THE INTERNATIONAL
PROPERTY SPECIALIST

Analyst Conference Call
Results Q1 2008

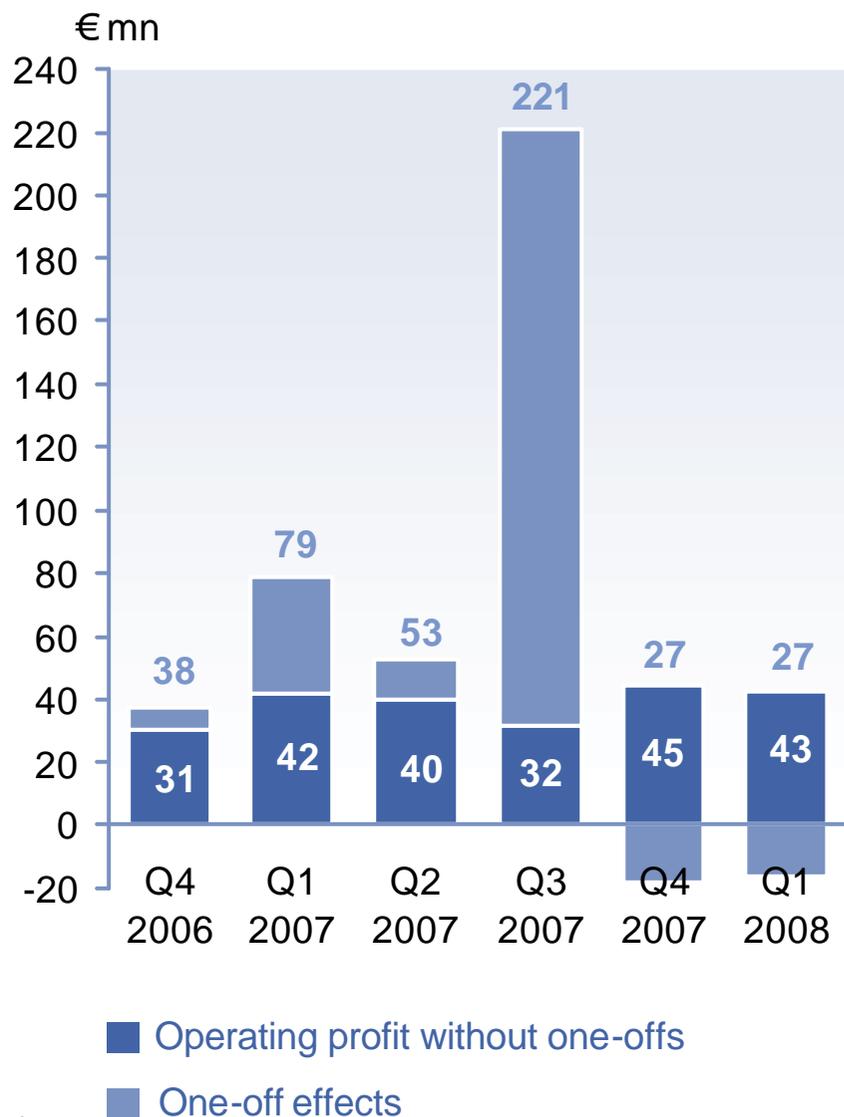May 14, 2008

Aareal Bank

Group Performance

Performance

Profit before tax and special effects by quarter

€ mn

Chart data (Operating profit without one-offs / One-off effects):

Quarter	Operating profit without one-offs	Total
Q4 2006	31	38
Q1 2007	42	79
Q2 2007	40	53
Q3 2007	32	221
Q4 2007	45	27
Q1 2008	43	27

- Operating profit without one-offs
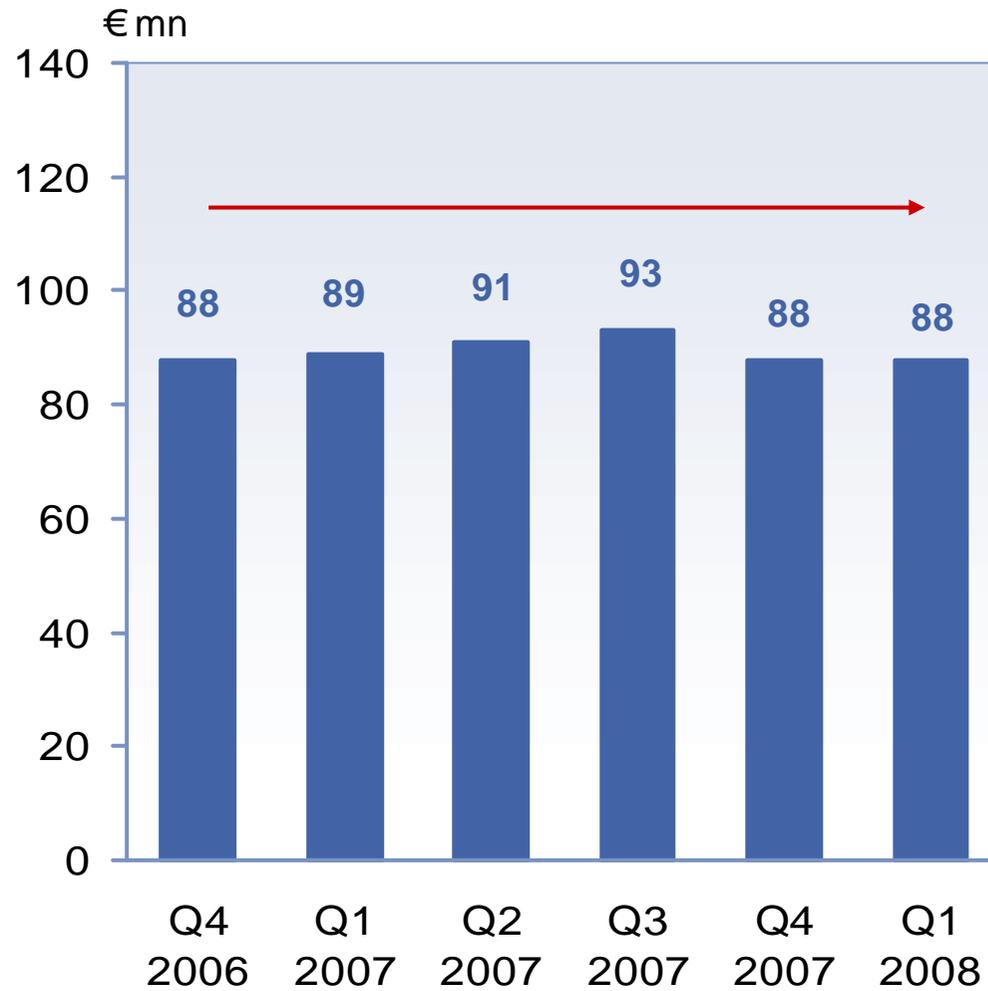- One-off effects

- **Pre tax one-off effects Q1 2008:**
  - ABS marked-to-market effect: **€-16 mn**
- **Pre tax one-off effects Q4 2007:**
  - Bond marked-to-market effect: **€-16 mn**
  - Goodwill impairment BauGrund: **€-2 mn**
- **Pre tax one-off effects Q3 2007:**
  - Proceeds from Interhotel transaction: **€63 mn**
  - Proceeds from Immoscout transaction: **€153 mn**
  - Bond marked-to-market effect: **€-15 mn**
  - Special expenses (compensation payments, preparation of legacy portfolio sale): **€-12 mn**
- **Pre tax one-off effects Q2 2007:**
  - Further proceeds from sale of Asset Management activities: **€6 mn**
  - First proceeds from Interhotel transaction: **€2 mn**
  - ImmoScout dividend: **€5 mn**
- **Pre tax one-off effects Q1 2007**
  - Compensation payment from DEPFA for a tax refund arising from a tax audit of Interhotel: **€37 mn**
- **Pre tax one-off effects Q4 2006**
  - Book gain from sale of Asset Mgnt activities: **€20 mn**
  - Write-down foreclosed assets: **€13 mn**
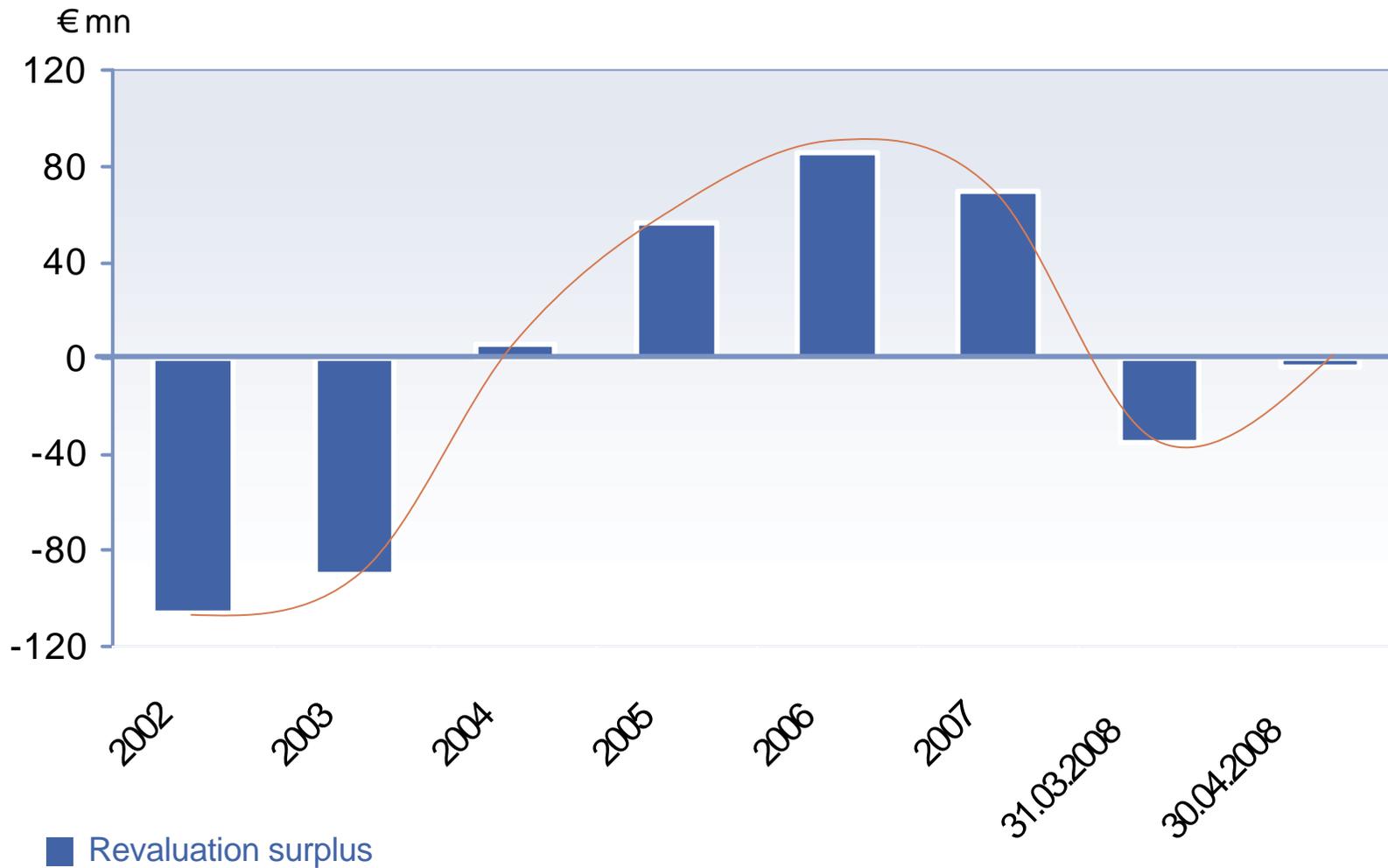
2

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Performance

Stable administrative expenses

Performance

Development revaluation surplus

€ mn

Legend: Revaluation surplus

X-axis: 2002, 2003, 2004, 2005, 2006, 2007, 31.03.2008, 30.04.2008

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Structured Property Financing

New business development

€ bn

- 51,0%

2,205

1,991

0,214

1,083

0,971

0,112

Q1 2007

Q1 2008

German   International

Diversification by region

BeNeLux

Scandinavia

Asia/Pacific

Germany

UK

North America

Italy

26%

4%

6%

7%

10%

12%

16%

19%

CEE

6
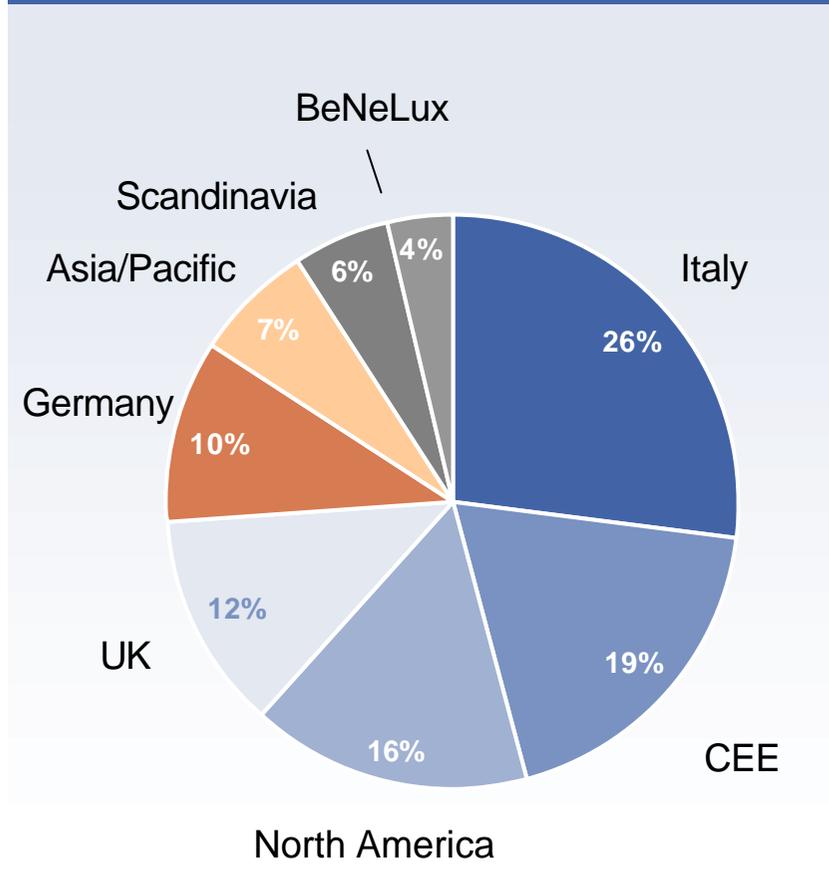
Aareal Bank
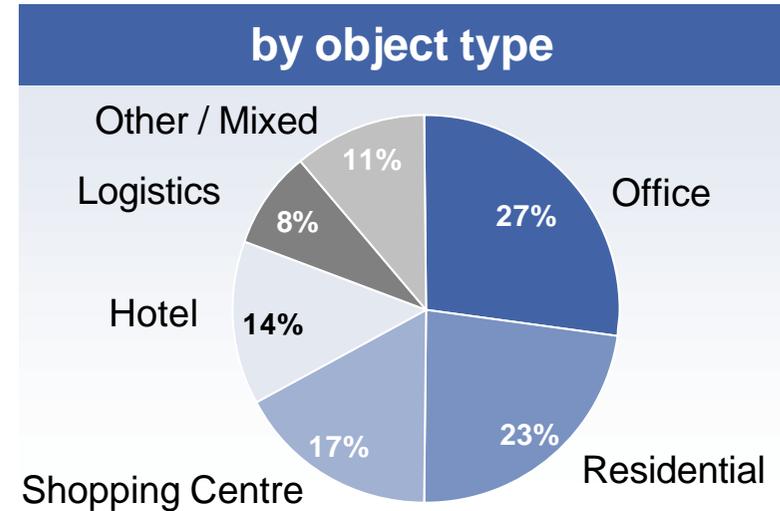
Total credit portfolio as at 31.03.2008
Total volume outstanding : €23.7 bn

by region

- North America
- Asia/Pacific
- Europe East
- Germany 28%
- 7%
- 3%
- 10%
- Europe North 13%
- Europe South 18%
- 21% Europe West (ex Ger)

by object type

- Other / Mixed 11%
- Logistics
- Hotel 14%
- 8%
- Office 27%
- Shopping Centre 17%
- Residential 23%

by product type

- Developments 10%
- Other 2%
- Investment finance 88%

by LTV ranges [1]

- > 80%
- 60-80% 12%
- 4%
- < 60%
- 84%
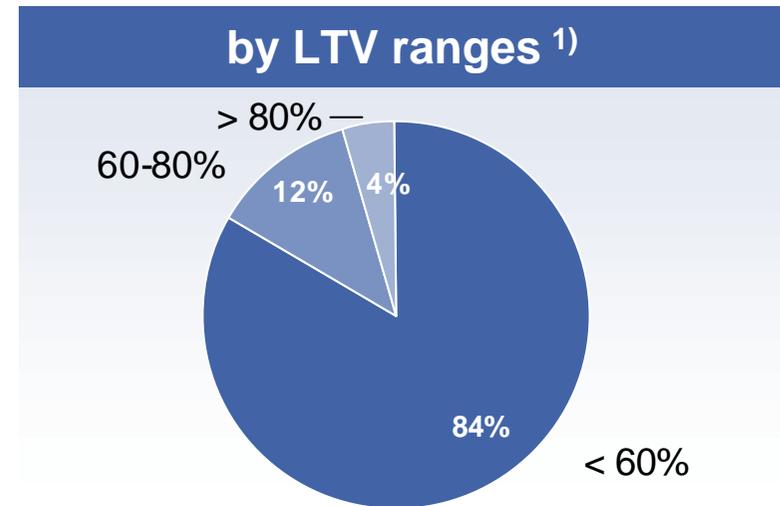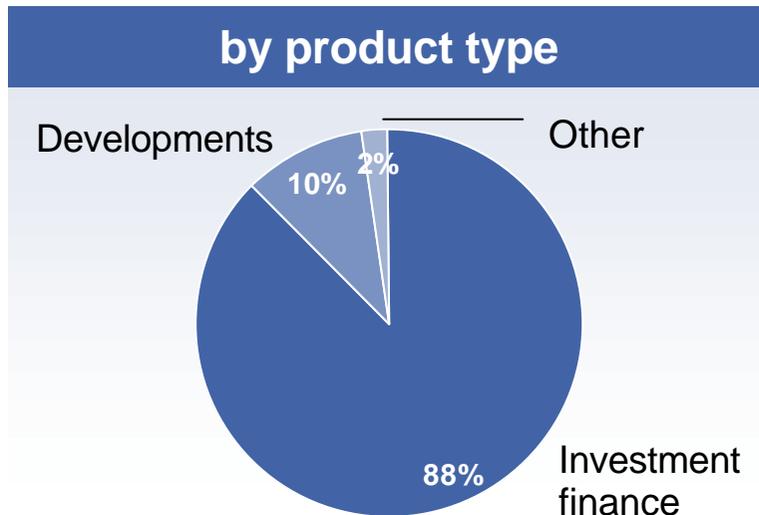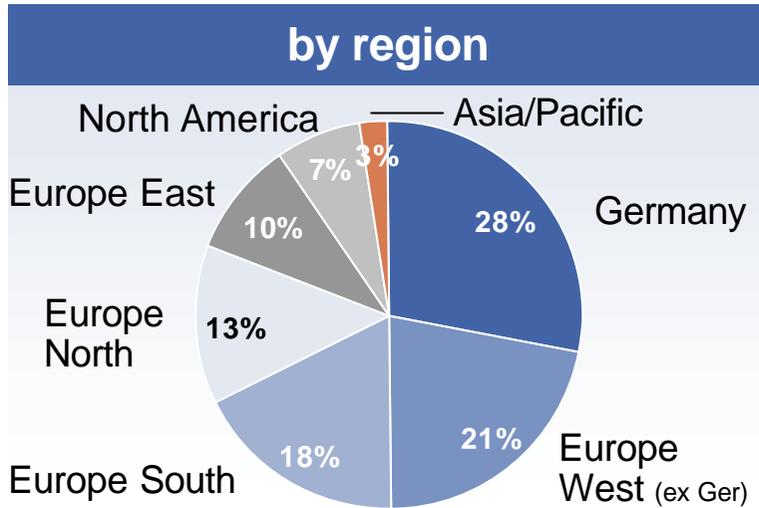
[1] Mortgage collateralised business only;
value does not take into account any collateral other than mortgages

7

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# Exposure to special asset classes as at 31.03.2008

Asset Class	Exposure Aareal Bank
US Subprime and US RMBS	**None**
CDOs	**None**
ABCPs / SIVs	**None**
Exposure insured by Monoliners	**None**
ABS portfolio - of which AAA rated - of which US CMBS	**~ €650 mn** > 90% < €50 mn
Additional ABS limit opened up to a further €500 mn to use current market opportunities, limited to: - RMBS (AAA-rated, ECB-eligible, maturities < 9M) and - CMBS (= A-rated, focus on AAA-rated, alternative to and treated like credit business)	Limit utilisation 14.05.2008: **---**

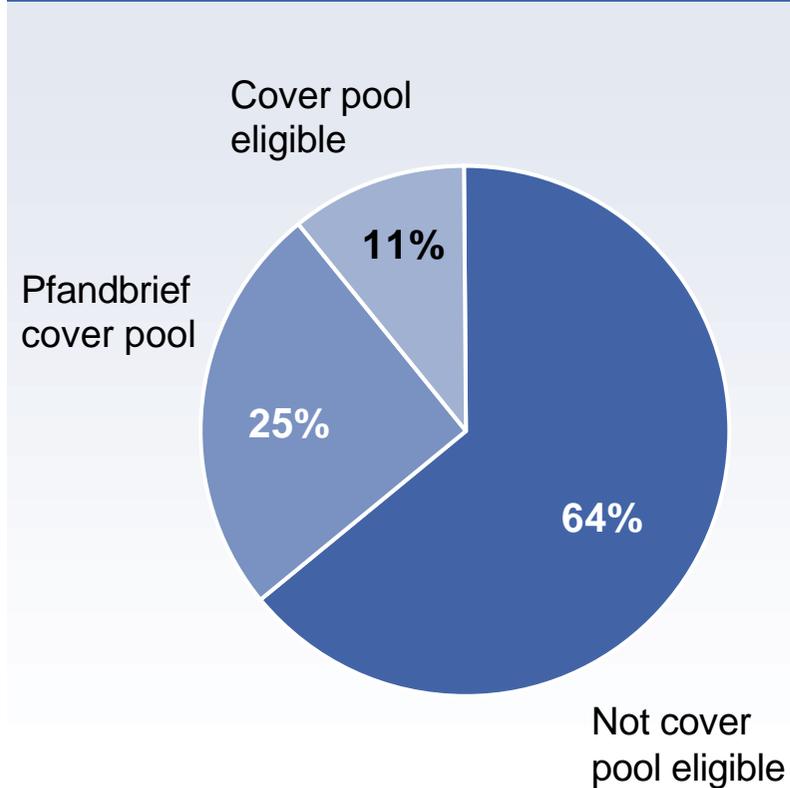**Aareal Bank**

Capital and

Refinancing Position

Development Tier I ratio
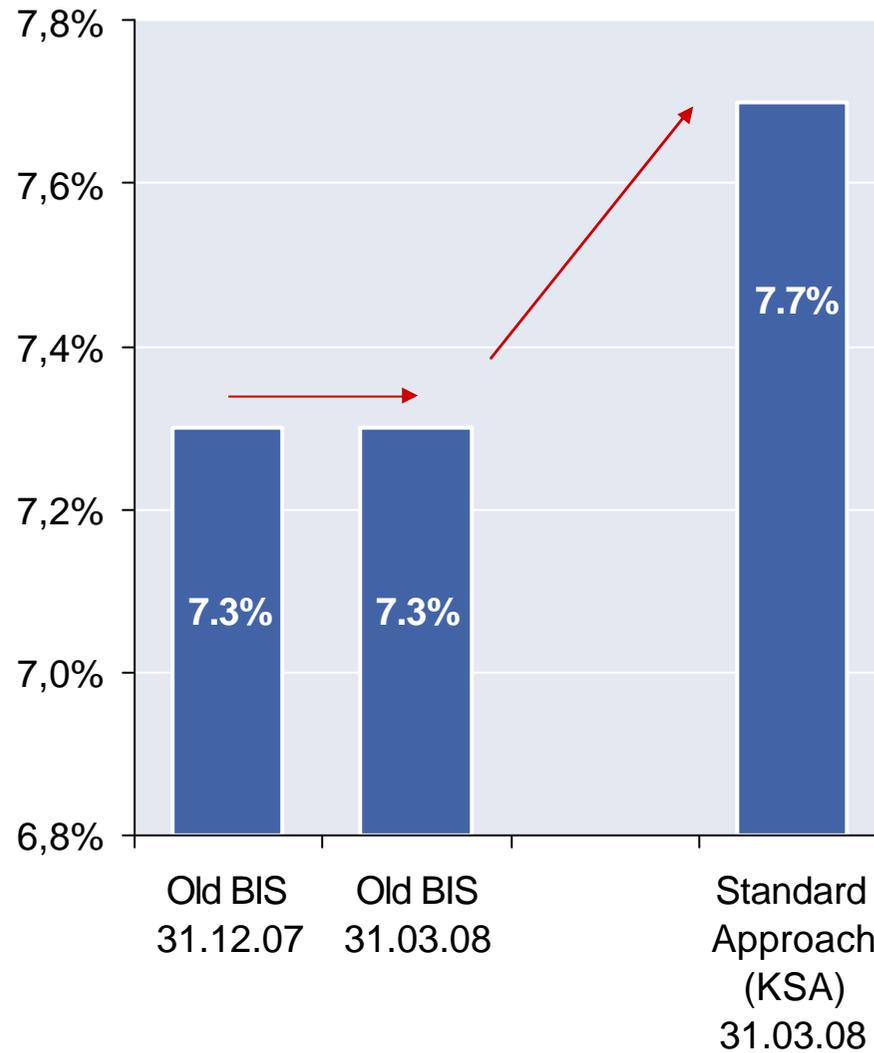
- Stable Tier I ratio according to old BIS rules

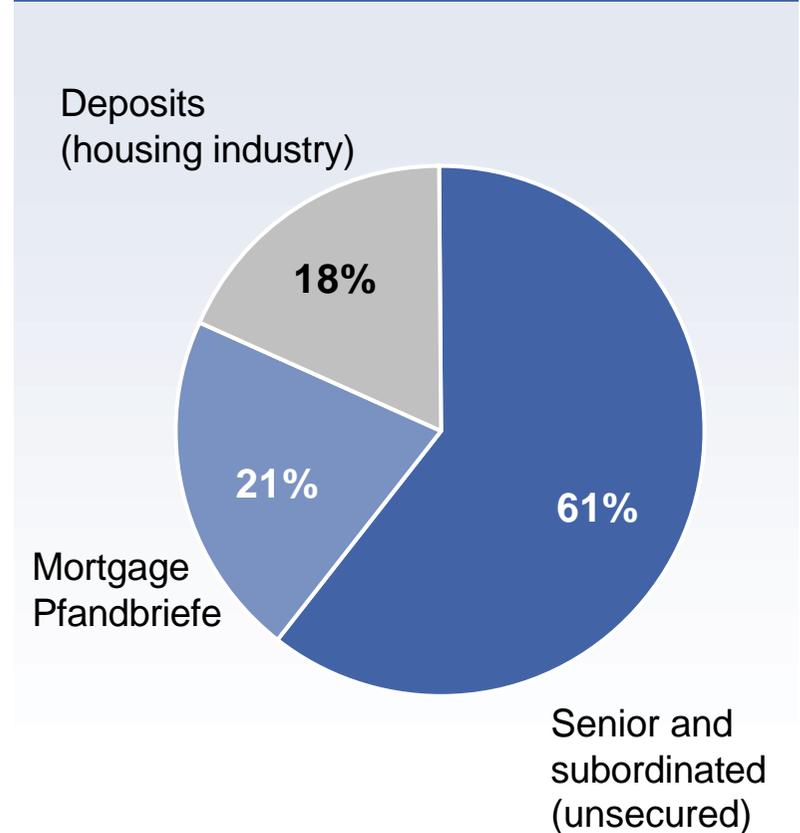- New ratio according to Basel II regulations (KSA) up by 40 bps

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Aareal funding position
Asset/Liability structure

Loan portfolio (without Depfa book)
Total volume 30.04.2008: €22.4 bn

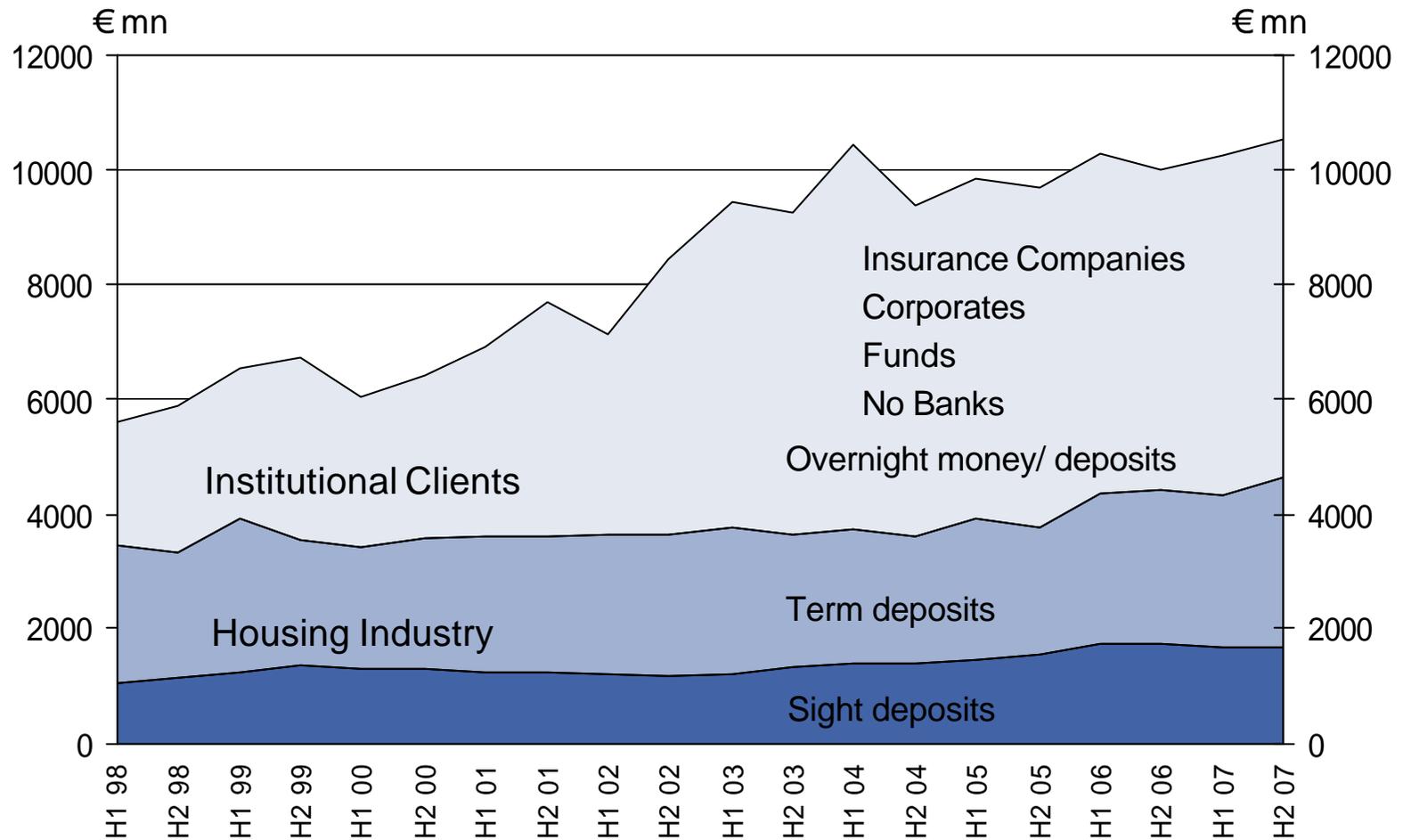Cover pool eligible

Pfandbrief cover pool

11%

25%

64%

Not cover pool eligible

Loan portfolio funding
Total volume 30.04.2008: €24.6 bn

Deposits (housing industry)

18%

21%

61%

Mortgage Pfandbriefe

Senior and subordinated (unsecured)
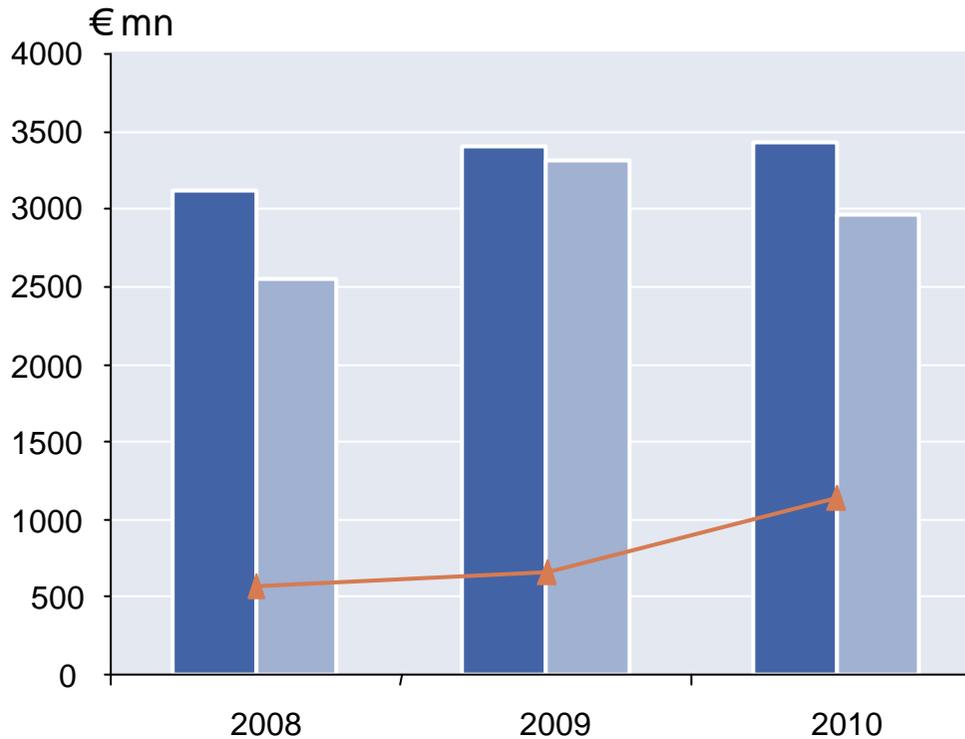
11

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Aareal funding position
Customer deposits: development by volume

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Maturity profiles
## Loan portfolio vs. long term liabilities (as at 30.04.2008)

€ mn

Strong liquidity situation:

- The loan portfolio maturities exceed the long term funding maturities

- Long term funding average maturity: 5.1 years

- Loan portfolio average maturity: 3.5 years

■ Contractual repayments of the loan portfolio

■ Long term funding volume to mature

▲ Surplus (cumulative)

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Aareal funding position
Volumes issued (as at 30.04.2008)

Senior unsecured issues

Mortgage Pfandbrief Issues

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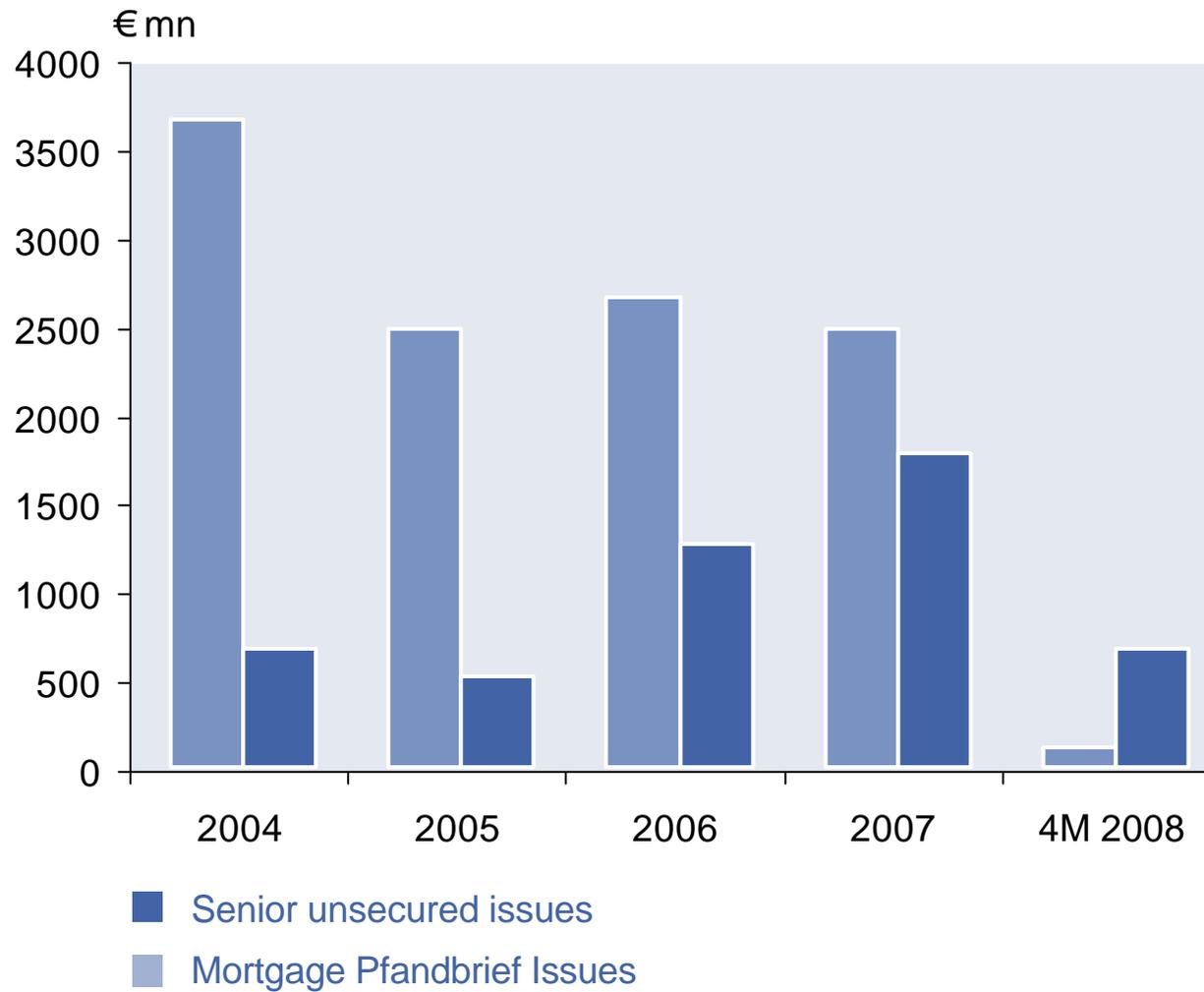
Summary capital and financing position

- Solid capital basis

- Total average maturity:

  - Long term funding (excl. public sector Pfandbriefe): 5.1 years

  - Property loan portfolio: 3.5 years

- Annual redemptions of long term funds about € 3 bn

- Highly stable deposits from housing industry can be used for long term refinancing

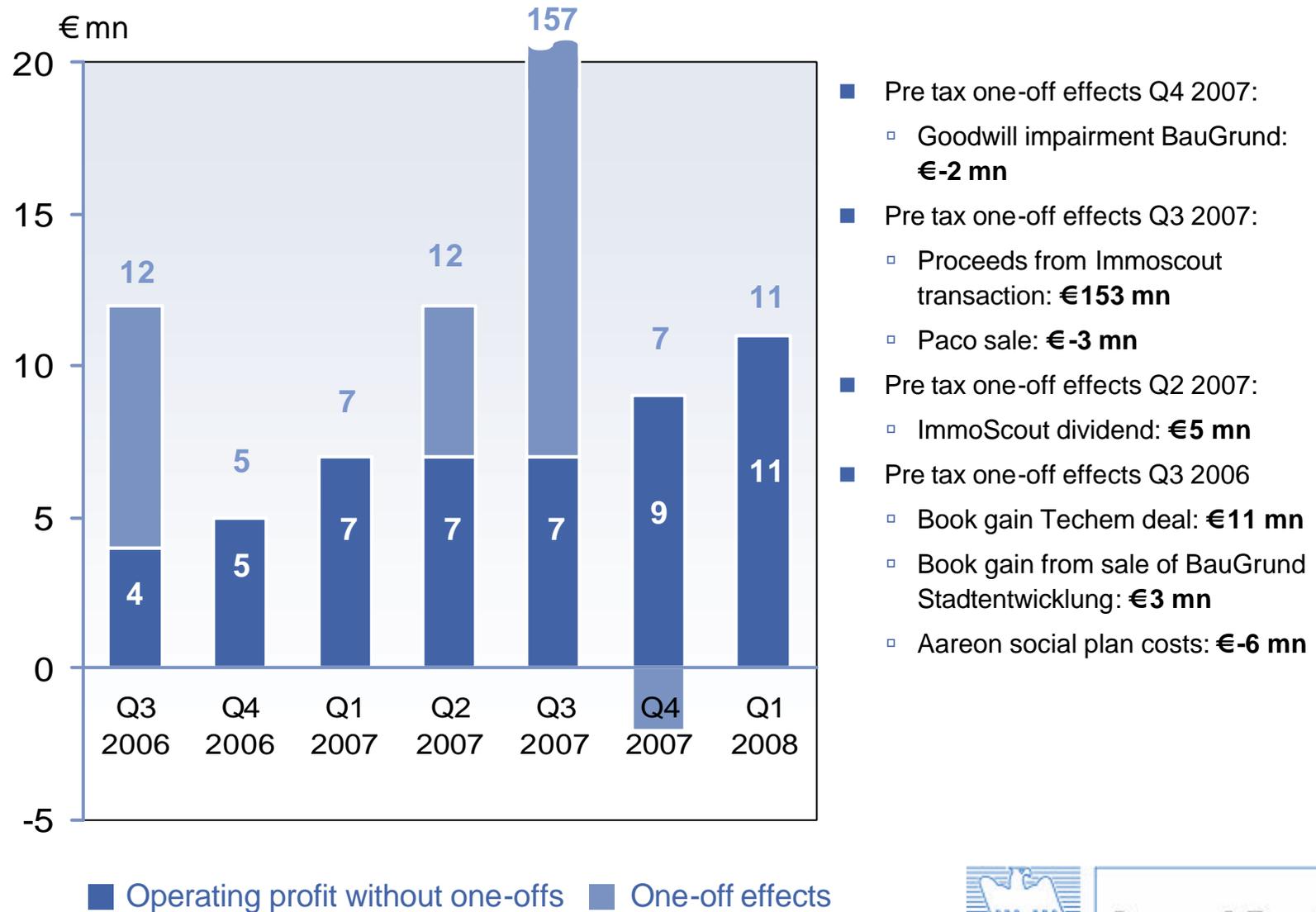➤ In any case, Aareal will not be forced to issue any senior unsecured funds this year

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Consulting/Services

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Performance

Consulting / Services segment - operating profit by quarter

€ mn

	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008
Total	12	5	7	12	157	7	11
Operating profit without one-offs	4	5	7	7	7	9	11

■ Operating profit without one-offs ■ One-off effects

- Pre tax one-off effects Q4 2007:
  - Goodwill impairment BauGrund: **€-2 mn**
- Pre tax one-off effects Q3 2007:
  - Proceeds from Immoscout transaction: **€153 mn**
  - Paco sale: **€-3 mn**
- Pre tax one-off effects Q2 2007:
  - ImmoScout dividend: **€5 mn**
- Pre tax one-off effects Q3 2006
  - Book gain Techem deal: **€11 mn**
  - Book gain from sale of BauGrund Stadtentwicklung: **€3 mn**
  - Aareon social plan costs: **€-6 mn**

17

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Institutional housing sector:
Breakdown of performance targets

IT-Services business					Integrated Payment Solutions				
Aareon Group [1]					Institutional Housing department / AFFS [2]				
	2007 € mn	2008p € mn	2009p € mn	2010p € mn		2007 € mn	2008p € mn	2009p € mn	2010p € mn
Revenues	164	170 - 180	175 - 185	195- 210	Revenues	59	60-65	60-70	70-80
Expenses	147	140 - 145	140 - 145	150- 160	Direct Expenses	36	35-40	35-40	40-45
EBIT	**17**	**30-40**	**35-40**	**45-50**	**Gross result** [3]	**10**	**10-20**	**15-20**	**20-25**

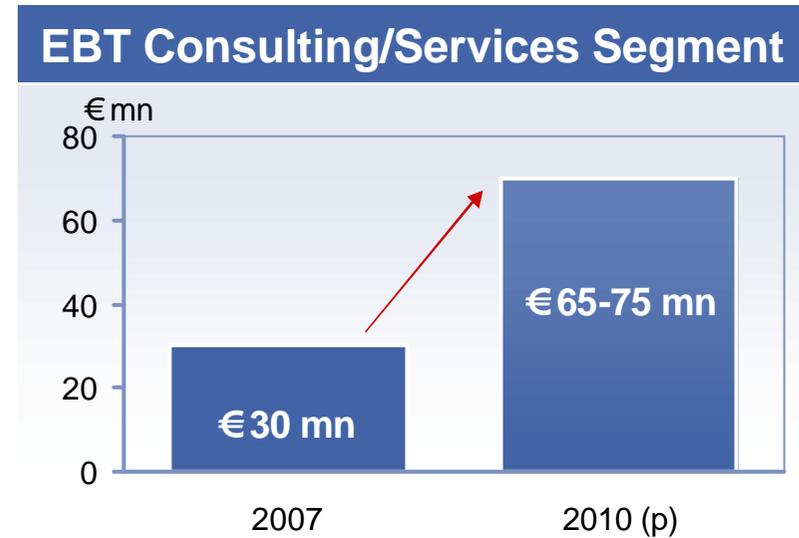1) Sub-group financial statements acc. to IFRS

2) Internal profit centre calculation

3) after bank overheads

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Financial targets 2010 – operating performance [*]

Group net RoE

%

- 20
- 15
- 10
- 5
- 0

8%

~ 13%

2007
operative

2010 (p)

Growth average RWA

€ bn

- 30
- 20
- 10
- 0

€ 21 bn

€ 27-28 bn

2007

2010 (p)

C/I Ratio Property Financing Segment

%

- 70
- 60
- 50
- 40
- 30
- 20
- 10
- 0

< 50 %

< 40 %

2007

2010 (p)

EBT Consulting/Services Segment

€ mn

- 80
- 60
- 40
- 20
- 0

€ 30 mn

€ 65-75 mn

2007

2010 (p)
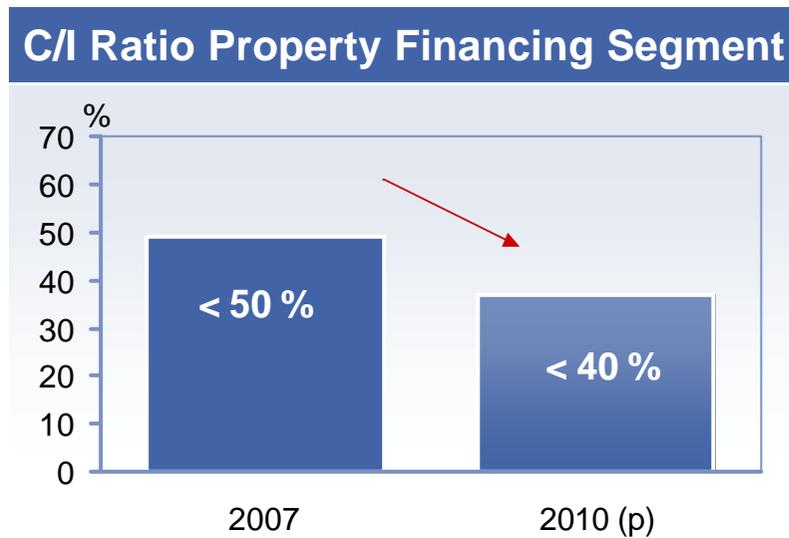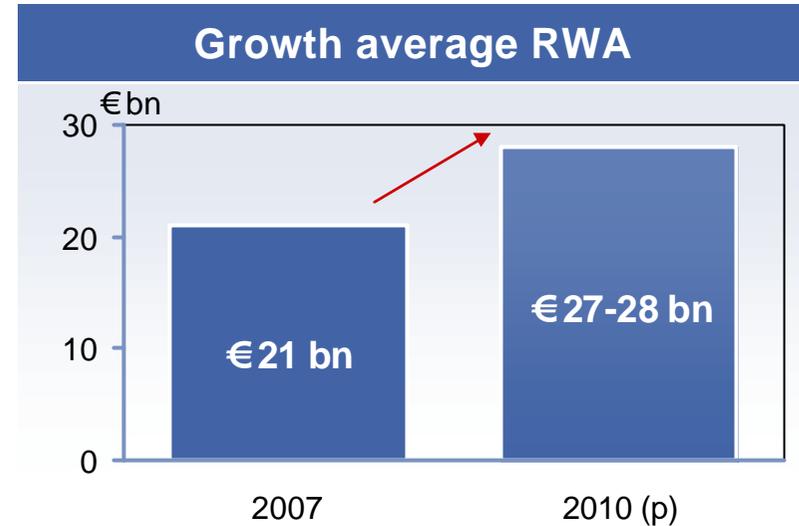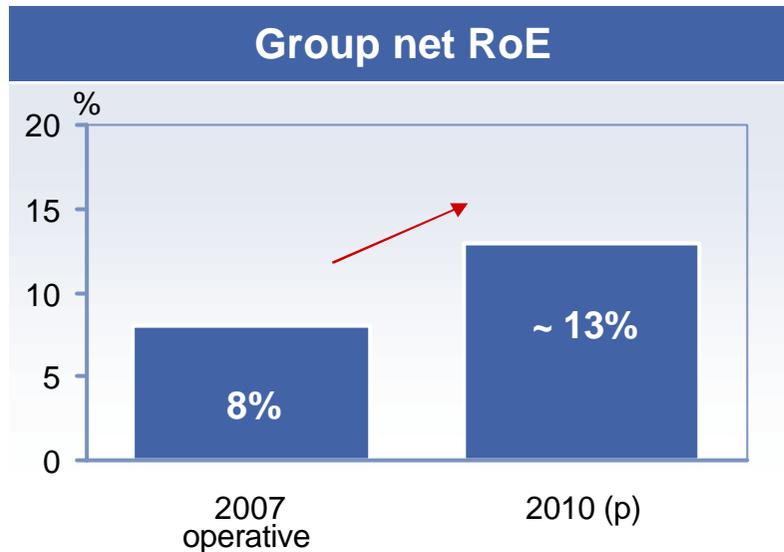
20

*) Subject to the condition that financial markets come back to normality in 2009

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Facts and Figures

P&L Q1 2008

	Q1 2008	Q1 2007	Change
	€ mn	€ mn	%
Net interest income	107	98	9,2%
Net loan loss provisions	20	22	-9,1%
Net interest income after net loan loss provisions	**87**	**76**	**14,5%**
Net commission income	33	37	-10,8%
Net result on hedge accounting	2	2	0,0%
Net trading income	-22	2	-
Results from non-trading assets	9	12	-25,0%
Results from companies accounted for at equity	0		-
Results from investment properties	0	0	-
Administrative expenses	88	89	-1,1%
Net other operating income	6	39	-84,6%
Impairment of goodwill			-
Operating Profit	**27**	**79**	**-65,8%**
Income taxes	9	23	-60,9%
Consolidated net income / loss	**18**	**56**	**-67,9%**
Allocation of results			
Consolidated net income / loss attributable to minority interests	5	5	0,0%
Consolidated net income / loss attributable to shareholders of Aareal Bank AG	**13**	**51**	**-74,5%**

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Segment reporting Q1 2008

	Structured Property Financing		Consulting/ Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	€mn		€mn		€mn		€mn	
	Quarter 1 2008	Quarter 1 2007	Quarter 1 2008	Quarter 1 2007	Quarter 1 2008	Quarter 1 2007	Quarter 1 2008	Quarter 1 2007
Net interest income	92	84	0	0	15	14	107	98
Provision for loan losses	20	22					20	22
Net interest income after net loan loss provisions	**72**	**62**	**0**	**0**	**15**	**14**	**87**	**76**
Net commission income	3	8	46	44	-16	-15	33	37
Net result on hedge accounting	2	2					2	2
Net trading income / expenses	-22	2					-22	2
Results from non-trading assets	9	12	0	0			9	12
Results from companies accounted for at equity	0						0	
Results from investment properties	0	0					0	0
Administrative expenses	52	54	37	36	-1	-1	88	89
Net other operating income / expenses	4	40	2	-1	0	0	6	39
Impairment of goodwill								
Operating profit	**16**	**72**	**11**	**7**	**0**	**0**	**27**	**79**
Income taxes	6	21	3	2			9	23
Consolidated net income / loss	**10**	**51**	**8**	**5**	**0**	**0**	**18**	**56**
Allocation of results								
Consolidated net income / loss attributable to minority interests	4	4	1	1			5	5
Consolidated net income / loss attributable to shareholders of Aareal Bank AG	**6**	**47**	**7**	**4**	**0**	**0**	**13**	**51**
Allocated equity	965	770	71	87	269	189	1.305	1.046
Cost/income ratio in %	61,4	38,5	78,1	84,4			67,0	48,9
RoE after taxes in %	2,5	24,2	38,2	18,1			3,9	19,3

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Definitions and Contacts

Definitions

- **Property Financing Portfolio**
  - Paid-out financings on balance sheet
  - Incl. remaining property loans on DEPFA books

- **New Business**
  - Newly acquired business incl. renewals (excl. interest rate prolongations)
  - Contract is signed by costumer
  - Fixed loan value and margin

- **Net RoE =** $\dfrac{\text{Group net income after minorities}}{\text{Allocated (average) equity}}$

- **Allocated Equity**

  Average of:
  - Equity minus minorities and revaluation surplus (start of period less dividends) and
  - Equity minus minorities and revaluation surplus (end of period less expected dividends)

- **CIR =** $\dfrac{\text{Admin expenses + other operating expenses}}{\text{Net income}}$

- **Net Income**
  - net interest income +net commission income + net result from hedge accounting + net trading income + results from non-trading assets + results from investments accounted for at equity + results from investment properties + other operating income

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