

Aareal Bank AG

Federal Republic of Germany, Wiesbaden
as Issuer

Euro 300,000,000

Subordinated Callable Fixed Rate Reset Notes with scheduled maturity in March 2026

Aareal Bank AG (the "**Issuer**") will issue on 18 March 2014 (the "**Issue Date**") EUR 300,000,000 subordinated callable fixed rate reset notes with scheduled maturity in March 2026 (the "**Notes**"). The Notes will bear interest from and including 18 March 2014 (the "**Issue Date**") to, but excluding, 18 March 2026 (the "**Maturity Date**"). From and including the Issue Date to but excluding 18 March 2021 (the "**Call Redemption Date**"), the Notes will bear interest at a rate of 4.25 per cent. per annum. Unless previously redeemed in accordance with § 5 of the Conditions of Issue, from and including the Call Redemption Date the Notes will bear interest, at a rate equal to Five Year Euro Mid Swap Rate plus a margin of 2.90 per cent. per annum. Interest is payable annually in arrear on 18 March of each year commencing on 18 March 2015.

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended from time to time (the "**Prospectus Directive**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg* (the "**CSSF**") in its capacity as competent authority under the Luxembourg law of 10 July 2005 relating to prospectuses for securities, as amended (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières – the "Luxembourg Prospectus Law"*), which implements the Prospectus Directive into Luxembourg law.

Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on Markets in Financial Instruments, as amended. The Issuer has requested the CSSF to provide the competent authority in the Federal Republic of Germany and the Republic of Austria with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law ("**Notification**").

Fitch Deutschland GmbH has assigned to the Issuer a long-term rating of A- and is expected to assign a rating of BBB- to the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes are issued in bearer form with a denomination of EUR 1,000 each.

The Notes have been assigned the following securities codes: ISIN DE000A1TNC94,

Common Code 104637981, WKN A1TNC9.

Joint Lead Managers:

Deutsche Bank • DZ BANK AG • HSBC

The date of this Prospectus is 14 March 2014.



Aareal Bank

RESPONSIBILITY STATEMENT

Aareal Bank AG ("**Aareal Bank**", "**Bank**" or the "**Issuer**" and together with all of its affiliated companies within the meaning of the German Stock Corporation Act (*Aktiengesetz*), the "**Aareal Bank Group**" or the "**Group**") with its registered office in Wiesbaden, Germany, accepts responsibility for the information contained in and incorporated by reference into this Prospectus including the English language translations of the Conditions of Issue and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

The Issuer further confirms that (i) this Prospectus contains all information with respect to the Issuer and its respective subsidiaries and affiliates and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

As per Article 7(7) of the Luxembourg Prospectus Law, the CSSF gives no undertaking as to the economic or financial soundness of the issue of the Notes or the quality and solvency of the Issuer.

NOTICE

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers (as defined in "SUBSCRIPTION AND SALE OF THE NOTES"). Neither the delivery of this Prospectus nor any offering or sale of any Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any of its affiliates since the date of this Prospectus, or that the information herein is correct at any time since its date.

This Prospectus contains certain forward-looking statements, in particular statements using the words "believes", "anticipates", "intends", "expects" or other similar terms. This applies in particular to statements under the caption "AAREAL BANK AG" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Issuer. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

This Prospectus should be read and understood in conjunction with any supplement hereto and with any other documents incorporated herein by reference.

To the fullest extent permitted by law, neither the Joint Lead Managers nor any other person mentioned in this Prospectus, except for the Issuer, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents. The Joint Lead Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Joint Lead Managers to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer or the Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The offer, sale and delivery of the Notes and the distribution of this Prospectus in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States of America ("**United States**") or to U.S. persons. For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus (or of any part thereof) see "SUBSCRIPTION AND SALE OF THE NOTES".

IN CONNECTION WITH THE ISSUE OF THE NOTES, HSBC Bank plc (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT HSBC Bank plc (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE OF THE RECEIPT OF THE PROCEEDS OF THE ISSUE BY THE ISSUER AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL LAWS, DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

In this Prospectus all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

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SUMMARY OF THE PROSPECTUS

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and warnings

Element		
A.1	Warnings	<p>Warning that:</p> <ul style="list-style-type: none"> • this Summary should be read as an introduction to the Prospectus; • any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor; • where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus, before the legal proceedings are initiated; and • civil liability attaches only to the Issuer who has tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	Consent to use the Prospectus	<p>Each Joint Lead Manager and/or each further financial intermediary subsequently reselling or finally placing the Notes is entitled to use the Prospectus for the subsequent resale or final placement of the Notes until 18 March 2014 for the subsequent resale or final placement of the Notes, provided however, that the Prospectus is still valid in accordance with Article 11 of the Luxembourg law of 10 July 2005 relating to prospectuses for securities, as amended (<i>Loi relative aux prospectus pour valeurs mobilières</i>) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010).</p> <p>The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus is available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).</p> <p>When using the Prospectus, each Joint Lead Manager and/or each relevant financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.</p>

Section B – Aareal Bank as Issuer

Element		
B.1	Legal and commercial name of the Issuer	Aareal Bank AG is the legal name. Aareal Bank is the commercial name.
B.2	Domicile, legal form, legislation, country of incorporation	Aareal Bank AG is a German stock corporation (<i>Aktiengesellschaft</i>) incorporated and operated under the laws of and domiciled in the Federal Republic of Germany.
B.4b	Description of any known trends affecting the Issuer and the industries in which it operates	<p>For the year 2014 a slight improvement of the global economic development is indicated. The future economic development is, however, subject to significant uncertainties, e.g. in the case of a renewed escalation of the European sovereign debt crisis. It can still not be ruled out that the financial and capital markets remain susceptible to shocks, should the sovereign debt crisis escalate again. The trend towards a tighter regulatory framework in the banking business is set to persist.</p> <p>The development on the commercial property markets is influenced on the one hand by the expected slight economic recovery and on the other hand by high liquidity of investors. The burdens and uncertainties in the economic environment have relevance for the commercial property markets and lead in these markets to risks and uncertainties which could have a negative impact on the development of property values and rents. With a view to the financing markets for commercial properties Aareal Bank estimates that the competition in Europe, North America and Asia will remain intensive. The extension of the financing activities of non-banks (e.g. of insurance companies) could increase the competition. In general, the willingness of lenders to commercial real estate to accept lower margins and higher LTVs (loan-to-value) is likely to grow.</p> <p>Aareal Bank expects developments within the institutional housing industry in Germany to remain stable for the remainder of the year. Looking at the volume of deposits taken, Aareal Bank expects the positive trend to continue. The Bank expects margins in the deposit-taking business will continue to remain under pressure in 2014.</p>
B.5	Description of the Group and the Issuer's position within the Group	<p>Aareal Bank AG is the parent company of Aareal Bank Group, which has directly or indirectly equity interests in various companies. Aareal Bank Group's organisational structure follows its business structure. The Bank is active in both business segments of Aareal Bank Group, Structured Property Financing and Consulting/Services. In addition to its operative business, Aareal Bank fulfills central group management functions for the Aareal Bank Group.</p> <p>In respect of the Structured Property Financing business segment the key subsidiaries of Aareal Bank are Aareal Capital Corporation and Aareal Bank Asia Limited as well as Aareal Estate AG and Aareal Valuation GmbH.</p> <p>In respect of the Consulting/Services segment business the key subsidiaries of Aareal Bank are the Aareon Group, consisting of Aareon AG as holding company of Aareon Group and its subsidiaries as well as Aareal First Financial Solutions AG and Deutsche Bau- und Grundstücks-AG.</p>
B.9	Profit forecast or estimate	Not applicable; no profit forecast or estimate is made.

B.10	Qualifications in the audit report on the historical financial information	Not applicable; PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, issued unqualified auditor's reports on the consolidated financial statements of Aareal Bank for the fiscal years ended on 31 December 2011 and 31 December 2012.																																																																																																			
B.12	Selected historical key financial information	<p>The following table shows an overview of selected historical key financial information of Aareal Bank Group which has been extracted from the respective audited consolidated financial statements prepared in accordance with IFRS and from the respective audited group management reports as of 31 December 2012 and 2011 as well as from the unaudited condensed consolidated interim financial statement and from the unaudited interim group management report as of 30 September 2013 of Aareal Bank:</p> <table border="1" data-bbox="627 622 1407 1339"> <thead> <tr> <th></th> <th>1 Jan-30 Sep 2013</th> <th>1 Jan-30 Sep 2012</th> <th>1 Jan-31 Dec 2012</th> <th>1 Jan-31 Dec 2011</th> </tr> <tr> <th></th> <th>€ mn</th> <th>€ mn</th> <th>€ mn</th> <th>€ mn</th> </tr> </thead> <tbody> <tr> <td>Income statement</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Operating profit</td> <td>140</td> <td>130</td> <td>176</td> <td>185</td> </tr> <tr> <td>Net income after non-controlling interests</td> <td>81</td> <td>82</td> <td>105</td> <td>114</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Indicators</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cost/income ratio (%)¹⁾</td> <td>39.6</td> <td>43.2</td> <td>40.9</td> <td>43.9</td> </tr> <tr> <td>Earnings per share (€)</td> <td>1.35</td> <td>1.38</td> <td>1.75</td> <td>2.11</td> </tr> <tr> <td>RoE before taxes (%)²⁾</td> <td>7.4</td> <td>7.1</td> <td>7.2</td> <td>8.3</td> </tr> <tr> <td>RoE after taxes (%)²⁾</td> <td>4.8</td> <td>5.1</td> <td>4.8</td> <td>5.7</td> </tr> </tbody> </table> <table border="1" data-bbox="627 1384 1407 1921"> <thead> <tr> <th></th> <th>30 Sep 2013</th> <th>31 Dec 2012</th> <th>31 Dec 2011</th> </tr> <tr> <th></th> <th>€ mn</th> <th>€ mn</th> <th>€ mn</th> </tr> </thead> <tbody> <tr> <td>Portfolio data</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Property finance</td> <td>23,775</td> <td>23,304</td> <td>23,986</td> </tr> <tr> <td>of which: international</td> <td>20,272</td> <td>19,991</td> <td>20,425</td> </tr> <tr> <td>Equity</td> <td>2,420</td> <td>2,352</td> <td>2,169</td> </tr> <tr> <td>Total assets</td> <td>43,352</td> <td>45,734</td> <td>41,814</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Regulatory indicators</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Tier 1 ratio pursuant to AIRBA³⁾</td> <td>18.2</td> <td>16.7</td> <td>16.3</td> </tr> <tr> <td>Total capital ratio pursuant to AIRBA³⁾</td> <td>22.3</td> <td>20.6</td> <td>19.5</td> </tr> </tbody> </table> <p data-bbox="627 1951 1407 2027"> ¹⁾ Structured Property Financing Segment only ²⁾ On an annualised basis ³⁾ Advanced International Ratings-Based Approach (AIRBA) </p>		1 Jan-30 Sep 2013	1 Jan-30 Sep 2012	1 Jan-31 Dec 2012	1 Jan-31 Dec 2011		€ mn	€ mn	€ mn	€ mn	Income statement					Operating profit	140	130	176	185	Net income after non-controlling interests	81	82	105	114						Indicators					Cost/income ratio (%) ¹⁾	39.6	43.2	40.9	43.9	Earnings per share (€)	1.35	1.38	1.75	2.11	RoE before taxes (%) ²⁾	7.4	7.1	7.2	8.3	RoE after taxes (%) ²⁾	4.8	5.1	4.8	5.7		30 Sep 2013	31 Dec 2012	31 Dec 2011		€ mn	€ mn	€ mn	Portfolio data				Property finance	23,775	23,304	23,986	of which: international	20,272	19,991	20,425	Equity	2,420	2,352	2,169	Total assets	43,352	45,734	41,814					Regulatory indicators				Tier 1 ratio pursuant to AIRBA ³⁾	18.2	16.7	16.3	Total capital ratio pursuant to AIRBA ³⁾	22.3	20.6	19.5
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	A description of any material adverse change in the prospects of the Issuer since the date of its last published audited financial statements	There has been no material adverse change in the prospects of Aareal Bank since 31 December 2012.
	A description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information	Save as disclosed in Section B.13 below, there has been no significant change in the financial or trading position of Aareal Bank since 31 December 2013.
B.13	Recent Events	<p>There are no recent material events in respect of the evaluation of the solvency of Aareal Bank, except for the following:</p> <p>In December 2013, Aareal Bank Group did acquire all of the shares of Corealcredit Bank AG. A corresponding sale and purchase agreement was signed on 22 December 2013, with the previous owner, a company of US financial investor Lone Star. The purchase price amounts to EUR 342 million, subject to contractually agreed adjustments until the closing date. According to planning, the transaction - which is subject to the approval of the respective authorities and certain other conditions – is expected to be completed during the first half of 2014 but not before 31 March 2014.</p> <p>On 19 February 2014, the Bank announced that the Management Board and the Supervisory Board will propose to the Annual General Meeting of Aareal Bank AG on 21 May 2014 to distribute a dividend of €0.75 per share for the 2013 financial year.</p> <p>On 20 February 2014, Aareal Bank announced unaudited figures for the fourth quarter 2013 and for the full year 2013 of the Aareal Bank Group. The consolidated financial statements of Aareal Bank for the fiscal year ended 31 December 2013 have not been approved yet by the Supervisory Board of Aareal Bank and are planned to be published on 27 March 2014.</p> <p>The consolidated operating profit of Aareal Bank Group increased in the full year 2013 to €198 million (2012: €176 million). Consolidated operating profit before taxes of €58 million was achieved in the fourth quarter of 2013. Consolidated net income climbed to €93 million for the year as a whole (2012: €85 million), of which €27 million was attributable to the fourth quarter. The net interest income amounted to €527 million in the full year 2013 (previous year: €486 million) and to €147 million in the fourth quarter (Q4/2012: €116 million). Allowance for credit losses was recognised at €113 million (2012: €106 million). New business reached €10.5 billion (2012: €6.3 billion).</p> <p>The return on equity (RoE) of Aareal Bank before taxes rose to 8.0 per cent in the 2013 financial year (2012: 7.2 per cent). Aareal Bank's Tier 1 ratio in accordance with the German Commercial Code (HGB) amounted to 18.5 per cent as at 31 December 2013 (up from 16.7 per cent as at year-end 2012). The core tier 1 ratio was 12.9 per cent (2012: 11.6 per cent).</p>

B.14	Please read Element B.5 together with the information below	
	Dependence upon other entities within the group	Not applicable; Aareal Bank is the parent company of the Aareal Bank Group.
B.15	A description of the Issuer's principal activities	Aareal Bank is an international property bank that is listed in the Prime Standard segment of the regulated market at the Frankfurt Stock Exchange. Aareal Bank AG is the parent company of Aareal Bank Group, which concentrates on providing financing and consultancy services, as well as other services to the property sector.
B.16	Controlling Persons	Not applicable; Aareal Bank is to its knowledge neither directly nor indirectly owned in a manner that would allow such owner to exercise a controlling influence over Aareal Bank.
B.17	Credit ratings assigned to the Issuer and the Notes	Fitch Deutschland GmbH (" Fitch ") ⁽¹⁾ ⁽²⁾ , has assigned a long-term rating of A- to Aareal Bank and is expected to assign a rating of BBB- to the Notes. ⁽³⁾

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- (1) The European Securities and Markets Authority publishes on its website (www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.
 - (2) Fitch is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "CRA Regulation").
 - (3) A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Section C – Securities

Element		
C.1	Type and class of the securities, including any security identification number	<p>Class</p> <p>The Issuer's EUR 300,000,000 subordinated callable fixed rate reset Notes with scheduled maturity in March 2026 constitute subordinated and unsecured obligations of the Issuer.</p> <p>Security Identification Number(s)</p> <p>ISIN: DE000A1TNC94</p> <p>Wertpapierkennnummer (WKN): A1TNC9</p> <p>Common Code: 104637981</p>
C.2	Currency of the securities issue	<p>The Notes are issued in EUR.</p>
C.5	Restrictions on the free transferability of the securities	<p>Not applicable. The Notes are freely transferable.</p>
C.8	Rights attached to the Notes, ranking of the Notes and limitations to the rights attached to the Notes	<p>Rights attached to the Notes</p> <p>Each Holder of the Notes has the right <i>vis-à-vis</i> the Issuer to claim payment of interest, if any, and nominal when such payments are due in accordance with the terms and conditions of the Notes.</p> <p>Redemption</p> <p>The Notes provide for repayment at par on 18 March 2026 (the "Maturity Date").</p> <p>Early Redemption</p> <p>The Issuer may redeem the Notes in whole but not in part on 18 March 2021 (the "Call Redemption Date") at the Redemption Amount together with accrued interest, if any, to (but excluding) the Call Redemption Date, however, only if five years have passed since the issue of the Notes, subject to fulfillment of certain other conditions.</p> <p>Further, the Issuer may, upon giving notice, redeem the Notes in whole but not in part prior to the Maturity Date if the regulatory classification of the Notes has been subject to changes, that would likely result in the Notes no longer being recognised as own funds (Tier 2 Capital), subject to fulfilment of certain other conditions.</p> <p>Ranking</p> <p>The Notes shall constitute own funds in the form of supplementary capital (Tier 2 Capital) according to the Applicable Regulations. Respectively, the obligations under the Notes constitute unsecured and subordinated obligations of the Issuer. In the event of the liquidation or insolvency of the Issuer, such obligations will be subordinated to all present and future claims of all creditors of unsubordinated obligations of the Issuer so that in any such event no amounts shall be payable under such obligations until the claims of all creditors of unsubordinated obligations of the Issuer have been satisfied in full.</p>

		<p>The obligations under the Notes rank (i) <i>pari passu</i> among themselves, (ii) at least <i>pari passu</i> with all other subordinated obligations of the Issuer that constitute regulatory capital in the form of supplementary capital (Tier 2 Capital) according to the Applicable Regulations and (iii) <i>pari passu</i> with all other subordinated obligations of the Issuer, provided that their respective terms and conditions do not include any different provision.</p> <p>"Applicable Regulations" means the provisions of bank supervisory laws relating to capital adequacy and applicable to the Issuer and the Issuer together with its consolidated subsidiaries applicable from time to time (particularly, the German Banking Act (<i>Kreditwesengesetz</i>) and Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms of 26 June 2013, as amended (the "CRR") and any regulations and other rules thereunder applicable from time to time (including, all guidelines and recommendations of the European Banking Authority, the administrative practice of the German Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin</i>) or another competent authority which has assumed the supervisory role, any applicable decision of a court and any applicable transitional provisions).</p> <p>Presentation Periods, Prescription</p> <p>The rights to payment of principal and interest (if any) under the Notes are subject to prescription within a period of two years. The prescription period begins at the end of the period during which the Notes must be duly presented which is reduced to 10 years.</p>
C.9	Please read Element C.8 together with the information below	
	Interest / Fixed-to-fixed Rate Notes	<p>Rate of Interest and Interest Payment Dates</p> <p>The Notes shall bear interest on their principal amount</p> <p>(i) at the rate of 4.25 per cent. per annum from 18 March 2014 (including) to the Call Redemption Date (excluding) and</p> <p>(ii) from the Call Redemption Date (including) to the Maturity Date (excluding) at a rate of interest (the "Reset Rate of Interest") determined by the calculation agent on the Interest Determination Date (as defined below), which is equal to the Five Year Euro Mid Swap Rate (as defined below) plus a margin of 2.90 per cent. per annum.</p> <p>Interest shall be payable in arrear on 18 March in each year (each such date, an "Interest Payment Date"). The first payment of interest shall be made on 18 March 2015.</p> <p>"Five Year Euro Mid Swap Rate" is the annual swap rate expressed as a percentage per annum for euro swap transactions with a maturity of five years which appears on the screen page (as defined below) on the Interest Determination Date under the heading "EURIBOR BASIS – EUR" and above the caption "11:00AM FRANKFURT" as of 11:00 a.m. (Frankfurt time), all as determined by the calculation agent.</p> <p>"Interest Determination Date" means the second Business Day prior to the Call Redemption Date.</p> <p>"Business Day" means a day (other than a Saturday or a Sunday) on which TARGET2 (Trans-European Automated Real-time Gross Settlement Express Transfer System) settles payments.</p>

		<p>"Screen Page" means the Reuters screen page ISDAFIX2.</p> <p>If the Screen Page permanently ceases to quote the Five Year Euro Mid Swap Rate but such quotation is available from another page selected by the calculation agent in equitable discretion (the "Replacement Screen Page"), the Replacement Screen Page shall be used for the purpose of the calculation of the Rate of Interest.</p> <p>If the Screen Page is not available or if no Five Year Euro Mid Swap Rate is quoted (in each case as at such time), and if there is following the verification of the calculation agent no Replacement Screen Page available, the calculation agent shall determine the Five Year Euro Mid Swap Rate on a basis of the Five Year Mid Swap Quotation (as defined below) as provided by five Reference Banks (as defined below) at approximately 11.00 a.m. (Frankfurt time) on the Interest Determination Date.</p> <p>If three or more of the Reference Banks provide the calculation agent with such quotations, the Five Year Euro Mid Swap Rate shall be the arithmetic mean (rounded up- or downwards if necessary) of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in case of equality, one of the lowest), all as determined by the calculation agent.</p> <p>If only two or less of the Reference Banks provides the calculation agent with such quotations, the Five Year Euro Mid Swap Rate shall be the rate as displayed on the Screen Page on the last day preceding the Interest Determination Date on which such rate was displayed.</p> <p>"Five Year Mid Swap Quotation" means the arithmetic mean of the bid and offered rates for the fixed leg (calculated on 30/360 day count fraction basis) of a fixed-for-floating euro interest rate swap with annual interest payments which (i) has a term of five years commencing on the Interest Determination Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledgement dealer of good credit in the swap market and (iii) has a floating interest based on the six-months EURIBOR (calculated on an Act/360 basis) with an acknowledged dealer of good credit in the swap market.</p> <p>"Reference Banks" means those offices of leading swap dealers in the interbank market.</p> <p>Repayment Procedure</p> <p>Payment in respect of the Notes shall be made to the clearing system or to its order for credit to the account of the relevant account holders of the clearing system.</p>
C.10	Please read Element C.9 together with the information below	
	Derivative Component in the Interest Payment	Not applicable. There is no derivative component in the interest payment.

C.11	Application for admission to trading, with a view to a distribution of the securities in a regulated market or other equivalent markets with indication of the markets in questions	Application has been made to admit Notes to be issued under the Prospectus to trading on the regulated market of the Luxembourg Stock Exchange.
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Section D – Risks

Element		
D.2	<p>Key information on the key risks that are specific to Aareal Bank</p>	<p>Credit Risks</p> <p>Credit risk (or counterparty risk) is the risk of losses being incurred due to a business partner defaulting on contractual obligations, collateral being impaired or a risk arising upon realisation of collateral. Credit business and trading activities may be subject to counterparty credit risk.</p> <p>Counterparty Risk in connection with Structured Property Financing</p> <p>This risk depends on factors like creditworthiness, property's capacity to generate earnings, ability of tenants to pay rents, price trend, demand for real estate and general economic situation. If the trend in any of these factors is negative, there is an increased risk of credit defaults. These credit risks are exacerbated by risk concentrations.</p> <p>Counterparty Risk from Trading Activities</p> <p>This is the risk of potential losses in value or foregone profit, which may occur through unexpected default or deterioration of the credit quality of trading counterparties.</p> <p>Collateral Risk</p> <p>This risk encompasses the risk of an impairment of the value of collateral provided to Aareal Bank.</p> <p>Country Risk</p> <p>In addition to the risk of sovereign default or default of state entities this takes into account the risk of a counterparty being unable to meet its payment obligations as a result of government action. Hence there is a relevant default risk of the respective country, and the conversion and transfer risk.</p> <p>Market Price Risk</p> <p>Market price risk is the negative change in the value of the Bank's overall portfolio as a result of price fluctuations or changes in parameters influencing price. Market risk is differentiated as to general and specific market risk, or as individual types of risk.</p> <p>Operational Risk</p> <p>Operational risk is the threat of losses caused by inappropriate internal procedures, work process and control mechanism, technical failure, disasters, human resources and systems (or their failure), or by external events including legal risks deriving from changes in legislation.</p> <p>Liquidity Risk</p> <p>Liquidity risk is the risk of being unable to meet payment obligations or to fulfill such obligations in a timely manner and in all currencies the Bank operates with. Liquidity risk might have an adverse impact on the Bank's access to liquidity and seriously affect its business performance and prospects.</p> <p>Refinancing Risk</p> <p>Refinancing risk is the risk that market developments and changes in the economic environment result in increasing funding costs. Moreover, there is a risk that the money and/or capital markets are not accessible for any refinancing or a material and potentially abrupt withdrawal of deposits.</p>

	<p>Risk of a downgrading of the Issuer's ratings</p> <p>If the ratings of Aareal Bank were to be downgraded, this might impair the Bank's access to refinancing sources and/or cause refinancing costs to rise and may adversely affect its ability to act in the derivative market due to higher collateral requirements and higher costs for hedging purposes.</p> <p>Litigation Risks</p> <p>The companies within Aareal Bank Group are involved in legal proceedings. Due to a large number of uncertainties definite predictions as to their outcome are not possible. Accordingly, it is possible that losses resulting from proceedings will exceed the provisions made for them.</p> <p>Regulatory Risks</p> <p>The regulatory framework is subject to permanent developments and changes. Changes may result in the necessity to raise additional regulatory capital or to restrict business. Moreover, compliance with amended or newly-imposed regulations may lead to an increase in administrative expenses.</p> <p>Risks associated with Amendments to Legal Framework</p> <p>An investment in real estate property is promoted by legislative incentives, including tax incentives. Changes in the legal framework may affect demand for financing. Moreover, legislative changes which adversely affect property income may result in a deterioration of the quality of the loan portfolio.</p> <p>Investment Risk</p> <p>Investment risk is the threat of unexpected losses incurred due to an impairment of the carrying amount of such investment, or a default of loans to equity investments. The concept of investment risk also encompasses risks arising from contingencies vis-à-vis relevant Group entities.</p> <p>Risks specific to Consulting/Services</p> <p>The major risks associated with this segment are described using the Group subsidiaries Aareon AG and Aareal First Financial Solutions AG:</p> <p>In relation to Aareon AG the main risk groups are financial, market, management and organisational, environmental / business and production risks, which are often interrelated. Any realization of such risks might also result in Aareal Bank losing access to a source of refinancing through deposits currently provided by many institutional housing customers.</p> <p>Regarding Aareal First Financial Solutions AG, the main risk groups are operational risks regarding the further development and operation of systems, as well as market risks.</p> <p>Risks relating to the Financial Crisis and the European Sovereign Debt Crisis</p> <p><i>Financial Crisis</i></p> <p>The crisis on the international financial markets established refinancing sources largely dried up. Impairments taken across asset classes impacted income statements in the financial sector. Also the crisis led to a re-evaluation of default risks of the financial system counterparties. Uncertainty remains and may be exacerbated as a consequence of the European sovereign debt crisis.</p>
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		<p><i>European Sovereign Debt Crisis</i></p> <p>If the European sovereign debt crisis persists or worsens, it could lead to further political uncertainty, financial turmoil and social unrest. Euro zone countries could leave the European Monetary Union, or the euro as the single currency of the euro zone could cease to exist.</p> <p>Any of these developments, or the perception that any of these developments are likely to occur, could have a material adverse effect on the economic development, a general anticipation that such risks will materialise in the future could jeopardize the stability of financial markets or the overall financial and monetary system.</p> <p><i>Risks specific for Structured Property Financing</i></p> <p>There is a risk that the crisis will have a negative effect on the property values and rents the Aareal Bank Group holds in its financing portfolio and could also have an adverse effect on the amount of non-performing loans and on the allowance for credit losses. The crisis could have a material adverse effect on Aareal Bank's profitability.</p> <p><i>Risks specific for Consulting/Services</i></p> <p>The crisis leads to a reduced demand for the services offered by the Consulting/Services segment, thus affecting the profitability of that segment. In addition, the low interest rate environment has had an adverse impact on the interest margin which the Aareal Bank Group was able to generate on such deposits.</p> <p><i>Effects of Financial Crisis and European Sovereign Debt Crisis</i></p> <p>The effects of the financial crisis and the European sovereign debt crisis could have an adverse effect on the risk factors described in this section D.2.</p>
D.3	<p>Key information on the key risks that are specific to the securities</p>	<p>Notes may not be a suitable investment for all investors</p> <p>The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances.</p> <p>Currency Risk</p> <p>Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks and should determine whether an investment in the Notes is appropriate in their particular circumstances.</p> <p>Liquidity Risk</p> <p>The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. There is no assurance as to the development or liquidity of any trading market for the Notes. The price at which a Holder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.</p>

		<p>Risk of Early Redemption</p> <p>The Issuer will have the right to redeem the Notes early at par on 18 March 2021 subject to fulfilment of certain further conditions, in particular, the permission of the competent authority must have been granted. Further, the Issuer will have the right to redeem the Notes at par for regulatory reasons if the regulatory classification of the Notes has changed and that change would be likely to result in their exclusion from own funds, subject to the fulfilment of certain further conditions, in particular, the permission of the competent authority must have been granted. Following an early redemption event a reinvestment of the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes may not be possible.</p> <p>Market Price Risk</p> <p>The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including but not limited to the indices and prospects, market interest and yield rates and the time remaining to the Maturity Date of the Notes.</p> <p>Credit Ratings May Not Reflect All Risks</p> <p>Independent credit rating agencies may assign a credit rating to the Notes. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.</p> <p>Taxation risk</p> <p>Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred to or of other jurisdictions. In addition, potential purchasers are advised to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.</p> <p>Legality of Purchase</p> <p>Potential purchasers of the Notes should be aware that the lawfulness of the acquisition of the Notes might be subject to legal restrictions potentially affecting the validity of the purchase. Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different). A prospective purchaser may not rely on the Issuer, the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes.</p> <p>Change of Law</p> <p>The Conditions of Issue are based on German law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change with respect to German law or administrative practice after the Issue Date of any Notes issued under this Prospectus.</p>
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		<p>German Bank Restructuring Act (<i>Restrukturierungsgesetz</i>)</p> <p>In addition, potential investors in the Notes should be aware that their rights may be adversely affected by measures pursuant to the German Bank Restructuring Act (<i>Restrukturierungsgesetz</i>).</p> <p>Risks in connection with the adoption of a future resolution regime and increased costs as a result of ongoing regulatory changes</p> <p>A political agreement to regulate the recovery and resolution of credit institutions throughout the European Union in a Bank Recovery and Resolution Directive ("BRRD") has been reached on 11 December 2013. While the final text of the BRRD has yet to be drawn up on the basis of the political agreement the current draft envisages that the recovery tools of recovery authorities include the bail-in tool which applies to certain liabilities and under which creditors must contribute to ensure the ongoing viability of the institution. The bail-in tool empowers the competent resolution authority upon the occurrence of a specified crisis event to decide by exercising due discretion to write off certain liabilities entirely or in part or to convert these liabilities into equity of the institution. If these measures are enacted there will be a risk that creditors such as noteholders whose claims are subject to such measures lose the value of their investment entirely or in part or receive a share in the institution instead of a claim for repayment and interest. It is not yet clear if and in which form the bail-in tool will be enacted and in respect of which liabilities it can be applied. It would also appear to depend on the situation of the institution concerned and the prevailing market conditions, if and to what extent a resolution authority will apply the bail-in to any individual or class instruments.</p> <p>From 2014 onwards, institutions will be subject to increased capital, liquidity and risk management requirements which will lead to increased costs.</p> <p>Increased costs are also likely to result from further regulatory requirements which are beginning to emerge and necessary implementation measures. Generally, increased costs on a remarkable scale might diminish the funds of the Issuer.</p> <p>Risks relating to callable fixed rate reset Notes</p> <p>The holders of the Notes are exposed to the risk that the price of the note falls as a result of changes in the market interest rate. Further, the holders are exposed to the risk that the interest rate for the interest periods commencing on 18 March 2021 is lower than the rate of interest for the previous interest periods. According to the conditions of issue, the interest rate for the interest periods commencing on 18 March 2021 are calculated on a interest level, which is equal to Five Year Euro Mid Swap Rate plus a margin of 2.90 per cent. per annum and subject to fluctuation.</p> <p>Risks relating to subordinated Notes</p> <p>The obligations under subordinated Notes constitute unsecured and subordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other subordinated obligations of the Issuer. In the event of the dissolution, liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Issuer shall have been satisfied in full.</p>
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		<p>Risks relating to Notes without tax gross up</p> <p>In the event of the imposition of a withholding or deduction by way of tax on interest payments under the Notes, no additional amounts will be paid to the Holders so that Holders will receive interest payments net of such withholding or deduction.</p> <p>FATCA</p> <p>Payments on the Notes may be subject to U.S. withholding tax pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA").</p>
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Section E – Offer

Element		
E.2b	Reasons for the offer and use of proceeds	The net proceeds from the issue of the Notes will be used to strengthen the regulatory total capital base of the Issuer.
E.3	Terms and conditions of the offer (Conditions, pricing, placing and underwriting)	<p>The Notes are issued in an aggregate principal amount of EUR 300,000,000.</p> <p>The denomination of the Notes is EUR 1,000.</p> <p>The Notes are issued at an issue price of 99.638 per cent. The Issue Date is 18 March 2014.</p> <p>The Commitment of the Joint Lead Managers is equivalent to the aggregate principal amount of EUR 300,000,000.</p>
E.4	A description of any interest that is material to the issue/offer including conflicting interests	Not applicable. So far as the Issuer is aware, no person involved in the offer of the Notes is subject to any conflict of interest material to the offer.
E.7	Estimated expenses charged to the investor by the issuer or the offeror	Not applicable, the Issuer will not charge any expenses or taxes. Each investor has however to inform itself about taxes or expenses it may be subject to, e.g. deposit fees.

GERMAN TRANSLATION OF THE SUMMARY

Zusammenfassungen sind zusammengesetzt aus Offenlegungspflichten, die als "Punkte" bekannt sind. Diese Punkte sind in die Abschnitte A – E (A.1 – E.7) nummeriert.

Diese Zusammenfassung enthält alle Punkte, die in eine Zusammenfassung für diese Art von Wertpapieren und die Emittenten aufzunehmen sind. Da einige Punkte nicht zu berücksichtigen sind, kann die Nummerierung Lücken aufweisen.

Auch wenn ein Punkt wegen der Art der Wertpapiere und der Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass bezüglich dieses Punktes keine relevante Information gegeben werden kann. In einem solchen Fall ist in der Zusammenfassung eine kurze Beschreibung des Punktes unter Bezeichnung als "entfällt" enthalten.

Abschnitt A – Einleitung und Warnhinweise

Punkt		
A.1	Warnhinweise	<p>Warnhinweise, dass:</p> <ul style="list-style-type: none"> • die Zusammenfassung als Einleitung zum Prospekt verstanden werden sollte; • sich der Anleger bei jeder Entscheidung in die Schuldverschreibungen zu investieren, auf den Prospekt als Ganzen stützen sollte; • ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung des Prospekts aufkommen muss, bevor das Verfahren eingeleitet werden kann; und • zivilrechtlich nur die Emittentin haftet, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt hat, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen, vermissen lassen.
A.2	Zustimmung zur Verwendung des Prospekts	<p>Jeder Joint Lead Manager und/oder jeder weitere Finanzintermediär, der die Schuldverschreibungen nachfolgend weiter verkauft oder endgültig platziert, ist berechtigt, den Prospekt für den späteren Weiterverkauf oder die endgültige Platzierung der Schuldverschreibungen bis zum 18. März 2014 zu verwenden, vorausgesetzt, dass der Prospekt in Übereinstimmung mit Artikel 11 des Luxemburger Wertpapierprospektgesetzes vom 10. Juli 2005 in seiner jeweils gültigen Fassung (<i>Loi relative aux prospectus pour valeurs mobilières</i>), welches die Richtlinie 2003/71/EG des Europäischen Parlaments und des Rates vom 4. November 2003 (geändert durch Richtlinie 2010/73/EU des Europäischen Parlaments und des Rates vom 24. November 2010) umsetzt, noch gültig ist.</p> <p>Der Prospekt darf potentiellen Investoren nur zusammen mit sämtlichen bis zur Übergabe veröffentlichten Nachträgen übergeben werden. Jeder Nachtrag zum Prospekt kann in elektronischer Form auf der Internetseite der Wertpapierbörse Luxemburg (www.bourse.lu) eingesehen werden.</p> <p>Bei der Nutzung des Prospekts hat jeder Joint Lead Manager und/oder jeweilige weitere Finanzintermediär sicherzustellen, dass er alle</p>

		anwendbaren, in den jeweiligen Jurisdiktionen geltenden Gesetze und Rechtsvorschriften beachtet.
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Abschnitt B – Aareal Bank als Emittentin

Punkt		
B.1	Gesetzliche und kommerzielle Bezeichnung der Emittentin	Aareal Bank AG ist die gesetzliche Bezeichnung der Emittentin. Aareal Bank ist die kommerzielle Bezeichnung der Emittentin.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Aareal Bank AG ist eine nach deutschem Recht in der Bundesrepublik Deutschland gegründete und nach deutschem Recht betriebene Aktiengesellschaft mit Sitz in der Bundesrepublik Deutschland.
B.4b	Bereits bekannte Trends, die sich auf die Emittentin und die Branchen, in denen sie tätig ist, auswirken	<p>Für das Jahr 2014 deutet sich eine leichte Aufhellung der konjunkturellen Entwicklung in der Weltwirtschaft an. Die künftige Wirtschaftsentwicklung ist aber bedeutenden Unsicherheiten ausgesetzt, z.B. im Falle einer erneuten Eskalation der europäischen Staatsschuldenkrise. Eine hohe Schockanfälligkeit der Finanz- und Kapitalmärkte ist im Falle einer Eskalation der Staatsschuldenkrise nach wie vor nicht auszuschließen. Für das Bankgeschäft wird sich die Tendenz strengerer regulatorischer Rahmenbedingungen weiter fortsetzen.</p> <p>Die Entwicklung auf den Gewerbeimmobilienmärkten wird zum einen durch die erwartete leichte konjunkturelle Belebung und zum anderen durch eine hohe Liquidität der Investoren beeinflusst. Die im gesamtwirtschaftlichen Umfeld bestehenden Belastungen und Unsicherheiten sind auch für die Gewerbeimmobilienmärkte von Relevanz und führen zu Unsicherheiten und Risiken, die Wert- und Mietentwicklung von Gewerbeimmobilien negativ beeinflussen können. Die Aareal Bank geht davon aus, dass der Wettbewerb in der Gewerbeimmobilienfinanzierung in Europa, Nordamerika und Asien weiterhin intensiv bleibt. Dies gilt sowohl für Europa, Nordamerika als auch Asien. Zum Wettbewerb könnte auch ein Ausbau der Finanzierungsaktivitäten neben den Banken, z.B. von Versicherungen, beitragen. Generell dürfte die Bereitschaft der Finanzierungsgeber wachsen, niedrigere Margen und höhere Beleihungsausläufe zu akzeptieren.</p> <p>Die Aareal Bank geht für den weiteren Jahresverlauf von einer anhaltend stabilen Entwicklung der deutschen institutionellen Wohnungswirtschaft aus. Im Hinblick auf das Einlagenvolumen erwartet die Aareal Bank eine Fortsetzung des positiven Trends. Die Bank rechnet im Einlagengeschäft in 2014 mit einem anhaltenden Druck auf die Margen.</p>
B.5	Beschreibung der Gruppe und der Stellung der Emittentin innerhalb dieser Gruppe	<p>Die Aareal Bank AG ist Mutterunternehmen der Aareal Bank Gruppe, die direkt oder indirekt Kapitalbeteiligungen an einer Reihe von Unternehmen hält. Die Organisationsstruktur der Aareal Bank Gruppe folgt ihrer Geschäftsstruktur. Die Bank ist aktiv in den beiden Geschäftssegmenten der Aareal Bank Gruppe, Strukturierte Immobilienfinanzierungen und Consulting/Dienstleistungen. Zusätzlich zu ihrem operativen Geschäft erfüllt die Aareal Bank zentrale Managementfunktionen für die Aareal Bank Gruppe.</p> <p>In Bezug auf das Geschäftsfeld Strukturierte Immobilienfinanzierungen sind die wesentlichen Tochterunternehmen der Aareal Bank die Aareal Capital Corporation und die Aareal Bank Asia Limited sowie die Aareal Estate AG und die Aareal Valuation GmbH.</p> <p>In Bezug auf das Geschäftsfeld Consulting/Dienstleistungen sind die</p>

		wesentlichen Tochterunternehmen der Aareal Bank die Aareon AG als Holding-Gesellschaft der Aareon Gruppe und deren Tochterunternehmen sowie die Aareal First Financial Solutions AG und die Deutsche Bau- und Grundstücks-AG.																																																		
B.9	Gewinnprognosen oder -schätzungen	Entfällt. Es erfolgt keine Gewinnprognose oder -schätzung.																																																		
B.10	Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen	Entfällt. PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main hat die Konzernabschlüsse der Aareal Bank für die zum 31. Dezember 2011 und zum 31. Dezember 2012 endenen Geschäftsjahre jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen.																																																		
B.12	Ausgewählte wesentliche historische Finanzinformationen	<p>Die nachstehende Übersicht stellt in überblicksmäßiger Form ausgewählte wesentliche historische Finanzinformationen der Aareal Bank Gruppe dar, die den jeweils geprüften Konzernabschlüssen nach IFRS und den jeweils geprüften Konzernlageberichten zum 31. Dezember 2012 und 2011 sowie dem ungeprüften verkürzten Konzernzwischenabschluss und dem ungeprüften Zwischenlagebericht zum 30. September 2013 der Aareal Bank entnommen wurden:</p> <table border="1"> <thead> <tr> <th></th> <th>01.01.- 30.09.2013</th> <th>01.01.- 30.09.2012</th> <th>01.01.- 31.12.2012</th> <th>01.01.- 31.12.2011</th> </tr> <tr> <th></th> <th>Mio. €</th> <th>Mio. €</th> <th>Mio. €</th> <th>Mio. €</th> </tr> </thead> <tbody> <tr> <td>Gewinn und Verlustrechnung</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Betriebsergebnis</td> <td>140</td> <td>130</td> <td>176</td> <td>185</td> </tr> <tr> <td>Jahresüberschuss nach Anteilen Dritter</td> <td>81</td> <td>82</td> <td>105</td> <td>114</td> </tr> <tr> <td>Kennzahlen</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cost Income Ratio in %¹⁾</td> <td>39,6</td> <td>43,2</td> <td>40,9</td> <td>43,9</td> </tr> <tr> <td>Ergebnis je Aktie in €</td> <td>1,35</td> <td>1,38</td> <td>1,75</td> <td>2,11</td> </tr> <tr> <td>RoE vor Steuern in %²⁾</td> <td>7,4</td> <td>7,1</td> <td>7,2</td> <td>8,3</td> </tr> <tr> <td>RoE nach Steuern in %²⁾</td> <td>4,8</td> <td>5,1</td> <td>4,8</td> <td>5,7</td> </tr> </tbody> </table>		01.01.- 30.09.2013	01.01.- 30.09.2012	01.01.- 31.12.2012	01.01.- 31.12.2011		Mio. €	Mio. €	Mio. €	Mio. €	Gewinn und Verlustrechnung					Betriebsergebnis	140	130	176	185	Jahresüberschuss nach Anteilen Dritter	81	82	105	114	Kennzahlen					Cost Income Ratio in % ¹⁾	39,6	43,2	40,9	43,9	Ergebnis je Aktie in €	1,35	1,38	1,75	2,11	RoE vor Steuern in % ²⁾	7,4	7,1	7,2	8,3	RoE nach Steuern in % ²⁾	4,8	5,1	4,8	5,7
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		30.09.2013	31.12.2012	31.12.2011
		Mio. €	Mio. €	Mio. €
	Bestandszahlen			
	Immobilienfinanzierungen	23.775	23.304	23.986
	davon international	20.272	19.991	20.425
	Eigenkapital	2.420	2.352	2.169
	Bilanzsumme	43.352	45.734	41.814
	Aufsichtsrechtliche Kennziffern			
	Kernkapitalquote nach AIRBA ³⁾	18,2	16,7	16,3
	Gesamtkennziffer nach AIRBA ³⁾	22,3	20,6	19,5
		¹⁾ Nur Segment Strukturierte Immobilienfinanzierungen ²⁾ Auf das Jahr hochgerechnet ³⁾ <i>Advanced International Ratings-Based Approach</i> (AIRBA)		
	Eine Beschreibung jeder wesentlichen Verschlechterung in den Aussichten der Emittentin seit dem Datum des letzten veröffentlichten geprüften Abschlusses	Seit dem 31. Dezember 2012 sind keine wesentlichen nachteiligen Veränderungen in den Aussichten der Aareal Bank eingetreten.		
	Eine Beschreibung wesentlicher Veränderungen bei Finanzlage oder Handelsposition der Emittentin, die nach dem von den historischen Finanzinformationen abgedeckten Zeitraum eingetreten sind	Außer den unten unter Punkt B.13 dargestellten Entwicklungen sind seit dem 31. Dezember 2013 keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition der Aareal Bank eingetreten.		
B.13	Jüngste Entwicklungen	<p>Mit Ausnahme des nachfolgend aufgeführten Sachverhaltes gibt es keine Ereignisse aus der jüngsten Zeit aus der Geschäftstätigkeit der Aareal Bank AG, die für die Bewertung der Zahlungsfähigkeit der Emittentin in hohem Maße relevant sind:</p> <p>Im Dezember 2013 hat die Aareal Bank Gruppe sämtliche Anteile der Corealcredit Bank AG erworben. Eine entsprechende Vereinbarung wurde am 22. Dezember 2013 mit dem bisherigen Eigentümer unterzeichnet, einem Unternehmen des US-Finanzinvestors Lone Star. Der Kaufpreis beträgt EUR 342 Mio., vorbehaltlich vertraglich vereinbarter Anpassungen zum Closing. Die Transaktion, die noch unter dem Vorbehalt behördlicher Genehmigungen und dem Eintritt weiterer Bedingungen steht, soll voraussichtlich im ersten Halbjahr 2014, aber nicht vor dem 31. März 2014, vollzogen werden.</p> <p>Am 19. Februar 2014 verkündete die Bank, dass Vorstand und Aufsichtsrat der Hauptversammlung der Aareal Bank AG am 21. Mai</p>		

		<p>2014 für das Geschäftsjahr 2013 die Ausschüttung einer Dividende von 0,75 € je Aktie vorschlagen werden.</p> <p>Am 20. Februar 2014 hat die Aareal Bank ungeprüfte Zahlen der Aareal Bank Gruppe für das vierte Quartal 2013 sowie für das Gesamtjahr 2013 veröffentlicht. Der Konzernabschluss der Aareal Bank für das Geschäftsjahr 2013 ist vom Aufsichtsrat der Aareal Bank noch nicht festgestellt worden und wird voraussichtlich am 27. März 2014 veröffentlicht.</p> <p>Das Konzernbetriebsergebnis der Aareal Bank Gruppe im Gesamtjahr 2013 stieg auf 198 Mio. € (2012: 176 Mio. €). Auf das vierte Quartal 2013 entfiel dabei ein Konzernbetriebsergebnis von 58 Mio. €. Der Konzerngewinn kletterte im Gesamtjahr 2013 auf 93 Mio. € (Vorjahr: 85 Mio. €); davon entfielen 27 Mio. € auf das vierte Quartal. Der Zinsüberschuss lag im Gesamtjahr bei 527 Mio. € (Vorjahr: 486 Mio. €), im vierten Quartal bei 147 Mio. € (Q4/2012: 116 Mio. €). Die Risikovorsorge belief sich auf 113 Mio. € (Vorjahr: 106 Mio. €). Das Neugeschäft erreichte 10,5 Mrd. € (Vorjahr: 6,3 Mrd. €).</p> <p>Die Eigenkapitalrendite (RoE) der Aareal Bank vor Steuern stieg im Geschäftsjahr 2013 auf 8,0 Prozent (Vorjahr: 7,2 Prozent). Per 31. Dezember 2013 lag die Kernkapitalquote der Aareal Bank nach HGB bei 18,5 Prozent nach 16,7 Prozent zum Jahresende 2012. Die harte Kernkapitalquote lag bei 12,9 Prozent (Vorjahr: 11,6 Prozent).</p>
B.14	Bitte Punkt B.5 zusammen mit den unten stehenden Informationen lesen.	
	Angabe zur Abhängigkeit von anderen Unternehmen innerhalb der Gruppe	Entfällt. Die Aareal Bank AG ist die Muttergesellschaft des Aareal Bank Gruppe.
B.15	Beschreibung der Haupttätigkeiten der Emittentin	Die Aareal Bank ist eine internationale Immobilienbank, die im Prime Standard Segment des regulierten Markts der Frankfurter Wertpapierbörse gelistet ist. Sie ist die Muttergesellschaft der Aareal Bank Gruppe, die sich auf Finanzierungs- und Beratungsleistungen sowie auf andere Dienstleistungen im Immobiliensektor konzentriert.
B.16	Beteiligung; Beherrschungsverhältnis	Entfällt. Es bestehen an der Aareal Bank nach ihrer Kenntnis keine direkten oder indirekten Beteiligungen, welche es dem Beteiligungsinhaber ermöglichen würden, einen beherrschenden Einfluss über die Aareal Bank auszuüben.
B.17	Kreditratings der Emittentin und Schuldverschreibungen	Der Aareal Bank wurde von Fitch Deutschland GmbH ("Fitch") ⁽⁴⁾ ⁽⁵⁾ ein long-term Rating von A- erteilt und den Schuldverschreibungen wird voraussichtlich ein BBB- Rating erteilt. ⁽⁶⁾

⁴ Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (www.esma.europa.eu/page/List-registered-and-certified-CRAs) ein Verzeichnis der nach der Ratingagentur-Verordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingagentur-Verordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

⁵ Fitch hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EU) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. März 2011, (die „Ratingagentur-Verordnung“) registriert.

⁶ Ein Kreditrating ist eine Einschätzung der Kreditwürdigkeit einer Rechtsperson und informiert den Anleger daher über die Wahrscheinlichkeit mit der die Rechtsperson in der Lage ist, angelegtes Kapital zurückzuzahlen. Es ist keine Empfehlung

Abschnitt C – Wertpapiere

Punkt		
C.1	Gattung und Art der Wertpapiere, einschließlich der Wertpapierkennnummern	<p>Gattung</p> <p>Die EUR 300.000.000 nachrangigen kündbaren festverzinslichen Reset-Schuldverschreibungen der Emittentin mit einer planmäßigen Fälligkeit im März 2026 stellen nachrangige und unbesicherte Verbindlichkeiten der Emittentin dar.</p> <p>Wertpapierkennnummern</p> <p>ISIN: DE000A1TNC94</p> <p>Wertpapierkennnummer (WKN): A1TNC9</p> <p>Common Code: 104637981</p>
C.2	Währung der Wertpapieremission	<p>Die Schuldverschreibungen sind in EUR begeben.</p>
C.5	Beschränkungen der freien Übertragbarkeit	<p>Entfällt. Die Schuldverschreibungen sind frei übertragbar.</p>
C.8	Rechte, die mit den Wertpapieren verbunden sind, Rangfolge der Wertpapieren und Einschränkungen der mit den Wertpapieren verbundenen Rechte	<p>Rechte, die mit den Schuldverschreibungen verbunden sind</p> <p>Jeder Inhaber von Schuldverschreibungen hat aus ihnen das Recht, Zahlungen von Kapital und ggf. Zinsen von der Emittentin zu verlangen, wenn diese Zahlungen gemäß den Anleihebedingungen fällig sind.</p> <p>Rückzahlung</p> <p>Die Schuldverschreibungen sehen eine Rückzahlung zum Nennbetrag am 18. März 2026 (der "Fälligkeitstag") vor.</p> <p>Vorzeitige Rückzahlung</p> <p>Die Emittentin kann die Schuldverschreibungen insgesamt, jedoch nicht teilweise, am 18. März 2021 (der "Wahl-Rückzahlungstag") zum Rückzahlungsbetrag zuzüglich etwaiger bis zum Wahl-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen, wenn mindestens fünf Jahre seit der Begebung der Schuldverschreibungen vergangen sind und weitere Voraussetzungen erfüllt sind.</p> <p>Ferner kann die Emittentin, nachdem sie gekündigt hat, die Schuldverschreibungen insgesamt, jedoch nicht nur teilweise, vor dem Fälligkeitstag zurückzahlen, wenn sich die aufsichtsrechtliche Einstufung der Schuldverschreibungen ändert, was wahrscheinlich zur Folge hat, dass die Schuldverschreibungen nicht mehr als Eigenmittel (Tier 2 Kapital) anerkannt werden, und weitere Voraussetzungen erfüllt sind.</p>

Wertpapiere zu kaufen, zu verkaufen oder zu halten und kann jederzeit durch die Ratingagentur geändert oder zurückgenommen werden.

		<p>Rangfolge</p> <p>Die Schuldverschreibungen sollen gemäß den Anwendbaren Vorschriften bankaufsichtsrechtliche Eigenmittel in Form von Ergänzungskapital (Tier 2 Kapital) darstellen. Entsprechend begründen die Schuldverschreibungen nicht besicherte, nachrangige Verbindlichkeiten der Emittentin. Im Fall der Liquidation oder Insolvenz der Emittentin gehen die Verbindlichkeiten aus den Schuldverschreibungen sämtlichen gegenwärtigen und künftigen Ansprüchen von Gläubigern aus nicht nachrangigen Verbindlichkeiten der Emittentin im Rang nach, so dass Zahlungen auf die Schuldverschreibungen erst erfolgen, nachdem die Ansprüche aus allen nicht nachrangigen Verbindlichkeiten der Emittentin vollständig befriedigt sind.</p> <p>Die Verbindlichkeiten aus den Schuldverschreibungen sind (i) untereinander gleichrangig, (ii) mit allen anderen nachrangigen Verbindlichkeiten der Emittentin, die zum Emissionszeitpunkt bankaufsichtsrechtliche Eigenmittel in Form von Ergänzungskapital (Tier 2 Kapital) darstellen, zumindest gleichrangig und (iii) mit allen anderen nachrangigen Verbindlichkeiten der Emittentin gleichrangig, soweit deren Bedingungen keine abweichenden Regelungen vorsehen.</p> <p>"Anwendbare Vorschriften" bezeichnet die jeweils gültigen, sich auf die Kapitalanforderungen der Emittentin sowie der Emittentin und ihrer konsolidierten Tochtergesellschaften beziehenden Vorschriften des Bankenaufsichtsrechts (insbesondere das Kreditwesengesetz und die Verordnung (EU) 575/2013 des Europäischen Parlaments und des Rates über Aufsichtsanforderungen an Kreditinstitute und Wertpapierfirmen vom 26. Juni 2013 in der jeweils gültigen Fassung (die "CRR")) und der darunter fallenden Verordnungen und sonstigen Vorschriften (einschließlich der jeweils geltenden Leitlinien und Empfehlungen der Europäischen Bankenaufsichtsbehörde, der Verwaltungspraxis der Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) oder einer anderen zuständigen Behörde, welche die Aufsichtsaufgaben übernommen hat, den einschlägigen Entscheidungen der Gerichte und den anwendbaren Übergangsbestimmungen).</p> <p>Vorlegungsfristen, Verjährung</p> <p>Die Rechte auf Zahlung von Kapital und Zinsen (falls angefallen) aus den Schuldverschreibungen unterliegen einer Verjährungsfrist von zwei Jahren. Die Verjährungsfrist beginnt mit Ablauf der Vorlegungsfrist, die auf 10 Jahre verkürzt wird.</p>
C.9	Bitte Punkt C.8. zusammen mit den unten stehenden Informationen lesen.	
	<p>Zinssatz / fest zu fest verzinsliche Schuldverschreibungen</p>	<p>Zinssatz und Zinszahlungstage</p> <p>Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag verzinst, und zwar</p> <p>(i) vom 18. März 2014 (einschließlich) bis zum Wahl-Rückzahlungstag (ausschließlich) mit 4,25 % per annum und</p> <p>(ii) vom Wahl-Rückzahlungstag (einschließlich) bis zum Fälligkeitstag (ausschließlich) mit einem am Zinsfestlegungstag (wie nachfolgend definiert) festgestellten Zinssatz (der "Reset-Zinssatz"), der dem Fünf-Jahres-Euro-Mid-Swap-Satz (wie nachfolgend definiert) plus einer Marge von 2,90 % per annum entspricht, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.</p> <p>Die Zinsen sind nachträglich am 18. März eines jeden Jahres zahlbar (jeweils</p>

		<p>ein "Zinszahlungstag"). Die erste Zinszahlung erfolgt am 18. März 2015.</p> <p>"Fünf-Jahres-Euro-Mid-Swap-Satz" ist der als Zinssatz per annum ausgedrückte Swapsatz bezüglich in Euro denominierte Swap Transaktionen mit einer Laufzeit von fünf Jahren der auf der Bildschirmseite (wie nachfolgend definiert) am Zinsfestlegungstag unter der Bildüberschrift "EURIBOR BASIS – EUR" und über der Spalte "11:00AM FRANKFURT" gegen 11:00 Uhr (Frankfurter Ortszeit) angezeigt wird, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.</p> <p>"Zinsfestlegungstag" bezeichnet den zweiten Geschäftstag vor dem Wahl-Rückzahlungstag.</p> <p>"Geschäftstag" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem TARGET2 (Trans-European Automated Real-time Gross Settlement Express Transfer System) Zahlungen abwickelt.</p> <p>"Bildschirmseite" bedeutet die Reuters Bildschirmseite ISDAFIX2.</p> <p>Hat die Bildschirmseite dauerhaft aufgehört, den Fünf-Jahres-Euro-Mid-Swap-Satz anzugeben, ist diese Quotierung jedoch auf einer anderen von der Berechnungsstelle nach billigem Ermessen ausgewählten Bildschirmseite verfügbar (die "Ersatzbildschirmseite"), wird die Ersatzbildschirmseite zum Zweck der Zinssatzberechnung eingesetzt.</p> <p>Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen oder wird der Fünf-Jahres-Euro-Mid-Swap-Satz nicht angezeigt (in jedem dieser Fälle zu der genannten Zeit) und ist nach Feststellung der Berechnungsstelle keine Ersatzbildschirmseite verfügbar, wird der Fünf-Jahres-Euro-Mid-Swap-Satz von der Berechnungsstelle auf der Grundlage der Fünf-Jahres-Mid-Swap-Quotierung (wie nachfolgend definiert), die ihr von fünf Referenzbanken (wie nachstehend definiert) um ca. 11.00 Uhr (Frankfurter Ortszeit) am Zinsfestlegungstag gemeldet werden, festgelegt.</p> <p>Falls drei oder mehr Referenzbanken der Berechnungsstelle solche Quotierungen nennen, ist der Fünf-Jahres-Euro-Mid-Swap-Satz das arithmetische Mittel (falls erforderlich, auf- oder abgerundet) dieser Quotierungen, wobei die höchste bzw. eine der höchsten Quotierungen bei identischen Quotierungen und die niedrigste Quotierung bzw. eine der niedrigsten Quotierungen bei identischen Quotierungen nicht mitgezählt werden, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.</p> <p>Falls nur zwei oder weniger Referenzbanken der Berechnungsstelle solche Quotierung nennen, so ist der Fünf-Jahres-Euro-Mid-Swap-Satz der Satz, wie er auf der Bildschirmseite an dem letzten Tag vor dem jeweiligen Zinsfestlegungstag, an dem dieser Satz noch angezeigt wurde, angezeigt worden ist.</p> <p>"Fünf-Jahres-Mid-Swap-Quotierung" bedeutet den arithmetischen Mittelwert von Kauf- und Verkaufssätzen für den Festzinssatz (auf Basis eines 30/360 Zinstagequotienten berechnet) für einen Fixed-for-Floating Euro Zinsswap mit jährlicher Zinszahlung, der (i) eine fünfjährige Laufzeit hat, beginnend mit dem Zinsfestlegungstag, (ii) ein Betrag ist, der ein repräsentativer Wert für eine einzelne Transaktion im relevanten Markt zum jeweiligen Zeitpunkt mit einem anerkannten Händler mit guter Bonität auf dem Swapmarkt ist und (iii) einen variablen Zinssatz auf Basis des Sechs-Monats EURIBOR (auf Basis eines Act/360 Zinstagequotienten berechnet) hat.</p> <p>"Referenzbanken" bezeichnet die Niederlassungen von führenden Swap-Händlern im Interbanken-Markt.</p>
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		<p>Rückzahlungsverfahren</p> <p>Zahlungen in Bezug auf die Schuldverschreibungen erfolgen an das Clearing System oder dessen Order zur Gutschrift auf die Konten der jeweiligen Kontoinhaber des Clearingsystems.</p>
C.10	Bitte Punkt C.9. zusammen mit den unten stehenden Informationen lesen.	
	<p>Erläuterung wie der Wert der Anlage beeinflusst wird, falls die Wertpapiere eine derivative Komponente bei der Zinszahlung aufweisen</p>	Nicht anwendbar; die Schuldverschreibungen weisen keine derivative Komponente bei der Zinszahlung auf.
C.11	<p>Antrag auf Zulassung zum Handel, um die Wertpapiere an einem geregelten Markt oder anderen gleichwertigen Märkten zu platzieren, wobei die betreffenden Märkte zu nennen sind</p>	Für die unter dem Prospekt begebenen Schuldverschreibungen ist ein Antrag auf Zulassung zum Börsenhandel im regulierten Markt der Luxemburger Wertpapierbörse gestellt worden.

Abschnitt D – Risiken

Punkt		
D.2	<p>Wichtige Informationen über die wesentlichen mit der Aareal Bank verbundenen Risiken</p>	<p>Kreditrisiken</p> <p>Das Kreditrisiko (oder Adressenausfallrisiko) ist das Risiko von Verlusten infolge des Ausfalls eines Geschäftspartners im Hinblick auf seine vertraglichen Verpflichtungen, infolge eines Wertverlustes der Sicherheiten oder infolge eines Risikos im Zusammenhang mit der Verwertung von Sicherheiten. Das Kreditgeschäft und Handelsgeschäfte können dem Kreditrisiko der Gegenpartei ausgesetzt sein.</p> <p>Adressenausfallrisiko im Zusammenhang mit Strukturierten Immobilienfinanzierungen</p> <p>Dieses Risiko hängt ab von Faktoren wie der Kreditwürdigkeit, der Ertragskraft der Immobilie, der Fähigkeit der Mieter, Mietzahlungen zu leisten, der Preisentwicklung, der Nachfrage nach Immobilien und der allgemeinen Wirtschaftslage. Weist einer dieser Faktoren negative Trends auf, besteht ein erhöhtes Kreditausfallrisiko. Diese Kreditrisiken werden verschärft durch die Risikokonzentration.</p> <p>Adressenausfallrisiko aus Handelsgeschäften</p> <p>Dieses Risiko besteht in der Möglichkeit von Wertverlusten oder entgangenen Gewinnen, die im Zuge unerwarteter Ausfälle oder einer Verschlechterung der Bonität der Gegenparteien zu Handelsgeschäften auftreten können.</p> <p>Besicherungsrisiko</p> <p>Dieses Risiko umfasst das Risiko, dass sich der Wert der Sicherheiten, die der Aareal Bank gestellt wurden, verschlechtert.</p> <p>Länderrisiko</p> <p>Neben dem Risiko von Staatsausfällen oder Ausfällen im staatlichen Sektor ist hier das Risiko zu berücksichtigen, dass eine Gegenpartei ihre Zahlungsverpflichtungen aufgrund staatlicher Maßnahmen nicht erfüllen kann. Daher besteht neben dem maßgeblichen Ausfallrisiko des jeweiligen Landes auch das Umtausch- und Transferisiko.</p> <p>Marktpreisrisiko</p> <p>Das Marktpreisrisiko betrifft die Möglichkeit von Wertverlusten im Gesamtportfolio der Bank, die infolge von Preisschwankungen oder Veränderungen der preisbeeinflussenden Parameter auftreten. Das Marktrisiko ist unterteilt in allgemeines und spezifisches Marktrisiko bzw. in einzelne Risikoarten.</p> <p>Operationelles Risiko</p> <p>Das operationelle Risiko besteht in der Gefahr von Verlusten, die sich im Zusammenhang mit unangemessenen internen Verfahren, Arbeitsabläufen und Kontrollmechanismen, technischem Versagen, Katastrophen, Menschen und Systemen (oder deren Ausfällen) oder aus externen Ereignissen ergeben. Hierzu zählen auch rechtliche Risiken infolge von Gesetzesänderungen.</p>

		<p>Liquiditätsrisiko</p> <p>Das Liquiditätsrisiko ist das Risiko, dass Zahlungsverpflichtungen nicht oder nicht rechtzeitig und in allen Währungen, mit denen die Bank arbeitet, erfüllt werden können. Das Liquiditätsrisiko kann sich negativ auf den Zugang der Bank zu Liquidität auswirken und die Geschäftsentwicklung und Aussichten der Bank erheblich beeinflussen.</p> <p>Refinanzierungsrisiko</p> <p>Das Refinanzierungsrisiko ist das Risiko, dass Marktentwicklungen und Veränderungen des konjunkturellen Umfelds zu steigenden Finanzierungskosten führen. Darüber hinaus besteht ein Risiko, dass kein Zugang zu Geld- und/oder Kapitalmärkten für Refinanzierungszwecke besteht oder Einlagen in wesentlicher Höhe möglicherweise unverhofft abgezogen werden.</p> <p>Risiko der Herabstufung des Emittentenratings</p> <p>Sollten die Ratings der Aareal Bank herabgestuft werden, so kann dies den Zugang der Bank zu Refinanzierungsquellen beeinträchtigen und/oder steigende Refinanzierungskosten zur Folge haben und sich infolge höherer Sicherungsanforderungen und Besicherungskosten nachteilig auf die Handlungsfähigkeit der Bank am Derivatemarkt auswirken.</p> <p>Risiken in Bezug auf Rechtsstreitigkeiten</p> <p>Die Gesellschaften der Aareal Bank Gruppe sind an Rechtsstreitigkeiten beteiligt. Eindeutige Vorhersagen zu deren Ergebnissen sind infolge einer Vielzahl von Unsicherheiten nicht möglich. Daher können die Verluste im Zusammenhang mit Gerichtsverfahren die hierfür gebildeten Rückstellungen übersteigen.</p> <p>Aufsichtsrechtliche Risiken</p> <p>Der aufsichtsrechtliche Rahmen ist Gegenstand ständiger Entwicklung und Veränderungen. Veränderungen können die Aufbringung zusätzlicher aufsichtsrechtlicher Eigenmittel oder die Einschränkung der Geschäftstätigkeit erfordern. Darüber hinaus kann die Einhaltung geänderter oder neu eingeführter Vorschriften höhere administrative Aufwendungen nach sich ziehen.</p> <p>Risiken im Zusammenhang mit Änderungen des Rechtsrahmens</p> <p>Eine Anlage in Immobilienvermögen wird durch rechtliche Anreize, einschließlich Steueranreizen, unterstützt. Veränderungen des Rechtsrahmens können die Nachfrage nach Finanzierungsprodukten beeinflussen. Darüber hinaus können Gesetzesänderungen, die sich negativ auf Einkünfte aus Immobilienvermögen auswirken, zu einer Verschlechterung der Qualität des Darlehensportfolios führen.</p> <p>Investmentrisiko</p> <p>Das Investmentrisiko berücksichtigt die Gefahr unerwarteter Verluste, die aus der Minderung des Buchwerts einer entsprechenden Anlage oder aus dem Ausfall von Darlehen an Beteiligungen resultieren. Das Konzept des Investmentrisikos umfasst auch Risiken im Zusammenhang mit Haftungsverhältnissen gegenüber maßgeblichen Gruppengesellschaften.</p>
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		<p>Spezielle Risiken im Segment Consulting/Dienstleistungen</p> <p>Die wesentlichen Risiken im Zusammenhang mit diesem Segment werden anhand der Konzerntochtergesellschaften Aareon AG und Aareal First Financial Solutions AG beschrieben:</p> <p>In Bezug auf Aareon AG sind die bedeutendsten – häufig auch miteinander verbundenen – Risikogruppen: finanzielle Risiken, Marktrisiken, Management- und organisatorische Risiken sowie Umwelt-/Geschäfts- und Produktionsrisiken. Treten diese Risiken ein, könnte dies ebenfalls dazu führen, dass die Aareal Bank den Zugang zu ihrer Finanzierungsquelle aus Einlagen verliert, die derzeit von vielen Kunden der institutionellen Wohnungswirtschaft bereitgestellt werden.</p> <p>Im Zusammenhang mit Aareal First Financial Solutions AG zählen neben den operationellen Risiken im Zusammenhang mit der Weiterentwicklung und dem Betrieb der Systeme auch die Marktrisiken zu den bedeutendsten Risikogruppen.</p> <p>Risiken in Bezug auf die Finanzkrise und die europäische Staatsschuldenkrise</p> <p><i>Finanzkrise</i></p> <p>Die Krise an den internationalen Finanzmärkten hat etablierte Finanzierungsquellen vielfach ausgetrocknet. Wertberichtigungen wirkten sich über alle Anlageformen hinweg auf die Gewinn- und Verlustrechnungen aus und die Krise führte zu einer Neubewertung der mit den Gegenparteien im Finanzsystem verbundenen Ausfallrisiken. Die andauernde Unsicherheit könnte durch die europäische Staatsschuldenkrise verstärkt werden.</p> <p><i>Europäische Staatsschuldenkrise</i></p> <p>Eine Fortdauer oder Verschärfung der europäischen Staatsschuldenkrise könnte weitere politische Unsicherheit, Turbulenzen am Finanzmarkt und soziale Unruhe nach sich ziehen. Dies könnte für einzelne Länder der Eurozone den Austritt aus der Europäischen Währungsunion bedeuten oder die Abschaffung des Euro als Einheitswährung der Eurozone zur Folge haben.</p> <p>Jede solche Entwicklung – oder die Erwartung einer diesbezüglichen hohen Eintrittswahrscheinlichkeit – könnte sich negativ auf die wirtschaftliche Entwicklung auswirken; besteht eine allgemeine Wahrnehmung, dass solche Risiken in Zukunft eintreten werden, könnte hierdurch die Stabilität der Finanzmärkte oder des gesamten Finanz- und Währungssystems gefährdet werden.</p> <p><i>Spezielle Risiken im Segment Strukturierte Immobilienfinanzierungen</i></p> <p>Es besteht ein Risiko, dass die Krise negative Auswirkungen auf die Immobilienwerte und Mieteinnahmen im Finanzierungsportfolio der Aareal Bank Gruppe hat und darüber hinaus die Höhe der notleidenden Kredite und Risikovorsorge im Kreditgeschäft nachteilig beeinflusst. Die Krise könnte erhebliche nachteilige Auswirkungen auf die Rentabilität der Aareal Bank haben.</p> <p><i>Spezielle Risiken im Segment Consulting/Dienstleistungen</i></p> <p>Die Krise resultiert in einer sinkenden Nachfrage nach den im Segment Consulting/Dienstleistungen angebotenen Leistungen und beeinflusst so die Rentabilität des Segments. Ferner belastete das niedrige Zinsniveau die Zinsmarge der Aareal Bank Gruppe im Zusammenhang mit diesen Einlagen.</p>
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		<p><i>Folgen der Finanzkrise und der europäischen Staatsschuldenkrise</i></p> <p>Die Folgen der Finanzkrise und der europäischen Staatsschuldenkrise könnten nachteilige Auswirkungen auf die in diesem Abschnitt D.2. beschriebenen Risikofaktoren haben.</p>
D.3	<p>Wichtige Informationen über die wesentlichen mit den Wertpapieren verbundenen Risiken</p>	<p>Schuldverschreibungen sind unter Umständen nicht für alle Anleger eine geeignete Anlageform</p> <p>Die Schuldverschreibungen sind unter Umständen nicht für alle Anleger eine geeignete Anlageform. Jeder an den Schuldverschreibungen interessierte Anleger muss die Eignung dieser Investition vor dem Hintergrund seiner eigenen Umstände prüfen.</p> <p>Währungsrisiko</p> <p>An den Schuldverschreibungen interessierte Anleger sollten sich darüber im Klaren sein, dass eine Anlage in die Schuldverschreibungen mit Wechselkursrisiken verbunden sein kann; sie sollten prüfen, ob eine Anlage in die Schuldverschreibungen vor dem Hintergrund ihrer eigenen Umstände geeignet ist.</p> <p>Liquiditätsrisiko</p> <p>Bei den Schuldverschreibungen handelt es sich um neue Wertpapiere, die möglicherweise keine weite Verbreitung finden und für die zurzeit kein aktiver Markt existiert. Es besteht keine Gewissheit, dass sich ein liquider oder überhaupt ein Markt für die Schuldverschreibungen entwickeln wird. Es ist denkbar, dass ein Gläubiger die Schuldverschreibungen vor Fälligkeit nur mit einem – möglicherweise erheblichen – Abschlag vom Ausgabepreis oder von dem durch diesen Gläubiger gezahlten Kaufpreis verkaufen kann.</p> <p>Risiko der vorzeitigen Rückzahlung</p> <p>Die Emittentin hat das Recht, am 18. März 2021 die Schuldverschreibungen zum Nennbetrag vorzeitig zurück zu zahlen, wenn bestimmte weitere Voraussetzungen, insbesondere die Zustimmung der zuständigen Behörde, erfüllt sind. Ferner hat die Emittentin das Recht, die Schuldverschreibungen aus regulatorischen Gründen zum Nennbetrag vorzeitig zurück zu zahlen, wenn sich die aufsichtsrechtliche Einstufung der Schuldverschreibungen ändert, was wahrscheinlich zur Folge hat, dass die Schuldverschreibungen nicht mehr als Eigenmittel anerkannt werden und bestimmte weitere Voraussetzungen, insbesondere die Zustimmung der zuständigen Behörde, erfüllt sind. Nach einer vorzeitigen Rückzahlung auslösendes Ereignis kann sich eine Reinvestition der Rückzahlungserlöse in ein vergleichbares Wertpapier mit einer ähnlich hohen effektiven Verzinsung wie die der Schuldverschreibungen als nicht möglich erweisen.</p> <p>Marktpreisrisiko</p> <p>Der Marktwert der Schuldverschreibungen wird durch die Bonität der Emittentin und eine Reihe weiterer Faktoren beeinflusst, einschließlich, aber nicht beschränkt auf Indizes und Aussichten, Marktzinsen und Renditen sowie die Restlaufzeit der Schuldverschreibungen.</p>

		<p>Kredit-Ratings spiegeln möglicherweise nicht alle Risiken wider</p> <p>Unabhängige Rating-Agenturen können ein Kreditrating für die Schuldverschreibungen vergeben. Das Rating reflektiert nicht zwingend alle möglichen Folgen sämtlicher Risiken im Zusammenhang mit der Struktur, dem Markt und den weiteren, oben beschriebenen Faktoren; der Wert der Schuldverschreibungen kann auch durch andere Faktoren beeinflusst werden.</p> <p>Ein Kreditrating ist keine Empfehlung zum Kauf, Verkauf oder Halten von Wertpapieren und kann jederzeit von der Ratingagentur geändert oder entzogen werden.</p> <p>Steuerliches Risiko</p> <p>Interessierte Käufer und Verkäufer der Schuldverschreibungen sollten sich darüber im Klaren sein, dass ihnen eine Verpflichtung zur Zahlung von Steuern oder anderen Dokumentationsgebühren oder Abgaben entstehen kann. Diese bemisst sich nach Maßgabe der Gesetze und der Verwaltungspraxis des Landes, in das die Schuldverschreibungen übertragen werden, oder nach Maßgabe der Gesetze und der Verwaltungspraxis anderer Rechtsordnungen. Interessierten Käufern wird zudem geraten, sich bezüglich ihrer individuellen Besteuerung des Erwerbs, der Veräußerung und der Rückzahlung der Schuldverschreibungen an ihre eigenen Steuerberater zu wenden. Nur diese Berater sind in der Lage, die spezifische Situation des interessierten Anlegers fachgerecht zu beurteilen.</p> <p>Rechtmäßigkeit des Erwerbs</p> <p>Interessierte Käufer der Schuldverschreibungen sollten sich darüber im Klaren sein, dass der rechtmäßige Erwerb der Schuldverschreibungen rechtlichen Beschränkungen unterliegen kann, die Einfluss haben auf die Wirksamkeit des Erwerbs. Die Emittentin, die Joint Lead Manager oder ihre verbundenen Unternehmen haften weder jetzt noch in Zukunft und weder nach den Gesetzen ihrer Gründungsrechtsordnung noch – sofern diese verschieden sind – nach den Gesetzen der Rechtsordnung, in denen sie tätig sind, für die Rechtmäßigkeit des Erwerbs der Schuldverschreibungen durch einen interessierten Käufer der Schuldverschreibungen. Ein interessierter Käufer kann sich im Zusammenhang mit der Feststellung der Rechtmäßigkeit des Erwerbs der Schuldverschreibungen nicht auf die Emittentin, die Joint Lead Manager oder eines ihrer jeweiligen verbundenen Unternehmen berufen.</p> <p>Rechtsänderungen</p> <p>Die Bedingungen der Schuldverschreibungen bestimmen sich nach dem zum Datum dieses Prospekts geltenden Recht der Bundesrepublik Deutschland. Hinsichtlich der möglichen Folgen einer etwaigen gerichtlichen Entscheidung oder einer Änderung der deutschen Gesetze oder Verwaltungspraxis nach dem Ausgabetag von im Rahmen dieses Prospekts begebenen Schuldverschreibungen kann keine Zusicherung abgegeben werden.</p> <p>Restrukturierungsgesetz</p> <p>Zudem sollte sich jeder an den Schuldverschreibungen interessierte Anleger darüber im Klaren sein, dass das Restrukturierungsgesetz zu einer Beeinträchtigung seiner Rechte führen kann.</p>
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		<p>Risiken im Zusammenhang mit einer künftigen Abwicklungsregelung und erhöhten Kosten als Folge fortlaufender Änderungen der aufsichtsrechtlichen Regelungen</p> <p>Am 11. Dezember 2013 wurde eine politische Einigung über die Regelung der Sanierung und Abwicklung von Kreditinstituten in der Europäischen Union im Wege einer Bankensanierungs- und Abwicklungsrichtlinie ("BRRD") erzielt. Der endgültige Text der BRRD muss noch auf Basis der politischen Einigung erstellt werden. Der letzte verfügbare Entwurf sieht im Rahmen der den Abwicklungsbehörden zur Verfügung stehenden Abwicklungsinstrumente auch das Bail-in-Instrument für bestimmte Verbindlichkeiten vor, wonach auch Gläubiger des Instituts einen Beitrag zur Fortführung des Instituts leisten müssen. So kann nach dem Bail-in-Instrument bei Eintritt eines näher bestimmten Krisenereignisses die zuständige Abwicklungsbehörde nach pflichtgemäßem Ermessen entscheiden, dass bestimmte Verbindlichkeiten vollständig oder teilweise abgeschrieben oder in eine Beteiligung am Institut umgewandelt werden.</p> <p>Sollten diese Maßnahmen Gesetz werden, besteht das Risiko, dass Gläubiger wie Anleihehaber, deren Forderungen von einer solchen Maßnahme betroffen wären, den Wert ihrer Forderung ganz oder teilweise verlieren oder anstelle einer Forderung auf Rückzahlung der Anleihe und Zinsen eine Beteiligung am Institut erhalten. Noch steht nicht fest, ob und in welcher Form das Bail-in-Instrument Gesetz wird und auf welche Verbindlichkeiten es Anwendung findet. Auch dürfte es von der jeweiligen Lage des betroffenen Instituts und dem vorherrschenden Marktumfeld abhängen, ob und inwieweit eine Abwicklungsbehörde das Bail-in-Instrument auf einzelne Verbindlichkeiten oder Kategorien von Verbindlichkeiten anwendet.</p> <p>Institute unterliegen ab 2014 höheren Eigenkapital- und Liquiditätsvorgaben und müssen strengere Anforderungen an das Risikomanagement erfüllen, was mit höheren Kosten verbunden ist. Höhere Kosten werden wahrscheinlich zudem durch sich jetzt bereits abzeichnende weitere aufsichtsrechtliche Anforderungen und erforderliche Umsetzungsmaßnahmen entstehen. Generell können in einem erheblichen Umfang erhöhte Kosten die finanziellen Mittel der Emittentin verringern.</p> <p>Risiken in Bezug auf nachrangige kündbare festverzinsliche Reset-Schuldverschreibungen</p> <p>Die Gläubiger von Schuldverschreibungen tragen das Risiko, dass der Preis einer solchen Schuldverschreibung infolge von Veränderungen des Marktzinssatzes fällt. Ferner tragen die Gläubiger das Risiko, dass der Zinssatz für die Zinsperioden beginnend am 18. März 2021 niedriger ist als der Zinssatz für die vorausgehenden Zinsperioden. Gemäß den Emissionsbedingungen wird der Zinssatz für die am 18. März 2021 beginnende Zinsperiode auf einem Zinsniveau berechnet, der dem Fünf-Jahres-Euro-Mid-Swap-Satz plus einer Marge von 2,90 % per annum entspricht und der Schwankungen unterliegt.</p>
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		<p>Risiken in Bezug auf nachrangige Schuldverschreibungen.</p> <p>Bei den Verbindlichkeiten aus nachrangigen Schuldverschreibungen handelt es sich um unbesicherte und nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind. Bei Einleitung eines Verfahrens zur Auflösung oder Liquidation der Emittentin oder bei Eröffnung eines gerichtlichen Insolvenzverfahrens über das Vermögen derselben bzw. bei Einleitung eines Vergleichsverfahrens oder ähnlichen Verfahrens zur Vermeidung eines Insolvenzverfahrens gehen diese Verbindlichkeiten den Ansprüchen aller nicht nachrangigen Gläubiger der Emittentin im Range nach; dies hat zur Folge, dass Zahlungen auf diese Verbindlichkeiten erst zu leisten sind, nachdem die Ansprüche aller nicht nachrangigen Gläubiger der Emittentin vollständig erfüllt wurden.</p> <p>Risiken in Bezug auf Schuldverschreibungen ohne Steuerausgleich</p> <p>Werden hinsichtlich der auf die Schuldverschreibungen zu entrichtenden Zinszahlungen Steuern erhoben und einbehalten oder in Abzug gebracht, löst dies keine zusätzlichen Zahlungen an die Gläubiger aus; dies bedeutet, dass die Zinszahlungen an die Gläubiger nach Abzug solcher einbehaltener oder in Abzug gebrachter Steuern erfolgen.</p> <p>FATCA</p> <p>Zahlungen auf die Schuldverschreibungen können der US-Quellensteuer gemäß Sections 1471 bis 1474 des <i>U.S. Internal Revenue Code</i> ("FATCA") unterworfen werden.</p>
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Abschnitt E – Angebot

Punkt		
E.2b	Gründe für das Angebot und Zweckbestimmung der Erlöse	Die Nettoerlöse aus der Begebung der Schuldverschreibungen werden zur Stärkung des aufsichtsrechtlichen Gesamtkapitals der Emittentin verwendet.
E.3	Beschreibung der Angebotskonditionen	<p>Die Schuldverschreibungen werden in einem Gesamtnennbetrag von EUR 300.000.000 begeben.</p> <p>Die Stückelung der Schuldverschreibungen beträgt EUR 1.000.</p> <p>Die Schuldverschreibungen werden zu einem Ausgabepreis 99,638 % begeben.</p> <p>Der Tag der Begebung ist der 18. März 2014.</p> <p>Die Übernahmeverpflichtung der Joint Lead Manager entspricht dem Gesamtnennbetrag von EUR 300.000.000.</p>
E.4	Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen	Nicht anwendbar. Soweit der Emittentin bekannt ist, liegen bei keiner Person, die bei dem Angebot der Schuldverschreibungen beteiligt ist, Interessenkonflikte vor, die einen Einfluss auf die Schuldverschreibungen haben.
E.7	Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden	Nicht anwendbar. Die Emittentin wird keine Ausgaben oder Steuern in Rechnung stellen. Dennoch sollte sich jeder Anleger selbst über Steuern und Ausgaben, denen er unterliegen könnte, informieren, z.B. Depotgebühren.

RISK FACTORS

Before deciding to purchase the Notes, investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. The following statements are not exhaustive. Should one or more of the risks described below materialise, this may have a material adverse effect on the cash flows, results of operations and financial condition of the Issuer. Moreover, if any of these risks materialises, the market value of the Notes and the likelihood that the Issuer will be in a position to fulfil its payment obligations under the Notes may decrease, in which case the Noteholders could lose all or part of their investments. Investors should note that the risks discussed below may not prove to be exhaustive and, therefore, may not be the only risks to which the Issuer is exposed. Additional risks and uncertainties, which are currently not known to the Issuer or which the Issuer currently believes are immaterial, could likewise impair the business operations of the Issuer and have a material adverse effect on their business, cash flows, results of operations and their financial condition. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the cash flows, results of operations and financial condition of the Issuer. In addition, investors should be aware that the risks described might combine and thus intensify one another.

Risk Factors Relating to the Notes

An investment in the Notes may not be suitable for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of his own circumstances. In particular, each potential investor should:

1. have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
2. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
3. have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal and interest payments is different from the potential investor's currency;
4. understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
5. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial Notes. Sophisticated institutional investors generally do not purchase complex financial Notes as stand-alone investments. They purchase complex financial Notes as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolio. A potential investor should not invest in the Notes which are complex financial Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Currency Risk

Prospective investors in the Notes should be aware that an investment in the Notes may involve exchange rate risks.

If a Note is denominated in a foreign currency, the Holder is exposed to the risk of changes in currency exchange rates which may affect the yield of such Note.

For example, a change in the value of any foreign currency against the euro will result in a corresponding change in the euro value of a Note denominated in a currency other than euro. If the underlying exchange rate falls and the value of the euro correspondingly rises, the price of the Note expressed in euro falls.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Liquidity Risk

Notes issued under the Prospectus will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application may be made for the Notes issued under the Prospectus to be admitted to trading on the regulated market of the Luxembourg Stock Exchange which is a regulated market for the purposes of the MiFID or other or further stock exchanges, there is no assurance that such applications will be accepted, that Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for Notes. Consequently, any purchaser of a Note must be prepared to hold the Notes until the maturity date or final redemption of such Notes.

Risk of Early Redemption

The Issuer will have the right to redeem the Notes early at par on 18 March 2021 subject to the fulfilment of certain further conditions, in particular, the permission of the competent authority must have been granted. Further, the Issuer will have the right to redeem the Notes at par for regulatory reasons if there is a change in the regulatory classification of those instruments that would be likely to result in their exclusion from own funds and certain further conditions are met, in particular, the permission of the competent authority must have been granted. If the Issuer redeems the Notes due to an early redemption event, a holder of such Notes is exposed to the risk that due to such early redemption its investment will have a lower than expected yield. In this event an investor will not be able to reinvest the redemption proceeds in comparable notes with a higher yield.

Market Price Risk

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including the market interest and yield rates and the time remaining to the Maturity Date.

Credit Ratings May Not Reflect All Risks

Independent credit rating agencies may assign a credit rating to the Notes. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Taxation risk

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred to or of other jurisdictions. In addition, potential purchasers are advised to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.

Legality of Purchase

Potential purchasers of the Notes should be aware that the lawfulness of the acquisition of the Notes might be subject to legal restrictions potentially affecting the validity of the purchase. Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different). A prospective purchaser may not rely on the Issuer, the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes.

Change of Law

The Conditions of Issue are based on German law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change with respect to German law or administrative practice after the Issue Date of any Notes issued under this Prospectus.

Risks in connection with the adoption of a future resolution regime and increased costs as a result of ongoing regulatory changes

On 12 September 2010, the Basel Committee on Banking Supervision agreed on a new set of rules for international regulation of the banking sector ("**Basel III**"). Based on this, Directive 2013/36/EU of 26 June 2013 ("**CRD IV**") and the Regulation (EU) No 575/2013 of 26 June 2013 ("**CRR**"; CRD IV and CRR collectively the "**CRD IV package**") were published in the Official Journal of the European Union on 27 June 2013. Their core provisions apply from 1 January 2014. The CRD IV package intends to implement the Basel III proposals referred to above and harmonises substantial aspects thereof on an EU-wide level (especially those relating to capital adequacy requirements, liquidity and leverage) ("single rule book"). For example, the minimum requirement for the highest form of equity capital, Common Equity Tier 1, is being progressively raised from the current 2 per cent. of risk-weighted assets to 4.5 per cent. by 1 January 2015. The minimum requirements for the core (Tier 1) capital, which consists of the Common Equity Tier 1 and Additional Tier 1 capital, will be increased from the current 4 per cent. of risk-weighted assets to 6 per cent. over the same period. A bank's total capital, which consists of Tier 1 and Tier 2 capital, must amount to 8 per cent. of its risk-weighted assets. A liquidity coverage requirement (meaning a minimum amount of unencumbered, high quality liquid assets to endure short term liquidity stress) will be incrementally introduced from 1 January 2015 onwards while net stable funding requirements (meaning a minimum amount of long-term stable sources for refinancing) will be subject to an observation period before further legislative measures may be proposed by the European Commission by 31 December 2016. Other aspects (especially those relating to the capital buffers) are regulated on a national level in line with CRD IV. In Germany the Act to implement CRD IV (*CRD IV-Umsetzungsgesetz*) was published on 3 September 2013 and provides for substantial changes to the German Banking Act (*Kreditwesengesetz*, "**KWG**"). Its core provisions will become effective simultaneously with the CRD IV package on 1 January 2014. Banks will be required to add capital reserves in the form of a capital conservation buffer, which must consist of Common Equity Tier 1 capital and amount to 2.5 per cent. of risk-weighted assets. This capital conservation buffer may from time to time be supplemented by an institution-specific anti-cyclical capital buffer of up to 2.5 per cent. of risk-weighted assets, consisting of Common Equity Tier 1 capital. The anti-cyclical capital buffer shall be accumulated during phases of excessive credit growth and be the arithmetic means of the quotas set by the national authorities of the states in which relevant risk-weighted assets are located. The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") may impose a higher percentage than 2.5 per cent. with respect to the German quota if necessary. BaFin is further empowered to raise the capital requirements for specific institutions.

The CRD IV package contains various mandatory calculation, notice, and publication requirements in relation to own funds and liquidity. Further, the CRD IV package mandates specific measures for the identification, monitoring and control of the risks of excessive indebtedness. Procuring the assets required to meet such new liquidity and funding requirements could lead Aareal Bank to incur considerable extra costs.

The CRD IV package and the KWG as amended contain stricter standards of corporate governance, improved risk management functions and risk control, and improved regulatory supervision of financial institutions, as well as the possibility of national regulatory supervisors to impose effective, proportional and deterring sanctions for infringements of EU law.

Many of the provisions of the CRD IV package will only become effective once the European Commission has passed delegated and implementing legislation proposed by the European Banking Authority ("**EBA**"). Other provisions will become incrementally effective. Similarly, some of the provisions of the KWG as amended will become effective incrementally or require implementing regulations. In particular, the CRR requires the European Commission to review and report on whether the CRR should contain a requirement that Additional Tier 1 or Tier 2 capital instruments are to be written down in the event of a determination that an institution is no longer viable by 31 December 2015. The final content of the CRD IV package is therefore not definite in all respects and final rulemaking may take several years in some areas.

EBA and BaFin will regularly assess risks and vulnerabilities in the European banking sector, in particular by performing stress tests. The outcome of these stress tests may be published and may therefore have a negative impact on investors' confidence in the financial market as such or in specific institutions such as Aareal Bank.

In June 2012, the European Commission published a legislative proposal for an EU Bank Recovery and Resolution Directive ("**BRRD**"). On 11 December 2013 the European Parliament and the Council reached an agreement on the BRRD. The final text has yet to be negotiated. The last available draft text indicates that the

proposal would, if adopted, require EU member states to introduce special resolution powers covering banks and certain investment firms and financial holding companies, as well as EU branches of non-EU firms. Credit institutions would be obliged to make contributions to national resolution funds. The text envisages that new powers of the authorities include the right to write down certain debts of a failed institution or convert them into equity (these write down and conversion instruments collectively the "**bail-in tool**"). The bail-in tool is, among other things, intended to ensure that capital instruments absorb losses at the point of non-viability of the issuer subject to such resolution measures.

Pursuant to the BRRD, any write-down (or conversion) in accordance with the bail-in tool or the write-down tool would not constitute an event of default under the terms of the relevant instruments. Consequently, any amounts so written down would be irrevocably lost and the holders of such instruments would cease to have any claims thereunder, regardless whether or not the bank's financial position is restored. Payments made in breach of the order of the competent authority would have to be reimbursed. Resolution authorities would ensure that, when applying the resolution tools, creditors do not incur greater losses than those that they would incur if the credit institutions had been wound down in normal insolvency proceedings.

Credit institutions such as Aareal Bank would be required to maintain a certain amount of own funds and eligible liabilities which can be used for bail-in. Eligible liabilities for purposes of bail-in would generally include Tier 2 capital instruments as issued under the Prospectus. According to the proposal of the last available text of the BRRD, the bail-in tool does not apply to secured liabilities including covered bonds (*gedeckte Schuldverschreibungen*). Following a reduction of Common Equity Tier 1 capital instruments, resolution authorities would be required to apply the bail-in tool to Additional Tier 1 and Tier 2 capital instruments before making any capital instruments that do not qualify as Additional Tier 1 or Tier 2 or other eligible liabilities subject to bail-in. EU member states would be required to implement these changes and bring them into force from 1 January 2015. However, according to a press release informing the public of the political agreement on the BRRD, the bail-in tool will have to be implemented by 1 January 2016.

The Regulation (EU) No 1022/2013 of 22 October 2013 and the Regulation (EU) No 1024/2013 of 15 October 2013 will incrementally create a single supervisory mechanism for the oversight of banks and other credit institutions ("**SSM**") for a number of EU member states including Germany. Under the SSM the European Central Bank will be given specific tasks related to financial stability and banking supervision and the existing Regulation (EC) No 1093/2010 on the establishment of EBA will be aligned with the modified framework for banking supervision. The SSM is expected to become fully operational on 4 November 2014. Once operational, the SSM will empower the ECB to directly supervise banks in the euro area and in other EU member states which decide to join this "**Banking Union**". The European Commission has further proposed a single resolution mechanism ("**SRM**") which is intended to provide for an integrated single system for dealing with failing banks. If the SRM were implemented as proposed, Aareal Bank might have to contribute to a joint bank resolution fund for all members of the Banking Union while it is currently obliged to contribute to a German Restructuring Fund (*Restrukturierungsfonds*).

Additionally, a political agreement has been reached in December 2013 to amend Directive 94/19/EC concerning deposit guarantee schemes. While the text of the Directive has not yet been finalised, the European Parliament has issued a press release which indicates that the revised Directive will, amongst other things, provide for prompter payouts. The press release further states that generally the funds available for reimbursing depositors in times of difficulty must reach 0.8 per cent. of covered deposits within 10 years of the system's entry into force and that banks will be required to contribute to the funds according to their risk profiles, with those exercising riskier activities contributing more. These changes may, once finalised and implemented in Germany, expose Aareal Bank to additional, and possibly considerable, costs, the extent of which cannot be foreseen at this time.

Lastly, additional supervisory regulations to avoid further financial crises should be expected. Ongoing reforms in respect of banks' internal governance, in particular remuneration policies, and in respect of financial market infrastructure are likely to have an impact on costs and funding models of banks.

The German Ring-Fencing Act (*Gesetz zur Abschirmung von Risiken und zur Planung und Sanierung und Abwicklung von Kreditinstituten*, "**Ring-Fencing Act**") was published on 12 August 2013. Under the KWG as amended by the Ring-Fencing Act, credit institutions which BaFin determines to be systemically important must draw up recovery plans. BaFin will further draw up resolution plans in respect of such institutions to facilitate the institutions' winding-up where an institution fails and recovery measures (under the recovery plan or otherwise) were not successful. BaFin will continuously monitor the resolvability of (all German) credit institutions and is

given specific powers to enhance resolvability. Further, the BRRD currently envisages that all credit institutions will be required to submit recovery plans. If BaFin removes obstacles to resolvability or Aareal Bank becomes obliged to submit and update recovery plans and subject to resolution planning then Aareal Bank's business activities and internal structure may be affected.

Risks relating to callable fixed rate reset Notes

The holders of the Notes are exposed to the risk that the price of the Notes falls as a result of changes in the market interest rate. While the nominal interest rate of a fixed rate note is fixed during the life of such notes, the current interest rate on the capital market ("**market interest rate**") typically changes on a daily basis. As the market interest rate changes, the price of a fixed rate note also changes, but in the opposite direction. If the market interest rate increases, the price of a fixed rate note typically falls, until the yield of such notes is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed rate reset note typically increases, until the yield of such notes is approximately equal to the market interest rate. If the holder of Notes holds such Notes until maturity, changes in the market interest rate are without relevance to such holder as the Notes will be redeemed at the principal amount of the Notes.

The same risk applies to notes which bear different fixed interest rates for different interest periods, such as the Notes. In addition, the holders of the Notes are exposed to the risk that the interest rate for the interest periods commencing on 18 March 2021 is lower than the rate of interest for the previous interest periods. According to the conditions of issue, the interest rate for the interest periods commencing on 18 March 2021 are calculated on a interest level, which is equal to Five Year Euro Mid Swap Rate plus a margin of 2.90 per cent. per annum. The Five Year Euro Mid Swap Rate is subject to fluctuation.

Risks relating to subordinated Notes

The obligations under subordinated Notes constitute unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other subordinated obligations of the Issuer. In the event of the dissolution, liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Issuer shall have been satisfied in full.

Risks relating to Notes without tax gross up

In the event of the imposition of a withholding or deduction by way of tax on interest payments under the Notes, no additional amounts will be paid to the Holders so that Holders will receive interest payments net of such withholding or deduction.

Rights of the Holders may be adversely affected by measures pursuant to the German Bank Restructuring Act (*Restrukturierungsgesetz*)

As a German credit institution, the Issuer is subject to the German Bank Restructuring Act (*Gesetz zur Restrukturierung und geordneten Abwicklung von Kreditinstituten, zur Errichtung eines Restrukturierungsfonds für Kreditinstitute und zur Verlängerung der Verjährungsfrist der aktienrechtlichen Organhaftung – Restrukturierungsgesetz*) which, *inter alia*, introduced special restructuring schemes for German credit institutions consisting of, as of 1 January 2011: (i) the restructuring procedure (*Sanierungsverfahren*) pursuant to section 2 et seq. of the German Act on the Reorganisation of Credit Institutions (*Kreditinstitute-Reorganisationsgesetz – "KredReorgG"*), (ii) the reorganisation procedure (*Reorganisationsverfahren*) pursuant to sections 7 et seq. of the KredReorgG, and (iii) the transfer order (*Übertragungsanordnung*) pursuant to sections 48a et seq. of the German Banking Act (*Kreditwesengesetz*) (the "**Transfer Order**").

Whereas a restructuring procedure may generally not interfere with rights of creditors, the reorganisation plan established under a reorganisation procedure may provide for measures that affect the rights of the credit institution's creditors including a reduction of existing claims or a suspension of payments. The measures proposed in the reorganisation plan are subject to a particular majority vote mechanism of the creditors and shareholders of the respective credit institution. Furthermore, the KredReorgG stipulates detailed rules on the voting process and on the required majorities and to what extent negative votes may be disregarded. Measures pursuant to the KredReorgG are instituted only upon the respective credit institution's request and respective approval by the German Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"*).

If the existence of the relevant credit institution is endangered (*Bestandsgefährdung*) and this in turn endangers

the stability of the financial system (*Systemgefährdung*), the BaFin may issue a Transfer Order pursuant to which the credit institution will be forced to transfer whole or parts of its business activities, assets or liabilities to a so-called bridge bank.

Claims of Holders may be affected by the reorganisation plan which can be adopted by a particular majority vote mechanism. In the context of a Transfer Order, the Issuer as initial debtor of the Holders may be replaced by another debtor (which may have a fundamentally different risk assumption or creditworthiness than the Issuer). Alternatively, the claims of the Holders may remain with the Issuer, but the Issuer's assets, business and/or creditworthiness may not be identical and be materially prejudiced compared to the situation before the Transfer Order.

In certain circumstances a portion of payments made on or with respect to the Instruments may be subject to U.S. reporting obligations which, if not satisfied, may require U.S. tax to be withheld.

The United States has passed legislation (commonly referred to as “**FATCA**”) which will impose new information reporting requirements, and starting in 2014 imposes withholding requirements, with respect to certain holders of “**financial accounts**,” as such term is defined in the FATCA rules. Under FATCA, non-U.S. financial institutions generally may be required to enter into agreements with the U.S. Internal Revenue Service (the “**IRS**”) to identify financial accounts held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other “**financial institutions**” that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. For these purposes, the term financial institution includes, among others, banks, insurance companies and certain funds that are engaged primarily in the business of investing, reinvesting or trading in securities, commodities or partnership interests. If a participating financial institution makes a relevant payment to an accountholder that has not provided information requested to establish the accountholder is exempt from withholding under the rules, or if the recipient of the payment is a non-participating financial institution (that is not otherwise exempt), the payor will be required to withhold 30 per cent. on a portion of the payment. Withholding on securities such as the Instruments is not scheduled to start before 1 January 2017. However, the IRS has not promulgated regulations or other guidance that indicates what portion, if any, of payments on or with respect to the Instruments might be subject to this withholding tax. FATCA will not apply to Instruments issued before 1 January 2014 (or, if later, the date that is six months after the publication of regulations explaining how this withholding applies to “foreign passthru payments”) unless they are classified as equity for U.S. federal income tax purposes or are materially modified after this date. Certain governments have entered into agreements with the U.S. government under which those governments would provide the information about U.S. accountholders directly to the IRS and payments made to financial institutions acting in those jurisdictions generally would not be subject to FATCA withholding.

An investor that is not a financial institution may be required to provide information to establish whether it is a U.S. person or substantially owned by U.S. persons in order to establish it is exempt from any withholding obligation pursuant to the FATCA rules. The withholding obligation in respect of a non-participating financial institution applies whether the financial institution is receiving payments for its own account or on behalf of another person.

An investor that is able to claim the benefits of an income tax treaty between its own jurisdiction and the United States may be entitled to a refund of amounts withheld pursuant to the FATCA rules, though the investor would have to file a U.S. tax return to claim this refund and would not be entitled to interest from the IRS for the period prior to the refund.

Investors will not be entitled to receive additional amounts or otherwise be compensated by the Issuer or the Paying Agent with respect to taxes withheld pursuant to FATCA.

Investors should consult their own advisors about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

Risk Factors relating to Aareal Bank AG

Any investment in the Notes issued by Aareal Bank involves risks relating to the Issuer. If any of the following risks actually occurs, the Issuer's ability to fulfill its obligations under the Notes might be affected and/or the trading price of the Notes of the Issuer could decline and investors could lose all or part of their investment.

Aareal Bank's risk exposure is largely concentrated on risks generally associated with banking. Some of its subsidiaries, however, are exposed to a variety of other types of risk outside typical banking risk.

Credit Risk

Aareal Bank defines credit risk or counterparty risk as the risk of losses being incurred due to (I) a business partner defaulting on contractual obligations; (II) collateral being impaired; or (III) a risk arising upon realisation of collateral. Both credit business and trading activities may be subject to counterparty risk. Counterparty risk exposure from trading activities may refer to risk exposure vis-à-vis counterparties. Country risk is also defined as a form of counterparty risk.

Counterparty Risk in connection with Structured Property Financing

In connection with its Structured Property Financing assets, credit risk for Aareal Bank depends on a number of factors including, but not limited to, the respective borrower's creditworthiness, the relevant property's capacity to generate earnings, the ability of tenants to pay rents to borrowers, the price trend in the relevant segment of the real estate sector, the demand for real estate in the respective locations and the general economic situation including in particular the unemployment rate. If the trend in any of these factors is negative compared to the assumptions made when property financing was extended, there is an increased risk of credit defaults.

The credit risks described above are exacerbated by risk concentrations on particular sectors, regions and individual large borrowers or counterparties.

Counterparty Risk from Trading Activities

The Issuer defines counterparty risk from trading activities as the potential losses in value or foregone profit, which may occur through unexpected default or deterioration of the credit quality of trading counterparties with whom the bank has entered into securities or money market transactions, interest rate or currency derivatives, as well as securities repurchase transactions.

Collateral Risk

Collateral risk encompasses the risk of an impairment of the value of collateral provided to Aareal Bank for any kind of claim and the realisation of risks associated with the enforcement of collateral.

Country Risk

When defining country risk, in addition to the risk of sovereign default or default of state entities, Aareal Bank also takes into account the risk of a counterparty being unable to meet its payment obligations as a result of government action, despite being willing to pay. The form in which country risk arises can vary. In particular, country risk may arise from a potential deterioration in macroeconomic conditions, political or social upheaval, the nationalisation or expropriation of assets, the non-recognition by a government of cross-border liabilities, any currency control measures, currency depreciation or devaluation, or from orders or delivery bans, moratorium, embargo, war or revolution in the relevant country. Here, it is important to distinguish between the relevant default risk of the respective country, and the conversion and transfer risk.

Market Risk

Market risk is defined as the negative change in the value of the Bank's overall portfolio as a result of price fluctuations or changes in parameters influencing price. Market risk is differentiated as to general and specific market risk, or as individual types of risk, such as interest rate, currency, basis, equity price commodity and volatility risk. The source of these market risks may be securities (or similar products), money-market or foreign-exchange products, commodities, derivatives, currency or performance hedging, quasi-equity funds or asset/liability management.

Operational Risk

The Bank defines operational risk as the threat of losses caused by inappropriate internal procedures, work process and control mechanism, technical failure, disasters, human resources and systems (or their failure), or

by external events. This definition also includes legal risks deriving from changes in legislation due to the financial crisis and requiring the Bank to adjust its processes, e.g. in relation to own funds.

Liquidity Risk

Aareal Bank is exposed to liquidity risk, i.e., the risk of being unable to meet current or future payment obligations or of being unable to fulfill such obligations in a timely manner and in all currencies it operates with. Liquidity risk can take various forms and may also be triggered by circumstances that are unrelated to the Bank's business and may be outside of its control. Moreover, larger-scale losses, rating changes, a general decline in business activity in the financial sector, regulatory action, and a wide range of other reasons may have an adverse impact on the Bank's access to liquidity and may, therefore, seriously affect its business performance and future prospects.

Refinancing Risk

The Bank is exposed to the risk that market developments and changes in the economic environment may result in the widening of credit spreads (either generally or for Aareal Bank individually), thus increasing its funding costs. Moreover, there is a risk that the money and/or capital markets are not accessible for any refinancing, including by way of Pfandbriefe (either generally or for the Bank individually). Any concerns of depositors regarding the creditworthiness of the Bank could result in a material and potentially abrupt withdrawal of deposits.

Risk of a downgrading of the Issuer's ratings

The rating agency Fitch Ratings has assigned credit ratings to the short-term and long-term liabilities of Aareal Bank. Aareal Bank's rating is an important comparative element in competition with other banks. If these ratings of Aareal Bank were to be downgraded in the future, this might impair the Bank's access to refinancing sources and/or cause refinancing costs to rise. A decline in Aareal Bank Group's rating may also adversely affect its future ability to act in the over the counter (OTC) interbank derivative market with other banks due to higher collateral requirements and higher bid offer spreads leading to higher costs for hedging purposes.

Litigation Risks

Due to the nature of their business, the companies within Aareal Bank Group are involved in a number of legal proceedings. Such proceedings are characterised by a large number of uncertainties, and definite predictions as to their outcome are not possible. The risks associated with such proceedings are difficult to quantify or may not be quantified at all. Due to the uncertainties in respect of such proceedings, it is possible that losses resulting from pending or potentially imminent proceedings will exceed the provisions made for them.

Regulatory Risks

Aareal Bank Group is subject to intense control by banking supervision and central banks in Germany, on a European level, and in many other jurisdictions in which it is active. The regulatory framework is subject to permanent developments and changes not only at the national level, but also at the European and international level. Any such changes may result in the necessity for the Aareal Bank to raise additional regulatory capital or to restrict its business. Moreover, compliance with amended or newly-imposed regulations may lead to an increase in administrative expenses (including the expense of maintaining capital resources as required by regulations).

Risks associated with Amendments to Legal Framework

An investment in real estate property in general and an investment in newly constructed real estate property in particular is promoted by certain legislative incentives, including tax incentives for investors. Changes in the relevant legal framework may affect demand for financing offered by the Aareal Bank. Moreover, legislative changes which adversely affect property income of investors to whom the Aareal Bank has already extended loans may negatively influence credit risk and result in a deterioration of the quality of the existing loan portfolio.

Investment Risk

Aareal Bank defines investment risk as the threat of unexpected losses incurred due to an impairment of the amount of such investment, or a default of loans to equity investments. The concept of investment risk also encompasses risks arising from contingencies vis-à-vis relevant Group entities. Aareal Bank Group acquires equity investments strictly for the purpose of positioning the Group as an international property financing specialist and provider of property-related services.

Risks specific to Consulting/Services

The major risks associated with this segment are described below, using the Group subsidiaries Aareon AG and Aareal First Financial Solutions AG as examples.

Aareon AG

In relation to Aareon AG the main risk groups are financial, market, management and organisational risks, risks from, environmental and ambient conditions as well as production risks, which are often interrelated

There is a risk that products or consultancy services offered by Aareon AG may not meet customer expectations and that its competitors develop products or provide consultancy services which clients consider to be superior to those of Aareon AG. If that were to happen, it could result in less revenue based on consultancy fees and royalties. In the event that the software provided by Aareon AG is faulty, or if it failed temporarily or totally, this might result in an attempt by customers to seek indemnity from Aareal Bank Group for losses suffered by them, and Aareal Bank Group could be required to patch the software systems manufactured by it at its own expense.

If that were to happen, it might also result in Aareal Bank losing access to an important source of refinancing through deposits currently provided by many institutional housing customers, and playing an important role in the diversification of the Bank's funding base.

Aareal First Financial Solution AG

Regarding Aareal First Financial Solutions AG, the main risk groups are operational risks regarding the further development and operation of systems, as well as market risks due to the close relationship with Aareal Bank, which is responsible for the distribution of Aareal First Financial Solutions AG's banking products.

Risks relating to the Financial Crisis and the European Sovereign Debt Crisis

Financial Crisis

As a result of the crisis of the international financial markets, which began in the second half of 2007, established refinancing sources largely dried up and a string of major market players became illiquid. Impairments taken across almost all asset classes drastically impacted income statements in the financial sector. In particular, the insolvency of Lehman Brothers in September 2008 led to a re-evaluation of default risks, even from major counterparties of the financial system counterparties.

Although the economy – albeit with regional discrepancies – continued to recover from the financial crisis, uncertainty remains and may be exacerbated as a consequence of the European sovereign debt crisis.

European sovereign Debt Crisis

The European sovereign debt crisis has caused increased political and financial instability due to the introduction of austerity measures in a number of euro zone countries. Financial markets have been reacting to the crisis and related political uncertainty with downward price pressure for many asset classes and high volatility.

If the current crisis persists or worsens, it could lead to further political uncertainty and financial turmoil, and social unrest in countries across Europe, which could decelerate or hinder effective implementation of stability measures. Sovereigns, financial institutions and companies may become unable to obtain refinancing or new funding and may default on their existing debt, and measures to reduce debt levels and fiscal deficits could result in a further slowdown or negative economic growth. One or more euro zone countries could come under increasing pressure to leave the European Monetary Union, or the euro as the single currency of the euro zone could cease to exist.

Any of these developments, or the perception that any of these developments are likely to occur, could have a material adverse effect on the economic development of the affected countries and could lead to severe economic recession or depression, and a general anticipation that such risks will materialize in the future could jeopardize the stability of financial markets or the overall financial and monetary system.

Risks specific for Structured Property Financing

The global financial crisis in 2008 and 2009 led to a sharp reduction of property investments in the Bank's core markets caused by a lack of financing, cost-cutting programs by users of commercial real estate resulting in a lack of tenants to rent new or refurbished property, as well as by a significant mismatch of ask prices and bid-prices between potential real estate sellers and buyers. This, combined with reluctance by the Bank to assume

new credit risk, caused a significant decrease in the volume of new business in the business year 2009. In 2010 and 2011, commercial property markets stabilized and developed positively due to an economic recovery in 2010 and 2011. Stabilisation in many commercial property markets continued in 2012 while global economic expansion lost momentum. In 2013 a stable up to slight positive trend on commercial property markets predominated regarding the development of rents and values while the global economic development was still restrained but with considerable differences between the regions.

The development of rents and property values on commercial property markets are influenced by future economic trends, such as economic performance. Although the European debt crisis has eased since mid-2012 it still was a burden on the economic development in 2012 and 2013, in particular in the Eurozone. The European debt crisis remains a risk for the economic development and therefore for the commercial property markets as there is the possibility that it may intensify again. Another risk for the commercial property markets is that a tapering of the very expansionary monetary policy of the central banks will lead to a considerable rise of interest rates which could have a negative impact on the prices and values of commercial properties. In principle, risks and uncertainties in the macroeconomic environment may undermine the developments in commercial property markets in particular regarding the further development of rents and values and prices. Economic development could also burden the transaction volumes of the commercial property markets.

Due to these factors there is the risk that these developments will have a negative effect on the property values and rents the Aareal Bank Group holds in its financing portfolio and could also have an adverse effect on the amount of non-performing loans as well as on the allowance for credit losses of Aareal Bank Group.

The risks and adverse effect on the economic development (e.g. from the sovereign debt crisis) could have a material adverse effect on Aareal Bank's profitability. Profitability may also be adversely affected where the Bank decides to prolong loans rather than to insist on repayment in order to avoid defaults on repayment obligations.

Risks specific for Consulting/Services

The financial crisis and the resulting global economic crisis also lead to a reduction in demand from the housing industry for IT solutions and consultancy services and thereby to a reduced demand for the services offered by the Consulting/Services segment of the Aareal Bank Group, thus affecting the profitability of that segment. While the crisis has not affected the overall level of deposits made by the housing industry with the Aareal Bank Group, the low interest rate environment has had an adverse impact on the interest margin which the Aareal Bank Group was able to generate on such deposits.

Effects of Financial Crisis and European Sovereign Debt Crisis

The effects of the financial crisis and the European sovereign debt crisis could also have a continued adverse effect on the risk factors described in this section "**Risk Factors**".

RESPONSIBILITY STATEMENT

Aareal Bank AG, with its registered offices in Wiesbaden and its headquarters at Paulinenstraße 15, 65189 Wiesbaden, Federal Republic of Germany, is solely responsible for the information given in this Prospectus.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The CSSF assumes no responsibility as to the economic and financial soundness of the transactions under the Prospectus or the quality or solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg Prospectus Law.

CONSENT TO USE THE PROSPECTUS

Each Joint Lead Manager and/or each further financial intermediary subsequently reselling or finally placing Notes, is entitled to use the Prospectus in the Federal Republic of Germany and the Republic of Austria whose competent authorities have been notified of the approval of this Prospectus, for the subsequent resale or final placement of the Notes until 19 March 2014 (including), provided however, that the Prospectus is still valid in accordance with Article 11 of the Luxembourg law of 10 July 2005 relating to prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010).

The Issuer accepts responsibility for the information given in the Prospectus also with respect to such subsequent resale or final placement of the Notes.

The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus is available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

When using the Prospectus, each Joint Lead Manager and/or relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

Any further financial intermediary using the Prospectus has to state on its website that it uses the Prospectus in accordance with this consent and the conditions attached thereto.

USE OF PROCEEDS

In connection with the issue of the Notes, the Issuer will receive proceeds of approximately EUR 297,564,000. The net proceeds from the issue of the Notes will be used to strengthen the regulatory total capital base of the Issuer. The total expenses of the issue of the Notes are expected to amount to approximately EUR 80,000.

CONDITIONS OF ISSUE
GERMAN LANGUAGE VERSION
(DEUTSCHE FASSUNG DER EMISSIONSBEDINGUNGEN)

§ 1

WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN

(1) *Währung; Stückelung.* Diese Serie von Schuldverschreibungen (die "Schuldverschreibungen") der Aareal Bank AG (die "Emittentin") wird in Euro ("EUR") (die "Festgelegte Währung") im Gesamtnennbetrag von EUR 300.000.000 (in Worten: Euro dreihundert Millionen) in einer Stückelung von EUR 1.000 (die "Festgelegte Stückelung") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber und sind durch eine Globalurkunde (die "Globalurkunde") ohne Zinsscheine verbrieft. Die Globalurkunde trägt die Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Zahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(3) *Clearingsysteme.* Die Globalurkunde wird solange von einem oder im Namen eines Clearingsystems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind.

"Clearingsysteme" bedeutet Clearstream Banking AG, Frankfurt, Mergenthalerallee 61, 65760 Eschborn, Deutschland oder jedes andere Clearingsystem sowie jeder Funktionsnachfolger.

(4) *Gläubiger von Schuldverschreibungen.* "Gläubiger" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

§ 2

STATUS

Die Schuldverschreibungen sollen gemäß den Anwendbaren Vorschriften (wie nachfolgend definiert) bankaufsichtsrechtliche Eigenmittel in Form von Ergänzungskapital (Tier 2 Kapital) darstellen. Entsprechend begründen die Schuldverschreibungen nicht besicherte, nachrangige Verbindlichkeiten der Emittentin. Im Fall der Liquidation oder Insolvenz der Emittentin gehen die Verbindlichkeiten aus den Schuldverschreibungen sämtlichen gegenwärtigen und künftigen Ansprüchen von Gläubigern aus nicht nachrangigen Verbindlichkeiten der Emittentin im Rang nach, so dass Zahlungen auf die Schuldverschreibungen erst erfolgen, nachdem die Ansprüche aus allen nicht nachrangigen Verbindlichkeiten der Emittentin vollständig befriedigt sind.

Die Verbindlichkeiten aus den Schuldverschreibungen sind (i) untereinander gleichrangig, (ii) mit allen anderen nachrangigen Verbindlichkeiten der Emittentin, die zum Emissionszeitpunkt bankaufsichtsrechtliche Eigenmittel in Form von Ergänzungskapital (Tier 2 Kapital) darstellen, zumindest gleichrangig und (iii) mit allen anderen nachrangigen Verbindlichkeiten der Emittentin gleichrangig, soweit deren Bedingungen keine abweichenden Regelungen vorsehen.

Kein Gläubiger ist berechtigt, mit Ansprüchen aus den Schuldverschreibungen gegen Ansprüche der Emittentin aufzurechnen. Den Gläubigern wird für ihre Rechte aus den Schuldverschreibungen weder durch die Emittentin noch durch Dritte eine Sicherheit gestellt; eine solche Sicherheit wird auch zu keinem späteren Zeitpunkt gestellt werden. Nachträglich kann der Nachrang gemäß diesem § 2 nicht beschränkt werden. Die Laufzeit der Schuldverschreibungen und anwendbare Kündigungsfristen können nicht verkürzt werden. Die Fälligkeit von Zinszahlungen kann nicht vorgezogen werden.

"Anwendbare Vorschriften" bezeichnet die jeweils gültigen, sich auf die Kapitalanforderungen der Emittentin sowie der Emittentin und ihrer konsolidierten Tochtergesellschaften beziehenden Vorschriften des Bankenaufsichtsrechts (insbesondere das Kreditwesengesetz und die Verordnung (EU) 575/2013 des Europäischen Parlaments und des Rates über Aufsichtsanforderungen an Kreditinstitute und Wertpapierfirmen vom 26. Juni 2013 in der jeweils gültigen Fassung (die "CRR")) und der darunter fallenden Verordnungen und sonstigen Vorschriften (einschließlich der jeweils geltenden Leitlinien und Empfehlungen der Europäischen Bankenaufsichtsbehörde, der Verwaltungspraxis der Zuständigen Aufsichtsbehörde (wie in § 5 Absatz (4) definiert), den einschlägigen Entscheidungen der Gerichte und den anwendbaren Übergangbestimmungen).

§ 3 ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag verzinst, und zwar

- (i) vom 18. März 2014 (einschließlich) bis zum Wahl-Rückzahlungstag (wie in § 5 definiert) (ausschließlich) mit 4,25 % per annum und
- (ii) vom Wahl-Rückzahlungstag (einschließlich) bis zum Fälligkeitstag (wie in § 5 definiert) (ausschließlich) mit einem am Zinsfestlegungstag (wie nachfolgend definiert) festgestellten Zinssatz (der "Reset-Zinssatz"), der dem Fünf-Jahres-Euro-Mid-Swap-Satz (wie nachfolgend definiert) plus einer Marge von 2,90 % per annum entspricht, wobei alle Festlegungen durch die Berechnungsstelle (wie in § 6 definiert) erfolgen.

Die Zinsen sind nachträglich am 18. März eines jeden Jahres zahlbar (jeweils ein "Zinszahlungstag"). Die erste Zinszahlung erfolgt am 18. März 2015.

"Fünf-Jahres-Euro-Mid-Swap-Satz" ist der als Zinssatz per annum ausgedrückte Swapsatz bezüglich in Euro denominateden Swap Transaktionen mit einer Laufzeit von fünf Jahren der auf der Bildschirmseite (wie nachfolgend definiert) am Zinsfestlegungstag unter der Bildüberschrift "EURIBOR BASIS – EUR" und über der Spalte "11:00AM FRANKFURT" gegen 11:00 Uhr (Frankfurter Ortszeit) angezeigt wird, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

"Zinsfestlegungstag" bezeichnet den zweiten Geschäftstag vor dem Wahl-Rückzahlungstag.

"Geschäftstag" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem TARGET2 (Trans-European Automated Real-time Gross Settlement Express Transfer System) Zahlungen abwickelt.

"Bildschirmseite" bedeutet die Reuters Bildschirmseite ISDAFIX2.

Hat die Bildschirmseite dauerhaft aufgehört, den Fünf-Jahres-Euro-Mid-Swap-Satz anzugeben, ist diese Quotierung jedoch auf einer anderen von der Berechnungsstelle nach billigem Ermessen ausgewählten Bildschirmseite verfügbar (die "Ersatzbildschirmseite"), wird die Ersatzbildschirmseite zum Zweck der Zinssatzberechnung eingesetzt.

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen oder wird der Fünf-Jahres-Euro-Mid-Swap-Satz nicht angezeigt (in jedem dieser Fälle zu der genannten Zeit) und ist nach Feststellung der Berechnungsstelle keine Ersatzbildschirmseite verfügbar, wird der Fünf-Jahres-Euro-Mid-Swap-Satz von der Berechnungsstelle auf der Grundlage der Fünf-Jahres-Mid-Swap-Quotierung (wie nachfolgend definiert), die ihr von fünf Referenzbanken (wie nachstehend definiert) um ca. 11.00 Uhr (Frankfurter Ortszeit) am Zinsfestlegungstag gemeldet werden, festgelegt.

Falls drei oder mehr Referenzbanken der Berechnungsstelle solche Quotierungen nennen, ist der Fünf-Jahres-Euro-Mid-Swap-Satz das arithmetische Mittel (falls erforderlich, auf- oder abgerundet) dieser Quotierungen, wobei die höchste bzw. eine der höchsten Quotierungen bei identischen Quotierungen und die niedrigste Quotierung bzw. eine der niedrigsten Quotierungen bei identischen Quotierungen nicht mitgezählt werden, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Falls nur zwei oder weniger Referenzbanken der Berechnungsstelle solche Quotierung nennen, so ist der Fünf-Jahres-Euro-Mid-Swap-Satz der Satz, wie er auf der Bildschirmseite an dem letzten Tag vor dem Zinsfestlegungstag, an dem dieser Satz noch angezeigt wurde, angezeigt worden ist.

"Fünf-Jahres-Mid-Swap-Quotierung" bedeutet den arithmetischen Mittelwert von Kauf- und Verkaufssätzen für den Festzinssatz (auf Basis eines 30/360 Zinstagequotienten berechnet) für einen Fixed-for-Floating Euro Zinsswap mit jährlicher Zinszahlung, der (i) eine fünfjährige Laufzeit hat, beginnend mit dem Zinsfestlegungstag, (ii) ein Betrag ist, der ein repräsentativer Wert für eine einzelne Transaktion im relevanten Markt zum jeweiligen Zeitpunkt mit einem anerkannten Händler mit guter Bonität auf dem Swapmarkt ist und (iii) einen variablen Zinssatz auf Basis des Sechs-Monats EURIBOR (auf Basis eines Act/360 Zinstagequotienten berechnet) hat.

"Referenzbanken" bezeichnet die Niederlassungen von führenden Swap-Händlern im Interbanken-Markt.

(2) *Mitteilung von Reset-Zinssatz.* Die Berechnungsstelle wird veranlassen, dass der Reset-Zinssatz (i) der Emittentin, der Zahlstelle und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, baldmöglichst nach dessen Festlegung,

aber keinesfalls später als am Wahl-Rückzahlungstag (wie in § 5 definiert) mitgeteilt werden und (ii) den Gläubigern baldmöglichst nach dessen Festlegung gemäß § 11 mitgeteilt werden.

(3) *Verbindlichkeit der Festsetzungen.* Die Festsetzung des Reset-Zinssatzes und alle in diesem Zusammenhang von der Berechnungsstelle getroffenen Entscheidungen sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Zahlstelle und die Gläubiger bindend.

(4) *Auflaufende Zinsen.* Vorbehaltlich einer vorzeitigen Rückzahlung gemäß § 5 Absätze (2) oder (3) oder eines Ankaufs gemäß § 10 Absatz (2) und Entwertung der Schuldverschreibungen endet der Zinslauf der Schuldverschreibungen am Ende des Tages, der dem Fälligkeitstag vorangeht. Sofern es die Emittentin unterlässt, die zur Tilgung fälliger Schuldverschreibungen erforderlichen Beträge rechtzeitig und in voller Höhe beim Clearingsystem bereitzustellen, läuft die Zinsverpflichtung auf den offenen Kapitalbetrag der Schuldverschreibungen so lange weiter, bis dieser Kapitalbetrag gezahlt ist, jedoch keinesfalls über den 14. Tag nach dem Tag hinaus, an dem die erforderlichen Beträge dem Clearingsystem zur Verfügung gestellt worden sind und dies gemäß § 11 bekannt gemacht worden ist.

(5) *Berechnung der Zinsen für Teile von Zeiträumen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachfolgend definiert).

"Zinstagequotient" bezeichnet im Hinblick auf die Berechnung von Zinsbeträgen für einen beliebigen Zeitraum (der "Zinsberechnungszeitraum"):

Wenn (a) der Zinsberechnungszeitraum kürzer oder gleich der Feststellungsperiode ist, in die das Ende des Zinsberechnungszeitraums fällt, die Anzahl der Tage in diesem Zinsberechnungszeitraum geteilt durch das Produkt aus (i) der Anzahl der Tage in dieser Feststellungsperiode und (ii) der Anzahl der Feststellungstage in einem Kalenderjahr; oder wenn (b) der Zinsberechnungszeitraum länger ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraums fällt, die Summe aus:

- (i) der Anzahl der Tage des Zinsberechnungszeitraumes, die in die Feststellungsperiode fallen, in welcher der Zinsberechnungszeitraum beginnt, geteilt durch das Produkt aus (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstage in einem Kalenderjahr; und
- (ii) der Anzahl der Tage des Zinsberechnungszeitraumes, die in die nächstfolgende Feststellungsperiode fallen, geteilt durch das Produkt aus (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstage in einem Kalenderjahr.

"Feststellungsperiode" bedeutet der Zeitraum von einem Feststellungstag (einschließlich) bis zu dem nächstfolgenden Feststellungstag (ausschließlich); dies schließt dann, wenn der Verzinsungsbeginn kein Feststellungstag ist, den Zeitraum ein, der an dem ersten Feststellungstag vor dem Verzinsungsbeginn anfängt, und dann, wenn der letzte Zinszahlungstag kein Feststellungstag ist, den Zeitraum ein, der an dem ersten Feststellungstag nach dem letzten Zinszahlungstag endet.

"Feststellungstag" bedeutet 18. März eines jeden Jahres.

§ 4 ZAHLUNGEN

(1) *Zahlungen auf Kapital und Zinsen.* Zahlungen von Kapital und Zinsen auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems gegen Vorlage und Einreichung der Globalurkunde bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in EUR.

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Vereinigte Staaten.* Für die Zwecke dieser Emissionsbedingungen bezeichnet "Vereinigte Staaten" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Ricos, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(5) *Zahltag*. Fällt der Tag der Fälligkeit einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, so erfolgt die Zahlung am unmittelbar folgenden Zahltag. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieses Zahlungsaufschubes zu verlangen.

Für diese Zwecke bezeichnet "Zahltag" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2) und (ii) das Clearing System Zahlungen abwickeln.

(6) *Hinterlegung von Kapital und Zinsen*. Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

§ 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit*. Soweit nicht zuvor bereits zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen am 18. März 2026 (der "Fälligkeitstag") zu ihrem Nennbetrag (der "Rückzahlungsbetrag") zurückgezahlt.

(2) *Vorzeitige Rückzahlung nach Wahl der Emittentin*. Vorbehaltlich der Bestimmungen der Absätze (4) und (5) kann die Emittentin die Schuldverschreibungen insgesamt, jedoch nicht teilweise, am 18. März 2021 (der "Wahl-Rückzahlungstag") zum Rückzahlungsbetrag zuzüglich etwaiger bis zum Wahl-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen.

(3) *Vorzeitige Rückzahlung aus regulatorischen Gründen*. Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, von der Emittentin und vorbehaltlich der Bestimmungen der Absätze (4) und (5) vorzeitig gekündigt und zum Rückzahlungsbetrag zuzüglich etwaiger bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls sich aufgrund einer Änderung der Anwendbaren Vorschriften oder einer anderen gesetzlichen Änderung die aufsichtsrechtliche Einstufung der Schuldverschreibungen ändert, was zur Folge hat, dass die Schuldverschreibungen teilweise oder vollständig (i) aus dem Ergänzungskapital (Tier 2 Kapital) ausgeschlossen werden oder (ii) aus Sicht der Emittentin wahrscheinlich innerhalb von 90 Kalendertagen aus dem Ergänzungskapital (Tier 2 Kapital) ausgeschlossen werden.

Im Fall eines teilweisen Ausschlusses aus dem Ergänzungskapital (Tier 2 Kapital) besteht das Recht der Emittentin auf vorzeitige Rückzahlung aus regulatorischen Gründen nicht, wenn das Bestehen eines solchen Rechts gemäß den Anwendbaren Vorschriften zu einem vollständigen Ausschluss der Schuldverschreibungen führen würde.

(4) *Aufsichtsrechtliche Bedingungen für die vorzeitige Rückzahlung*. Eine vorzeitige Rückzahlung nach Absatz (2) oder Absatz (3) ist nur insoweit zulässig, wie

- (i) die Voraussetzungen der Anwendbaren Vorschriften erfüllt sind und
- (ii) die Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) oder eine andere zuständige Behörde, welche die Aufsichtsaufgaben übernommen hat (die "Zuständige Aufsichtsbehörde"), der vorzeitigen Rückzahlung zugestimmt hat, soweit eine solche Zustimmung nach den Anwendbaren Vorschriften erforderlich ist.

(5) *Erklärung der vorzeitigen Rückzahlung*. Eine vorzeitige Rückzahlung nach Absatz (2) oder Absatz (3) ist der Zahlstelle und den Gläubigern gemäß § 11 von der Emittentin spätestens bis zum fünften Geschäftstag vor dem Tag der vorzeitigen Rückzahlung bekannt zu geben. Die Kündigung muss die Wertpapierkennnummer der zurückzuzahlenden Schuldverschreibungen und den Tag der vorzeitigen Rückzahlung enthalten.

§ 6 ZAHLSTELLE UND BERECHNUNGSSTELLE

(1) *Zahlstelle*. Die anfänglich bestellte Zahlstelle in der Bundesrepublik Deutschland und deren bezeichnete Geschäftsstelle lautet Aareal Bank AG, Paulinenstraße 15, 65189 Wiesbaden, Deutschland.

Die Zahlstelle behält sich das Recht vor, jederzeit seine bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Zahlstelle zu ändern oder zu beenden und eine andere Zahlstelle zu bestellen. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 11 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Kalendertagen informiert wurden.

Die Zahlstelle handelt ausschließlich als Erfüllungsgehilfe der Emittentin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihr und den Gläubigern begründet.

Die Emittentin wird zu jedem Zeitpunkt eine Zahlstelle in der Bundesrepublik Deutschland unterhalten.

Solange die Schuldverschreibungen zum Handel an einem regulierten Markt zugelassen sind, wird die Emittentin zu jedem Zeitpunkt eine Zahlstelle mit bezeichneter Geschäftsstelle an solchen Orten unterhalten, die die Regeln dieser Börse verlangen.

(2) *Berechnungsstelle.* Die anfänglich bestellte Berechnungsstelle und deren bezeichnete Geschäftsstelle lautet Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60262 Frankfurt am Main, Deutschland.

Die Berechnungsstelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Berechnungsstelle zu ändern oder zu beenden und eine andere Berechnungsstelle zu bestellen. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 11 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Kalendertagen informiert wurden.

Die Berechnungsstelle handelt ausschließlich als Erfüllungsgehilfe der Emittentin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihr und den Gläubigern begründet.

§ 7 STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.

Darüber hinaus ist die Emittentin zum Einbehalt oder Abzug der Beträge berechtigt, die gemäß §§ 1471 bis 1474 des U.S. Internal Revenue Code (einschließlich dessen Änderungen oder Nachfolgevorschriften), gemäß zwischenstaatlicher Abkommen, gemäß den in einer anderen Rechtsordnung in Zusammenhang mit diesen Bestimmungen erlassenen Durchführungsvorschriften oder gemäß mit dem U.S. Internal Revenue Service geschlossenen Verträgen ("FATCA Quellensteuer") erforderlich sind als Folge davon, dass eine andere Person als die Emittentin oder deren Zahlstelle nicht zum Empfang von Zahlungen ohne FATCA Quellensteuer berechtigt ist. Die Emittentin ist nicht verpflichtet, zusätzliche Beträge zu zahlen oder einen Investor in Bezug auf FATCA Quellensteuer schadlos zu halten, die von der Emittentin, einer Zahlstelle oder von einem anderen Beteiligten abgezogen oder einbehalten wurden. FATCA steht für den U.S. Foreign Account Tax Compliance Act.

§ 8 VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

§ 9 ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, soweit nach den Anwendbaren Vorschriften zulässig und sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger ein mit ihr verbundenes Unternehmen (wie unten definiert) als Hauptschuldnerin

für alle Verpflichtungen im Zusammenhang mit diesen Schuldverschreibungen (die "Nachfolgeschuldnerin") einzusetzen, sofern:

- (a) die Nachfolgeschuldnerin in der Lage ist, sämtliche sich aus oder in dem Zusammenhang mit diesen Schuldverschreibungen ergebenden Zahlungsverpflichtungen ohne die Notwendigkeit eines Einbehalts von Steuern oder Abgaben an der Quelle zu erfüllen sowie die hierzu erforderlichen Beträge ohne Beschränkungen an die Zahlstelle übertragen zu können;
- (b) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin aus oder im Zusammenhang mit diesen Schuldverschreibungen übernimmt;
- (c) die Nachfolgeschuldnerin sich verpflichtet, jedem Gläubiger alle Steuern, Gebühren oder Abgaben zu erstatten, die ihm in Folge der Ersetzung durch die Nachfolgeschuldnerin auferlegt werden;
- (d) hinsichtlich der von der Nachfolgeschuldnerin bezüglich der Schuldverschreibungen übernommenen Verpflichtungen der Nachrang zu mit den Emissionsbedingungen der Schuldverschreibungen übereinstimmenden Bedingungen begründet wird und (i) die Nachfolgeschuldnerin ein Tochterunternehmen der Emittentin ist, (ii) die Nachfolgeschuldnerin eine Einlage in Höhe eines Betrages, der dem Gesamtnennbetrag der Schuldverschreibungen entspricht, bei der Emittentin vornimmt und zwar zu Bedingungen, die den Emissionsbedingungen (einschließlich hinsichtlich der Nachrangigkeit) entsprechen, und (iii) die Emittentin unwiderruflich und unbedingte gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge garantiert;
- (e) die Emittentin und die Nachfolgeschuldnerin sämtliche Bedingungen für eine solche Ersetzung nach den Anwendbaren Vorschriften erfüllen;
- (f) der Zahlstelle jeweils eine Bestätigung bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt wird, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c), (d) und (e) erfüllt wurden.

Für die Zwecke dieses § 9 bedeutet "verbundenes Unternehmen" ein verbundenes Unternehmen im Sinne von § 15 Aktiengesetz.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 11 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat.

Im Fall einer Ersetzung folgt die Nachfolgeschuldnerin der Emittentin als Rechtsnachfolgerin nach, ersetzt diese und darf alle Rechte und Befugnisse der Emittentin aus den Schuldverschreibungen mit der gleichen Wirkung geltend machen, als wenn die Nachfolgeschuldnerin in diesen Emissionsbedingungen als Emittentin genannt worden wäre, und die Emittentin (bzw. die Gesellschaft, die zuvor die Verpflichtungen der Emittentin übernommen hat) wird von ihren Verpflichtungen als Schuldnerin aus den Schuldverschreibungen befreit.

§ 10

BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN UND ANKAUF

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist, soweit nach den Anwendbaren Vorschriften zulässig, berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Betrags, der ersten darauf zu leistenden Zinszahlung und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist, vorbehaltlich der nachfolgenden Bestimmungen des Absatz (3), berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Zahlstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

(3) *Zustimmung.* Darüber hinaus ist ein Ankauf nach Absatz (2) nur insoweit zulässig, wie

- (i) die Voraussetzungen der Anwendbaren Vorschriften erfüllt sind und
- (ii) die Zuständige Aufsichtsbehörde dem Ankauf zugestimmt hat, soweit eine solche Zustimmung nach den Anwendbaren Vorschriften erforderlich ist.

§ 11 MITTEILUNGEN

(1) *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen werden im Bundesanzeiger veröffentlicht. Falls eine Veröffentlichung im Bundesanzeiger nicht möglich ist, werden die Mitteilungen in einem deutschen Börsenpflichtblatt, voraussichtlich der *Börsen-Zeitung* veröffentlicht. Jede derartige Mitteilung gilt am Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* Die Emittentin ist berechtigt, anstelle der Veröffentlichung nach Absatz (1), eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu übermitteln, vorausgesetzt, die Regeln der Börse, an der die Schuldverschreibungen notiert sind, lassen diese Form der Mitteilung zu. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

(3) *Mitteilungen in Luxemburg.* Falls die Schuldverschreibungen im regulierten Markt der Luxemburger Wertpapierbörse zugelassen sind, werden die Schuldverschreibungen betreffenden Mitteilungen auch auf der Internetseite der Luxemburger Börse, www.bourse.lu, veröffentlicht. Falls eine Veröffentlichung auf der Internetseite nicht möglich ist, werden die Mitteilungen in einer führenden Tageszeitung mit allgemeiner Verbreitung in Luxemburg veröffentlicht, voraussichtlich dem Tageblatt (Luxemburg). Jede derartige Mitteilung gilt am Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

§ 12 ANWENDBARES RECHT, GERICHTLICHE GELTENDMACHUNG UND GERICHTSSTAND

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen:

- (a) Er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (i) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (ii) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (iii) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (i) und (ii) bezeichneten Informationen enthält und einen Bestätigungsvermerk des Clearingsystems trägt; und
- (b) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearingsystems oder des Verwahrers des Clearingsystems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre.

Für die Zwecke des Vorstehenden bezeichnet "Depotbank" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält und ein Konto beim Clearingsystem unterhält, einschließlich des Clearingsystems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

(3) *Gerichtsstand*. Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("Rechtsstreitigkeiten") ist das Landgericht Frankfurt am Main.

§ 13
SPRACHE

Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

CONDITIONS OF ISSUE

NON-BINDING ENGLISH LANGUAGE VERSION

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination.* This Series of Notes (the "Notes") of Aareal Bank AG (the "Issuer") is being issued in Euro ("EUR") (the "Specified Currency") in the aggregate principal amount of EUR 300,000,000 (in words: Euro three hundred million) in the denomination of EUR 1,000 (the "Specified Denomination").

(2) *Form.* The Notes are being issued in bearer form and represented by one global note (the "Global Note") without coupons. The Global Note shall be signed by two authorised signatories of the Issuer and shall be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.

(3) *Clearing Systems.* The Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied.

"Clearing Systems" means Clearstream Banking AG, Frankfurt, Mergenthalerallee 61, D-65760 Eschborn, Germany or any other clearing system and any successor in such capacity.

(4) *Holder of Notes.* "Holder" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

§ 2

STATUS

The Notes shall constitute own funds in the form of supplementary capital (Tier 2 Capital) according to the Applicable Regulations (as defined below). Respectively, the obligations under the Notes constitute unsecured and subordinated obligations of the Issuer. In the event of the liquidation or insolvency of the Issuer, such obligations will be subordinated to all present and future claims of all creditors of unsubordinated obligations of the Issuer so that in any such event no amounts shall be payable under such obligations until the claims of all creditors of unsubordinated obligations of the Issuer have been satisfied in full.

The obligations under the Notes rank (i) *pari passu* among themselves, (ii) at least *pari passu* with all other subordinated obligations of the Issuer that constitute own funds in the form of supplementary capital (Tier 2 Capital) according to the Applicable Regulations and (iii) *pari passu* with all other subordinated obligations of the Issuer, provided that their respective terms and conditions do not include any different provision.

No Holder may set off his claims arising under the Notes against any claims of the Issuer. No security of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Holders under such Notes; such a security will also not be provided at a later point in time. No subsequent agreement may limit the subordination pursuant to the provisions set out in this § 2. The Maturity Date and any applicable notice period (*Kündigungsfrist*) in respect of the Notes may not be shortened. The maturity of payments of interest may not be amended to any earlier date.

"Applicable Regulations" means the provisions of bank supervisory laws relating to capital adequacy and applicable to the Issuer and the Issuer together with its consolidated subsidiaries applicable from time to time (particularly, the German Banking Act (*Kreditwesengesetz*) and Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms of 26 June 2013, as amended (the "CRR")) and any regulations and other rules thereunder applicable from time to time (including, all guidelines and recommendations of the European Banking Authority, the administrative practice of the Competent Supervisory Authority (as defined § 5 paragraph (4)), any applicable decision of a court and any applicable transitional provisions).

§ 3
INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount

- (i) at the rate of 4.25 per cent. per annum from 18 March 2014 (including) to the Call Redemption Date (as defined in § 5) (excluding) and
- (ii) from the Call Redemption Date (including) to the Maturity Date (as defined in § 5) (excluding) at a Rate of Interest (the "Reset Rate of Interest") determined by the Calculation Agent (as defined in § 6) on the Interest Determination Date (as defined below), which is equal to Five Year Euro Mid Swap Rate (as defined below) plus a margin of 2.90 per cent. per annum.

Interest shall be payable in arrear on 18 March in each year (each such date, an "Interest Payment Date"). The first payment of interest shall be made on 18 March 2015.

"Five Year Euro Mid Swap Rate" is the annual swap rate expressed as a percentage per annum for euro swap transactions with a maturity of five years which appears on the Screen Page (as defined below) on the Interest Determination Date under the heading "EURIBOR BASIS – EUR" and above the caption "11:00AM FRANKFURT" as of 11:00 a.m. (Frankfurt time), all as determined by the Calculation Agent.

"Interest Determination Date" means the second Business Day prior to the Call Redemption Date.

"Business Day" means a day (other than a Saturday or a Sunday) on which TARGET2 (Trans-European Automated Real-time Gross Settlement Express Transfer System) settles payments.

"Screen Page" means the Reuters screen page ISDAFIX2.

If the Screen Page permanently ceases to quote the Five Year Euro Mid Swap Rate but such quotation is available from another page selected by the Calculation Agent in equitable discretion (the "Replacement Screen Page"), the Replacement Screen Page shall be used for the purpose of the calculation of the Rate of Interest.

If the Screen Page is not available or if no Five Year Euro Mid Swap Rate is quoted (in each case as at such time), and if there is following the verification of the Calculation Agent no Replacement Screen Page available, the Calculation Agent shall determine the Five Year Euro Mid Swap Rate on a basis of the Five Year Mid Swap Quotation (as defined below) as provided by five Reference Banks (as defined below) at approximately 11.00 a.m. (Frankfurt time) on the Interest Determination Date.

If three or more of the Reference Banks provide the Calculation Agent with such quotations, the Five Year Euro Mid Swap Rate shall be the arithmetic mean (rounded up- or downwards if necessary) of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in case of equality, one of the lowest), all as determined by the Calculation Agent.

If only two or less of the Reference Banks provides the Calculation Agent with such quotations, the Five Year Euro Mid Swap Rate shall be the rate as displayed on the Screen Page on the last day preceding the Interest Determination Date on which such rate was displayed.

"Five Year Mid Swap Quotation" means the arithmetic mean of the bid and offered rates for the fixed leg (calculated on 30/360 day count fraction basis) of a fixed-for-floating euro interest rate swap with annual interest payments which (i) has a term of five years commencing on the Interest Determination Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledgement dealer of good credit in the swap market and (iii) has a floating interest based on the six-months EURIBOR (calculated on an Act/360 basis) with an acknowledged dealer of good credit in the swap market.

"Reference Banks" means those offices of leading swap dealers in the interbank market.

(2) *Notification of Reset Rate of Interest.* The Calculation Agent will cause the Reset Rate of Interest to be notified (i) to the Issuer, the Fiscal Agent and any stock exchange on which the Notes are from time to time listed, to such stock exchange as soon as possible after their determination, but in no event later than the first day of the Call Redemption Date (as defined in § 5 below) and (ii) to the Holders as soon as possible after their determination in accordance with § 11.

(3) *Determinations Binding.* All determinations made with regard to the Reset Rate of Interest and any decisions related thereto, shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Holders.

(4) *Accrual of Interest.* Subject to an Early Redemption according to § 5 paragraphs (2) or (3) or a purchase according to § 10 paragraph (2) and cancellation of the Notes, the Notes will cease to bear interest at the end of the day preceding the Maturity Date. Should the Issuer for any reason whatsoever fail to provide to the Clearing System, when due, the necessary funds for the redemption of the Notes, then interest on the outstanding principal amount of such Notes will continue to accrue until the payment of such principal has been effected, however not beyond the fourteenth day after the date on which the necessary funds have been provided to the Clearing System and notice thereof has been given by publication in accordance with § 11.

(5) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

"Day Count Fraction" means with regard to the calculation of the amount of interest for any period of time (the "Calculation Period"):

If (a) the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates that would occur in one calendar year; or if (b) the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:

- (i) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and
- (ii) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year.

"Determination Period" means the period from a Determination Date (including) to the next Determination Date (excluding), where the Interest Commencement Date is not a Determination Date, the period commencing on the first Determination Date prior to the Interest Commencement Date, and where the final Interest Payment Date is not a Determination Date, the first Determination Date falling after the final Interest Payment Date).

"Determination Date" means 18 March in each year.

§ 4 PAYMENTS

(1) *Payment of Principal and Interest.* Payment of principal and interest in respect of the Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and surrender of the Global Note at the specified office of any Paying Agent outside the United States.

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in EUR.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *United States.* For the purposes of these Terms and Conditions "United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U. S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next Payment Business Day and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "Payment Business Day" means any day which is a day (other than a Saturday or a Sunday) (i) on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) and (ii) the Clearing System settle payments.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such

Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5 REDEMPTION

(1) *Final Redemption.* Unless previously redeemed or purchased and cancelled, the Notes shall be redeemed at their principal amount (the "Redemption Amount") on 18 March 2026 (the "Maturity Date").

(2) *Early Redemption at the Option of the Issuer.* Subject to the provisions set out in paragraph (4) and (5), the Issuer may redeem early the Notes in whole but not in part on 18 March 2021 (the "Call Redemption Date") at the Redemption Amount together with accrued interest, if any, to (but excluding) the Call Redemption Date.

(3) *Early Redemption for regulatory reasons.* The Notes may be redeemed early in whole but not in part by the Issuer, subject to the provisions set out in paragraph (4) and (5), at their Redemption Amount, together with interest, if any, accrued to the date fixed for redemption, if the regulatory classification of the Notes has changed due to a change of the Applicable Regulations or any other change of law, that would result in the Notes to be, in whole or in part, (i) excluded from own funds (Tier 2 Capital) or (ii) likely within 90 calendar days, in the view of the Issuer, excluded from own funds (Tier 2 Capital).

Upon a partial exclusion from own funds, the Issuer may not redeem for regulatory reasons if such a right according to the Applicable Regulations would result in a complete exclusion.

(4) *Regulatory requirements on an Early Redemption.* An Early Redemption pursuant to paragraph (2) and paragraph (3) shall be effective only to the extent, that

- (i) the conditions of the Applicable Regulations are met, and
- (ii) the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*) or another competent authority which has assumed the supervisory role (the "Competent Supervisory Authority") has approved the Early Redemption, provided the consent is necessary according to the Applicable Regulations.

(5) *Notice of Early Redemption.* An Early Redemption pursuant to paragraph (2) and paragraph (3) shall be announced by the Issuer to the Fiscal Agent and the Holders of the Notes in accordance with § 11 at the latest five Business Days prior to the date of such Early Redemption. Such notice shall include the *Wertpapierkennnummer* of the Notes subject to redemption and the day of the Early Redemption.

§ 6 PAYING AGENTS AND CALCULATION AGENT

(1) *Fiscal Agent.* The initial Fiscal Agent its initial specified office acting as paying agent in the Federal Republic of Germany shall be Aareal Bank AG, Paulinenstrasse 15, 65189 Wiesbaden, Germany.

The Fiscal Agent reserves the right at any time to change its specified office to some other specified office in the same city.

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and to appoint another Fiscal Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 calendar days' prior notice thereof shall have been given to the Holders in accordance with § 11.

The Fiscal Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

The Issuer shall at all times maintain a Fiscal Agent in the Federal Republic of Germany.

So long as the Notes are traded on a regulated market, a Fiscal Agent with a specified office in such place as may be required by the rules of such stock exchange.

(2) *Calculation Agent.* The initial Calculation Agent and its initial specified office shall be Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60272 Frankfurt am Main, Germany.

The Calculation Agent reserves the right at any time to change its specified office to some other specified office in the same city.

The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent and to appoint another Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 calendar days' prior notice thereof shall have been given to the Holders in accordance with § 11.

The Calculation Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

§ 7 TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or in or for the account of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

Furthermore, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("FATCA withholding") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party. FATCA means the U.S. Foreign Account Tax Compliance Act.

§ 8 PRESENTATION PERIOD

The presentation period provided in § 801 paragraph 1, sentence 1 BGB (German Civil Code) is reduced to ten years for the Notes.

§ 9 SUBSTITUTION

(1) *Substitution.* Subject to the Applicable Regulations, the Issuer shall be entitled at any time, without the consent of the Holders, if no payment of principal or interest on any of the Notes is in default, to substitute for the Issuer any Affiliate (as defined below) as principal debtor in respect to all obligations arising from or in connection with the Notes (the "Substituted Debtor"), provided that:

- (a) the Substituted Debtor is in a position to fulfil all payment obligations arising from or in connection with the Notes without the necessity of any taxes or duties being withheld at source and to transfer all amounts which are required therefor to the Fiscal Agent without any restrictions;
- (b) the Substituted Debtor assumes all obligations of the Issuer arising from or in connection with the Notes;
- (c) the Substituted Debtor undertakes to reimburse any Holder for such taxes, fees or duties which may be imposed upon it as a consequence of assumption of the obligations of the Issuer by the Substituted Debtor;
- (d) the obligations assumed by the Substitute Debtor in respect of the Notes are subordinated on terms identical to the terms of the Notes and (i) the Substitute Debtor is a subsidiary (*Tochterunternehmen*) of the Issuer, (ii) the Substitute Debtor deposits an amount which is equal to the aggregate principal amount of the Notes with the Issuer on terms equivalent, including in respect of subordination, to the terms and conditions of the Notes, and (iii) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes;
- (e) the Issuer and any Substituted Debtor comply with all conditions regarding such a substitution pursuant to the Applicable Regulations;
- (f) there shall have been delivered to the Fiscal Agent one opinion for each jurisdiction affected of lawyers of recognised standing to the effect that paragraphs (a), (b), (c), (d) and (e) above have been satisfied.

For the purposes of this § 9, "Affiliate" shall mean any affiliated company (*verbundenes Unternehmen*) within the meaning of § 15 German Stock Corporation Act (*Aktiengesetz*).

(2) *Notice*. Notice of any such substitution shall be published in accordance with § 11.

(3) *Change of References*. In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substituted Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substituted Debtor.

In the event of any such substitution, the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes with the same effect as if the Substituted Debtor had been named as the Issuer herein, and the Issuer (or any corporation which shall have previously assumed the obligations of the Issuer) shall be released from its liability as obligor under the Notes.

§ 10 FURTHER ISSUES AND PURCHASES

(1) *Further Issues*. Subject to the Applicable Regulations, the Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the amount, the first payment of interest on them and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases*. The Issuer may at any time, subject to paragraph (3), purchase in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Approval*. Further, a repurchase in accordance with paragraph (2) shall be effective only to the extent, that

- (i) the conditions of the Applicable Regulations are met, and
- (ii) the Competent Supervisory Authority has approved the repurchase, provided the consent is necessary according to the Applicable Regulations.

§ 11 NOTICE

(1) *Publication*. All notices concerning the Notes shall be published in the Federal Gazette (*Bundesanzeiger*). If publication in the Federal Gazette is not possible, the notices shall be published in a newspaper authorized by the stock exchanges in Germany (*Börsenpflichtblatt*). This newspaper is expected to be the *Börsen-Zeitung*. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).

(2) *Notification to Clearing System*. The Issuer may, in lieu of the publication set forth in subparagraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holder, provided that the rules of the stock exchange on which the Notes are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the seventh day after the day on which the said notice was given to the Clearing System.

(3) *Notices in Luxembourg*. If the Notes are listed on the regulated market of the Luxembourg Stock Exchange, the Notes shall also be published on the website of the Luxembourg Stock Exchange, www.bourse.lu. If publication on this website is not possible, the notices shall be published in a leading daily newspaper having general circulation in Luxembourg. This newspaper is expected to be the *Tageblatt* (Luxembourg). Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).

§ 12
GOVERNING LAW, PLACE OF
JURISDICTION AND ENFORCEMENT

(1) *Governing Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed in every respect by German law.

(2) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of:

(a) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (i) stating the full name and address of the Holder, (ii) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (iii) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (i) and (ii) which has been confirmed by the Clearing System; and

(b) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes.

For purposes of the foregoing, "Custodian" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and which maintains an account with the Clearing System, and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in Proceedings in the country in which the Proceedings take place.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("Proceedings") arising out of or in connection with the Notes.

§ 13
LANGUAGE

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

AAREAL BANK AG

Statutory Auditors

The consolidated financial statements of Aareal Bank for the fiscal year ended 31 December 2011 and for the fiscal year ended 31 December 2012 have been audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Friedrich-Ebert-Anlage 35-37, 60327 Frankfurt am Main.

The consolidated quarterly financial statements of Aareal Bank are unaudited.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft is a member of the Chamber of Public Accountants ("*Wirtschaftsprüferkammer*"; "WPK"), Berlin.

Information about Aareal Bank AG

General Information

The legal name of the Bank is Aareal Bank AG.

The Bank is registered with the German Commercial Register (*Handelsregister*) of the district court (*Amtsgericht*) in Wiesbaden under HRB 13184.

The address of the registered office is as follows:

Aareal Bank AG
Paulinenstrasse 15
65189 Wiesbaden
Germany
Telephone: +49 (0) 611 348 0
Facsimile: +49 (0) 611 348 2549
E-mail: aareal@aareal-bank.com

Aareal Bank is a stock corporation governed by German law. It is incorporated for an unlimited period of time.

According to its Articles of Association, the object of Aareal Bank is to conduct, *inter alia*, banking business (with the exception of investment business), render financial and other services and to develop and promote international business relationships. Furthermore the Bank is allowed to issue mortgage Pfandbriefe (*Hypothekendarpfandbriefe*) in accordance with section 1 (1) sentence 2 no. 1 of the German Pfandbrief Act as amended from time to time (*Pfandbriefgesetz*, "**PfandBG**") and or public sector Pfandbriefe (*Öffentliche Pfandbriefe*) in accordance with section 1 (1) sentence 2 no. 2 of the PfandBG. The Bank may pursue its object either through its own operations or by participating in other companies. It may perform all measures and activities which relate to the object of the undertaking or which are appropriate to further such object. Aareal Bank may provide services of any kind, may set up domestic and foreign branches, and may establish, purchase all of or acquire an interest in other undertakings, in particular those, whose objects of business cover all or part of the aforementioned business fields. Aareal Bank may change the structure of undertakings in which it has an interest, may combine such undertakings under common management or limit its activities administering such undertakings and may dispose of its interests in such undertakings. It may transfer all or part of its operations to enterprises in which it has a participatory interest.

The Bank is, like other German banks, subject to the German Banking Act (*Gesetz über das Kreditwesen*) announced on 9 September 1998 (as amended from time to time).

The fiscal year of Aareal Bank AG is the calendar year.

History and Development of Aareal Bank AG

Aareal Bank's predecessor was established by notarial deed on 20 July 1923 as "Deutsche Wohnstätten-Bank Aktiengesellschaft" and entered in the commercial register at the District Court of Berlin-Charlottenburg under number HRB 3975 on 20 October 1923. In 1926, the Bank was renamed into "Deutsche Bau- und Bodenbank AG".

In 1979, Deutsche Pfandbriefanstalt (its predecessor Preußische Landespfandbriefanstalt having been one of the funding shareholders of Deutsche Wohnstätten-Bank Aktiengesellschaft) acquired a majority interest in Deutsche Bau- und Bodenbank AG. At the end of 1989/beginning of 1990, "Deutsche Pfandbriefanstalt" was converted into

a joint stock corporation under German law (*Aktiengesellschaft*), and its name was changed to "Deutsche Pfandbrief- und Hypothekenbank AG".

In 1998/1999, Deutsche Pfandbrief- and Hypothekenbank AG changed its name once again to "DePfa Deutsche Pfandbriefbank AG". As part of the Group restructuring at that time, the entire operational property activities were transferred to Deutsche Bau- and Bodenbank AG which later became "DePfa Bank AG BauBoden" (and today, "Aareal Bank AG"). The activities in property and public sector financing were expanded steadily, and increasingly grew into independent business units within the DePfa Group.

At the Extraordinary Shareholders' Meeting in October 2001, DePfa Deutsche Pfandbriefbank AG shareholders voted, by a majority of 99.95 per cent. of the issued share capital represented at the meeting, in favour of the proposed split of the DePfa Group into two independently listed banks, which would specialize in public sector finance and property activities, respectively.

At the General Meeting on 3 January 2002, the shareholders of DePfa Bank AG BauBoden resolved to change the company style and legal name to "Aareal Bank AG". This amendment was recorded in the commercial register on 22 January 2002. Since then, Aareal Bank AG operates under the commercial name "Aareal Bank". The listing of Aareal Bank on the Frankfurt Stock Exchange was completed in July 2002. Aareal Bank has been included in the General Standard (Prime Standard) segment at Frankfurt Stock Exchange on 20 September 2002, since 1 November 2007 Aareal Bank is listed in the Prime Standard segment of the Regulated Market at Frankfurt Stock Exchange.

Aareal Bank's registered office was relocated to Wiesbaden in 2002.

Since 3 March 2006, the Bank holds a license to issue Pfandbriefe.

Trend Information

No Material Adverse Change

There has been no material adverse change in the prospects of Aareal Bank and its subsidiaries taken as a whole since 31 December 2012.

Outlook for the year 2014

For the year 2014 a slight improvement of the global economic development is indicated. However, in many places significant challenges for the economy remain, so it is more likely that the economic recovery will be slight and hesitant. For the economic development significant regional differences are likely. The future economic development is, however, subject to significant uncertainties, e.g. in the case of a renewed escalation of the European sovereign debt crisis or by a fast tapering of the expansive monetary policy of central banks. It can still not be ruled out that the financial and capital markets remain susceptible to shocks, should the sovereign debt crisis escalate again. The trend towards a tighter regulatory framework in the banking business is set to persist.

The development on the commercial property markets is influenced on the one hand by the expected slight economic recovery, in Europe combined with a high unemployment in many countries, and on the other hand by high liquidity of investors. The challenges and uncertainties in the economic environment have relevance for the commercial property markets and lead on these markets to risks and uncertainties which could have a negative impact on the development of property values and rents if they take an effect.

With a view to the financing markets for commercial properties Aareal Bank estimates that the competition, which has intensified noticeably in the course of the previous year, will remain intensive. This applies to Europe, North America as well as to Asia. The extension of the financing activities of non-banks i.e. of insurance companies, pension funds and debt funds could increase the competition. In general, the willingness of lenders to commercial real estate to accept lower margins and higher LTVs (loan-to-value) is likely to grow noticeably.

The Bank expects developments within the institutional housing industry in Germany to remain stable for the remainder of the year. Looking at the volume of deposits taken, the Bank expects the positive trend to continue, particularly in relation to current account balances and rent deposits. Given the ongoing low interest rate environment, the Bank expects margins in the deposit-taking business will continue to remain under pressure in 2014.

Recent Material Events

There are no recent material events in respect to the evaluation of the solvency of Aareal Bank, except for the following:

In December 2013, Aareal Bank Group acquired all of the shares of Corealcredit Bank AG, specialising in commercial property financing in Germany. A corresponding sale and purchase agreement was signed on 22 December 2013, with the previous owner, a company of US financial investor Lone Star. The purchase price amounts to EUR 342 million, subject to contractually agreed adjustments until the closing date. The transaction - which is subject to the approval of the respective authorities and certain other conditions - is expected to be completed during the first half of 2014, but not before 31 March 2014. Corealcredit Bank has belonged to Lone Star since the end of 2005 under whose guidance the property bank undertook a realignment, focusing on the commercial property financing core business in Germany and managing to return to profit in 2007. With total assets of EUR 7.6 billion (as at 30 June 2013), Corealcredit Bank's commercial property financing volume amounts to EUR 3.6 billion.

On 19 February 2014, Aareal Bank announced that the Management Board and the Supervisory Board of Aareal Bank AG will propose to the Annual General Meeting of Aareal Bank AG on 21 May 2014 to distribute a dividend of €0.75 per share for the 2013 financial year.

On 20 February 2014, Aareal Bank announced unaudited figures for the fourth quarter 2013 and for the full year 2013 of Aareal Bank Group. The consolidated financial statements of Aareal Bank for the fiscal year ended 31 December 2013 have not been approved yet by the Supervisory Board of Aareal Bank and are planned to be published on 27 March 2014.

Financial year 2013

Net interest income amounted to €527 million in the 2013 financial year after €486 million in the previous year. Good margins achieved in the lending business, low funding costs, and effects from repayments that were higher than expected had a positive impact on net interest income. It was challenged on the other hand by a lack of attractive investment opportunities for the liquidity reserves, due to the persistent low interest rate environment.

Allowance for credit losses amounted to €113 million in the 2013 financial year (2012: €106 million), and was therefore slightly higher than the previous year's level and at the lower end of the forecast range of €110 million to €150 million for the full financial year.

Net commission income of €165 million was only slightly lower than the previous year's figure (€169 million) and points accordingly to a stable development in accordance with original expectations.

Net trading income/expenses and the net result on hedge accounting of €12 million (2012: €-14 million) were primarily attributable to the measurement of derivatives used to hedge interest rate and currency risk, and to realised and unrealised changes in value from the sale of hedges for selected EU countries. The results from non-trading assets amounted to €-8 million (2012: €1 million). This was largely due to the sale of securities as part of an active portfolio management.

Administrative expenses of €375 million (2012: €358 million) were slightly higher than the €360 million to €370 million range projected for the financial year. This was due for one to measurement effects in conjunction with share-based variable remuneration components, as defined by the German Regulation on Remuneration in Financial Institutions (*Instituts-Vergütungsverordnung*) owing to the positive performance of the Aareal Bank share. Other reasons included the acquisition of the Swedish Incit Group as at 1 July 2013, as well as higher expenses for projects compared with the previous year.

After deduction of net other operating income/expenses of €-10 million (2012: €-7 million), consolidated operating profit for the 2013 financial year amounted to €198 million (2012: €176 million). Taking into consideration income taxes of €62 million and non-controlling interest income of €19 million, net income attributable to shareholders of Aareal Bank amounted to €117 million (2012: €105 million). After deduction of the €24 million net interest payable on the SoFFin silent participation, consolidated net income stood at €93 million (2012: €85 million).

The proposed dividend payment will raise the net expense for the German Financial Markets Stabilisation Fund's (Bundesanstalt für Finanzmarktstabilisierung, - "SoFFin") remaining silent participation (please see Section "Material Contracts" below) by €4 million for the 2013 financial year, to €24 million.

Aareal Bank will service all of its subordinated refinancing vehicles for the 2013 financial year.

Structured Property Financing

New business originated amounted to €10.5 billion (2012: €6.3 billion) and therefore exceeded the original target of €6.0 to 7.0 billion, which itself was already raised to over €8 billion during the year.

The share of newly-originated loans in total new business was 61.6 per cent. in the year under review (2012: 47.2 per cent.).

Segment net interest income was €519 million (2012: €463 million). The increase over the previous year was therefore higher than originally expected. Good lending margins and low funding costs had a positive effect on net interest income. It was challenged, however, by a lack of attractive investment opportunities for the liquidity reserves, due to the persistent low interest rate environment.

At €201 million, administrative expenses were higher than the previous year's level (€191 million). This was due for one to measurement effects in conjunction with share-based variable remuneration components, as defined by the German Regulation on Remuneration in Financial Institutions (Instituts-Vergütungsverordnung) owing to the positive performance of the Aareal Bank share. This also resulted in higher expenses for projects compared with the previous year.

Operating profit in the Structured Property Financing segment totalled €209 million (previous year: €170 million). Taking into consideration income taxes of €65 million and non-controlling interest income of €16 million, the segment result attributable to shareholders of Aareal Bank amounted to €128 million (2012: €102 million).

Consulting/Services

Sales revenues in the Consulting/Services segment amounted to €187 million in the 2013 financial year (2012: €194 million). The decline resulted mainly from the low interest rate environment, which impacted heavily on the margins generated from the deposit-taking business that are reported under sales revenues.

The importance of the deposit-taking business in the Consulting/Services segment goes far beyond the interest margin generated from the deposits – which is under pressure in the current interest rate environment. For Aareal Bank, deposits from the institutional housing industry are a strategically important additional source of funding for the lending business, and one that is largely independent of capital markets developments. In addition to the German Pfandbrief and unsecured bank bonds, they represent an important pillar in the Bank's long-term funding mix. Especially in relation to the changing regulatory framework, Aareal Bank sees this business as offering a particular competitive advantage.

Despite continued intense competition, the volume of deposits from the institutional housing industry rose significantly to an average of €7.2 billion in the 2013 financial year (2012: €5.6 billion).

Aareon AG recorded positive business development in 2013 in its key business segments – ERP Products, Integrated Services and International Business. Overall, sales revenues were raised from €165 million to €173 million. EBIT of €27 million was slightly above the previous year's level of €26 million.

On balance, the Consulting/Services segment generated operating profit of €-11 million (2012: €6 million). After taxes of €-3 million and €3 million in results attributable to non-controlling interests, the segment result amounted to €-11 million (2012: €3 million).

Funding activities

During the 2013 financial year, Aareal Bank succeeded in raising a total of €4.1 billion in medium- and long-term funds on the capital market. The issue volume of the Bank's unsecured funds amounted to €1.0 billion; subordinated bonds accounted for €0.1 billion and Mortgage Pfandbriefe made up €3.0 billion of the total volume.

Capital Position

Aareal Bank's Tier 1 ratio in accordance with the German Commercial Code (HGB) amounted to 18.5 per cent as at 31 December 2013 (up from 16.7 per cent as at year-end 2012). The core tier 1 ratio was 12.9 per cent (2012: 11.6 per cent).

Notes on the Income Statement for the fourth quarter of 2013

At €58 million, Aareal Bank Group's consolidated operating profit for the fourth quarter of 2013 was up significantly year-on-year (Q4 2012: €46 million).

Net interest income in the final quarter of 2013 stood at €147 million (Q4 2012: €116 million), and therefore exceeded the previous quarter's figure (€133 million) by €14 million. This was predominantly due to effects resulting from repayments that were higher than expected.

€39 million in allowance for credit losses was recognised during the fourth quarter (Q4 2012: €39 million).

Net commission income of €48 million was slightly lower than in the corresponding quarter of the previous year (€50 million), and €8 million higher than the previous quarter (€40 million), due to the fact that Aareon traditionally enjoys a strong fourth quarter of the year.

Net trading income/expenses and the net result on hedge accounting was slightly positive overall during the fourth quarter (Q4/2013: €1 million; Q4/2012: €10 million).

Administrative expenses amounted to €99 million during the fourth quarter (Q4 2012: €88 million).

Aareal Bank Group generated consolidated operating profit for the fourth quarter of €58 million (Q4 2012: €46 million). After deduction of income taxes of €18 million and €4 million in non-controlling interest income, net income attributable to shareholders of Aareal Bank amounted to €36 million. After deduction of the net interest payable on the SoFFin silent participation, consolidated net income stood at €27 million (Q4 2012: €18 million).

Consolidated Income Statement of Aareal Bank Group
Results for the financial year 2013
(unaudited, in accordance with IFRS)⁷:

	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	Change
	€ mn	€ mn	%
Net interest income	527	486	8
Allowance for credit losses	113	106	7
Net interest income after allowance for credit losses	414	380	9
Net commission income	165	169	-2
Net result on hedge accounting	-6	-4	
Net trading income / expenses	18	-10	
Results from non-trading assets	-8	1	
Results from investments accounted for using the equity method	0	0	
Results from investment properties	-	5	
Administrative expenses	375	358	5
Net other operating income / expenses	-10	-7	
Impairment of goodwill	-	-	
Operating profit	198	176	13
Income taxes	62	52	19
Net income / loss	136	124	10
Allocation of results			
Net income / loss attributable to non-controlling interests	19	19	
Net income / loss attributable to shareholders of Aareal Bank AG	117	105	11
Appropriation of profits			
Net income / loss attributable to shareholders of Aareal Bank AG	117	105	11
Silent participation by SoFFin	24	20	20
Consolidated profit / loss	93	85	9

⁷ Unaudited figures for the fourth quarter 2013 and for the full year 2013 of Aareal Bank Group announced on 20 February 2014. The consolidated financial statements of Aareal Bank for the fiscal year ended 31 December 2013 have not been approved yet by the Supervisory Board of Aareal Bank and are planned to be published on 27 March 2014.

Segment Results of Aareal Bank Group
Results for the financial year 2013
(unaudited, in accordance with IFRS)⁸:

	Structured Property Financing		Consulting / Services		Consolidation / Reconciliation		Aareal Bank Group	
	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
€ mn								
Net interest income	519	463	0	0	8	23	527	486
Allowance for credit losses	113	106					113	106
Net interest income after allowance for credit losses	406	357	0	0	8	23	414	380
Net commission income	10	21	165	173	-10	-25	165	169
Net result on hedge accounting	-6	-4					-6	-4
Net trading income / expenses	18	-10					18	-10
Results from non-trading assets	-8	1					-8	1
Results from investments accounted for using the equity method		0	0				0	0
Results from investment properties		5						5
Administrative expenses	201	191	177	169	-3	-2	375	358
Net other operating income / expenses	-10	-9	1	2	-1	0	-10	-7
Impairment of goodwill								
Operating profit	209	170	-11	6	0	0	198	176
Income taxes	65	51	-3	1			62	52
Net income / loss	144	119	-8	5	0	0	136	124
Allocation of results								
Net income / loss attributable to non-controlling interests	16	17	3	2			19	19
Net income / loss attributable to shareholders of Aareal Bank AG	128	102	-11	3	0	0	117	105

⁸ Unaudited figures for the fourth quarter 2013 and for the full year 2013 of Aareal Bank Group announced on 20 February 2014. The consolidated financial statements of Aareal Bank for the fiscal year ended 31 December 2013 have not been approved yet by the Supervisory Board of Aareal Bank and are planned to be published on 27 March 2014.

Consolidated Income Statement of Aareal Bank Group
Results for the fourth quarter 2013
(unaudited, in accordance with IFRS)⁹:

	Quarter 4 2013 € mn	Quarter 4 2012 € mn	Change %
Net interest income	147	116	27
Allowance for credit losses	39	39	0
Net interest income after allowance for credit losses	108	77	40
Net commission income	48	50	-4
Net result on hedge accounting	-3	3	
Net trading income / expenses	4	7	-43
Results from non-trading assets	0	3	
Results from investments accounted for using the equity method	0	0	
Results from investment properties	0	0	
Administrative expenses	99	88	13
Net other operating income / expenses	-	-6	
Impairment of goodwill	0	-	
Operating Profit	58	46	26
Income taxes	18	19	-5
Net income / loss	40	27	48
Allocation of results			
Net income / loss attributable to non-controlling interests	4	4	0
Net income / loss attributable to shareholders of Aareal Bank AG	36	23	57
Appropriation of profits			
Net income / loss attributable to shareholders of Aareal Bank AG	36	23	57
Silent participation by SoFFin	9	5	80
Consolidated profit / loss	27	18	50

⁹ Unaudited figures for the fourth quarter 2013 and for the full year 2013 of Aareal Bank Group announced on 20 February 2014. The consolidated financial statements of Aareal Bank for the fiscal year ended 31 December 2013 have not been approved yet by the Supervisory Board of Aareal Bank and are planned to be published on 27 March 2014.

Segment Results of Aareal Bank Group
Results for the fourth quarter 2013
(unaudited, in accordance with IFRS)¹⁰:

	Structured Property Financing		Consulting / Services		Consolidation / Reconciliation		Aareal Bank Group	
	Quarter 4 2013	Quarter 4 2012	Quarter 4 2013	Quarter 4 2012	Quarter 4 2013	Quarter 4 2012	Quarter 4 2013	Quarter 4 2012
€ mn								
Net interest income	146	113	0	0	1	3	147	116
Allowance for credit losses	39	39					39	39
Net interest income after allowance for credit losses	107	74	0	0	1	3	108	77
Net commission income	3	5	47	49	-2	-4	48	50
Net result on hedge accounting	-3	3					-3	3
Net trading income / expenses	4	7					4	7
Results from non-trading assets	0	3					0	3
Results from investments accounted for using the equity method		0	0				0	0
Results from investment properties	0	0					0	0
Administrative expenses	54	44	47	45	-2	-1	99	88
Net other operating income / expenses	-1	-4	2	-2	-1	0	0	-6
Impairment of goodwill	0						0	
Operating profit	56	44	2	2	0	0	58	46
Income taxes	18	19	0	0			18	19
Net income / loss	38	25	2	2	0	0	40	27
Allocation of results								
Net income / loss attributable to non-controlling interests	3	4	1	0			4	4
Net income / loss attributable to shareholders of Aareal Bank AG	35	21	1	2	0	0	36	23

Business Overview

Principal Activities

Aareal Bank Group is an international property specialist. Aareal Bank AG, being the parent company of the Group, is combining all subsidiaries within the two segments Structured Property Financing and Consulting/Services.

The Structured Property Financing segment provides property financing solutions for national and international clients on three continents.

The Consulting/Services segment offers services for the housing and the commercial property industry as well as for the energy and waste disposal market.

¹⁰ Unaudited figures for the fourth quarter 2013 and for the full year 2013 of Aareal Bank Group announced on 20 February 2014. The consolidated financial statements of Aareal Bank for the fiscal year ended 31 December 2013 have not been approved yet by the Supervisory Board of Aareal Bank and are planned to be published on 27 March 2014.

Structured Property Financing

Through its business segment Structured Property Financing the Aareal Bank Group is a specialist in large-volume Structured Property Financing.

The Structured Property Financing segment comprises all property finance activities of Aareal Bank Group including its related refinancing activities. Aareal Bank Group's Structured Property Financing activities are focused on financing large-volume projects based on asset and cash flow oriented financing approach. The focus is on senior lending and the financing of high quality commercial investment properties as well as on property portfolios. Aareal Bank Group's key clients are private real estate companies, institutional investors, specialised investors in hotels, shopping centers and logistic properties as well as developers, real estate investment funds and companies in the institutional housing sector. Correspondingly, the structured property loan book of Aareal Bank Group is diversified by the types of property being financed, with particular emphasis on office buildings, shopping centers, hotels, logistic properties and multi-family properties owned by companies in the institutional housing sector. Typical financial services offered by Aareal Bank Group are the financing of single assets, the financing of portfolio of assets, and financetrans-border, multi-jurisdiction facilities, the arrangement of property debt facilities, and syndication.

In its Structured Property Financing segment, Aareal bank Group pursues a three-continent strategy covering Europe, North America and certain Asian markets in order to achieve the intended business diversification.

Through its local presence in different countries Aareal Bank Group maintains an extensive network of regional market experts which is complemented by the know-how of industry specialists for the hotel, logistic and shopping center industry. The combination of regional and industry expertise allows Aareal Bank Group to offer its clients tailor made financing solutions. As a result of its three-continent strategy, Aareal Bank Group also diversifies its credit portfolio and its business sources by region, with Europe with the largest share of its financing activities.

Consulting/Services

In its Consulting/Services segment, Aareal Bank Group offers a range of services to the housing industry.

The Bank cooperates with its subsidiaries to provide the housing industry with software products that are used in the management of residential properties and for payment processing procedures.

Advisory services to the property sector represent another building block of the Consulting/Services segment, especially software products for the banking sector. Aareon AG is Europe's leading consultancy and systems house for the property sector. The company offers its customers pioneering and secure consulting services, software and other services aimed at optimising their IT-based business processes. Property companies can use Aareon products and services to better meet their corporate goals. The use of Aareon solutions and the digitisation that goes along with it enhances the efficiency of business processes.

Aareal First Financial Solutions AG creates the electronic link between Aareal Bank and its institutional housing clients. It integrates payment transaction solutions into the clients' processes and IT systems. In addition, it develops products for integrated access and settlement solutions.

Deutsche Bau- und Grundstücks-AG offers property asset management and other services to municipalities, federal estates and companies in the institutional housing sector.

Principal Markets

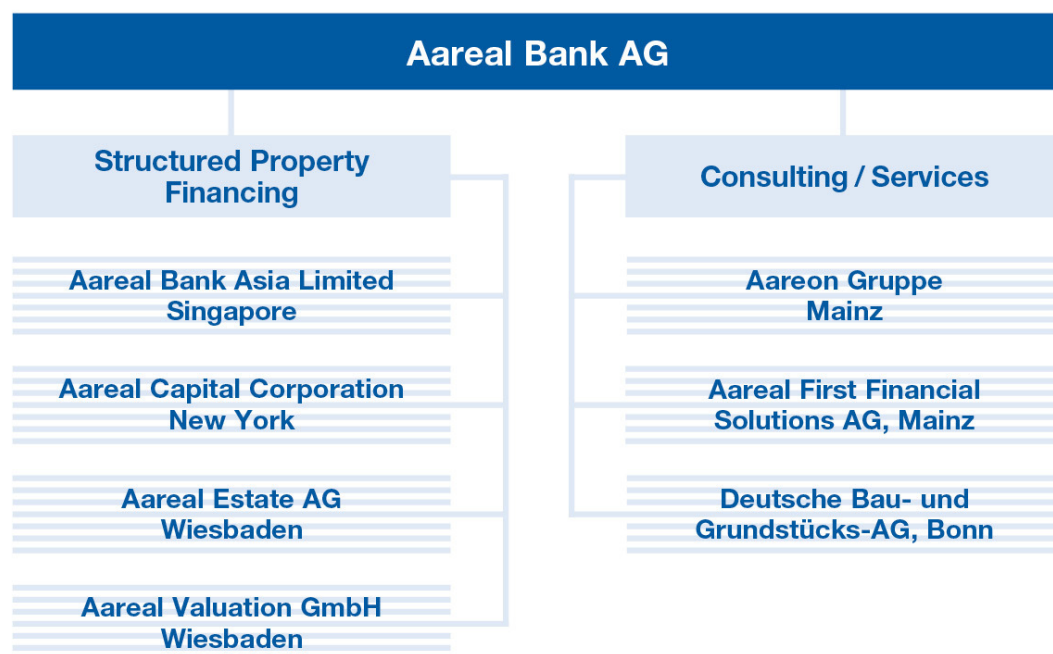
The Bank has an active presence in Europe as well as in North America and in Asia, providing property financing solutions on three continents.

Systematic regional diversification is a key factor for a well-balanced international portfolio. In this context, sector-specific criteria are just as relevant as the economic and political environment.

Organisational Structure

Aareal Bank Group's organisational structure follows its business structure and is designed as follows, taking into account the key group companies held directly or indirectly in full by Aareal Bank AG:

Group Structure



as at 30 September 2013

Aareal Bank AG is the parent company of Aareal Bank Group. The Bank is active in both business segments of Aareal Bank Group, Structured Property Financing and Consulting/Services.

In addition to its operative business, Aareal Bank fulfills central group management functions for the Aareal Bank Group. In respect of the Structured Property Financing business including the payment administration especially for the institutional housing industry offered by Aareal Bank's division Wohnungswirtschaft and Aareal First Financial Solutions AG, Aareal Bank provides, in accordance with applicable local laws, certain central group management functions, including risk management, financial controlling, reporting and tax accounting, treasury, compliance and corporate communications.

The Aareon Group, consisting of Aareon AG as holding company and its subsidiaries Aareon Deutschland GmbH, Mainz, Germany, Aareon Wodis GmbH, Mainz, Aareon Immobilien Projekt Gesellschaft mbh, Oberhausen, BauSecura Versicherungsmakler GmbH, Hamburg, SG|automatisering bv Emmen, The Netherlands, SG|Facilitor B.V., Enschede, The Netherlands, SG|stravis B.V., Emmen, the Netherlands, SG2ALL B.V., Hiuzen, The Netherlands, Aareon France S.A.S, Meudon-la-Forêt, France and Aareon UK Ltd., Coventry, United Kingdom, 1st Touch Ltd., Southampton, United Kingdom, Incit AB, Mölndal, Sweden, Incit Nederland B.V., Gorinchem, the Netherlands and Incit AS, Oslo, Norway, as operative companies, provides IT services to companies of the property sector. Aareon AG provides certain central management functions to the Aareon Group.

Structured Property Financing Segment

In the Structured Property Financing segment, Aareal Bank has two subsidiaries which are active in providing or arranging loans. These subsidiaries are Aareal Capital Corporation, Wilmington and Aareal Bank Asia Limited, Singapore. These subsidiaries are fully integrated in the credit process and controlling system of Aareal Bank Group.

Aareal Capital Corporation, Wilmington, Delaware is a fully owned subsidiary of Aareal Bank, established in 2007

and has its place of business in New York. It provides to its clients the same type of loans as those offered by Aareal Bank. It may provide its services in all states of the USA in which no permission is required and has a permission to act as "Financial Lender" pursuant to the California Finance Lenders Law. In providing its services, Aareal Capital Corporation closely cooperates with Aareal Bank and syndicates to Aareal Bank part of the business generated by it. The refinancing of Aareal Capital Corporation is provided by Aareal Bank.

Aareal Bank Asia Limited, Singapore has permission to function as a merchant bank under Singapore law and was established in 2007. It carries out marketing, relationship management, origination, structuring and syndication activities in Singapore, China and Japan for Aareal Bank Group. It does not grant loans itself.

In addition to the aforementioned subsidiaries, Aareal Estate AG, Wiesbaden, Germany provides complementary services to the Structured Property Financing business of Aareal Bank by marketing German commercial properties which were acquired by Aareal Bank Group in connection with a realization of security.

Aareal Valuation GmbH, Wiesbaden, Germany is active as property surveyor in the German market and provides certain other property-related services to Aareal Bank and other clients.

Consulting/Services Segment

In the Consulting/Services segment the Aareon Group, Mainz, Germany provides IT services including consulting, software and services to clients, in particular, to companies in the housing sector.

In addition to the IT systems and services provided by Aareon Group, the second pillar of the Consulting/Services segment is the automated processing of mass payment transactions and the optimisation of higher-level processes and specialised electronic banking, which is offered to companies in the housing industry, the commercial property industry and utilities and waste disposal sector in Germany. While Aareal Bank's division Wohnungswirtschaft provides the payment transaction services, Aareal First Financial Solutions AG develops and implements on behalf of Aareal Bank's division Wohnungswirtschaft integrated payment solutions for the industry sectors mentioned above.

Deutsche Bau- und Grundstücks-AG, Berlin, Germany complements the services portfolio of the Consulting/Services segment.

Administrative, Management and Supervisory Bodies

Overview

The Bank's governing entities are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the General Shareholders' Meeting (*Hauptversammlung*). The powers vested in these bodies are governed by the German Stock Corporation Act (*AktG*), the Articles of Association (*Satzung*), and the respective rules of procedure (*Geschäftsordnungen*) of the Management Board and of the Supervisory Board.

The members of the Management and Supervisory Boards can be reached at Aareal Bank's business address. The business address of Aareal Bank is as follows:

Aareal Bank AG
Paulinenstrasse 15
65189 Wiesbaden
Germany

Telephone: +49 (0) 611 348 0
Facsimile: + 49 (0) 611 348 2965
E-mail: aareal@aareal-bank.com

Management Board

The Supervisory Board determines the number of members of the Management Board, which must comprise at least two members in accordance with the Articles of Association and the provisions of the German Banking Act. It may designate one member as the chairman or speaker of the Management Board. Substitute Management Board members may be appointed.

Management Board members are appointed by the Supervisory Board for a maximum term of five years. Reappointments and extensions of the term of office are permissible for an additional term of five years.

In accordance with the Articles of Association, the Company is represented by two members of the Management Board acting jointly or by one Management Board member acting jointly with a commercial attorney in fact (*Prokurist*).

The Management Board currently comprises the following members:

Name: **Significant Principal Activities outside Aareal Bank:**

**Dr. Wolf Schumacher,
Chairman of the Management Board**

- Aareon AG Member of the Supervisory Board
- EBS European Business School GmbH Member of the Supervisory Board

**Dagmar Knopek,
Member of the Management Board**

- Aareal Bank Asia Limited Member of the Board of Directors
- Aareal Bank Asia Limited CEO (Chairman)
- Aareal Capital Corporation Chairman of the Board of Directors
- Aareon AG Member of the Supervisory Board

**Hermann Josef Merkens,
Member of the Management Board**

- Aareal Estate AG Chairman of the Supervisory Board
- Aareal Bank Asia Limited Member of the Board of Directors
- Aareal Capital Corporation Member of the Board of Directors
- Aareal First Financial Solutions AG Member of the Supervisory Board
- Aareon AG Member of the Supervisory Board
- CredaRate Solutions GmbH Deputy Chairman of the Supervisory Board

**Thomas Ortmanns,
Member of the Management Board**

- Aareal First Financial Solutions AG Chairman of the Supervisory Board
- Aareon AG Chairman of the Supervisory Board
- Deutsche Bau- und Grundstücks-
Aktiengesellschaft Chairman of the Supervisory Board
- HypZert GmbH Member of the Supervisory Board

Supervisory Board

The Supervisory Board of the Bank comprises 12 members. According to a co-determination agreement concluded between the Bank and its employees according to the the Act on employee co-determination at cross-border mergers in the EU (*Gesetz über die Mitbestimmung der Arbeitnehmer bei einer grenzüberschreitenden Verschmelzung*), eight members are elected by the shareholders and four members are elected by the employees.

Members of the Supervisory Board are appointed for a term of office that ends with the conclusion of the General Shareholders' Meeting that resolves on the formal approval of their actions for the fourth fiscal year following the commencement of their term of office. The financial year in which the term of office begins is not included.

The members of the Supervisory Board are currently as follows:

Name: **Significant Principal Activities outside Aareal Bank:**

**Marija G. Korsch,
Chairman of the Supervisory Board**

Retired (Former partner of Bankhaus Metzler seel. Sohn & Co. Holding AG)

- Just Software AG Member of the Supervisory Board

**York-Detlef Bülow,
Deputy Chairman(*)**

Aareal Bank AG

No significant principal activities outside Aareal Bank

**Erwin Flieger,
Deputy Chairman**

Chairman of the Supervisory Boards of Bayerische Beamten Versicherungsgruppe

- Bayerische Beamten Lebensversicherung a.G. Chairman of the Supervisory Board
- Bayerische Beamten Versicherung AG Chairman of the Supervisory Board
- BBV Holding AG Chairman of the Supervisory Board
- DePfa Holding Chairman of the Supervisory Board
- Verwaltungsgesellschaft mbH
- MEAG MUNICH ERGO Member of the Supervisory Board
- Kapitalanlagegesellschaft mbH
- Neue Bayerische Beamten Lebensversicherung AG Chairman of the Supervisory Board

Christian Graf von Bassewitz

Retired private banker (former Spokesman of the General Partners of Bankhaus Lampe KG)

- Bank für Sozialwirtschaft Aktiengesellschaft Member of the Supervisory Board
- Deutscher Ring Krankenversicherungsverein a.G. Deputy Chairman of the Supervisory Board
- SIGNAL IDUNA Allgemeine Versicherung AG Member of the Supervisory Board
- SIGNAL IDUNA Holding AG Member of the Supervisory Board
- Societaet CHORVS AG Member of the Supervisory Board

Manfred Behrens

CEO / Chairman of the Management Board of Swiss Life Deutschland Holding GmbH

- Swiss Life Select Schweiz AG (former AWD Allgemeiner Wirtschaftsdienst AG) President of the Administrative Board
- tecis Finanzdienstleistungen AG Chairman of the Supervisory Board

Thomas Hawel(*)

Aareon Deutschland GmbH

- Aareon Deutschland GmbH Deputy Chairman of the Supervisory Board

Dieter Kirsch(*)

Aareal Bank AG

No significant principal activities outside Aareal Bank

Dr. Herbert Lohneiß

Retired (Former Chairman of the Management Board of Siemens Financial Services GmbH)

- UBS Global Asset Management Member of the Supervisory Board (Deutschland) GmbH

Joachim Neupeil

Certified Accountant and Tax Advisor

No significant principal activities outside Aareal Bank

Richard Peters

President and Chairman of the Management Board of Versorgungsanstalt des Bundes und der Länder

- DePfa Holding Verwaltungsgesellschaft mbH Member of the Supervisory Board

Prof. Dr. Stephan Schüller

Spokesman of the General Partners of Bankhaus Lampe KG

- DePfa Holding Verwaltungsgesellschaft mbH Deputy Chairman of the Supervisory Board
- Universal-Investment-Gesellschaft mbH Member of the Supervisory Board

Helmut Wagner(*)

Aareon Deutschland GmbH

- Aareon Deutschland GmbH Member of the Supervisory Board

(*) Elected by the employees of Aareal Bank.

Conflict of interests

None of the above members of the Management Board and Supervisory Board have declared any potential conflict of interest between any duties to Aareal Bank and their private interest or other duties.

General Meeting

The General Meeting of Aareal Bank is held at its registered domicile, at a place within a 50 kilometers radius around its seat or the seat of any German stock exchange. The General Meeting is called by the Management Board unless other persons are also authorised to do so by Law. The convening of the meeting together with the agenda must be published in the Federal Gazette ("*Bundesanzeiger*") at least 36 days prior to the day of the meeting. The day of convocation shall not be included in the calculation of this deadline. Each share without par value entitles to one vote. The General Meeting is chaired by the Chairman of the Supervisory Board or one of his substitutes, or another member appointed by the Supervisory Board. The Chairman chairs the discussion and determines the type and form of voting. The resolutions of the Meeting shall be taken with simple majority of votes cast, unless otherwise provided by law. The ordinary General Meeting is to be convened in the first eight months of each financial year.

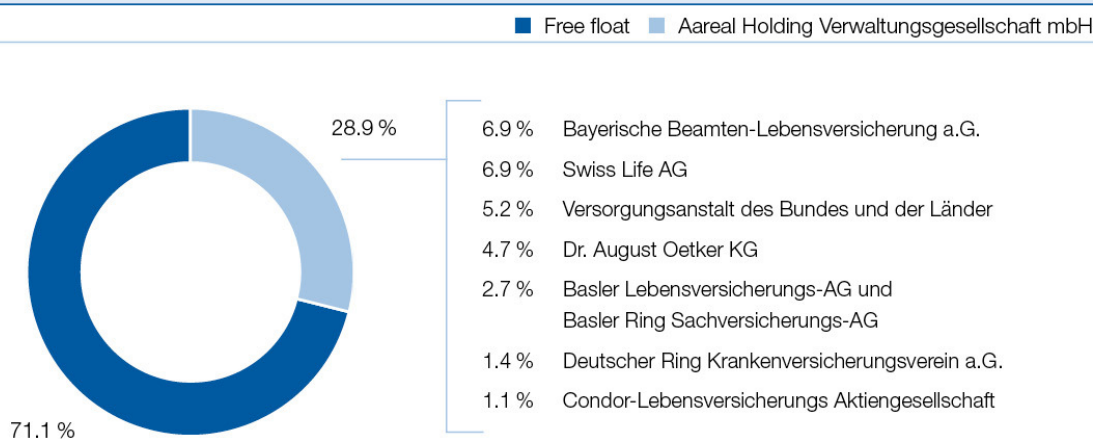
Supervisory Authorities

All banks in the Federal Republic of Germany are subject to governmental supervision and regulation exercised by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"*), an independent federal authority with regulatory powers, in co-operation with the Deutsche Bundesbank (the central bank of the Federal Republic of Germany) in accordance with the German Banking Act (*Gesetz über das Kreditwesen – "KWG"*). This law contains the major rules for banking supervision and regulates the Bank's business activities, capital adequacy, liquidity requirements, lending limits and prudential standards governing lending. The European Central Bank requires certain credit institutions, including the Bank, to hold minimum reserves on accounts maintained with their respective National Central Banks, which, in the case of Aareal Bank, are held by the Deutsche Bundesbank. These minimum reserves must equal a certain percentage of the credit institutions' liabilities resulting from certain deposits, plus the issuance of bonds.

Major Shareholders

As at 30 September 2013, Aareal Holding Verwaltungsgesellschaft mbH held a 28.90 per cent. stake in notional no-par value bearer shares of Aareal Bank; the remaining 71.10 per cent. are in free float.

Shareholder Structure



Share Capital

Aareal Bank's current share capital amounts to Euro 179,571,663 – divided into 59,857,221 ordinary bearer unit shares.

Aareal Bank may issue global certificates. The right of shareholders to demand the issue of certificates vesting their shares (including profit shares) is excluded, unless the issue of certificates is required pursuant to the rules and regulations of any exchange market on which the shares are admitted to trading.

Financial Information concerning Aareal Bank Group's Assets and Liabilities, Financial Liabilities, Financial Position and Profits and Losses

The required information on the financial position of Aareal Bank Group is incorporated by reference into this Prospectus as set out under "Documents Incorporated By Reference" below.

The consolidated financial statements of Aareal Bank for the fiscal year ended 31 December 2011 and for the fiscal year ended 31 December 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The date of the latest published audited financial information for Aareal Bank Group is 31 December 2012.

Aareal Bank publishes unaudited consolidated financial statements on a quarterly basis.

The unaudited consolidated interim financial statements as at 30 September 2013 of Aareal Bank, including the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the condensed Statement of Cash Flows and the condensed Notes, comprising of Basis of Accounting,

explanatory information to the Statement of Comprehensive Income and to the Statement of Financial Position, the Reporting on Financial Instruments and the Other Notes, all contained in the Aareal Bank Group Interim Report as of 30 September 2013, were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

The following table shows an overview of selected historical key financial information of Aareal Bank Group which has been extracted from the respective audited consolidated financial statements prepared in accordance with IFRS and from the respective audited group management reports as of 31 December 2012 and 2011 as well as from the unaudited condensed consolidated interim financial statement and from the unaudited interim group management report as of 30 September 2013 of Aareal Bank:

	1 Jan- 30 Sep 2013	1 Jan- 30 Sep 2012	1 Jan- 31 Dec 2012	1 Jan- 31 Dec 2011
	€ mn	€ mn	€ mn	€ mn
Income statement				
Operating profit	140	130	176	185
Net income after non-controlling interests	81	82	105	114
Indicators				
Cost/income ratio (%) ¹⁾	39.6	43.2	40.9	43.9
Earnings per share (€)	1.35	1.38	1.75	2.11
RoE before taxes (%) ²⁾	7.4	7.1	7.2	8.3
RoE after taxes (%) ²⁾	4.8	5.1	4.8	5.7

	30 Sep 2013	31 Dec 2012	31 Dec 2011
	€ mn	€ mn	€ mn
Portfolio data			
Property finance	23,775	23,304	23,986
of which: international	20,272	19,991	20,425
Equity	2,420	2,352	2,169
Total assets	43,352	45,734	41,814
Regulatory indicators			
Tier 1 ratio pursuant to AIRBA ³⁾	18.2	16.7	16.3
Total capital ratio pursuant to AIRBA ³⁾	22.3	20.6	19.5

¹⁾ Structured Property Financing Segment only

²⁾ On an annualised basis

³⁾ Advanced International Ratings-Based Approach (AIRBA)

Rating of the Issuer

Fitch Deutschland GmbH ("**Fitch**")⁽¹⁾⁽²⁾ has assigned a long-term rating of A- to Aareal Bank.⁽¹³⁾

No Legal or Arbitration Proceedings

Due to the nature of its business the Bank is involved in a number of legal proceedings in different jurisdictions. Yet, there are no nor have there been any governmental, legal or arbitration proceedings, involving the Bank or any of its subsidiaries (and, so far as the Bank is aware, no such proceedings are pending or threatened) which may have or have had during the twelve months prior to the date of this Prospectus a significant effect on the financial position or profitability of the Bank or its subsidiaries taken as a whole.

Significant Change in the Financial or Trading Position

Save as disclosed in the section "Recent Material Events", there has been no significant change in the financial or trading position of Aareal Bank and its subsidiaries since 31 December 2013.

Material Contracts

In order to implement the split of DEPFA Group into Aareal Bank and Deutsche Pfandbriefbank AG, various property financing portfolios, various participations and several properties were legally and/or economically transferred from Deutsche Pfandbriefbank AG to Aareal Bank Group. After the completion of the split, Aareal Bank provided to Deutsche Pfandbriefbank AG guarantees in respect of capital and interest payment of certain property financing loans and agreed to service property financing loans not legally transferred to Aareal Bank by Deutsche Pfandbriefbank AG. Aareal Bank and Deutsche Pfandbriefbank AG entered into a framework agreement on 3 December 2002 in respect of the transfer of property financing portfolios from Deutsche Pfandbriefbank AG to Aareal Bank, as well as a guarantee agreement and a servicing agreement.

On 12 March 2009, the Bank entered into a master agreement for the granting of stabilising measures (*Rahmenvertrag zur Gewährung von Stabilisierungsmaßnahmen*) with the SoFFin pursuant to which the SoFFin agreed in general, subject to certain conditions being met, to issue guarantees for notes issued by the Bank with a total aggregate amount of up to Euro 4 billion and declared its willingness to make Euro 525 million in capital available to Aareal Bank by way of a perpetual silent participation (*stille Einlage*) (the "**Master Agreement**"). The Master Agreement is part of the stabilisation measures offered by the government of the Federal Republic of Germany. Based on the Master Agreement, the Bank entered into a guarantee agreement (*Vertrag über die Übernahme von Garantien*) and a silent participation agreement (*Vertrag über die Errichtung einer Stillen Gesellschaft*) with the SoFFin on 13 March 2009. The Bank has repaid in July 2010 Euro 150 million and in April 2011 further Euro 75 million of the Euro 525 million in capital initially made available by the SoFFin. The Bank issued notes with a total aggregate amount of Euro 4 billion which have been guaranteed by the SoFFin. All such notes are redeemed in full at the date of this Prospectus.

Except for the contracts mentioned in this section, neither the Bank nor any of its consolidated subsidiaries has entered into, in the last two years, any contracts outside the ordinary course of business that have had or may reasonably be expected to have a material effect on their business.

⁽¹⁾ The European Securities and Markets Authority publishes on its website (www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

⁽²⁾ Fitch is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**").

⁽¹³⁾ A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

TAXATION

The following is a general description of certain tax considerations relating to the Notes in Germany, Austria and Luxembourg. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, this description does not consider any specific facts or circumstances that may apply to a particular purchaser. This description is based on the laws of Germany, Austria and Luxembourg currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR TAX ADVISERS AS TO THE CONSEQUENCES, UNDER THE TAX LAWS OF THE COUNTRY IN WHICH THEY ARE RESIDENT FOR TAX PURPOSES AND UNDER THE TAX LAWS OF GERMANY, AUSTRIA AND LUXEMBOURG OF ACQUIRING, HOLDING AND DISPOSING OF NOTES AND RECEIVING PAYMENTS OF PRINCIPAL, INTEREST AND OTHER AMOUNTS UNDER THE NOTES. THE INFORMATION CONTAINED WITHIN THIS SECTION IS LIMITED TO TAXATION ISSUES, AND PROSPECTIVE INVESTORS SHOULD NOT APPLY ANY INFORMATION SET OUT BELOW TO OTHER AREAS; INCLUDING (BUT NOT LIMITED TO) THE LEGALITY OF TRANSACTIONS INVOLVING THE NOTES.

Taxation in Germany

The information about the German taxation of the Notes issued under this Prospectus set out in the following section is not exhaustive and is based on current tax laws in force at the time of printing of this Prospectus, which may be subject to change at short notice and, within certain limits, also with retroactive effect.

I. German Tax Resident Persons

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Notes) and, in general, capital gains.

(a) Taxation if the Notes are held as private assets (Privatvermögen)

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as private assets (*Privatvermögen*), the following applies:

(i) Income

The Notes should qualify as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 German Income Tax Act ("**ITA**" – *Einkommensteuergesetz*).

Accordingly, payments of interest on the Notes should qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realised upon sale of the Notes, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, should qualify as positive or negative savings income in terms of section 20 para 2 sentence 1 no 7 ITA. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 22 December 2009, as amended on 16 November 2010 and 9 October 2012, a sale shall be disregarded where the transaction costs exceed the sales proceeds, which means that losses suffered from such "sale" shall not be tax-deductible. Similarly, a bad debt loss (*Forderungsausfall*), i.e. should the Issuer become insolvent, and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible.

If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the new debtor. Such a substitution could result in the recognition of a taxable gain or loss for the respective investors.

(ii) German withholding tax (Kapitalertragsteuer)

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Notes are held in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings.

The tax base is, in principle, equal to the taxable gross income as set out above (i.e. prior to withholding). However, in the case of capital gains, if the custodial account has changed since the time of acquisition of the Notes (e.g. if the Notes are transferred from a non-EU custodial account) and the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law, withholding tax is applied to 30 per cent. of the proceeds from the redemption or sale of the Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

German withholding tax will be levied at a flat withholding tax rate of 26.375 per cent. (including solidarity surcharge) plus, if applicable, church tax.

Individuals who are subject to church tax may apply in writing for this tax to be withheld as a surcharge to the withholding tax. Individuals subject to church tax but declining the application have to include their savings income in their tax return and will then be assessed to church tax. For German credit institutions an electronic information system as regards church withholding tax shall apply in respect of interest received after 31 December 2014, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the relevant investor has submitted a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office to the German Disbursing Agent.

The Issuer is, in general, not obliged to levy German withholding tax in respect of payments on the Notes.

(iii) Tax assessment

The taxation of savings income shall take place mainly by way of levying withholding tax (please see above). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. If the investor is subject to church tax and has not applied in writing for this tax to be withheld as a surcharge to the withholding tax or, after 31 December 2014, has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), the investor is also obliged to include the savings income in the tax return for church tax purposes.

However, also in the assessment procedure, savings income is principally taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*) being identical to the withholding tax rate (26.375 per cent. - including solidarity surcharge (*Solidaritätszuschlag*) plus, if applicable, church tax). In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. Such application can only be filed consistently for all savings income within the assessment period. In case of jointly assessed husband and wife the application can only be filed for savings income of both spouses.

When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife) will be deducted. The deduction of the actual income related expenses, if any, is excluded.

(b) Taxation if the Notes are held as business assets (Betriebsvermögen)

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15 per cent. or income tax at a rate of up to 45 per cent., as the case may be, (in each case plus 5.5 per cent. solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Business expenses that are connected with the Notes are deductible.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out above for private investors. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if, for example, (a) the Notes are held by a corporation or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

II. Non-resident Persons

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Notes unless (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Notes, in principle, similar rules apply as set out above with regard to German tax resident persons (please see above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax will be applied like in the case of a German tax resident person.

III. Inheritance and Gift Tax

Inheritance or gift taxes with respect to any Note will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Note is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed.

The few existing double taxation treaties regarding inheritance and gift tax may lead to different results. Special rules apply to certain German citizens that are living in a foreign country and German expatriates.

IV. Other Taxes

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany. It is intended to introduce a financial transaction tax. However, it is unclear if and in what form such tax will be actually introduced.

Taxation in Luxembourg

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. The following is based upon the law as in effect on the date of this Prospectus. The information contained within this

section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

A holder of the Notes may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Non-Residents

All payments of interest (including accrued but unpaid) and principal under the Notes, which are not profit sharing, can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with applicable Luxembourg law.

Under the Luxembourg laws of 21 June 2005, as amended, implementing the EC Council Directive 2003/48/EC of 3 June 2003 on the taxation of saving, income in the form of interest payments (the "**EU Savings Directive**") and as a result of ratification by Luxembourg of certain related agreements with certain dependent and associated territories, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual or certain types of entities (called "Residual Entities" as defined by Article 4 (2) of the EU Savings Directive), who as a result of an identification procedure implemented by the paying agent are identified as residents or or are deemed to be residents of an EU Member State other than Luxembourg, certain dependent or associated territories or certain other non-EU Member States, will be subject to a withholding tax unless the relevant beneficiary (individual or Residual Entity) has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or deemed residence or in the case the beneficial owner is an individual has provided a tax certificate from his/her fiscal authority in the format required by the laws to the relevant paying agent. Where withholding tax is applied, it is levied at a rate of 35 per cent.

Luxembourg government officially announced on 10 April 2013 that it will no longer apply the withholding tax system as from 1 January 2015 and will provide with details of payment of interest (or similar income).

When used in the preceding paragraph "interest" and "paying agent" have the meaning given thereto in those laws (or the relevant agreements). "Interest" will include accrued or capitalised interest at the sale, repayment or redemption of the Notes. "Paying agent" is defined broadly for this purpose and in the context of the Notes means any economic operator established in Luxembourg who pays interest on the Notes to or ascribes the payment of such interest to or for the immediate benefit of the beneficial owner, whether the operator is, or acts on behalf of, the Issuer or is instructed by the beneficial owner to collect such payment of interest.

Residents

Under the Luxembourg law of 23 December 2005, as amended, interest (as defined in the law of 23 December 2005) on Notes paid by a Luxembourg paying agent (within the meaning of the EU Savings Directive) to an individual holder who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. which will operate a full discharge of income tax due on such payments in the case such Luxembourg resident individual is acting in the context of the management of his/her private wealth.

This law should apply to savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive).

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. tax on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive. This 10 per cent. tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005, as amended, is assumed by the Luxembourg paying agent within the meaning of the laws and not by the Issuer.

Taxation in the Republic of Austria

This summary is based on Austrian tax laws as currently in force and as applied on the date of this Prospectus. The following comments reflect the Issuer's understanding of certain aspects of Austrian tax laws in connection with the acquisition, ownership and disposition of the Notes. They are of rather general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. For their particular case, prospective investors should consult their professional legal and tax advisors.

(i) Recent Developments – New Capital Gains Tax

The relevant Austrian tax laws for the taxation of income derived from debt instruments, including debt instruments such as the Notes, have been recently changed due to the entry into force of provisions included in the Federal Budget Implementation Act 2011 (*Budgetbegleitgesetz 2011*, Federal Law Gazette I 2010/111 – “**BIA 2011**”), the Federal Tax Amendment Act 2011 (*Abgabenänderungsgesetz 2011*, Federal Law Gazette I 2011/76 – “**TAA**”) and the Federal Budget Implementation Act 2012 (*Budgetbegleitgesetz 2012*, Federal Law Gazette I 2011/112 – “**BIA 2012**”) which by way of amendments to the Austrian Income Tax Act 1988 (*Einkommensteuergesetz 1988*, Federal Law Gazette 1988/400 – “**ITA**”) introduced a new tax on "realised" capital gains (*Einkünfte aus realisierten Wertsteigerungen von Kapitalvermögen*). This new capital gains tax applies not only to current income from debt instruments such as the Notes (interest payments and similar earnings) but also to "realised" capital gains stemming from their sale or redemption, if purchased on or after 1 April 2012. As regards income from debt instruments purchased before this date, the old tax regime continues to apply with some particularities (the transitional provisions are not discussed). The information on Austria's newly enacted capital gains tax is mainly based on the wording of the law and on the explanatory notes thereto.

(ii) General Remarks

Individuals resident in Austria are subject to Austrian income tax (*Einkommensteuer*) on their worldwide income (unlimited income tax liability). Individuals qualify as residents if they have either their permanent domicile and/or their habitual abode in Austria. Otherwise they are non-resident individuals subject to income tax only on income from certain Austrian sources (limited income tax liability).

Companies resident in Austria are subject to Austrian corporate income tax (*Körperschaftsteuer*) on their worldwide income (unlimited corporate income tax liability). Companies qualify as residents if they have their place of effective management and/or their legal seat in Austria. Otherwise they are non-residents subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability).

Under Austrian tax law, individuals are subject to income tax pursuant to the ITA generally at progressive tax rates between 0 per cent. and 50 per cent. Corporate entities are subject to a corporate income tax at a rate of 25 per cent. pursuant to the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz 1988*, Federal Law Gazette 1988/401 – “**CITA**”).

In case of unlimited and limited (corporate) income tax liability, Austria's right to levy taxes may be restricted by double taxation treaties.

There is no transfer tax, registration tax or similar tax payable in Austria by the holders of the Notes as a consequence of the acquisition, ownership, disposition or redemption of the Notes (when issued in bearer form). The sale and purchase of the Notes is not subject to Austrian stamp duty provided that no other transaction potentially taxable under the Federal Stamp Duty Act (*Gebührengesetz 1957*, Federal Law Gazette 1957/267 as amended) such as an assignment is entered into for which a document (*Urkunde*) within the meaning of the Stamp Duty Act is executed.

(iii) Austrian Residents

Income derived from the Notes by individuals with a permanent domicile or their habitual abode in Austria or corporate entities having their corporate seat or place of management in Austria is taxable in Austria pursuant to the ITA or the CITA.

Austrian Resident Individuals

Income derived from debt instruments such as the Notes qualifies as investment income (*Einkünfte aus Kapitalvermögen*). Such income comprises not only current income, *i.e.* interest payments and similar earnings, but also "realised" capital gains (*Einkünfte aus realisierten Wertsteigerungen von Kapitalvermögen*) stemming

from the sale or redemption of debt instruments, irrespective of whether they have been held as business or non-business assets and irrespective of whether the profits have been realised within a particular holding period (formerly, in case of individuals, only such profits stemming from securities which were held only for a period not exceeding one year were taxed). According to the relevant provisions of the ITA, "realised" capital gains principally consist in the difference (surplus) between the proceeds from the sale or redemption of the debt instruments, *i.e.* their selling or redemption price, and their purchase price.

Such profits, *i.e.* current income and "realised" capital gains, are in principle subject to a special tax rate of 25 per cent. and will be deducted by the custodian bank or the paying office (*Kapital-ertragsteuer*, Capital Proceeds Tax – "CPT"). However, as regards profits from debt instruments such as the Notes, the special tax rate will only apply in cases where the instruments have in the primary offering been offered to an undetermined number of people ("public offer"). This tax is in principle "final", which means that no further taxation will be allowed on such capital gains and that they do not have to be declared in other tax declarations of the taxpayer (in particular, a personal tax rate exceeding 25 per cent. will not apply). In case the taxpayer applies for regular taxation (*Regelbesteuerungsoption* – which he might do in case his personal tax rate is below 25 per cent.) or for the offsetting of losses (*Verlustausgleichsoption*), taxation is not final. The option for regular taxation may be exercised independently from the option for the offsetting of losses by filing a respective request to the tax office. It leads to an assessment for income tax and to the application of the regular, progressive income tax rate (currently amounting to a maximum of 50 per cent. for yearly taxable income exceeding EUR 60.000) on all taxable capital gains.

Further, pursuant to the relevant provisions of the ITA also the withdrawal or transfer of debt instruments such as the Notes from their current investor's securities account shall, as a general rule, equally trigger CPT, unless one of the exemptions contained in the ITA applies. These exemptions are all based on the idea that no CPT shall be deducted, in cases where the taxation of potential future profits stemming from the sale or redemption of the transferred debt instruments remains in fact possible. In addition, since 1 April 2012 amended exit tax rules (*Wegzugsbesteuerung*) apply, which are not discussed herein.

In its international dimension, the newly enacted capital gains tax applies only and CPT will only be deducted, if either the custodian bank (*depotführende Stelle*) or – under certain conditions – the paying office (*auszahlende Stelle*) is located in Austria. A paying office may be any organisational entity of a bank which is capable to credit amounts of money to cash accounts of clients or to pay in cash. In most cases the paying office will be the bank with which the investor maintains his securities account. It is not the Paying Agent (as defined in the Programme documents). The term "custodian bank" refers to banks (its branches and offices) providing the securities account to the investor and not to any other bank up in the holding chain. The custodian bank or, if applicable, the paying office will be responsible for the deduction of the capital gains tax (CPT) and its transfer to the respective Austrian tax office.

To the extent that no CPT is deducted due to the lack of a custodian bank or a paying office located in Austria, the income derived from debt instruments such as the Notes must be included into the respective taxpayer's tax declaration, if such profits are received by an Austrian resident individual subject to unlimited income tax liability. In this case, the special tax rate of 25 per cent. applies equally.

Austrian Resident Corporate Investors

Income from debt instruments such as the Notes (interest payments, capital gains), realised by a corporate investor resident in Austria is subject to Austrian corporate income tax (*Körperschaftsteuer*) at a rate of 25 per cent. CPT-rules apply in case such income is paid out via a custodian bank or paying office located in Austria. In such case deducted CPT will be credited against the corporate income tax liability. However, corporations deriving business income from debt instruments such as the Notes may avoid the deduction of CPT by filing a statement of exemption with the custodian bank (or the paying office) and with the competent Austrian tax office to the fact that the payment received is due to a commercial enterprise subject to taxation in Austria (*Befreiungserklärung*).

In this context it is of note that there is, *inter alia*, a special tax regime for Austrian private law foundations (*Privatstiftungen*). Such foundations are subjected to a special interim income tax of currently 25 per cent. to be paid on income derived from debt instruments such as the Notes.

(iv) Non-Residents

Income of non-resident individuals and corporations (within the meaning of the relevant Austrian tax law) derived

from debt instruments such as the Notes (interest payment, capital gains) is not taxable in Austria, provided that such income is not attributable to an Austrian permanent establishment. In this case, Austrian capital gains tax (CPT) being deducted by a custodian bank or a paying office located in Austria may be avoided, if the beneficiary demonstrates to the custodian bank (or the paying office), by supplying corroborating evidence, that he qualifies as non-resident for tax purposes and that he is therefore subjected to limited (corporate) income tax liability.

(v) *EU Savings Tax*

In Austria, provisions for implementing the EU Savings Tax Directive have been enacted by the *EU-Quellensteuergesetz* (Federal Law Gazette I 2004/33 – “**EU-QuStG**”). Section 1 of the EU-QuStG provides that interest payments paid or credited by a paying office located in Austria to a beneficial owner who is an individual resident in another EU Member State (or certain dependent or associated territories) is subject to a withholding tax if no exemption from such withholding applies. Pursuant to the EU-QuStG, tax from interest payments must be deducted on a time scaled basis. For the first three years after the EU-QuStG came into force (*i.e.* from 1 July 2005 onwards) 15 per cent. on paid interest has been deducted, for the subsequent three years (*i.e.* from 1 July 2008 onwards) a tax of 20 per cent. applied. Since 1 July 2011 the tax to be deducted amounts to 35 per cent. This tax is not deducted in case the beneficial owner of the interest provides a certificate of the competent tax authority of the EU Member State where he is resident. The certificate must include the beneficial owner's name, address, tax number or other identification number or if such number is not available, the date of birth and the paying bank's registered office. In addition, the name and address of the paying bank, as well as the account number of the beneficial owner or, if an account number is unavailable, the security identification number must be included.

(vi) *Other Taxes*

Due to a decision of the Austrian Constitutional Court (*Verfassungsgerichtshof*), the Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) has been abolished with effect of 1 August 2008. However, pursuant to section 121a of the Federal Fiscal Code (*Bundesabgaben-ordnung*, Federal Law Gazette 1961/194 as amended), gifts exceeding certain amounts must be notified to the Austrian tax authorities within a three-month notification period. In addition, it should be mentioned that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Federal Foundation Transfer Act (*Stiftungseingangssteuergesetz*, Federal Law Gazette I 2008/85). This tax is triggered, if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. The tax is based on the market value of the transferred assets less any debt economically linked to these assets. In general, the applicable tax rate amounts to 2.5 per cent. However, in certain cases a higher tax rate of 25 per cent. applies.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg apply instead a withholding system in relation to such payments, deducting tax at a rate of meanwhile 35 per cent. (unless during that transitional period they elect to provide information in accordance with the EU Savings Directive). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg announced to abandon the transitional withholding system and provide information in accordance with the EU Savings Directive as from 1 January 2015 onwards.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION AND SALE OF THE NOTES

General

The Issuer will agree in an agreement to be signed prior to the Issue Date (the "**Subscription Agreement**") to sell to Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main and HSBC Bank plc (the "**Joint Lead Managers**") and the Joint Lead Managers will agree, subject to certain customary closing conditions, to purchase the Notes on 18 March 2014.

The Joint Lead Managers are entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The Joint Lead Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions. In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones, that are material to the issue.

Total number of Notes

The total number of Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange is 300,000, representing an aggregate nominal amount of EUR 300,000,000.

Charges and costs relating to the purchase of Notes and the admission to trading

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

The estimated total expenses for the admission of the Notes to trading on the regulated market of the Luxembourg Stock Exchange are approximately EUR 7,000.

Selling Restrictions

Public Offer Selling Restrictions under the Prospectus Directive, in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United States of America (the "United States")

The Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

Selling Restrictions Addressing Additional Luxembourg Securities Laws

The Notes having a maturity of less than 12 months that may qualify as securities and money market instruments in accordance with article 4.2. j) of the Luxembourg Prospectus Law, may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless:

- (a) a simplified prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* pursuant to part III of the Luxembourg Prospectus Law; or
- (b) the offer benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a simplified prospectus under part III of the Luxembourg Prospectus Law.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Joint Lead Manager has represented and agreed that:

(a) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) *General Compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation and Issue Date

The creation and issue of the Notes has been authorised by a resolution of the Issuer's Management Board dated 11 February 2014. The Issue Date of the Notes is expected to be 18 March 2014.

Clearing and Settlement

The Notes have been accepted for clearing by Clearstream Banking AG, Frankfurt, Mergenthalerallee 61, D-65760 Eschborn, Germany. The Notes have been assigned the following securities codes: ISIN DE000A1TNC94, Common Code 104637981, WKN A1TNC9.

Ratings

Fitch Deutschland GmbH¹⁴ has assigned to the Issuer a long-term rating of A- and is expected to assign a rating of BBB- to the Notes.

Third party information

Any information sourced from a third party contained in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Interest of Natural and Legal Persons involved in the Issue

Certain of the Joint Lead Managers and their affiliates may be customers of, borrowers from or creditors of the Bank and their affiliates. In addition, certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Bank and their affiliates in the ordinary course of business.

Documents Incorporated by Reference

The audited consolidated financial statements for the fiscal years ended 31 December 2012 and 31 December 2011 as well as the unaudited consolidated interim financial statements as at 30 September 2013 of Aareal Bank are incorporated by reference into this Prospectus as set forth in detail below.

The specified pages of the following documents which all have been filed with the CSSF shall be deemed to be incorporated in, and to form part of, this Prospectus:

1) Audited consolidated financial statements	Extracted from the Aareal Bank Group Annual Report 2012:
– Statement of Comprehensive Income	– page 122 to page 123
– Statement of Financial Position	– page 124
– Statement of Changes in Equity	– page 125
– Statement of Cash Flows	– page 126
– Notes to the Financial Statements	– page 127 to page 227
– Auditor's Report	– page 229 to page 230

¹⁴ Fitch is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

2) Audited consolidated financial statements **Extracted from the Aareal Bank Group Annual Report 2011:**
for the fiscal year ended 31 December 2011:

- | | |
|-------------------------------------|------------------------|
| - Statement of Comprehensive Income | - page 122 to page 123 |
| - Statement of Financial Position | - page 124 |
| - Statement of Changes in Equity | - page 125 |
| - Statement of Cash Flows | - page 126 |
| - Notes to the Financial Statements | - page 127 to page 225 |
| - Auditor's Report | - page 227 to page 228 |

3) Unaudited consolidated interim financial statements **Extracted from the Aareal Bank Group Interim Report as at 30 September 2013**
for the nine months ended 30 September 2013

- | | |
|---|----------------------|
| - Statement of Comprehensive Income | - page 32 to page 35 |
| - Statement of Financial Position | - page 39 |
| - Statement of Changes in Equity | - page 40 |
| - Condensed Statement of Cash Flows | - page 41 |
| - Condensed Notes, comprising the Basis of Accounting, explanatory information to the Statement of Comprehensive Income and the Statement of Financial Position, the Reporting on Financial Instruments and the Other Notes | - page 42 to page 64 |

Any information not incorporated by reference into this Prospectus but contained in one of the documents mentioned as source documents in the cross reference list above is either not relevant for the investor or covered in another part of this Prospectus.

Documents on Display

For the time of the validity of the Prospectus, copies of the following documents may be inspected during normal business hours at the registered office of the Issuer, the specified office of the Paying Agent and as long as the Notes are listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange the documents set out under (a) and (c) below will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu):

- (a) the articles of association of the Issuer;
- (b) the Prospectus; and
- (c) the documents incorporated by reference set out above.

NAMES AND ADDRESSES

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JOINT LEAD MANAGERS

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Wirtschaftsprüfungsgesellschaft
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Aareal Bank