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Aareal Bank obtains approval for applying the Advanced IRB Approach (A-IRBA) to determine capital requirements for credit risks

Wiesbaden (ots) -

- Tier 1 ratio expected to be 12.9 per cent* as at 31 December 2010 according to the A-IRBA (10.5 per cent* according to the CRSA)
- Core Tier 1 ratio excluding hybrid capital and SoFFin silent participation of 8.1 per cent* as at 31 December 2010
- Chief Financial Officer Hermann J. Merkens: "Further improved market and competitive environment currently offers excellent potential for exploiting market opportunities"

Aareal Bank will apply the Advanced Internal Ratings-Based Approach (Advanced IRB Approach, "A-IRBA") to determine its capital requirements for credit risks, with retrospective effect from 31 December 2010, instead of the Credit Risk Standard Approach (CRSA) applied to date. Following a detailed audit of Aareal Bank's internal systems used to determine credit risks, the German Federal Financial Services Supervisory Authority ("BaFin") has now approved the application of the A-IRBA. Compared to the Credit Risk Standard Approach, the Advanced IRB Approach which is based on internal models allows for a more accurate measurement of credit risks, and hence, for a more precise and risk-adequate allocation of capital.

Under the A-IRBA, and based on data currently available, Aareal Bank's Tier 1 ratio stood at 12.9 per cent* as at 31 December 2010. Calculated according to the CRSA, the bank's Tier 1 ratio would have amounted to 10.5 per cent* on the same record date (30 Sep 2010: 10.4 per cent). The Core Tier 1 ratio under the A-IRBA - excluding hybrid capital and the remaining silent participation by the German Financial Markets Stabilisation Fund (SoFFin) - is expected to amount to 8.1 per cent* as at the year-end 2010.

Hermann J. Merkens, Aareal Bank's Chief Financial Officer, explained: "Thanks to the application of the Advanced IRB Approach, we are in a good position to achieve a target Core Tier 1 ratio under Basel III between eight and nine per cent by the year 2013. Moreover, for such a well-positioned institution as Aareal Bank, the improved market and competitive environment which we observe at present holds very good potential to increasingly exploit current market opportunities for our credit business."

* Explanatory notes: Capital ratios were calculated on the basis of current data available to project the 2010 financial statements in accordance with German Commercial law (German GAAP - "HGB").

Aareal Bank

Aareal Bank AG is one of the leading international specialist property banks. The Aareal Bank share is included in Deutsche Börse's mid-cap MDAX index. Aareal Bank operates on three continents: leveraging its successful European business model, the bank has established similar platforms in North America and in the Asia-Pacific region. It provides property financing solutions in more than 20 countries.

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