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Speech by Hermann J. Merkens
Chairman of the Management Board
of Aareal Bank AG

on the occasion of the

Annual General Meeting
on 23 May 2018
in Wiesbaden

- check against delivery – the spoken text will prevail in the event of any differences -

I. Welcome and introduction

Ladies and Gentlemen, dear shareholders,

On behalf of the entire Management Board of Aareal Bank AG it is my pleasure to welcome you to this year's Annual General Meeting in Wiesbaden. I am delighted that you are here with us; your presence here today demonstrates your continuing interest in our Company.

Today I am happy to be able to report another successful financial year at Aareal Bank Group. I would also like to share with you the progress we have made on our "Aareal 2020" programme for the future, which we approved over two years ago now; where we stand now at the midpoint of our journey, and how we intend to proceed.

Ensuring the sustainable success of Aareal Bank Group is the cornerstone of our programme for the future, and it is also the Management Board’s key aim. This task is – and remains – demanding, especially as the general environment in which we operate has become even more challenging over the past twelve months.

From the perspective of a bank executive who has held management positions in this sector for almost two decades now, I can say – somewhat pointedly – that nothing is the way it used to be.

During the acute phase of combating the financial markets crisis, all those involved had hoped – or even expected – a return to the globalisation trend, following successful stabilisation of the national economies. A trend from which Germany in particular had benefited more than other countries in recent decades.

At present, it appears that the rules of global collaboration are being re-defined:

- the distribution of roles is being re-interpreted at a global level – you cannot help getting the impression that even the general concept of globalisation is increasingly being questioned. At the very least, many are more suspicious of it than ever, focusing on the benefits for individual countries – a phenomenon with which we are very much familiar in Europe, too.
- Numerous international agreements are being called into question, or even terminated.
- All this leads to a perceived lack of reliability and predictability. This makes acting with foresight all the more difficult, especially for businesses.
- Hence, trust in the predictability of actions taken by others is dwindling.

One cannot help getting the impression that global foundations are shifting – with the direction being as yet uncertain. The economic and political foundations of our prosperity – freedom, democracy, a market economy – are being interpreted anew, and increasingly so at the level of individual countries. For companies all over the world, these parameters are changing at an ever-accelerating pace: what applies today will be questioned tomorrow. I am sure that many of my colleagues, also at other institutions and in other sectors, share my perception. For the banking sector, this fundamental increase in uncertainty is compounded by specific challenges:

- For instance, our competitive environment is continuously becoming more intense. This applies both to our Structured Property Financing segment, where margins are under pressure across almost the entire sector, and in all the countries and markets concerned – as well as to our Consulting/Services segment, including our IT subsidiary Aareon, which finds itself at the centre of ongoing digitalisation.

- Moreover, especially as providers of long-term finance, we will also have to cope with an increasingly stringent regulatory environment in the future. Even after the agreement on the new Basel Capital Accord, various activities of the European Central Bank (specifically, the Target Review of Internal Models, or "TRIM") and of the European Banking Authority (new regulations for internal risk models) are currently being effected and implemented. Firstly, these will have a significant impact on the calculation of risk-weighted assets – and secondly, they take effect much earlier than the 'Basel IV' regime. As a result, it remains difficult for banks to generate adequate returns on equity.
- Historically low interest rates remain a third burdening factor in these times. We will have to live with this for the time being, at least in Europe. Now on the one hand, this is favourable for the refinancing of European sovereigns; it tends to lead to low market volatility, boosts the economy and supports the risk situation in the banking system. But on the other hand, this has negative effects on pensions and life assurance policies, alongside the sector-wide burdens on profitability in the deposit-taking business – an aspect which also affects Aareal Bank. This diagnosis is likely to remain unchanged for the foreseeable future. After all, even though the economic recovery in Europe has been ongoing for several years and seems to have finally gained a foothold in Southern Europe as well, interest rates no longer play their corrective role, given the ECB's continued expansionary monetary policy.
- The fourth and final factor that I would like to mention in this context is the rapid technological change – epitomised by digitalisation – which we are facing, like any company in almost any sector. This is a challenge as much as an opportunity. The challenge is that these changes demand new skills from our employees whilst requiring those of us in management to adapt our

business models. Opportunity lies in the fact that these changes uncap new earnings potential and open up new markets in our traditional sectors and in adjacent areas.

Creating the right conditions for sustainable success in this challenging environment – which is not expected to ease up in the medium term – is only possible if we continuously reinvent Aareal Bank Group to some extent – if we ensure that it remains fit for the rapidly changing requirements. Our “Aareal 2020” programme for the future, and all of its components, which I presented to you in the spring of 2016, aims at nothing less – I will be discussing this in more detail later.

We have adapted to change at an early stage, thus establishing a good starting position – from which we now operate. In particular, there are four aspects favourable to us, at this stage of development in our sector:

- Firstly: We are more broadly – and thus better – positioned in both segments – also in terms of our alignment within the two segments – than many other specialist finance providers, who will probably find it more difficult than us focus purely on the lending business in the future. The business model followed by Areal Bank Group as a diversified commercial property financing bank with specific key areas of expertise, with its unique selling points and digital products for the housing industry and related sectors can - and should - be a decisive factor in achieving sustainable success in the future as well.
- Secondly, we started the necessary adjustment process very early on, with our ”Aareal 2020” programme for the future and we are continuing to do so, in a consistent and disciplined manner.

- Thirdly, we are operating from a position of strength. Thanks to our solid financial position and our robust operating business, we are in a position to approach change in a proactive manner – and moreover, to bear the associated costs and future investments, such as those relating to the development of new digital services, on our own.
- Fourthly, and perhaps most importantly: Aareal Bank Group can count on a strong, motivated team that has demonstrated its outstanding expertise, impressive commitment and willingness to embrace change, time and again. On behalf of my colleagues on the Management Board, I would like to take this opportunity to express my sincere thanks to our staff, for their work and commitment, and for their continuous and tireless efforts. Without them and their support, we would not be where we are today – more than that: we would not be able to shape our own future. Thank you!

II. Review of the 2017 financial year

Ladies and Gentlemen,

The performance of the past financial year has once again shown that we have good reason to be optimistic and that we can continue to look forward with confidence. I am therefore pleased to be able to stand here today and repeat a sentence from my speech last year:

Aareal Bank is in good shape, in every respect.

This is particularly evident when we look at the key financial indicators. We should be very pleased with the results of the past financial year. We have achieved our goals, and kept our promises. And we have once again demonstrated that Aareal Bank Group can perform very successfully, even under challenging conditions.

We gave a detailed account of our performance during the last financial year in our Annual Report published in March. I would therefore like to focus here on just a few essential points:

- The most important one first: Aareal Bank Group concluded the 2017 financial year with yet another set of very good results. Our key figure for operating performance, consolidated operating profit, remained on a high level of €328 million. It was almost exactly in the middle of our forecast target range of €310 million to €350 million, which we raised during the course of the year.
- Both consolidated operating profit and each of its key components were in line with our forecasts:
    - We have further reduced our non-strategic loan portfolios, as announced – as a result, net interest income declined – which we had also expected, and announced. We are therefore seeing a continuation of a normalisation trend in this key earnings figure, after consolidated net interest income delivered a temporary sharp rise in recent years, mainly as a result of our two major acquisitions, Corealcredit and WestImmo (formerly Westdeutsche ImmobilienBank AG). I would like to point out in this context that although our net interest income lacks any support from the deposit-taking business, given the persistent low interest rate environment, our business model still delivers robust results – even without such tailwinds.
    - On the other hand, the satisfactory margin levels for new business originated also had a positive effect on net interest income during the

year under review. Despite intensifying competition, we were able to maintain margins on newly-originated loans at above 220 basis points after currency hedging costs. This is not least thanks to our flexible allocation of new business: we continue to concentrate increasingly on those areas where margins are attractive, given acceptable risk.

  - Loss allowance declined considerably compared with the previous year, to the lower half of the forecast range, which we already reduced year-on-year.
  - Net commission income, which we aim to steadily increase in line with the "Aareal 2020" programme for the future, consolidated the positive trend with a further (and pleasing) year-on-year increase – mainly because Aareon, thanks to its products and solutions, is attracting an ever wider range of clients, both nationally and internationally.
  - Administrative expenses, on the other hand, declined significantly, despite one-off expenses for restructuring, which I will come back to later. This is largely attributable to the Group's continued strict cost discipline and the lower running costs for the now fully integrated WestImmo.

- All told, this yielded consolidated operating profit which, as noted before, was once again very respectable indeed, with (unadjusted) return on equity before taxes at 11.9 per cent – another pleasingly high level.

After taxes, consolidated net income attributable to shareholders of Aareal Bank AG amounted to €207 million last year, only slightly less than in the previous year. Assuming the *pro rata temporis* accrual of net interest payments on the AT1 bond, consolidated net income allocated to ordinary shareholders stood at €191 million, after €199 million for 2016.

Once again, we would like you, our valued shareholders, to participate appropriately in another good annual result for the Group. The Management Board and the Supervisory Board therefore propose a marked dividend increase of €0.50, to €2.50 per share. This translates into a distribution ratio of 78 per cent, which is close to the upper end of the communicated range between 70 per cent and 80 per cent for the 2017 financial year. Based on yesterday's closing price, the proposed distribution today corresponds to a dividend yield of approximately 6.1 per cent. We believe that, especially in the current low interest rate environment, the Aareal Bank share remains a very attractive investment.

Ladies and Gentlemen,

This significantly higher distribution is also possible because Aareal Bank Group's capitalisation remains high: the Bank's fully phased-in Common Equity Tier 1 (CET1) ratio was 19.2 per cent as at 31 March 2018. As it turned out, we were well prepared for the finalised Basel III and 'Basel IV' frameworks. Assuming full implementation of the new capital requirements, the CET1 ratio was estimated at 13.5 percent as at 31 March 2018 – and thus even above our own target ratio. In view of the regulatory uncertainty already mentioned, and taking a generally diligent stance, we currently consider a CET1 target ratio under Basel IV of around 12.5 per cent to be appropriate. This means that from today’s perspective, we have generated surplus capital which we can put to use.

When we presented our preliminary annual figures for 2017 in February, we affirmed our intention to take a decision on surplus capital later this year. This statement still applies.

It may be used for acquisitions and the expansion of our own business; and it may also be returned to you, dear shareholders – provided no attractive investment opportunities arise and provided that such a return is possible and justifiable in view of prevailing or expected regulatory and economic conditions. I have already referred to the continuing high level of regulatory uncertainty, even since the endorsement of Basel IV.

III. The Aareal Bank share

Ladies and Gentlemen,

In our view, the Aareal Bank share is not just attractive for its high dividend yield. Our share price has also performed well over the past few years in a sector comparison spanning several years. However, in 2017, which was rather a quiet year for us, we lagged the increases in benchmark indices. Coming from an already high level at the beginning of the year, the share price fell below €34 in the meantime, to end the year with an increase of almost 6 per cent, to €37.73 euros – close to its annual high.

In the first months of the current year, our share price continued to perform well, and hit a new all-time high of €42.80 on 23 April. This shows that the trust that we have built up over the last few years – through consistent and good results, reliably forecast and transparently communicated – frequently reflects upon us. We will continue to do everything in our power to justify this trust.

Ladies and Gentlemen,

Our results and key figures are just as clear as our dividend proposal: Aareal Bank continues to be healthy to the core.

However, the past year was a strong, important year for our Company – not only in operational terms, but also at a strategic level.

Firstly, it was the year in which we finally closed the chapter on integrating the two major acquisitions from 2014 and 2015, when the banking business and the associated loan and securities portfolios of WestImmo were transferred to Aareal Bank AG with effect from 30 June 2017. WestImmo no longer conducts its own banking business, and has been trading under the name of Westdeutsche Immobilien Servicing AG since last year.

With regard to the takeover of WestImmo, as per the acquisition of Corealcredit, the following applies in retrospect: we adhered to our statements made at the time of the acquisition; in hindsight, both transactions were financially attractive for our Company and thus gave us an additional boost at just the right time to meet the challenges ahead.

Secondly, with a view to our programme for the future, 2017 was without a doubt the year in which we really took off in our realignment – as set out in the priorities for "Aareal 2020".

Just to remind you, our aim with "Aareal 2020" is to turn the Company from a very good one into an excellent one, from a flexible one into a really agile one, and from a resourceful one into an innovative one. We are optimising our organisational structure, our IT, our entire processes and our use of equity, whilst developing the business models of both segments, in order to systematically tap into new growth opportunities in a rapidly changing and digitalised world.

Our goal is to become the leading provider of smart financing, software products and digital solutions for the property sector and related industries.

You might argue, however, that Aareal Bank Group has already achieved this in part. This is true, because we use our unique selling points as the basis for our future development, thus combining tradition and innovation. It is nevertheless an ambitious project to meet this target across the entire breadth of our product range - and against the background of a constantly growing number of competitors and the technological upheavals mentioned above on a sustained basis.

What have we achieved over the past year?

The encouraging point to begin with is that the implementation of "Aareal 2020 – Adjust.Advance.Achieve" is fully on track at the half-way point, and we are generally very satisfied with the interim results after just over two years.

The year under review was initially characterised by extensive measures to increase efficiency, and to optimise structures and processes. The respective programme was successfully launched and related restructuring expenses were recognised. The organisational and personnel changes this involves, which encompass all divisions of the Bank, will be phased in over the coming months.

I would like to highlight the fact that we have made amicable and fair arrangements for the resulting staff reductions. I would like to express my sincere thanks to our Works Council, with whom we are constantly seeking solutions – in the face of conflicting interests on some occasions – that serve the long-term success of the Company, and with that, ultimately the security and sustainability of jobs.

Allow me to say a personal word here. The constructive cooperation between management and employee representatives, which we have always cultivated at Aareal Bank, was embodied by our long-standing Chairman of the Group Works Council and Deputy Chairman of the Supervisory Board, Mr York-Detlef Bülow, who has now retired, having handed over the reins of both positions just a few weeks ago. Mr Bülow has helped shape the Company's development over the past decades. Aareal Bank is extremely grateful to him for this, and I would personally like to sincerely thank Mr Bülow. At the same time, I look forward to continued cooperation with our new employee representatives.

Ladies and Gentlemen,

In addition to the adjustment of our structures and processes, which sometimes entails tough decisions, and the work initiated in 2017 on a new IT architecture, last year's strategic focus was to launch a large number of initiatives in order to further develop the business models in both segments.

In the Structured Property Financing segment, for example, we further expanded our business in attractive markets – mainly in the US, where our portfolio now accounts for a good one-fifth of our total loan portfolio. Through our partnership with Mount Street, a British service provider specialising in servicing and credit management, particularly with regard to commercial property portfolios, we have opened up additional options along the value-creation chain. Finally, we were able to secure new syndication partners through very attractive financing arrangements we arranged – another of our key strategic goals in this segment.

Digitalisation is also an issue in property financing – to a lesser extent in terms of the business itself, which will continue to rely above all on sound market knowledge and resilient, people-centred customer relationships, but more when it comes to interfacing with our clients in day-to-day interaction or in the initiation phase of a transaction. Here, digital processes can bring significant benefits and efficiency gains to both sides. We worked on this last year as well as on the more intensive use of data. For example, we have launched a project to consolidate external market data and macroeconomic data from the countries in which the Bank is active in property financing, into a database as part of our digitalisation offensive, thereby significantly facilitating usability of the data.

The growth initiatives we have launched in the Consulting/Services segment are also very diverse in nature. I would like to discuss these in more detail today. Our new digital Aareal Portal, which aims to make payment transactions more attractive for our clients, is right at the interface between the Bank and its clients. This banking portal offers our housing industry clients a complete overview of all their accounts with Aareal Bank, and also enables the exchange of data with Aareal Bank as well as third-party providers. Introduction has been successful, and our clients' feedback is positive.

Aareon enables us to leverage our position as Europe’s leading ERP provider to grow in the digital housing industry ecosystem. We are expanding the business beyond our traditional housing industry client base into adjacent sectors such as the utilities industry or the commercial property sector. We are also increasingly capitalising on the internationalisation of Aareon's business, which has been driven forward in recent years and which was intensified again in 2017 – through highly successful cross-border cross-selling of digital products, for example.

In addition, we were able to generate additional income by successfully establishing our digital platforms on the market. For example, Aareon has further expanded its digital ecosystem "Aareon Smart World". Aareon Smart World's products enable property companies to link up with customers, employees, business partners and technical equipment in buildings. These solutions enable us to make an active contribution to the digitalisation of the property industry.

The benefit of all this for our clients: we offer them a range of networked, integrated digital solutions which keep them up to date.

In addition to developing our own products, we have extended our cooperation with start-ups in various fields in order to strengthen our product range. These include, for example, Aareon’s cooperation with Immomio, which offers a web-based tenant management solution, and with the French company PropTech Intent Technologies. Integration of the Intent platform will support the increased connectivity of Aareon Smart World solutions with software offers provided by other suppliers to Aareon's customers.

We also seize upon completely new trends: for instance, in France a cooperation with YesPark is under way, and a contract to this effect was signed in January 2018. This PropTech company provides a nationwide underground parking network for housing companies. With just a few clicks, YesPark allows users of its digital service to search, rent and access parking spaces. Aareon France links the YesPark platform with its clients' ERP solution. Last year, the technical integration into the Mareon service portal was also implemented as part of the cooperation with KIWI.KI, which has been in place in Germany since 2016.

These commitments are part of Aareal Bank Group's comprehensive start-up strategy. This is not just about creating added value for our clients and tapping additional long-term earnings potential for ourselves. As a company, we also benefit from the exchange with young, dynamic companies and are inspired by their flexibility and agility, shaping our own approach to new challenges and for innovative, client-oriented solutions from our own 'workshop'.

Our commitment as a founding member of the recently launched "Fintech Europe" platform, jointly established in Frankfurt by Plug and Play, one of the world's largest start-up platforms, and the Frankfurt-based start-up accelerator TechQuartier also belongs in this context. As a partner of Fintech Europe – but also beyond that platform – Aareal Bank will be collaborating with the best start-ups in the financial sector and developing applications relevant to Aareal Bank's clients.

Ladies and Gentlemen,

All these initiatives are intended to contribute to permanently securing our position as a leader in each of the fields in which we are active. Some of them are already paying off today. Last year, we already generated sales in the double-digit millions with new digital solutions from Aareon, and we expect even more in the coming years. One thing is equally clear: we will be exploring these new sources of income step by step. As in other parts of our business, boosting revenues quickly, and at any price, will not pay off – developing and positioning of new products (or product families) takes patience and a sense of perspective. We will not be successful with everything we will endeavour on this way; this is part and parcel of entrepreneurship, especially in the digital age. And of course, the necessary investments will be reflected in our figures. But we have a clearly-defined vision: in the long term, we will demonstrate that Aareal Bank Group's diversity, as already mentioned, is a crucial factor in achieving sustainable success.

The common element of our two segments – which seem so different at first glance – is that both focus mainly on property-related topics. Thanks to our traditional USPs, we have unique know-how in both the commercial property industry and the housing industry – and to an increasing extent in the energy and utilities sector.

Our clients know us as being a reliable partner. And in fact, we will be even more attractive if we manage to even better combine the respective strengths of our two segments. This is sometimes tedious in the course of everyday life, but we are working hard on it. Our clients' interest in comprehensive solutions is clearly visible – for us, this is highly encouraging. As I pointed out already, we are in a position to offer integrated solutions – a clear benefit to our clients.

From a business point of view, the advantage of our positioning is already obvious. In an environment in which property financing is becoming increasingly more complex in regulatory terms, and where competition is intensifying, we can still achieve our medium- to long-term goals – because we have a second strong segment in the form of Consulting/Services, and specifically with Aareon. This segment is increasingly evolving into a growth driver, and will represent a significantly higher share of our return on equity in the future.

Ladies and Gentlemen,

This is a brief description of the scope of our strategic efforts over the past two years, as well as the agenda for the second half of "Aareal 2020", which has only just begun. We will maintain the Structured Property Financing segment as the robust backbone of Aareal Bank Group, whilst successively strengthening our second pillar.

In the current year, the main focus is on strengthening the positive momentum we have felt in recent months and once again to speed up our realignment – not least by making substantial investments in developing and marketing innovative digital solutions. In addition, we will concentrate on further refining our processes and structures. This task is far from being completed as a result of the changes made last year.

In the Structured Property Financing segment, the key element will be to continue to pursue our successful business policy of focusing on the most attractive markets. We will also expand the existing exit channels and open up new ones – in other words, we will systematically broaden our options for acquiring new business without burdening our balance sheet. We will continue to reduce our non-strategic portfolios, as well as pursuing new business opportunities, including digital options, along our value creation chain. This also means that we are increasingly tapping into the potential of our partnership with Mount Street. As regards digitalisation, the focus in the current year will still be on process optimisation. We will however also look at ways in which broader digital business models might be used in this segment.

The main focus of our Consulting/Services segment now is to continue to expand our promising digital solutions portfolio, to penetrate relevant ecosystems even more systematically, and to drive forward our expansion into neighbouring markets. We are also looking at new business areas in cooperation with our traditional clientele – the institutional housing industry – as well as solutions for the direct interaction of our clients with their end customers. Our strategic agenda will be complemented by intensifying existing cooperations with start-ups whilst embarking upon our own incubator activities.

The ongoing optimisation of structures and processes and the implementation of a new IT architecture will be further focal points in the context of “Aareal 2020” this year. In addition, we plan to realise potential synergies in serving commercial property clients across both segments. Here, too, we have already identified a number of promising opportunities. I am confident that I will be able to report successes to you right here next year.

Optimising structures and processes, opening up new growth areas – all this must go hand in hand with changes in the way we think and act, in our general attitude, and the way we conduct our business. For this reason, cultural transformation, which we regard as a key focus of our realignment, is this year's top priority with a number of measures both for executives and for all our employees.

This is about strengthening our innovative capability, enhancing agility throughout the entire organisation and, above all, a constant focus on the added value that we can create for our clients. Firmly anchoring these three cultural elements into the organisation is probably the most challenging part of the task we have set ourselves. And at the same time, what is absolutely vital for our realignment is not to stall at the outset, but instead to strive for its realisation.

IV. Current business development and outlook

Ladies and Gentlemen,

As you can see, we still have a lot planned for this year. Aareal Bank Group will continue to implement its programme for the future in 2018 and beyond. Despite the ever challenging environment, we shall continue to pursue our path undeterred.

Of course, this also applies to our operating business.

We have got off to a solid start this year, as usual. We published our figures for the first quarter of 2018 on the 9th of May. With a consolidated operating profit of €67 million, we were within the expected range and only slightly below the previous year's level. The main trends from the past financial year have continued:

- as expected, net interest income declined year-on-year, primarily due to the further reduction in the non-strategic portfolios from the two acquisitions, which had temporarily boosted net interest income. The aforementioned normalisation of our key earnings parameter has thus continued, and a stabilisation at a solid level is becoming more apparent.
- In the first quarter of the new year, we once again saw encouragingly stable margins in new property financing business, contrary to the sector trend. They are the result of a very disciplined new business policy that continues to focus on particularly high-margin markets.
- In the first quarter, there was no net impact from loss allowance; this is a seasonal effect, and cannot be extrapolated to the year as a whole. But it is also impressive testament to the high quality of our loan book.
- The positive trend in commission income – which is one of our strategic objectives – also continued, mainly thanks to Aareon' s continued positive growth at the start of the year.
- And last but not least, administrative expenses are also moving into the right direction: they continue to decline, partly as a result of the measures to increase efficiency which I mentioned before.

After the solid start, which was on schedule, there is no reason to deviate from our forecasts. We affirmed our guidance when we presented the quarterly figures, and I am doing so again today, although the current environment doesn't make our job any easier.

We anticipate the challenging business environment to prevail during the rest of the year – with continued low interest rates in Europe, and strong competitive and margin pressure in key target markets. We will therefore, without compromise, continue to adhere to our strictly profit- and risk-oriented business policy.

We anticipate consolidated net interest income to be between €570 million and €610 million, including the net result from the derecognition of financial assets and liabilities not measured at fair value through profit or loss – which will henceforth be reported separately, in accordance with IFRS 9. It is important to note that we do not expect any further decline in the overall loan portfolio. Whilst the reduction of its non-strategic parts continues, the growth of our core loan portfolio, which we anticipate for the current year with a projected new business volume of between €7 billion and €8 billion, will compensate for this effect. Loss allowance is expected to remain in a range between €50 million and €80 million. Net commission income, whose importance for the Group is continuously rising due to the expansion of business activities in the Consulting/Services segment, is anticipated to rise further, to between €215 million and €235 million. Administrative expenses are expected to decline to between €470 million and €500 million.

We expect all this to result in consolidated operating profit ranging between €260 million and €300 million – a level that we consider being very respectable, especially in comparison with the levels we achieved in the years prior to our two major acquisitions. At around €40 million, Aareon should contribute significantly more to this result than in previous years.

Return on equity (RoE) before taxes is expected to be between 9.5 to 11 per cent for the current year. We affirm our medium-term RoE target of around 12 per cent before taxes.

V. Conclusion

Ladies and Gentlemen,

We are very confident that we will achieve this goal. Even if the huge upheavals that we – like our entire sector – are facing, are not yet completely apparent. Even if for the time being, we do not have a tailwind, but instead we have to face a stronger headwind.

My colleagues on the Management Board are as convinced as I am that we can achieve these objectives.

Firstly, because we will tackle the challenges ahead of us – together, and with a strong team.

Secondly, because in future we are going to make even better use of the advantages of our positioning.

Last but not least – because we have a clear plan, and it is becoming more and more apparent that it is working.

Step by step, we are thus succeeding in achieving an appropriate level of earnings, even in a changing market and regulatory environment – as set out in our "Aareal 2020" programme for the future. This is of benefit not only to our clients and employees, but also to our investors, both now and in the future.

We look forward to your continued support.

Thank you very much for your attention.