



Press Release

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ECB reviews confirm Aareal Bank's capital and financial strength

- Aareal Bank passes European Central Bank's Comprehensive Assessment with good results
- Asset Quality Review leads to only marginal adjustments
- Capital ratios clearly exceed ECB's requirements in all stress test scenarios
- CEO Dr Wolf Schumacher: "Test results provide clear evidence of the viability of Aareal Bank's business model"

Wiesbaden, 26 October 2014 – Aareal Bank achieved consistently convincing results during the Comprehensive Assessment carried out by the European Central Bank (ECB) – both in terms of the Asset Quality Review (AQR) conducted by the ECB, which included a review of the valuation and classification of the Bank's lending exposures, as well as in relation to the subsequent stress test coordinated by the European Banking Authority (EBA), which analysed the impact of changes in the macroeconomic environment on the banks' capital ratios in all scenarios. Due to the good results achieved in both tests of the Comprehensive Assessment, the ECB has not imposed any measures upon Aareal Bank.

Today, the ECB published Aareal Bank's detailed results as part of the overall disclosure of data for all 130 European banks under review, based on data as at the reporting date of 31 December 2013. According to these results, Aareal Bank performed well in the AQR. Regulators only made marginal adjustments to the exposures under review, which mainly concerned mark-to-model haircuts – thus affirming Aareal Bank's risk assessments. Moreover, no exposure was re-classified from 'performing' to 'non-performing': Aareal Bank's classifications were thus confirmed. Overall, the AQR only resulted in a minor adjustment to the Bank's Common Equity Tier 1 (CET1) ratio by 10 basis points, from 16.39 to 16.29 per cent.

During the course of the stress test, Aareal Bank's capital ratios in the so-called baseline scenario (which reflects expected macroeconomic developments until 2016) remained virtually unchanged from their current levels. The adverse scenario implied a marked deterioration of the macroeconomic environment. These stress test assumptions led to a decline of the imputed CET1 ratio

(according to the conditions of the stress test) by about 28 per cent to approximately 11.8 per cent at the end of the test horizon (31 December 2016). This is still more than double the applicable benchmark of 5.5 per cent.

In the adverse scenario, the increase in risk-weighted assets during the stress period was the main driver of the change in capital ratios, which nonetheless remained far above requirements for all periods. Furthermore, the stress test results show that Aareal Bank would remain profitable and capable of distributing dividends in each scenario during the years examined.

The so-called join-up – in which starting values for the ECB stress test are adjusted by AQR results – did not give rise to any further changes. Given that Aareal Bank only had to account for marginal adjustments from the AQR, without any changes from the join-up, the capital ratios determined by the EBA and the ECB in the adverse scenario were nearly identical.

"We are very satisfied with the outcome of the tests. ECB and EBA have checked our business thoroughly, and we passed these challenging audits without any problems. This not only underscores the outstanding quality of our credit portfolio, based on our conservative business policy, as well as our solid capitalisation – it also affirms the sustainable viability of our business model", noted Dr Schumacher.

Note to editors: Aareal Bank's full Comprehensive Assessment results published by the ECB are available on <https://www.ecb.europa.eu>. The results of the EBA stress test are available on <http://www.eba.europa.eu>.

Aareal Bank

Aareal Bank AG, whose shares are traded in Deutsche Börse's MDAX segment, is a leading international property specialist. The Bank concentrates its business activities on the Structured Property Financing and the Consulting/Services segments. The Structured Property Financing segment encompasses all of Aareal Bank's property financing and funding activities. In this segment, the Bank facilitates property investment projects for its domestic and international clients, within the framework of a three-continent strategy covering Europe, North America and Asia. In the Consulting/Services segment, Aareal Bank offers the housing industry and the commercial property sector services and products for managing residential property portfolios and processing payment flows. www.aareal-bank.com