales revenue +6% to € 252 mn (2018: € 237 mn)
 - Increase from growth in all product lines: ERP +3%, digital +20%
 - Strategic investments (€ 3 mn in H2) started as announced at the Aareon Investor Seminar¹⁾
 - EBT (before strategic investments) up by +11% to € 40 mn (2018: € 36 mn)
- Housing industry deposits remain on high level (Ø Q4 2019: € 10.9 bn)

1) https://www.aareal-bank.com/fileadmin/downloadlist/DAM_Content/IR/Praesentationen/2019/aareon-investment-seminar-20192805.pdf

2) Before strategic investments (€ -3 mn)





Preliminary Figures 2019

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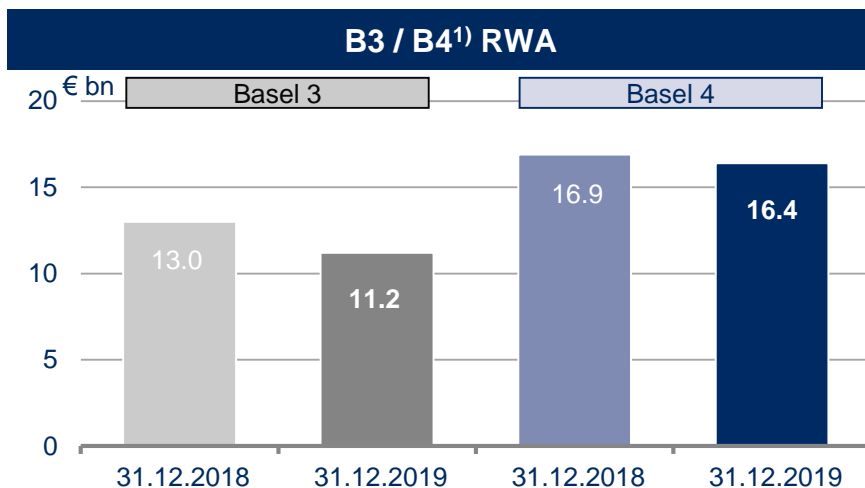
Preliminary results 2019

Solid, especially in the light of accelerated de-risking and concluded DHB integration

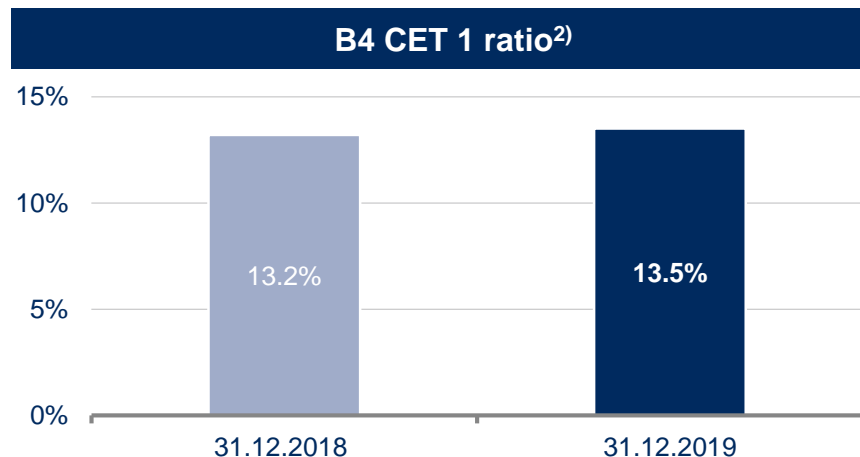
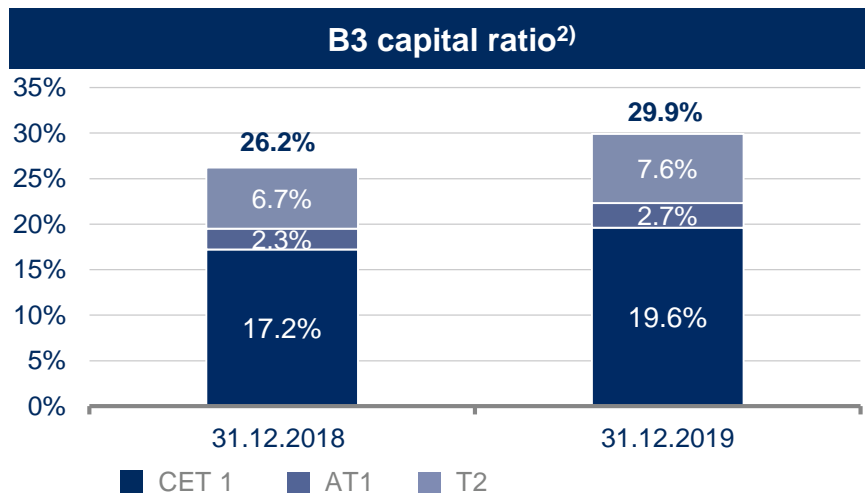
€ mn	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	FY '18	FY '19	2019-Comments
Net interest income	135	135	134	134	130	535	533	Stable although challenged by an adverse interest rate environment as well as further increased competition
Derecognition result	8	16	11	15	22	24	64	Reflects TR-portfolio adjustments
Loss allowance	39	5	23	27	35	72	90	Incl. accelerated de-risking
Net commission income	63	53	57	54	65	215	229	Aareon on track
FV- / hedge-result	-1	6	-7	2	-4	-4	-3	€ -22 mn from NPLs
Admin expenses	118	144	112	114	118	462	488	Reversals of provisions (€ 5 mn vs. € 19 mn in 2018), DHB transformation (€ 11 mn), Aareon growth (€ 8 mn)
<i>Others</i>	<i>14</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>2</i>	<i>25</i>	<i>3</i>	
EBT pre neg. goodwill	62	61	61	64	62	261	248	Solid results
Negative goodwill DHB	55					55		2018: Acquisition of Düsseldorfer Hypothekenbank AG
Operating profit (EBT)	117	61	61	64	62	316	248	
Income taxes	22	21	20	24	20	90	85	34% FY-tax ratio
Minorities / AT1	4	5	4	5	4	18	18	
Consolidated net income allocated to ord. shareholders	91	35	37	35	38	208	145	
Earnings per share (€)	1.51	0.59	0.61	0.60	0.62	3.48	2.42	

Capital

Solid capital ratios already incl. TRIM effects & prudential provisioning... but a decade of regulatory changes to be continued



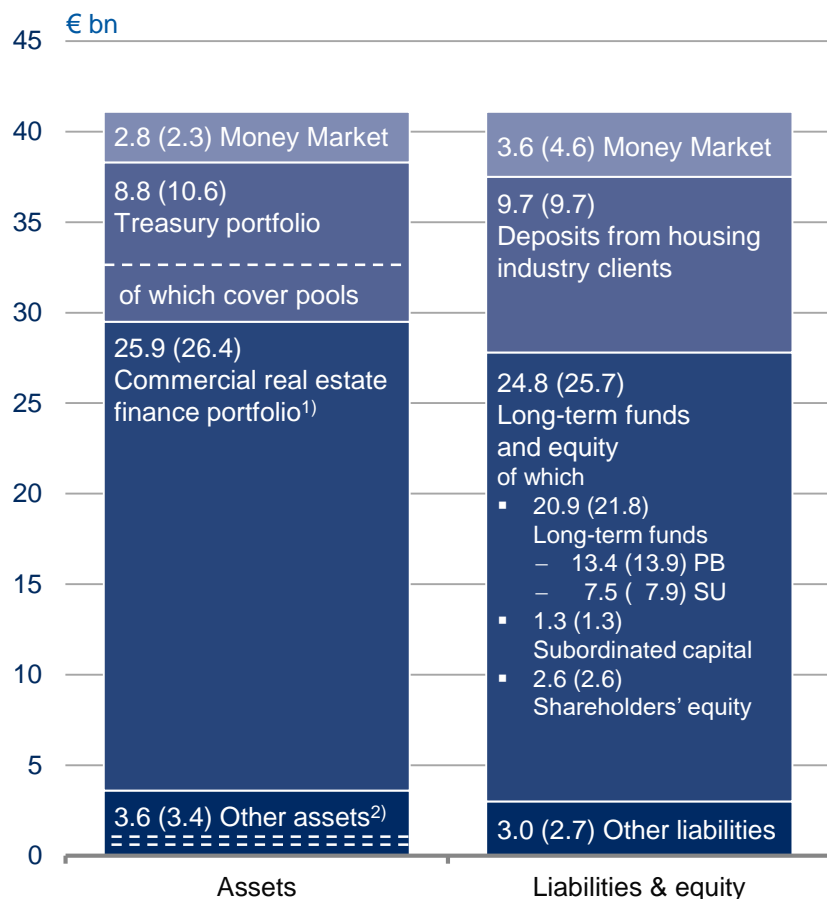
- B3 capital ratios significantly above SREP requirements
- Fulfilling B4 from day 1
- Solid capital ratios supported by asset quality improvements (mainly from accelerated de-risking)
- T1-Leverage ratio: 6.3%
- Remaining regulatory uncertainties (models, ICAAP, ILAAP, B4 etc.): modelled RWA's may further inflate



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) When calculating own funds, annual profits were taken into account, based on the Management Board's proposal for appropriation of profits for the 2019 financial year. The appropriation of profits is subject to approval by the Annual General Meeting. The expected relevant impact of the TRIM exercise on commercial property financings, and of the SREP recommendations concerning ECB's NPL guidelines (NPL stock), were taken into account for determining regulatory indicators for 2019.

B/S structure according to IFRS

As at 31.12.2019: € 41.1 bn (31.12.2018: € 42.7 bn)



- Treasury Portfolio:
Increase of € 1.7 bn³⁾ in 2018 due to the acquisition of DHB completely reversed and hereinafter overall portfolio structure optimised
- CREF-portfolio temporary down due to syndication activities and accelerated de-risking; resulting in a short-time increase of Money Market assets
- Stable housing industry deposits
- More efficient use of deposits allows for reduced Pfandbrief (PB)- and senior unsecured (SU) funding

1) CREF-portfolio only, private client business (€ 0.4 bn) and WIB's public sector loans (€ 0.4 bn) not included

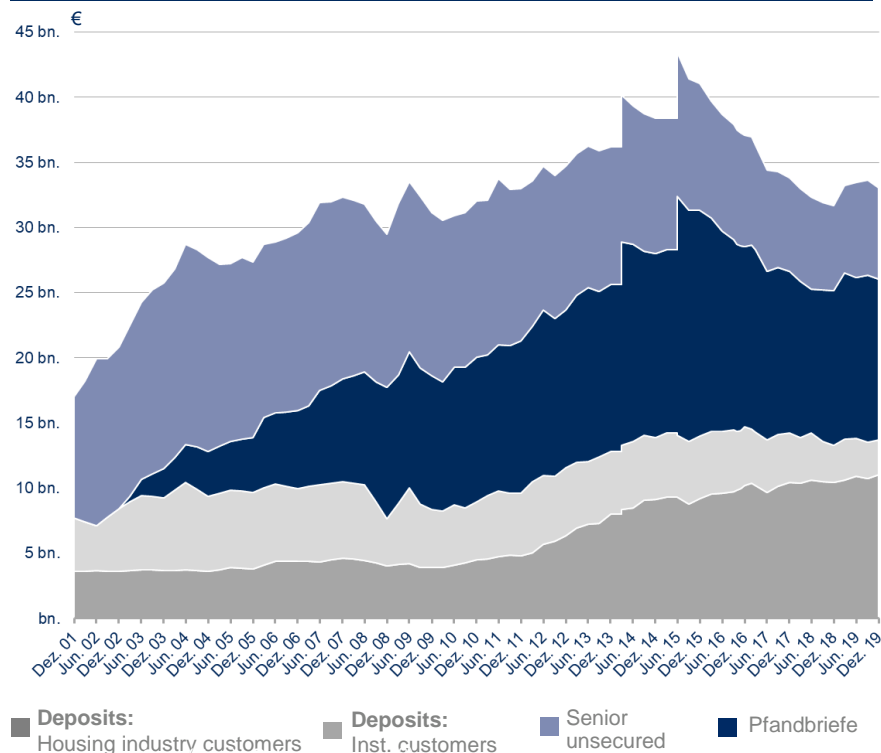
2) Other assets includes € 0.4 bn private client portfolio and WIB's € 0.4 bn public sector loans

3) € 1.4 bn nominal value

Funding

Diversified funding position

Diversified funding sources and distribution channels



Highlights 2019

- Sustainable and strong housing industry deposit base counts for more than 30% of well diversified funding mix
- Successful issuances of EUR 2.9 bn incl.
 - EUR 750 mn Pfandbrief, 5 years
 - EUR 500 mn Pfandbrief, 8 years
 - USD 600 mn Pfandbrief, 2 years
 - EUR 500 mn Senior Preferred Benchmark, 5 years
- MREL significantly over fulfilled
- NSFR/ LCR well above 100% due to comfortable liquidity position



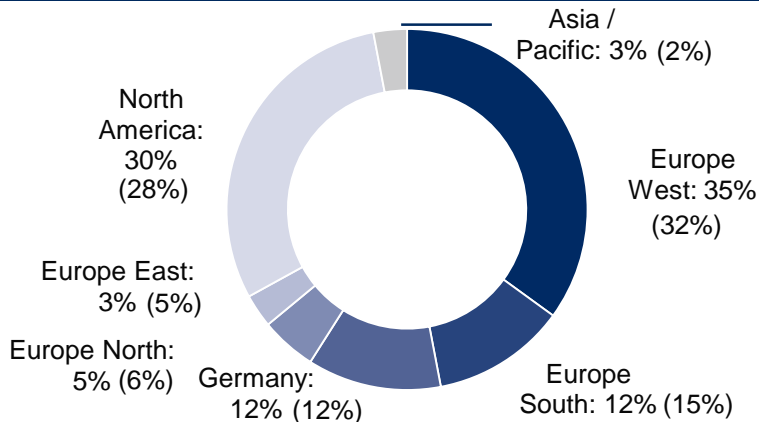
Asset Quality

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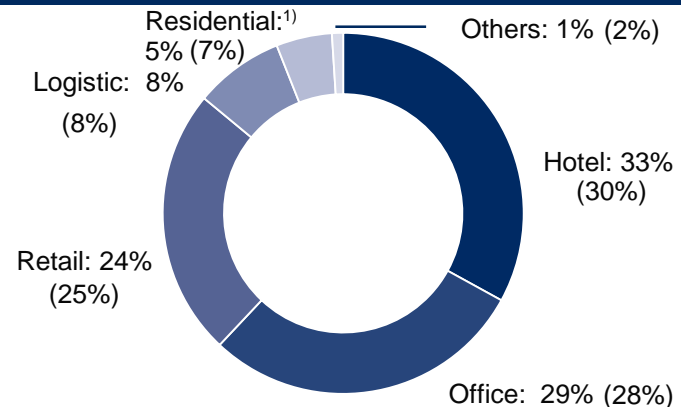
Commercial real estate finance portfolio (CREF)

€ 25.9 bn highly diversified and sound

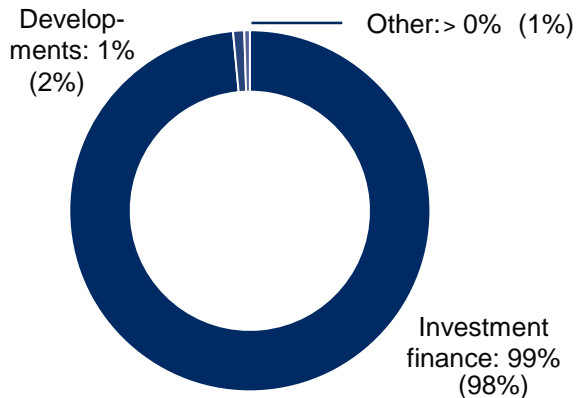
Portfolio by region (vs. 2018)



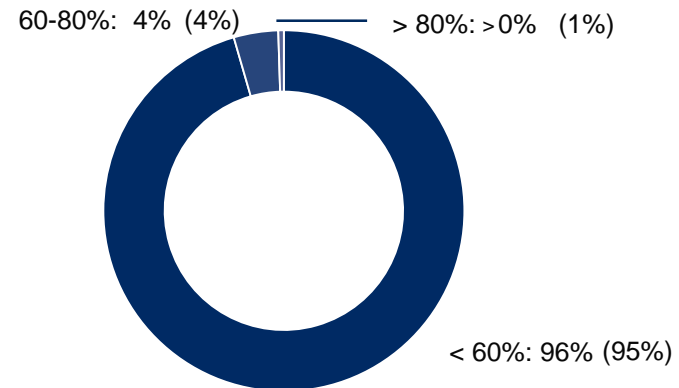
Portfolio by property type (vs. 2018)



Portfolio by product type (vs. 2018)



Portfolio by LTV ranges²⁾ (vs. 2018)



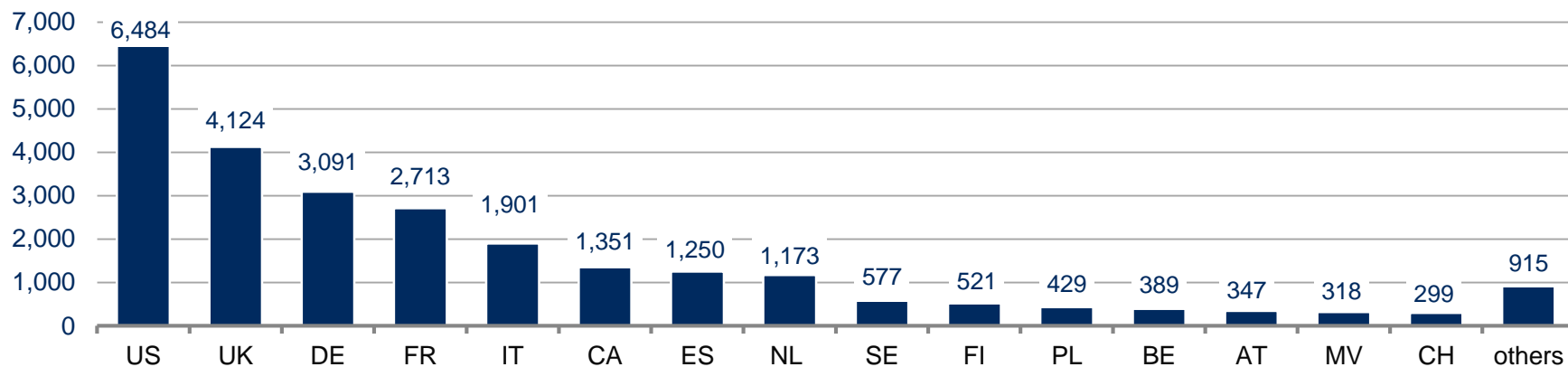
1) Incl. Student housing (UK & Australia only)

2) Performing CREF-portfolio only, exposure as at 31.12.2019

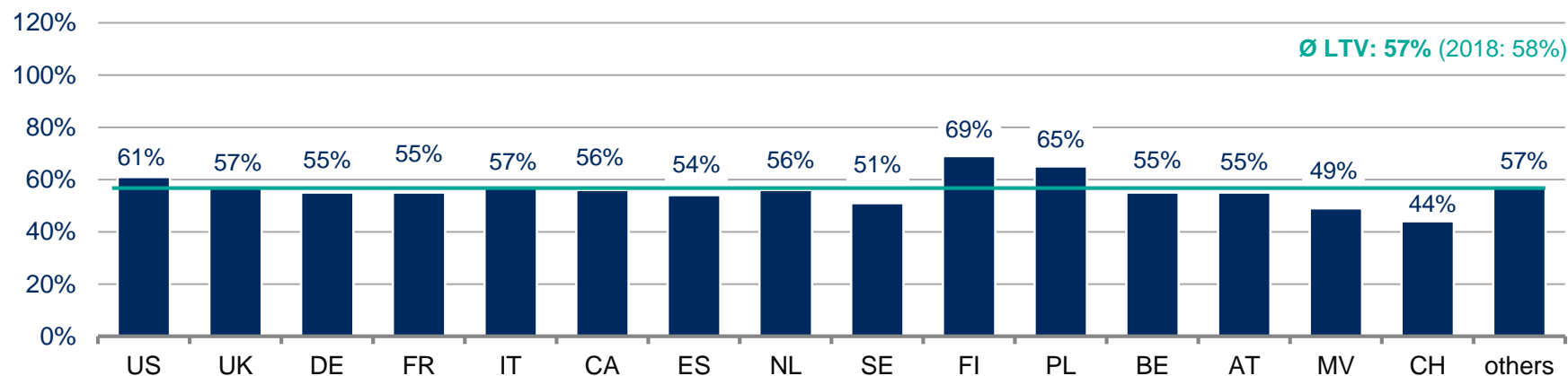
Commercial real estate finance portfolio (CREF)

LTV levelling out due to active portfolio management and acc. de-risking

Total commercial real estate finance portfolio (€ mn)



LTV¹⁾

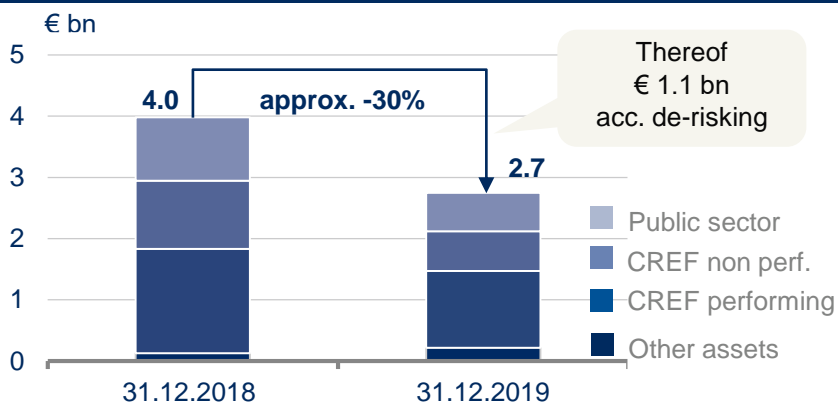


1) Performing CREF-portfolio only, exposure as at 31.12.2019

Accelerated de-risking

40% NPL reduction achieved in H2

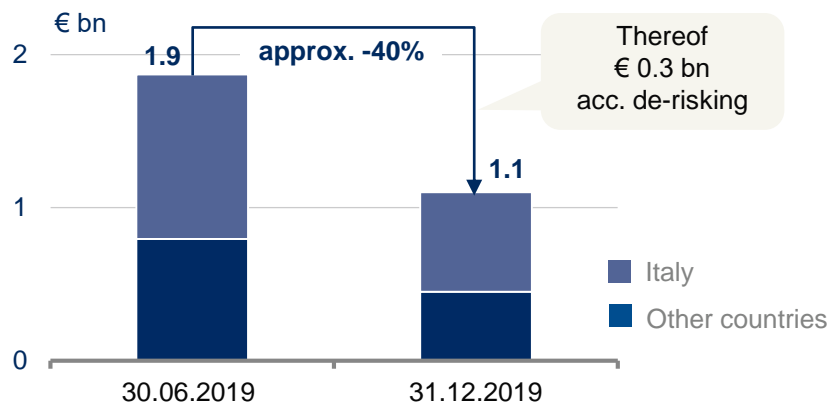
Italian exposure, FY2018-2019



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 bn¹⁾ Italian credit risk in 2019
- P&L burden 2019 of approx. € 50 mn (€ ~15 mn in Q4)

Non performing loans, H1 2019 – H2 2019



NPL reduction

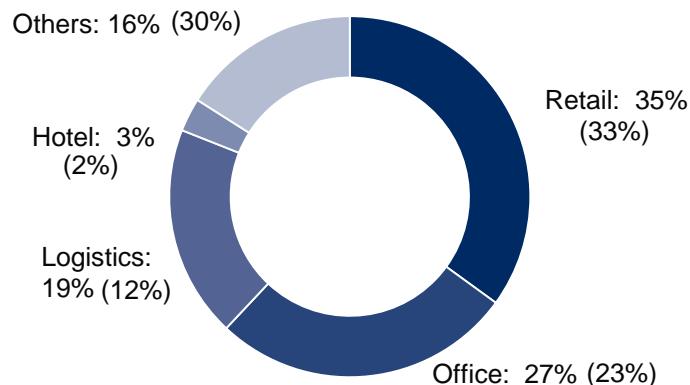
- In H2 2019 total NPL volume down by approx. 40%
- Italian NPL also down by approx. 40% in 2019 (incl. a foreclosed Italian asset of approx. € 90 mn taken on own book for future development, not part of acc. de-risking)

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

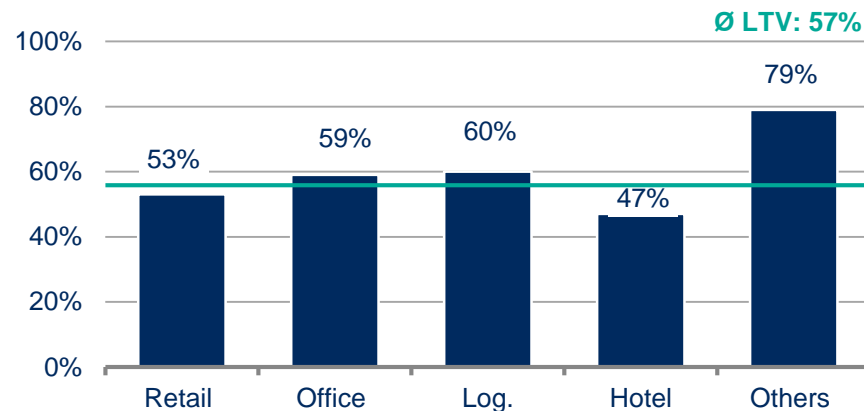
Spotlight: Italy

CREF portfolio down from € 2.8 bn to € 1.9 bn

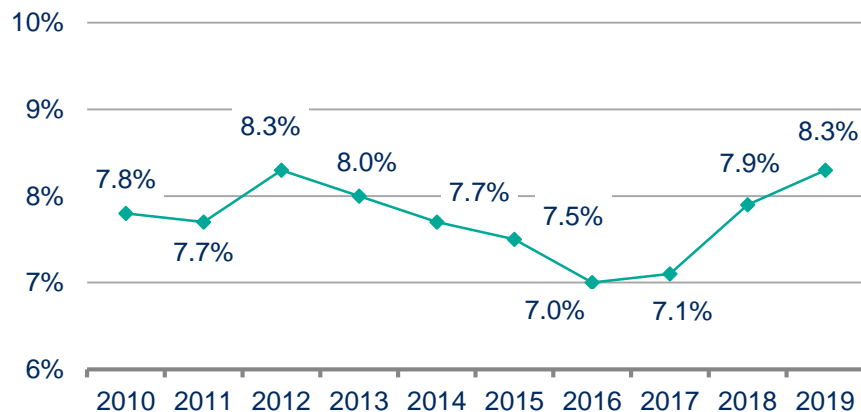
Total portfolio by property type (vs. 2018)



Average LTV by property type¹⁾



Yield on debt¹⁾



1) Performing CREF-portfolio only, exposure as at 31.12.2019

Comments (vs. 2018)

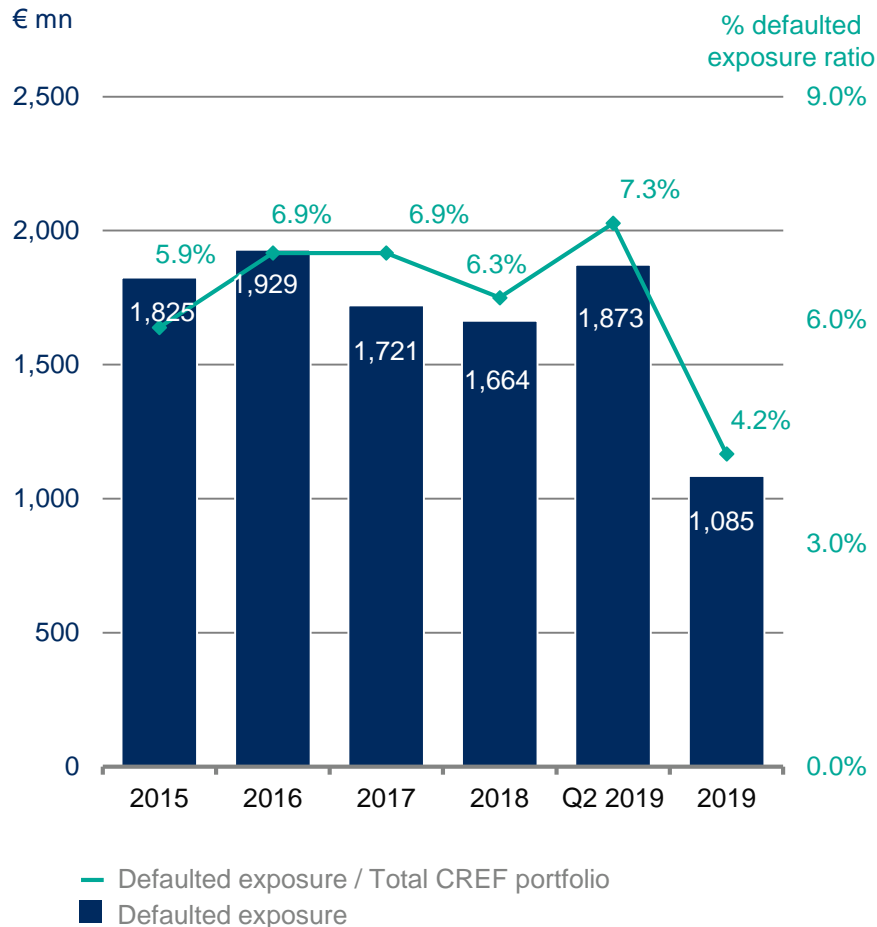
Accelerated de-risking led to substantial improvements

- Portfolio down by 30% down to € 1.9 bn, thereof NPL reduction of € 0.5 bn to € 0.6 bn
- Significant LTV improvement from 68% to 57%
- Performing residential nearly completely reduced
- YoD increased from 7.9% to 8.3% (Q3 2019: 7.6%)

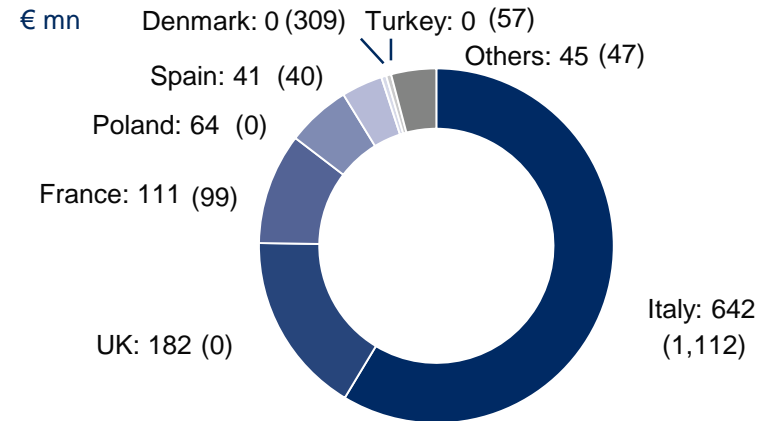
Defaulted exposure

Significant reduction of NPL portfolio

Development of defaulted exposure



Defaulted exposure by country (vs. 2018)

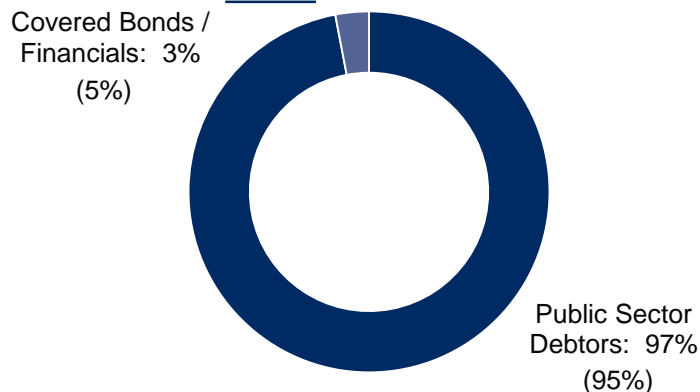


- Meaningful NPL reduction (by ~40% from € 1.9 bn mid 2019 to € 1.1 bn) by accelerated de-risking
- As already indicated four UK-shopping centers (formerly on watch) became non-performing in 2019
- Further accelerated de-risking opportunities will be assessed if they emerge

Treasury portfolio

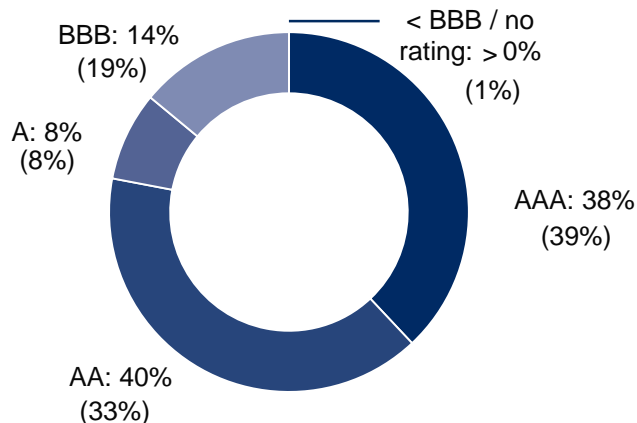
€ 7.3 bn (2018: € 8.7 bn) of high quality and highly liquid assets

by asset class (vs. 2018)



- Increase of € 1.4 bn²⁾ in 2018 due to the acquisition of DHB completely reversed and hereinafter overall portfolio structure optimised
- Accelerated de-risking by significant reducing BBB exposure (e.g. BTP down by ~40%)
- Reinvestments in highly liquid AAA / AA assets

by rating¹⁾ (vs. 2018)



As at 31.12.2019 – all figures are nominal amounts

1) Composite Rating

2) € 1.7 bn book value


















Outlook 2020

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Outlook 2020: Environment

New uncertainties, continued low interest rates and increasing volatility

	Outlook 2018 (February 2018)	Outlook 2019 (February 2019)	Current environment
GDP dynamics		 Slowdown of growth in key regions	 Continued slowdown of growth in key regions (additional virus impact?)
Interest rates		 Rather stable interest rate environment	 Lower for longer interest rate environment
Funding costs		 Secondary trading on higher credit spreads	 Credit spread tightening on secondary trading
Brexit	“One year ahead”	 “Hard Brexit” as relevant option	 “Brexit”: what does that mean
Italy		 High political and fiscal uncertainty	 High political and fiscal uncertainty
Regulatory requirements (Aareal Bank)	Basel IV anticipated	TRIM, NPL guidelines anticipated	 ICAAP to become new constraint for European banks EBA guideline on internal models
Tech-/Software Sector	Catch up of the European real estate industry compared to the US to be continued Still pockets of share of wallet growth by penetration and process optimisation Valuations on record highs (growth dynamic and low interest rate environment as drivers)		

Outlook 2020: Stable in an adverse environment

Establishing a new reporting of three segments starting Q1/2020

Group	METRIC	2019	OUTLOOK 2020
	<ul style="list-style-type: none"> NII + NCI LLP (net) Admin Expenses Operating Profit 	<ul style="list-style-type: none"> € 762 mn € 90 mn¹⁾ € 488 mn € 248 mn 	<ul style="list-style-type: none"> Stable, increasing Aareon contribution Down to slightly below avg. risk costs of 30 bp (effects from potential further acc. de-risking opportunities not included) Slight increase, Aareon growth overcompensating reduction in Bank Stable on previous year's level (effects from potential further accelerated de-risking opportunities not included)
<ul style="list-style-type: none"> Net income attributable to ordinary shareholders 	<ul style="list-style-type: none"> € 145 mn 	<ul style="list-style-type: none"> Stable on previous year's level (including effects from potential further accelerated de-risking opportunities) 	

Segments	„NEXT LEVEL“		METRIC	2019	OUTLOOK 2020
	SPF	„Activate“	Structured Property Financing	<ul style="list-style-type: none"> Portfolio size New business²⁾ 	<ul style="list-style-type: none"> € 26.7 bn € 7.7 bn
C/S	„Elevate“	Consulting / Services (Bank)	<ul style="list-style-type: none"> Deposit volume NCI 	<ul style="list-style-type: none"> € 10.7 bn € 23 mn 	<ul style="list-style-type: none"> € 10 bn - € 11 bn approx. +15%
	„Accelerate“	Aareon	<ul style="list-style-type: none"> Revenues Adj. EBITDA³⁾ 	<ul style="list-style-type: none"> € 252 mn € 64 mn 	<ul style="list-style-type: none"> € 272 mn - € 276 mn € 68 mn - € 71 mn

1) Additional € 22 mn from NPLs booked in fvpl line

2) Incl. renewals

3) excl. strategic investments, after segment adjustment



Aareal Next Level

KPIs and targets

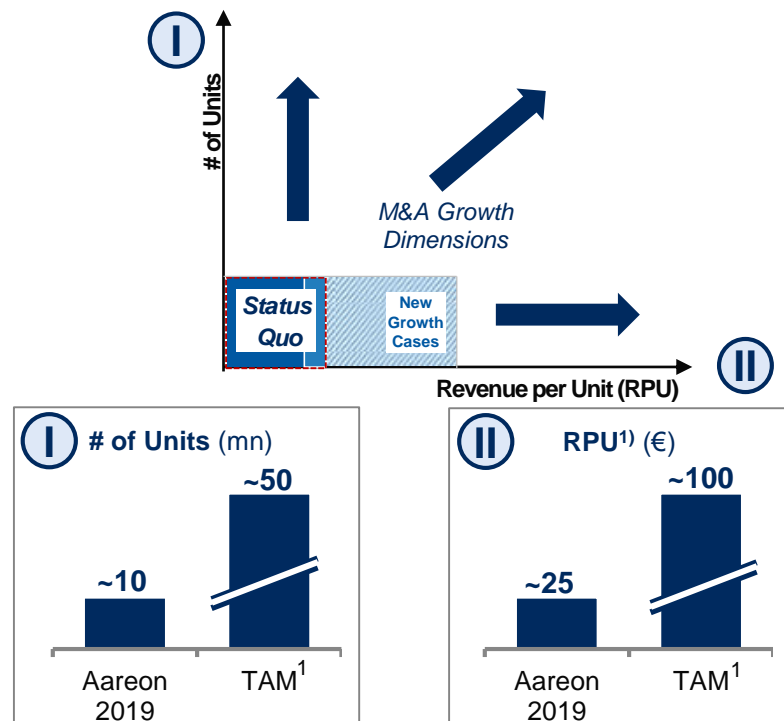
Aareal Next Level

Aareon: Our value creation levers

Value creation levers...

	RPU	Units	Recurring revenue
Strengthen our leading European position	✓	✓	✓
Grow digital product business on installed customer base significantly	✓		✓
Drive RPU based on installed customer base and new markets	✓	✓	
Leverage Aareon products along vertical industry expansion	✓	✓	
Develop software as a service business and manage cloud strategy beyond Germany	✓		✓

...and their potential impact





- Aareon organic growth plan as presented in May 2019 well on track
- New classification of Aareon as industrial holding allows additional M&A activities – on our own and / or including partner(s)

1) TAM and RPU figures rough company estimations, describing the expected entire future market potential

Aareal Next Level

Our KPIs and targets

	2019	Stabilisation and investment phase (2020 - 2022)	Reaping the rewards phase (Mid-term)
Revenues Group ¹⁾	€ 762 mn	Low single digit growth (CAGR)	
▪ o/w Aareon	7 - 9% CAGR revenues // 22 - 25% CAGR digital revenues		
Adj. EBITDA Aareon ²⁾	€ 64 mn		€ >110 mn
	EBITDA from M&A on top		
Capitalisation		~12.5% B4 CET1 ratio	
Pre tax RoE	8.7%	Stable (through investment phase)	12% (more supportive environment)
Dividend policy	50% base dividend plus 20-30% supplementary dividend		



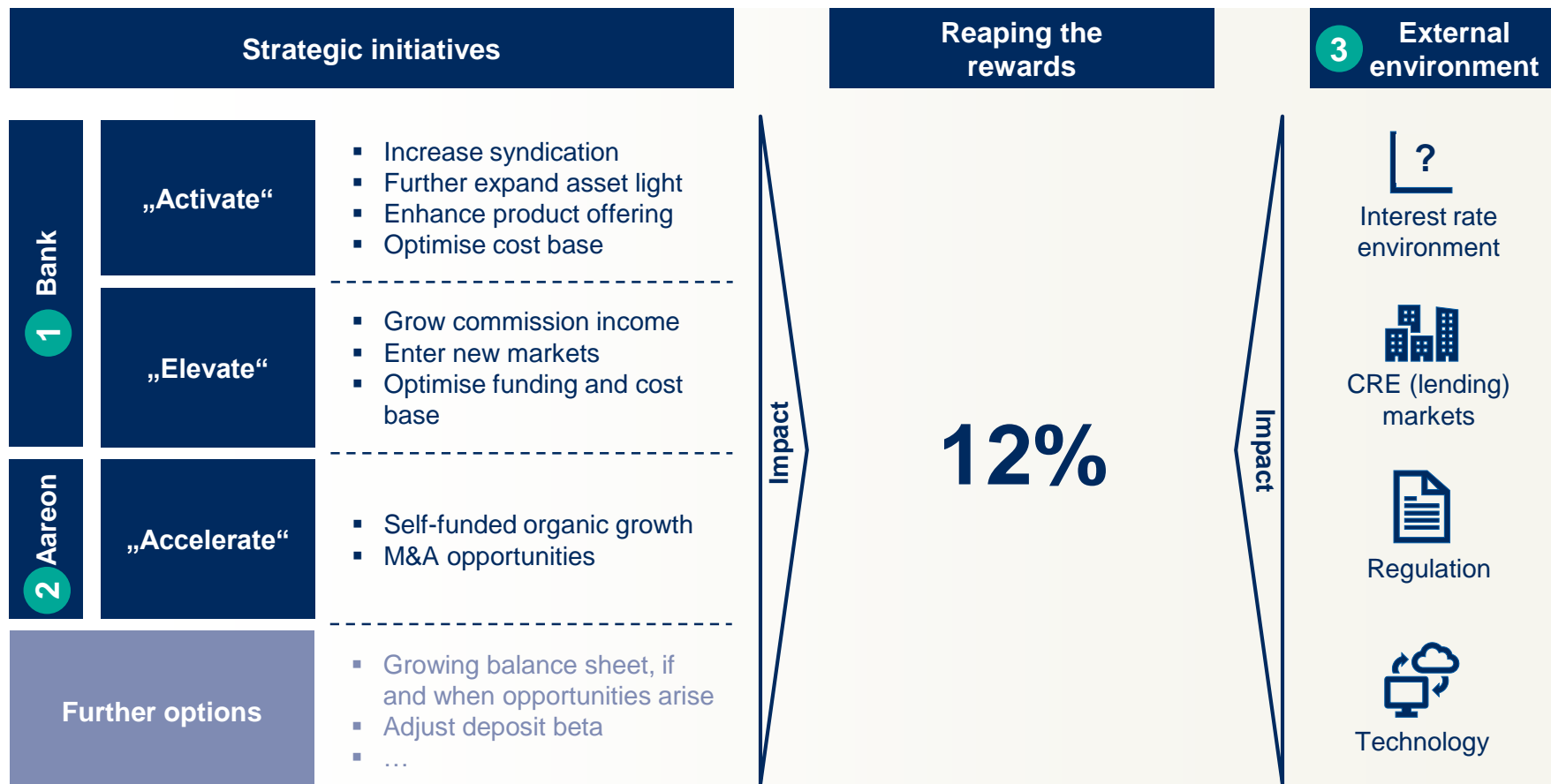
- Further development and investments into three strong business propositions
- Shift in earnings and value contribution towards capital light and digital business

1) Revenues Group = NII + NCI

2) 2019 + stabilisation and investment phase excl. strategic investments; Reaping the rewards phase incl. strategic investments

Aareal Next Level

Three main contributors to achieve a 12% pre tax RoE (mid-term)



Summary Aareal Next Level

Highlights



We have clear visions of how to develop further our individual business activities in order to strengthen their respective independent profiles



Regardless of the continuous adverse environment and due to our confidence in the consistency of our strategic measures, we feel comfortable with confirming our highly attractive dividend policy with a payout ratio of 50% base plus 20-30% supplementary dividend



By investing in our businesses, we will significantly increase profitability and further enhance strategic optionalities. In a more supportive environment we aim a 12% pre tax RoE



Key Takeaways

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Key takeaways

Stable development

We are in a robust condition and continue to focus on stability.

Convincing strategy

We explore new potential and enhanced strategic options.

Clear commitment

We create sustainable value for all of our stakeholders - today and in the future!



Appendix

Group Results

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Aareal Bank Group

Results 2019

	01.01.- 31.12.2019 € mn	01.01.- 31.12.2018 € mn	Change
Profit and loss account			
Net interest income	533	535	0%
Loss allowance	90	72	25%
Net commission income	229	215	7%
Net derecognition gain or loss	64	24	167%
Net gain or loss from financial instruments (fvpl)	1	-2	-150%
Net gain or loss on hedge accounting	-4	-2	100%
Net gain or loss from investments accounted for using the equity method	1	-	
Administrative expenses	488	462	6%
Net other operating income / expenses	2	25	-92%
Negative goodwill from acquisitions	-	55	
Operating Profit	248	316	-22%
Income taxes	85	90	-6%
Consolidated net income	163	226	-28%
Consolidated net income attributable to non-controlling interests	2	2	
Consolidated net income attributable to shareholders of Aareal Bank AG	161	224	-28%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	161	224	-28%
of which: allocated to ordinary shareholders	145	208	-30%
of which: allocated to AT1 investors	16	16	
Earnings per ordinary share (in €) ²⁾	2.42	3.48	-30%
Earnings per ordinary AT1 unit (in €) ³⁾	0.16	0.16	

- 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 2019 by segments

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 31.12. 2019	01.01.- 31.12. 2018	01.01.- 31.12. 2019	01.01.- 31.12. 2018	01.01.- 31.12. 2019	01.01.- 31.12. 2018	01.01.- 31.12. 2019	01.01.- 31.12. 2018
€ mn								
Net interest income ¹⁾	549	547	-16	-12	0	0	533	535
Loss allowance	90	73	0	-1			90	72
Net commission income ¹⁾	10	9	227	212	-8	-6	229	215
Net derecognition gain or loss	64	24					64	24
Net gain or loss from financial instruments (fvpl)	1	-2	0	0			1	-2
Net gain or loss on hedge accounting	-4	-2					-4	-2
Net gain or loss from investments accounted for using the equity method	1	0	0				1	0
Administrative expenses	254	241	242	227	-8	-6	488	462
Net other operating income / expenses	-1	21	3	4	0	0	2	25
Negative goodwill from acquisitions		55						55
Operating profit	276	338	-28	-22	0	0	248	316
Income taxes	95	99	-10	-9			85	90
Consolidated net income	181	239	-18	-13	0	0	163	226
Allocation of results								
Cons. net income attributable to non-controlling interests	0	0	2	2			2	2
Cons. net income attributable to shareholders of Aareal Bank	181	239	-20	-15	0	0	161	224

1) As of this reporting year, interest on deposits from the housing industry is shown under the net interest income of the Consulting/Services segment (previously included in net commission income). The previous year's figures were adjusted accordingly

Aareal Bank Group

Results – quarter by quarter

	Structured Property Financing					Consulting / Services					Consolidation / Reconciliation					Aareal Bank Group				
	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4
€ mn	2019					2019					2019					2019				
Net interest income ¹⁾	135	138	138	138	138	-5	-4	-4	-3	-3	0	0	0	0	0	130	134	134	135	135
Loss allowance	35	27	23	5	40	0	0	0	0	-1						35	27	23	5	39
Net commission income ¹⁾	4	2	2	2	3	64	54	57	52	62	-3	-2	-2	-1	-2	65	54	57	53	63
Net derecognition gain or loss	22	15	11	16	8											22	15	11	16	8
Net gain or loss from financial instruments (fpl)	-4	5	-6	6	-1	0				0						-4	5	-6	6	-1
Net gain or loss on hedge accounting	0	-3	-1	0	0											0	-3	-1	0	0
Net gain or loss from investments accounted for using the equity method	1				0				0							1	0		0	0
Administrative expenses	59	55	53	87	59	62	61	61	58	61	-3	-2	-2	-1	-2	118	114	112	144	118
Net other operating income / expenses	-1	-1	1	0	12	2	1	0	0	2	0	0	0	0	0	1	0	1	0	14
Negative goodwill from acquisitions					55															55
Operating profit	63	74	69	70	116	-1	-10	-8	-9	1	0	0	0	0	0	62	64	61	61	117
Income taxes	21	27	23	24	22	-1	-3	-3	-3	0						20	24	20	21	22
Consolidated net income	42	47	46	46	94	0	-7	-5	-6	1	0	0	0	0	0	42	40	41	40	95
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	1	0	1	0						0	1	0	1	0
Cons. net income attributable to shareholders of Aareal Bank AG	42	47	46	46	94	0	-8	-5	-7	1	0	0	0	0	0	42	39	41	39	95

1) As of this reporting year, interest on deposits from the housing industry is shown under the net interest income of the Consulting/Services segment (previously included in net commission income).
The previous year's figures were adjusted accordingly

Aareal Bank Group

Results Q4 2019

	01.10.- 31.12.2019	01.10.- 31.12.2018	Change
	€ mn	€ mn	
Profit and loss account			
Net interest income	130	135	-4%
Loss allowance	35	39	-10%
Net commission income	65	63	3%
Net derecognition gain or loss	22	8	175%
Net gain or loss from financial instruments (fvpl)	-4	-1	
Net gain or loss on hedge accounting	0	0	
Net gain or loss from investments accounted for using the equity method	1	0	
Administrative expenses	118	118	0%
Net other operating income / expenses	1	14	-93%
Negative goodwill from acquisitions	0	55	
Operating Profit	62	117	-47%
Income taxes	20	22	-9%
Consolidated net income	42	95	-56%
Consolidated net income attributable to non-controlling interests	0	0	
Consolidated net income attributable to shareholders of Aareal Bank AG	42	95	-56%
Earnings per share (Eps)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	42	95	-56%
of which: allocated to ordinary shareholders	38	91	-58%
of which: allocated to AT1 investors	4	4	
Earnings per ordinary share (in €) ²⁾	0.62	1.51	-59%
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.

Aareal Bank Group

Results Q4 2019 by segments

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation		Aareal Bank Group	
	01.10.- 31.12. 2019	01.10.- 31.12. 2018	01.10.- 31.12. 2019	01.10.- 31.12. 2018	01.10.- 31.12. 2019	01.10.- 31.12. 2018	01.10.- 31.12. 2019	01.10.- 31.12. 2018
€ mn								
Net interest income ¹⁾	135	138	-5	-3			130	135
Loss allowance	35	40	0	-1			95	39
Net commission income ¹⁾	4	3	64	62	-3	-2	65	63
Net derecognition gain or loss	22	8					22	8
Net gain or loss from financial instruments (fvpl)	-4	-1	0				-4	-1
Net gain or loss on hedge accounting	0	0					0	0
Net gain or loss from investments accounted for using the equity method	1		0				1	
Administrative expenses	59	59	62	61	-3	-2	118	118
Net other operating income / expenses	-1	12	2	2	0	0	1	14
Negative goodwill from acquisitions		55						55
Operating profit	63	116	-1	1	0	0	62	117
Income taxes	21	22	-1	0			20	22
Consolidated net income	42	94	0	1	0	0	42	95
Allocation of results								
Cons. net income attributable to non-controlling interests	0	0	0	0			0	0
Cons. net income attributable to shareholders of Aareal Bank	42	94	0	1	0	0	42	95

1) As of this reporting year, interest on deposits from the housing industry is shown under the net interest income of the Consulting/Services segment (previously included in net commission income). The previous year's figures were adjusted accordingly

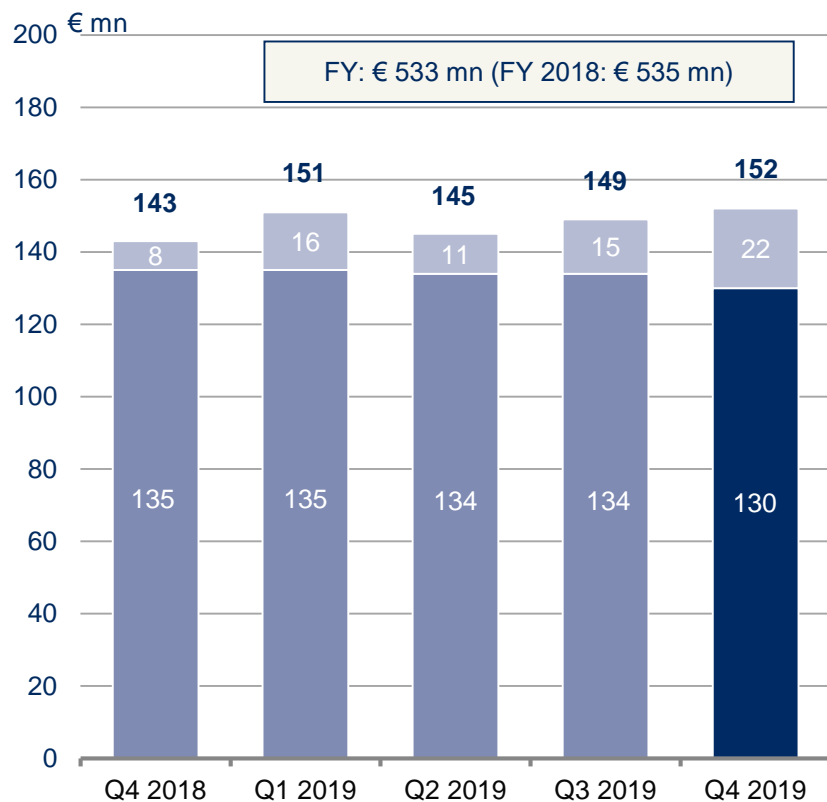


Appendix

Preliminary Group Results 2019 in detail

Net interest income (NII) / Derecognition result (DR)

Stable although challenged by an adverse interest rate environment as well as further increased competition



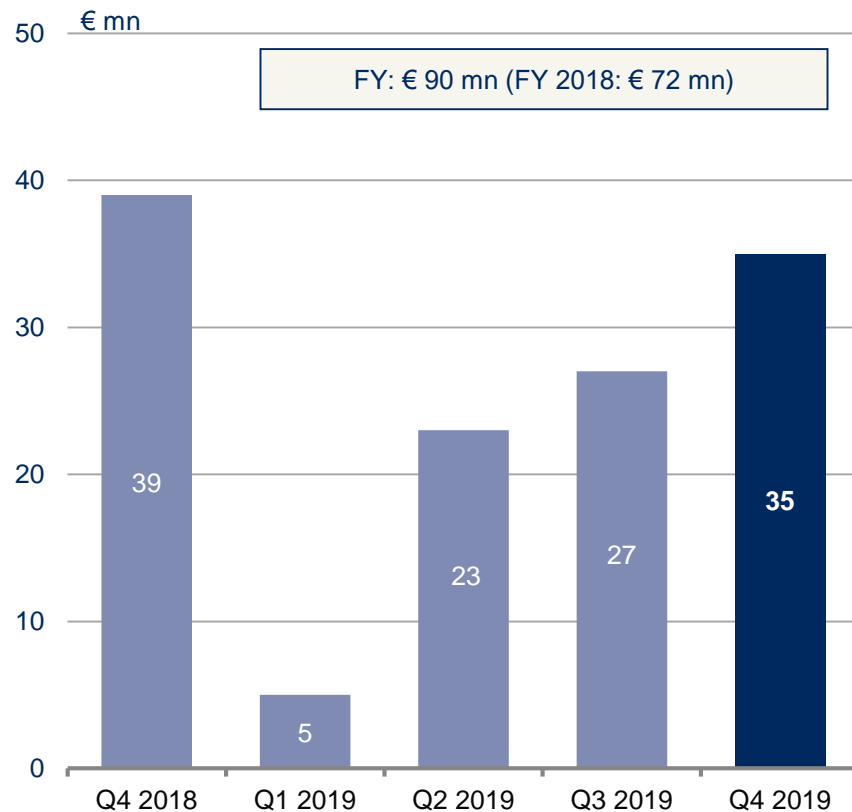
FY-derecognition result of € 64 mn incl.

- Q1 incl.
 - € 4 mn effects from early repayments
 - € 12 mn from treasury portfolio adjustments
- Q2 incl.
 - € 11 mn effects from early repayments
- Q3 incl.
 - € 5 mn from early repayments
 - € 10 mn from treasury portfolio adjustments
- Q4 incl.
 - € 12 mn effects from early repayments
 - € 10 mn from treasury portfolio adjustments

■ Net interest income
■ Derecognition result

Loss allowance (LLP)

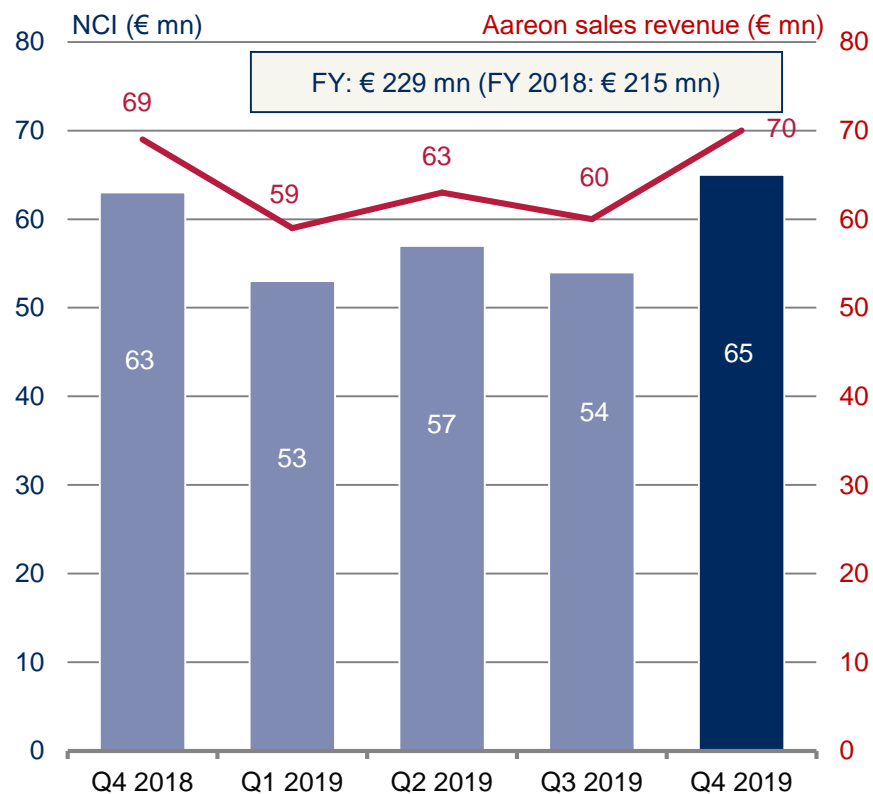
Includes effects from accelerated de-risking



- FY-LLP of ~€ 50 mn for accelerated de-risking
- Original LLP-guidance of € 50 mn - € 80 mn adjusted to € 80 mn - € 110 mn in Q3 2019 due to accelerated de-risking initiative with meaningful NPL reduction
 - Focus on Italian portfolio
 - Accelerated reduction of selected, individual NPLs
 - Moving away from pure “collateral collection”
 - Reduction of larger single borrower risks
 - Adjustment of Italian Government bond portfolio (completed, effects on DR and NII)
- Additional € 22 mn from NPLs booked in fvpl-line

Net commission income

Continuously significant above previous year's levels

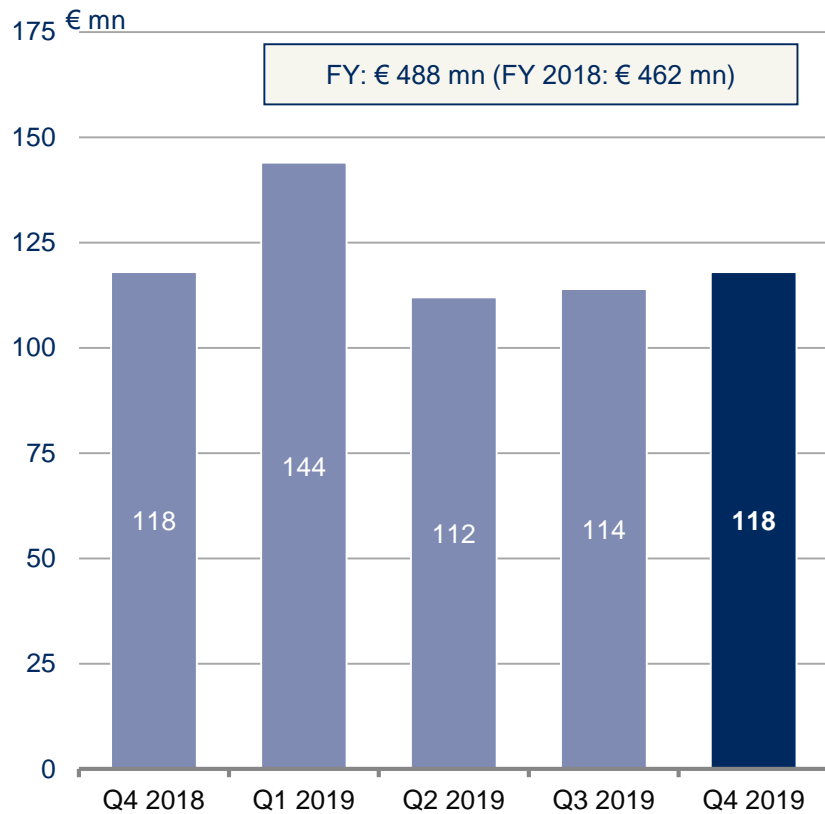


Aareon

- Q1 sales revenues of € 59 mn (Q1 2018: € 55 mn)
- Q2 sales revenue of € 63 mn (Q2 2018: € 57 mn)
- Q3 sales revenue +7% to € 60 mn (Q3 2018: € 56 mn)
- Q4 regularly includes positive seasonal effects sales revenues of € 70 mn (Q4 2018: € 69 mn)

Admin expenses

Stable development, Q1 incl. seasonal effects



FY-admin expenses of € 488 mn incl.

- € 17 mn transformation cost (vs. FY 2018 of € 19 mn)
- € 11 mn DHB integration cost
- € 8 mn Aareon growth
- € 5 mn reversal of provisions (vs. FY 2018 of € 19 mn)



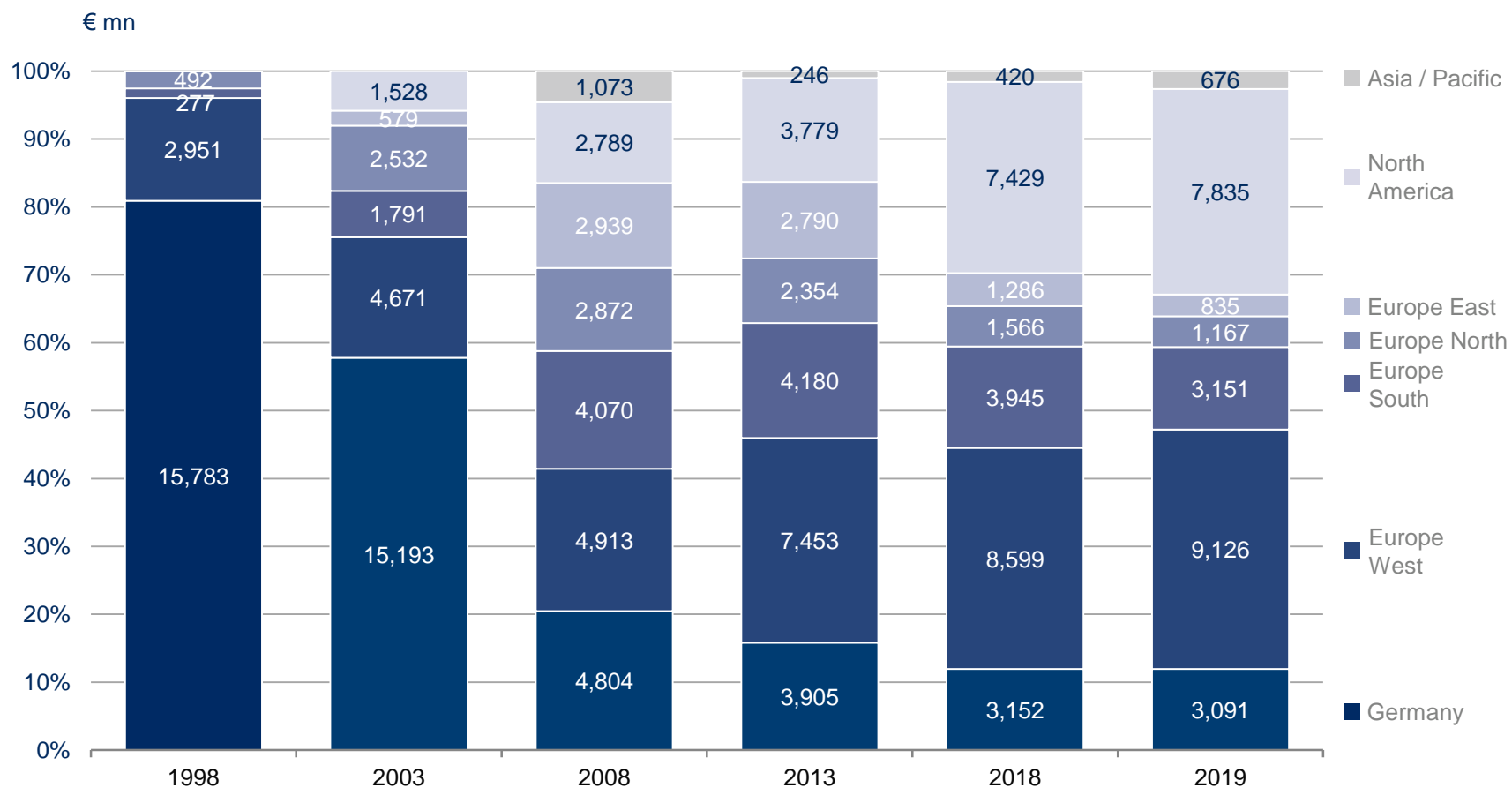
Appendix

Commercial Real Estate Finance Portfolio

Aareal
YOUR COMPETITIVE ADVANTAGE.

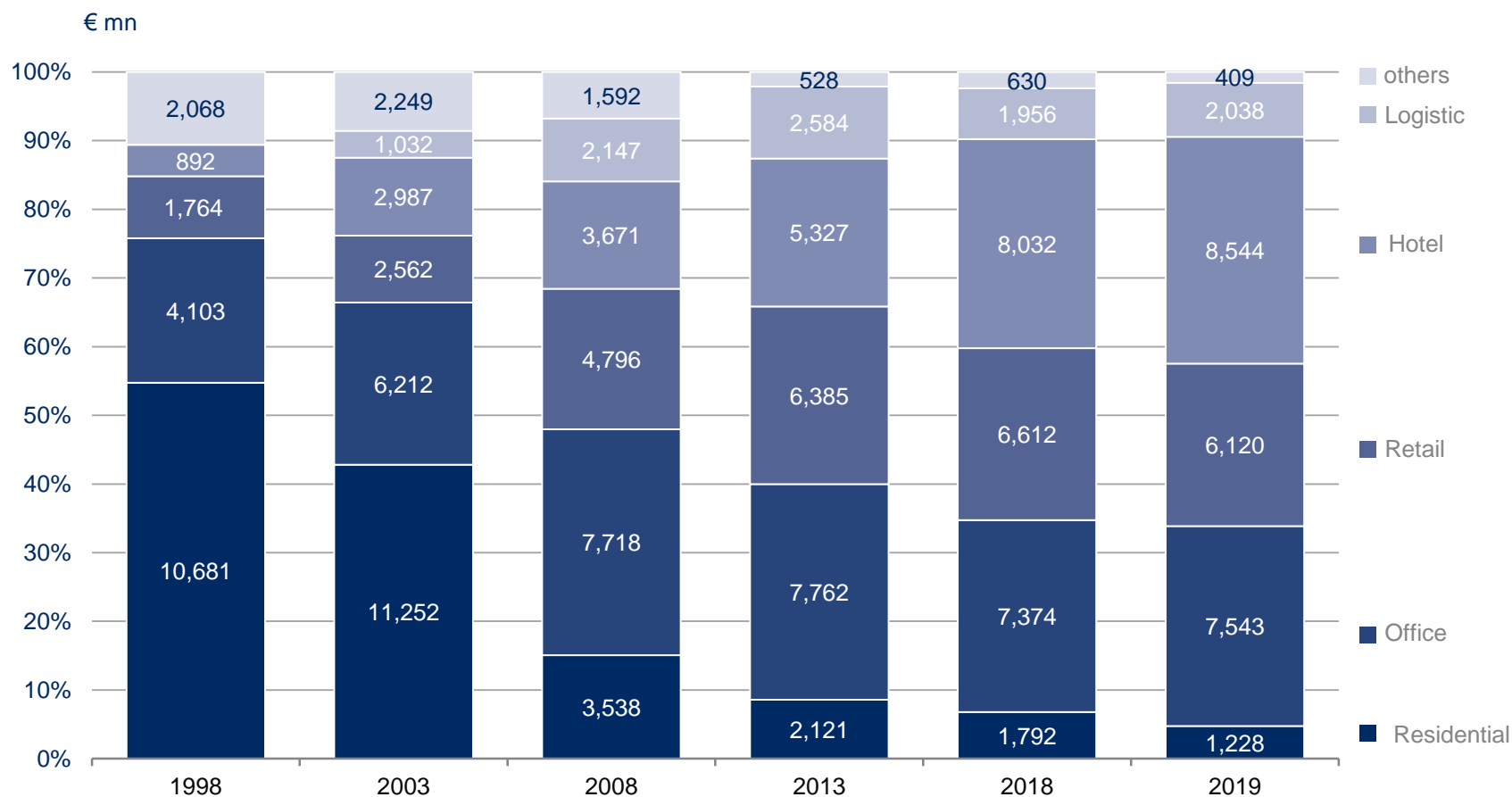
Development commercial real estate finance portfolio

By region



Development commercial real estate finance portfolio

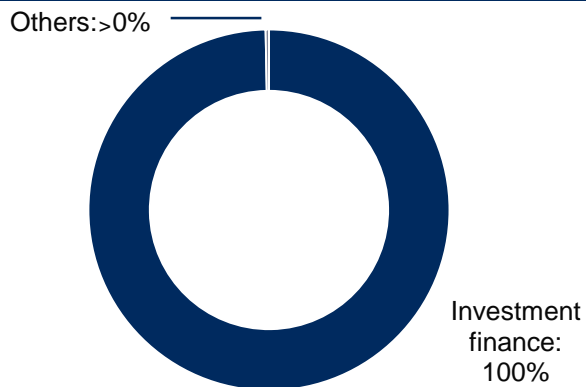
By property type



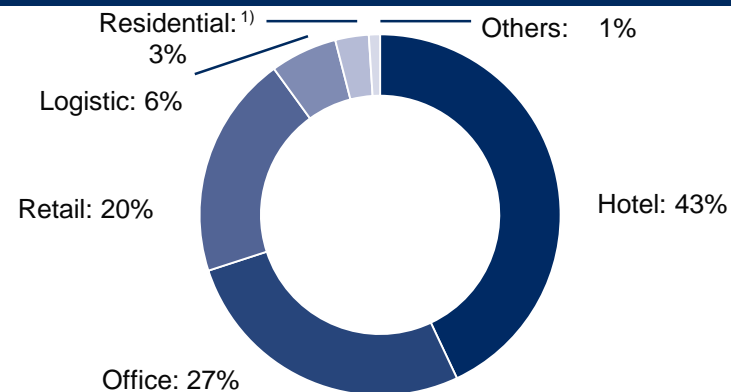
Western Europe (ex Germany) CREF portfolio

Total volume outstanding as at 31.12.2019: € 9.1 bn

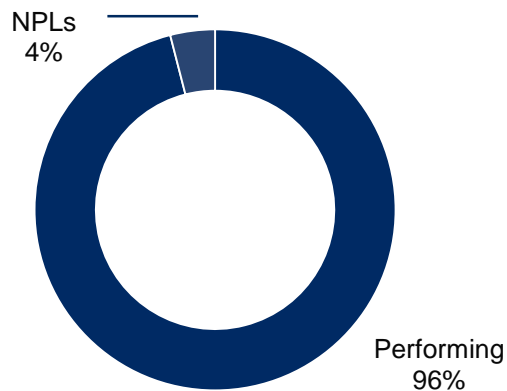
by product type



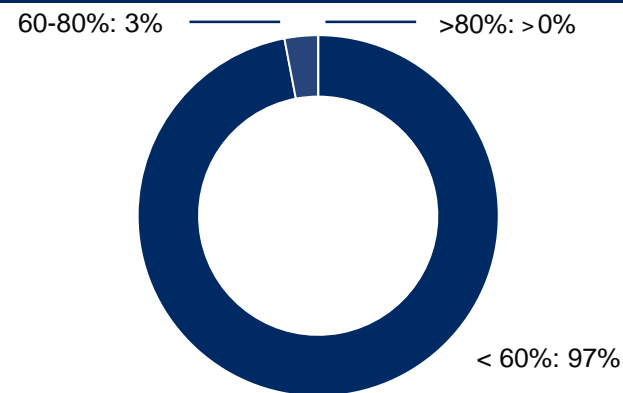
by property type



by performance



by LTV ranges²⁾



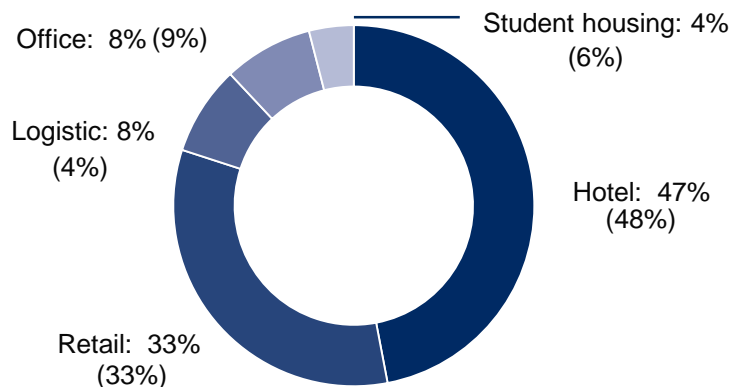
1) Incl. Student housing (UK only)

2) Performing CREF-portfolio only, exposure as at 31.12.2019

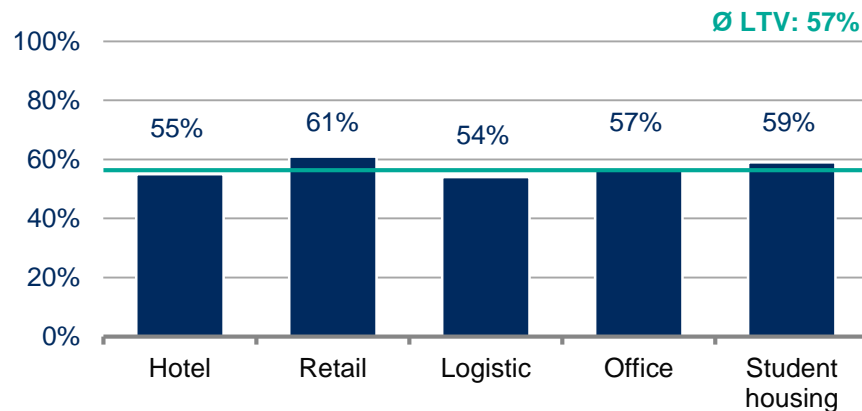
Spotlight: UK CREF portfolio

€ 4.1 bn (~16% of total CREF-portfolio)

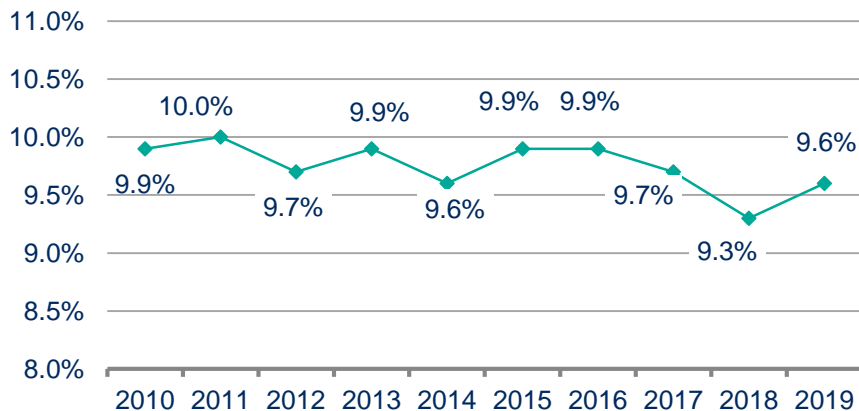
Total portfolio by property type (vs. 2018)



Average LTV by property type¹⁾



Yield on debt¹⁾



1) Performing CREF-portfolio only, exposure as at 31.12.2019

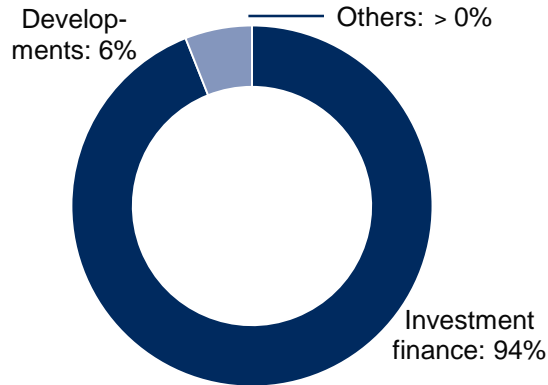
Comments (vs. 2018)

- Cap-rates already reacted on subdued economic outlook. Entire portfolio revalued on that basis in 2019
- Performing:
 - Investment finance only, no developments
 - ~ 60% of total portfolio in Greater London area, emphasising on hotels
 - € 142 mn with LTV > 60%
 - Theoretical stress on property values (-20%): would lead to portfolio LTV of approx. 74%
- Defaulted exposure: € 182 mn (€ 0 mn)

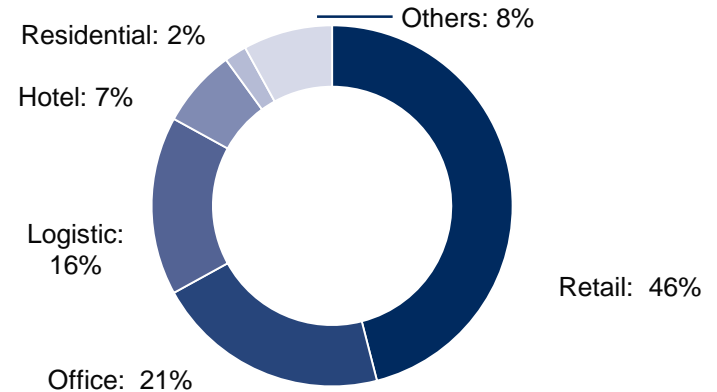
Southern Europe CREF portfolio

Total volume outstanding as at 31.12.2019: € 3.2 bn

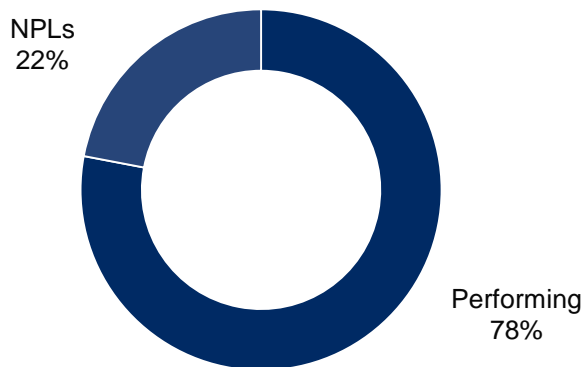
by product type



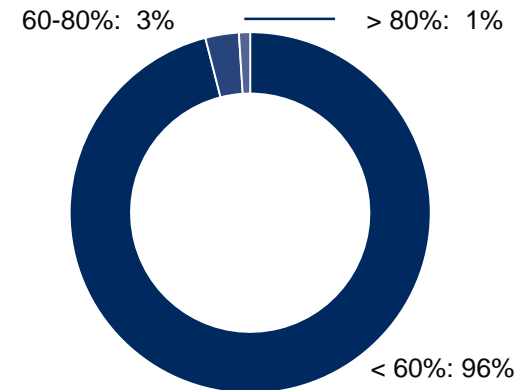
by property type



by performance



by LTV ranges¹⁾

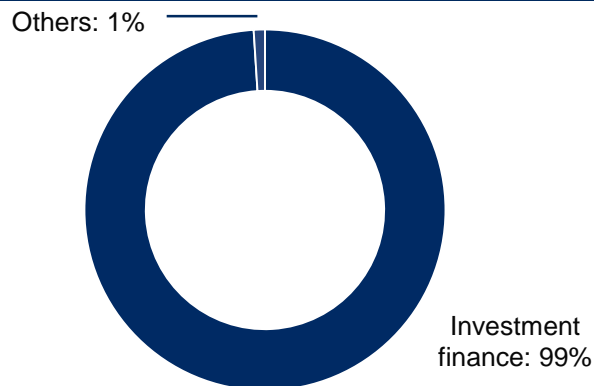


1) Performing CREF-portfolio only, exposure as at 31.12.2019

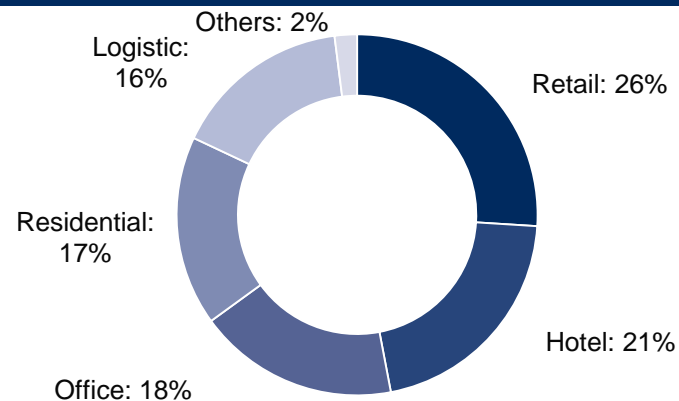
German CREF portfolio

Total volume outstanding as at 31.12.2019: € 3.1 bn

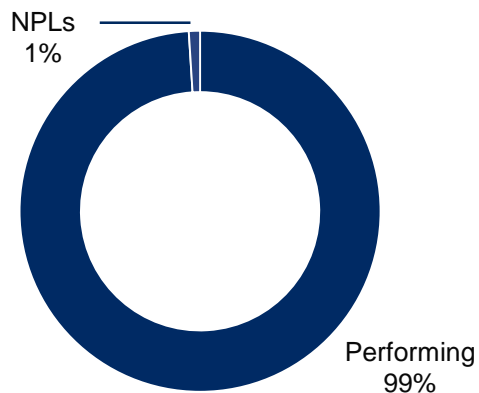
by product type



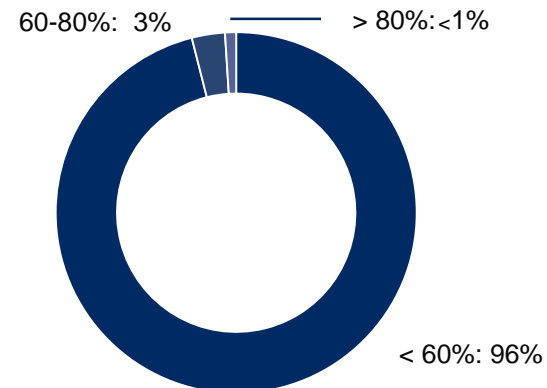
by property type



by performance



by LTV ranges¹⁾

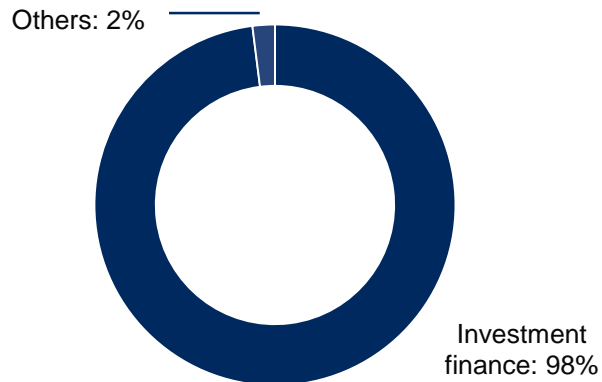


1) Performing CREF-portfolio only, exposure as at 31.12.2019

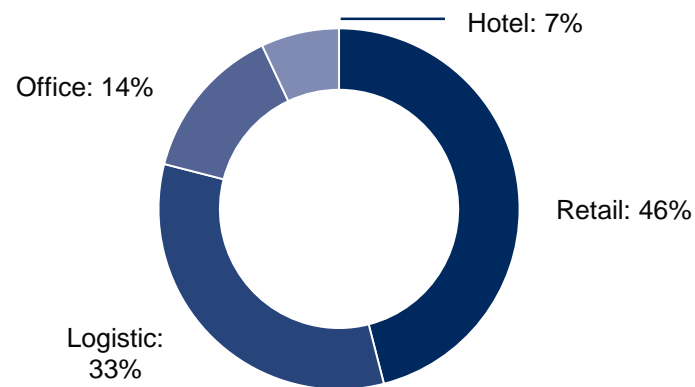
Northern Europe CREF portfolio

Total volume outstanding as at 31.12.2019: € 1.2 bn

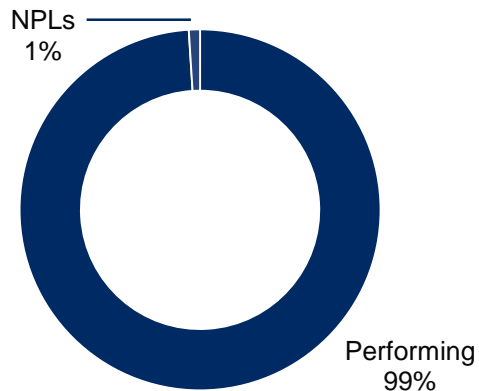
by product type



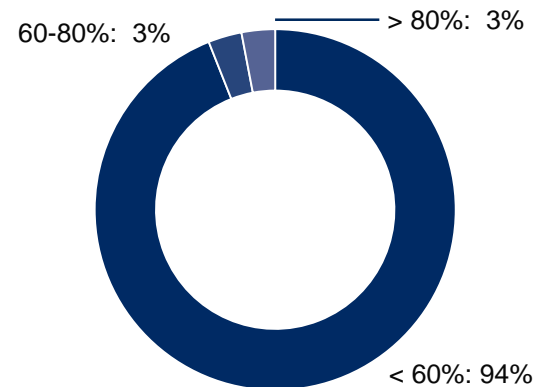
by property type



by performance



by LTV ranges¹⁾

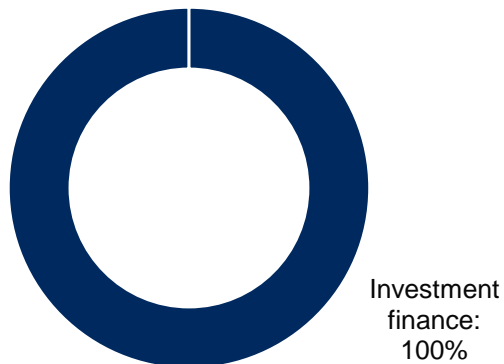


1) Performing CREF-portfolio only, exposure as at 31.12.2019

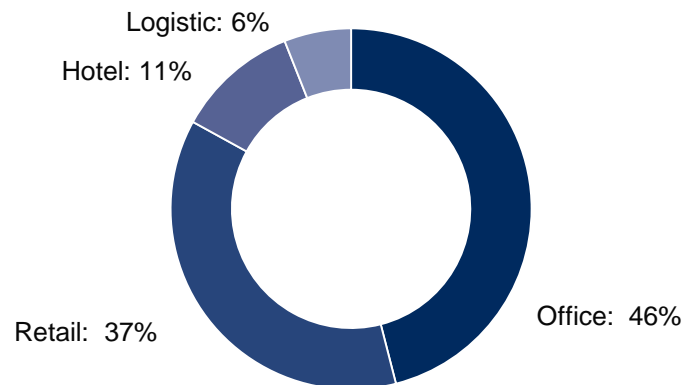
Eastern Europe CREF portfolio

Total volume outstanding as at 31.12.2019: € 0.8 bn

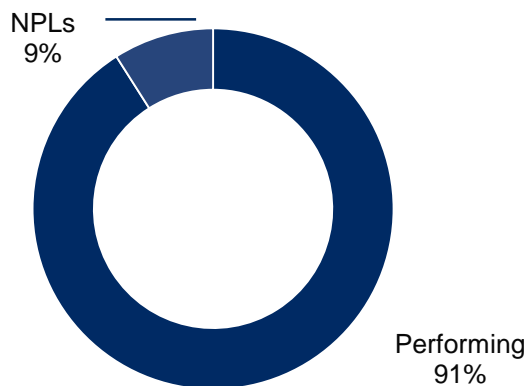
by product type



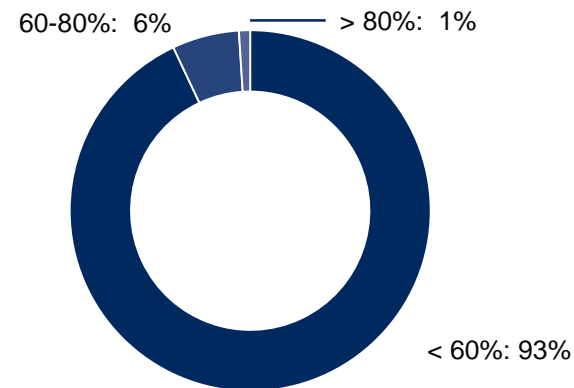
by property type



by performance



by LTV ranges¹⁾

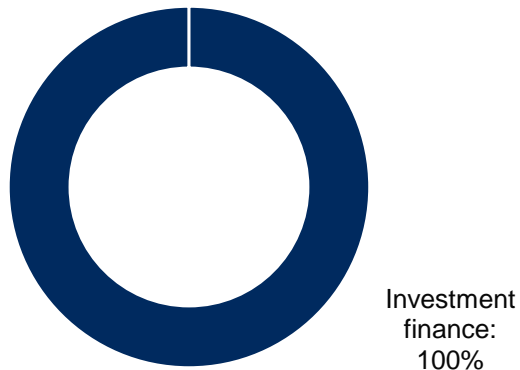


1) Performing CREF-portfolio only, exposure as at 31.12.2019

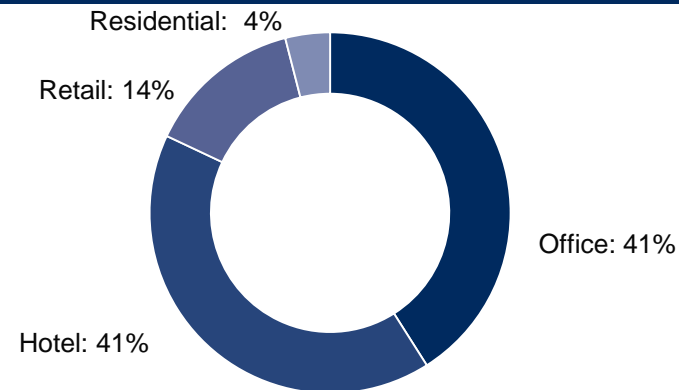
North America CREF portfolio

Total volume outstanding as at 31.12.2019: € 7.8 bn

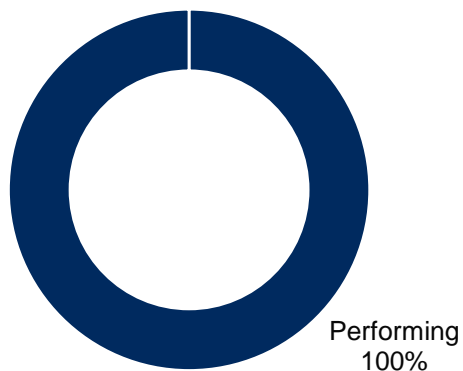
by product type



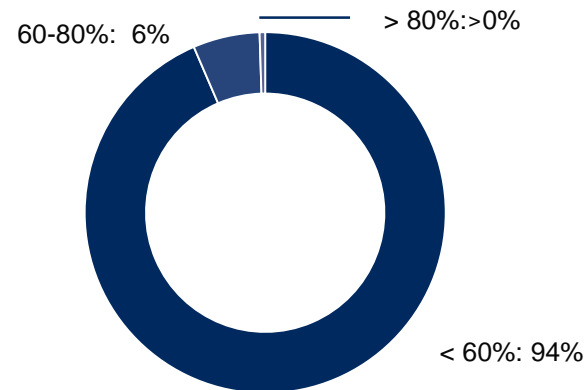
by property type



by performance



by LTV ranges¹⁾

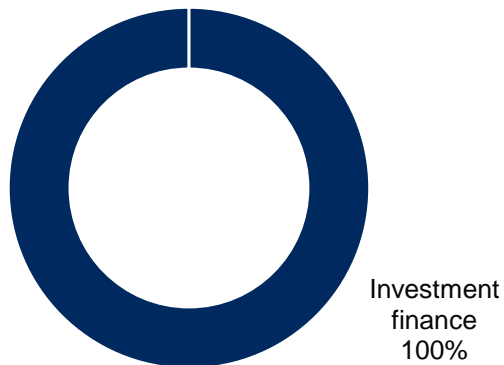


1) Performing CREF-portfolio only, exposure as at 31.12.2019

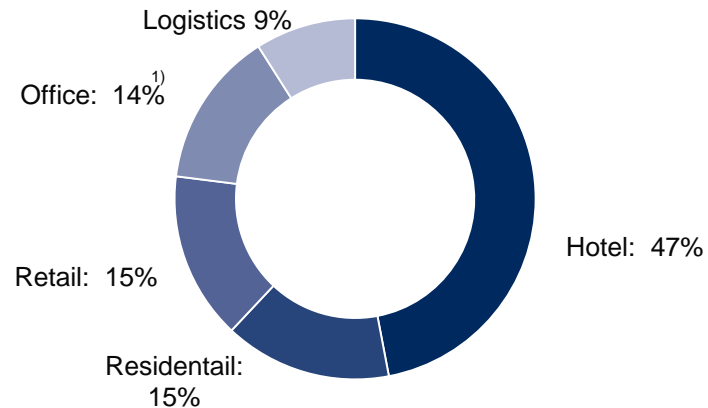
Asia / Pacific CREF portfolio

Total volume outstanding as at 31.12.2019: € 0.7 bn

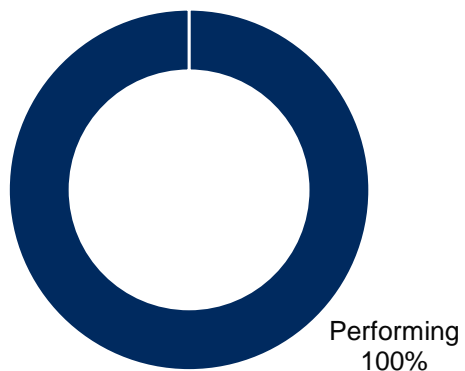
by product type



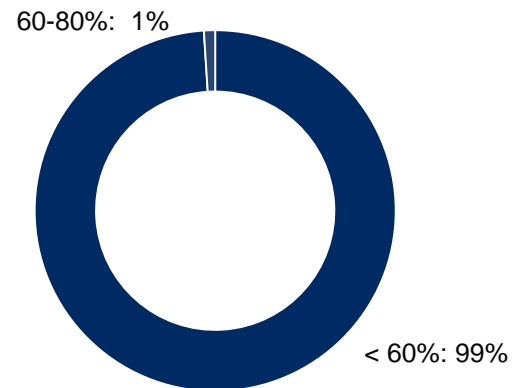
by property type



by performance



by LTV ranges²⁾



1) Incl. Student housing (Australia only)

2) Performing CREF-portfolio only, exposure as at 31.12.2019



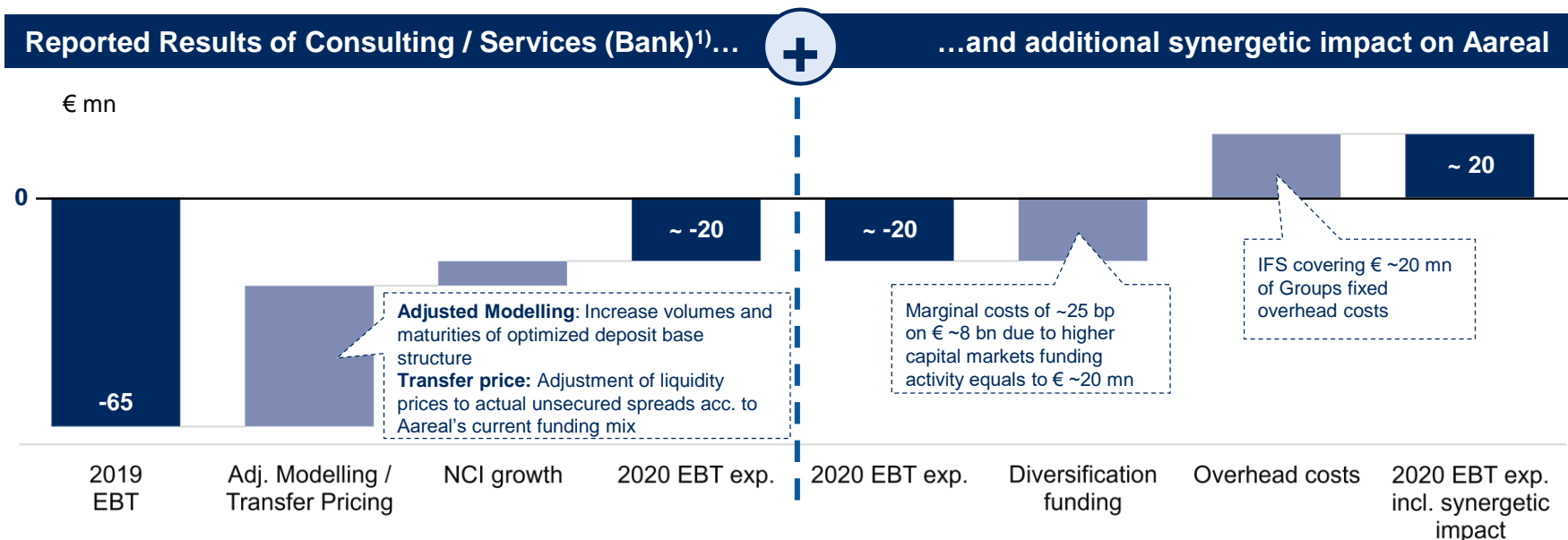
Appendix

Aareal Next Level

Aareal
YOUR COMPETITIVE ADVANTAGE.

Aareal Next Level

Consulting / Services (Bank) - More transparency and additional opportunities



Additional opportunities...

- ... sustained growth of NCI: +13% CAGR planned from 2019 to 2022
- ... option on increasing NII if rates rise >0%
- ... diversification of funding mix, well recognized by rating agencies
- ... cross selling between Aareal and Aareon

1) Pro forma: current division C/S ex. Aareon

Aareal Next Level

Our Dividend Policy – Confirmed despite significant regulatory burdens

Payout ratio of up to 80% confirmed

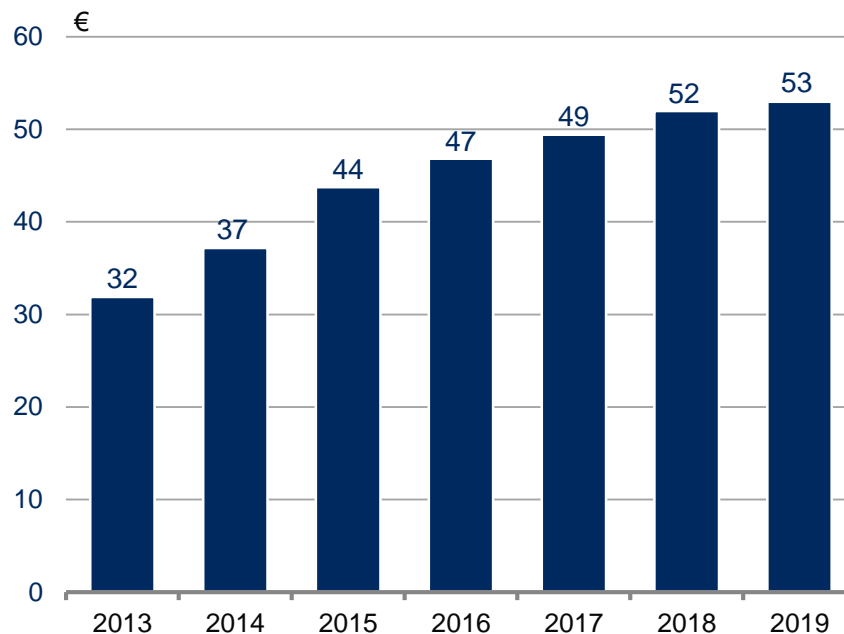
Base Dividend



Supplementary Dividend

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

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**



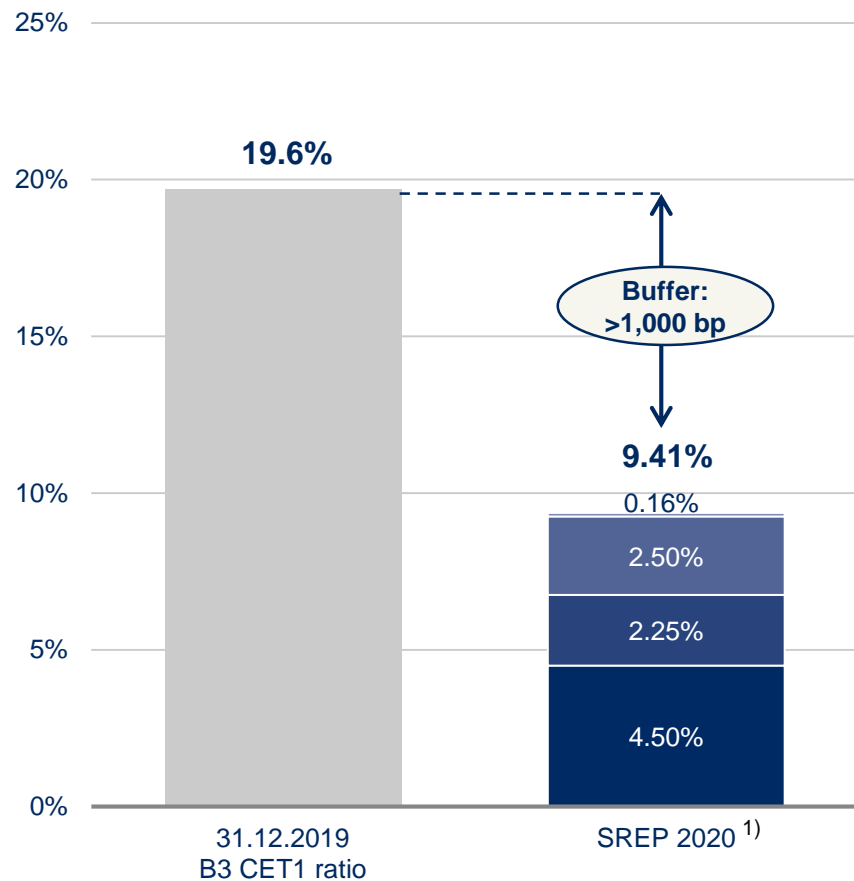
Appendix Regulation

Aareal
YOUR COMPETITIVE ADVANTAGE.

SREP (CET 1) requirements

Demonstrating conservative and sustainable business model

B3 CET1 ratio vs. SREP (CET1) requirements

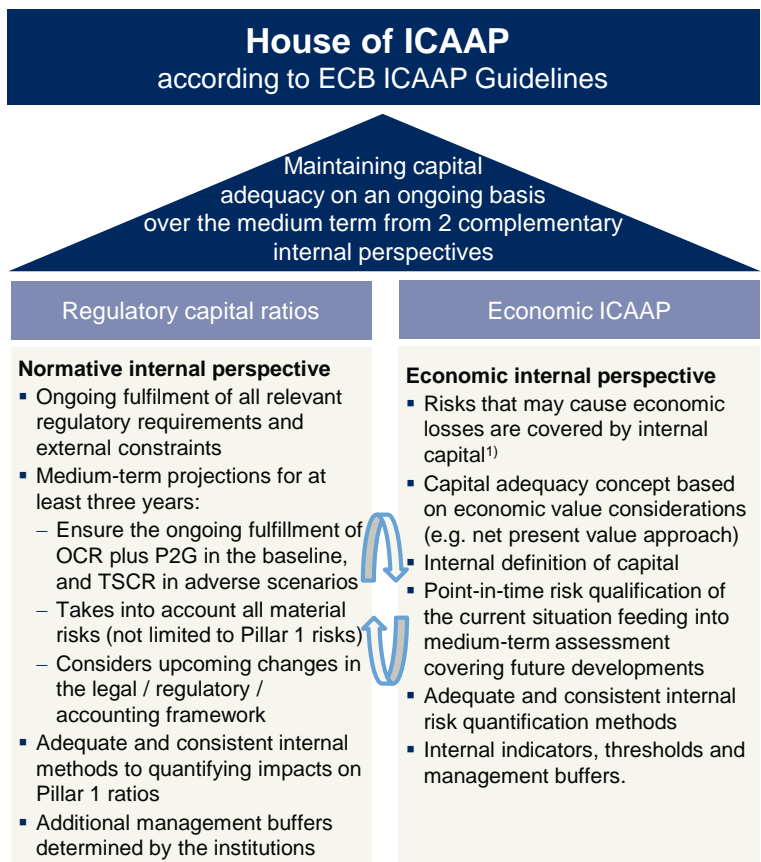


- Corresponding total capital requirement 2019 (Overall Capital Requirement (OCR) incl. buffers) amounts to 12.9%
- As of 31. December 2019 total capital ratio amounts to 29.9% and includes TRIM effects as well as prudential provisioning

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

1) SREP-CET1 Requirements incl. buffers (Capital Conservation and Countercyclical)

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



- 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

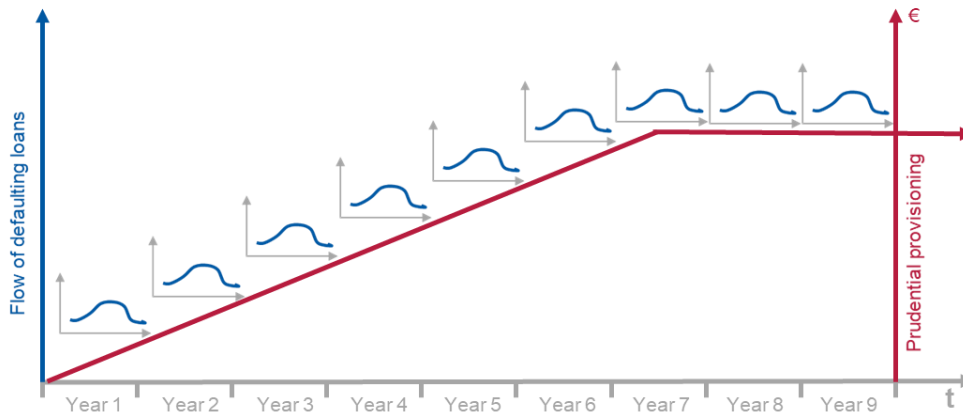
- **AT1 in the economic ICAAP, currently and presumably in future no alternative instruments (beside CET1) available to fulfil ECB requirements (economic triggers instead of normative)**
- **Economic ICAAP to become the new capital constraint for European banks?**

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

Regulatory capital

What may come: future NPL regulatory provisioning

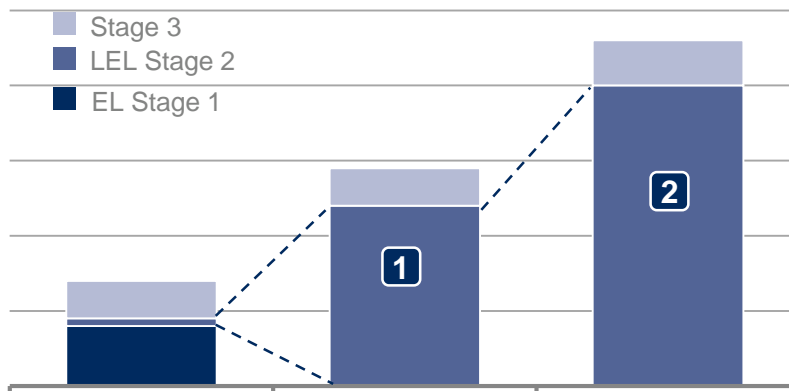
Buffersize for regulatory provisioning of future NPL's may vary



- What: Anticipating impact of ECB guidelines of risk provisioning for future NPL
- How: 7 years pro rata build-up of buffer for regulatory required prudential provisioning depending on PD/LGD/fc period
- Impact: Recognition in regulatory capital; slower growth of (excess) capital but already fully reflected in capital planning
- Dimension: € 150 mn - € 250 mn

Published Feb 2019; Updated Nov 2019

Modelling theoretical maximum of IFRS 9 Stage 2 sensitivity (CREF business)



- What: IFRS 9 Stage 2 maximum shift, LLP dimension depending on rating development
- How:
 - 1**: Modelling an (unrealistic) theoretical case of 100% loan volume migrating to stage 2
 - 2**: Additional shift of 1-2 rating classes
- Impact: Recognition in P/L
- Dimension: Even in the absolute extreme scenario "only" € 150 – 200 mn additional LLPs would be required, hence all potential macro downturn scenarios digestible by Aareal's strong profit generation capacity

Published Feb 2019



Appendix

AT1: ADI of Aareal Bank AG

Interest payments and ADI of Aareal Bank AG

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

	31.12. 2015	31.12. 2016	31.12. 2017	31.12. 2018	31.12. 2019
€ mn					
Net Retained Profit	99	122	147	126	120
▪ <i>Net income</i>	99	122	147	126	120
▪ <i>Profit carried forward from previous year</i>	-	-	-	-	-
▪ <i>Net income attribution to revenue reserves</i>	-	-	-	-	-
+ Other revenue reserves after net income attribution	720	720	720	720	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



Appendix

Sustainability Performance

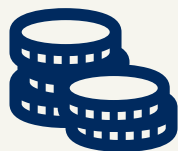
Aareal
YOUR COMPETITIVE ADVANTAGE.

Aareal Bank Group

Stands for solidity, reliability and predictability

Doing business sustainably

Development of Return on Equity¹⁾ demonstrates financial strength



19.6% Common Equity Tier 1 ratio²⁾, significantly exceeding the statutory requirements



€ 26.7 bn Valuable Real Estate Finance Portfolio³⁾



Digital solutions boost our client's sustainability records



Above average results in sustainability ratings



Covered Bonds⁴⁾ with best possible ratings – also attractive from an ESG point of view⁵⁾

MOODY'S INVESTORS SERVICE



Aareal Bank awarded as top employer for the 12th time in succession



Preparations for future disclosure requirements (EU Action Plan)



1) Pre-tax RoE of 8.7% as at 31.12.2019

2) Basel 3, as at 31.12.2019

3) REF-portfolio includes private client business (€ 0.4 bn) and WIB's public sector loans (€ 0.4 bn), as at 31.12.2019

4) Mortgage Pfandbriefe rated Aaa by Moody's

5) imug classified mortgage Pfandbriefe as recommendable investments with regard to ESG aspects (BBB), without DHB

Note: All 2019 figures preliminary and unaudited

Doing business sustainably.

Above average ESG-Ratings confirm the company's performance

Environment

Social

Governance

within core business

- **Environmental financing criteria within property valuation**
(e.g. asbestos, energy efficiency, etc.)
- **Transparency initiatives on portfolio level**
(e.g. Climate VaR for new business 2018 looking at extreme weather events, future policy risk costs and 2°C-compatibility; additional CMS-fields for energy efficiency, green building labels)
- **Set-up of ESG-opportunity & risk management**
(e.g. we currently work on an Aareal-Green Building Definition (by Q2 2020) and climate reporting (TCFD¹⁾)

- **Strong economic performance**
(e.g. contribution to the stability of the property banking sector/financial markets and to restoring trust in the banking industry)
- **Contribution to affordable housing**
(e.g. with our software solution clients benefit from time, cost and efficiency savings)
- **Failsafe information security**
(e.g. we undergo voluntary external audits and certification processes)

- **Transparent reporting on remuneration model / details**
- **High quality ESG-disclosure**
(e.g. based on Global Reporting Initiative²⁾ (GRI), assured by PwC, anticipating regulatory developments (ICAAP), ESG- facts incorporated in analyst presentation)
- **Structure, composition and diversity of governing bodies**
(Supervisory Board established five committees in order to perform its supervisory duties in an efficient manner)
- **Governance Roadshow**

on corporate level

- **Environmental disclosure**
(e.g. Aareal's ecological footprint, environmental KPIs (datasheet on website), CDP reporting, etc.)
- **Expansion of green electricity**
(88% of total electricity consumption as of 12/2018)
- **CO₂ compensation**
(parts of business travel, print materials)

- **Fair, performance-oriented remuneration schemes**
- **Employee surveys**
- **Management of social matters**
(e.g. Code of Conduct for employees, Code of Conduct for business partners, Human Rights policy, Diversity Charta, etc.)

- **CEO-responsibility for ESG matters**
("tone from the top")
- **ESG-targets for Management Board**
- **Sustainability matters regularly discussed in Board Meetings**
- **Groupwide Sustainability Committee established in 2012**

1) TCFD: Task Force on Climate-related Financial Disclosures

2) GRI: Aareal reports material ESG information according to the broader stakeholder focused GRI standard, the other complementary leading sustainability reporting standard besides SASB

Sustainability data

Extends the financial depiction of the Group

Key takeaways at a glance

Transparent Reporting – facilitating informed investment decisions

- “COMBINED SEPARATE NON-FINANCIAL REPORT 2018 FOR AAREAL BANK AG” and SUSTAINABILITY REPORT 2018 “SETTING MILESTONES. CREATING PROSPECTS.” have been published on March 28, 2019
- PwC performed a limited assurance review

Sustainability Ratings – confirming the company’s sustainability performance

MSCI	Aareal Bank Group with “AA Rating” in highest scoring range for all companies assessed relative to global peers reg. Corporate Governance practices [as per 06/2019]
ISS-ESG	Aareal Bank Group holds “prime status” and ranks with a C+ rating among the top 15% within the ‘Financials/Mortgage & Public Sector Finance’ category [since 2012, re-confirmed 08/2019]
Sustainalytics	Aareal Bank AG is with a score of 22.9 at medium risk of experiencing material financial impacts from ESG factors, rank 116 out of 934 rated banks (13 th Percentile). [as per 12/2019]
CDP	Aareal Bank AG received a C which is in the Awareness band ¹⁾ . This is same as the Europe-regional average of C, and same as the Financial services sector average of C. [Report 2019]
imug	Aareal Bank was rated “positive B” in the category “Issuer Performance”; rank 6 out of 43 rated banks [as per 07/2019]

1) Downgrade due to average consideration of ESG aspects in governance and corporate processes.



Appendix

Introduction Aareal Bank

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Aareal Bank Group

Key messages

- Aareal is a leading finance and service provider to international property markets offering tailor-made products to a stable customer base within its two pillar business model focusing on
 - Structured Property Financing (SPF):
Aareal provides low-risk commercial real estate financing solutions focusing on different property types in Europe, North-America and Asia/Pacific
 - Consulting/Services (C/S):
Within the C/S segment Aareal is #1 provider of ERP solutions to the German and European institutional housing industry and additionally offering transaction banking services to the German housing market and related industries
- Aareal's balance sheet has a sound structure with a high quality and a well diversified credit portfolio, a stable deposit base and a sustainable long-term refinancing mix as well as a solid capital base
- Aareal is an independent publicly listed (MDAX) mid-sized company with high flexibility and adaptability
- The Aareal business model provides stable revenues and a risk management with a positive track record even under in an adverse market environment

Aareal Bank Group

One Bank – two segments

Aareal

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Structured Property Financing

International presence and business activities on three continents: Europe, North America, Asia / Pacific

Providing commercial real estate financing solutions in more than 20 countries and different property types (hotel, logistic, office, retail, residential, student housing)

Additional industry experts in hotels, logistics and retail properties

Total real estate finance portfolio¹⁾: ~ € 27 bn

Consulting / Services for the property industry

Market-leading IT systems for the management of residential and commercial properties in Europe

Integrated payment transaction system for the housing industry (market-leading) and the utility sector

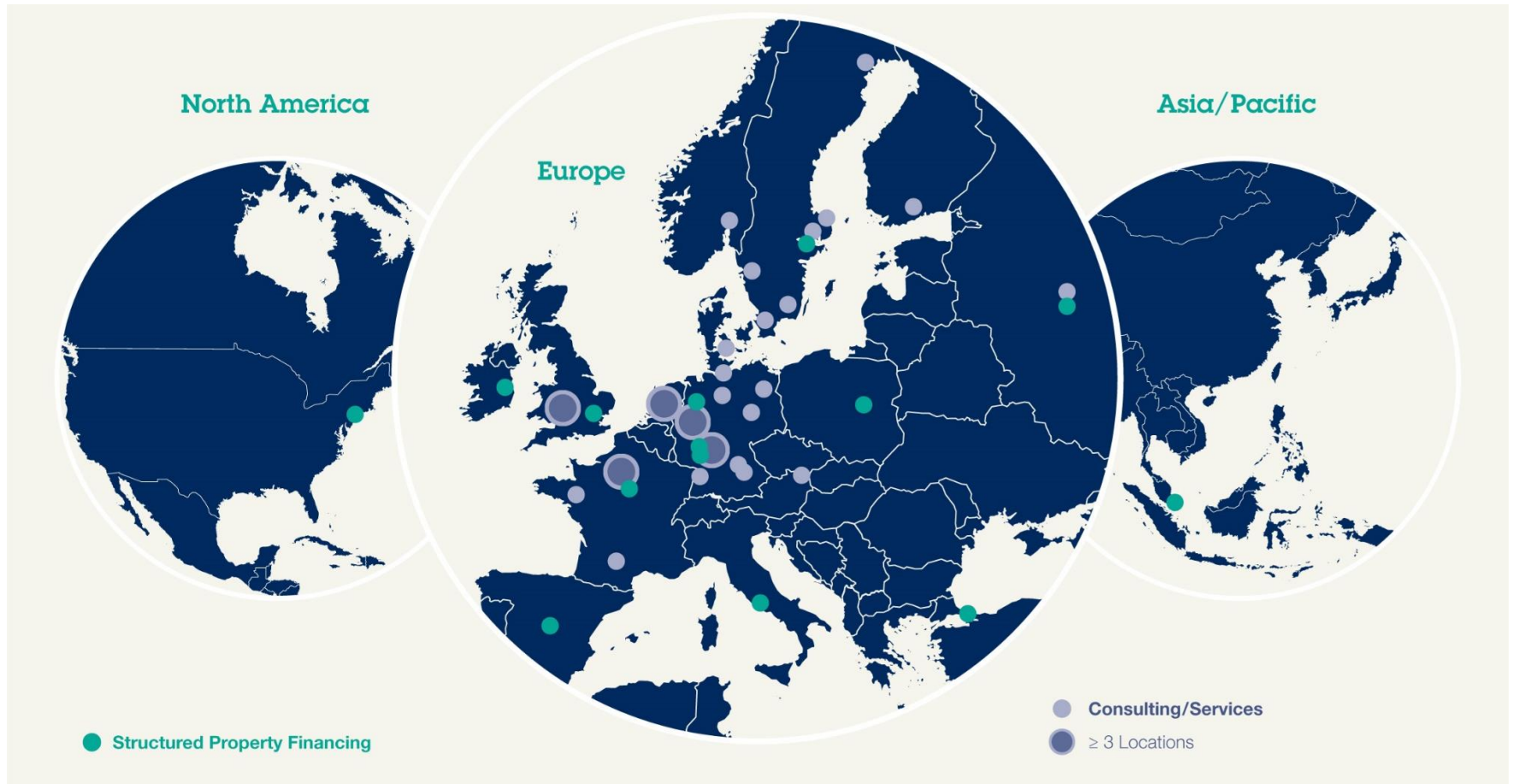
More than 10 mn units under management in Europe, thereof ~ 6 mn in the key market Germany

International presence:
France, the Netherlands, the UK and Scandinavia

1) REF-portfolio incl. private client business (€ 0.4 bn) and WIB's public sector loans (€ 0.4 bn)

Aareal Bank Group

One Bank – two segments – three continents



International property financing in more than 20 countries –
Europe, North America and Asia / Pacific

Structured Property Finance

Specialist for specialists

Aareal Bank Group Structured Property Finance

- Cash-flow driven collateralised business
 - Focus on senior lending
 - Based on first-ranking mortgage loans
- Typical products, e.g.:
 - Single asset investment finance
 - Portfolio finance (local or cross-border /-currency)
 - Value add-finance
- In-depth know-how in local markets and special properties
 - Local expertise at our locations
 - Additional industry expertise (head offices)
- International experience with employees from more than 30 nations



Consulting / Services

High customer overlap with substantial cross-selling effects

Aareal Bank Group Consulting / Services

Aareon Group: IT Services

- Market-leading European IT-system house for the (ERP based) management of residential and commercial property portfolios
- ~ 60% market share in German key market with ~6 mn units under management
- Comprehensive range of integrated services and consulting

Aareal Bank: Transaction Banking

- Market-leading integrated payment transaction systems for the housing industry
- Key clients: large size property owners / managers and utility companies
- ~100 mn transactions p.a. (volume: ~€ 50 bn)
- Ø deposit volume of € 10.7 bn in 2019

Strategic Management of residential portfolios

- Planning, Controlling, Steering
- Portfolio Management

Administrative Management of residential portfolios

- Tenant Management
- Flat Management
- Maintenance
- Accounting



- Refurbishments
- New Developments

Construction Management of residential portfolios

- Mass payments
- Cash Management
- Creditor and Debtor Management

Financial Management of residential portfolios



Definitions and contacts

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Definitions

- **New Business** = Newly acquired business + renewals
- **Common Equity Tier 1 ratio** =
$$\frac{\text{CET1}}{\text{Risk weighted assets}}$$
- **Pre tax RoE** =
$$\frac{\text{Operating profit ./. income/loss attributable to non-controlling interests ./. AT1 coupon}}{\text{Average IFRS equity excl. non-controlling interests, other reserves, AT1 and dividends}}$$
- **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** =
$$\frac{\text{Net operating income (NOI) x 100}}{\text{Current commitment incl. prior / pari-passu loans}}$$
- **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

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