

Aareal Bank AG: Aareal Bank Group publishes results for the first quarter of 2006 - Announcement in accordance with § 15 WpHG

Aareal Bank Group publishes results for the first quarter of 2006:

- **EUR 25 million consolidated net income, after taxes and minority interests**
- **New commitments rise to EUR 2.0 billion during the first three months**
- **Stable earnings trend confirms outlook for the year as a whole**

Aareal Bank Group **consolidated net income after minority interests** was EUR 25 million for the first three months of 2006, up 25% from the same period of the previous year (Q1 2005: EUR 20 million; Q4 2005: EUR 20 million). This stable earnings trend confirms the outlook for the year as a whole.

Net interest income was EUR 98 million during the period under review, slightly higher than in the fourth quarter of 2005 (EUR 97 million). **Provisions for loan losses** amounted to EUR 22 million for the first quarter, down from EUR 24 million for the fourth quarter of 2005. Overall, net interest income after net loan loss provisions was up 4.1% on the previous quarter, to EUR 76 million (Q1 2005: EUR 80 million).

Profit before taxes amounted to EUR 39 million – up 18.2% on the first quarter of the previous year (Q1 2005: EUR 33 million). Consolidated net income after EUR 9 million in income taxes, and after minority interests, was EUR 25 million, equivalent to a 9.7 % **return on equity** (after taxes and minority interests).

Net commission income of EUR 36 million was also in line with the same period of the previous year. In this context, it is worth noting that the previous year's figure included roughly EUR 5 million commission income generated by the Aareal Hypotheken-Management GmbH and Aareal Hypotheken Vermittlung GmbH subsidiaries; following their disposal, this was compensated by higher income from the bank's core business.

Administrative expenses declined to EUR 89 million, compared to EUR 95 million for the first quarter of 2005 and EUR 105 million for the fourth quarter. This figure reflects initial progress achieved through the initiative to optimise processes within Aareal Bank, plus the effects from deconsolidation of the Aareal Hypotheken-Management and Aareal Hypotheken Vermittlung subsidiaries, following their disposal.

The bank posted a turnaround in **net trading income**, to a EUR 5 million profit in the first quarter of 2006 - compared to a EUR 1 million loss for the first quarter of 2005. **Results from non-trading assets** of EUR 11 million were also higher than in the previous year (Q1 2005: EUR 7 million).