Annual Analyst Conference

Preliminary 2014 results

February 25, 2015
Dr. Wolf Schumacher, CEO – Hermann J. Merkens, CFO

Aareal Bank Group

Agenda

- Acquisition of
  Westdeutsche ImmobilienBank AG (WestImmo)
- Preliminary 2014 results
- Segment performance
- B/S structure, capital & funding position
- Preliminary group figures 2014
- Asset quality
- Outlook 2015
- Midterm Outlook

- Appendix
- Definitions and Contacts

Note: All 2014 figures preliminary and unaudited

Acquisition of WestImmo

Strategic rationale

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Strategic rationale

Attractive opportunity to pursue inorganic growth

Favourable environment

- Low price-to-book valuations in the banking industry
- Attractive asset and liability spreads
- Limited interest of investors for the European CRE-Banking sector

Aareal financially capable and experienced

- Profitable use of excess capital
- Strong liquidity / funding position
- Proven track record
- Experienced integration team

Attractive opportunity

WestImmo

Value enhancing transaction in line with business strategy

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Note: All 2014 figures preliminary and unaudited

Strategic rationale

Value enhancing transaction in line with business strategy

- Transaction represents attractive opportunity for Aareal Bank to pursue inorganic growth as it is EpS accretive and creating shareholder value from day one while mid-term targets unchanged
- Acquisition using existing excess capital demonstrates strength and strategic capacity while generating further excess capital and therefore dividend distribution potential at the same time
- Immediate (inorganic) growth of interest earning asset base in times of increasing competition
- Perfect overlap to Aareal's core business further strengthens position as a specialised commercial real estate lender
- International well experienced staff and platform maintained despite currently not being allowed to write new business (acc. to EU-regulations) and therefore in run-down mode
- High diversification of CRE portfolio and conservative risk profile remains unchanged
- Optimisation of capital structure in line with communicated strategy

Note: All 2014 figures preliminary and unaudited

Strategic rationale
Business ability even without new business origination

Strategy and business modell	▪ WestImmo is a specialist in international commercial real estate financing focussing on office, shopping center, hotel and logistics, headquartered in Mainz / Münster ▪ Additional activities for private clients and public sector ▪ Originally focussing on Europe, the US and Asia with international locations ▪ Balance sheet of ~ € 8.1 bn (~ € 3.3 bn RWA), thereof CRE business ~ € 4.3 bn, private clients ~ € 1.6 bn, public sector ~ € 0.8 bn (pro forma extrapolated as at 31.03.2015) ▪ 280 employees (~ 255 FTE)
History	▪ WestImmo was a subsidiary of former WestLB ▪ After the split of former WestLB into Portigon AG and Erste Abwicklungsanstalt (EAA) in September 2012, WestImmo became a 100%-subsidiary of EAA ▪ WestImmo has either to be sold or to be wind down (acc. to EU-regulations) and therefore was not allowed to write new business since H2 2012 ▪ In order to prepare an open, transparent and non-discriminatory bidding process in H1 2014 non Pfandbriefbank “suitable” assets and liabilities were transferred to EAA via carve out

Note: All 2014 figures preliminary and unaudited

Acquisition of WestImmo

Transaction structure

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Transaction structure
Attractive terms and conditions

Transaction	▪ All cash transaction to acquire 100% of the shares ▪ Via pre-closing carve out, all funding provided and financial guarantees given from EAA to WestImmo will be terminated. At the same time specific assets will be transferred from WestImmo to EAA. In addition Aareal Bank provides WestImmo an external credit- / liquidity-line ▪ Profit until closing to be paid to EAA ▪ Fair / conservative valuation; attractive asset and liability spreads logged in ▪ Extensive due diligence carried out ▪ Attractive purchase price of € 350 mn[1)]
Closing conditions	▪ Subject to BaFin / ECB approval ▪ Subject to anti-trust approval

1) Subject to further adjustments

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Note: All 2014 figures preliminary and unaudited

Acquisition of WestImmo

Financials

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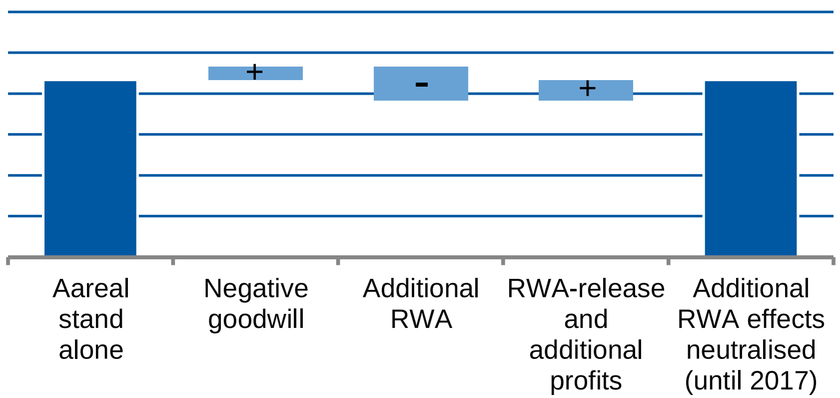
Financials

Impact on capital ratios, EpS, and RoE[1)]

Expected CET1 effects (Basel III fully phased)



Capital ratios:

- All cash transaction
  - Allocation of excess capital
  - RWA increase partly compensated by negative goodwill
- Expected pro forma CET1 as at 31.12.2015: 11.8%
- Bail in capital ratio expected above target (~8%)

EpS

- Transaction is EpS accretive from day 1
- Expected cumulative EpS for the next three years > 3 €
- Substantial part of the capital currently absorbed by acquired RWA already to be released until 2017
- No capital relief from switch of rating model (WestImmo already on AIRBA)

RoE

- Transaction in line with mid term RoE target
- Pre-tax RoE target confirmed at ~12%

Dividend policy

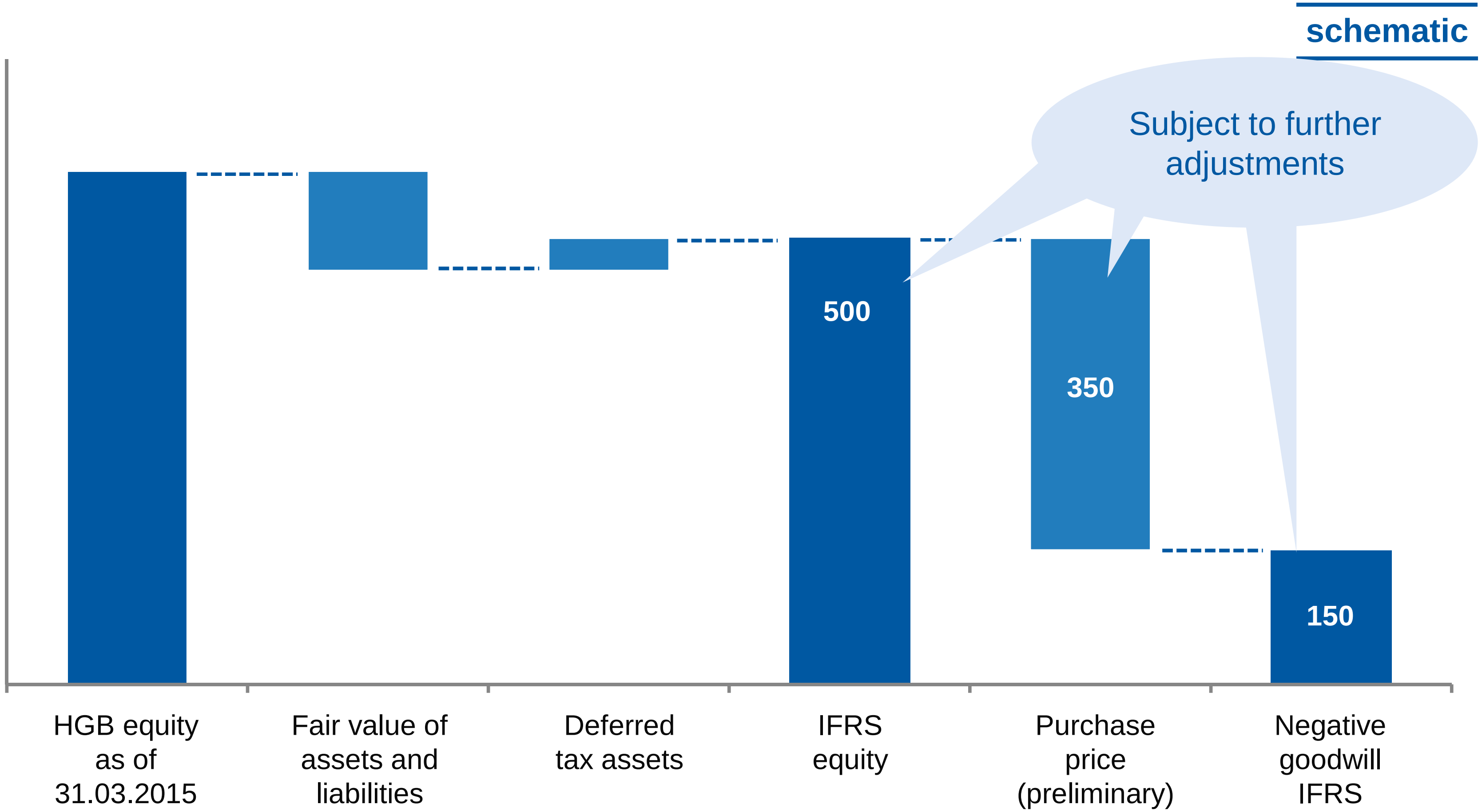
- Reconfirming active dividend policy with payout ratios of ~50% (excl. negative goodwill)

1) Pro forma extrapolated, assumed closing 31.03.2015

Note: All 2014 figures preliminary and unaudited

Financials

Purchase price illustration[1)]



1) Pro forma extrapolated, assumed closing 31.03.2015

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Acquisition of WestImmo

Next steps

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Next steps

Closing envisaged for H1 2015

Q1 2015

- 22.02. signing of SPA
- Regulatory and anti trust filings

H1 2015

- Closing
- Subsequent kick-off of business combination process

Q1 2015

Q2 2015

H1 2015

- Final approval from BaFin / ECB expected
- Final approval from Anti-trust Authorities expected

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Note: All 2014 figures preliminary and unaudited

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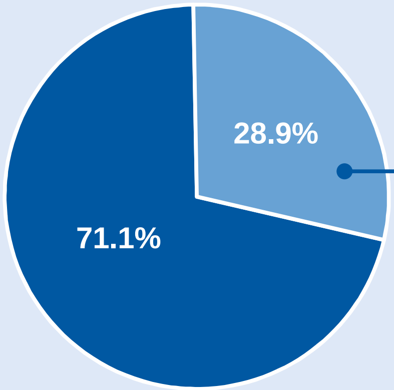
Aareal's new ownership structure

Successful placement underlines confidence in ARL

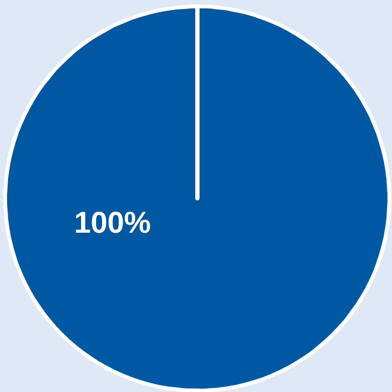
Previous ownership structure incl. Aareal Holding (until 02.02.2015)



Public float
Aareal Holding Verwaltungsgesellschaft mbH

6.9%	Bayerische Beamten-Lebensversicherung a.G.
6.9%	Swiss Life AG
5.2%	Versorgungsanstalt des Bundes und der Länder
4.7%	Dr. August Oetker Finanzierungs- und Beteiligungs-Gesellschaft mbH
2.7%	Baseler Lebensversicherungs-AG und Baseler Sachversicherungs-AG
1.4%	Deutscher Ring Krankenversicherungsverein a.G.
1.1%	Condor-Lebensversicherungs Aktiengesellschaft

New ownership structure (since 03.02.2015)



Public float[1)]

1) Subject to confirmation from Deutsche Börse AG / STOXX Ltd.

- Aareal Holding successfully completed the placement of its 28.9% stake Aareal Bank shares worth € 545 mn
- Priced at a small discount of 4.6% to the previous close
- The books were covered within 1 hour post launch - final orderbook was multiple times oversubscribed
- The transaction saw high quality demand particularly from the UK, Germany and USA

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Note: All 2014 figures preliminary and unaudited

Highlights 2014

Aareal Bank with an all time high operating profit

Highlights

- Aareal Bank concludes 2014 with an all time high operating profit
- Group operating profit of € 436 mn above guided range
- Tripled consolidated profit of € 294 mn
- Pre-tax RoE increased to 11.1% (excl. negative goodwill of Corealcredit acquisition)
- Dividend proposal raised from € 0.75 to € 1.20 (~50% payout ratio)
- New business origination remains on a high level, compensating effects from early repayments
- Successful acquisition and integration of Corealcredit into Aareal Bank Group
- ECB’s comprehensive assessment confirmed Aareal Bank's capital and financial strength
- Full repayment of remaining € 300 mn SoFFin silent participation
- Aareal Bank successfully placed € 300 mn additional Tier 1 capital (AT1)

Note: All 2014 figures preliminary and unaudited

Preliminary 2014 results

Environment 2014

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Environment 2014

Our assumptions turned out to be valid

Assumptions for guidance 2014 (02/2014)	Reality 2014
Capital markets will continue to ease - backed by central bank measures in Europe and the US, but uncertainty about reaction to normalisation of money supply (e.g. tapering).	Capital markets continue to ease, US-tapering without negative effects, due to geo-political risks markets turned temporarily more cloudy in H2 (especially in Europe).
Due to little inflation pressure, we expect ECB to keep key interest rates low and to start alternative measures - therefore short-term Euro interest rates will likely stay low as well.	Ongoing quantitative easing: very low short-term / negative interest rates challenged further – ECB fighting deflation and risking asset bubbles.
Slight world economic recovery expected, but different speed in Europe, North American will recover faster, Asian economies will continue to grow but further development still uncertain.	Slight world economic recovery slowed down in H2, still with different speed of recovery in Europe, North American and Asia.
Regulatory environment more predictable, AQR may cause some uncertainty.	Regulatory environment more predictable (but possible new challenges ahead), published AQR and stress test results brought more transparency to the European banking sector.
	Unpredicted: new geo-political risks (not yet fully reflected in the markets).

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Note: All 2014 figures preliminary and unaudited

Preliminary 2014 results

At a glance

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2014 at a glance

Strong performance – dividend proposal: 1.20€

Targets	Guidance	9M-Guidance	Preliminary
Dividend proposal	~ 50% payout ratio		€ 1.20 pS (~ 50%)
Net interest income	€ 610 mn - € 640 mn	€ 650 mn - € 680 mn	€ 688 mn
Net loan loss provisions	€ 100 - 150 mn	€ 100 - 150 mn (upper half: LIP 1)	€ 146 mn
Net commission income	€ 170 - 180 mn	€ 160 - 170 mn	€ 164 mn
Administrative expenses	€ 430 - 450 mn	€ 430 - 450 mn	€ 439 mn
Negative goodwill[1)]	~ € 150 mn	€ 152 mn	€ 154 mn
Operating profit[2)]	**€ 370 - 390 mn**	**€ 420 - 430 mn**	**€ 436 mn**
EpS[3)] incl. negative goodwill	-	-	€ 4.87
Pre-tax RoE excl. neg. goodwill	~ 9%	~ 10%	11.1%
New business origination[4)]	€ 8 - 9 bn	~ € 10 bn	€ 10.7 bn
Operating profit Aareon	~ € 28 mn	~ € 26 mn	€ 26 mn

1) Adjusted
2) Incl. negative goodwill
3) Earnings per ordinary share
4) Incl. renewals

Note: All 2014 figures preliminary and unaudited

Q4 2014 results at a glance

Operating profit pushed by strong NII development

€ mn	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Comments
Net interest income *(excl. early unplanned repayments[1])*	194 *(174)*	181 *(168)*	169 *(161)*	144 *(140)*	147 *(137)*	Strong NII development due to ▪ Portfolio growth: € 4.5 bn since 12/'13 thereof Corealcredit € 2.7 bn ▪ Stable margins ▪ Lower funding costs ▪ ALM measures
Net loan loss provision ▪ *Specific allowances* ▪ *Portfolio allowances*	41 *6* *35*	36 *33* *3*	32 *33* *-1*	37 *6* *31*	39	▪ In line with guidance ▪ Q1 incl. LIP factor adjusting: 0.5 ➡ 1.0
Net commission income	48	37	39	40	48	▪ Q4 with regular seasonal effects
Admin expenses	114	109	114	102	99	▪ FY burdened by regulatory & other projects, integration of Corealcredit
Negative goodwill				154[2)]		▪ Gain from initial consolidation
Operating profit	86	66	65	219[2)]	58	▪ Pushed by strong NII development

1) Additional effects exceeding originally planned repayments
2) Adjusted

Note: All 2014 figures preliminary and unaudited

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Segment performance

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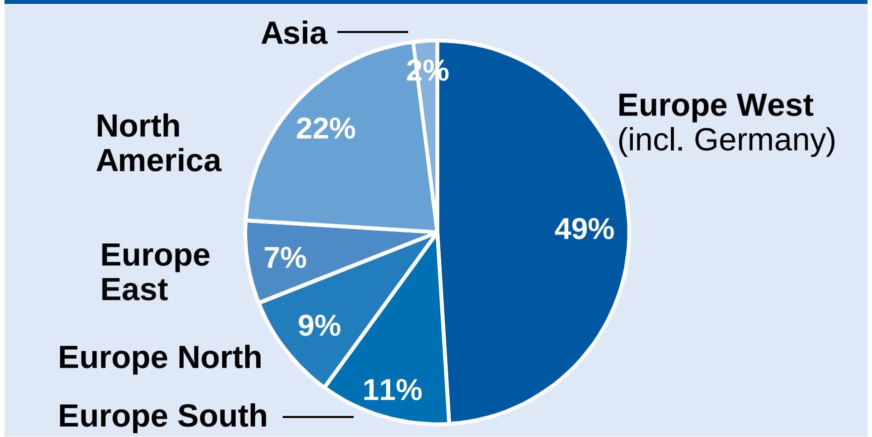
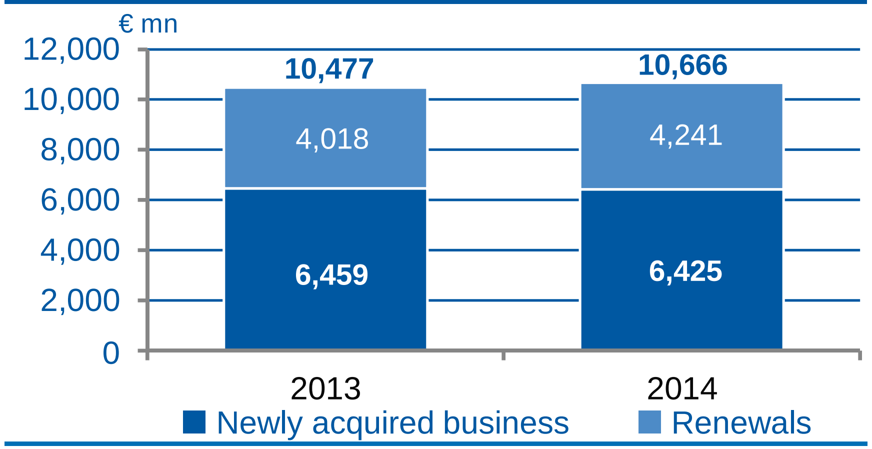
Structured property financing
New business target overachieved

New business by region 2014[1)]



New business origination



P&L SPF Segment	2014	2013	Change
€ mn			
Net interest income	687	519	32%
Loan loss provision	146	113	29%
Net commission income	4	10	-60%
Net result from trading / non-trading / hedge acc.	9	4	125%
Admin expenses	255	201	27%
Others	*3*	*-10*	-
Negative goodwill	154		-
Operating profit	**456**	**209**	**118%**

- New business origination reflecting higher liquidity and transaction volume in markets
- Repayments compensated by higher new business origination
- NII includes effects from early repayments[2)]: Q4: € 20 mn (Q3: 13 / Q2: 8 / Q1: 4)
- Focus on attractive risk-return profile with low risk-weighting and cover pool eligible loans
- Increasing competition in core markets / for prime locations

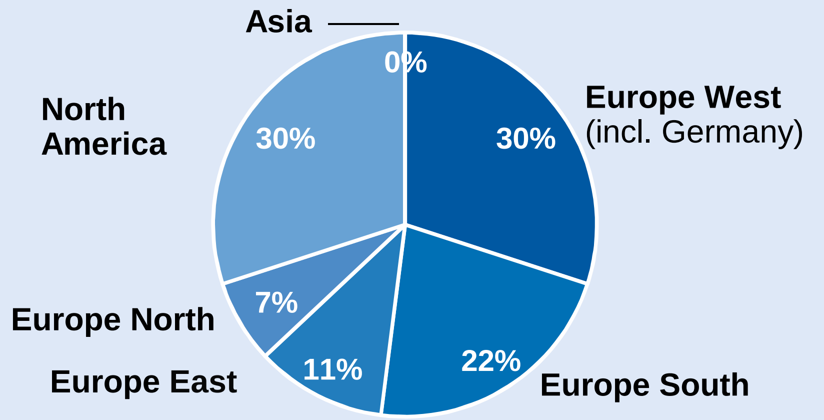
1) Incl. renewals
2) Additional effects exceeding originally planned repayments

Note: All 2014 figures preliminary and unaudited

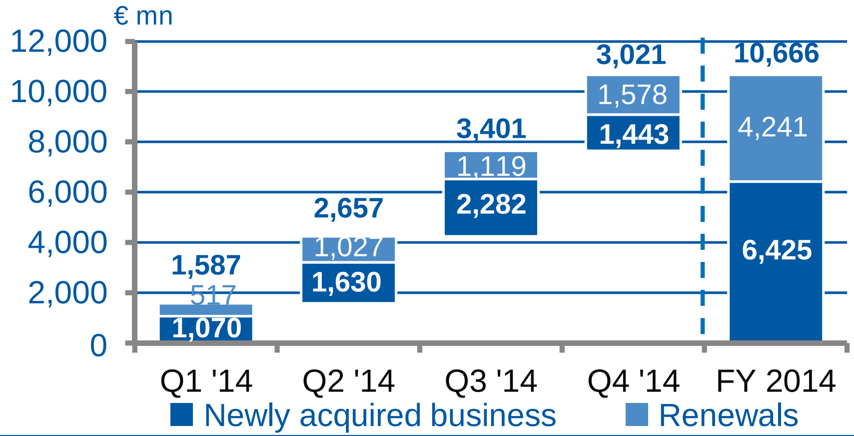
Structured property financing

Strong performance throughout the year

New business by region Q4 2014[1)]



New business origination



P&L SPF Segment	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
€ mn					
Net interest income	194	182	168	143	146
Loan loss provision	41	36	32	37	39
Net commission income	1	1	1	1	3
Net result from trading / non-trading / hedge acc.	7	-5	3	4	1
Admin expenses	67	64	68	56	54
Others	*-8*	*-4*	*-1*	*16*	*-1*
Negative goodwill				154[2)]	
Operating profit	**86**	**74**	**71**	**225[2)]**	**56**

1) Incl. renewals
2) Adjusted

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Note: All 2014 figures preliminary and unaudited

Consulting / Services

Solid in IT & volumes – weak in deposit taking business

P&L C/S Segment	2014	2013	Change
€ mn			
Sales revenue	185	187	-1%
Own work capitalised	5	4	25%
Other operating income	8	6	33%
Cost of material purch.	22	22	-
Staff expenses	131	122	7%
D, A, impairment losses	14	14	-
Other op. expenses	51	50	2%
Others	*0*	*0*	-
Operating profit	**-20**	**-11**	**-81%**

- Aareon sales revenues € 178 mn (+3%) EBT margin ~15%
- Housing industry deposits generate a stable funding base, crisis-proof
- Low interest environment burdens segment results

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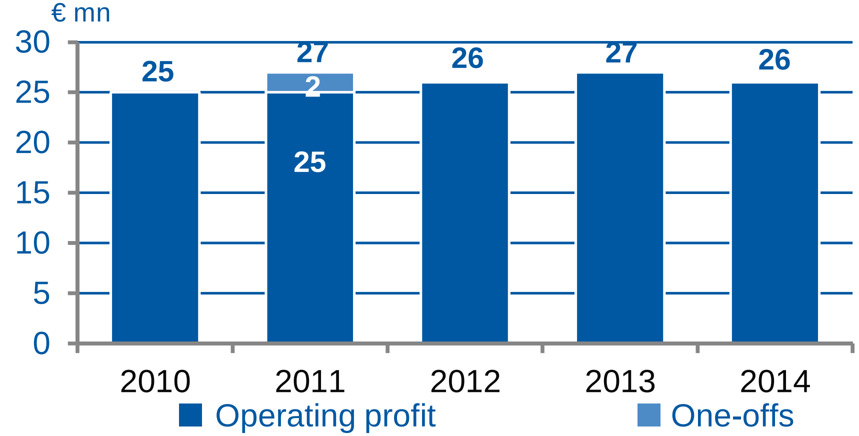
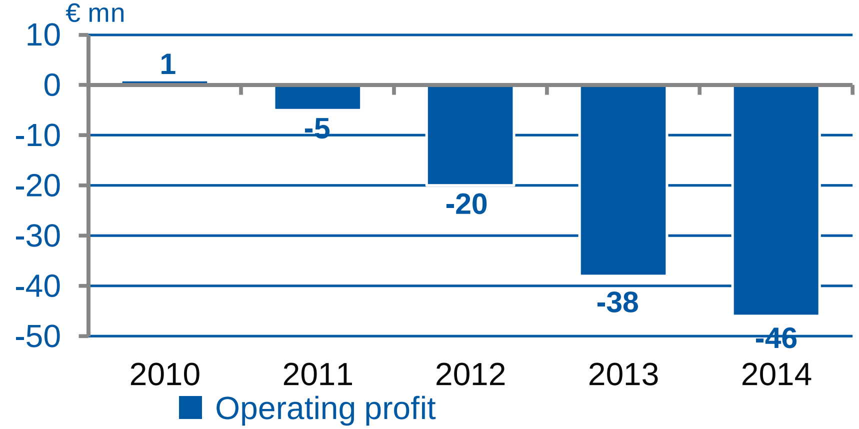


Deposit taking business / other activities



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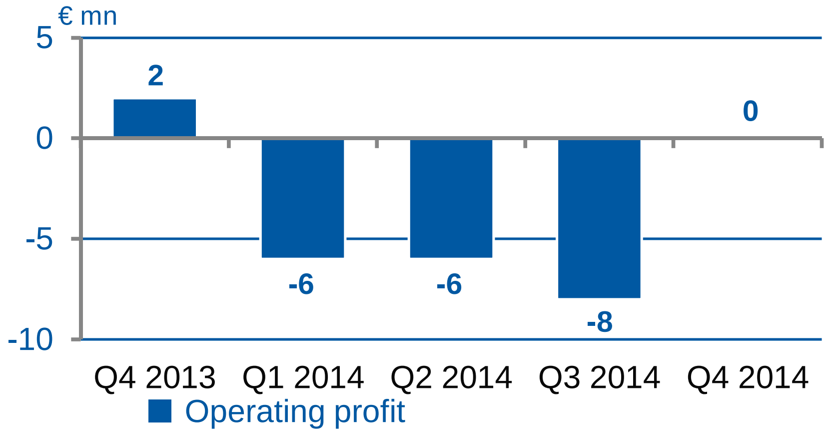
Note: All 2014 figures preliminary and unaudited

Consulting / Services

Deposit taking business burdens segment performance

Consulting / Services



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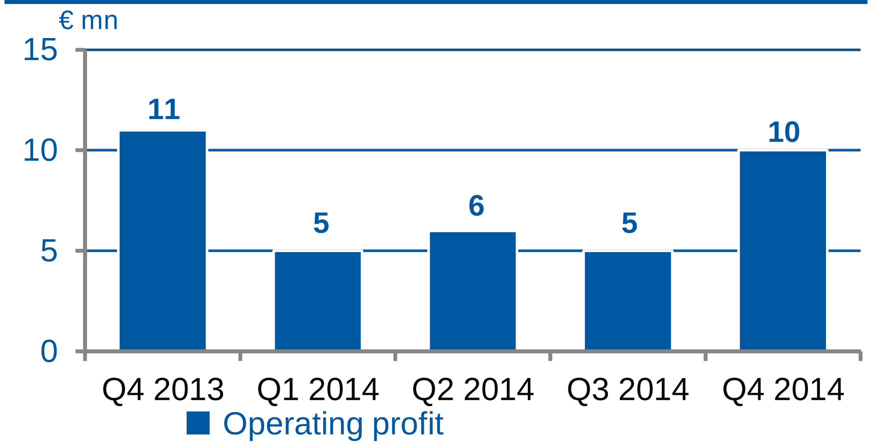
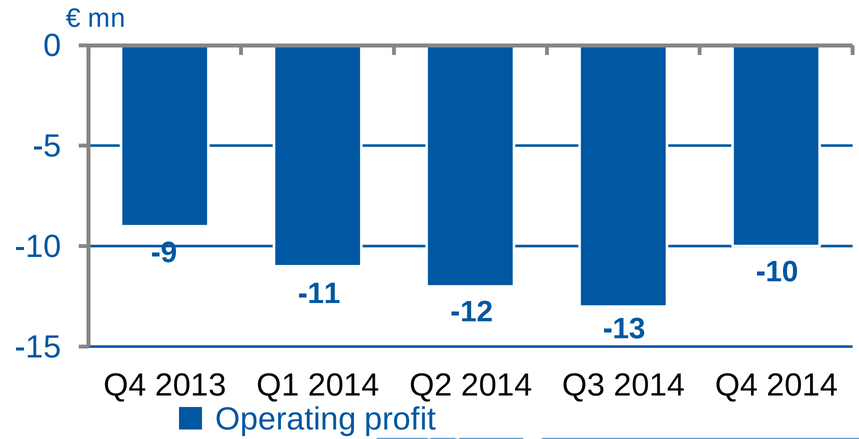


Deposit taking business / other activities



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Note: All 2014 figures preliminary and unaudited

Consulting / Services

Solid in IT & volumes – weak in deposit margins

P&L C/S Segment € mn	Q4 '14	Q3 '14	Q2 '14	Q1 '14	Q4 '13
Sales revenue	52	42	45	46	53
Own work capitalised	1	2	1	1	1
Changes in inventory	0	0	0	0	0
Other operating income	3	2	2	1	4
Cost of material purchased	5	6	5	6	6
Staff expenses	35	32	32	32	34
D, A, impairment losses	3	4	3	4	3
Results at equity acc. investm.	-	-	-	-	0
Other operating expenses	13	12	14	12	13
Results from interest and similar	0	0	0	0	0
Operating profit	**0**	**-8**	**-6**	**-6**	**2**

- Unchanged low interest rate environment continues to burden segment results
- Deposit volume of the housing industry on high levels
  - € 8.6 bn Ø in 2014
  - € 9.1 bn Ø in Q4 2014
- The strategic importance of the housing industry deposits as an additional source of funding exceeds the importance of the margins reflected in the segment performance

Note: All 2014 figures preliminary and unaudited

B/S structure, capital & funding position

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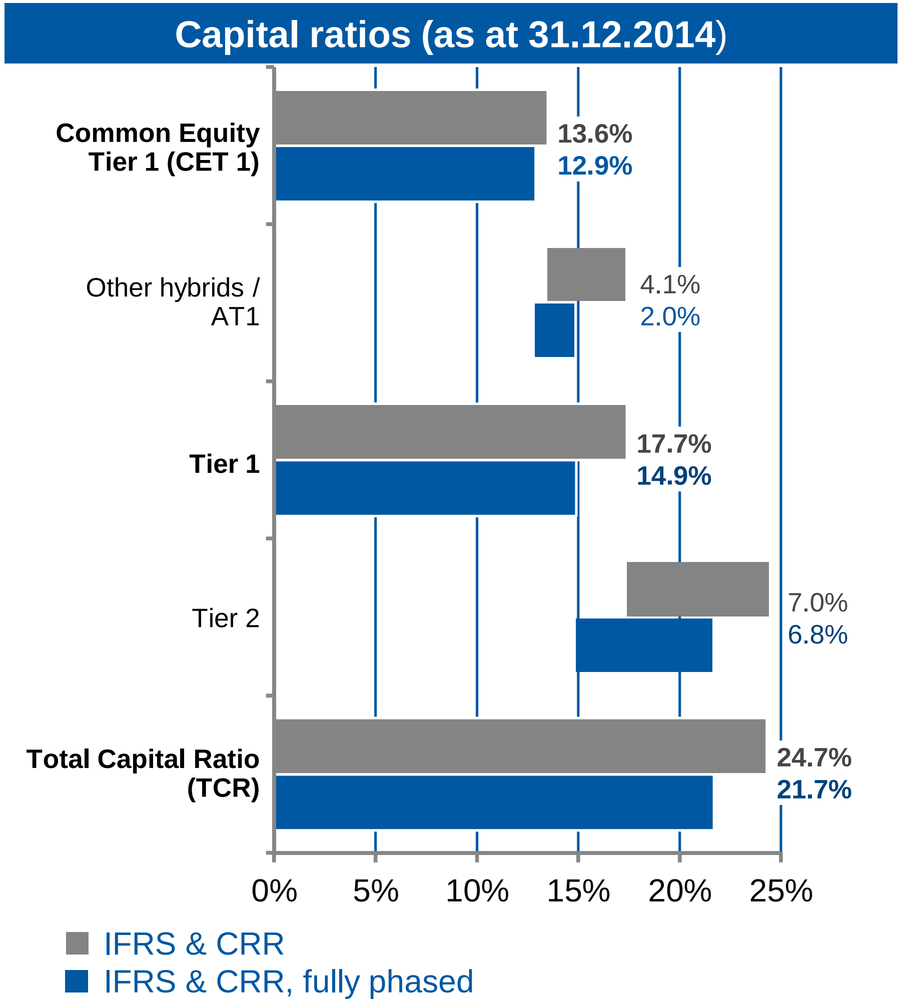
Strong capital ratios
IFRS & CRR as at 31.12.2014

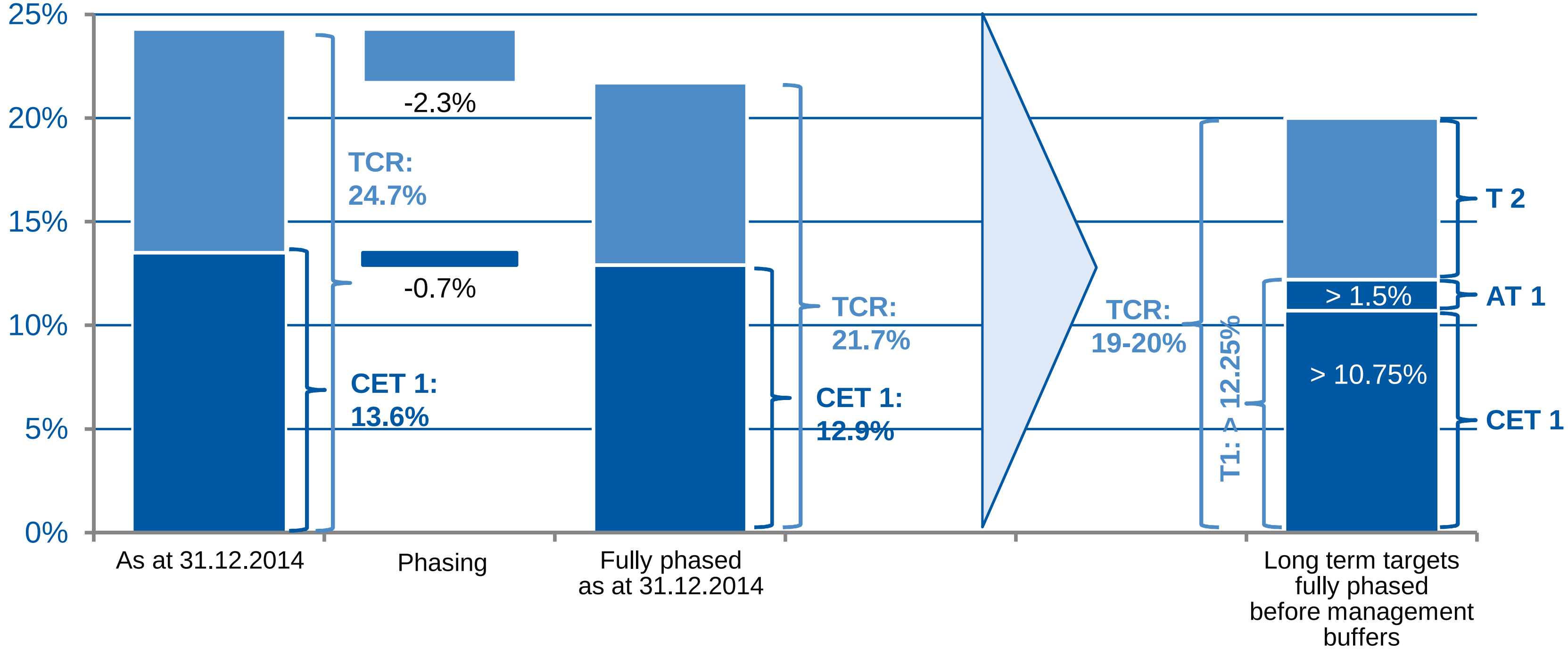


- Bail-in capital ratio (acc. to our definition): above 8%
- Strong capital ratios enable us to take new business on board
- Strong capital ratios in line with business model, company size and capital market expectations
- Remaining SoFFin silent participation fully repaid without capital increase
- AT 1 successfully raised
- Leverage ratio as at 31.12.2014: 4.6% (fully phased)
- New ECB requirements in line with our capital planning

Note: All 2014 figures preliminary and unaudited

Expected development of capital ratios[1)]

IFRS & CRR as at 31.12.2014

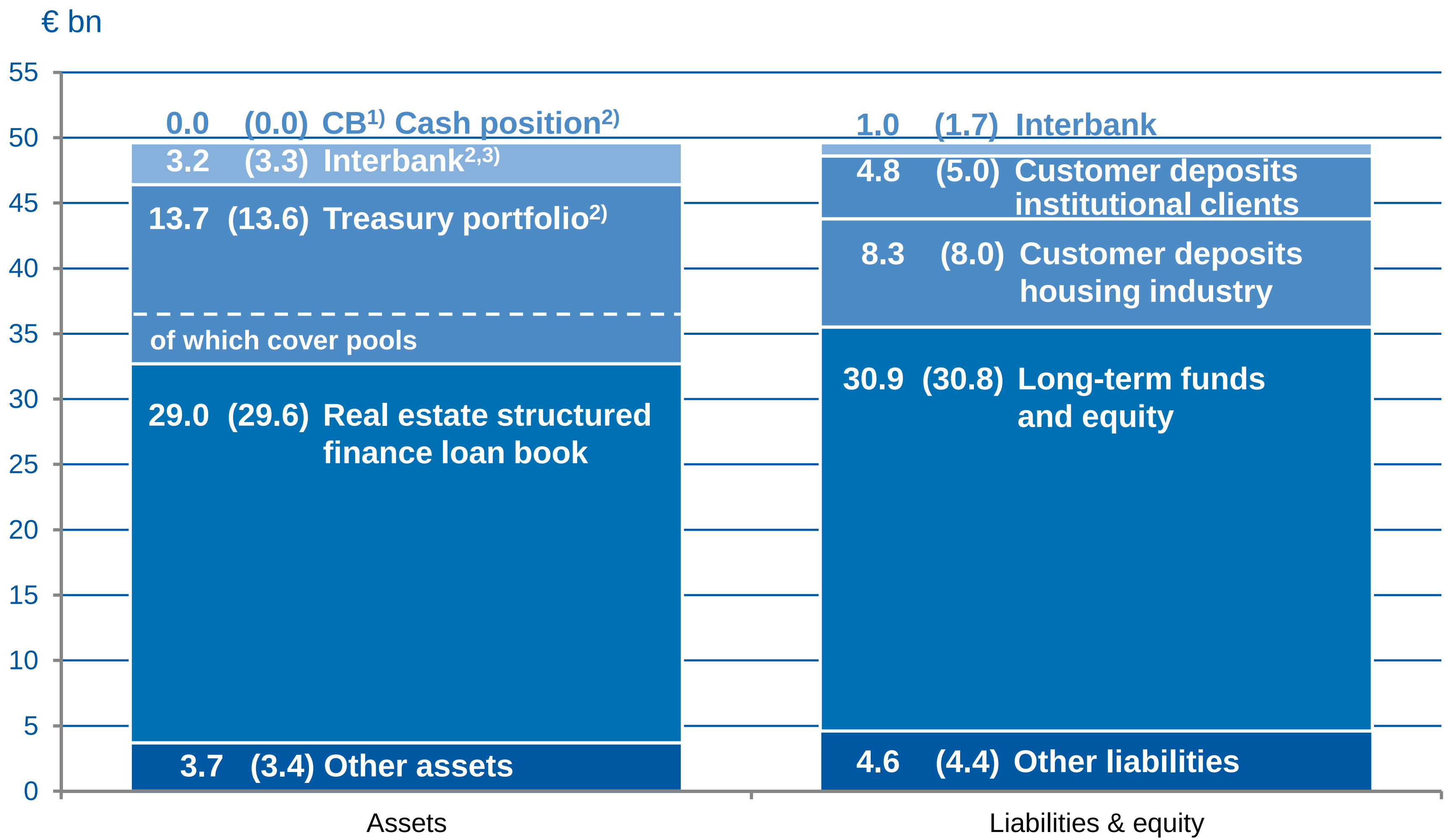


1) Actual figures may vary significantly from estimates

Note: All 2014 figures preliminary and unaudited

Asset- / Liability structure according to IFRS

As at 31.12.2014: € 49.6 bn (30.09.2014: € 49.9 bn)



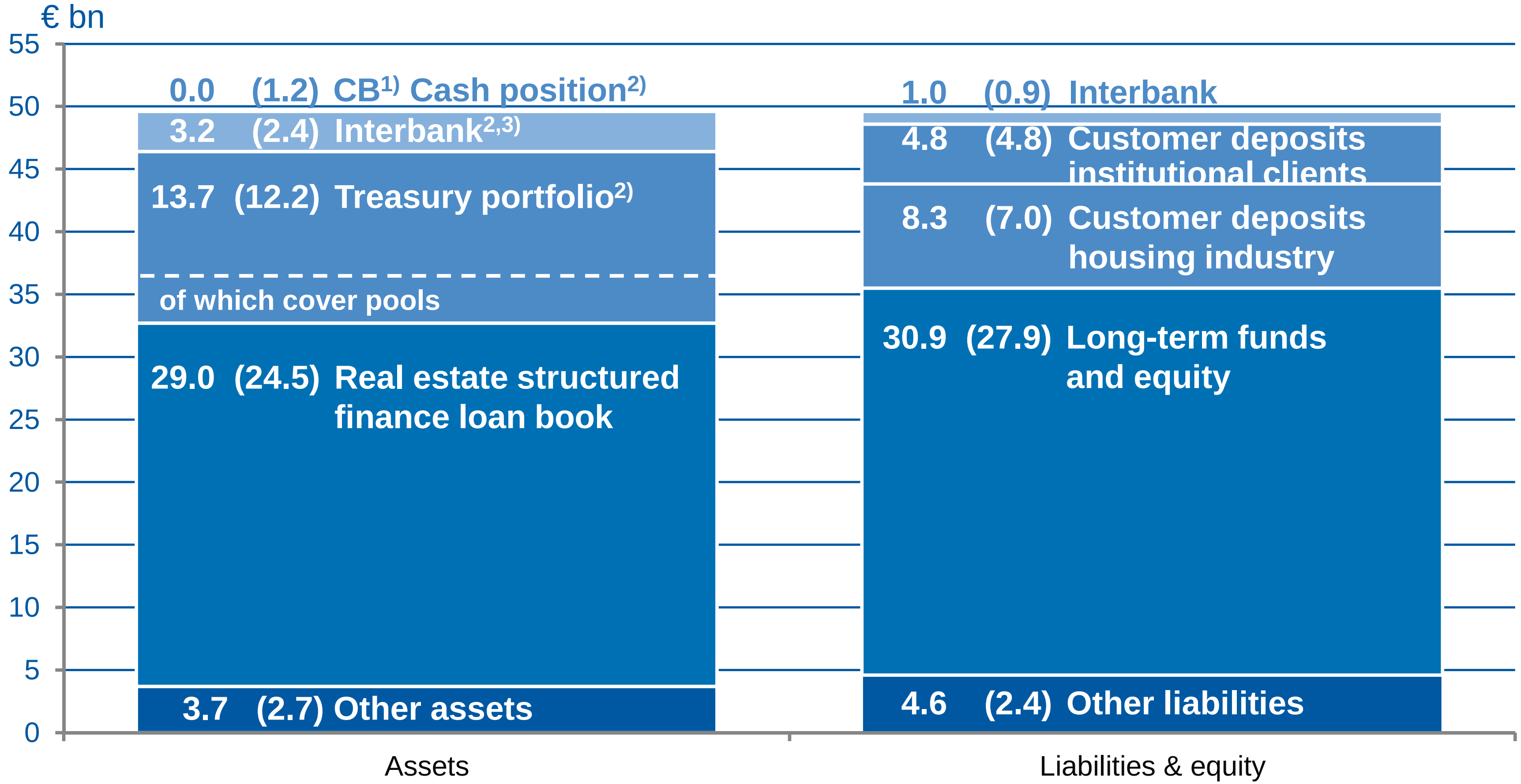
1) CB: Central banks
2) Liquidity position exceeds 15% of the total balance sheet. This includes unencumbered ECB-eligible assets, available excess cash at other banks as well as highly liquid government securities
3) Interbank includes reverse repos of € 1.3 bn

Note: All 2014 figures preliminary and unaudited

Asset- / Liability structure according to IFRS

As at 31.12.'14: € 49.6 bn (31.12.'13: € 43.0 bn - excl. Coreal)

- Conservative balance sheet with structural over borrowed position
- Average maturity of long term funding > average maturity of RSF loans



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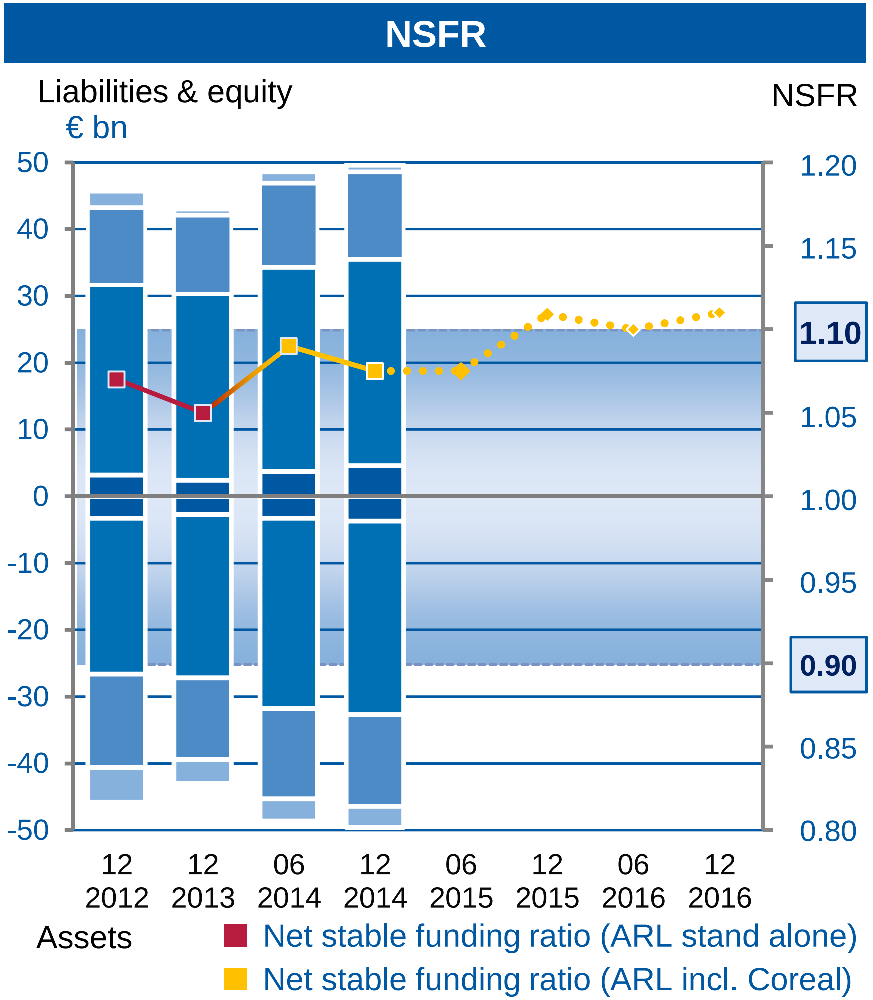
Note: All 2014 figures preliminary and unaudited

Net stable funding- / Liquidity coverage ratio

Fulfilling CRR requirements

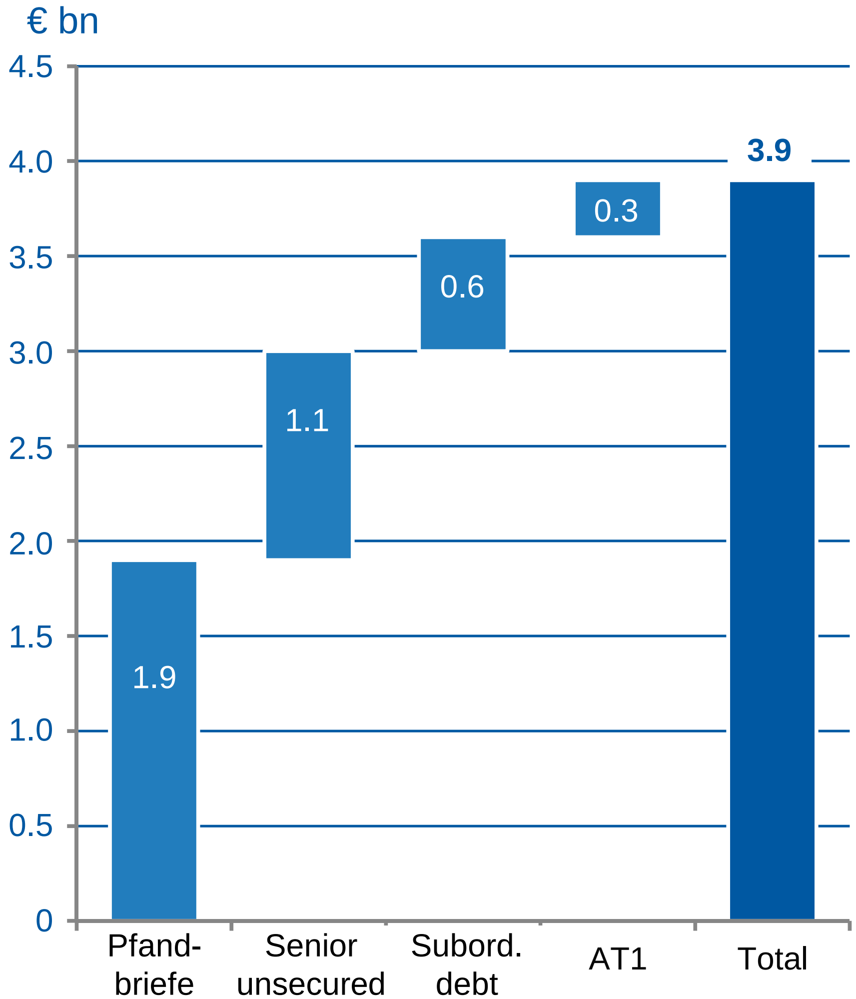


- Aareal Bank already fulfils future requirements
  - NSFR > 1.0
  - LCR >> 1.0
- Basel III and CRR require specific liquidity ratios starting end 2018
- Positive effect in 2014 due to changed weighting factors
- Small additional funding requirements easily covered by NSFR surplus

Note: All 2014 figures preliminary and unaudited

Refinancing situation 2014

Successful funding activities



Total funding of € 3.9 bn in 2014

- Pfandbriefe: € 1.9 bn
- Senior unsecured: € 1.1 bn
- Subordinated debt (Tier 2): € 0.6 bn
- AT1: € 0.3 bn

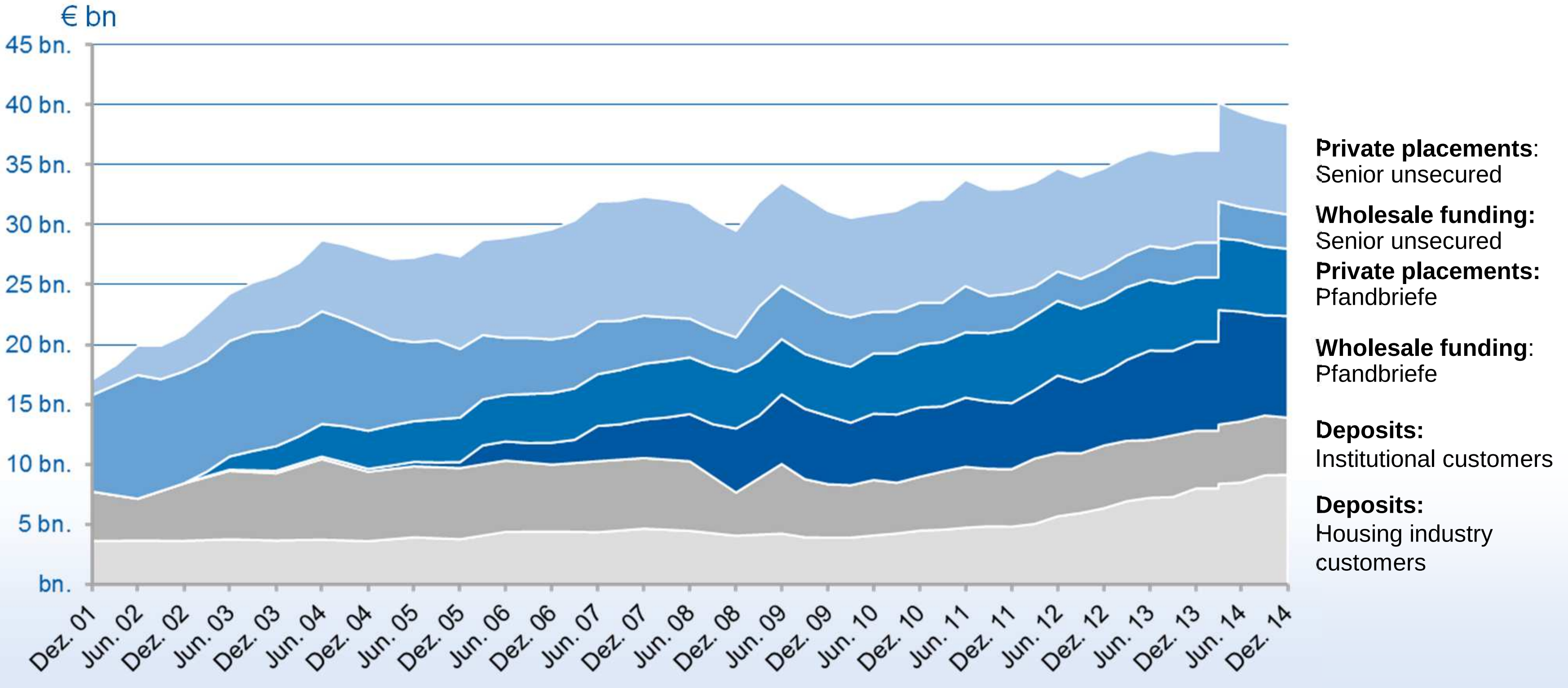
Backbone of capital market funding is a loyal, granular, domestic private placement investor base

- Hold-to-maturity investors: over 600
- Average ticket size: € 10 mn

Deposits of the housing industry increased by € 1.4 bn to € 8.6 bn on average in 2014

Note: All 2014 figures preliminary and unaudited

Refinancing situation
Diversified funding sources and distribution channels



- Aareal Bank has clearly reduced its dependency on wholesale funding
- 2002 long term wholesale funding accounted for 47% of overall funding volumes – by 31.12.2014, this share has fallen to ~30% (or even below 10% without Pfandbriefe)

As at 31.12.2014

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Note: All 2014 figures preliminary and unaudited

Preliminary group figures 2014

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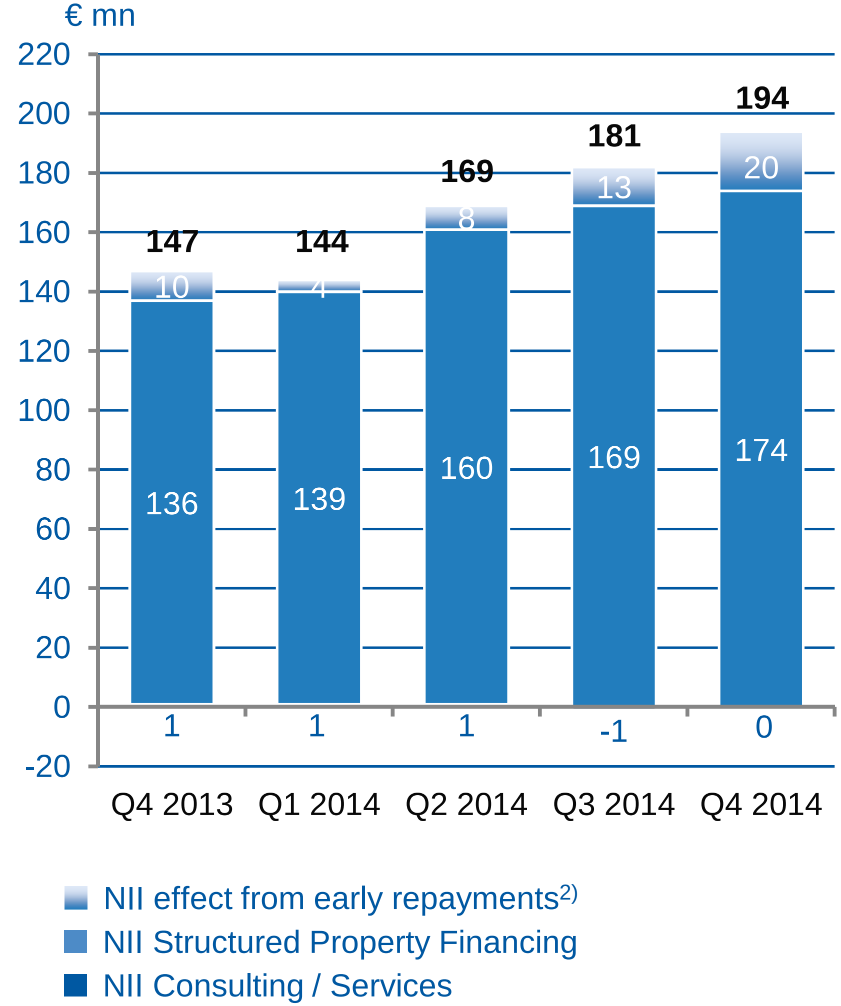
Net interest income
Strong development



1) Consolidated since Q2 2014
2) Additional effects exceeding originally planned repayments

- Portfolio growth of € 4.5 bn since end of 2013 (thereof € 2.7 bn Corealcredit[1)]) and still stable margins in the CRE business
- Q4 includes additional ~€ 20 mn from early repayments[2)] (Q3: € 13 mn, Q2: € 8 mn, Q1: € 4 mn, Q4 '13: € 10 mn)
- Funding costs decreased throughout 2014
- Former central bank liquidity used for strategic ALM measures according to our long term plan, residual amounts switched to reverse repos
- NII Consulting / Services further burdened by interest rate environment
- Aareal Bank already fulfils future NSFR / LCR requirements

Note: All 2014 figures preliminary and unaudited

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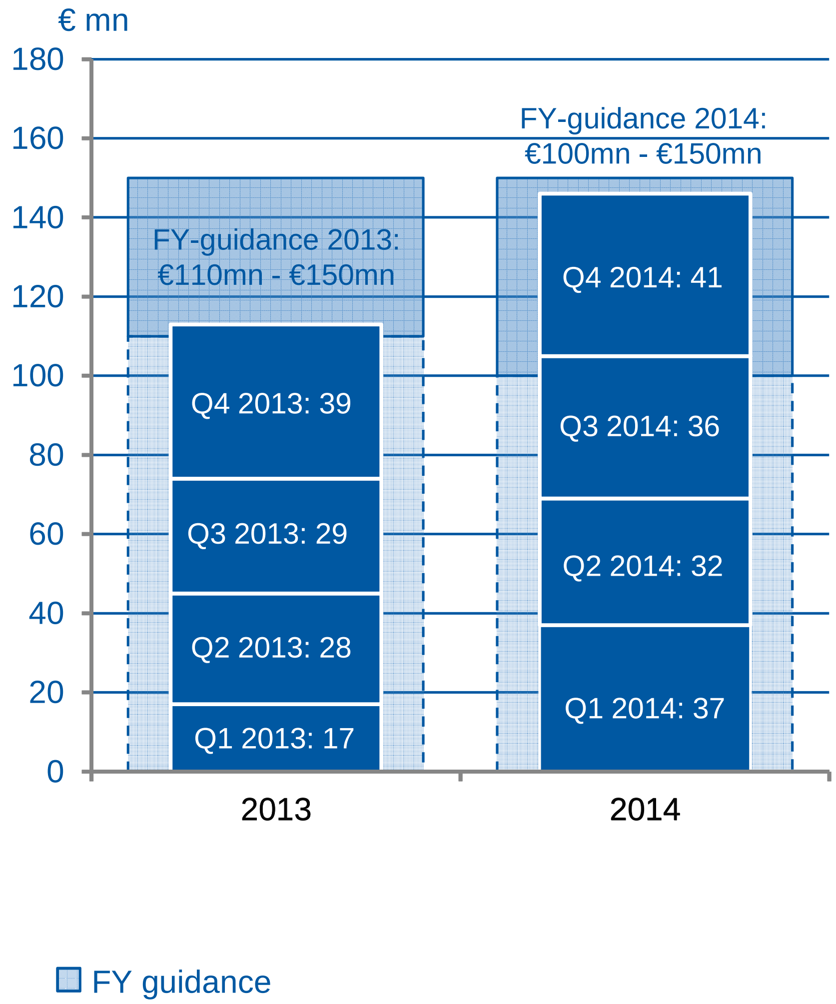
Loan loss provisions
In line with guidance

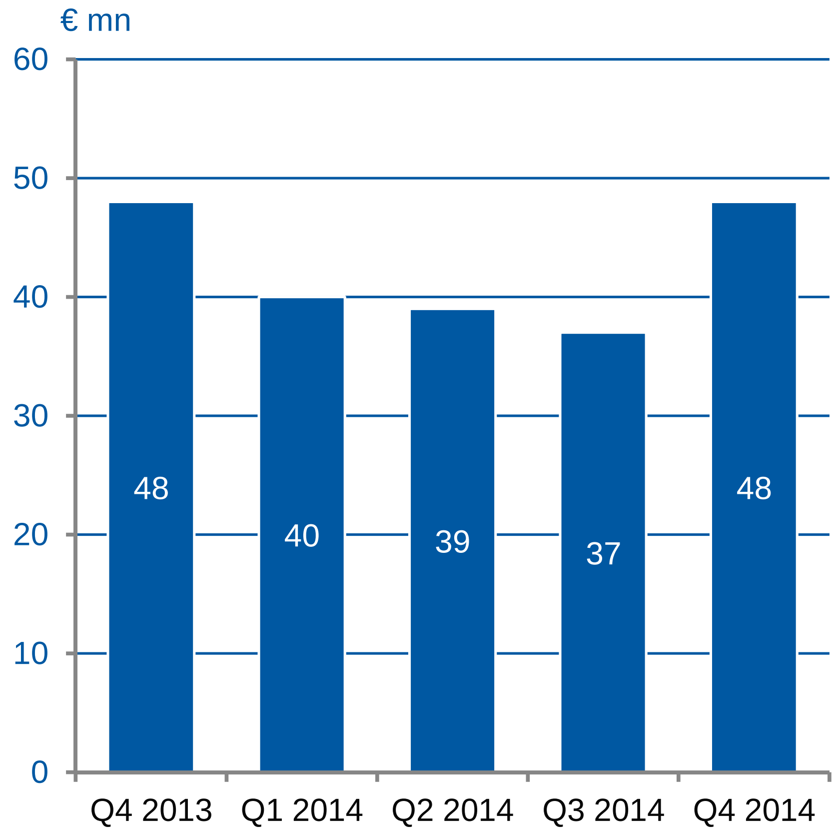


- 2014-LLP within guided range
- FY-LLP 2014 of € 146 mn consists of
  - € 78 mn specific allowances
  - € 68 mn portfolio allowances due to
    - More conservative LIP factor 1
    - Weak economic development in southern European countries

Note: All 2014 figures preliminary and unaudited

Net commission income

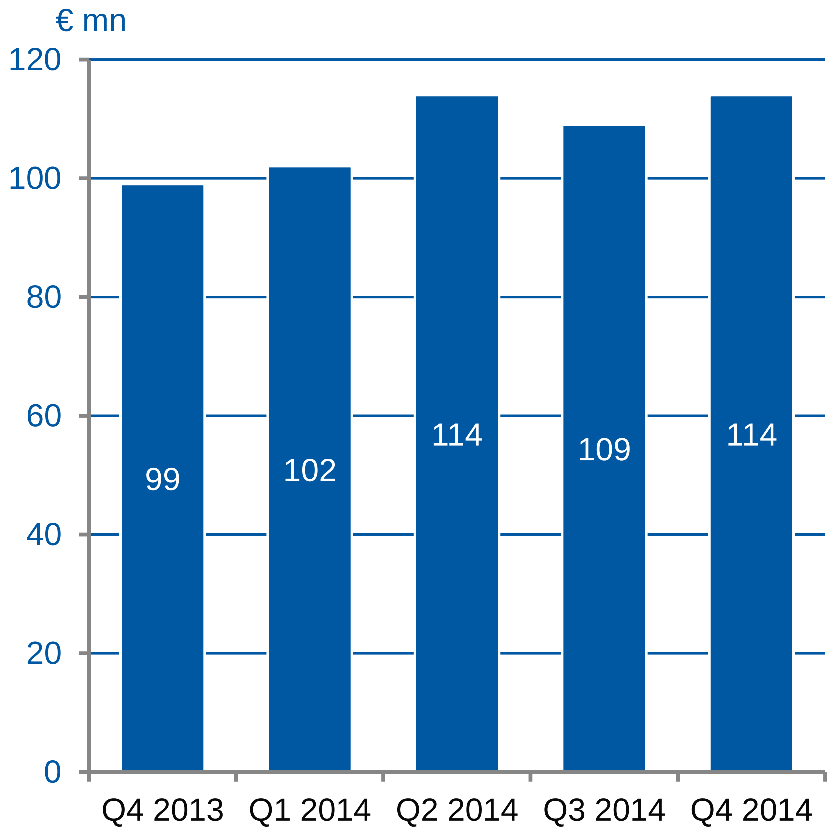
FY slightly below expectations



- Strong Aareon revenue regularly pushing Q4
- As clients delay forecasted investments in their IT-systems ➡ sales revenues slightly below expectations

Note: All 2014 figures preliminary and unaudited

Admin expenses
Within FY-guidance



- 2014 admin expenses of € 439 mn within FY-guidance of € 430 mn - € 450 mn
- Additionally burdened by regulatory- and other projects
- Admin expenses will stabilise on a higher level due to the integration of Corealcredit since Q2

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Note: All 2014 figures preliminary and unaudited

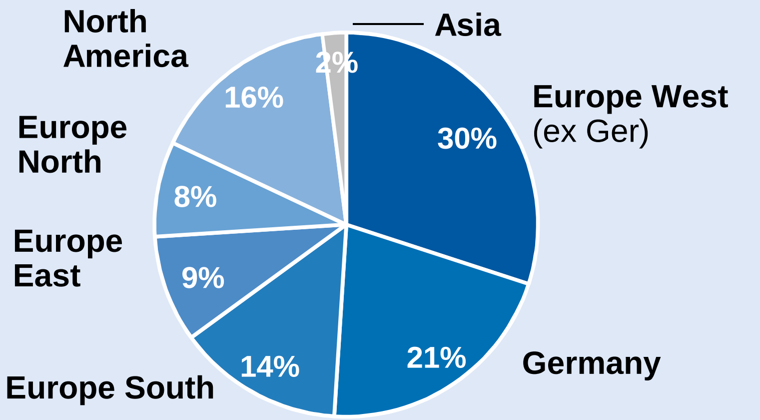
Asset quality

Aareal Bank Group

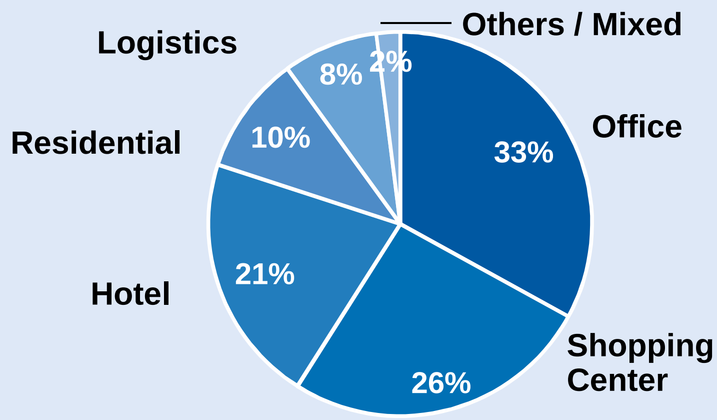
Total property finance portfolio

€ 29.0 bn highly diversified and sound

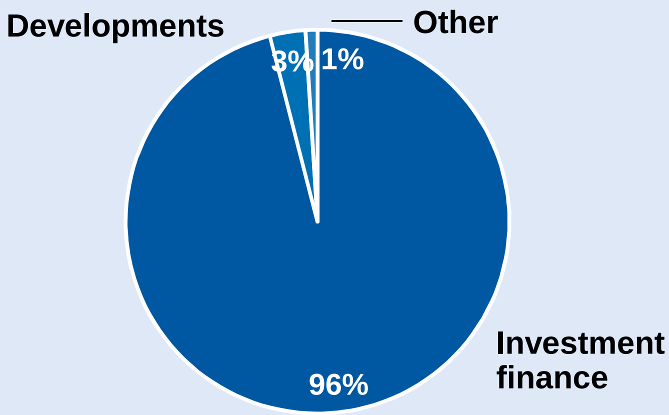
by region



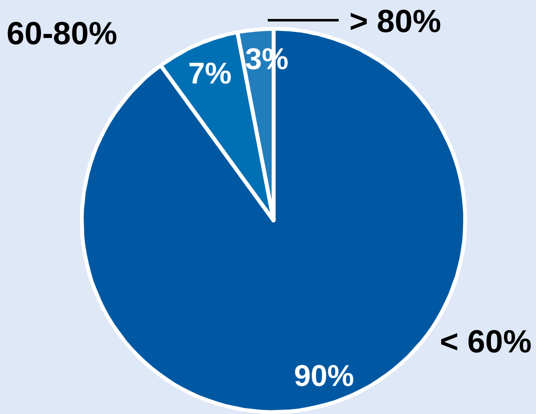
by property type



by product type



by LTV ranges[1)]



1) Performing business only, exposure as at 31.12.2014

Note: All 2014 figures preliminary and unaudited

Total property finance portfolio
Continuing conservative approach

NPL- and LLP development

€ mn	NPL Exposure[1)]	Specific Allowances[1)]	Portfolio Allowances[2)]
Aareal Bank Group as at 30.09.2014	**963**	**334**	**119**
Aareal Bank Group utilisation in Q4 '14	-40	-3	0
Aareal Bank Group addition in Q4 '14	63	6	35
Aareal Bank Group as at 31.12.2014	**986**	**337**	**154**
Coverage ratio specific allowances	**34.2%**		
		337	154
Aareal Bank Group as at 31.12.2014	**986**	**491**	
Coverage ratio incl. portfolio allowances	**49.8%**		

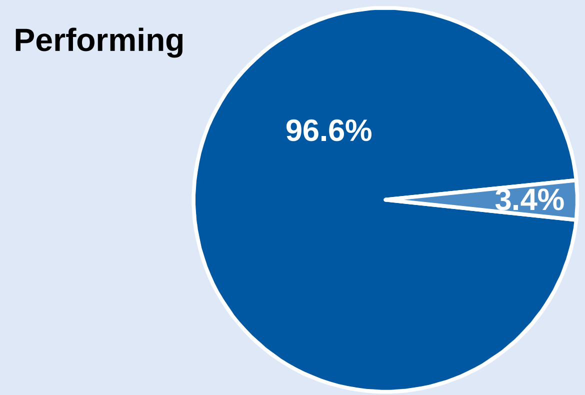
1) Incl. property finance portfolio still on DEPFA's balance sheet
2) Portfolio allowances mainly reflect expected losses which are calculated on the bases of specific loans in most cases

Note: All 2014 figures preliminary and unaudited

Total property finance portfolio

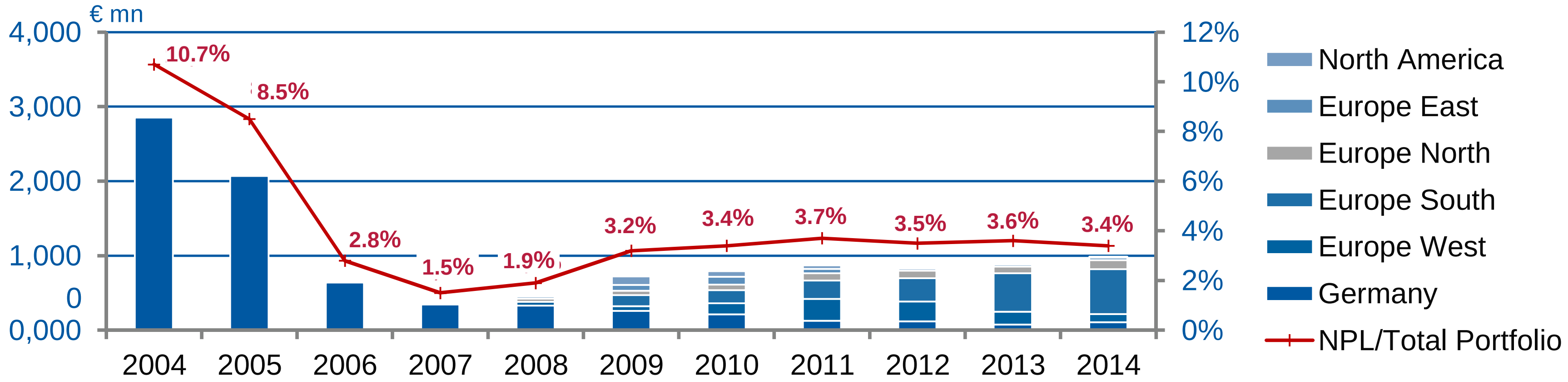
€ 29.0 bn of high quality real estate assets

Total loan book



	Nominal (in € mn)	Average LTV	NPL (in € mn)
Greece	-	-	-
Ireland	-	-	-
Italy	3,111	72.1%	520
Portugal	-	-	-
Spain	1,060	87.0%	79

NPL and NPL-ratio (since 12.2004)

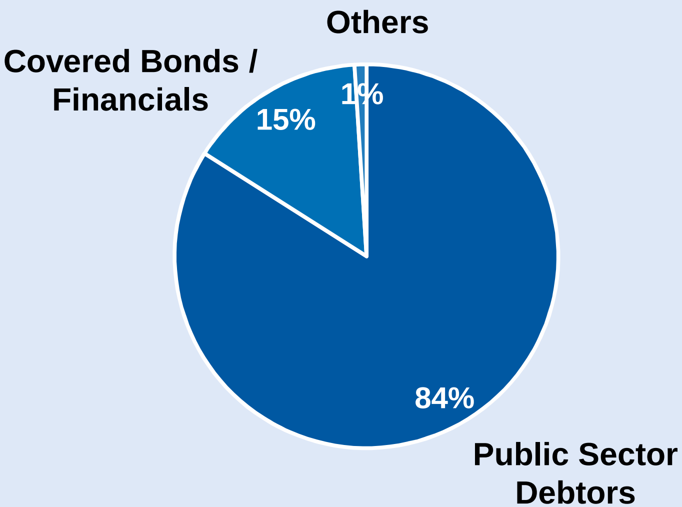


Note: All 2014 figures preliminary and unaudited

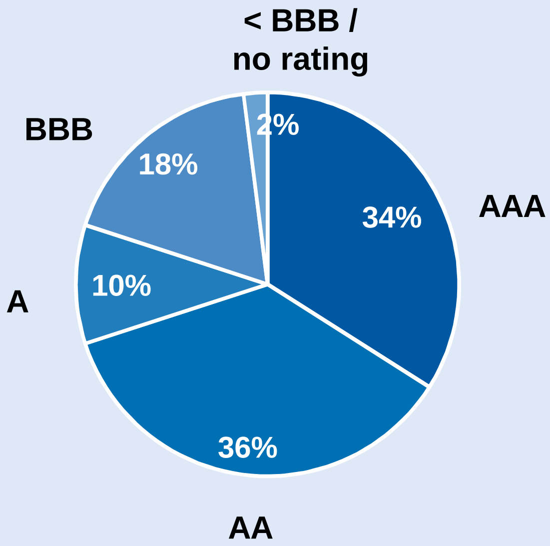
Total treasury portfolio

€ 11.3 bn of high quality and highly liquid assets

by asset class



by rating[1)]



As at 31.12.2014 – all figures are nominal amounts

1) Composite Rating

Note: All 2014 figures preliminary and unaudited

Outlook 2015

Aareal Bank Group

General environment 2015

General environment

- Slight world economic recovery will continue but with different regional speed: “did Europe miss the train?”
- Low interest rates will continue to burden markets but different development of interest rate levels expected in Europe and the US
- Inflation pressure and ECB’s QE-program will have an impact on capital markets - especially in Europe: fighting deflation and risking asset bubbles
- Euro will further weaken by ECB’s monetary programs
- Geo-political risks will burden the markets
- Regulatory environment becomes more predictable but ECB causes - politically driven - further uncertainties (Still possible challenges, e.g. additional capital requirements resulting from RWA-floors, TLAC[1]), etc.)

Main takeaways

Further increasing transaction volumes and competition in our lending buckets will burden margins which can only partially be offset by lower funding costs and –structure.
Early repayments of high margin loans will continue.

We see moderately increasing property values and stable to slightly positive rents in the majority of European countries but further NPL inflow mainly from our southern European portfolio expected

Aareon with a slightly positive development expected but deposit business will continue to suffer on segment reporting level – deposit volume supports funding and cheapens funding costs on group level

1) Total Loss Absorbing Capacity

Note: All 2014 figures preliminary and unaudited

Regulatory challenges for banks

ECB supervision	Banking resolution	Basel activities
▪ Single Supervisory Mechanism (SSM) ▪ Supervisory Review and Evaluation Process (SREP) ▪ Capital Regulation Requirements (CRR/CRD) ▪ Recommendation on dividend distribution policies	▪ Single Resolution Mechanism (SRM) ▪ Total Loss Absorbing Capacity (TLAC) ▪ Minimum Requirement for Eligible Liabilities (MREL)	▪ Credit Risk Standard Approach (CRSA) ▪ Advanced Internal Rating Based Approach (AIRBA) ▪ Operational Risk (OpRisk)

… to come with an unpredictable impact on

Capital / RWA | **Admin Exp.** | **Liquidity**

Aareal Bank Group

Note: All 2014 figures preliminary and unaudited

Aareal Bank's CRE market expectations

Expected value changes[1] in 2015[2]

North America

Up
- Canada
- USA

Europe

Up
- Czech Rep.
- Denmark
- France
- Germany
- Italy

Up
- Poland
- Spain
- Sweden
- UK

Stable
- Austria
- Belgium
- Finland
- Netherlands
- Switzerland
- Turkey

Down
- Russia

Asia/Pacific

Up
- Japan

Stable
- Singapore

Down
- China

1) Here shown average market value changes across all property types and regions
2) The individual market value of a single property may vary, change end 2014 to end 2015

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Outlook 2015

Strong operating performance & WestImmo take-over[1)]

	2015
Net interest income	▪ € 720 mn - € 760 mn
Net loan loss provisions[2)]	▪ € 100 mn - € 150 mn despite portfolio growth
Net commission income	▪ € 170 - € 180 mn
Admin expenses	▪ € 520 mn - € 550 mn incl. one-offs related to WestImmo
Negative goodwill	▪ ~ € 150 mn
Operating profit	▪ **€ 400 mn - € 430 mn**
EpS[3)]	▪ € 4.80 - € 5.20 incl. negative goodwill ▪ € 2.30 - € 2.70 excl. negative goodwill
Pre-tax RoE	▪ ~ 16% incl. negative goodwill ▪ ~ 10% excl. negative goodwill
New business origination	▪ € 6 bn - € 7 bn
Operating profit Aareon[4)]	▪ ~ € 27 mn

1) Closing as at 31.03.2015 assumed
2) As in 2014, the bank cannot rule out additional allowances for credit losses
3) Earnings per ordinary share, tax rate of ~31% assumed
4) After segment adjustments
Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

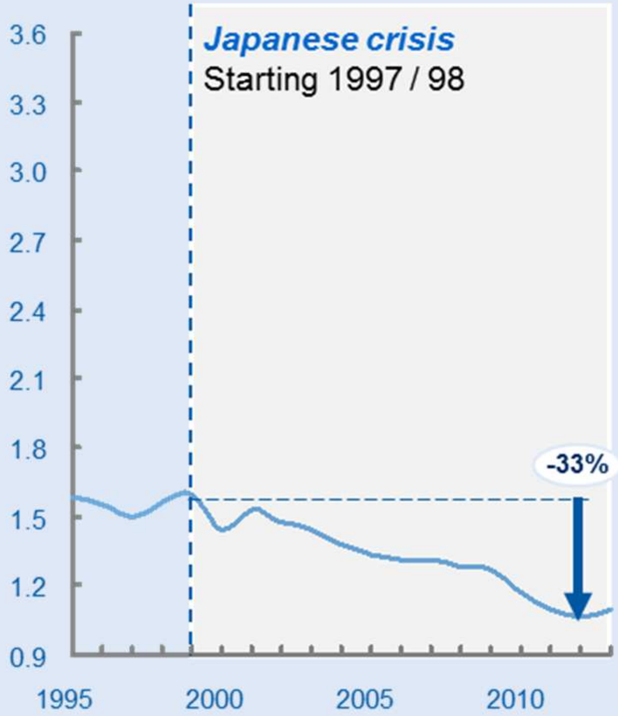
Midterm Outlook

Aareal Bank Group

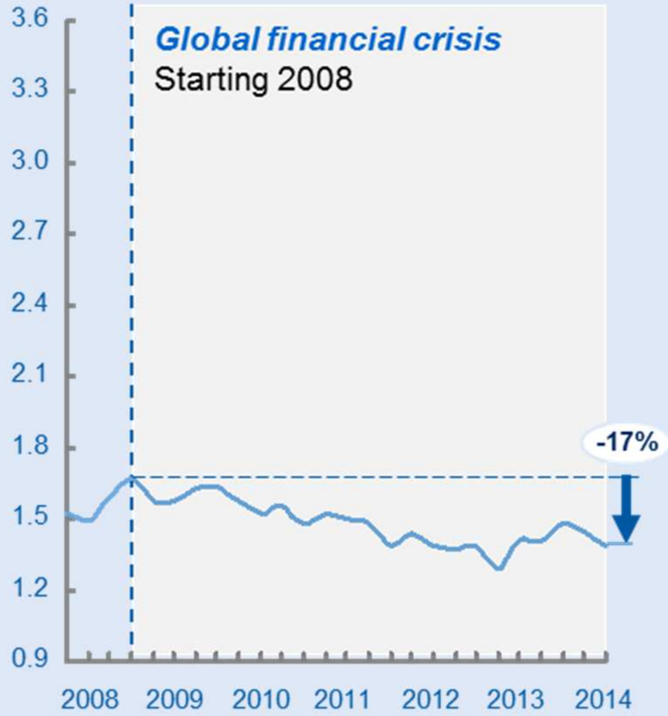
Midterm outlook

Periods of low interest rates lead to decreasing interest margins

Net-interest margin of Japanese banks[1)]



Net-interest margin of European banks[2)]



Low interest environment potentially retains in Europe, therefore significant decrease in interest margins still possible

Source: SNL Financial, Japanese Bankers Association

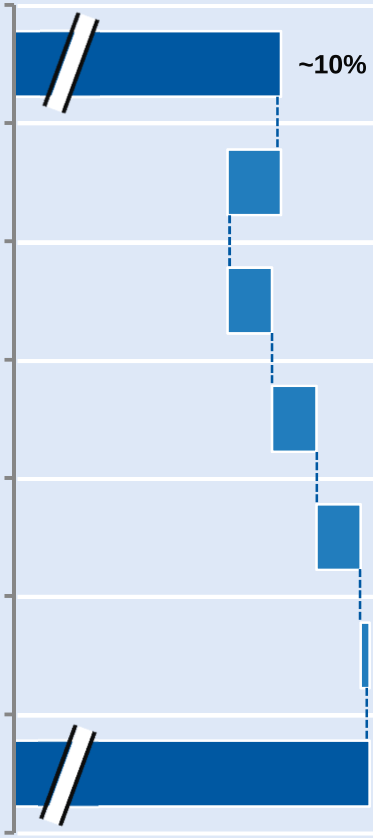
1) All Japanese banks, interest margin calculated as net interest income (before allowance for credit losses) in percentage of financial assets

2) Banks with more than EUR 100 bn Total assets and quarterly financial reporting, interest margin calculated as net interest income (before allowance for credit losses) in percentage of financial assets

Note: All 2014 figures preliminary and unaudited

Midterm outlook
Management options

	Midterm	Longterm
Adjusted[1] pre tax RoE 2014	~10%	~12%
Net interest income		- -
Loan loss provision		+
Aareon		o
Admin exp. / other effects		-
Underlying capital		+ +
RoE pre tax target	~12%	~12%



Management options / action plan

- Optimisation funding structure / liquidity portfolio
- Loan portfolio size depending on margin compression
- RWA and LTV development depending on regulation and markets
- Increase in Aareon's profit contribution
- Keep cost base under control
- Optimisation of regulatory capital structure
- Alignment or allocation of underlying capital depending on chances and challenges in the markets

1) Mainly from unplanned early repayments

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Midterm Outlook

Summary, prerequisites and challenges

	2017
CET1 ratio IFRS & CRR fully phased (long term target)	>10.75% (before mgmt. buffer)
CIR	~40% (SPF)
EBT margin	>17.5% (Aareon)
Pre-tax RoE	~12%
Cost of equity (net)	↓

Prerequisites

- No Eurozone break up
- Normalised asset valuations
- Healthy world GDP growth beside some European peripherals
- Sound regulatory environment
- No additional burdens
- ECB to keep key interest rates low due to little inflation pressure – therefore short-term Euro interest rates will likely stay low as well

Challenges

- According to slide "Regulatory challenges for banks"
  - ECB supervision
  - Banking resolution
  - Basel activities

Aareal Bank Group

Note: All 2014 figures preliminary and unaudited

Appendix
Group figures

Aareal Bank Group

Aareal Bank Group
Key figures 2014

	01.01.-31.12.2014 € mn	01.01.-31.12.2013 € mn	Change
Profit and loss account			
Net interest income	688	527	31%
Allowance for credit losses	146	113	29%
Net interest income after allowance for credit losses	**542**	**414**	**31%**
Net commission income	164	165	-1%
Net result on hedge accounting	5	-6	-
Net trading income / expenses	2	18	-89%
Results from non-trading assets	2	-8	-
Results from investments accounted for at equity	0	0	-
Administrative expenses	439	375	17%
Net other operating income / expenses	6	-10	-
Negative goodwill	154	-	-
Operating Profit	**436**	**198**	**120%**
Income taxes	101	62	63%
Net income / loss	**335**	**136**	**146%**
Allocation of results			
Net income / loss attributable to non-controlling interests	19	19	0%
Net income / loss attributable to shareholders of Aareal Bank AG	316	117	170%
Appropriation of profits			
Silent partnership contribution by SoFFin	22	24	-8%
Consolidated retained profit / accumulated loss	**294**	**93**	**216%**

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Key figures 2014 by operating units

€ mn	Structured Property Financing 01.01.-31.12. 2014	Structured Property Financing 01.01.-31.12. 2013	Consulting / Services 01.01.-31.12. 2014	Consulting / Services 01.01.-31.12. 2013	Consolidation/ Reconciliation 01.01.-31.12. 2014	Consolidation/ Reconciliation 01.01.-31.12. 2013	Aareal Bank Group 01.01.-31.12. 2014	Aareal Bank Group 01.01.-31.12. 2013
Net interest income	687	519	0	0	1	8	688	527
Allowance for credit losses	146	113					146	113
Net interest income after allowance for credit losses	**541**	**406**	**0**	**0**	**1**	**8**	**542**	**414**
Net commission income	4	10	163	165	-3	-10	164	165
Net result on hedge accounting	5	-6					5	-6
Net trading income / expenses	2	18					2	18
Results from non-trading assets	2	-8					2	-8
Results from investments accounted for at equity	0		0	0			0	0
Administrative expenses	255	201	187	177	-3	-3	439	375
Net other operating income / expenses	3	-10	4	1	-1	-1	6	-10
Negative goodwill	154						154	
Operating profit	**456**	**209**	**-20**	**-11**	**0**	**0**	**436**	**198**
Income taxes	109	65	-8	-3			101	62
Net income / loss	**347**	**144**	**-12**	**-8**	**0**	**0**	**335**	**136**
Allocation of results								
Net income / loss attributable to non-controlling interests	16	16	3	3			19	19
Net income / loss attributable to shareholders of Aareal Bank AG	331	128	-15	-11	0	0	316	117

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group
Key figures Q4 2014

	Quarter 4 2014 € mn	Quarter 4 2013 € mn	Change
Profit and loss account			
Net interest income	194	147	32%
Allowance for credit losses	41	39	5%
Net interest income after allowance for credit losses	**153**	**108**	**42%**
Net commission income	48	48	0%
Net result on hedge accounting	2	-3	-
Net trading income / expenses	3	4	-25%
Results from non-trading assets	2		-
Results from investments accounted for at equity	0	0	-
Administrative expenses	114	99	15%
Net other operating income / expenses	-8		-
Negative goodwill			-
Operating Profit	**86**	**58**	**48%**
Income taxes	39	18	117%
Net income / loss	**47**	**40**	**18%**
Allocation of results			
Net income / loss attributable to non-controlling interests	5	4	25%
Net income / loss attributable to shareholders of Aareal Bank AG	42	36	17%
Appropriation of profits			
Silent partnership contribution by SoFFin	7	4	75%
Consolidated retained profit / accumulated loss	**35**	**32**	**9%**

Aareal Bank Group

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Key figures Q4 2014 by operating units

€ mn	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation		Aareal Bank Group	
	01.10.-31.12. 2014	01.10.-31.12. 2013	01.10.-31.12. 2014	01.10.-31.12. 2013	01.10.-31.12. 2014	01.10.-31.12. 2013	01.10.-31.12. 2014	01.10.-31.12. 2013
Net interest income	194	146	0	0		1	194	147
Allowance for credit losses	41	39					41	39
Net interest income after allowance for credit losses	**153**	**107**	**0**	**0**	**0**	**1**	**153**	**108**
Net commission income	1	3	47	47		-2	48	48
Net result on hedge accounting	2	-3					2	-3
Net trading income / expenses	3	4					3	4
Results from non-trading assets	2						2	
Results from investments accounted for at equity	0						0	0
Administrative expenses	67	54	48	47	-1	-2	114	99
Net other operating income / expenses	-8	-1	1	2	-1	-1	-8	
Negative goodwill								
Operating profit	**86**	**56**	**0**	**2**	**0**	**0**	**86**	**58**
Income taxes	41	18	-2	0			39	18
Net income / loss	**45**	**38**	**2**	**2**	**0**	**0**	**47**	**40**
Allocation of results								
Net income / loss attributable to non-controlling interests	4	3	1	1			5	4
Net income / loss attributable to shareholders of Aareal Bank AG	41	35	1	1	0	0	42	36

Aareal Bank Group

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Key figures – quarter by quarter

	Structured Property Financing					Consulting / Services					Consolidation / Reconciliation					Aareal Bank Group				
Euro mn	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income	194	182	168	143	146	0	0	0	0	0	0	-1	1	1	1	194	181	169	144	147
Allowance for credit losses	41	36	32	37	39											41	36	32	37	39
Net interest income after allowance for credit losses	**153**	**146**	**136**	**106**	**107**	**0**	**0**	**0**	**0**	**0**	**0**	**-1**	**1**	**1**	**1**	**153**	**145**	**137**	**107**	**108**
Net commission income	1	1	1	1	3	47	36	40	40	47	0	0	-2	-1	-2	48	37	39	40	48
Net result on hedge accounting	2	0	1	2	-3											2	0	1	2	-3
Net trading income / expenses	3	-5	2	2	4											3	-5	2	2	4
Results from non-trading assets	2	0	0	0	0											2	0	0	0	0
Results from results accounted for at equity	0	0			0	0				0						0	0			0
Administrative expenses	67	64	68	56	54	48	46	47	46	47	-1	-1	-1	0	-2	114	109	114	102	99
Net other operating income / expenses	-8	-4	-1	16	-1	1	2	1	0	2	-1	0	0	0	-1	-8	-2	0	16	0
Negative goodwill				154[1]															154[1]	
Operating profit	**86**	**74**	**71**	**225[1]**	**56**	**0**	**-8**	**-6**	**-6**	**2**	**0**	**0**	**0**	**0**	**0**	**86**	**66**	**65**	**219[1]**	**58**
Income taxes	41	23	23	22	18	-2	-2	-2	-2	0						39	21	21	20	18
Net income / loss	**45**	**51**	**48**	**203[1]**	**38**	**2**	**-6**	**-4**	**-4**	**2**	**0**	**0**	**0**	**0**	**0**	**47**	**45**	**44**	**199[1]**	**40**
Allocation of results																				
Net income / loss attributable to non-controlling interests	4	4	4	4	3	1	0	1	1	1						5	4	5	5	4
Net income / loss attributable to shareholders of Aareal Bank AG	41	47	44	199[1]	35	1	-6	-5	-5	1	0	0	0	0	0	42	41	39	194[1]	36

1) Adjusted

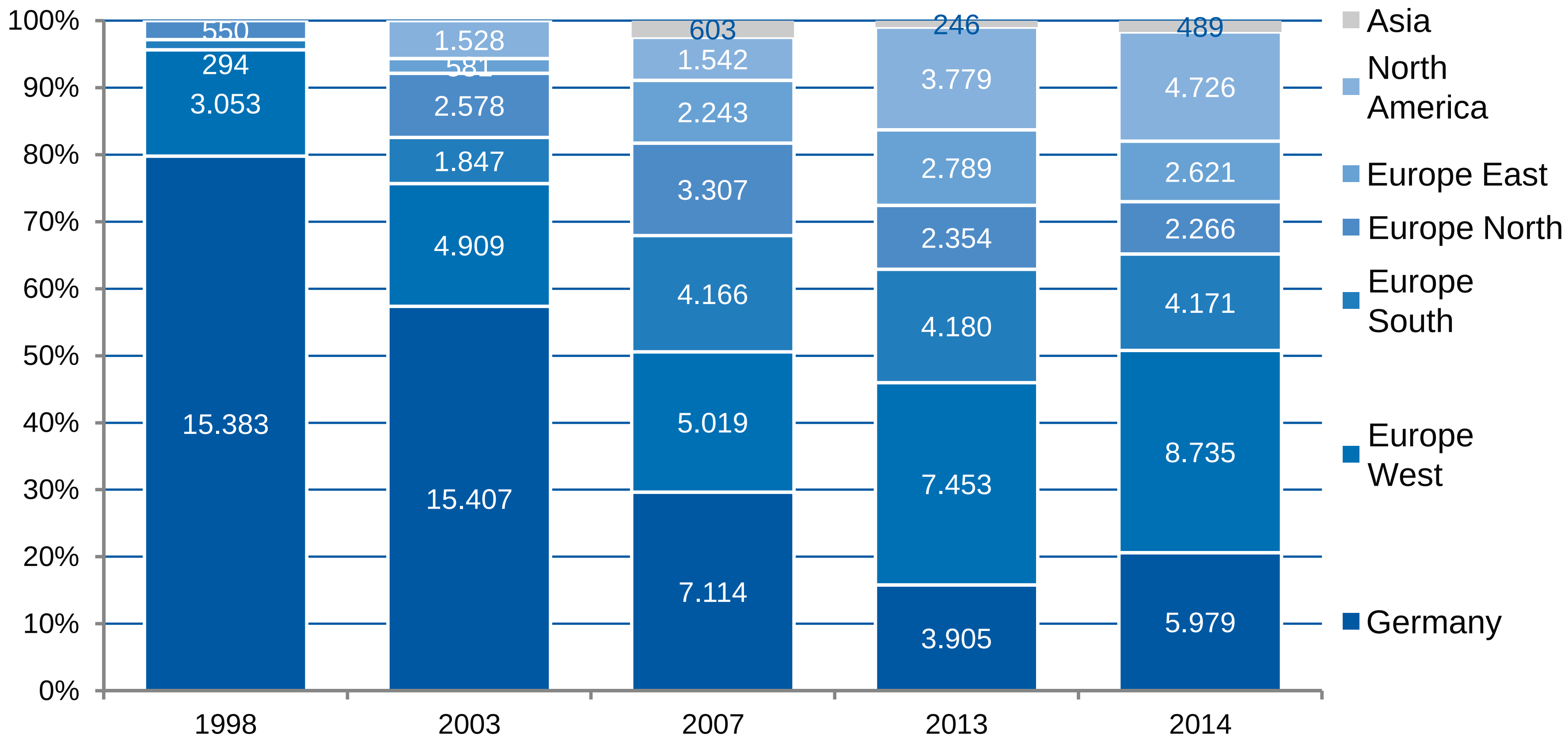
Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Appendix
Loan portfolio

Development property finance portfolio

Diversification continuously strengthened (in € mn)

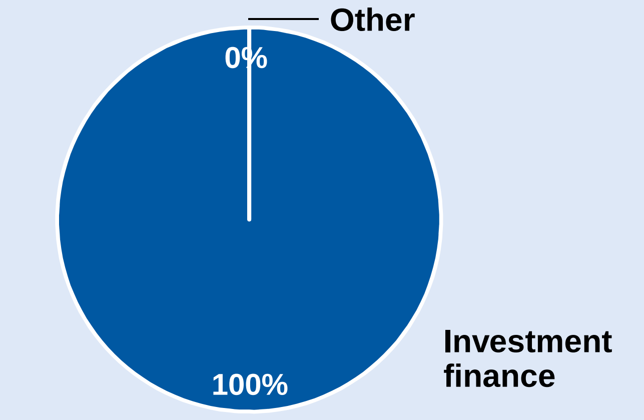


Note: All 2014 figures preliminary and unaudited

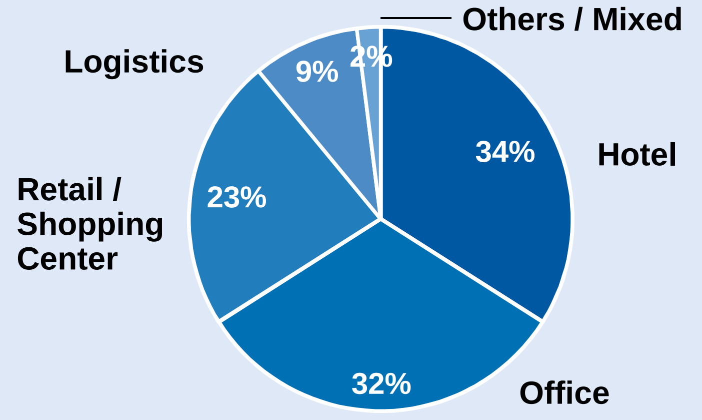
Western Europe (ex Germany) credit portfolio

Total volume outstanding as at 31.12.2014: € 8.7 bn

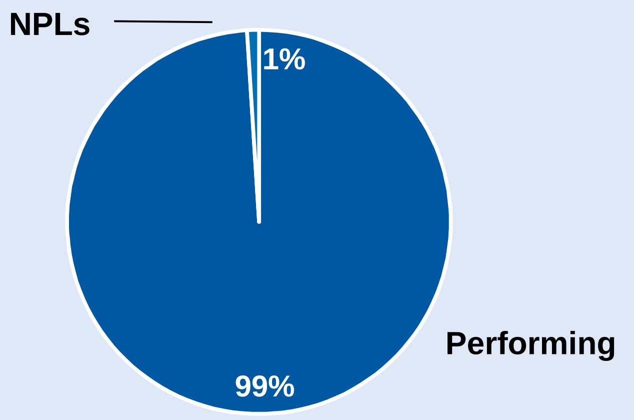
by product type



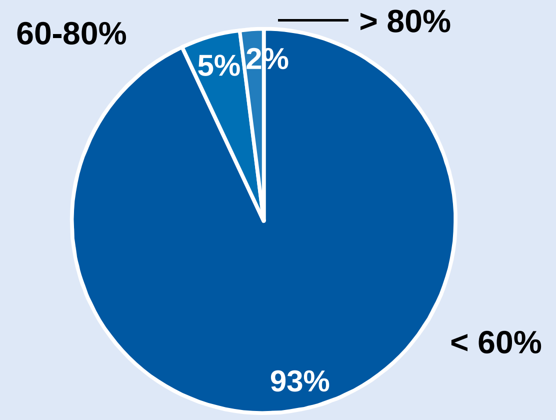
by property type



by performance



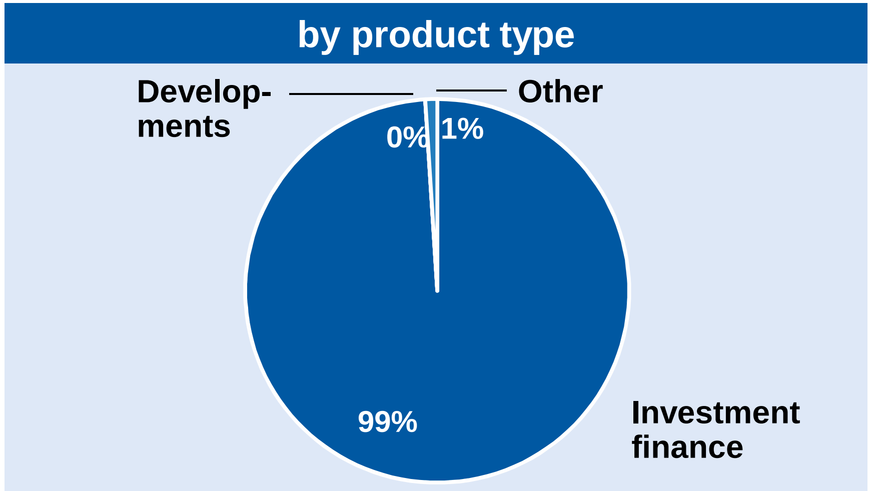
by LTV ranges[1)]

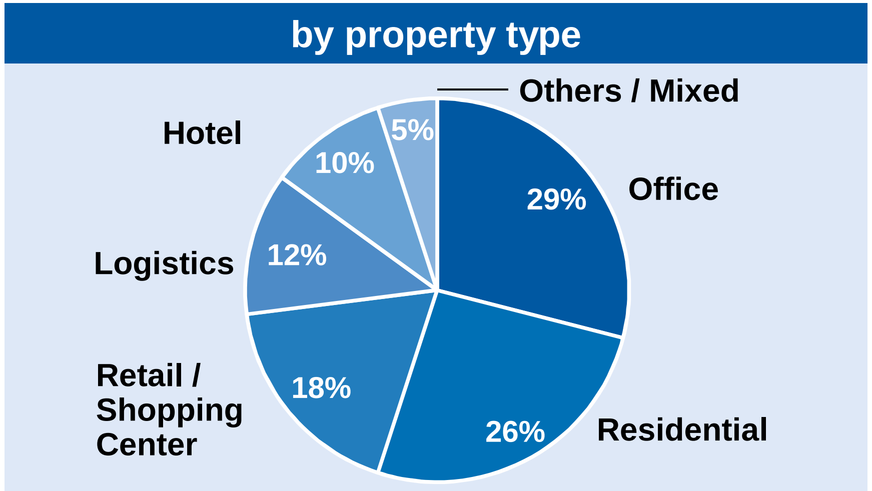


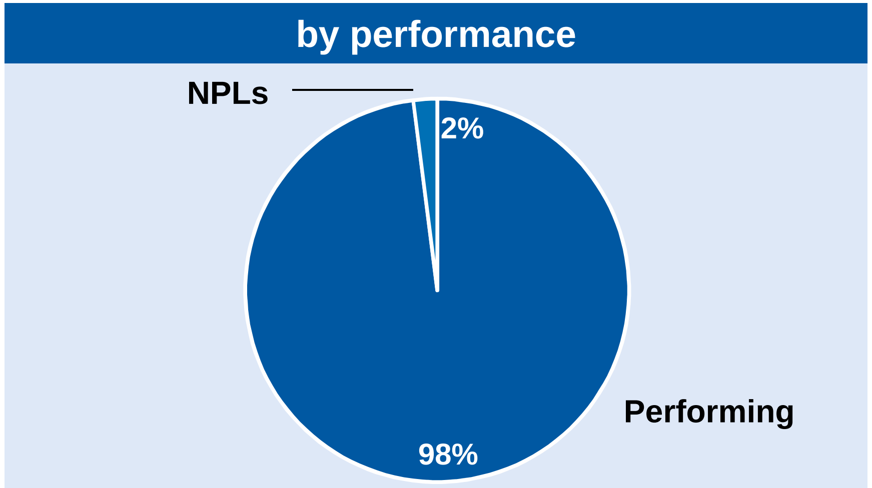
1) Performing business only, exposure as at 31.12.2014

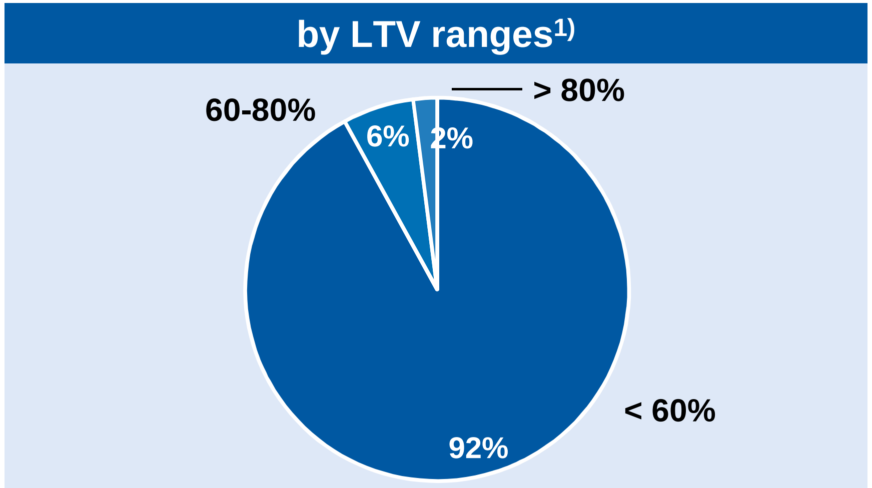
Note: All 2014 figures preliminary and unaudited

German credit portfolio
Total volume outstanding as at 31.12.2014: € 6.0 bn









1) Performing business only, exposure as at 31.12.2014

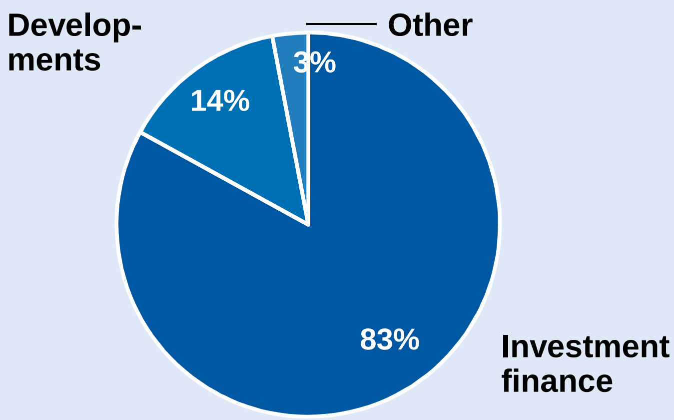
Aareal Bank Group

Note: All 2014 figures preliminary and unaudited

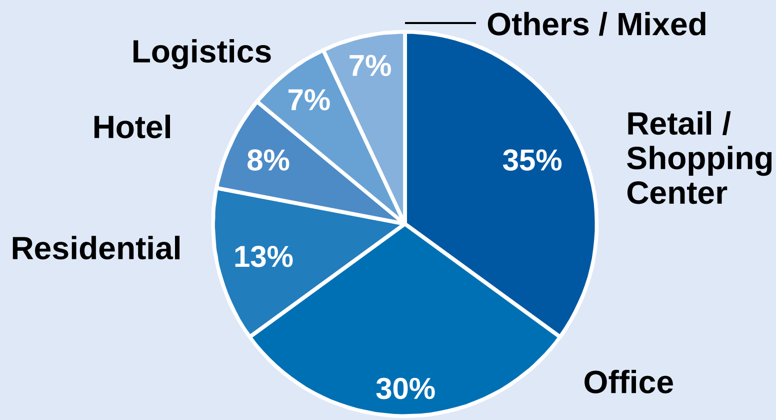
Southern Europe credit portfolio

Total volume outstanding as at 31.12.2014: € 4.2 bn

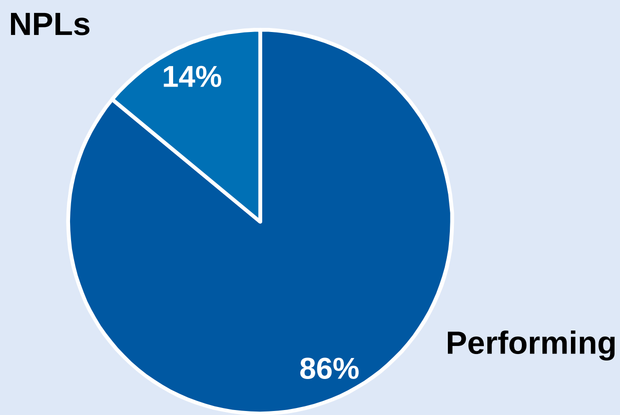
by product type



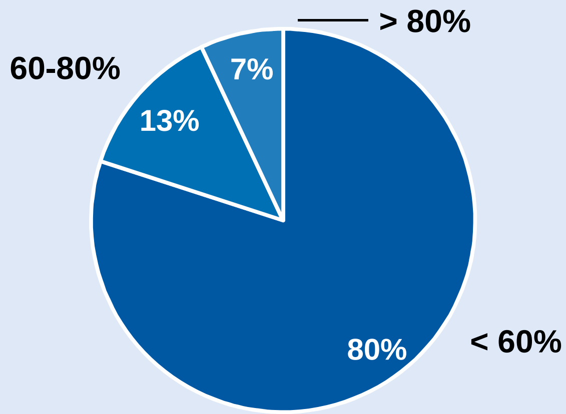
by property type



by performance



by LTV ranges[1)]



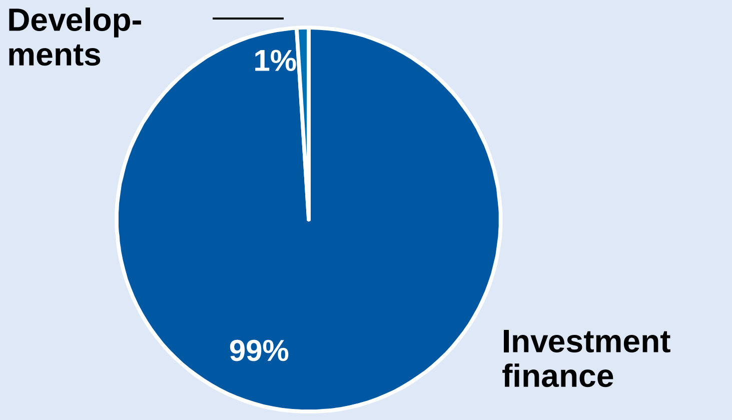
1) Performing business only, exposure as at 31.12.2014

Note: All 2014 figures preliminary and unaudited

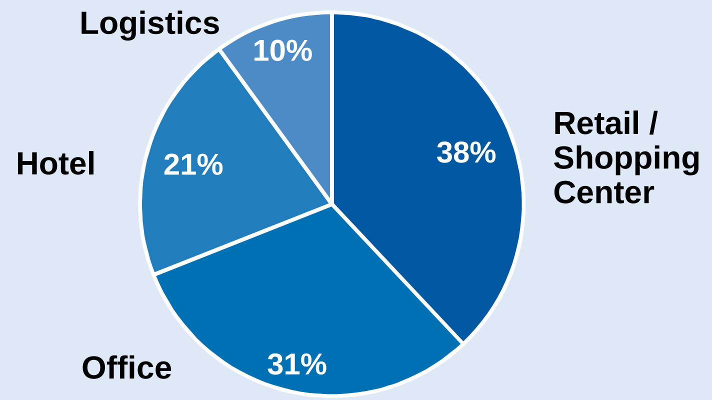
Eastern Europe credit portfolio

Total volume outstanding as at 31.12.2014: € 2.6 bn

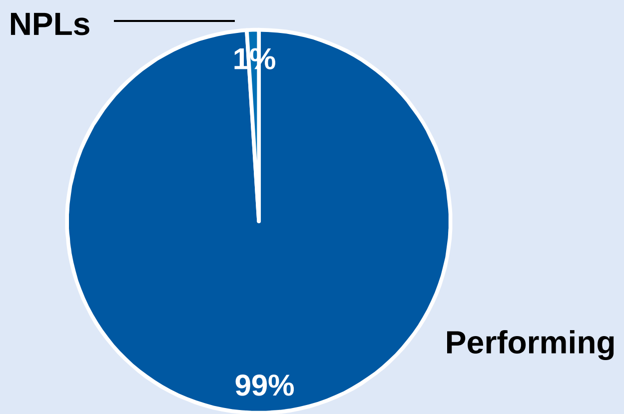
by product type



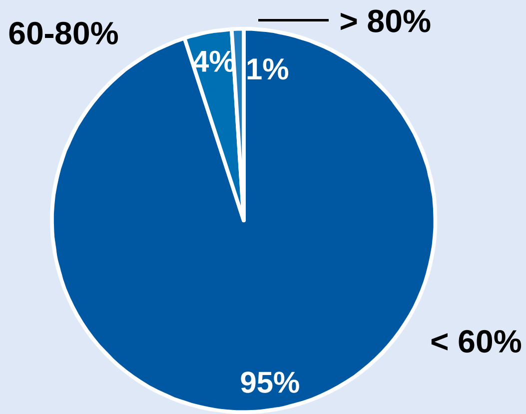
by property type



by performance



by LTV ranges[1)]



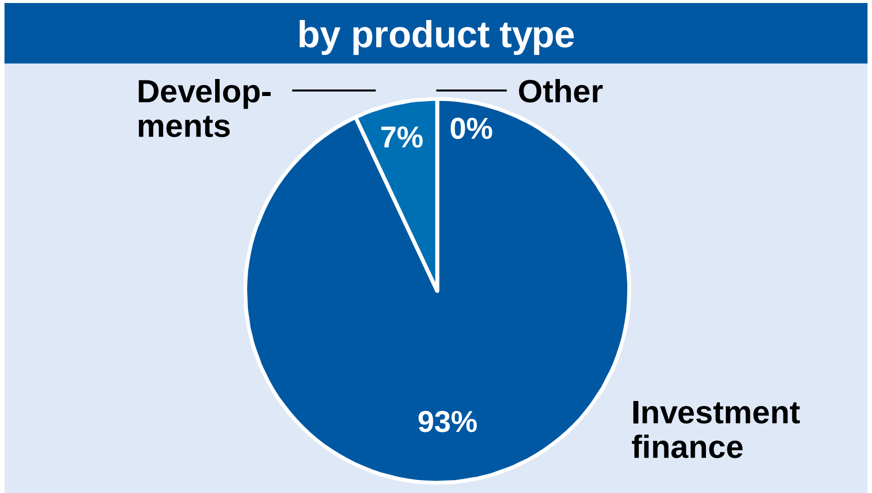
1) Performing business only, exposure as at 31.12.2014

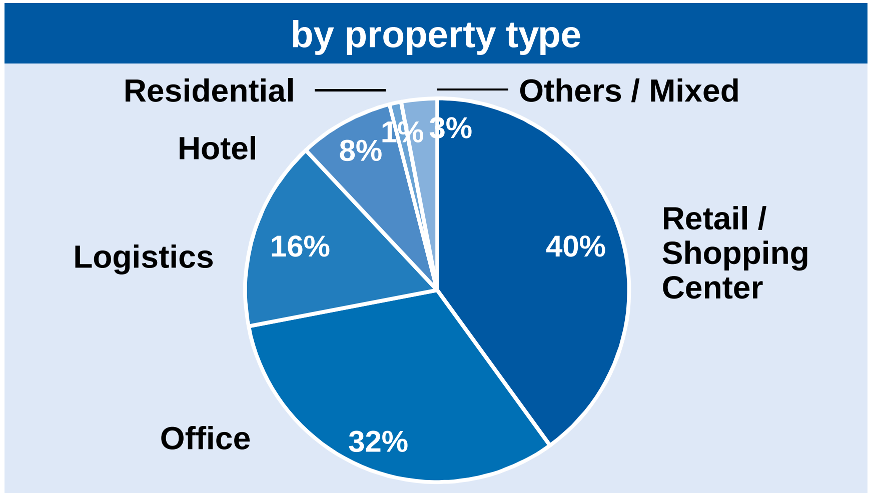
Note: All 2014 figures preliminary and unaudited

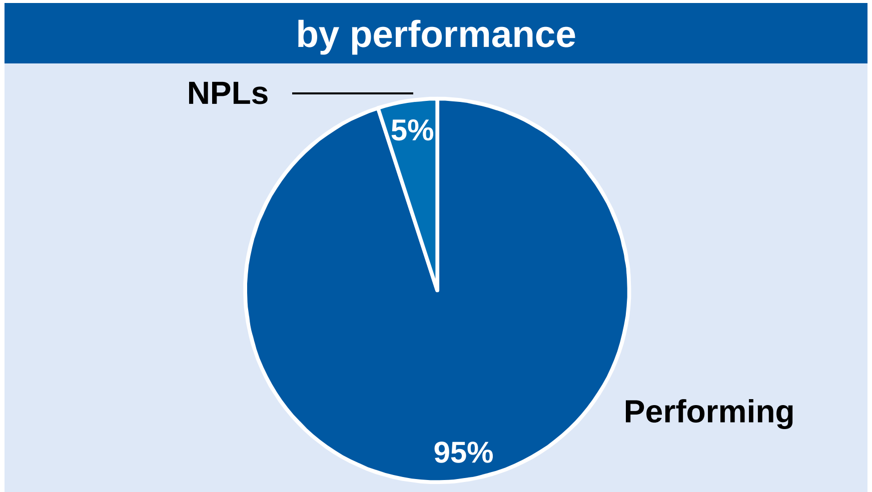
Aareal Bank Group

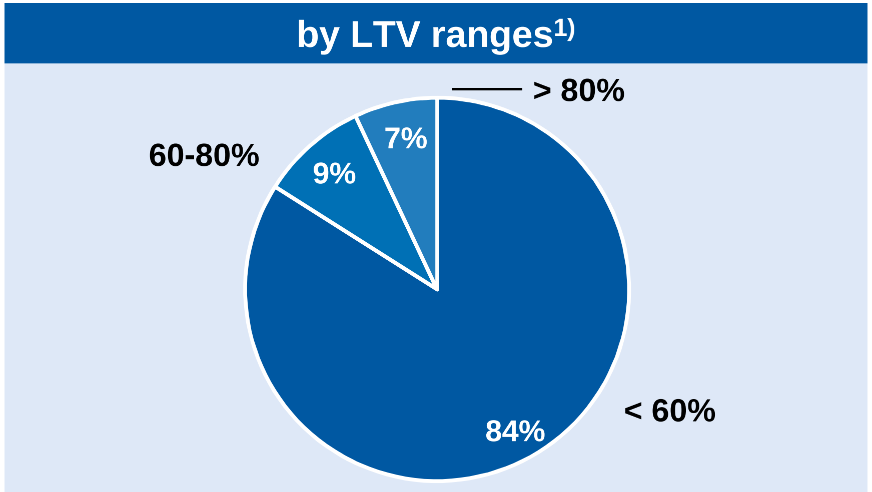
Northern Europe credit portfolio

Total volume outstanding as at 31.12.2014: € 2.3 bn









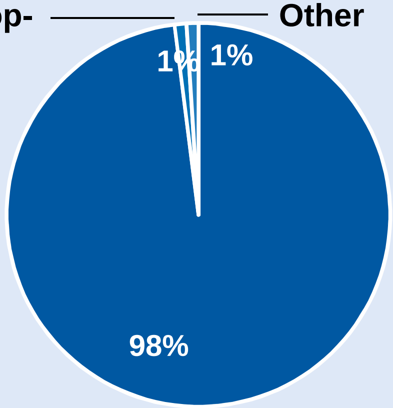
1) Performing business only, exposure as at 31.12.2014

Note: All 2014 figures preliminary and unaudited

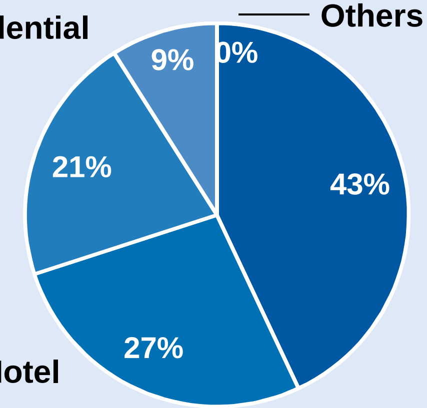
North America credit portfolio

Total volume outstanding as at 31.12.2014: € 4.7 bn

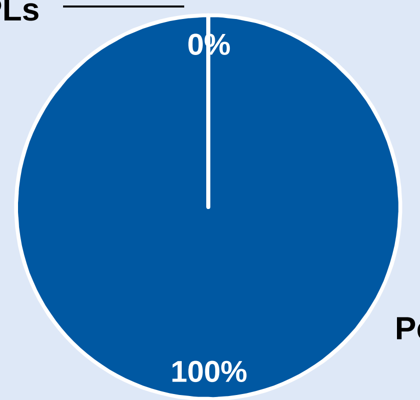
by product type



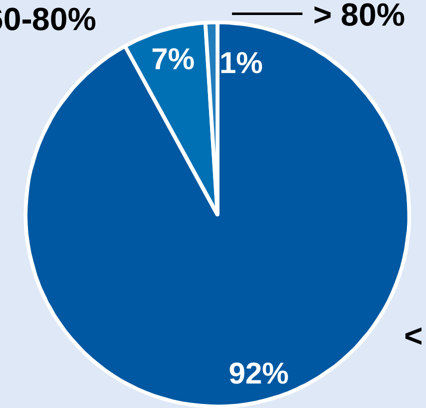
by property type



by performance



by LTV ranges1)



1) Performing business only, exposure as at 31.12.2014

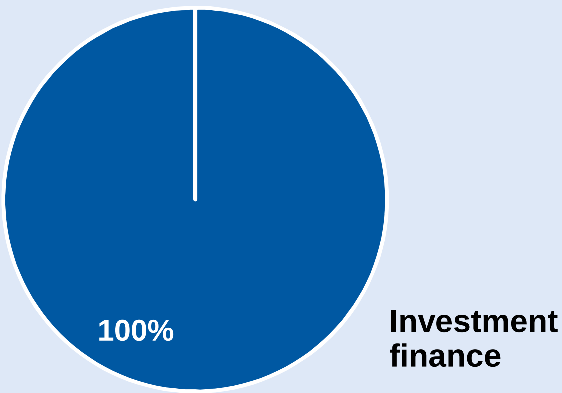
Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

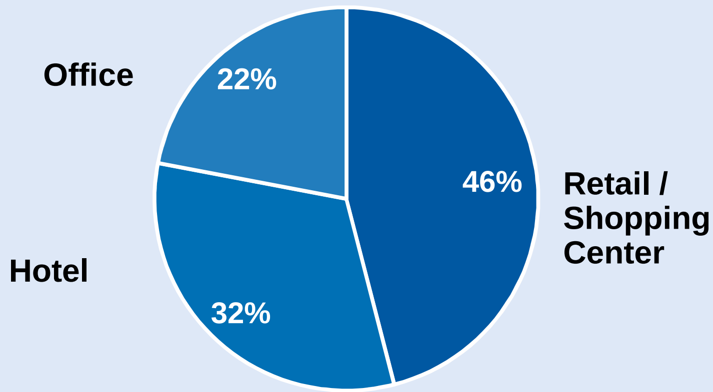
Asia credit portfolio

Total volume outstanding as at 31.12.2014: € 0.5 bn

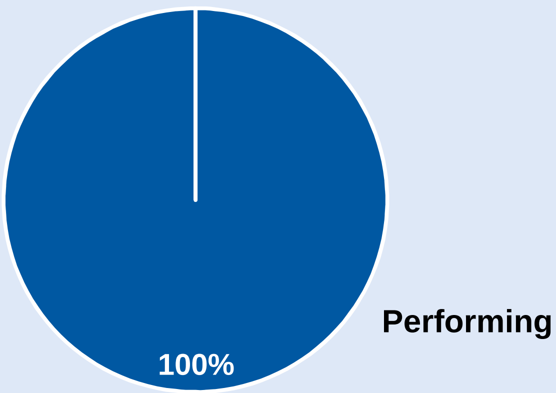
by product type



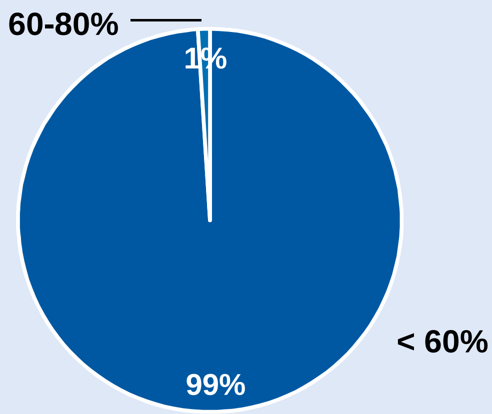
by property type



by performance



by LTV ranges[1)]



1) Performing business only, exposure as at 31.12.2014

Note: All 2014 figures preliminary and unaudited

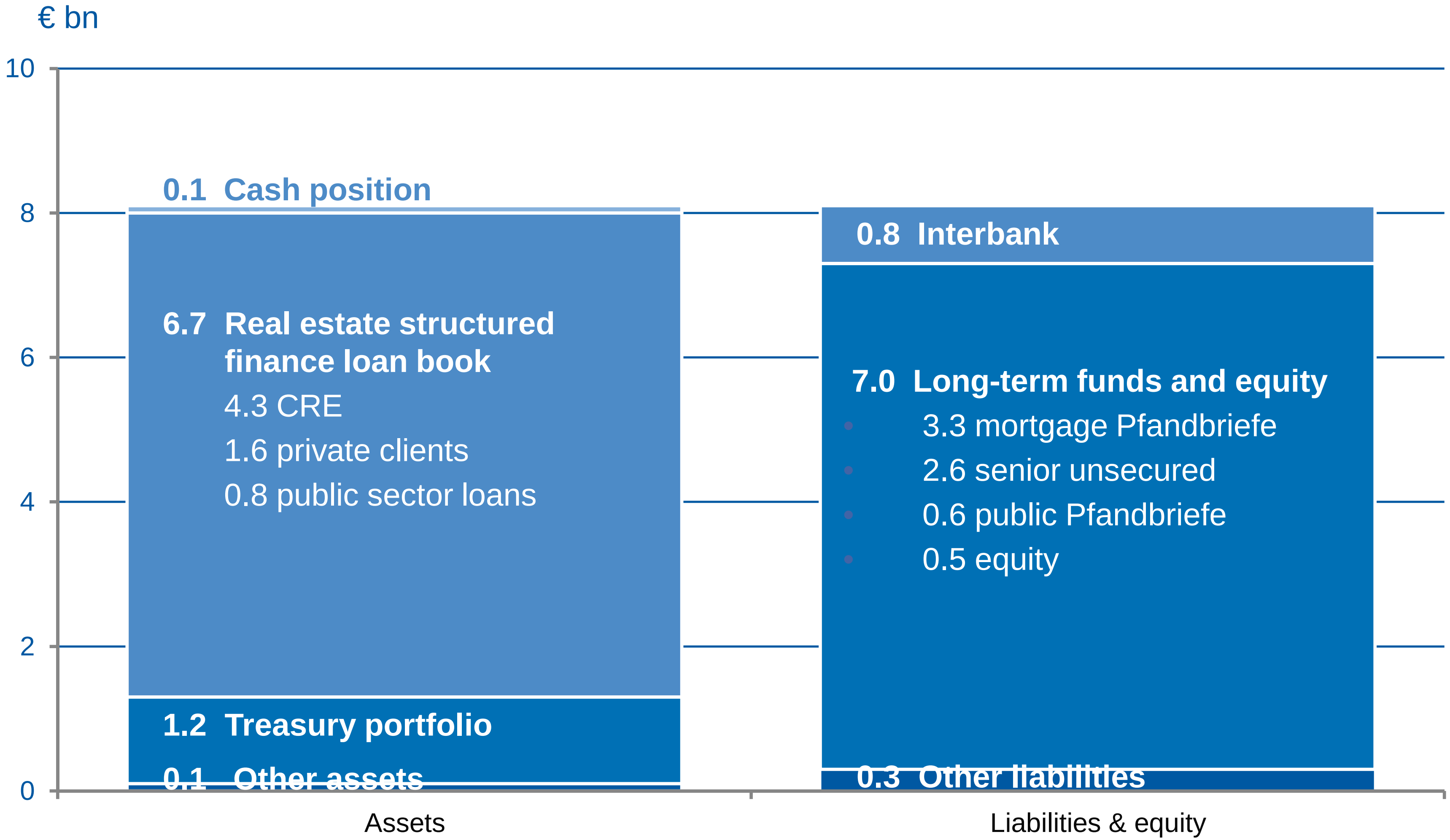
Appendix

WestImmo at a glance

Aareal Bank Group

Asset- / Liability structure according to IFRS

Pro forma extrapolated as at 31.03.2015: € 8.1 bn

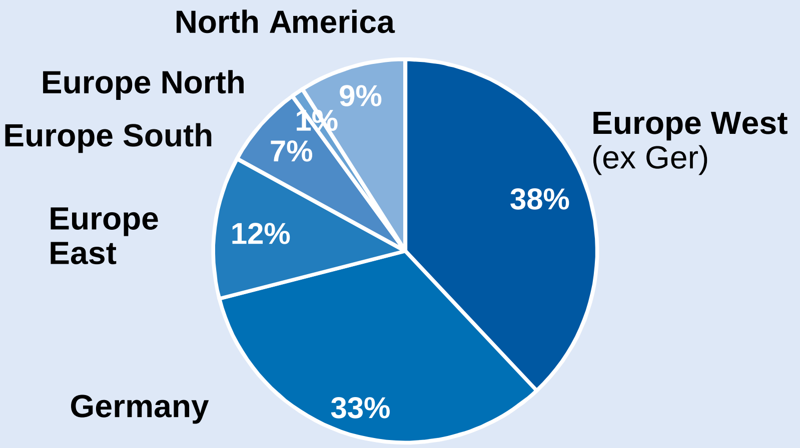


Note: All 2014 figures preliminary and unaudited

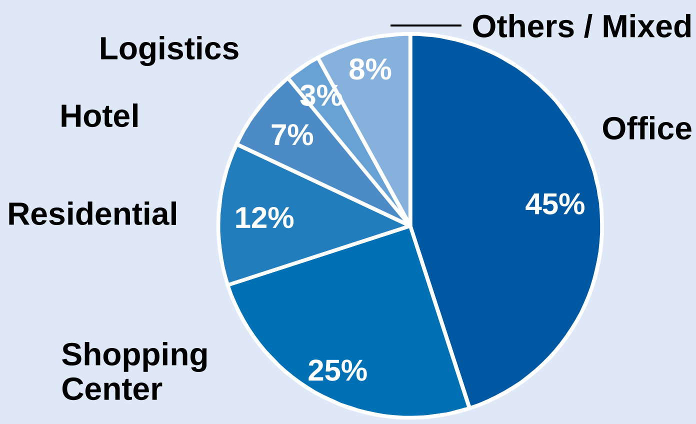
CRE lending portfolio[1)]

Total volume of € 4.3 bn with average LtV < 60%

by region



by property type



1) Pro forma extrapolated as at 31.03.2015

Note: All 2014 figures preliminary and unaudited

Private client loans and Public sector loans[1)]

Private client loans	▪ Volume of € 1.6 bn extrapolated as at 31.03.2015 ▪ All non performing loans have been carved out, purely performing business with average LtV < 60% ▪ Outstandings < 100 T€: 58%, 100 – 150 T€: 24%, 150 – 200 T€: 10%, 200 – 250 T€: 4%; 250 – 500: <4%; > 500 T€: <1% > 50% in Baden Wuerttemberg, Bayern, Hessen, and NRW ▪ Historical defaults on that portfolio in the very, very low double digit area (bp) ▪ Potential risks from clawbacks regarding loan fees ("Rückforderungen von Bearbeitungsgebühren)" and faulty revocation clause ("fehlerhafte Widerrufsbelehrungen") will be covered by the seller
Public sector loans	▪ Volume of € 0.8 bn extrapolated as at 31.03.2015 ▪ Loans, warranties or guaranties to German sub-sovereign bodies

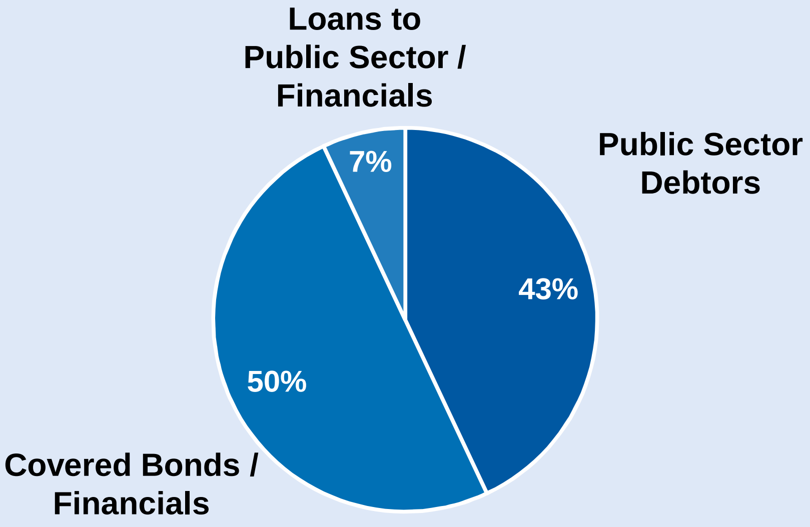
1) Pro forma extrapolated as at 31.03.2015

Note: All 2014 figures preliminary and unaudited

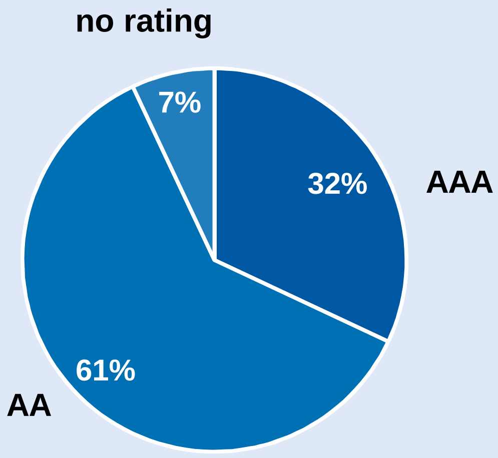
Treasury portfolio[1)]

€ 1.2 bn of high quality and highly liquid assets

by asset class



by rating[2)]



All figures are nominal amounts
1) Pro forma extrapolated as at 31.03.2015
2) Composite or other available rating

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Appendix

SoFFin

Aareal Bank Group

SoFFin: full repayment of silent participation

Support to Aareal Bank has come to an end

Objective for SoFFin support

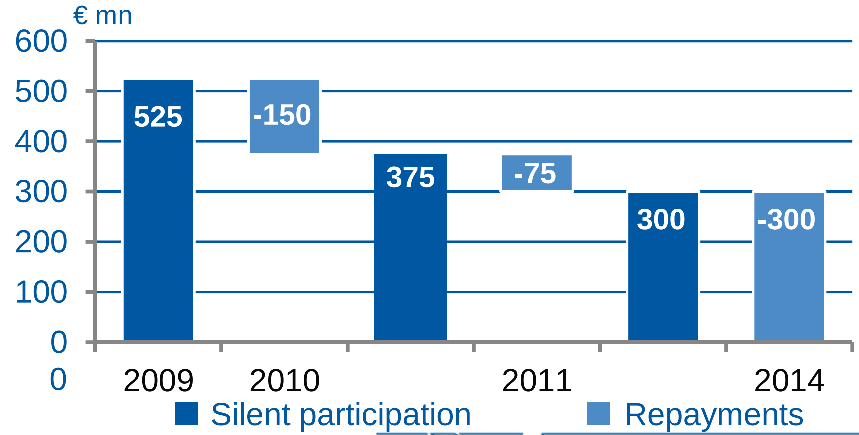
- At the at the height of the financial crisis in early 2009 Aareal had drawn on support available within the scope of a government package to stabilise the financial services sector.
- The objective was to protect the Aareal's sustainably profitable business in what was a very difficult market environment at the time.
- Aareal paid a total of approximately € 237 mn to date in interest and guarantee fees to SoFFin.

Government guarantee facility

- Volume: € 4 bn
  - First bond:
    € 2 bn fully placed in 03/2009,
    € 800 mn partially tendered in 07/2011
    € 1.2 bn matured 03/2012
  - Second bond:
    € 2 bn onto own book 07/2010
    early redemption 04/2011
    (originally maturing 05.06.2013)

Silent participation

- Original volume: € 525 mn
- Coupon: 9% (tax deductible)
- Grandfathered as CET1 capital until end of 2017
- No dividend payments during 2009 and 2010 for preceding years
- Additional remuneration: coupon increases on a pro rata basis by 0.5 pp for each ~0.18 € DpS[1)]
- Repaid in three trances 2010, 2011 and 10/2014



1) Adjusted relative to the capital increase

Aareal Bank Group

Note: All 2014 figures preliminary and unaudited

Appendix

Comprehensive assessment

Aareal Bank Group

Comprehensive assessment[1)]

AQR and Stress Test

Definitions

- "**The comprehensive assessment** is a financial health check of 130 banks in the euro area (including Lithuania), covering approximately 85% of total bank assets. It is being carried out by the ECB together with the national supervisors. The exercise started in November 2013..."

- The comprehensive assessment comprises two main pillars:
  - an **Asset Quality Review** (**AQR**) – to enhance the transparency of bank exposures, including the adequacy of asset and collateral valuation and related provisions
  - a **Stress Test** – to examine the resilience of banks' balance sheets to stress scenarios, performed in close cooperation with the European Banking Authority (EBA)

- **Join-up:** The quality-assured stress test results have been integrated with the AQR results in a process known as the "join-up". The join-up is what sets the comprehensive assessment apart from any other previous European exercise. It connects and reinforces the point-in-time AQR and the forward-looking stress test, strengthening the overall exercise. Full AQR results are incorporated into stress test results for all banks by adjusting the starting balance sheet positions.

Source: ECB webpage

1) As published October 27, 2014

Note: All 2014 figures preliminary and unaudited

Results of the AQR and the Stress Test[1)]

Capital ratios significantly above thresholds

Results

- **AQR**
  - Confirms Aareal Bank's asset quality
  - Marginal adjustments (10 bp) mainly due to haircuts; not considering possible reversal of allowances identified in the course of the review
  - No reclassifications from performing loans into non-performing loans

- **Join-up**
  - No Join-up effect → incorporation of the AQR results into the stress test leads to no adjustments

- **Stress test**
  - In all the years under review Aareal Bank generates positive results
  - In all the years under review Aareal Bank will be able to pay dividends
  - CET1 declines by ~28% or 453 bp from 16.29% to 11.76%
    (which includes 63 bp from dividends to be distributed)

In all stress scenarios capital ratios are significantly above the respective thresholds

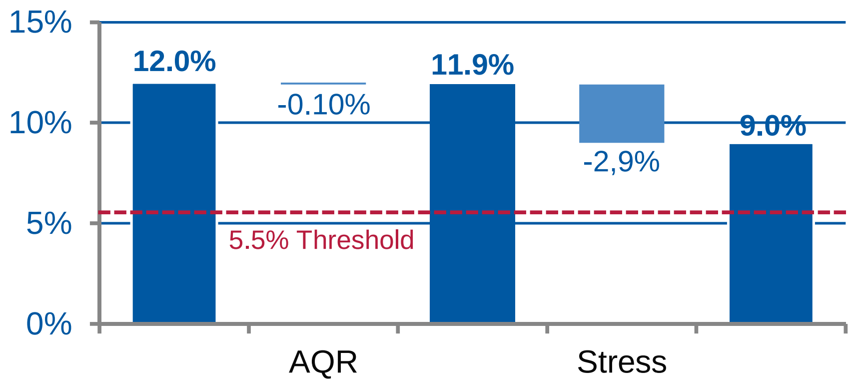
1) As published October 27, 2014

Note: All 2014 figures preliminary and unaudited

Stress Test

Results of simulation

CET1 simulation as at 30.09.2014



Assumptions

- Pro forma fully phased figures as at 30.09.2014
- Excluding SoFFin
- Including Corealcredit portfolio

We tried to replicate the ECB test with our Corealcredit portfolio to the best of our knowledge but we can not rule out that the stress test results would vary if the Corealcredit portfolio would have been part of the original stress test.

Based on current capital structure

Aareal Bank's CET1 above the respective threshold and the envisaged trigger for a potential AT1 issue

Even after

- Repayment of the SoFFin capital of € 300 mn
- Under Basel III fully phased
- Dividend payments

Note: All 2014 figures preliminary and unaudited

Simulation / Extrapolation of Stress Test results[1)]

Three scenarios

Pro forma assumptions / parameters of the model

- The original stress test is calculated on 31.12.2013 / 1.1.2014 basis
- The next slide is presenting results of an exercise run by Aareal and therefore is neither authorized nor checked by the ECB in order to translate the stress test results in the following scenarios

1. Pro forma fully phased figures as of 31.12.2013/01.01.2014 excluding SoFFin (capital - € 300 mn) based on the original stress test

2. Pro forma fully phased figures as of 30.06.2014 excluding SoFFin but including Corealcredit portfolio. We tried to replicate the ECB test with our Corealcredit portfolio to the best of our knowledge but we can not rule out that the stress test results would vary if the Corealcredit portfolio would have been part of the original stress test.

3. Pro forma fully phased midterm target figures excluding SoFFin based on internal assumptions about midterm capital, RWA and portfolio development.
Hence those figures include management assumptions about the future development of the company and are not based an a static balance sheet used in the ECB stress test.

1) As published October 27, 2014

Note: All 2014 figures preliminary and unaudited

Explanation of the bp deduction variance[1)]

Pro forma assumptions / parameters of the model

- The **original ECB Stress Test led** to a CET deduction of 453 bp. This reduction is driven by an RWA increase of 33% and a CET decrease of 3.8% at the same time.
  CET decrease during stress horizon is caused by phase outs, unrealised losses in the AfS portfolio and AIRB shortfall of credit risk adjustments to expected losses.
  The calculation of the percentage change in CET capital is:
  1-((1:1.33)*(1-0.038)) = 28% and 28% * 16.29% = **453 bp**

1. Original starting RWA and original RWA increase (33%) is used. CET is reduced by € 300 mn SoFFin participation. In addition we calculated on a fully phased basis: the starting CET ratio is already fully phased. All other items remain the same. Same mathematics with an CET decrease of 3.0%, which is below 3.8% because no phase outs have to be calculated: **27% CET decrease or** 359 **bp reduction.**

2. Pro forma fully phased numbers as of 30.06.2014 excluding SoFFin but including Corealcredit portfolio. We tried to replicate the ECB test with our Corealcredit portfolio to the best of our knowledge but we can not rule out that the stress test results would vary if the Corealcredit portfolio would have been part of the original stress test. Lower RWA increase mainly driven by the fact that Corealcredit still applies the standard approach: **25% CET decrease** leads to a **294 bp reduction**.

1) As published October 27, 2014

Aareal Bank Group

Note: All 2014 figures preliminary and unaudited

Explanation of the bp deduction variance[1)]

Pro forma assumptions / parameters of the model

3 Pro forma fully phased midterm target figures excluding SoFFin based on internal assumptions about midterm capital, RWA and portfolio development.
Hence those figures:
(a) include management assumptions about the future development of the company and
(b) are not based an a static balance sheet used in the ECB stress test.

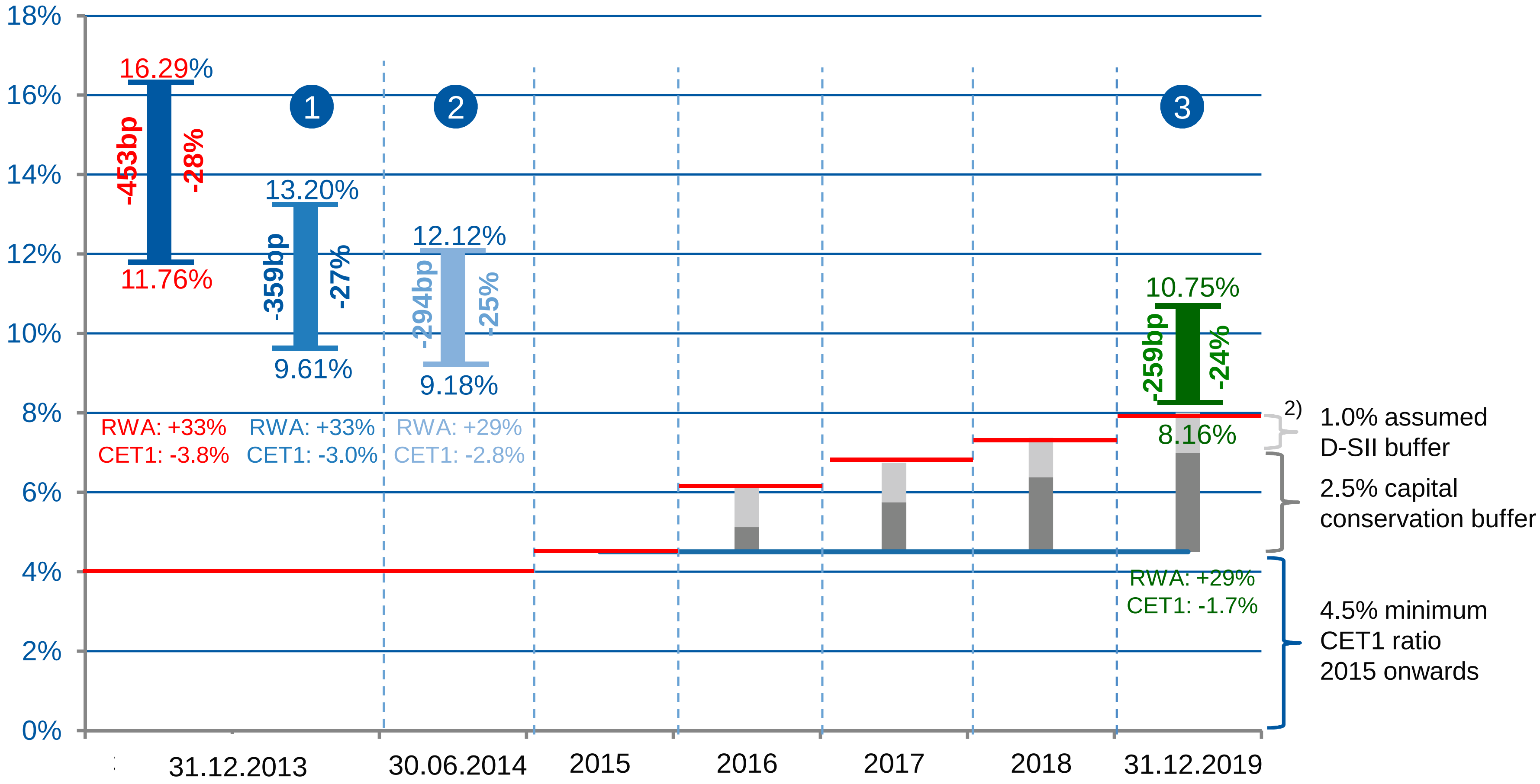
We tried to replicate the ECB test with a portfolio end 2016 to the best of our knowledge but we can not rule out that the results of a stress test with that portfolio as an input would lead to other results than the **24% CET decrease** leading to a **259 bp reduction**.

In general, the nominal bp reduction is mainly driven by the ingoing CET ratio whereby a lower ratio leads to a lower nominal bp reduction even if the percentage result is the same. The percentage change of the CET ratio as the stress test result is the better indicator than the nominal bp deduction.

1) As published October 27, 2014

Note: All 2014 figures preliminary and unaudited

Results of the simulation / extrapolation[1)]



1) As published October 27, 2014
2) 8% CET requirements is assuming a full utilisation of 1,5% AT1 and 2% T2 bucket and 1% D-SII buffer and 0% systemic risk buffer

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Conclusion[1)]

Based on current and future capital structure

Aareal Bank's CET1 will be above all the respective thresholds and the envisaged trigger for a potential AT1 issue

Even after
- Repayment of the € 300 mn SoFFin silent participation
- Under Basel III fully phased
- After potential future capital optimization

1) As published October 27, 2014

Note: All 2014 figures preliminary and unaudited

Appendix

Acquisition of Corealcredit Bank AG

Aareal Bank Group

Strategic rationale for acquisition of Corealcredit[1)]

Value enhancing transaction in line with current strategy

- The transaction represents an attractive opportunity for Aareal Bank Group to pursue inorganic growth as it is creating shareholder value and EpS accretive from day one
- Aareal Bank Group acquires Coreal, which has been successfully realigned and refocused on its core business by its previous owner, in a favourable market environment at a conservative price
- Coreal is a well digestible addition to Aareal Bank Group. Legacy risks have been conservatively evaluated and comprehensively ring-fenced
- Our mid-term targets and our goal to resume an active dividend policy remain unchanged
- With the acquisition of Coreal, Aareal Bank Group further strengthens its position as a leading commercial real estate lender
- The acquisition of Coreal from existing excess capital demonstrates the strength and strategic capacity of Aareal Bank Group

1) As published December 2013

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Note: All 2014 figures preliminary and unaudited

Acquisition of Corealcredit[1)]

Impact on P&L, B/S, Capital ratios, EpS, and RoE

P&L and balance sheet:

- Initial consolidation at 31.03.2014: all balance sheet items are inclusive of Corealcredit
- The negative goodwill (gain from initial consolidation) reflected in Q1 P&L
- Operating results of Corealcredit will be included in Q2 P&L and onwards

Capital ratios:

- All cash transaction: RWA increase on group level compensated via negative goodwill and allocation of excess capital
- Target range of Tier 1 (11.5-12%)[2)] before mgmt. buffer and total capital (19%-20%)[2)] unaffected
- Bail in capital ratio expected above target (> 8%)

EpS:

- Transaction is EpS accretive from day one
- Present value of cumulative EPS for the next three years > € 3[3)]
- Capital currently absorbed by acquired RWA to free up until 2016 for alternative utilisation (allocation or alignment)

RoE:

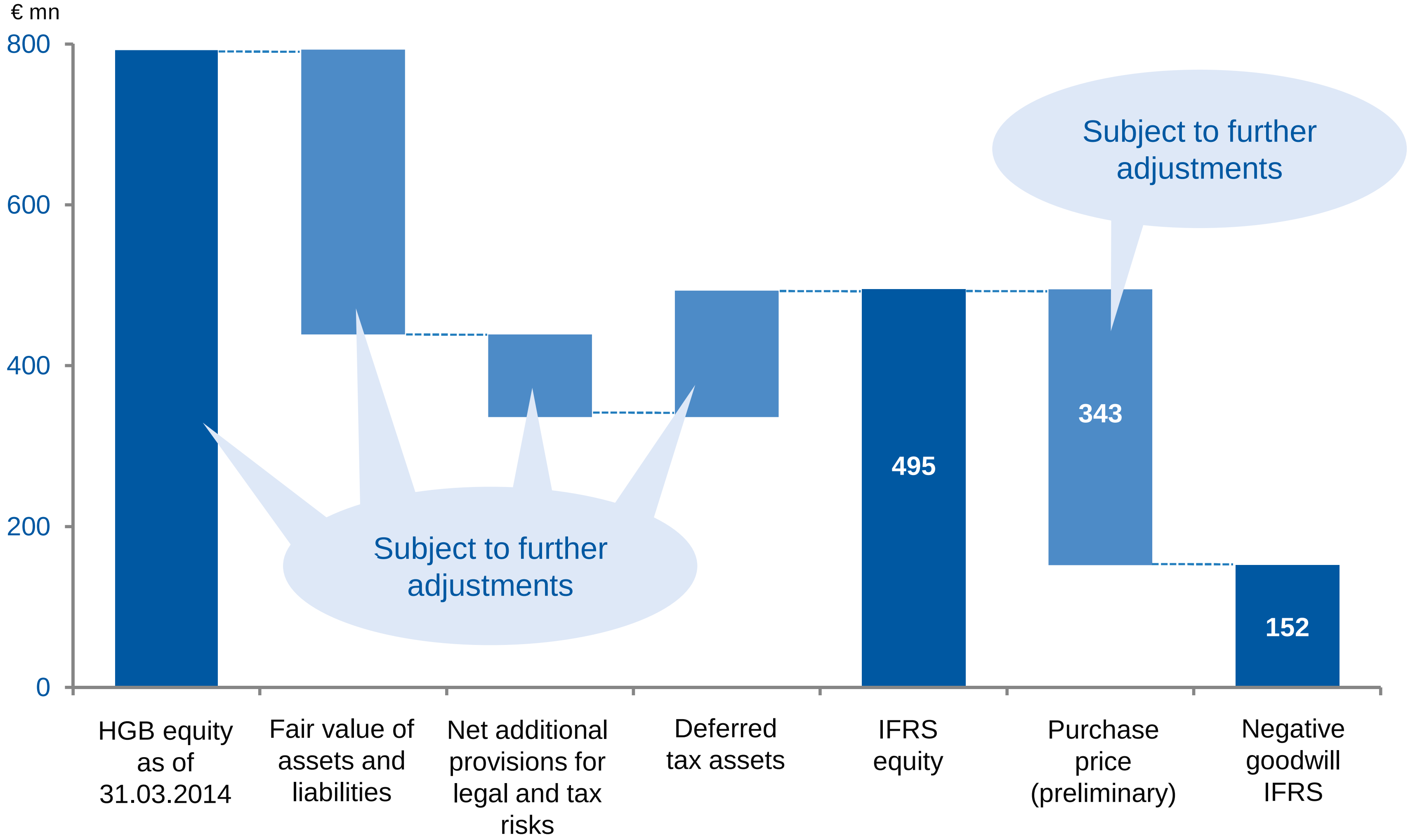
- Transaction in line with mid-term RoE target: midterm pre-tax RoE target confirmed at ~12%

1) As published December 2013
2) Fully phased incl. IFRS and CRD IV
3) Negative goodwill and additional net income until 2016 including ppa amortisation

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Corealcredit purchase price determination
Closing date 31.03.2014



Note: All 2014 figures preliminary and unaudited

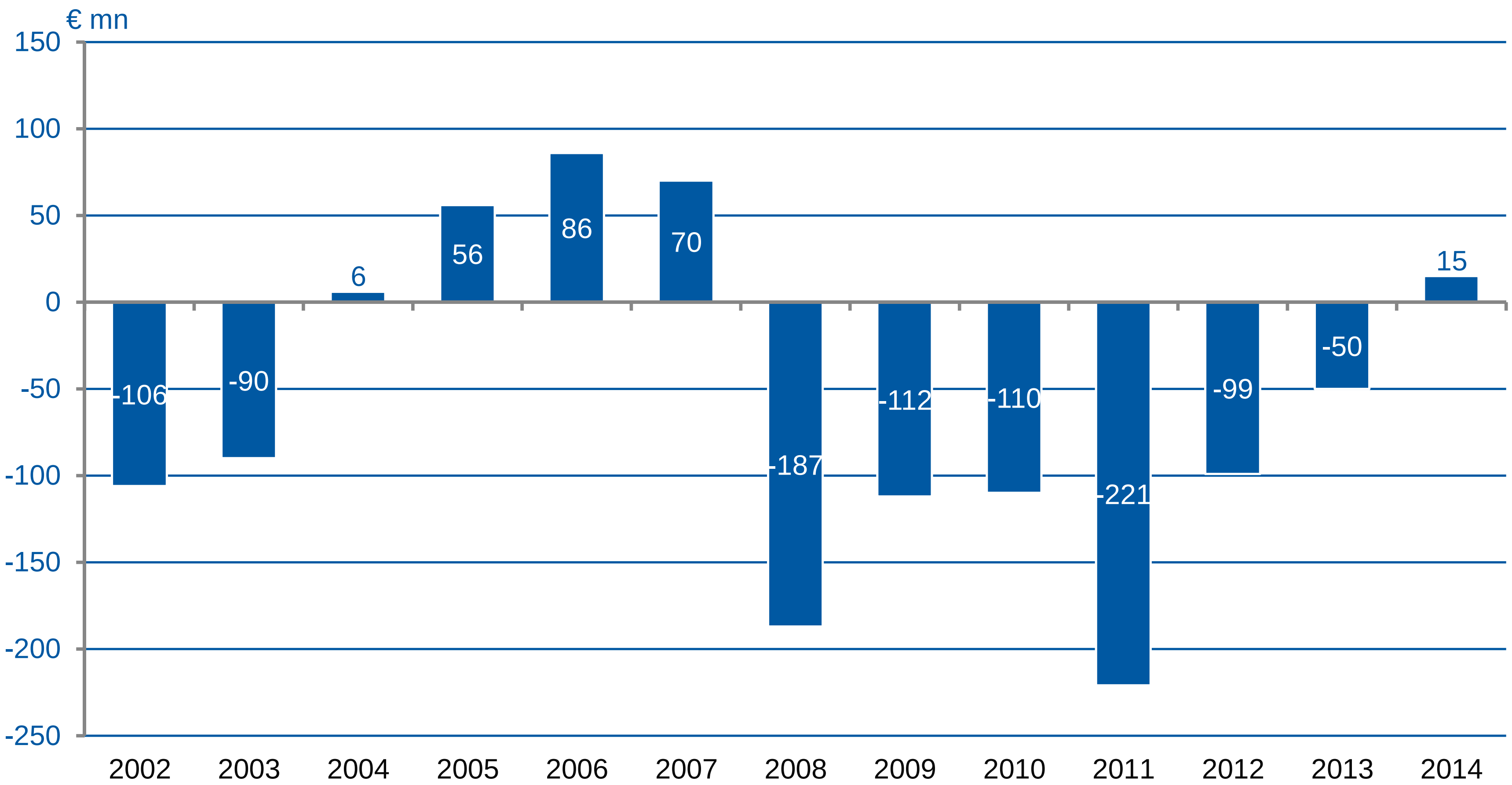
Appendix

Revaluation reserve

Aareal Bank Group

Revaluation surplus

Change mainly driven by asset spreads



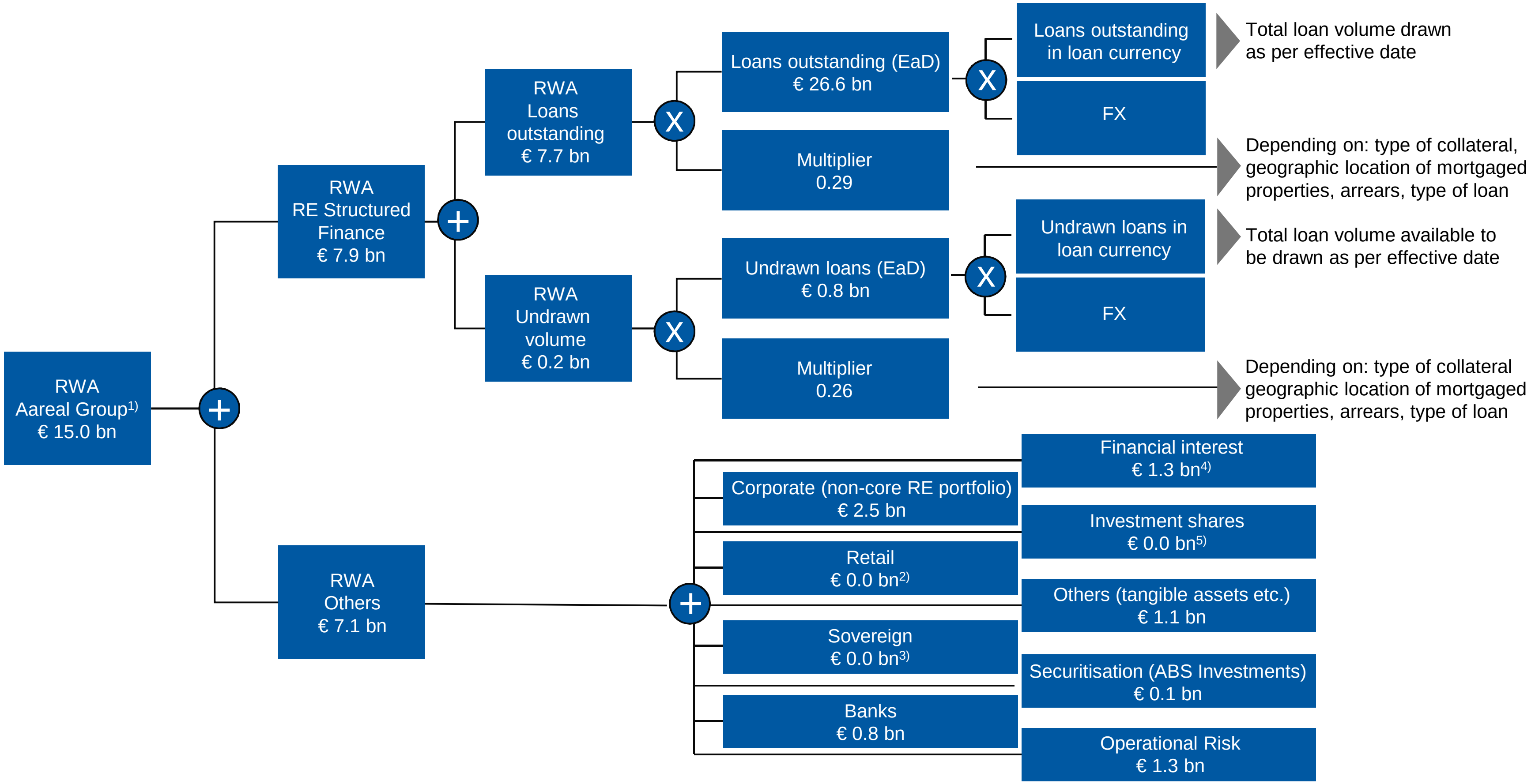
Note: All 2014 figures preliminary and unaudited

Appendix
RWA-split

From asset to risk weighted asset (RWA)

Essential factors affecting volume of RWA

Effective date 31/12/2014



1) Excl. market risk
2) Exposure to Retail amounts to € 17 mn
3) Exposure to Sovereigns amounts to € 14 mn
4) Exposure to Financial Interests amounts to € 1 mn
5) Exposure to investment shares amounts to € 4 mn

Note: All 2014 figures preliminary and unaudited

Aareal Bank Group

Definitions and contacts

Aareal Bank
Group

Definitions

- **Structured Property Financing Portfolio =** Paid-out financings on balance sheet
- **New Business =** Newly acquired business incl. renewals + Contract is signed by customer + Fixed loan value and margin
- **Common Equity Tier 1 ratio =** $\dfrac{\text{CET1}}{\text{Risk weighted assets}}$
- **Pre tax RoE =** $\dfrac{\text{Operating profit ./. income/loss attributable to non-controlling interests ./. AT1 cupon}}{\text{Average IFRS equity excl. non-controlling interests, other reserves, AT1 and dividends}}$
- **CIR =** $\dfrac{\text{Admin expenses}}{\text{Net income}}$
- **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 =** $\dfrac{\text{Available stable funding}}{\text{Required stable funding}} \geq 100\%$
- **Liquidity coverage ratio =** $\dfrac{\text{Total stock of high quality liquid assets}}{\text{Net cash outflows under stress}} \geq 100\%$
- **Bail-in capital ratio =** $\dfrac{\text{Equity + subordinated capital}}{\text{(Long + short term funding) – (Equity + subordinated capital)}}$
- **Earnings per share =** $\dfrac{\text{operating profit ./. income taxes ./. income/loss attributable to non controlling interests ./. net AT1 cupon}}{\text{Number of ordinary shares}}$

Note: All 2014 figures preliminary and unaudited

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