

QUALITY®
made by **AAREAL**

Annual Analyst Conference

Preliminary 2015 results

February 25, 2016
Hermann J. Merkens, CEO



**Aareal Bank
Group**

Agenda

- Results 2015 – What we achieved
- Outlook 2016 – What we have targeted
- „Aareal 2020“ – How we will develop further

Highlights

Aareal Bank with another record year

Highlights

- **In a challenging environment positive development sustained:**
Record year concluded by strong Q4
- **Driven by net interest income and acquisitions:**
Benefiting from one offs related to high early repayments and the negative goodwill from the acquisition of WestImmo
- **Adequate participation of shareholders:**
Strong increase of dividend proposed
- **Value-creating integration of acquisitions:**
Integration of Corealcredit completed, integration of WestImmo in line
- **New business target exceeded:**
Despite strong competition attractive new business opportunities taken
- **Development of IT business as planned:**
Aareon is extending it's strong market position further



Environment 2015

Our assumptions turned out to be valid

| Assumptions for guidance 2015 (02/2015) | Reality 2015 |
|--|---|
| Slight world economic recovery will continue but with different regional speed | US-recovery continued, Europe stuck close to deflation but GDP growth somewhat faster, China's economic growth was slowing down |
| Low interest rates will continue to burden markets but different development of interest rate levels expected in Europe and the US | Increasing divergences in monetary policy between ECB and FED/BOE in a low interest environment |
| Inflation pressure and ECB's QE-program will have an impact on capital markets: fighting deflation and risking asset bubbles in Europe | ECB's QE was prolonged and extended, having an impact on capital markets - risking asset bubbles |
| Euro will further weaken by ECB's monetary programs | Depreciation of Euro against the US-Dollar and British Pound |
| Geo-political risks will burden the markets | Geopolitical risks and tensions still unsolved e.g. towards Russia and additional challenges ahead |
| Regulatory environment more predictable but still with further uncertainties (e.g. RWA-floors, TLAC ¹), etc.) | Regulatory environment became more predictable with further uncertainties ahead (e.g. Basel IV) |



Preliminary 2015 results at a glance



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Preliminary 2015 results at a glance

Another record in operating profit – dividend proposal: 1.65€

| Targets | Original guidance (02 / 2015) | Latest guidance (12 / 2015) | Preliminary |
|--|----------------------------------|--------------------------------|---------------------|
| Dividend proposal | ~ 50% payout ratio | | ➡ € 1.65 pS (~ 52%) |
| Net interest income | € 720 mn - € 760 mn | € 760 mn - € 800 mn | ➡ € 781 mn |
| Net loan loss provisions | € 100 - 150 mn | € 100 - 150 mn | ➡ € 128 mn |
| Net commission income | € 170 - 180 mn | € 170 - 180 mn | ➡ € 175 mn |
| Administrative expenses | € 520 - 550 mn | € 520 - 550 mn | ➡ € 553 mn |
| Negative goodwill | ~ € 150 mn | € 154 mn | ➡ € 150 mn |
| Operating profit¹⁾ | € 400 - 430 mn | € 460 - 470 mn | ➡ € 470 mn |
| EpS incl. negative goodwill | € 4.80 - € 5.20 | € 5.51 - € 5.63 | ➡ € 5.66 |
| EpS excl. negative goodwill | € 2.30 - € 2.70 | € 2.95 - € 3.06 | ➡ € 3.16 |
| Pre-tax RoE incl. neg. goodwill | ~ 16% | ~ 18.2% - 18.6% | ➡ 18.6% |
| Pre-tax RoE excl. neg. goodwill | ~ 10% | ~ 11.5% - 12.0% | ➡ 12.1% |
| New business origination ²⁾ | € 6 - 7 bn | € 8 - 9 bn | ➡ € 9.6 bn |
| Operating profit Aareon ³⁾ | ~ € 27 mn | ~ € 27 mn | ➡ € 27 mn |

- 1) Incl. negative goodwill
- 2) Incl. renewals
- 3) After segment adjustments



Preliminary Q4 2015 at a glance

Record year concluded by strong Q4

| | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 | Comments |
|---|--------------|--------------|----------------------------|--------------|--------------|--|
| € mn | | | | | | |
| Net interest income <i>(excl. unplanned effects from early repayments)</i> | 198 (183) | 214 (192) | 191 (181) | 178 (173) | 194 (174) | <ul style="list-style-type: none"> Reduction of NCA as planned New business allocation compensated margin pressure in Q4 |
| Allow. for credit losses | 42 | 37 | 31 | 18 | 41 | In line with guidance |
| Net commission income | 52 | 40 | 42 | 41 | 48 | <ul style="list-style-type: none"> Aareon in line with guidance Q4 with seasonal effects |
| Admin expenses | 138 | 147 | 136 | 132 | 114 | Full year reflects successful integration |
| Negative goodwill | | | 150 ¹⁾ | | | Gain from initial WestImmo consolidation |
| Operating profit | 92 | 82 | 229 ¹⁾ | 67 | 86 | Strong operational performance further supported by “other operating income” |
| Earnings per share [€] | 1.01 | 0.78 | 3.27 ¹⁾ 0.77 | 0.60 | 0.55 | Strong development |

1) Adjusted



Segment performance

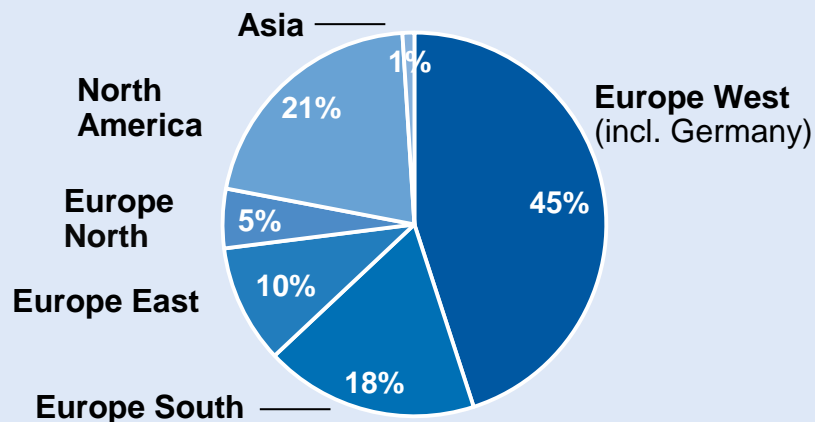


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Structured property financing

New business allocation compensated margin pressure

New business by region 2015¹⁾

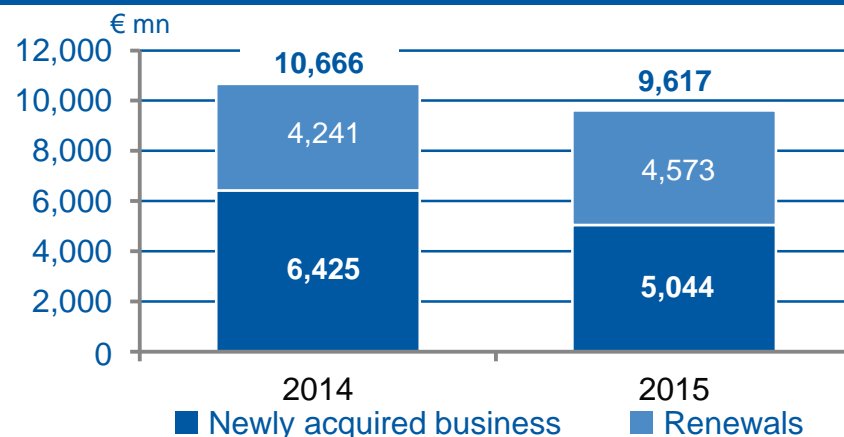


| P&L SPF Segment | 2015 | 2014 | Change |
|--|------------|------------|-----------|
| € mn | | | |
| Net interest income | 783 | 687 | 14% |
| Allow. for credit losses | 128 | 146 | -12% |
| Net commission income | 6 | 4 | 50% |
| Net result from trading / non-trading / hedge acc. | 4 | 9 | -56% |
| Admin expenses | 359 | 255 | +41% |
| Others | 37 | 3 | - |
| Negative goodwill | 150 | 154 | - |
| Operating profit | 493 | 456 | 8% |

1) Incl. renewals

2) Additional effects exceeding originally planned repayments (€ 23 mn)

New business origination



- New business origination 2015
 - Margins at upper end of range (220–230 bps)
 - H2-focus on US and specialised properties
- WestImmo acquisition enabled very selective new business generation
- NII includes effects from early repayments²⁾: € 52 mn in 2015 (€ 45 mn in 2014)
- Q4-portfolio of € 30.9 bn (Q3: € 31.2 bn), thereof € 26.3 bn “ARL stand alone” portfolio in line with 2015-portfolio target of ~€ 26 bn (Q3: 25.6 bn)

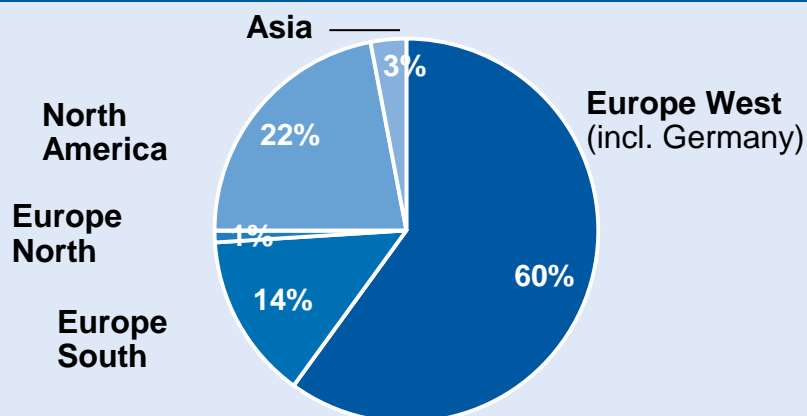


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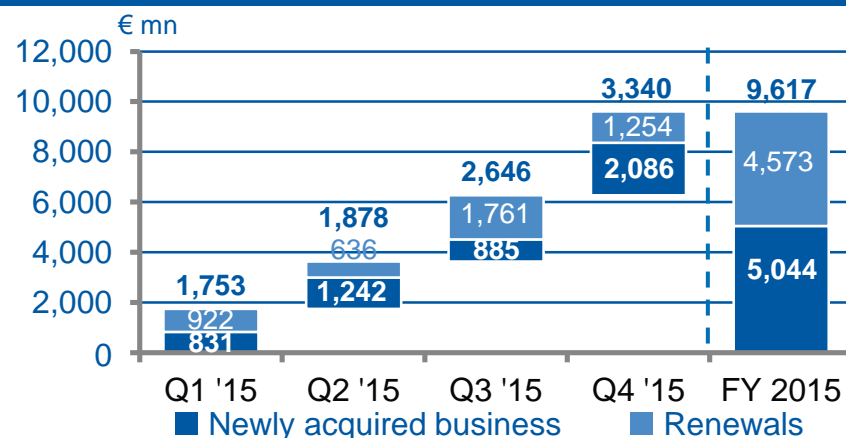
Structured property financing

Strong performance throughout the year

New business by region Q4 2015¹⁾



New business origination



P&L SPF Segment

| € mn | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 |
|--|-----------|-----------|-------------------------|-----------|-----------|
| Net interest income | 199 | 214 | 192 | 178 | 194 |
| Allow. for credit losses | 42 | 37 | 31 | 18 | 41 |
| Net commission income | 2 | 2 | 2 | 0 | 1 |
| Net result from trading / non-trading / hedge acc. | 6 | -3 | 0 | 1 | 7 |
| Admin expenses | 85 | 101 | 89 | 84 | 67 |
| Others | 14 | 14 | 12 | -3 | -8 |
| Negative goodwill | | | 150 ²⁾ | | |
| Operating profit | 94 | 89 | 236²⁾ | 74 | 86 |

1) Incl. renewals

2) Adjusted

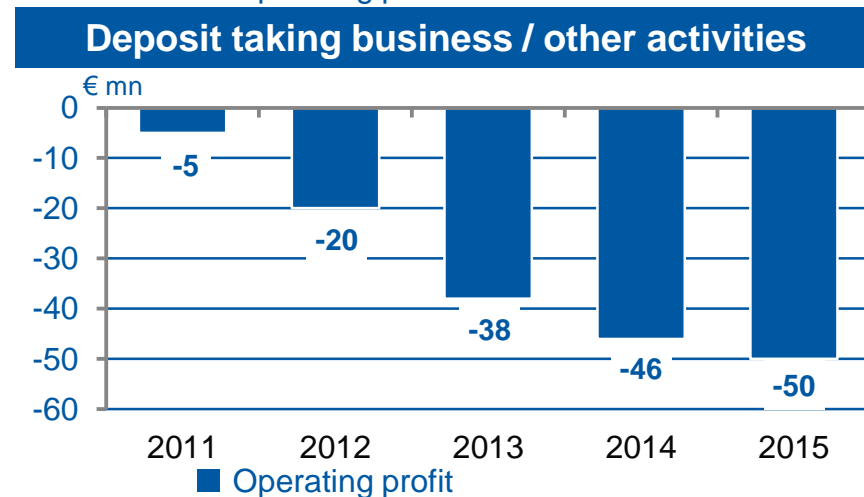
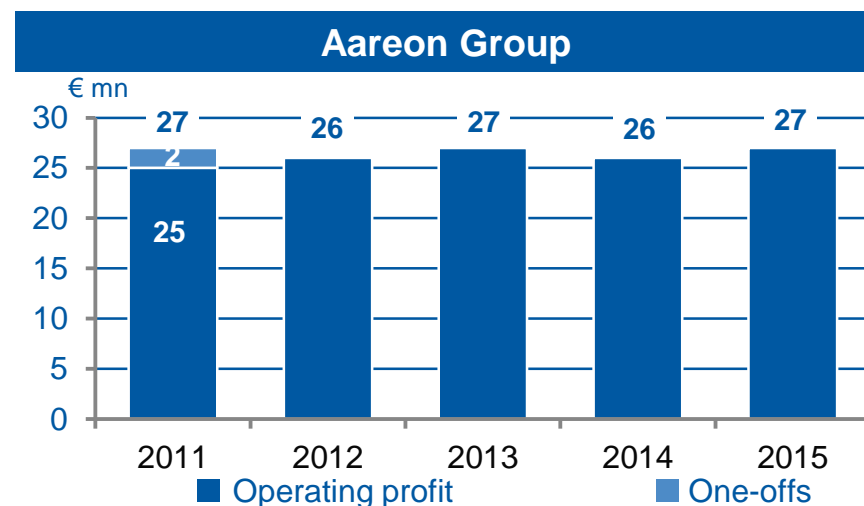


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Consulting / Services

Solid in IT & volumes – weak in deposit taking business

| P&L C/S Segment | 2015 | 2014 | Change |
|--------------------------|------------|------------|-------------|
| € mn | | | |
| Sales revenue | 193 | 185 | 4% |
| Own work capitalised | 4 | 5 | -20% |
| Other operating income | 9 | 8 | 13% |
| Cost of materials purch. | 24 | 22 | 9% |
| Staff expenses | 139 | 131 | 6% |
| D, A, impairment losses | 12 | 14 | -14% |
| Other op. expenses | 54 | 51 | 6% |
| Others | 0 | 0 | - |
| Operating profit | -23 | -20 | -15% |



- Aareon sales revenues € 187 mn (+3%)
EBT margin ~14.5%
- Housing industry deposits generate a stable funding base, crisis-proof
- Deposit volume on a high level of € 9.0 bn on Ø in 2015 (€ 8.6 Ø in '14)



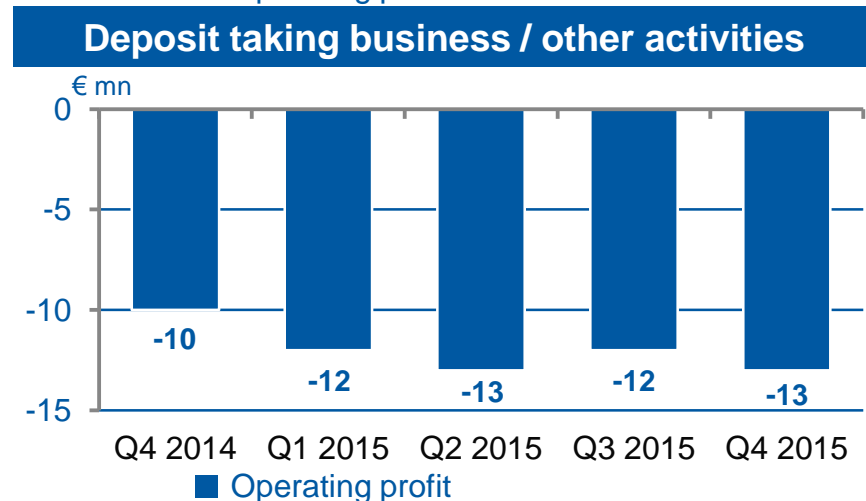
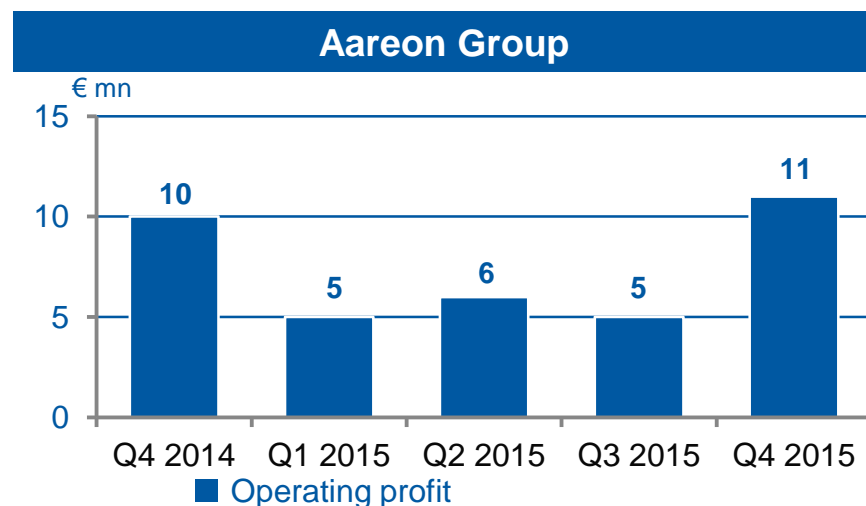
Aareal Bank Group

Consulting / Services

Aareon with seasonal strong Q4

| P&L C/S Segment | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 |
|--------------------------|-----------|-----------|-----------|-----------|----------|
| € mn | | | | | |
| Sales revenue | 56 | 44 | 47 | 46 | 52 |
| Own work capitalised | 0 | 2 | 1 | 1 | 1 |
| Other operating income | 4 | 2 | 2 | 1 | 3 |
| Cost of materials purch. | 7 | 5 | 7 | 5 | 5 |
| Staff expenses | 37 | 35 | 33 | 34 | 35 |
| D, A, impairment losses | 3 | 3 | 3 | 3 | 3 |
| Other op. expenses | 15 | 12 | 14 | 13 | 13 |
| Operating profit | -2 | -7 | -7 | -7 | 0 |

- Staff expenses / sales revenues include two new acquisitions of Aareon in Q4
- Deposit volume on a high level of € 9.0 bn on Ø in Q4 2015 (€ 9.1 bn Ø in Q4 '14)



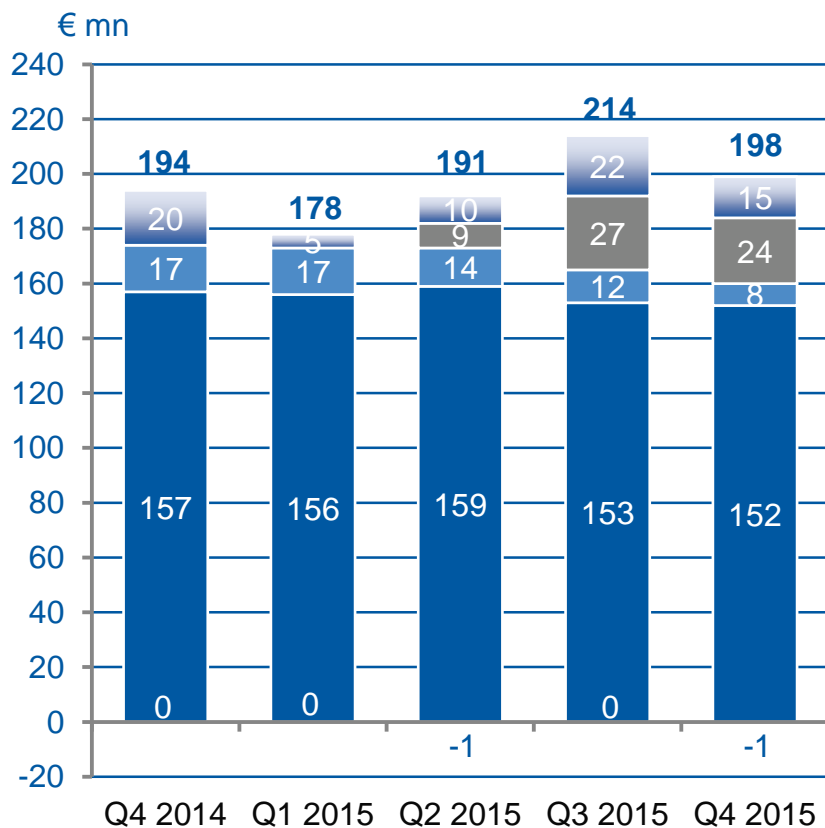
Preliminary group figures 2015



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Net interest income

Pushed by WestImmo & early repayments



- NII effects from early repayments¹⁾
- NII WIB
- NII CCB (linear approximation since Q2 2015)
- NII ARL RSF
- NII ARL C/S

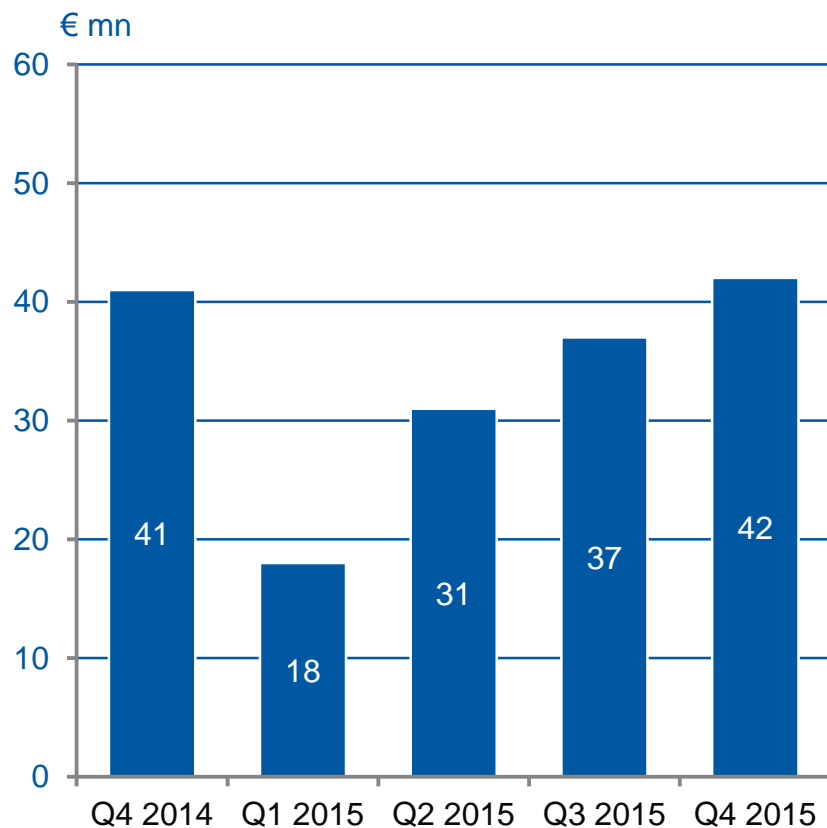
1) Additional effects exceeding originally planned repayments

- Net interest income of € 781 mn in 2015 (2014: € 688 mn)
- FY-new business margins at upper end of expected range (220 – 230 bp)
- Q4 includes additional ~€ 15 mn from early repayments¹⁾ (Q3 '15: € 22 mn, Q2 '15: € 10 mn, Q1 '15: € 5 mn, Q4 '14: € 20 mn)
- Contribution of WestImmo since 06/2015
- NII Consulting / Services still burdened by interest rate environment
- Aareal Bank already fulfils future NSFR / LCR requirements



Allowance for credit losses (LLP)

In line with guidance

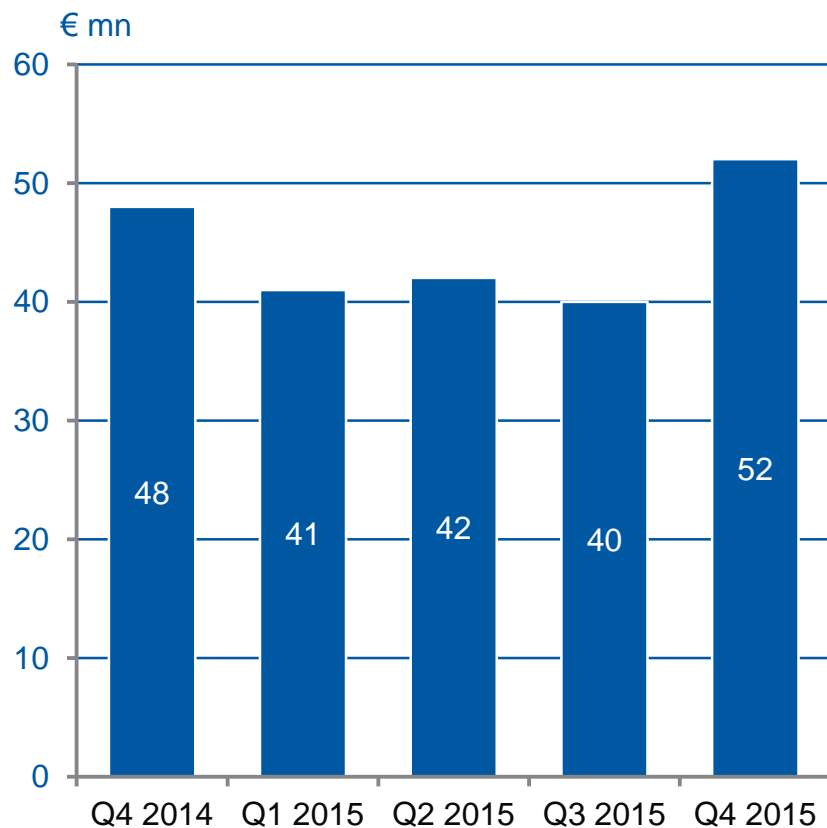


- FY-LLP down from € 146 mn to € 128 mn despite significantly larger portfolio
- Risk costs 2015: 43 bp (2014: 54 bp)



Net commission income

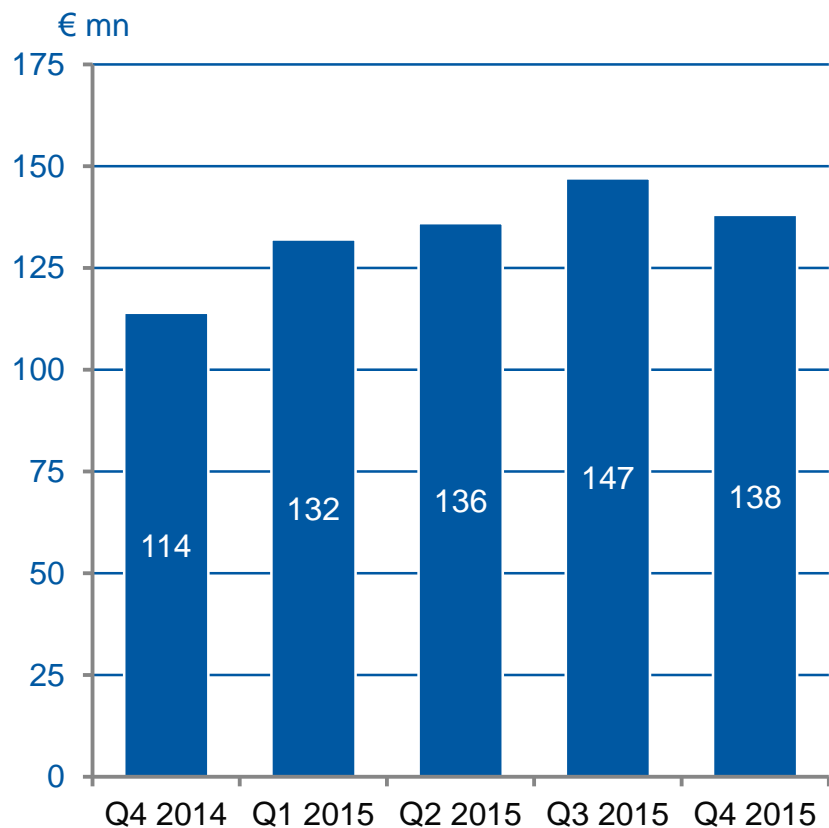
In line with guidance



- Net commission income of € 175 mn in 2015 (2014: € 164 mn)
- Aareon in line with guidance
- Strong Aareon revenue regularly pushing Q4
- Q4 includes additionally revenues from two new acquisitions of Aareon

Admin expenses

Reflecting successful integration



- Admin expenses of € 553 mn in 2015 (2014: € 439 mn)
- Slightly above original target due to faster than originally planned integration of Corealcredit
- 2015 include integration costs for WestImmo and Corealcredit of ~€ 56 mn:
Q4: ~€ 20 mn / Q3: ~€ 12 mn
Q2: ~€ 12 mn / Q1: ~€ 12 mn

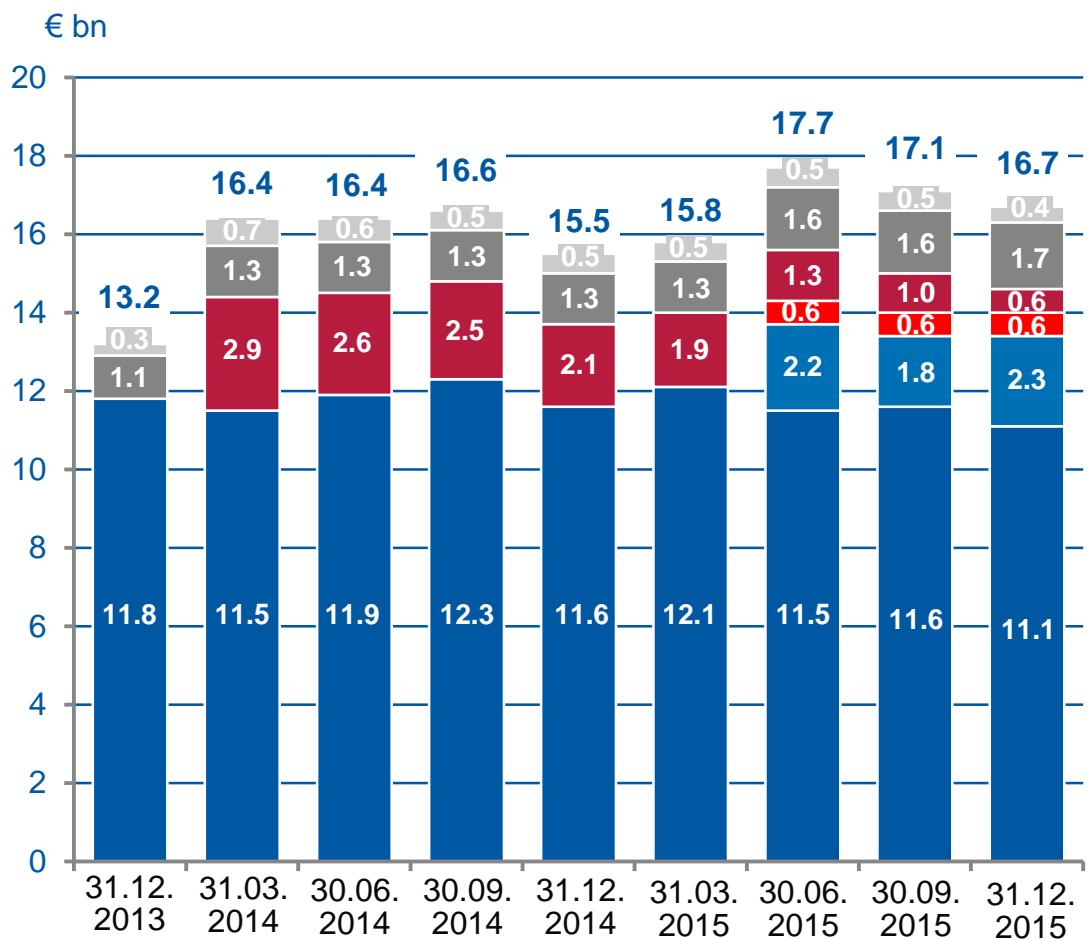
B/S structure, capital & funding position



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RWA development

Successful run down of non core assets



- 2014-increase coming from Corealcredit
- 2015-increase coming from WestImmo and FX-effects
- As Corealcredit, in the course of the integration WestImmo's core business moved to CRSA in Q4 2015

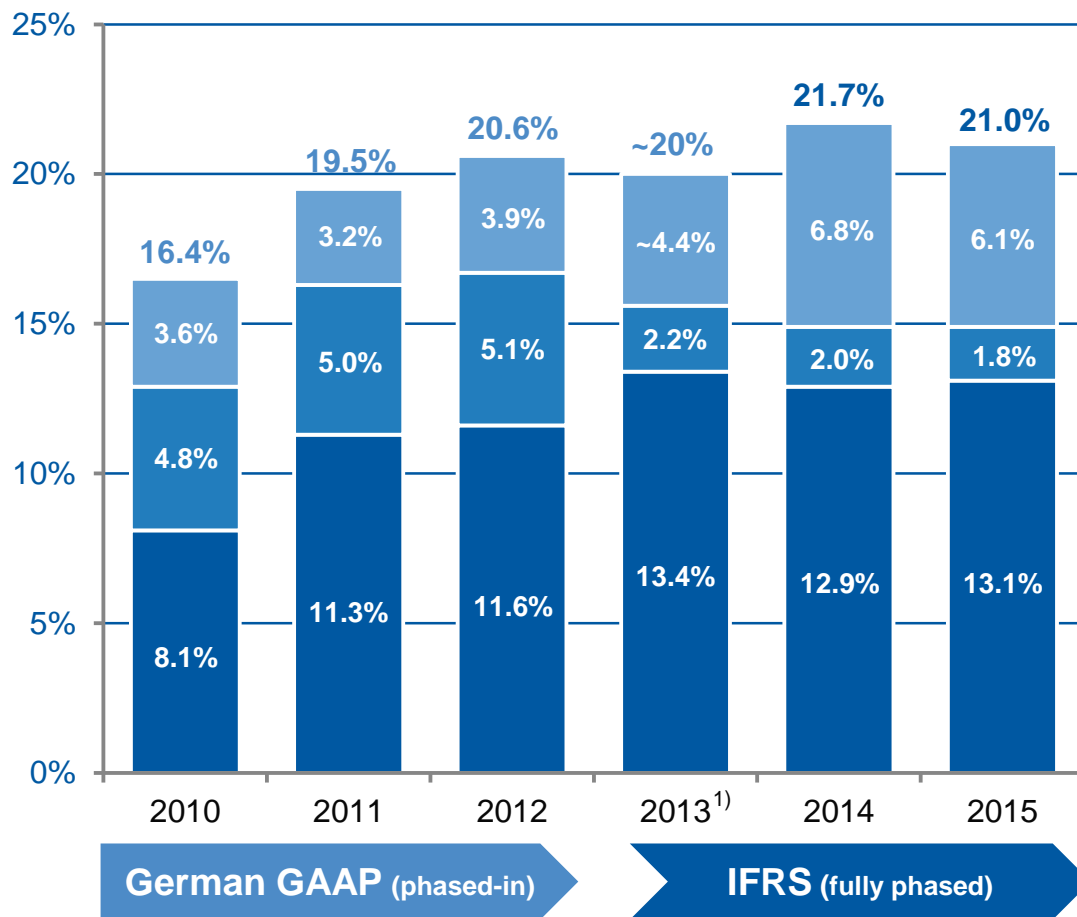
- Market risk
- Operational risk
- Credit risk non core assets CCB
- Credit risk non core assets WIB
- Credit risk core business WIB
- Credit risk core business ARL



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Capital ratios

Strong development



1) As at 01.01.2014, published 20.02.2014

- Regulatory uncertainties buffered by very strong capital ratios
- Instruments assumed to mature 2018 (planning period) are excluded from the fully phased ratios
- Bail-in capital ratio (acc. to our definition): above 8%
- T1-Leverage ratio as at 31.12.2015: 4.9% (fully phased)

- Tier 2 (T2)
- Additional Tier 1 (AT1)
- Common Equity Tier 1 (CET1)

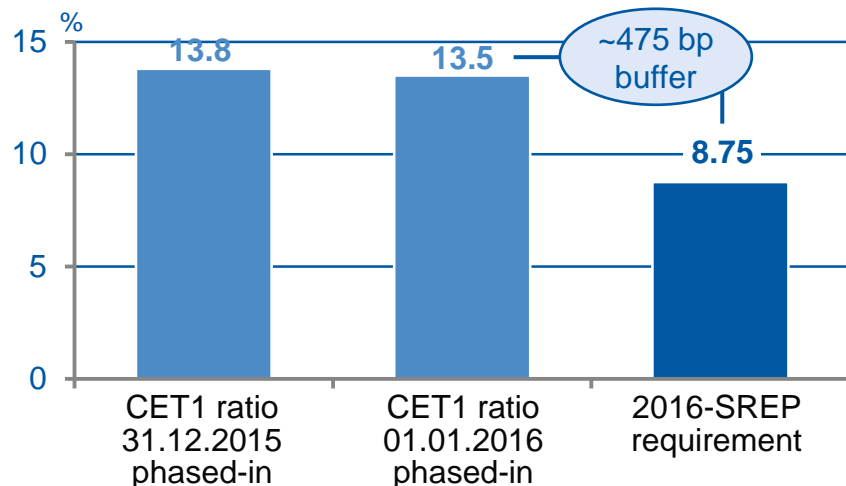


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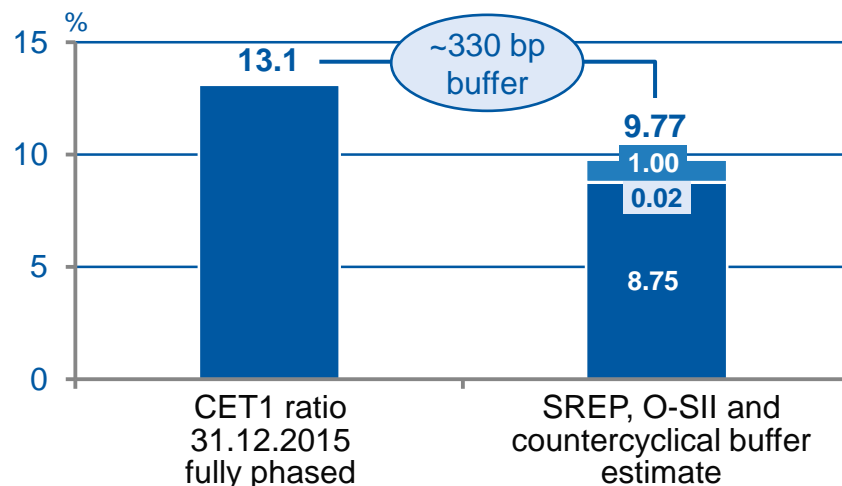
Capital ratios

SREP¹⁾ requirements

Capital ratios vs. SREP requirements (phased-in)



Capital ratios vs. estim. requirements (fully phased)



Main takeaways

- Aareal Bank's SREP requirement according to ECB notification: 8.75% CET1 including capital conservation buffer
- Possible O-SII buffer of 1% (estimated) not yet announced; actual countercyclical buffer: 0.02%
- CET1 ratio of 13.1% (fully phased) as at 31.12.2015: ~330 bp above SREP requirement (including capital conservation buffer AND estimated O-SII buffer)
- ~330 bp buffer currently available to cover uncertainties coming from regulatory environment

1) Supervisory Review and Evaluation Process (SREP)

- O-SII buffer
- Countercyclical buffer
- SREP requirement

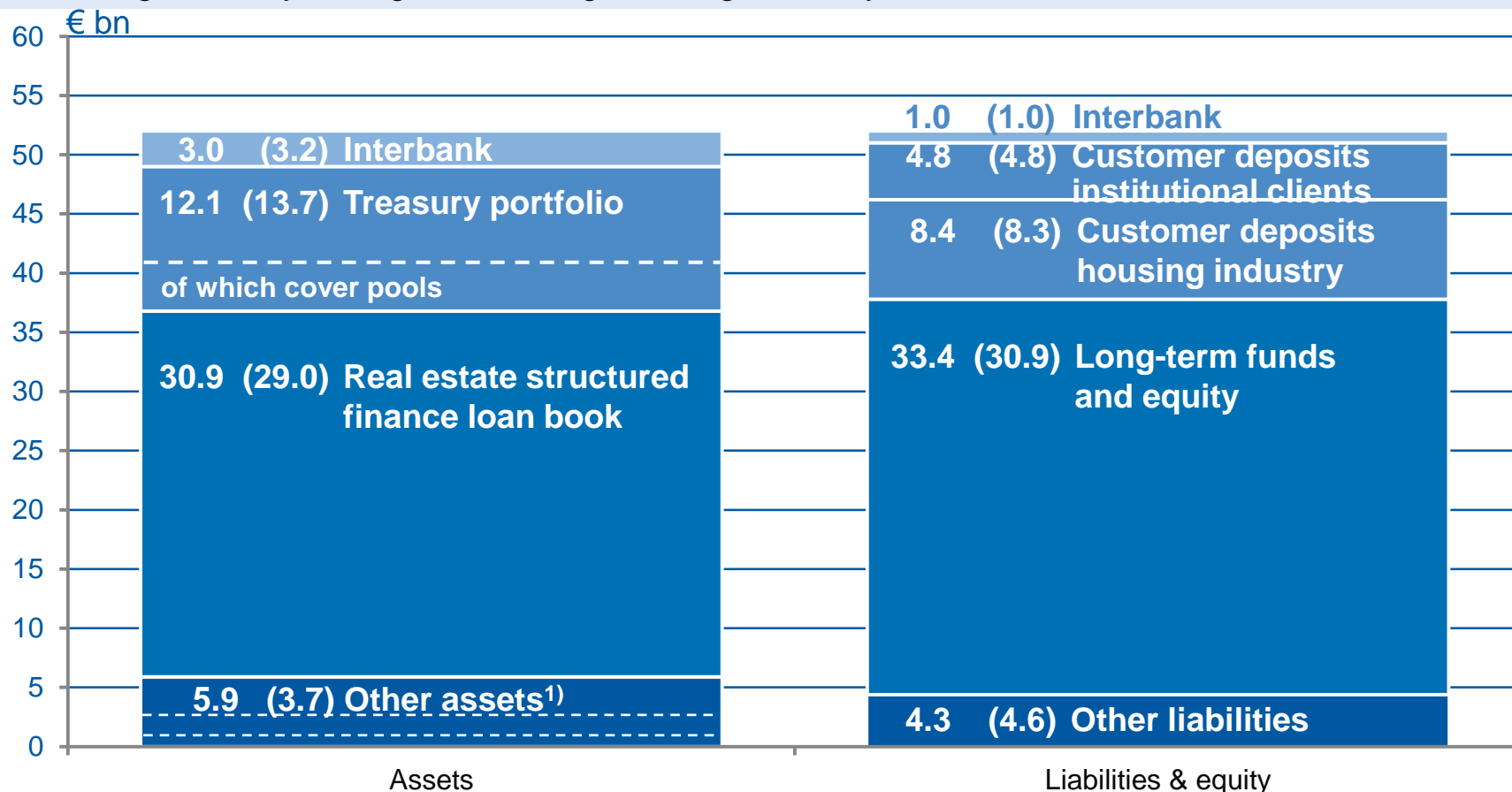


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Asset- / Liability structure according to IFRS

As at 31.12.2015: € 51.9 bn (31.12.2014: € 49.6 bn ex. WIB)

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



1) Other assets includes € 1.5 bn private client portfolio and WIB's € 0.6 bn public sector loans

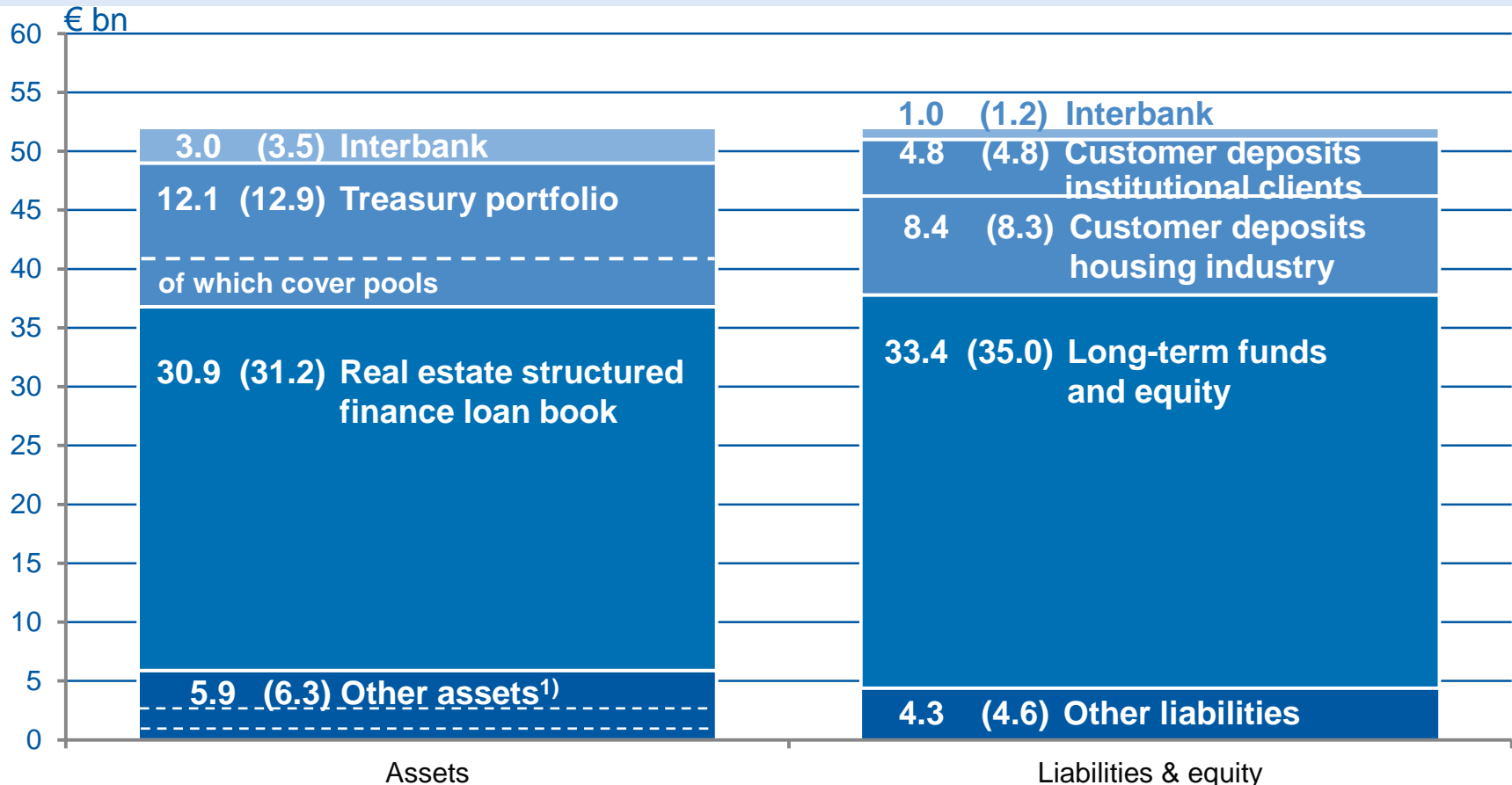


Aareal Bank Group

Asset- / Liability structure according to IFRS

As at 31.12.2015: € 51.9 bn (30.09.2015: € 53.9 bn incl. WIB)

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



1) Other assets includes € 1.5 bn private client portfolio and WIB's € 0.6 bn public sector loans

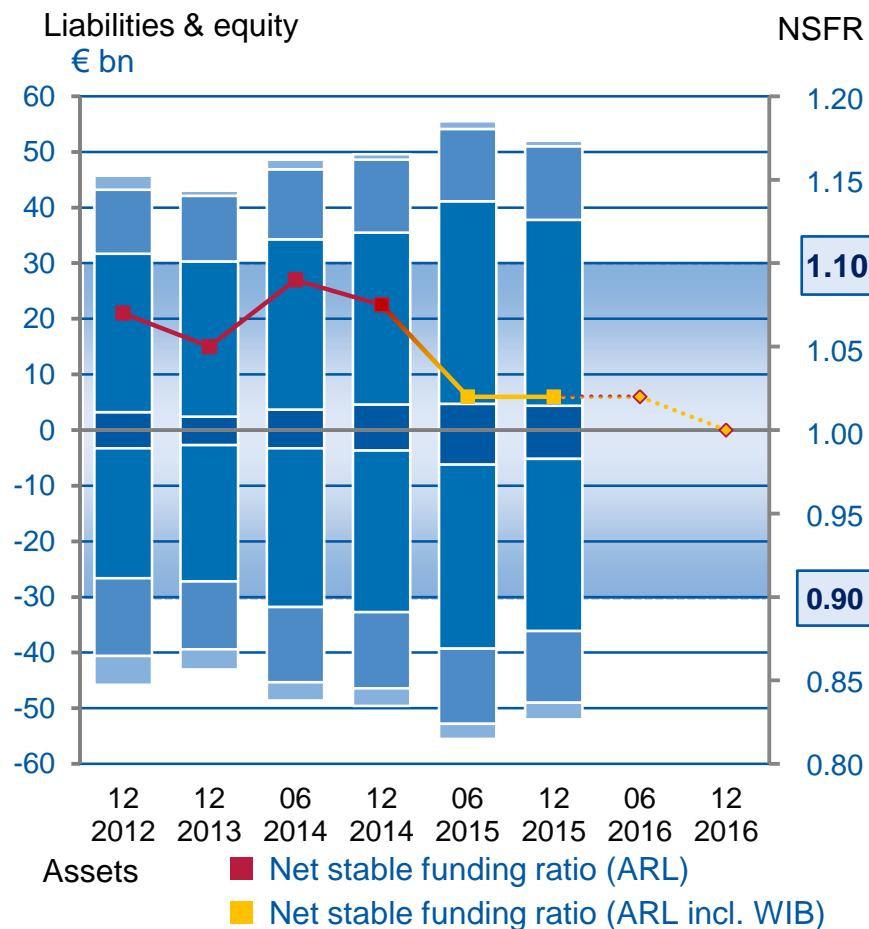


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Net stable funding- / liquidity coverage ratio

Sound liquidity position despite WestImmo takeover

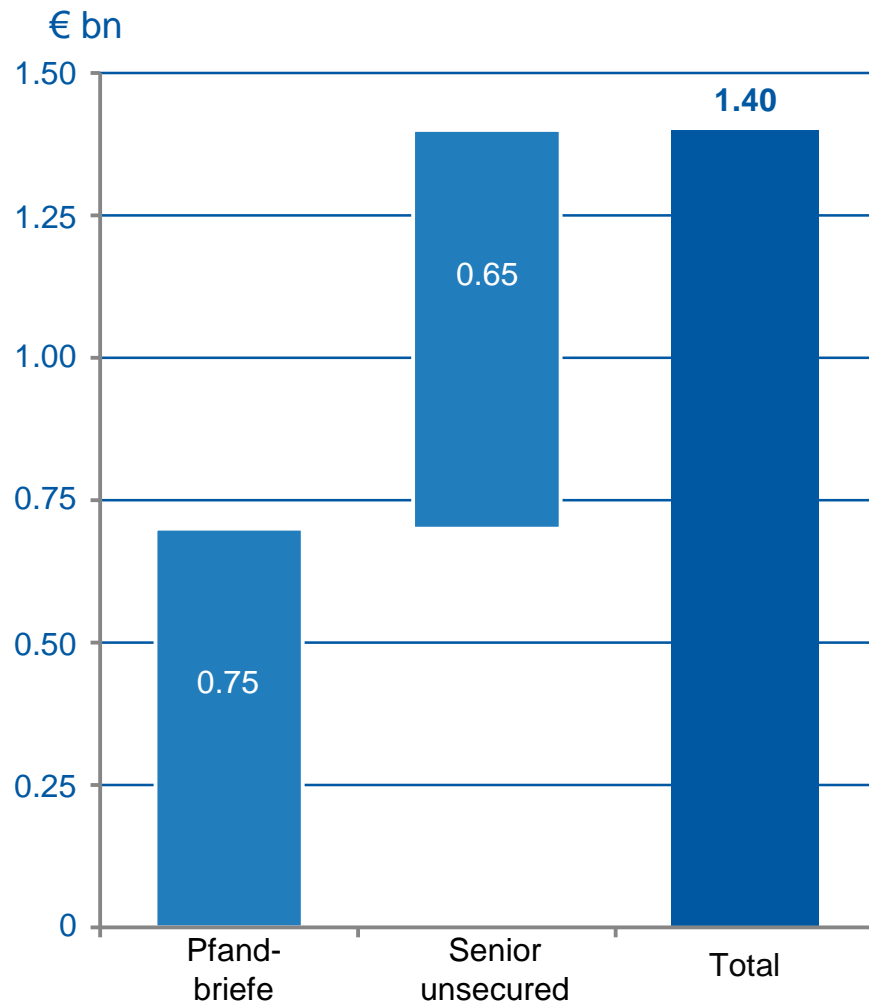
NSFR



- Aareal Bank already fulfils future requirements
 - NSFR > 1.0
 - LCR >> 1.0
- Basel III and CRR require adherence of specific liquidity ratios starting end 2018
- As intended, additional funding requirements from acquisition of WestImmo covered by NSFR surplus

Refinancing situation 2015

Successful funding activities

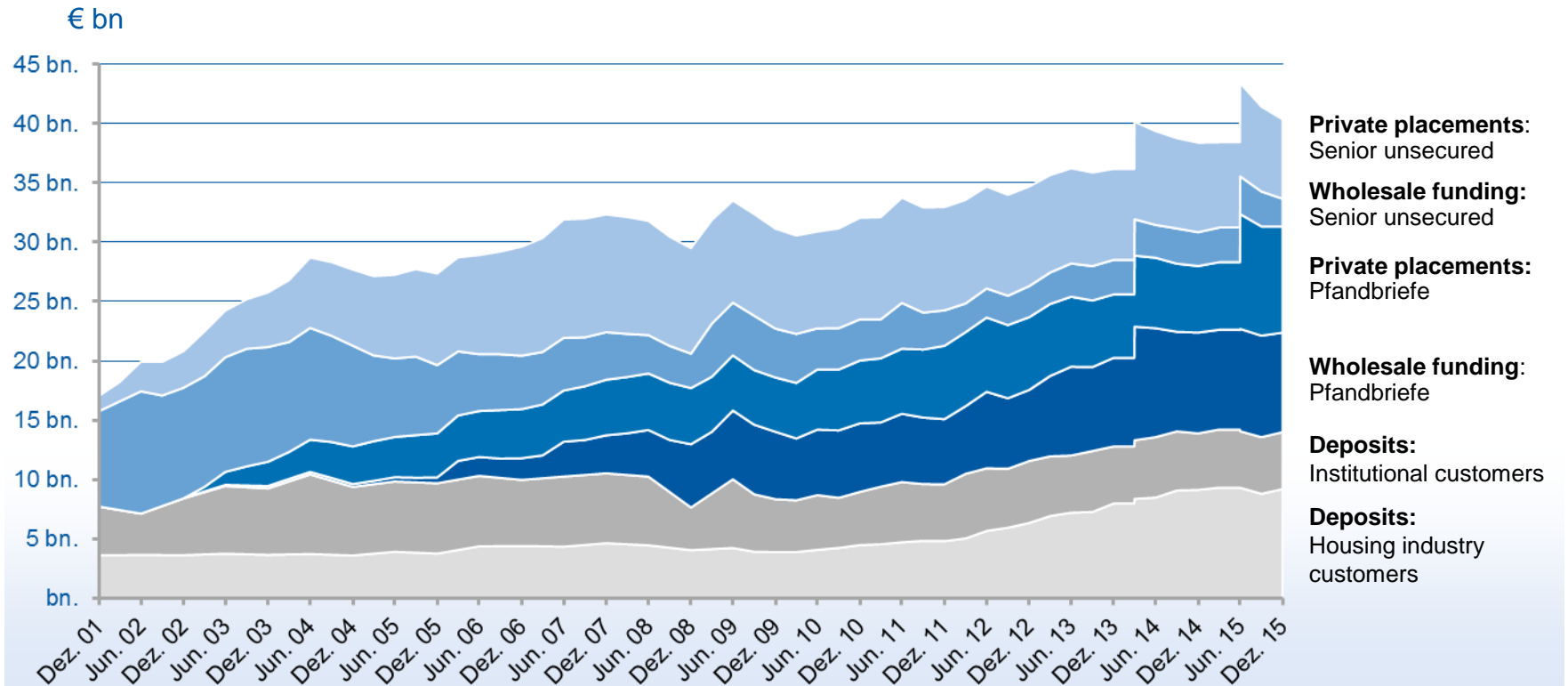


- Total funding of € 1.4 bn in 2015
 - Pfandbriefe: € 0.75 bn
 - thereof USD 500 mn mortgage Pfandbrief
 - Senior unsecured: € 0.65 bn
- Backbone of capital market funding is a loyal, granular, domestic private placement investor base
 - Hold-to-maturity investors: over 600
 - Ticket size: € 10 mn - € 50 mn
- Deposits of the housing industry with € 9.0 bn on a high level
- Reduced issuance following WIB acquisition



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 31.12.2015, this share has fallen below 30% (or even below 10% without Pfandbriefe)

As at 31.12.2015



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Asset quality

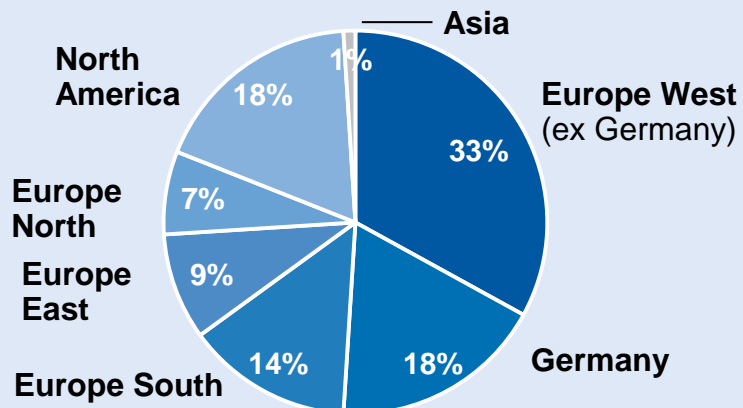


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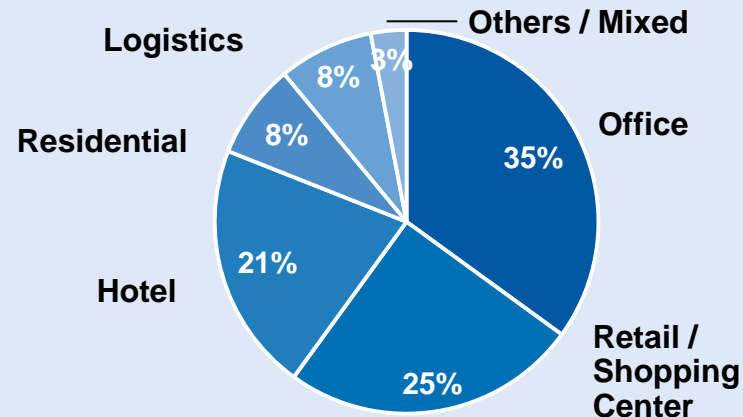
Property finance portfolio¹⁾

€ 30.9 bn highly diversified and sound

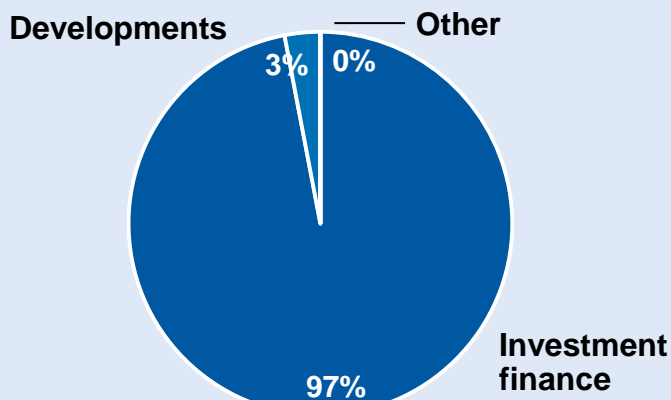
by region



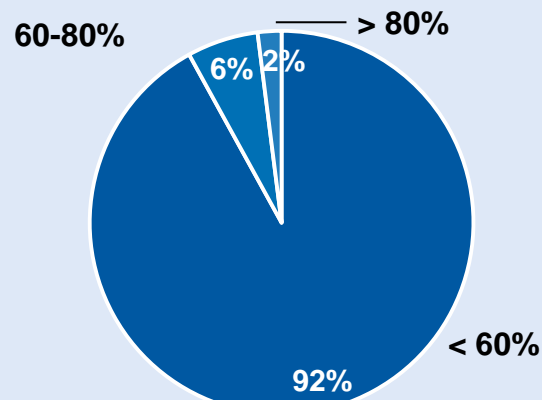
by property type



by product type



by LTV ranges²⁾



1) CRE business only, private client business (€ 1.5 bn) and WIB's public sector loans (€ 0.6 bn) not included

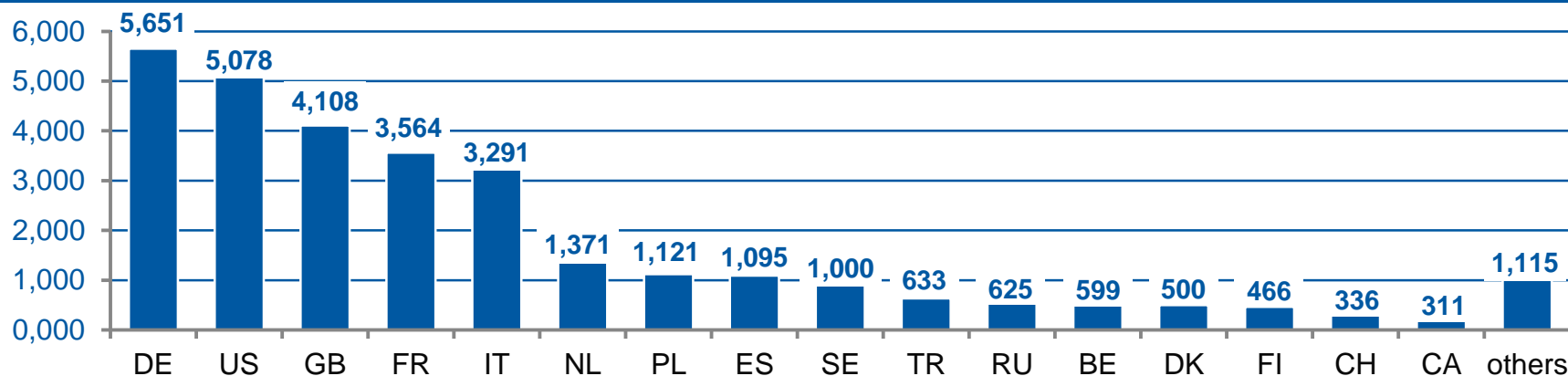
2) Performing business only, exposure as at 31.12.2015



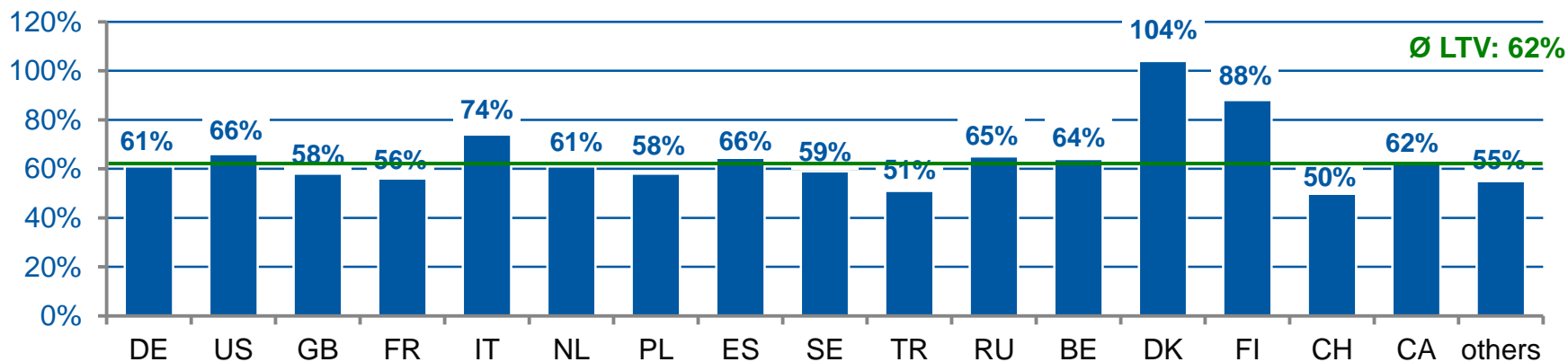
Property finance portfolio¹⁾

Portfolio details

Total property finance portfolio by country (€ mn)



LTV by country²⁾



1) CRE business only, private client business (€ 1.5 bn) and WIB's public finance (€ 0.6 bn) not included

2) Performing business only, exposure as at 31.12.2015

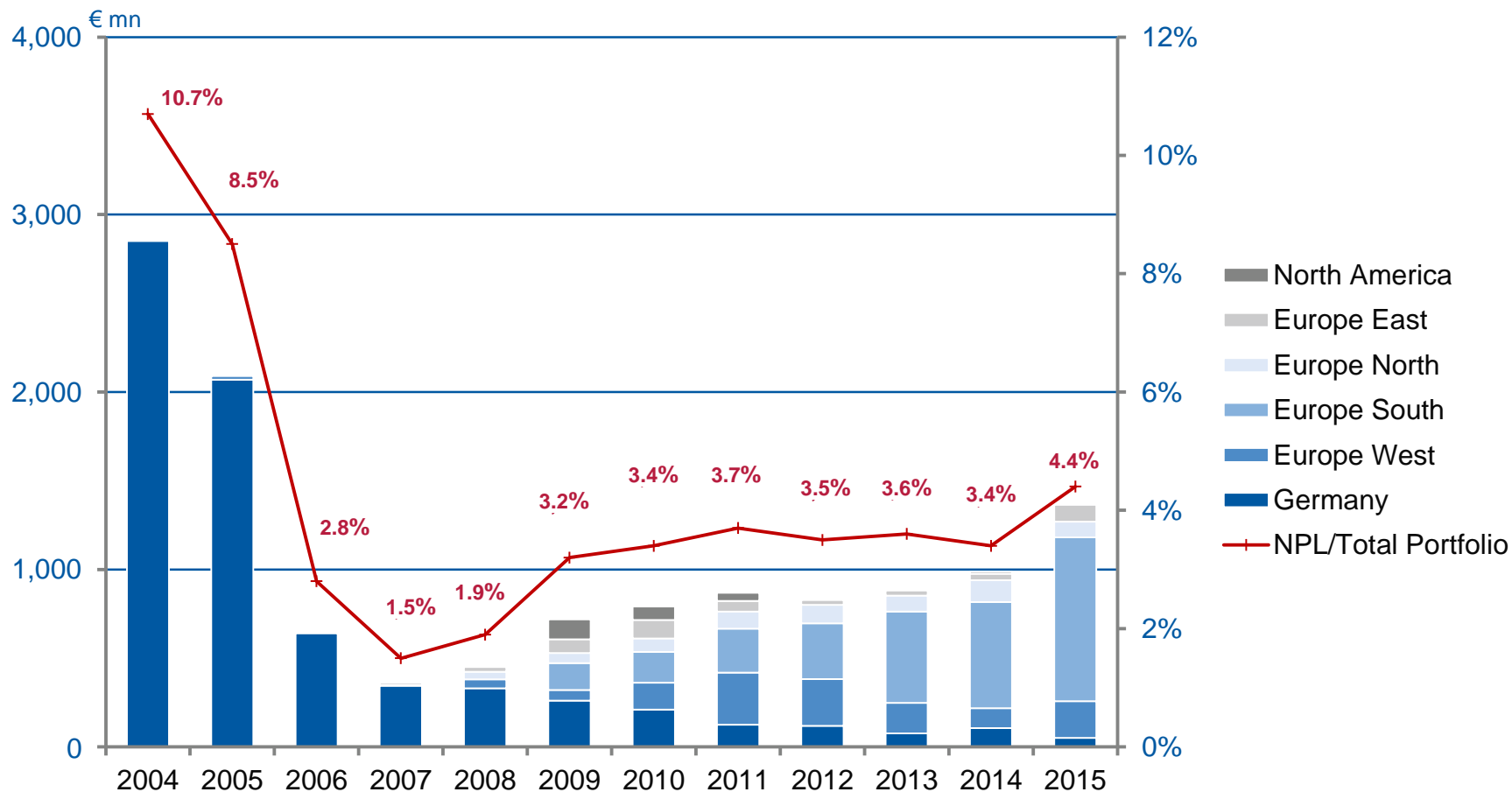


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Property finance portfolio

Italian NPLs expected to have peaked in Q4 2015

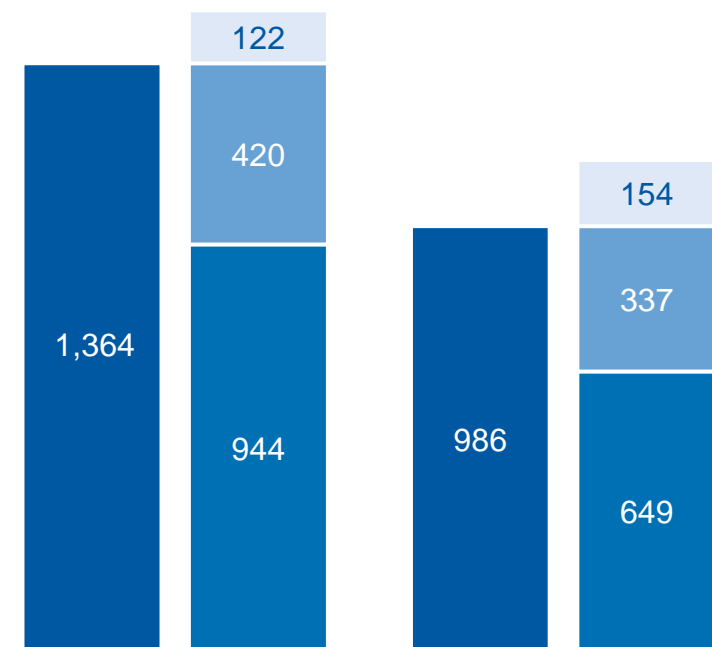
NPL and NPL-ratio (since 12.2004)



Property finance portfolio

NPL exposure fully covered including collaterals

NPL- and LLP development



| | 31.12.2015 | 31.12.2014 |
|--|------------|------------|
| Coverage ratio spec. allowance | 31% | 34% |
| Coverage ratio incl. portfolio allowance | 40% | 50% |

- NPL exposure
- Portfolio allowance
- Specific allowance
- Collaterals

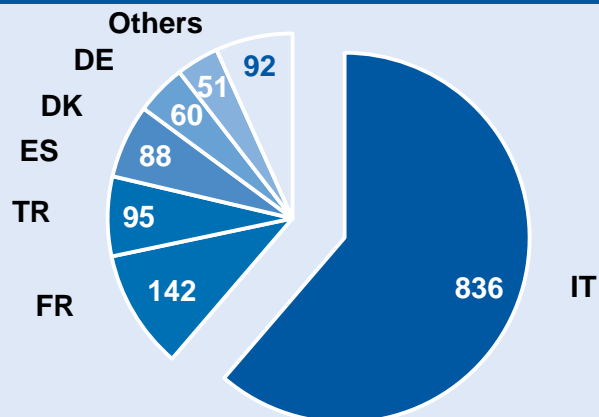


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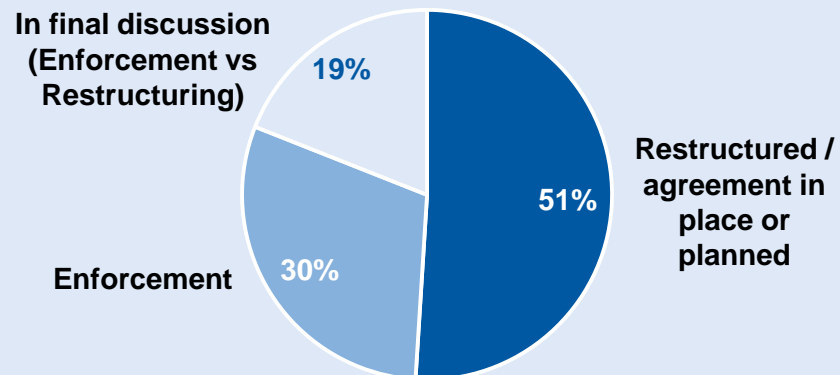
Spotlight Italy

Italian NPLs: clear going forward strategy

Total NPL portfolio: € 1.364 mn



Italian NPL by status



- 51% already restructured or agreement in place / planned
- 30% already in “enforcement”
- Only 2 deals (19%) in final discussions



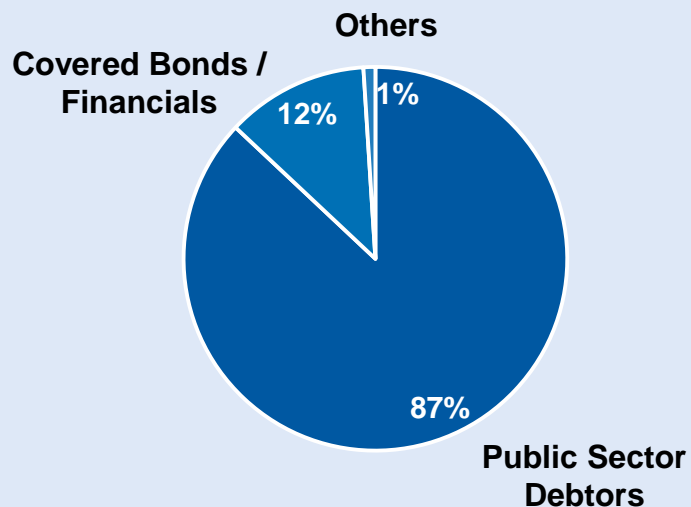
All NPLs are fully covered despite being in different workout-stages



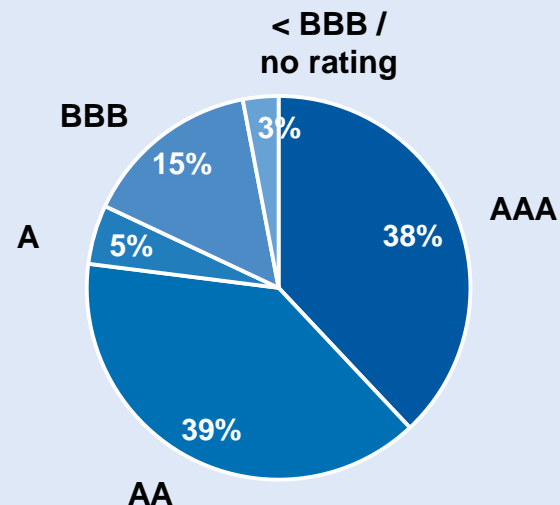
Treasury portfolio

€ 10.2 bn of high quality and highly liquid assets

by asset class



by rating¹⁾



As at 31.12.2015 – all figures are nominal amounts

1) Composite Rating



Outlook 2016

What we have targeted



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General environment

Our actions adjusted to general developments

Expected environment 2016

- US-recovery is speeding up, Europe stuck close to deflation, China's growth rate is shrinking
- Geopolitical risks and tensions e.g. in Russia and Turkey
- Increasing divergences in monetary policy between ECB and FED/BOE → weak EUR in 2016
- Markets expecting ECB's QE to be prolonged and extended → enormous impact on capital markets - risking asset bubbles and therefore risks from LTVs partly based on extreme low cap rates
- Increasing liquidity on property market, moderately increasing property values, stable to slightly positive rents in most European countries and still rising willingness to take risk
- Margins under pressure by high competition and low interest level
- Uncertainties about regulatory requirements

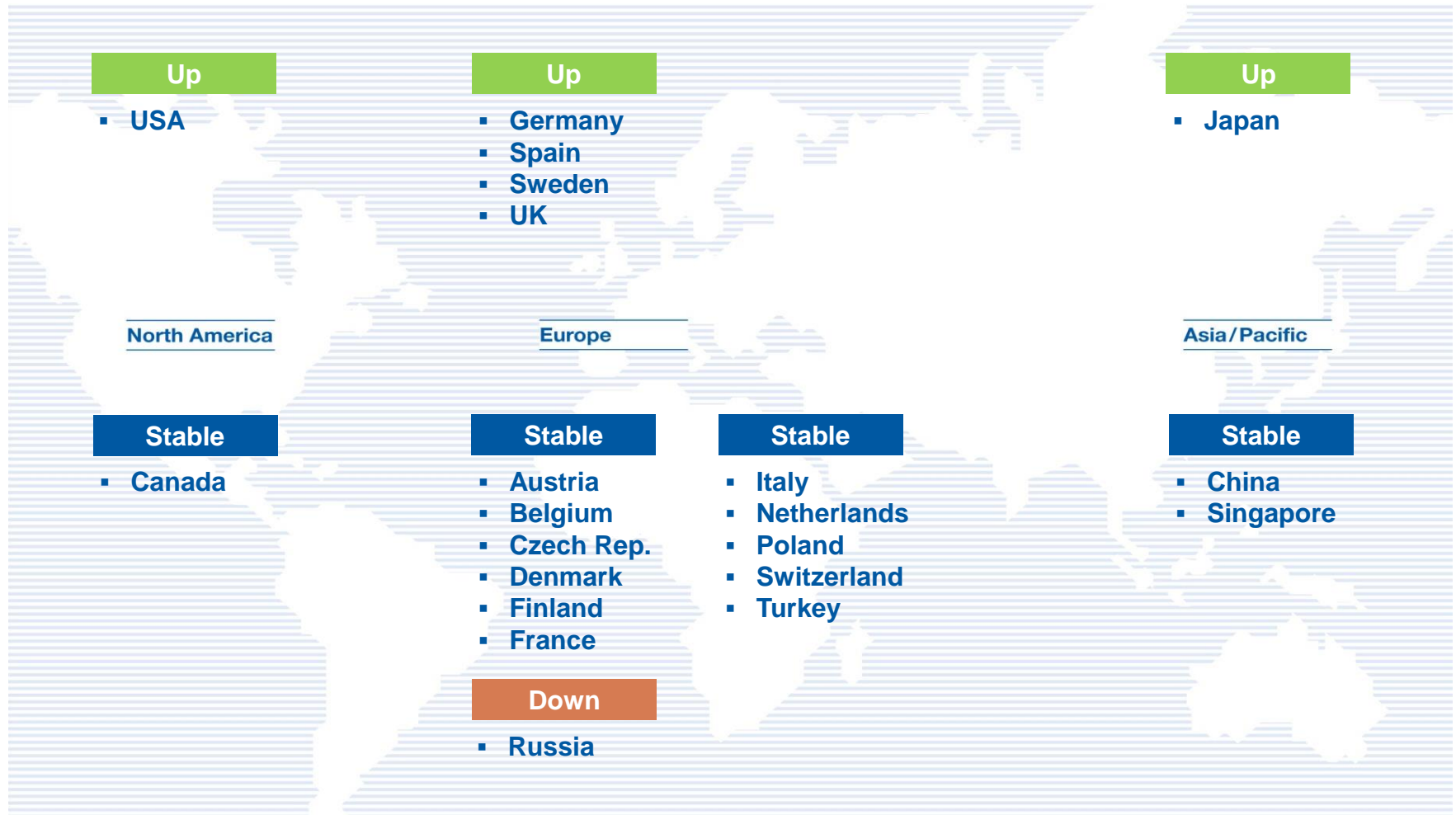
Main takeaways

- ➔ Main focus for new business in markets with attractive risk/return profile like North America
- ➔ In Turkey and Russia only prolongations
- ➔ Partly tightened requirements for new business regarding LTV
- ➔ Regulatory projects in progress



Aareal Bank's CRE market expectations

Expected value changes¹⁾ in 2016²⁾



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 2015 to end 2016



Outlook 2016

| 2016 | |
|---|--|
| Net interest income | <ul style="list-style-type: none"> ▪ € 700 mn - € 740 mn incl. effects from early repayments (Original plan 2016: € 35 mn / FY 2015: € 75 mn) |
| Allow. for credit losses¹⁾ | <ul style="list-style-type: none"> ▪ € 80 mn - € 120 mn |
| Net commission income | <ul style="list-style-type: none"> ▪ € 190 mn - € 200 mn |
| Admin expenses | <ul style="list-style-type: none"> ▪ € 520 mn - € 550 mn incl. expenses for integration / projects and investments |
| Operating profit | <ul style="list-style-type: none"> ▪ € 300 mn - € 330 mn |
| Pre-tax RoE | <ul style="list-style-type: none"> ▪ ~ 11% |
| EpS²⁾ | <ul style="list-style-type: none"> ▪ € 2.85 - € 3.19 |
| Target portfolio size (ARL core portfolio) | <ul style="list-style-type: none"> ▪ € 25 bn - € 27 bn |
| New business origination | <ul style="list-style-type: none"> ▪ € 7 bn - € 8 bn |
| Operating profit Aareon³⁾ | <ul style="list-style-type: none"> ▪ € 33 mn - € 35 mn |

1) As in 2015, the bank cannot rule out additional allowances for credit losses

2) Earnings per ordinary share, tax rate of ~31% assumed

3) After segment adjustments



„Aareal 2020“

How we will develop further



**Aareal Bank
Group**

Strategic background

Assumptions

General environment



Tougher competition and changing clients' needs



Volatile markets (interest rates / exchange rates, oil)



Increasingly stringent regulation, historically low interest rate environment



Technological change and digitalisation



Geopolitical risks

Basic planning assumption: high volatility, low growth

Regulation



- Basel IV effects in line with our expectations
- Increasing regulation does not lead to additional (material) burdens

Property markets



- Property values: stable (EU), slightly increasing (US)
- Ongoing liquidity driven property markets, therefore increasingly inherent portfolio risks (esp. in Europe)

Macroeconomic environment



- Economic development:
 - Euro zone sideways
 - US and some EU countries more dynamic
- Interest rates:
 - Euro zone: moderate increase starting '17
 - US: continued increase this year
- No euro zone break-up, no "Brexit", no strengthening of nationalistic tendencies in Europe
- No adverse development of geopolitical conflicts

ASSUMPTIONS APPLY TO FOLLOWING PAGES



Aareal Bank Group

Aareal 2020 – *Adjust. Advance. Achieve.*

Our way ahead





Adjust.

Maintain strategy, optimise set-up

Enhance efficiency

Considerably reduce admin expenses, digitise processes, optimise IT-architecture

Reduce admin expenses to ~ € 450 mn by 2018



Optimise funding

Further reduction of capital market-funding by increasing deposit base

Housing industry deposits to be increased to € 10 bn by 2018



Anticipate regulation

Aareal Bank well-prepared for expected scenarios, has identified counter measures to sustainably safeguard its business model

CET1 ratio 10.75% (plus 2.25% management buffer¹⁾), T1-leverage ratio 4-5%



1) Management buffer of 2.25% planned until regulatory environment is sufficiently stable



Aareal Bank Group



Advance: Structured Property Financing. Safeguard core business in adverse environment

**Further
develop
existing
business**

**Gain new
customer
groups, tap
new markets**

- In the medium term, expansion in markets with an attractive risk / return and macroeconomic growth potential, e.g. grow North America portfolio to € 6.0 bn - € 6.5 bn
- Active portfolio- and balance-sheet management e.g. by syndication
- Use digitisation potential with clients, identify and realise new digital business opportunities
- Examine additional business opportunities along the value chain of commercial property financing, e.g. in the area of servicing

Further enhance agility, innovation and willingness to adapt





Advance: Consulting / Services.

Leverage position as leading provider of ERP solutions in Europe to achieve future growth

Further develop existing business

Gain new customer groups, tap new markets

- Expanding “ecosystem housing industry”: international cross-selling, develop add-on products for ERP systems and new digital products
- Utilise existing know-how to expand “ecosystem utilities” by offering specific products (e.g. for transaction services) and IT services / consulting
- Further development of existing platform products for the management of housing companies for their B2C business
- Push our payment transaction services and IT products, targeting small-sized housing enterprises and COA-Manager

Further enhance agility, innovation and willingness to adapt





Achieve.

What we are targeting

| | | Midterm (2018) | Longterm (2020 Plus) |
|---|--|---|--|
| SPF segment: backbone of the Group | <ul style="list-style-type: none"> Stable, optimised balance sheet Adjust portfolio mix Extend business model by offering platform / service products | <ul style="list-style-type: none"> Core portfolio € 25-30 bn LLP 25-30 bp CIR ~40% | <ul style="list-style-type: none"> Core portfolio € 25-30 bn LLP ~30 bp CIR <40% |
| C/S segment: growth driver of the Group | <ul style="list-style-type: none"> Unlock full cross-selling potential Implement new ecosystems and new digital platforms Increase commission income | <ul style="list-style-type: none"> EBIT Aareon € 40-45 Mio. Commission income banking business > € 15 mn | <p>EBIT-CAGR Aareon: at least 4%</p> |
| Aareal Bank Group: attractive investment | <ul style="list-style-type: none"> Optimise corporate set-up Enhance our business model Optimise underlying capital | <p>Dynamic dividend policy</p> | <p>Pre-tax RoE of at least 12%</p> |













Aareal Bank Group



Achieve. Keep RoE on an attractive level despite difficult environment

RoE-Development 2015 - 18

2020 Plus

| | | | |
|--|--------------|---|---|
| Pre-tax RoE 2015 adjusted | ~ 10% | Adjusted for (higher than planned) positive one off effects from early repayments and negative goodwill | - |
| Net interest income | |  Expected decline of net interest income |  |
| Allowance for credit losses | |  Improve risk position through cautious risk policy |  |
| Admin expenses bank | |  Reduce admin expenses by increasing efficiency |  |
| Aareon and commission income banking business | |  Significant increase |  |
| Pre-tax RoE 2018 before adjusting capital structure | ~ 10% | +/- 1% RoE of approx. 10% achievable before disbursement of excess capital or potential realisation of investment opportunities | ~10% + |
| Excess capital | |  Adjustment or allocation of underlying capital depending on opportunities and challenges in the markets |  |
| Pre-tax RoE 2018 | ~ 12% | +/- 1% | ~12% + |

Further medium-term increase is possible on the basis of a positive development of interest rate levels



Aareal Bank Group



Achieve.

Increase payout ratio (up to 80%) and dividend¹⁾

Base dividend

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

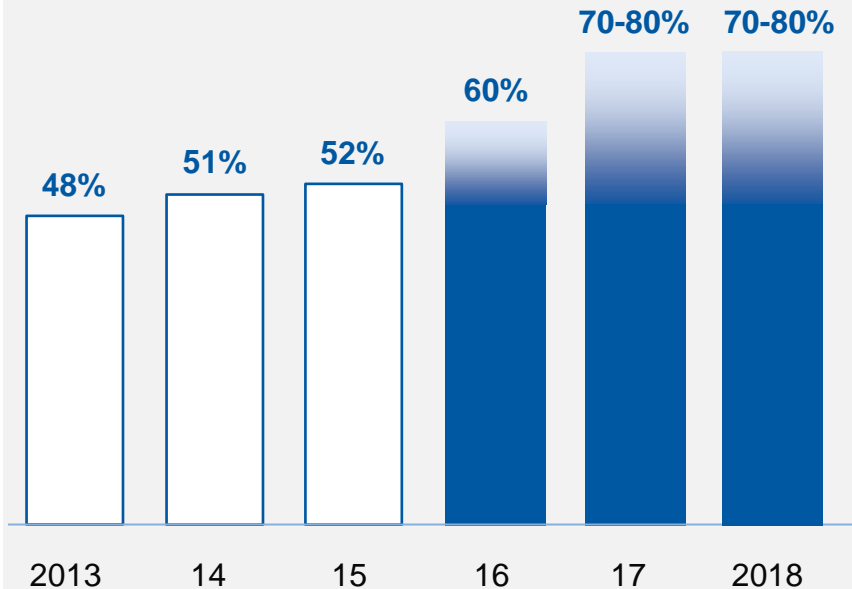
Supplementary dividend

In addition, we plan to distribute **supplementary dividends, from 10% increasing up to 20-30% of the EpS**

Prerequisites:

- No material deterioration of the environment (with longer-term and sustainably negative effects)
- Nor attractive investment opportunities neither positive growth environment

Payout ratio 2013 - 2018



1) The future dividend policy applies provided that the dividend payments resulting from it are consistent with a long-term and sustained business development of Aareal Bank AG. In addition, the dividend payments are subject to the proviso that corresponding dividend proposals have been made by the Management Board and the Supervisory Board for the respective year.

Note: All 2015 figures preliminary and unaudited



Aareal Bank Group

Appendix

Group results



**Aareal Bank
Group**

Aareal Bank Group

Results 2015

| | 01.01.- 31.12.2015 € mn | 01.01.- 31.12.2014 € mn | Change |
|--|-------------------------------|-------------------------------|------------|
| Profit and loss account | | | |
| Net interest income | 781 | 688 | 14% |
| Allowance for credit losses | 128 | 146 | -12% |
| Net interest income after allowance for credit losses | 653 | 542 | 20% |
| Net commission income | 175 | 164 | 7% |
| Net result on hedge accounting | 8 | 5 | 60% |
| Net trading income / expenses | 13 | 2 | 550% |
| Results from non-trading assets | -17 | 2 | |
| Results from investments accounted for at equity | 0 | 0 | |
| Administrative expenses | 553 | 439 | 26% |
| Net other operating income / expenses | 41 | 6 | 583% |
| Negative goodwill | 150 | 154 | -3% |
| Operating Profit | 470 | 436 | 8% |
| Income taxes | 96 | 101 | -5% |
| Consolidated net income | 374 | 335 | 12% |
| Consolidated net income attributable to non-controlling interests | 19 | 19 | 0% |
| Consolidated net income attributable to shareholders of Aareal Bank AG | 355 | 316 | 12% |
| Earnings per share (EpS) | | | |
| Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾ | 355 | 294 | 21% |
| of which: allocated to ordinary shareholders ²⁾ | 339 | 292 | 16% |
| of which: allocated to AT1 investors ²⁾ | 16 | 2 | 700% |
| Earnings per ordinary share (in €) ³⁾ | 5,66 | 4,87 | 16% |
| Earnings per ordinary AT1 unit (in €) ⁴⁾ | 0,16 | 0,02 | 700% |

- 1) SoFFin's silent participation was repaid on 30 October 2014. In order to facilitate comparability and for the purpose of an economic analysis, net interest payable on the SoFFin silent participation was deducted from the comparative figure as at 31 December 2014 (€ 22 million) in the EpS calculation.
- 2) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.
- 3) 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.
- 4) 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 2015 by segments

| | Structured Property Financing | | Consulting / Services | | Consolidation/ Reconciliation | | Aareal Bank Group | |
|---|-------------------------------|---------------------|-----------------------|---------------------|-------------------------------|---------------------|---------------------|---------------------|
| | 01.01.- 31.12. 2015 | 01.01.- 31.12. 2014 | 01.01.- 31.12. 2015 | 01.01.- 31.12. 2014 | 01.01.- 31.12. 2015 | 01.01.- 31.12. 2014 | 01.01.- 31.12. 2015 | 01.01.- 31.12. 2014 |
| | | | | | | | | |
| € mn | | | | | | | | |
| Net interest income | 783 | 687 | 0 | 0 | -2 | 1 | 781 | 688 |
| Allowance for credit losses | 128 | 146 | | | | | 128 | 146 |
| Net interest income after allowance for credit losses | 655 | 541 | 0 | 0 | -2 | 1 | 653 | 542 |
| Net commission income | 6 | 4 | 169 | 163 | 0 | -3 | 175 | 164 |
| Net result on hedge accounting | 8 | 5 | | | | | 8 | 5 |
| Net trading income / expenses | 13 | 2 | 0 | | | | 13 | 2 |
| Results from non-trading assets | -17 | 2 | | | | | -17 | 2 |
| Results from investments accounted for at equity | 0 | 0 | 0 | 0 | | | 0 | 0 |
| Administrative expenses | 359 | 255 | 197 | 187 | -3 | -3 | 553 | 439 |
| Net other operating income / expenses | 37 | 3 | 5 | 4 | -1 | -1 | 41 | 6 |
| Negative goodwill | 150 | 154 | | | | | 150 | 154 |
| Operating profit | 493 | 456 | -23 | -20 | 0 | 0 | 470 | 436 |
| Income taxes | 106 | 109 | -10 | -8 | | | 96 | 101 |
| Consolidated net income | 387 | 347 | -13 | -12 | 0 | 0 | 374 | 335 |
| Allocation of results | | | | | | | | |
| Cons. net income attributable to non-controlling interests | 16 | 16 | 3 | 3 | | | 19 | 19 |
| Cons. net income attributable to shareholders of Aareal Bank AG | 371 | 331 | -16 | -15 | 0 | 0 | 355 | 316 |



Aareal Bank Group

Results Q4 2015

| | Quarter 4 2015 € mn | Quarter 4 2014 € mn | Change |
|--|---------------------------|---------------------------|------------|
| Profit and loss account | | | |
| Net interest income | 198 | 194 | 2% |
| Allowance for credit losses | 42 | 41 | 2% |
| Net interest income after allowance for credit losses | 156 | 153 | 2% |
| Net commission income | 52 | 48 | 8% |
| Net result on hedge accounting | 3 | 2 | 50% |
| Net trading income / expenses | 5 | 3 | 67% |
| Results from non-trading assets | -2 | 2 | |
| Results from investments accounted for at equity | 0 | 0 | |
| Administrative expenses | 138 | 114 | 21% |
| Net other operating income / expenses | 16 | -8 | |
| Negative goodwill | | | |
| Operating Profit | 92 | 86 | 7% |
| Income taxes | 24 | 39 | -38% |
| Consolidated net income | 68 | 47 | 45% |
| Consolidated net income attributable to non-controlling interests | 4 | 5 | -20% |
| Consolidated net income attributable to shareholders of Aareal Bank AG | 64 | 42 | 52% |
| Earnings per share (EpS) | | | |
| Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾ | 64 | 35 | 83% |
| of which: allocated to ordinary shareholders ²⁾ | 60 | 33 | 82% |
| of which: allocated to AT1 investors ²⁾ | 4 | 2 | 100% |
| Basic earnings per ordinary share (in €) ³⁾ | 1,01 | 0,55 | 84% |
| Basic earnings per ordinary AT1 unit (in €) ⁴⁾ | 0,04 | 0 | 100% |

1) SoFFin's silent participation was repaid on 30 October 2014. In order to facilitate comparability and for the purpose of an economic analysis, net interest payable on the SoFFin silent participation was deducted from the comparative figure as at 31 December 2014 (€ 7 million) in the EpS calculation.

2) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.

3) 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.

4) 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.

Note: All 2015 figures preliminary and unaudited



**Aareal Bank
Group**

Aareal Bank Group

Results Q4 2015 by segments

| | Structured Property Financing | | Consulting / Services | | Consolidation/ Reconciliation | | Aareal Bank Group | |
|---|-------------------------------|---------------------|-----------------------|---------------------|-------------------------------|---------------------|---------------------|---------------------|
| | 01.10.- 31.12. 2015 | 01.10.- 31.12. 2014 | 01.10.- 31.12. 2015 | 01.10.- 31.12. 2014 | 01.10.- 31.12. 2015 | 01.10.- 31.12. 2014 | 01.10.- 31.12. 2015 | 01.10.- 31.12. 2014 |
| € mn | | | | | | | | |
| Net interest income | 199 | 194 | 0 | 0 | -1 | 0 | 198 | 194 |
| Allowance for credit losses | 42 | 41 | | | | | 42 | 41 |
| Net interest income after allowance for credit losses | 157 | 153 | 0 | 0 | -1 | 0 | 156 | 153 |
| Net commission income | 2 | 1 | 49 | 47 | 1 | 0 | 52 | 48 |
| Net result on hedge accounting | 3 | 2 | | | | | 3 | 2 |
| Net trading income / expenses | 5 | 3 | 0 | | | | 5 | 3 |
| Results from non-trading assets | -2 | 2 | | | | | -2 | 2 |
| Results from investments accounted for at equity | | 0 | 0 | 0 | | | 0 | 0 |
| Administrative expenses | 85 | 67 | 54 | 48 | -1 | -1 | 138 | 114 |
| Net other operating income / expenses | 14 | -8 | 3 | 1 | -1 | -1 | 16 | -8 |
| Negative goodwill | | | | | | | | |
| Operating profit | 94 | 86 | -2 | 0 | 0 | 0 | 92 | 86 |
| Income taxes | 27 | 41 | -3 | -2 | | | 24 | 39 |
| Consolidated net income | 67 | 45 | 1 | 2 | 0 | 0 | 68 | 47 |
| Cons. net income attributable to non-controlling interests | 3 | 4 | 1 | 1 | | | 4 | 5 |
| Cons. net income attributable to shareholders of Aareal Bank AG | 64 | 41 | 0 | 1 | 0 | 0 | 64 | 42 |



Aareal Bank Group

Results – quarter by quarter

| | Structured Property Financing | | | | | Consulting / Services | | | | | Consolidation / Reconciliation | | | | | Aareal Bank Group | | | | |
|---|-------------------------------|------------|-------------------------|------------|------------|-----------------------|-----------|-----------|-----------|----------|--------------------------------|----------|-----------|----------|----------|-------------------|------------|-------------------------|------------|------------|
| | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 |
| € mn | | | | | | | | | | | | | | | | | | | | |
| Net interest income | 199 | 214 | 192 | 178 | 194 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | -1 | 0 | 0 | 198 | 214 | 191 | 178 | 194 |
| Allowance for credit losses | 42 | 37 | 31 | 18 | 41 | | | | | | | | | | | 42 | 37 | 31 | 18 | 41 |
| Net interest income after allowance for credit losses | 157 | 177 | 161 | 160 | 153 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | -1 | 0 | 0 | 156 | 177 | 160 | 160 | 153 |
| Net commission income | 2 | 2 | 2 | 0 | 1 | 49 | 39 | 40 | 41 | 47 | 1 | -1 | 0 | 0 | 0 | 52 | 40 | 42 | 41 | 48 |
| Net result on hedge accounting | 3 | -3 | -3 | 11 | 2 | | | | | | | | | | | 3 | -3 | -3 | 11 | 2 |
| Net trading income / expenses | 5 | 13 | 2 | -7 | 3 | 0 | | | | | | | | | | 5 | 13 | 2 | -7 | 3 |
| Results from non-trading assets | -2 | -13 | 1 | -3 | 2 | | | | | | | | | | | -2 | -13 | 1 | -3 | 2 |
| Results from results accounted for at equity | | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | 0 | 0 | 0 | 0 | 0 |
| Administrative expenses | 85 | 101 | 89 | 84 | 67 | 54 | 47 | 48 | 48 | 48 | -1 | -1 | -1 | 0 | -1 | 138 | 147 | 136 | 132 | 114 |
| Net other operating income / expenses | 14 | 14 | 12 | -3 | -8 | 3 | 1 | 1 | 0 | 1 | -1 | 0 | 0 | 0 | -1 | 16 | 15 | 13 | -3 | -8 |
| Negative goodwill | | | 150 ¹⁾ | | | | | | | | | | | | | | | 150 ¹⁾ | | |
| Operating profit | 94 | 89 | 236¹⁾ | 74 | 86 | -2 | -7 | -7 | -7 | 0 | 0 | 0 | 0 | 0 | 0 | 92 | 82 | 229¹⁾ | 67 | 86 |
| Income taxes | 27 | 29 | 26 | 24 | 41 | -3 | -3 | -2 | -2 | -2 | | | | | | 24 | 26 | 24 | 22 | 39 |
| Consolidated net income | 67 | 60 | 210¹⁾ | 50 | 45 | 1 | -4 | -5 | -5 | 2 | 0 | 0 | 0 | 0 | 0 | 68 | 56 | 205¹⁾ | 45 | 47 |
| Cons. net income attributable to non-controlling interests | 3 | 5 | 4 | 4 | 4 | 1 | 0 | 1 | 1 | 1 | | | | | | 4 | 5 | 5 | 5 | 5 |
| Cons. net income attributable to shareholders of Aareal Bank AG | 64 | 55 | 206 ¹⁾ | 46 | 41 | 0 | -4 | -6 | -6 | 1 | 0 | 0 | 0 | 0 | 0 | 64 | 51 | 200 ¹⁾ | 40 | 42 |

1) Adjusted



Appendix

AT1: ADI of Aareal Bank AG



**Aareal Bank
Group**

Interest payments and ADI of Aareal Bank AG

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

| | 31.12. 2015 | 31.12. 2014 | 31.12. 2013 |
|--|----------------|----------------|----------------|
| € mn | | | |
| Net Retained Profit | 99 | 77 | 50 |
| ▪ <i>Net income</i> | 99 | 77 | 50 |
| ▪ <i>Profit carried forward from previous year</i> | - | - | - |
| ▪ <i>Net income attribution to revenue reserves</i> | - | - | - |
| + Other revenue reserves after net income attribution | 720 | 715 | 710 |
| = Total dividend potential before amount blocked ¹⁾ | 819 | 792 | 760 |
| ./. Dividend amount blocked under section 268 (8) of the German Commercial Code | 287 | 240 | 156 |
| = Available Distributable Items ¹⁾ | 532 | 552 | 604 |
| + Increase by aggregated amount of interest expenses relating to Distributions on Tier 1 Instruments ¹⁾ | 46 | 57 | 57 |
| = 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 | 609 | 661 |

1) Unaudited figures for information purposes only



Appendix

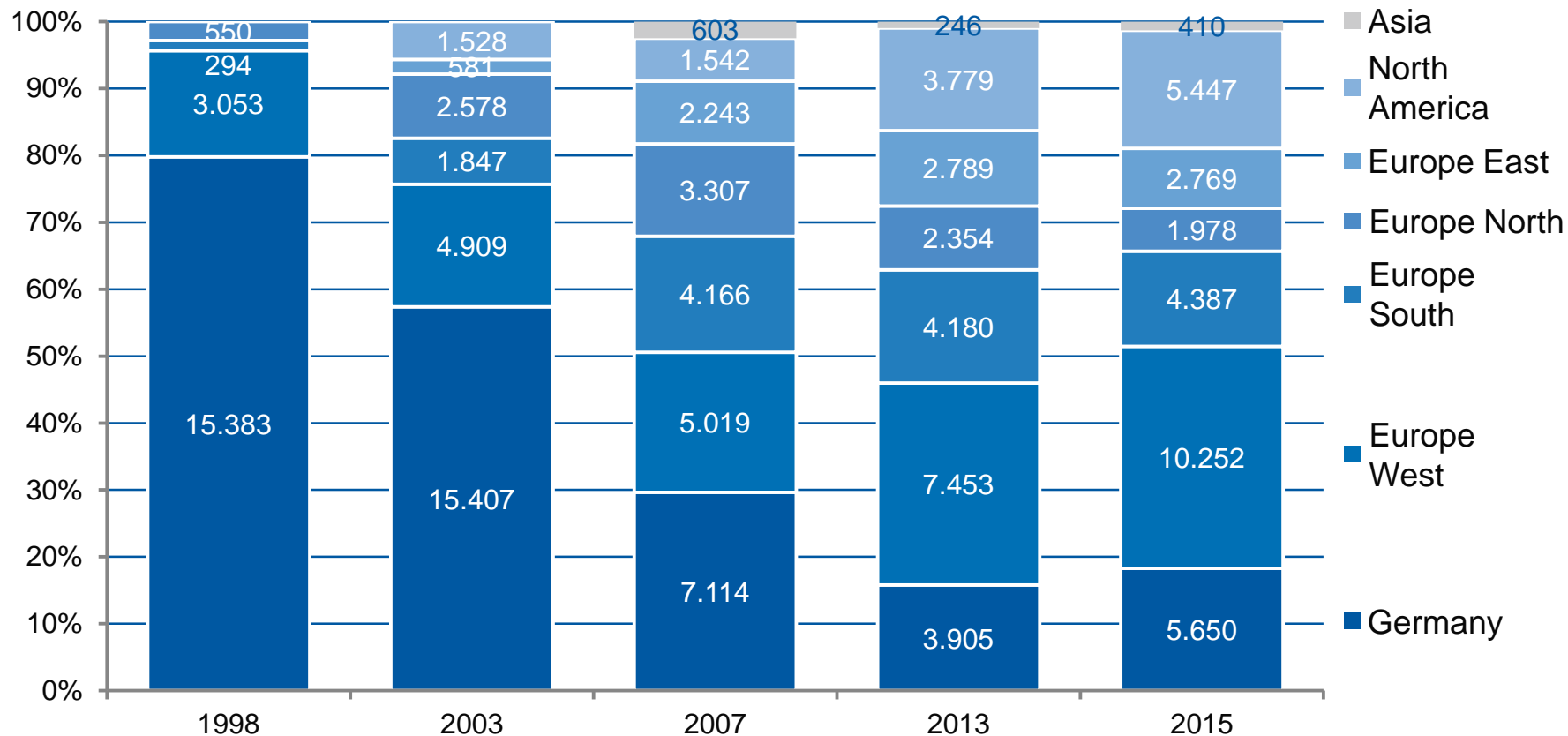
Development property finance portfolio



**Aareal Bank
Group**

Development property finance portfolio

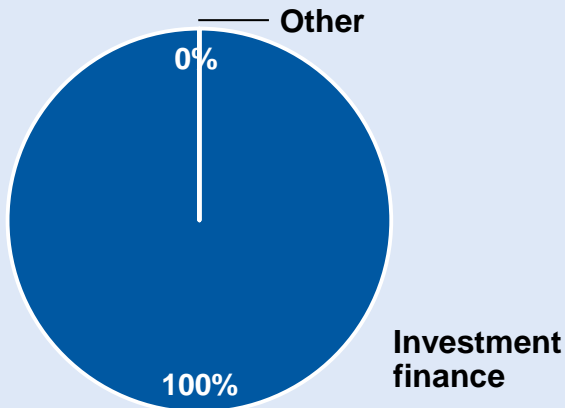
Diversification continuously strengthened (in € mn)



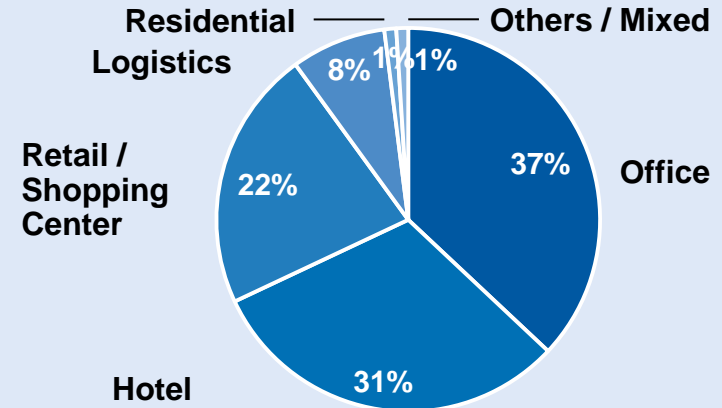
Western Europe (ex Germany) credit portfolio

Total volume outstanding as at 31.12.2015: € 10.3 bn

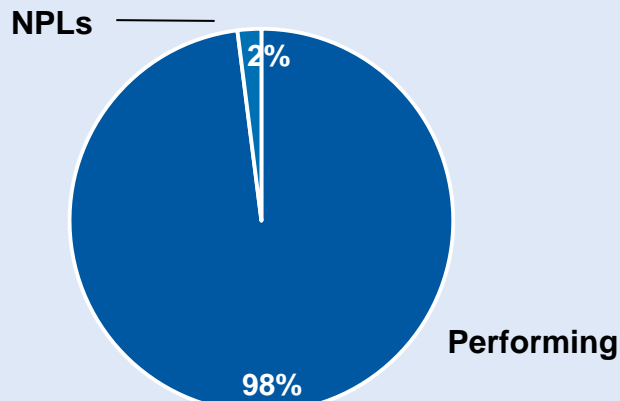
by product type



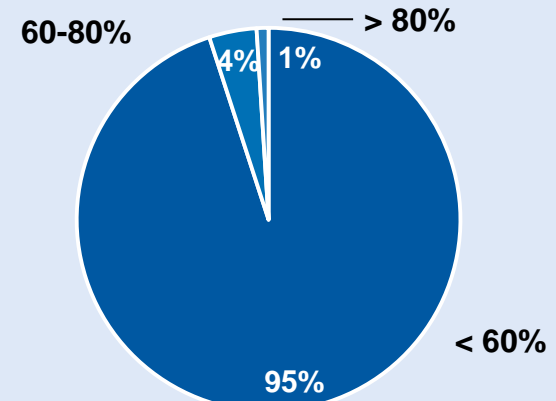
by property type



by performance



by LTV ranges¹⁾



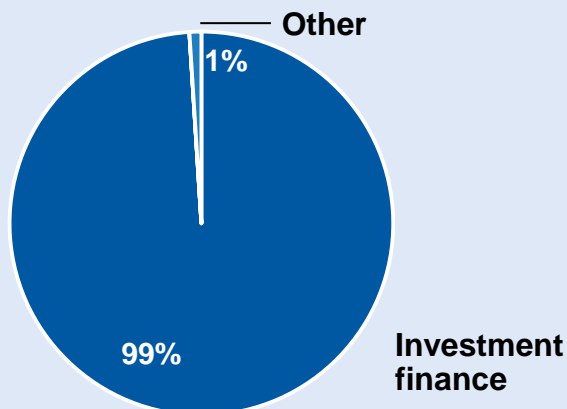
1) Performing business only, exposure as at 31.12.2015



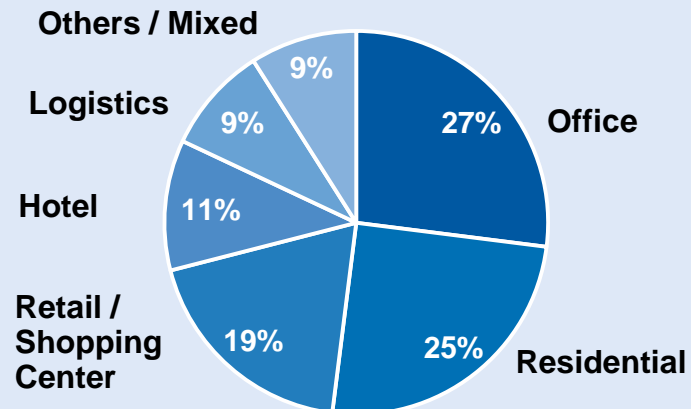
German credit portfolio

Total volume outstanding as at 31.12.2015: € 5.7 bn

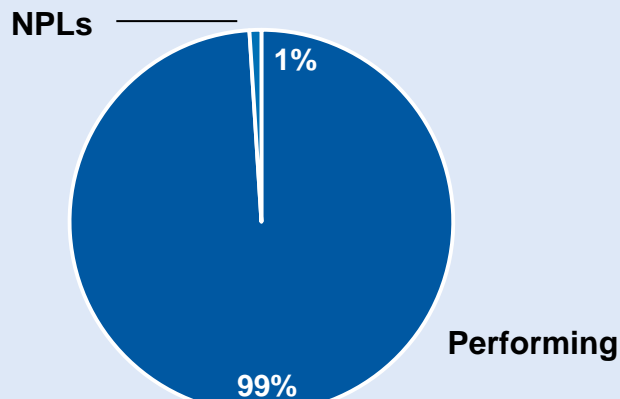
by product type



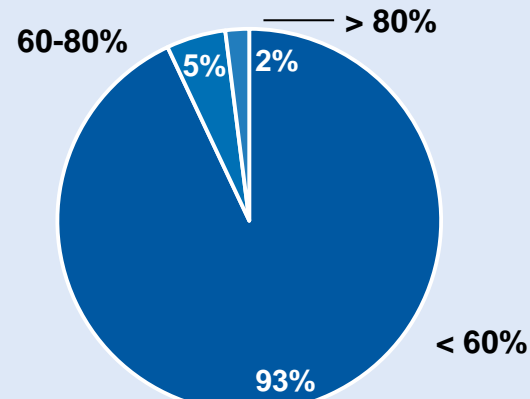
by property type



by performance



by LTV ranges¹⁾



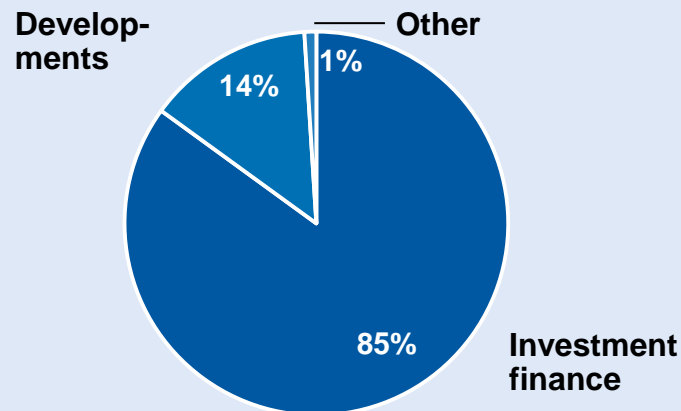
1) Performing business only, exposure as at 31.12.2015



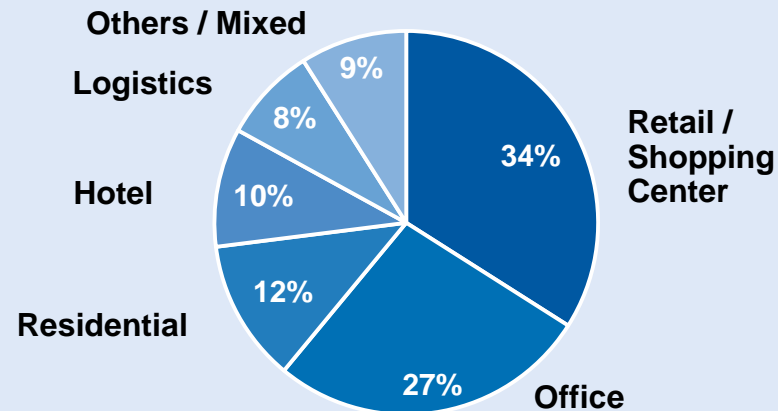
Southern Europe credit portfolio

Total volume outstanding as at 31.12.2015: € 4.4 bn

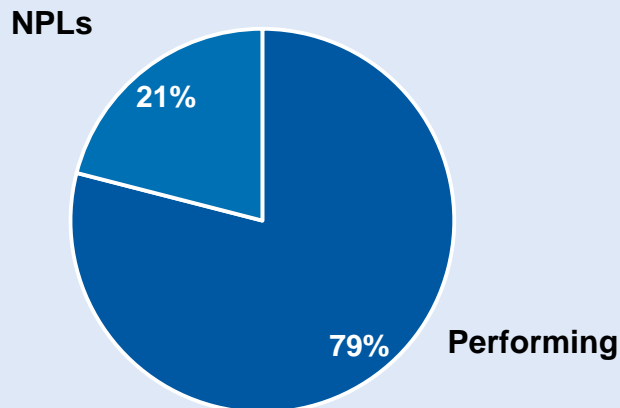
by product type



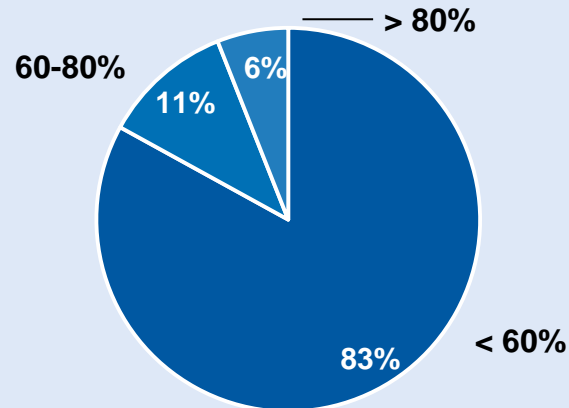
by property type



by performance



by LTV ranges¹⁾

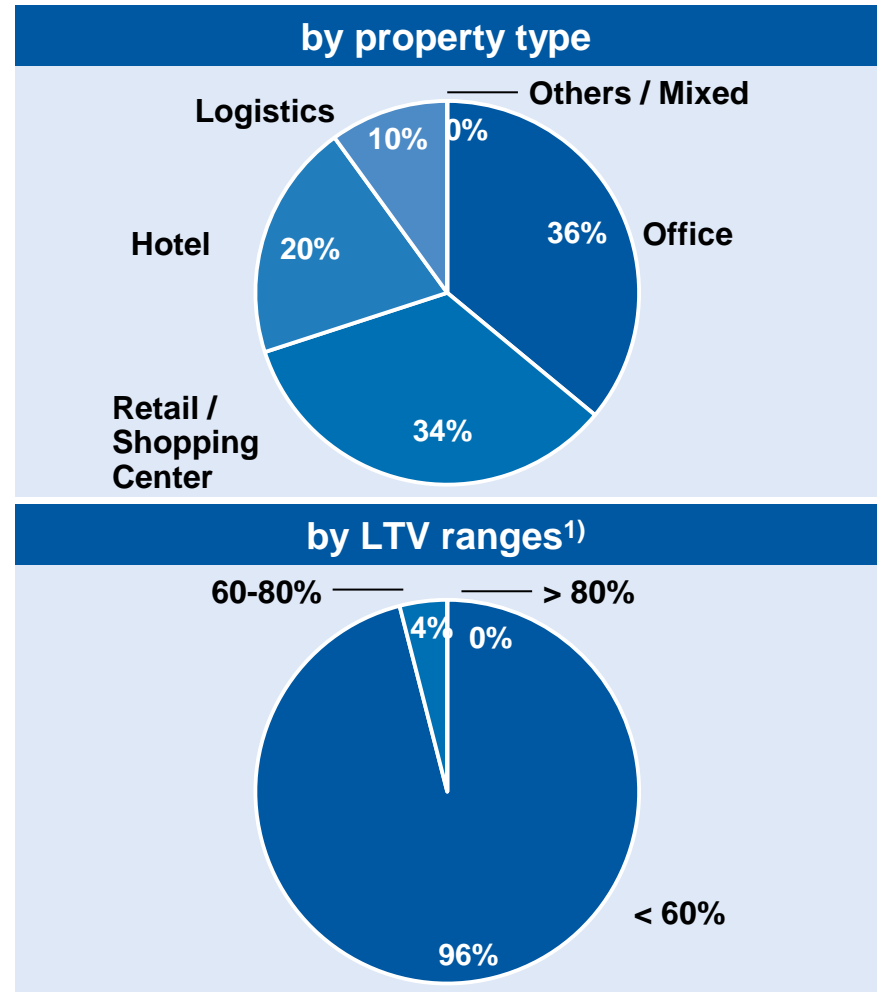
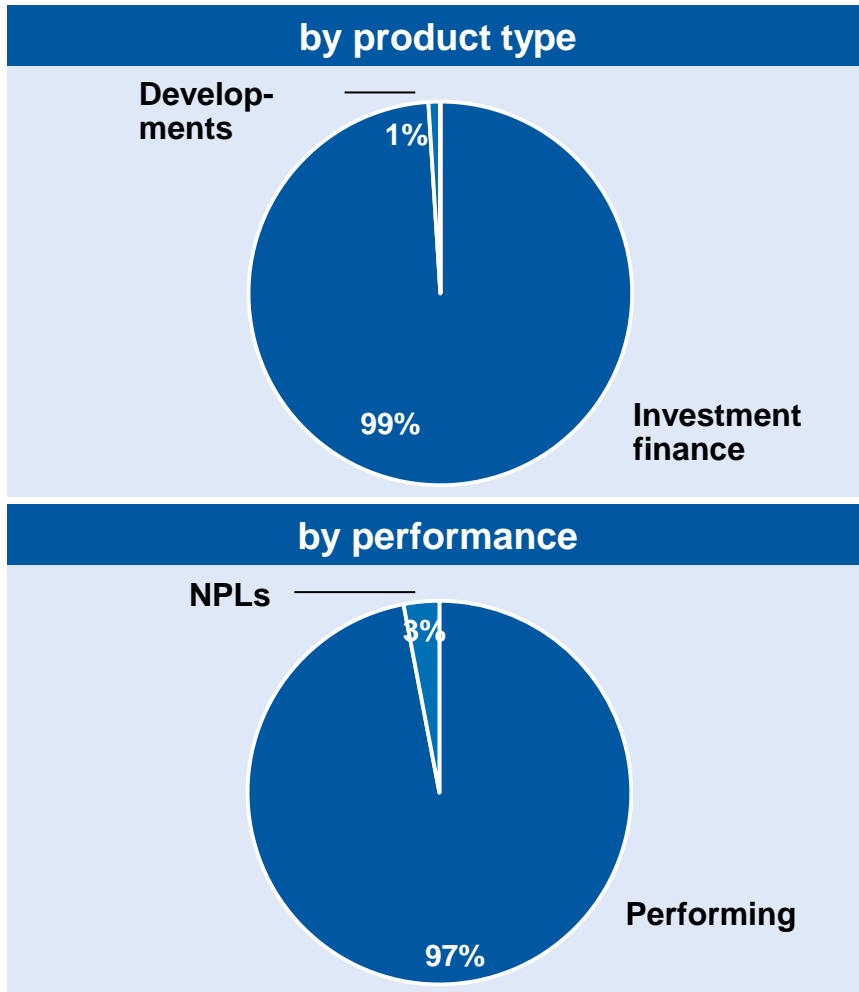


1) Performing business only, exposure as at 31.12.2015



Eastern Europe credit portfolio

Total volume outstanding as at 31.12.2015: € 2.8 bn



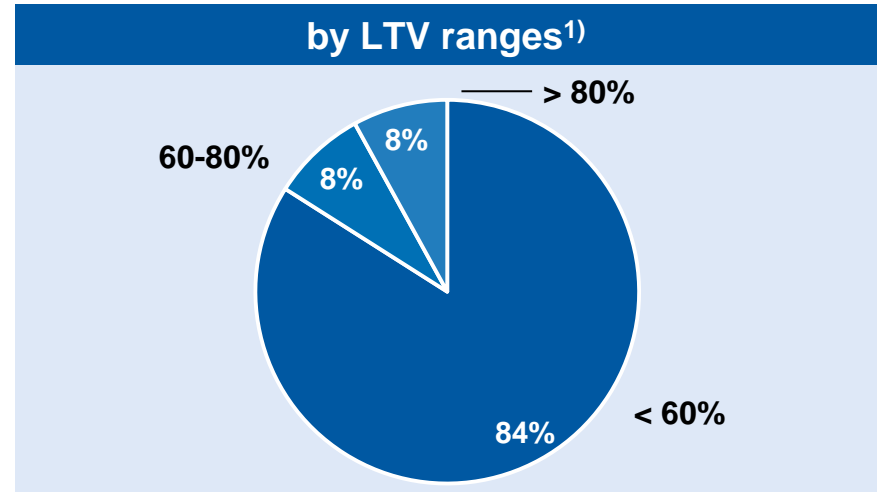
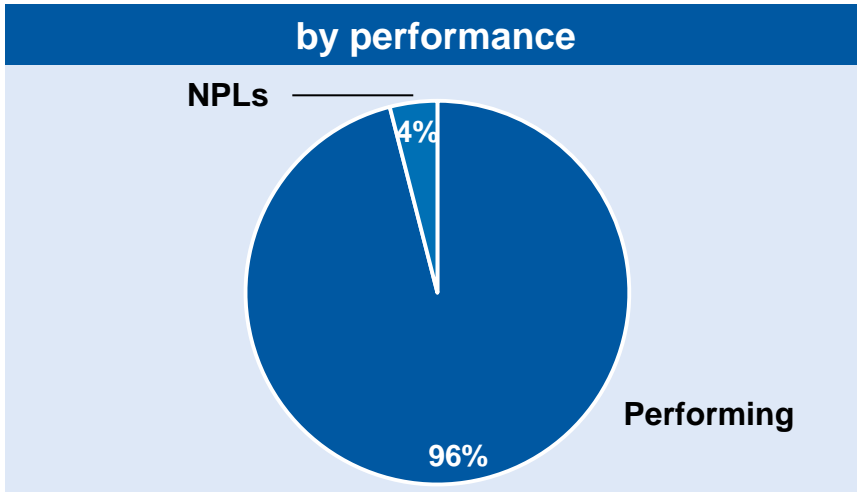
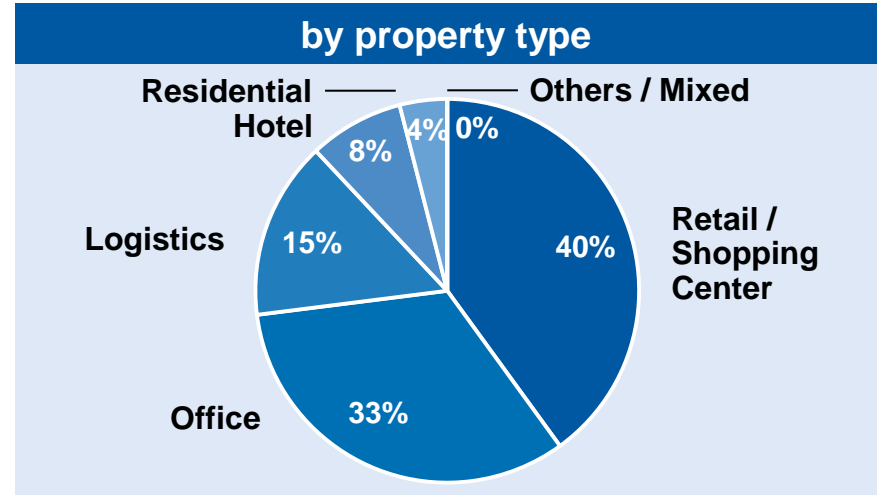
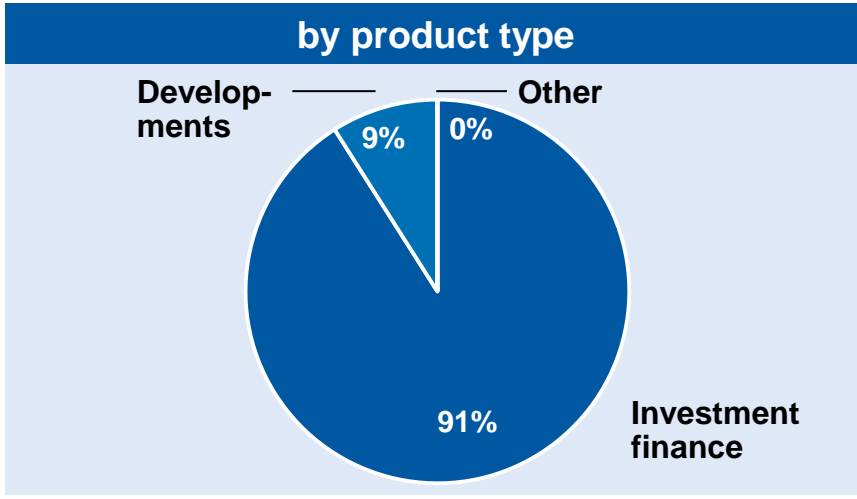
1) Performing business only, exposure as at 31.12.2015



**Aareal Bank
Group**

Northern Europe credit portfolio

Total volume outstanding as at 31.12.2015: € 2.0 bn



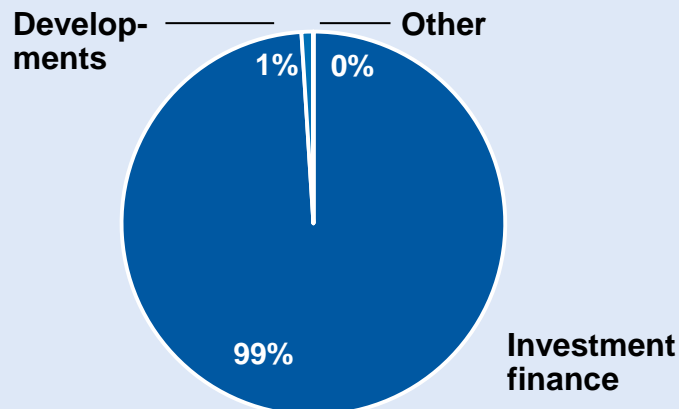
1) Performing business only, exposure as at 31.12.2015



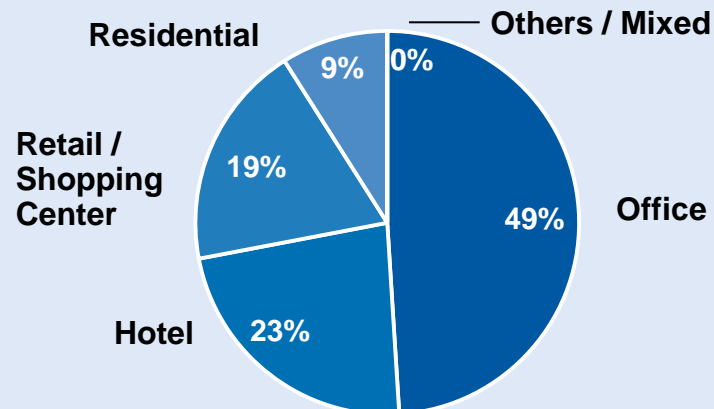
North America credit portfolio

Total volume outstanding as at 31.12.2015: € 5.4 bn

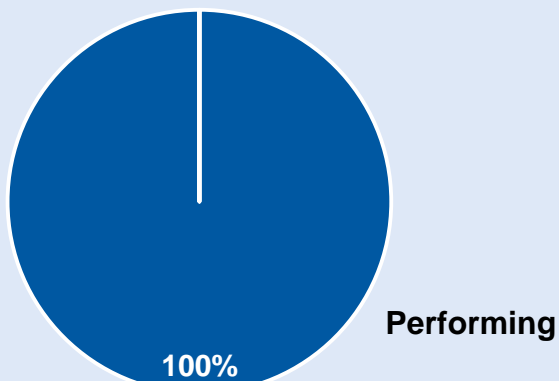
by product type



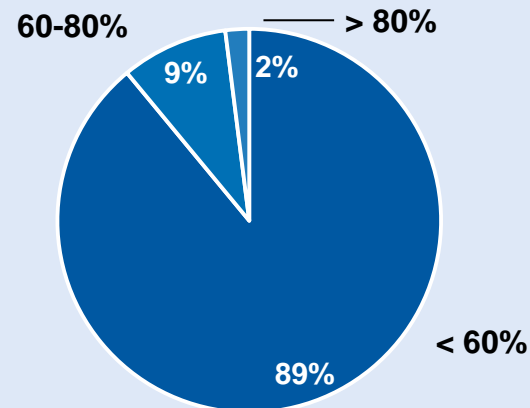
by property type



by performance



by LTV ranges¹⁾



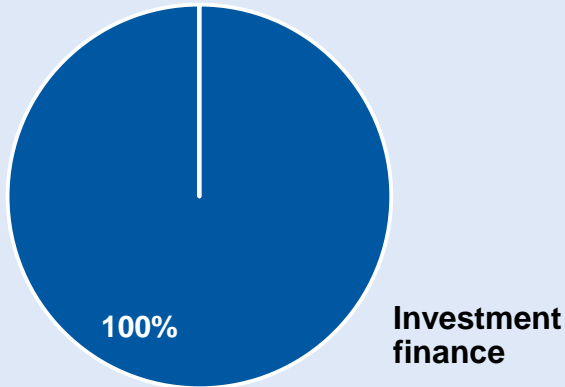
1) Performing business only, exposure as at 31.12.2015



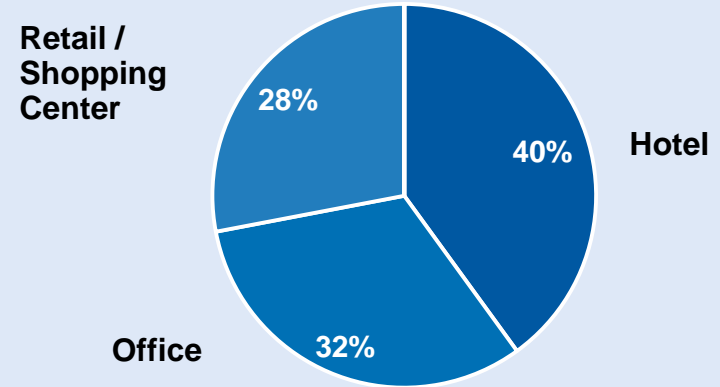
Asia credit portfolio

Total volume outstanding as at 31.12.2015: € 0.4 bn

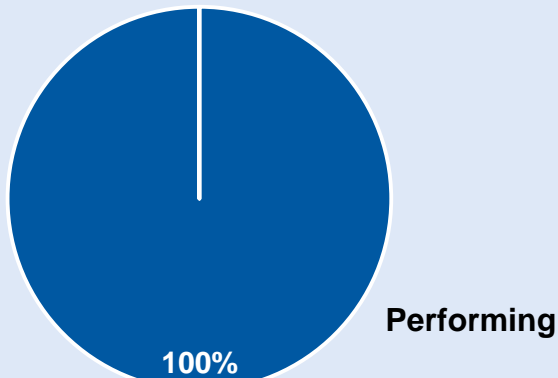
by product type



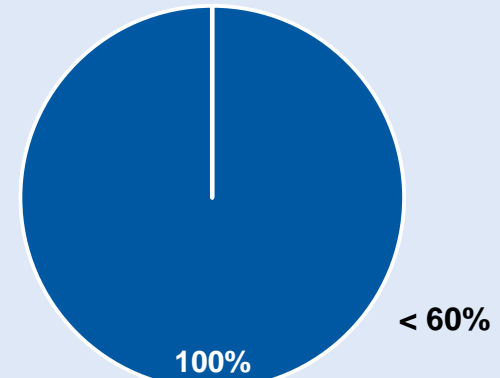
by property type



by performance



by LTV ranges¹⁾



1) Performing business only, exposure as at 31.12.2015



Appendix

Acquisition of WestImmo



**Aareal Bank
Group**

Acquisition of WestImmo¹⁾: 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

Attractive
opportunity

WestImmo

Value enhancing transaction
in line with business strategy

Aareal financially capable and experienced

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

1) As published February 22, 2015



Acquisition of WestImmo¹⁾: 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

1) As published February 22, 2015



Acquisition of WestImmo¹⁾: 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

1) As published February 22, 2015



Acquisition of WestImmo¹⁾: 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 mn²⁾

Closing conditions

- Subject to BaFin / ECB approval
- Subject to anti-trust approval

1) As published February 22, 2015

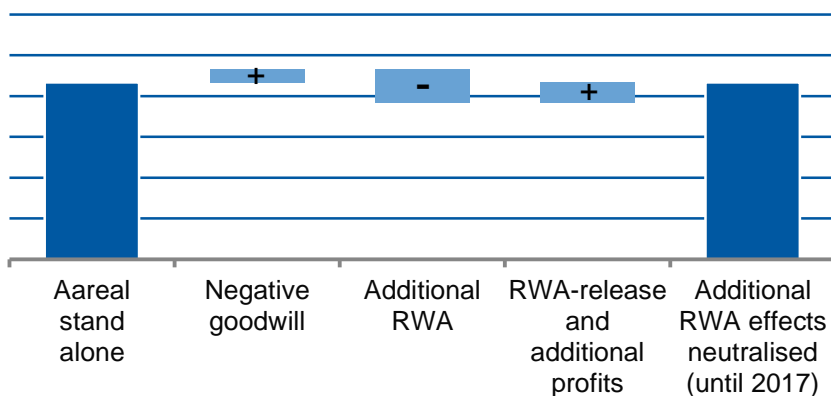
2) Subject to further adjustments



Acquisition of WestImmo¹⁾: Financials

Impact on capital ratios, EpS, and RoE²⁾

Expected CET1 effects (Basel III fully phased)



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)

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%)

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) As published February 22, 2015

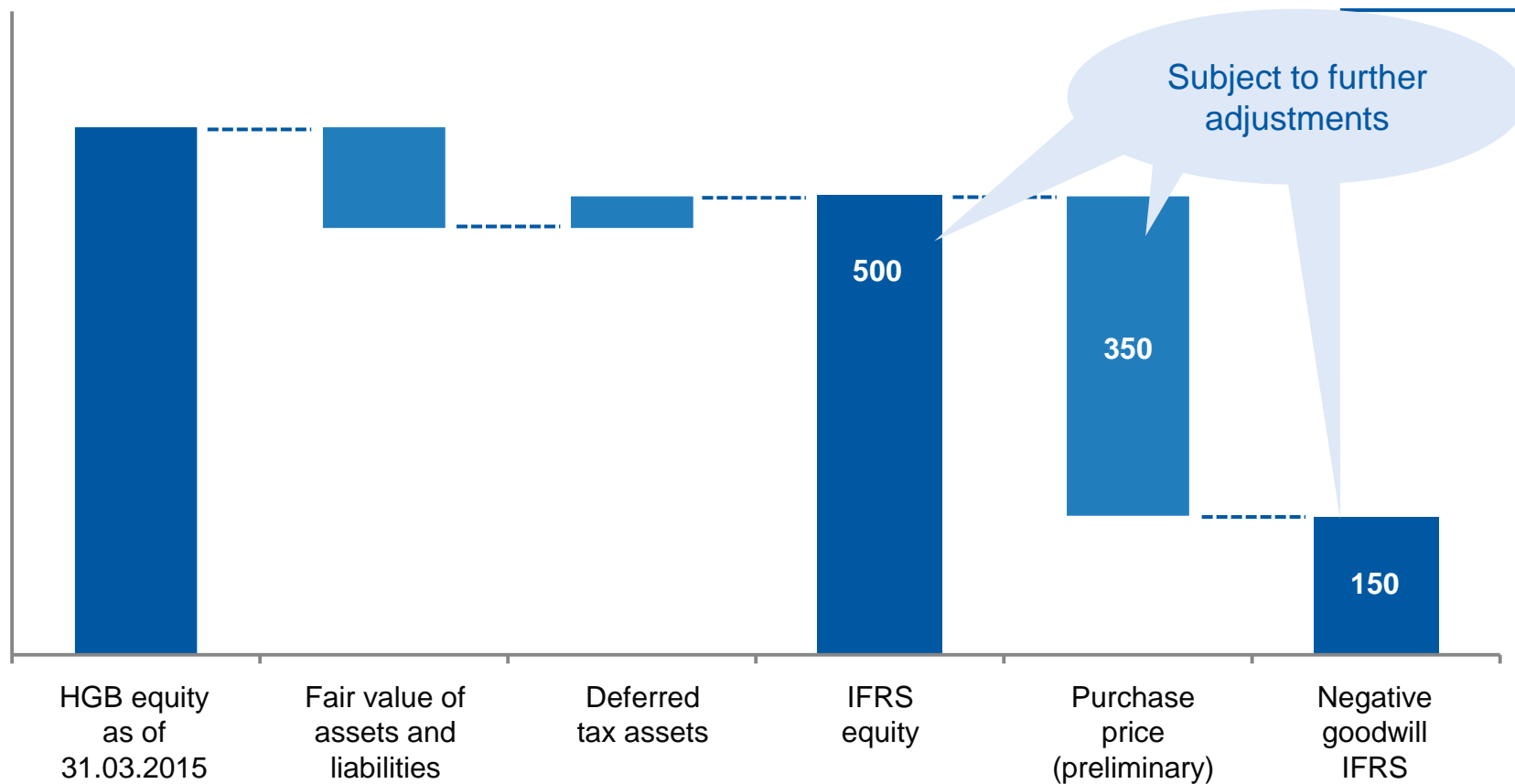
2) Pro forma extrapolated, assumed closing 31.03.2015



Acquisition of WestImmo¹⁾: Financials

Purchase price illustration²⁾

schematic



1) As published February 22, 2015

2) Pro forma extrapolated, assumed closing 31.03.2015



Acquisition of WestImmo¹⁾:

Private client loans and Public sector loans²⁾

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) As published February 22, 2015

2) Pro forma extrapolated as at 31.03.2015



Appendix

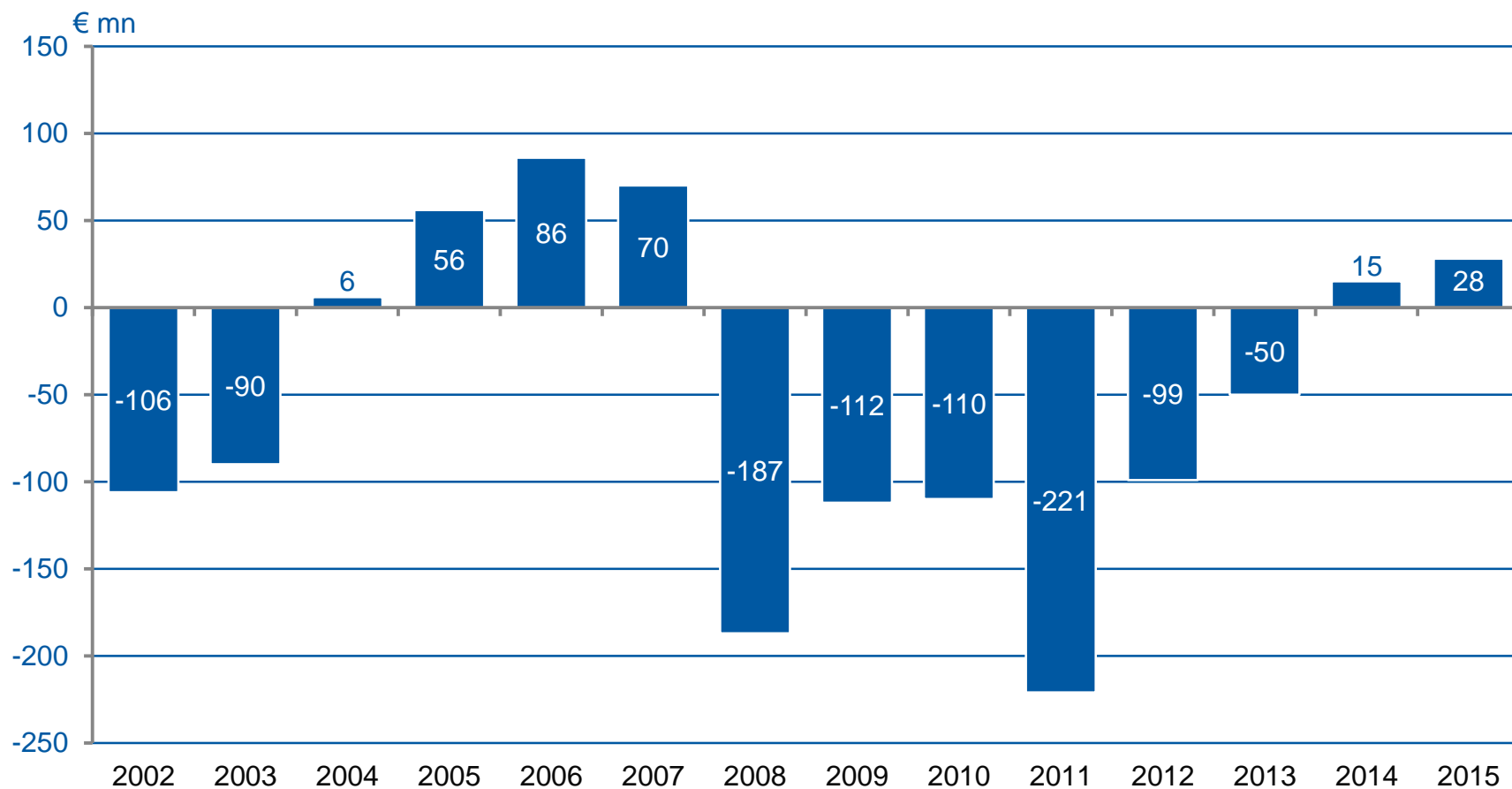
Revaluation surplus



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Revaluation surplus

Change mainly driven by asset spreads



Appendix

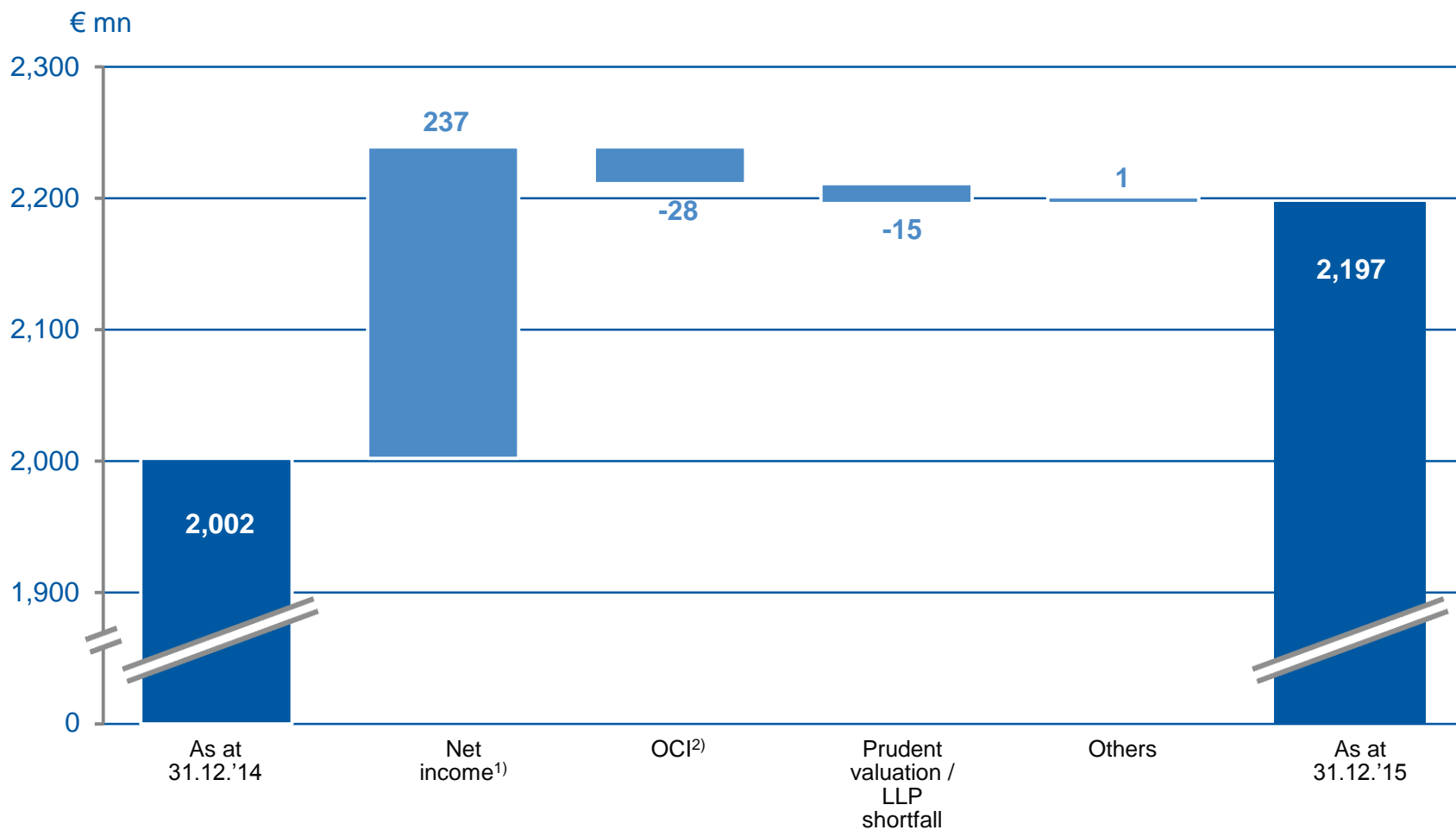
CET1 development and RWA-split



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CET1 development (fully phased)

Mainly driven by NII and neg. goodwill from WIB acquisition



1) Represents negative goodwill from WestImmo acquisition, Ytd consolidated net income allocated to ordinary shareholders (ex negative goodwill) less dividends not recognised as CET1 capital

2) Incl. reserve from defined benefit plans, revaluation surplus and currency translation reserve

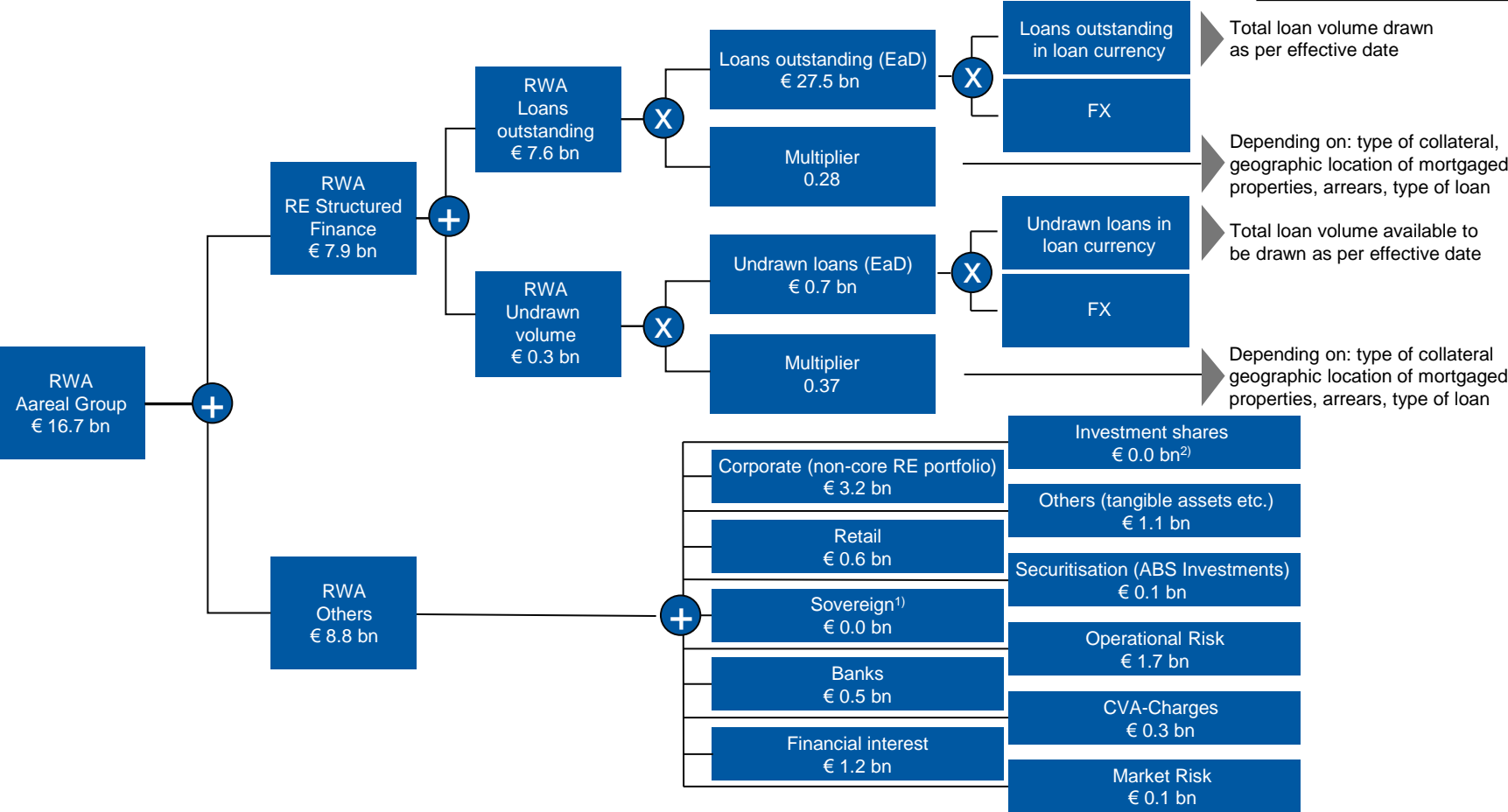


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From asset to risk weighted asset (RWA)

Essential factors affecting volume of RWA

Effective date 31/12/2015



1) Amounts to € 35 mn
2) Amounts to € 4 mn



Definitions and contacts



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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** =
$$\frac{\text{CET1}}{\text{Risk weighted assets}}$$
- **Pre tax RoE** =
$$\frac{\text{Operating profit } \therefore \text{ income/loss attributable to non-controlling interests } \therefore \text{ AT1 coupon}}{\text{Average IFRS equity excl. non-controlling interests, other reserves, AT1 and dividends}}$$
- **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** =
$$\frac{\text{Available stable funding}}{\text{Required stable funding}} \geq 100\%$$
- **Liquidity coverage ratio** =
$$\frac{\text{Total stock of high quality liquid assets}}{\text{Net cash outflows under stress}} \geq 100\%$$
- **Bail-in capital ratio** =
$$\frac{\text{Equity + subordinated capital}}{(\text{Long + short term funding}) - (\text{Equity + subordinated capital})}$$
- **Earnings per share** =
$$\frac{\text{operating profit } \therefore \text{ income taxes } \therefore \text{ income/loss attributable to non controlling interests } \therefore \text{ net AT1 coupon}}{\text{Number of ordinary shares}}$$



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