

LOCAL EXPERTISE  
MEETS GLOBAL EXCELLENCE

# Analyst Conference Call

## Q1 2011 results

May 10, 2011

Dr. Wolf Schumacher, CEO – Hermann J. Merkens, CFO



**Aareal Bank  
Group**

# Agenda

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- Q1 2011 results at a glance
  - Capital increase
  - SoFFin support measures
  - Group capital and funding position
  - Group figures Q1 2011
  - Asset quality
  - Outlook
  
  - Appendix
  - Definitions and Contacts
- 



# Q1 2011 results at a glance



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# Q1 2011 results at a glance

## On track

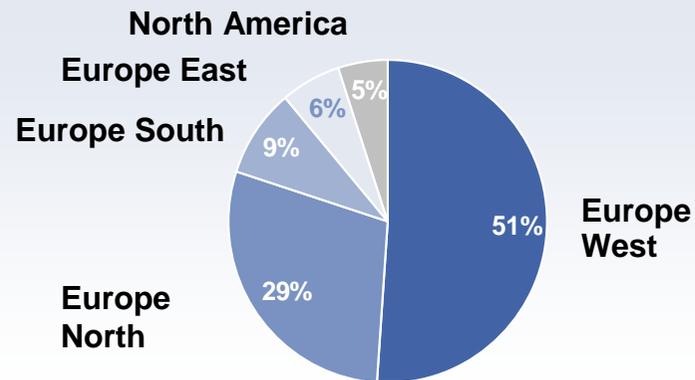
	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Comments
€ mn						
Net interest income	134	139	131	122	117	<ul style="list-style-type: none"> <li>Higher margins “paying off”</li> <li>Q4 2010 was boosted by € 3 - 4 mn one-offs</li> </ul>
Allowance for credit losses	18	8	32	33	32	Strong portfolio quality and market development
Net commission income	30	37	24	32	30	Burdened by costs for the SoFFin guarantee
Net result trading-/ non-trading assets / on hedge accounting	-8	-14	-3	3	8	Reflects volatile markets
Administrative expenses	91	95	88	92	91	Cost discipline further maintained
Operating profit	47	40	33	31	30	On track in Q1



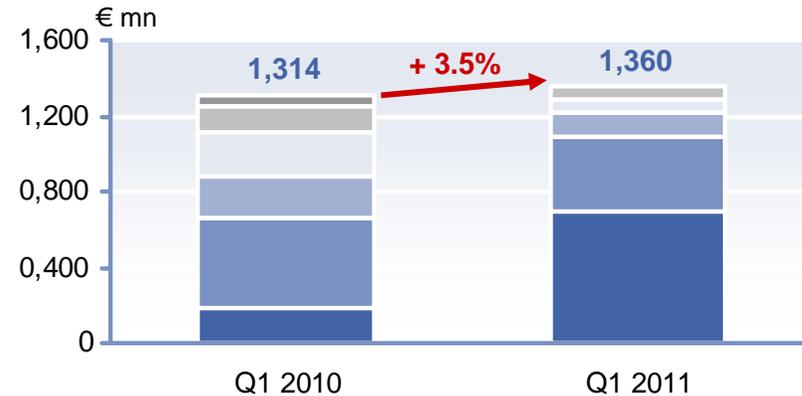
# Structured property financing

## New business with attractive risk-return profile

New business by region 3M 2011



New business origination



P&L SPF Segment	Q1 '11	Q4 '10	Q3 '10	Q2 '10	Q1 '10
€ mn					
Net interest income	125	129	121	111	106
Loan loss provision	18	8	32	33	32
Commission income	-5	-1	-5	1	-4
Net trading result	-8	13	2	-13	6
Result non-trad. assets	2	-23	-4	14	0
Admin expenses	51	56	54	55	52
Others	-2	-23	0	0	0
<b>Operating profit</b>	<b>43</b>	<b>31</b>	<b>28</b>	<b>25</b>	<b>24</b>

- Share of newly acquired business increased
- Focus on attractive risk-return profile
- Preferably loans for Pfandbrief cover pool
- Newly acquired business picked up further in April
- Promising deal pipeline



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# Consulting / Services

Solid in IT & volumes – weak in deposit margins

P&L C/S Segment (industry format)	Q1 '11	Q4 '10	Q3 '10	Q2 '10	Q1 '10
<b>Euro mn</b>					
Sales revenue	49	56	45	48	50
Own work capitalised	0	1	0	1	0
Changes in inventory	0	0	0	0	0
Other operating income	1	2	3	2	1
Cost of material purchased	5	7	6	5	5
Staff expenses	28	27	22	25	26
D, A, impairment losses	3	3	3	4	3
Results at equity acc. investm.	0	-	-	-	-
Other operating expenses	10	13	12	11	11
Results from interest and similar	0	0	0	0	0
<b>Result from ordinary activities</b>	<b>4</b>	<b>9</b>	<b>5</b>	<b>6</b>	<b>6</b>
Income taxes	1	3	1	2	2
<b>Segment result</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>
Segment result attributed to minority interests	1	0	1	0	1
<b>Segment result after minority interests</b>	<b>2</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>3</b>

## Sales revenue

- SG I automatisering compensated the decrease of the deposit taking business revenues (deriving from the low interest rate environment)

## Staff expenses

- Stable even including SG I automatisering

## Segment result

- Client contract structure of SG I automatisering will regularly enhance Q4-results



Capital increase



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# Successfully completed rights issue

Gross proceeds of € 269.6 mn

Key dates	
Thu, 14 April 2011	Aareal Bank AG resolved on capital increase
Thu, 14 April 2011	Aareal Holding successfully completed pre-placement of new shares
Mon, 2 May 2011	Aareal Bank AG successfully completed capital increase. 99.73 per cent of subscription rights have been exercised.
Tue, 3 May 2011	Settlement of new shares subscribed

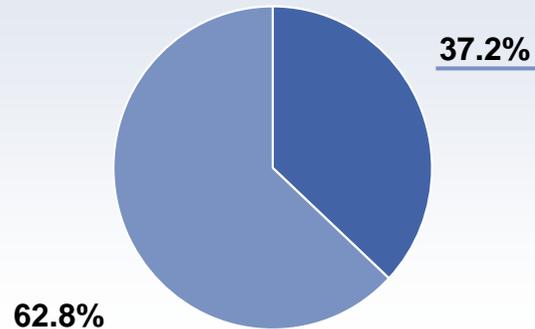


# Shareholder structure

## 17 mn new shares guarantee a higher free float

### Structure before capital increase

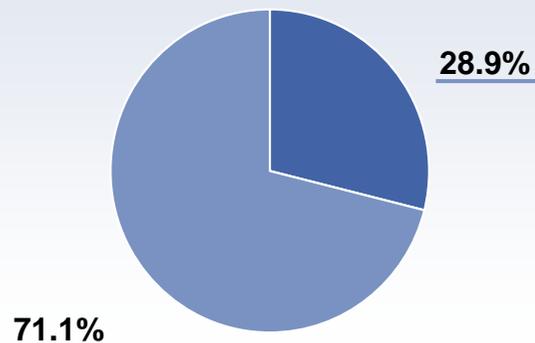
Total number of shares: 42,755,159



8.9%	Bayerische Beamten Lebensversicherung a.G.
8.9%	Swiss Life AG
6.7%	Versorgungsanstalt des Bundes und der Länder
6.1%	Dr. August Oetker KG
3.4%	Deutscher Ring Lebensversicherungs-AG und Deutscher Ring Sachversicherungs-AG
1.8%	Deutscher Ring Krankenversicherungsverein a.G.
1.4%	Condor Lebensversicherung AG

### Structure after capital increase

Total number of shares: 59,857,221



6.9%	Bayerische Beamten Lebensversicherung a.G.
6.9%	Swiss Life AG
5.2%	Versorgungsanstalt des Bundes und der Länder
4.7%	Dr. August Oetker KG
2.7%	Deutscher Ring Lebensversicherungs-AG und Deutscher Ring Sachversicherungs-AG
1.4%	Deutscher Ring Krankenversicherungsverein a.G.
1.1%	Condor Lebensversicherung AG

- Free float
- Aareal Holding Verwaltungsgesellschaft mbH



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# Intended use of the proceeds from the successfully completed rights issue

## New Business Opportunities

- Expanding new Structured Property Financing business to € 7 bn to € 8 bn in 2011 with higher margins compared to existing book and consistent with the bank's current underwriting and credit risk strategy
- Improving internal core capital generation potential

## Improvement of Capital Position

- Pro-forma Tier 1 capital ratio<sup>1)</sup> ex SoFFin silent participation and ex hybrids (CT 1) would be 10.7%, incl. SoFFin 12.6% in Q1 2011 prior to employment of capital for new business
- Strong capital levels relative to peers strengthen Aareal Bank's overall capital market perception

## Repayment of SoFFin

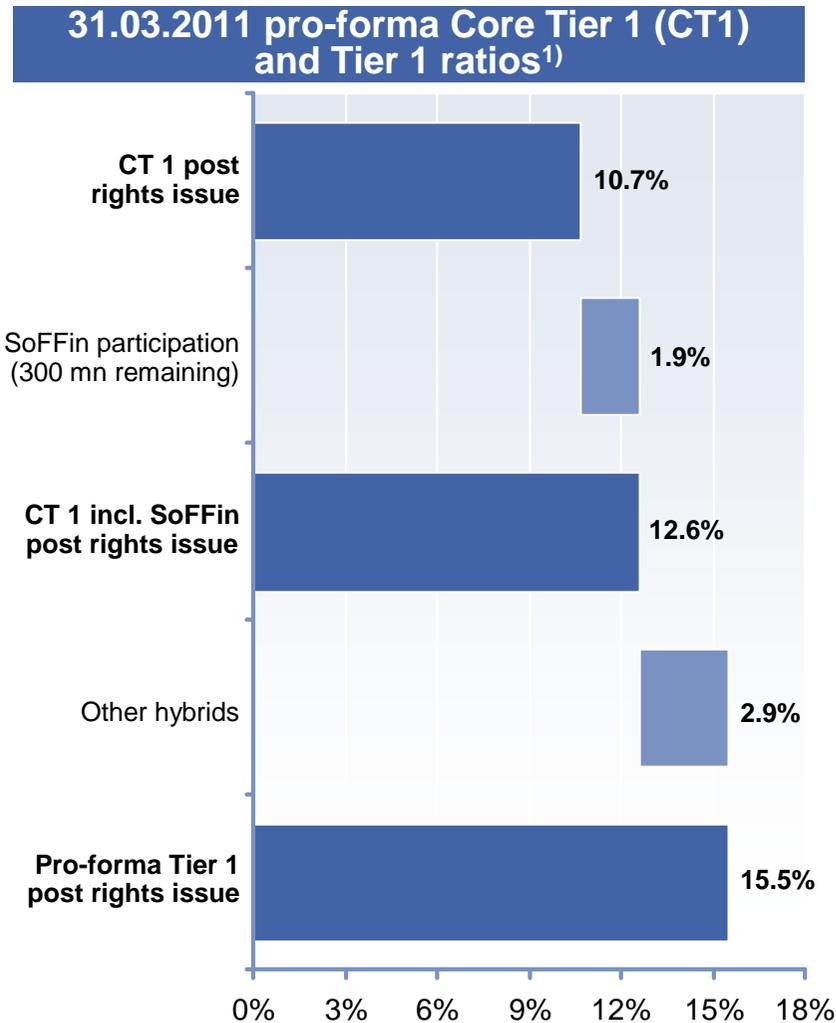
- € 75 mn of net proceeds used to redeem a further tranche of the SoFFin silent participation

**Enhanced position by current rights issue**

1) Pro-forma Tier 1 capital ratio as at 31.03.2011 includes repayment of € 75 mn of the SoFFin silent participation



# Strong capital ratios & stable capital structure post transaction facilitate further growth



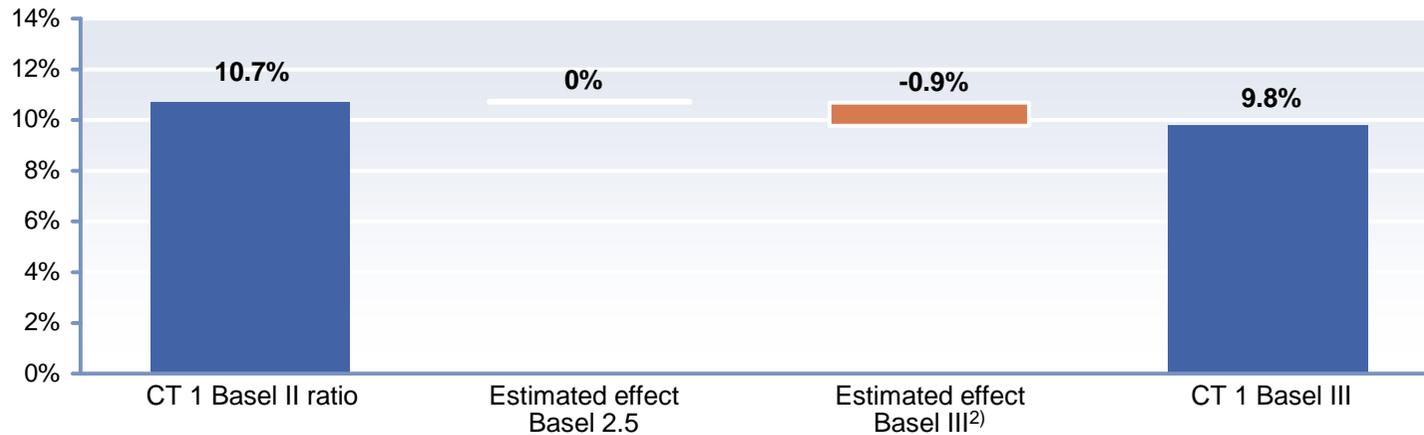
- Targeted Core Tier 1 ratio acc. to Basel III in 2013 over-achieved as of today; new business opportunities will be captured only in accordance with achieving this target
- Capital structure post transaction well in line with other European banks
- Full repayment of remaining SoFFin silent participation possible without further capital increase

1) Ratios before the investment of new equity in new business

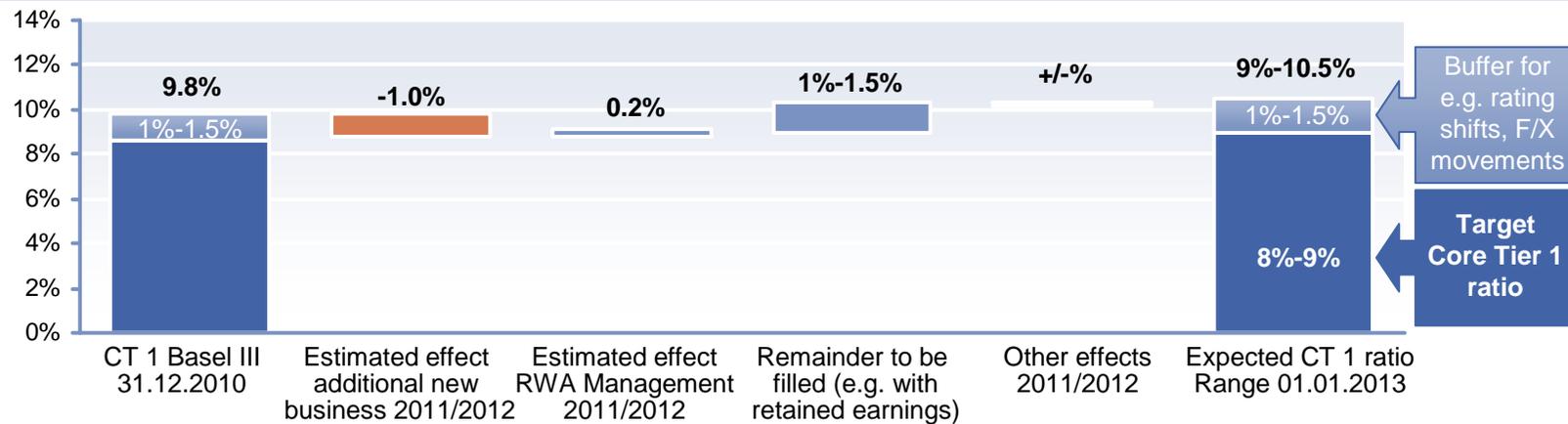


# Estimated Basel III fully loaded effects Core Tier 1 ratio ex SoFFin/hybrids, development until 2013

**Estimated Pro-forma post rights issue per 31.03.2011<sup>1)</sup>**



**Simulation: Target Core Tier 1 ratio development 2011-2013<sup>1)</sup>**



1) Actual figures may vary significantly from estimates  
 2) Estimated impact of Basel III implementation due to capital deductions and counterparty credit risk (on the basis of pro forma regulatory figures as at 31.03.2011 including the capital increase)



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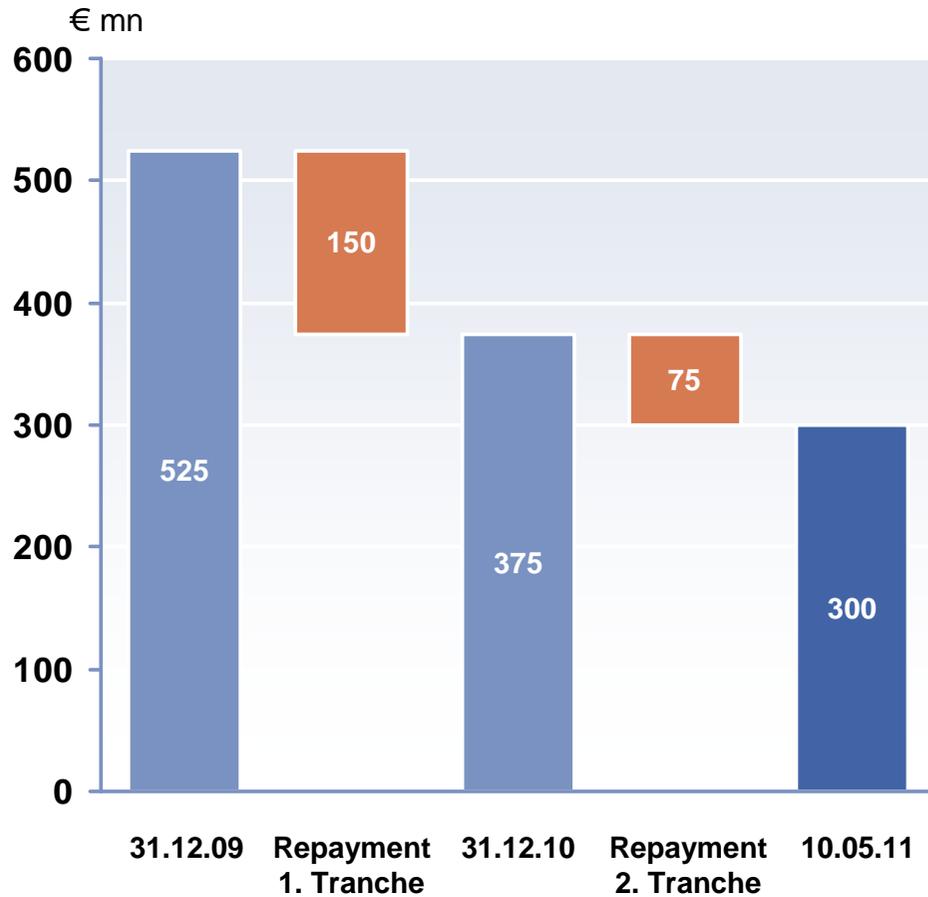
# SoFFin support measures



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# SoFFin support measures

## Demonstration of strength and soundness



- Aareal Bank was the first bank to start the repayment of the capital support provided by SoFFin
- First tranche amounts to € 150 mn
- Second tranche amounts to € 75 mn
- Manageable size of remaining € 300 mn SoFFin participation



# SoFFin support measures

## Key terms

### Silent participation

- Volume<sup>1)</sup>: € 300 mn in one tranche
- Coupon: 9% (tax deductible)
- Term: perpetual
- Fully recognised as Tier 1 capital
- Call rights: by Aareal Bank only, acc. to sec. 10(4)3 German Banking Law (KWG)
- No dividend payments during 2009 and 2010 for preceding years
- Additional remuneration: coupon increases on a pro rata basis by 0.5 pp for each ~0.18 € DpS<sup>2)</sup>
- Subordination in case of liquidation and insolvency: junior to existing and future Tier 2 instruments (incl. Genussrechte/-scheine) and other debt; pari passu with existing tier 1 hybrids and future tier 1 hybrid offerings; senior to shareholders
- Loss sharing: pari passu with all other instruments with loss participation; no dividend payment until full compensation of shared losses

1) Original volume: € 525 mn, first repayment tranche of € 150 mn in July 2010, second repayment tranche of € 75 mn in April 2011

2) Adjusted relative to the capital increase

3) After early redemption of second bond remaining volume down from € 4 bn

### Government guarantee facility

- Volume<sup>3)</sup>: € 2 bn
- Term: ≤ 36 months
- Guaranteed obligations: bearer bonds
- Drawdown period expired 31.12.2010
  - First bond: € 2 bn fully placed in 03/2009, maturing 26.03.2012
  - Second bond: € 2 bn onto own book 07/2010 maturing 05.06.2013 early redemption 04/2011
- Commitment fee: 10 bp (for undrawn guarantee)
- Drawdown fee:
  - ≤ 12 months: 50 bp p.a.
  - > 12 months: 94.8 bp p.a.



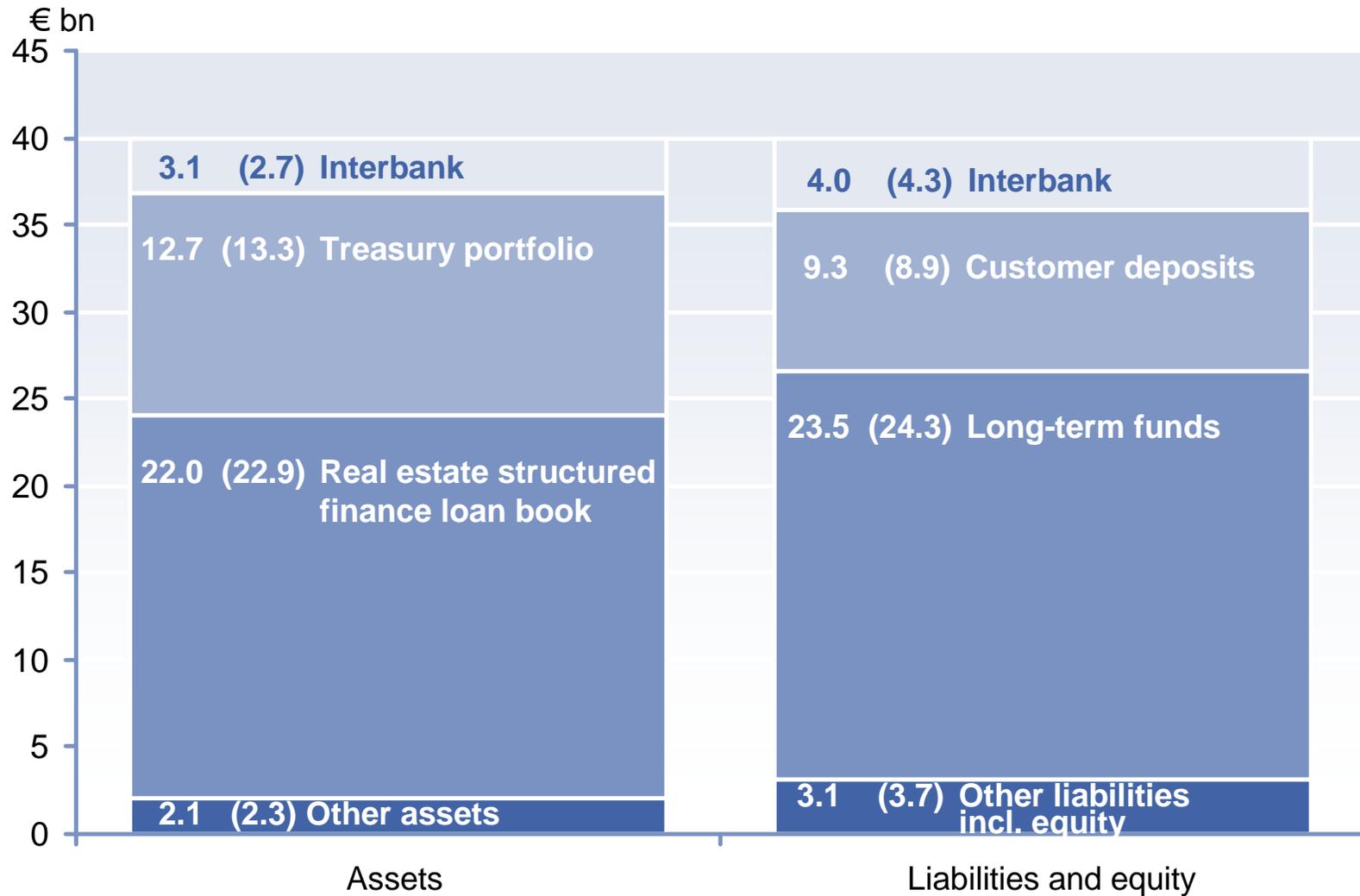
# B/S structure & funding position



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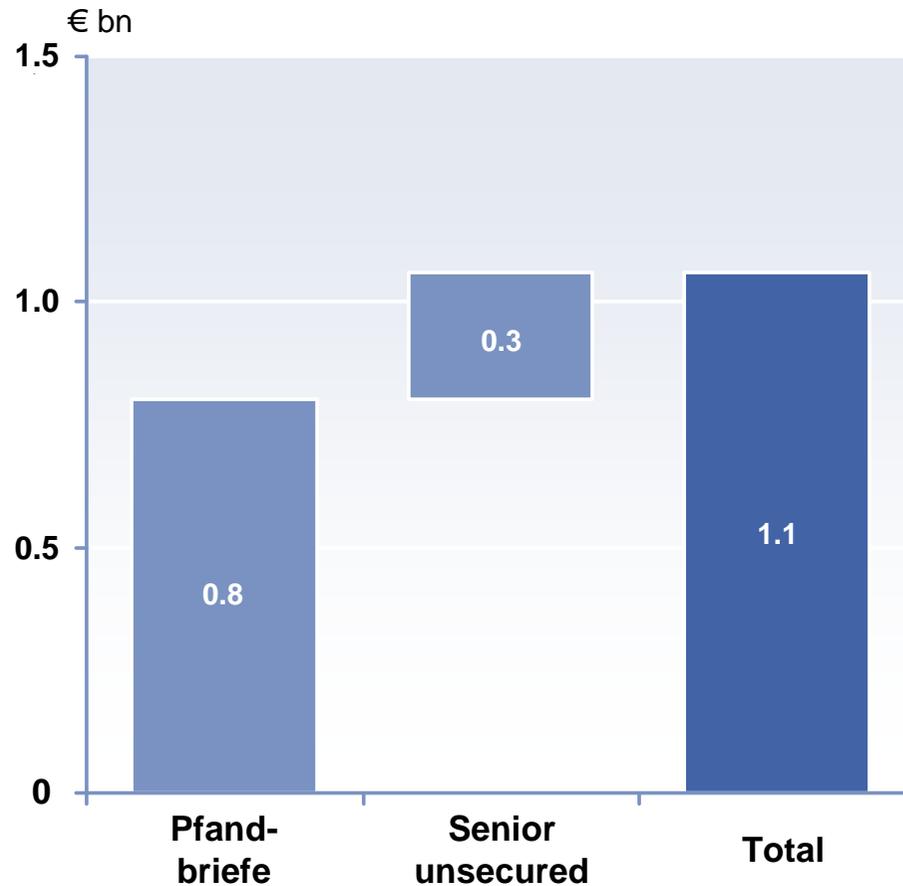
# Asset- / Liability structure according to IFRS

As at 31.03.2011: € 39.9 bn (31.12.2010: € 41.2 bn)



# Refinancing situation 2011

## Flexible use of unsecured and secured funding



### Total funding of € 1.1 bn in 3M 2011

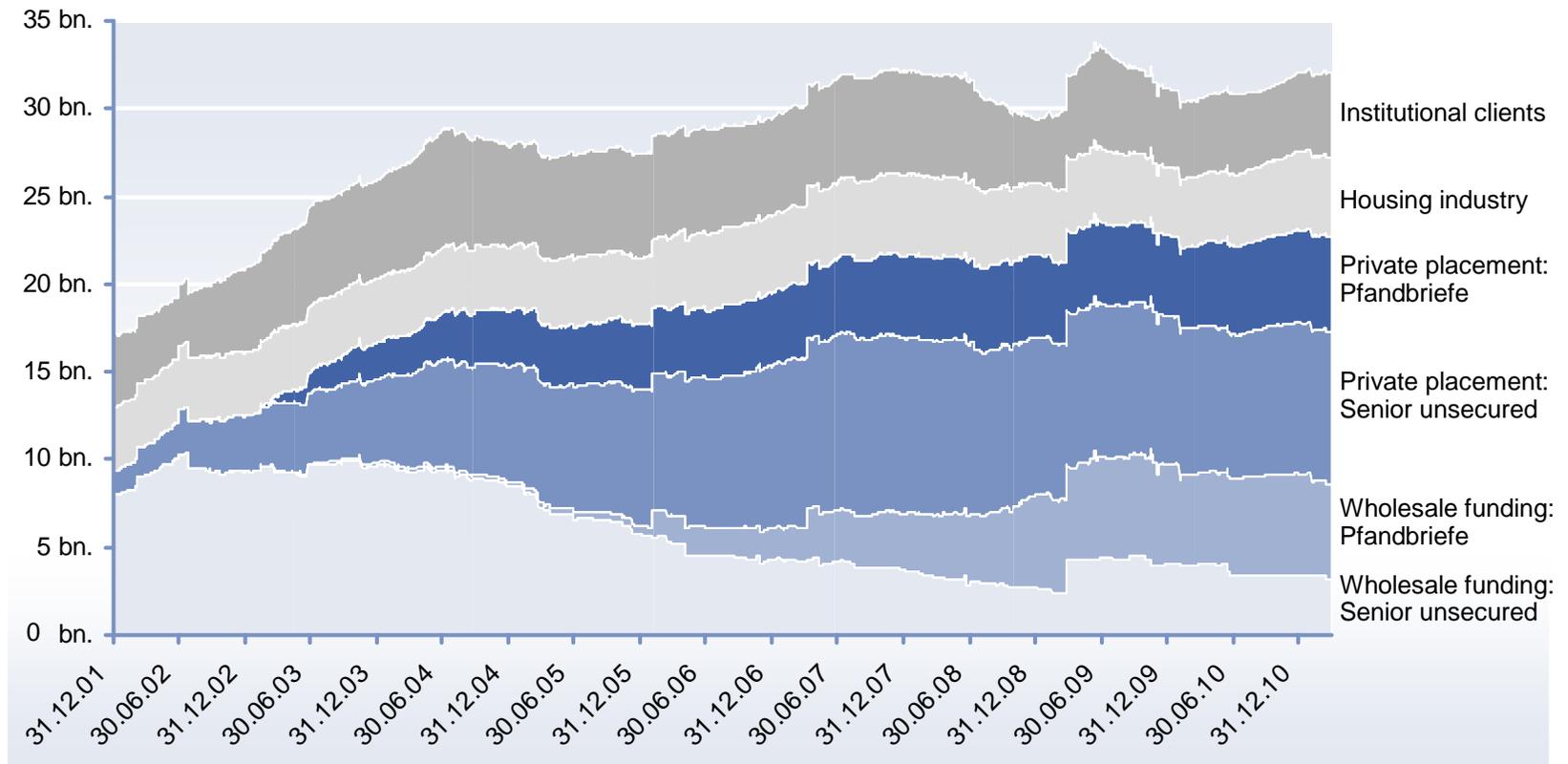
- Pfandbriefe:
  - € 0.8 bn  
thereof a € 500 mn benchmark mortgage Pfandbrief in 01/2011
- Senior unsecured:
  - € 0.3 bn

### Current developments

- Senior unsecured benchmark € 500 mn successfully placed in 05/2011
- Continues private placements of further senior unsecured bonds
- Pfandbriefe selling continuously well

# Refinancing situation

## Diversified funding sources and distribution channels



- Aareal Bank has clearly reduced its dependency upon wholesale funding
- At the beginning of 2002, long term wholesale funding accounted for 47% of overall funding volumes - by 31.03.2011, this share had fallen to 27% (or even 10% without Pfandbriefe)



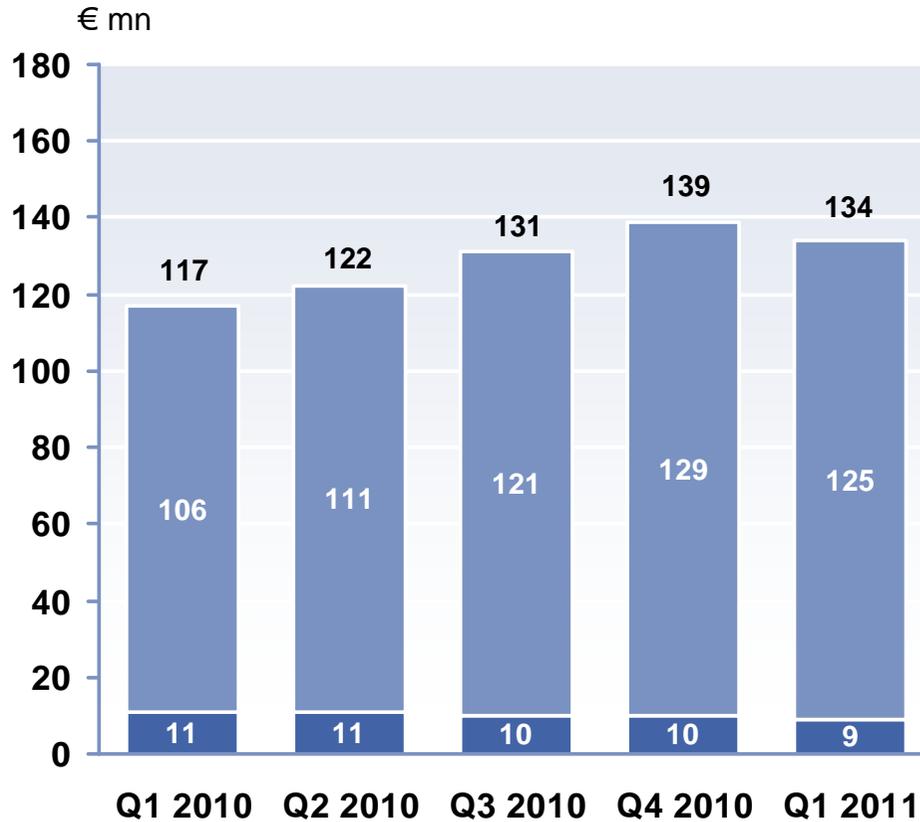
# Group figures Q1 2011



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# Net interest income

## Higher margins “paying off”



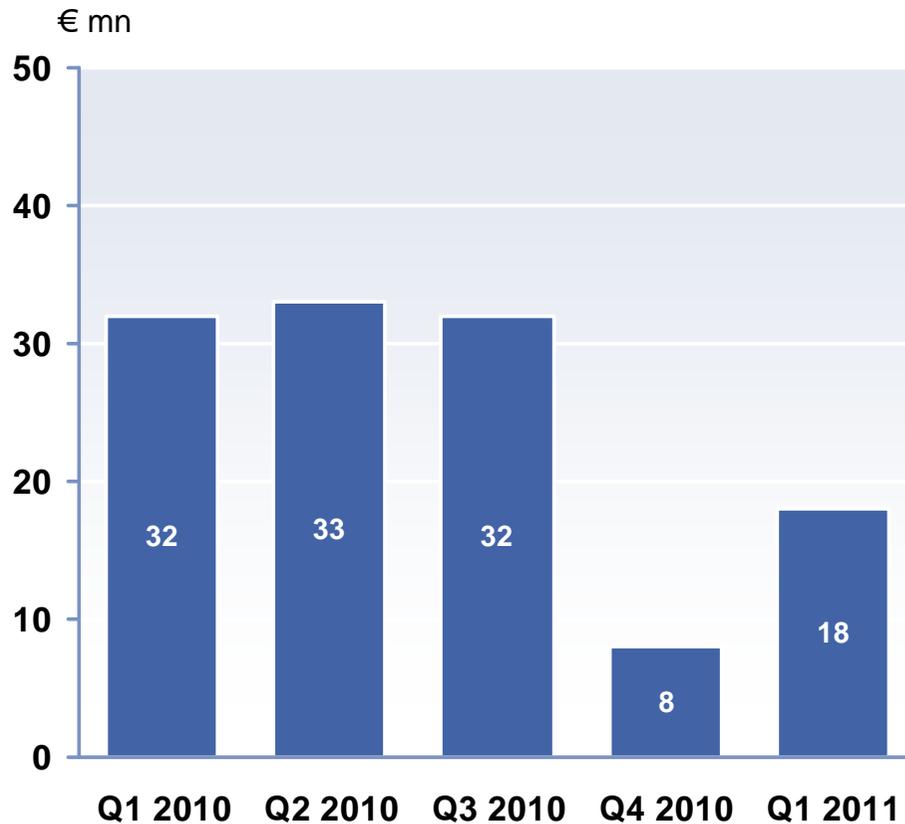
- Net interest income Q1 2011: € 134 mn
- Q4 2010 was boosted by € 3 - 4 mn one-offs
- Net interest income influenced by
  - Structured Property Financing: Mainly results from higher margins
  - Consulting / Services: Low interest rate level still burdens the deposit taking business

■ NII Structured Property Financing  
 ■ NII Consulting / Services



# Loan loss provisions

## Loan loss provisions proving high portfolio quality

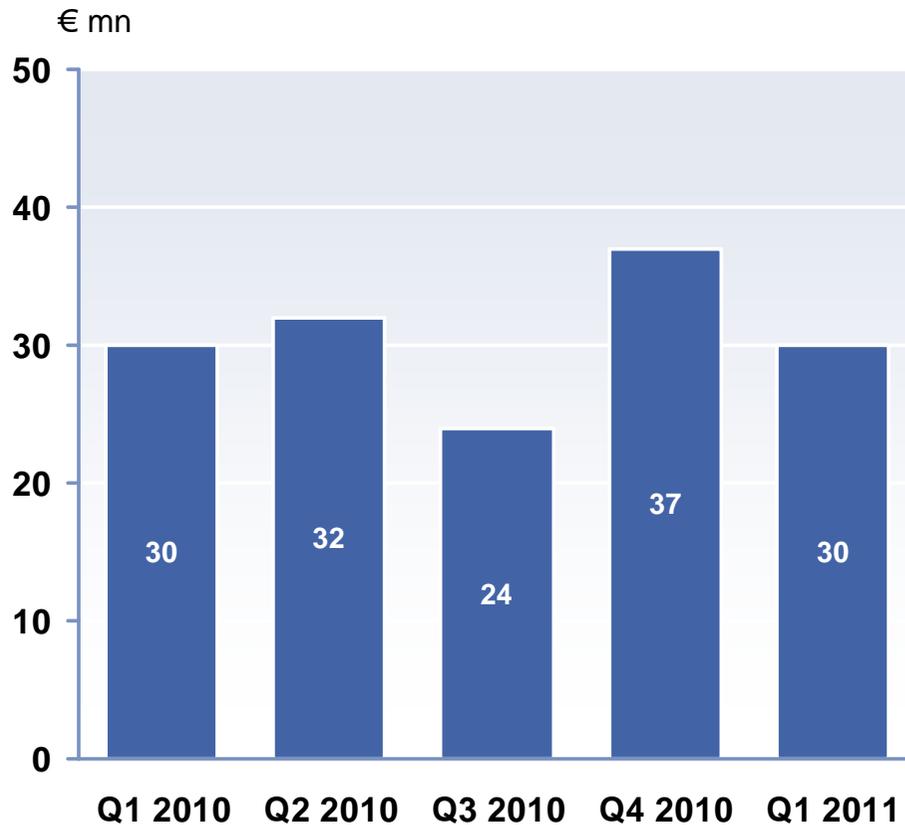


- Q1 loan loss provisions of € 18 mn stays annualised below the given range of € 110 mn to € 140 mn
- Loan loss provisions may vary quarter by quarter
- Close monitoring of our loan portfolio and successful restructuring efforts results in only € 18 mn LLP in Q1



# Net commission income

## Costs for additional SoFFin guarantee since Q3

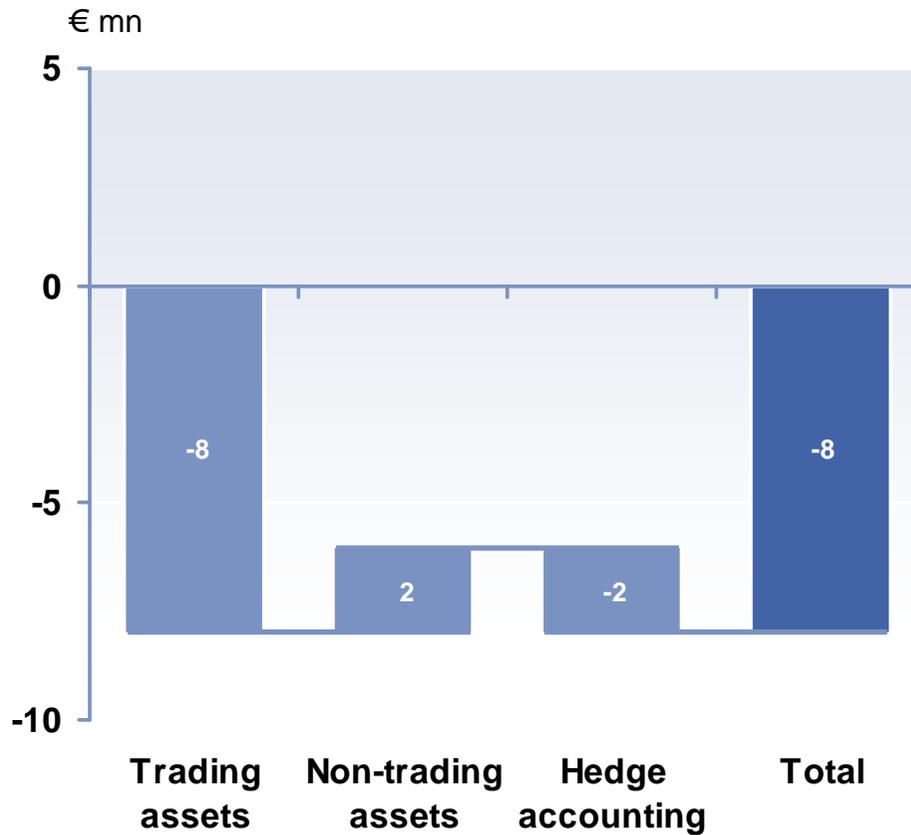


- All quarters shown are burdened with ~€ 5 mn costs for the first SoFFin guarantee facility
- The impact increased to ~€ 10 mn starting in Q3 2010 due to the additional SoFFin guarantee facility drawn at the end of Q2 2010 (which was held onto own book)
- Considering these facts net commission income of € 30 mn is a good performance regarding the challenging environment
- Q1 2011 includes revenues from SG I automatising of around € 3 mn



# Trading, non trading and hedge accounting

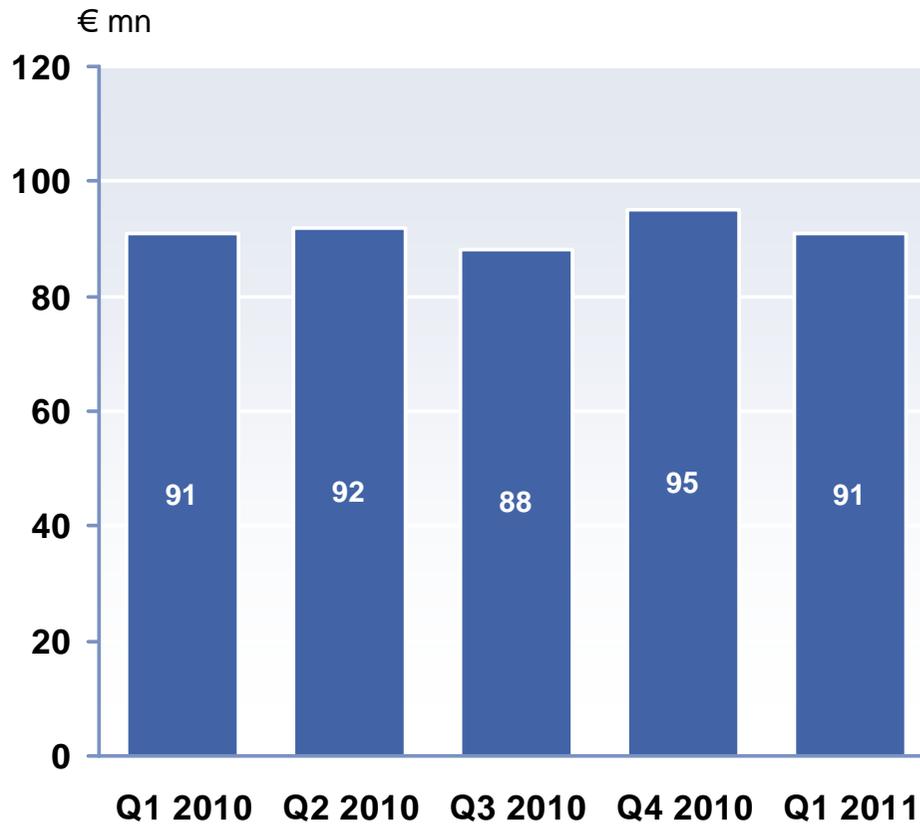
## Result reflects volatile markets in Q1 2011



- Trading result reflects burden from cross-currency basis swaps and positive development of credit derivatives

# Admin expenses

## High cost discipline further maintained



- Q1 2011-figures with € 91 mn about the average of the last quarters and showing that the efficiency measures still keeping the admin expenses under control
- Q1 2011 includes for the first time ~ € 1 mn addition burden from the German bank levy
- Includes effect of consolidation of Aareon's Dutch acquisition SG I automatisering since Q4 2010 (~€ 3 mn per quarter)



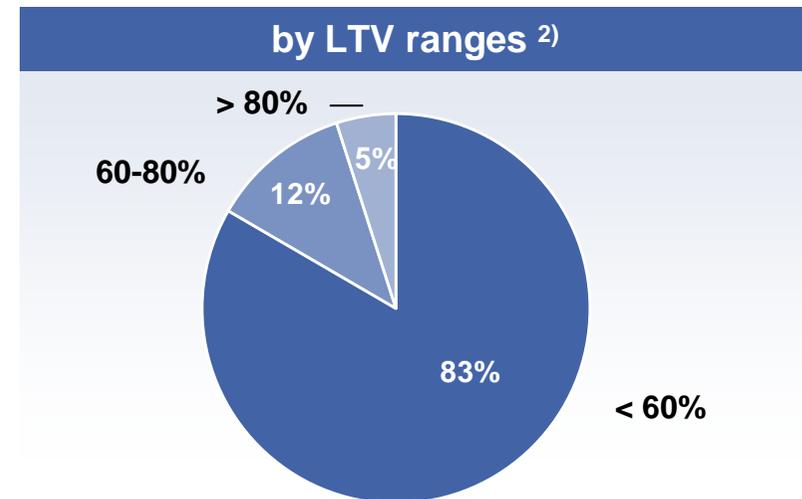
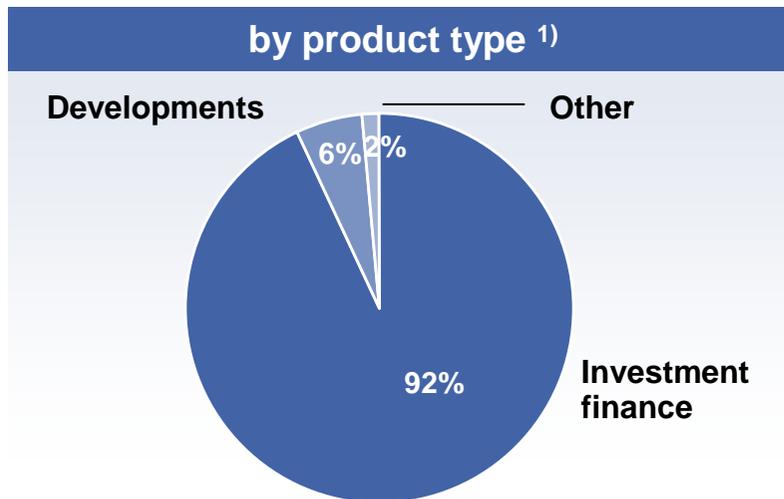
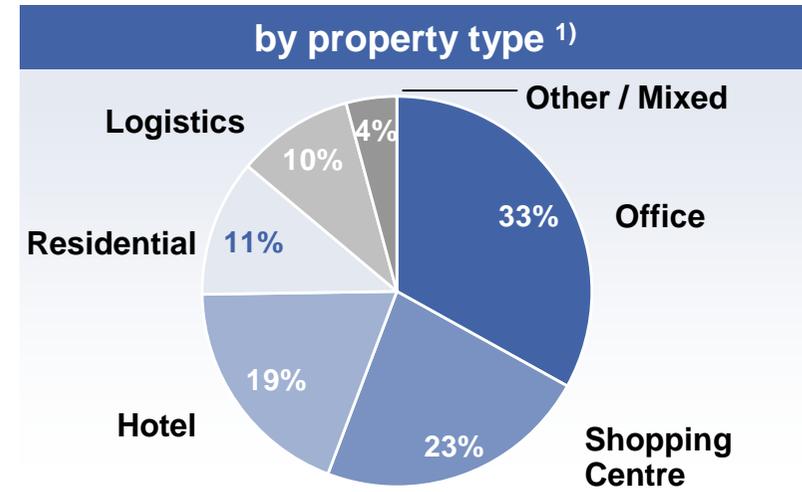
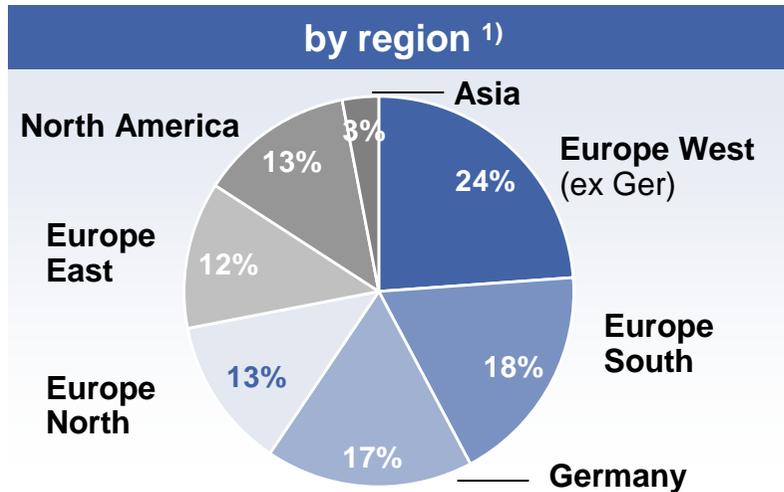
# Asset quality



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# Total property finance portfolio

## High diversification and sound asset quality



1) Total volume under management: € 22.3 bn as at 31.03.2011  
(consisting of € 22.0 bn Structured Property Financing portfolio of Aareal Bank AG  
and € 0.3 bn property loans managed on behalf of Deutsche Pfandbriefbank AG)

2) Performing business only; values as at 31.03.2011



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# Total property finance portfolio

## NPL-level stabilising with constant coverage ratios

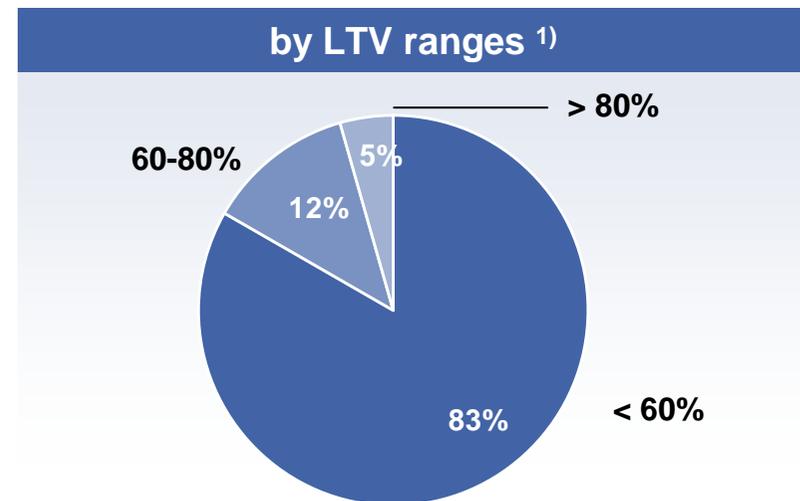
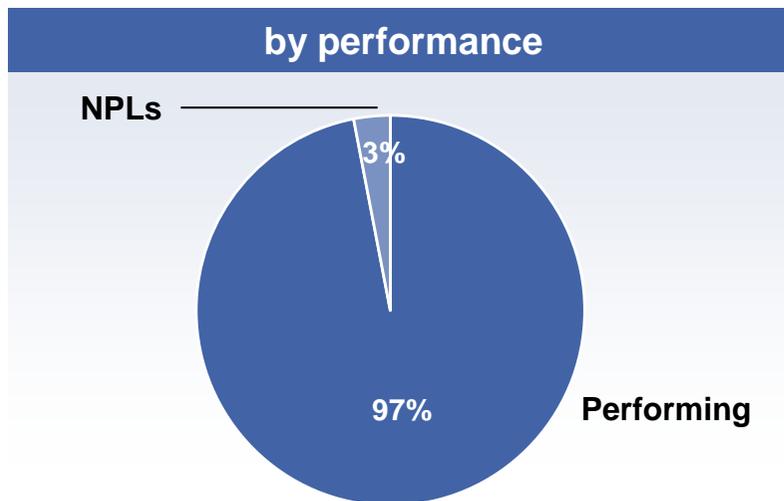
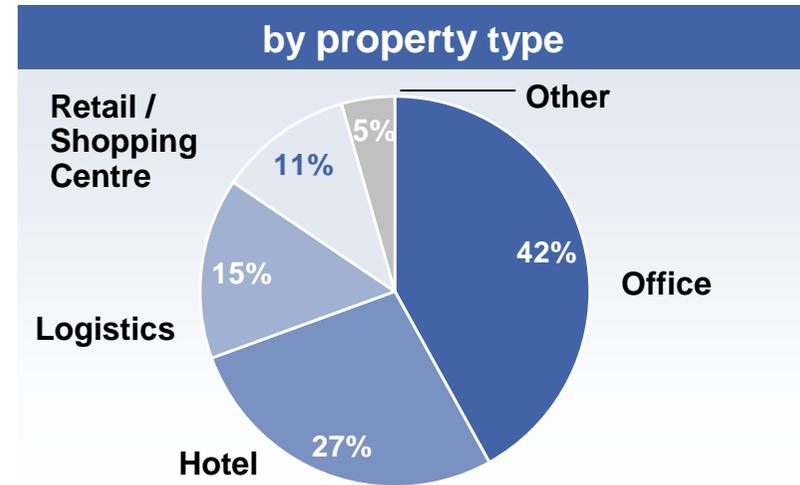
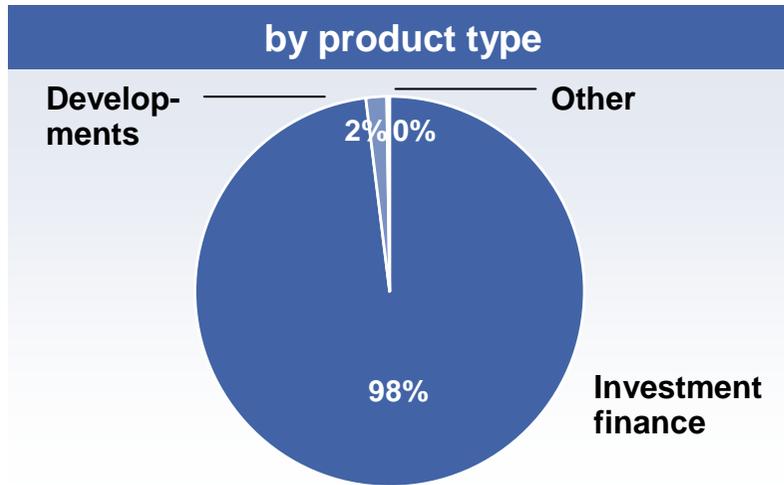
LLP- and NPL development			
	NPL Exposure <sup>1)</sup>	Specific Allowances <sup>1)</sup>	Portfolio Allowances <sup>2)</sup>
<b>Euro mn</b>			
As at 31.12.2010	791	261	94
Utilisation Q1 2011	-94	-39	-
Addition Q1 2011	22	18	-
As at 31.03.2011	719	240	94
<b>Coverage ratio specific allowances</b>		33.4 %	
		240	94
As at 31.03.2011	719	334	
<b>Coverage ratio incl. portfolio allowances</b>		46.5 %	

- 1) Incl. property finance portfolio still on DEPFA's balance sheet
- 2) General LLP consists to a high degree of Basel II expected loss which are allocated specific loans in most cases



# Western Europe (ex Ger) credit portfolio

Total volume outstanding as at 31.03.2011: € 5.3 bn

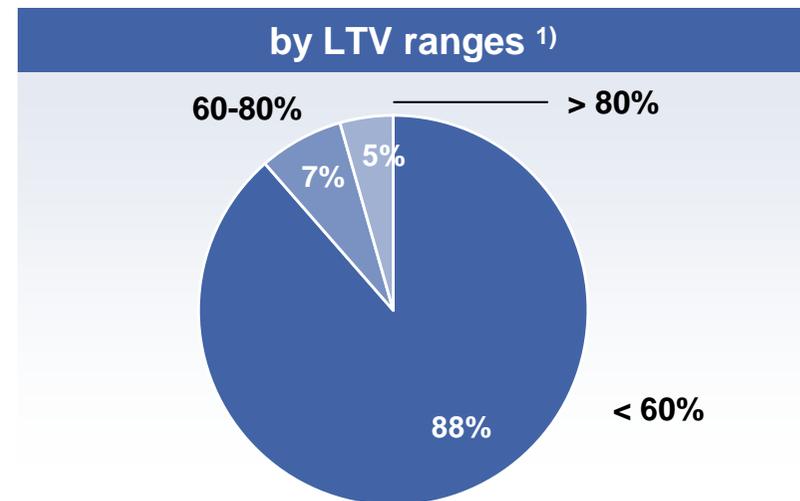
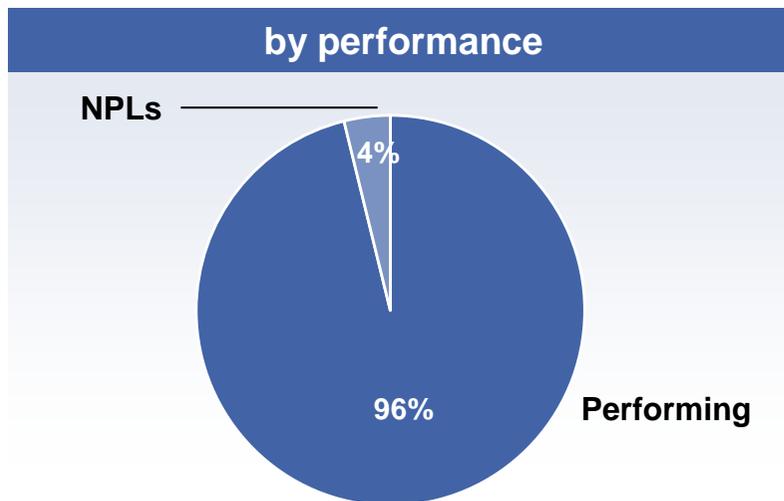
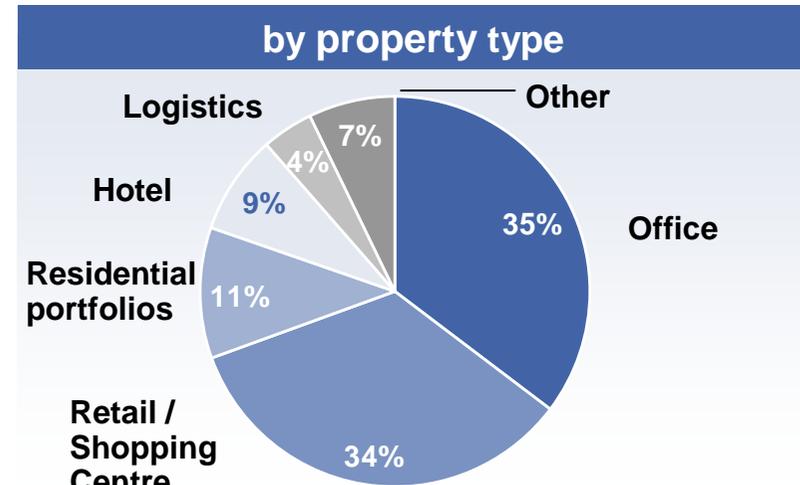
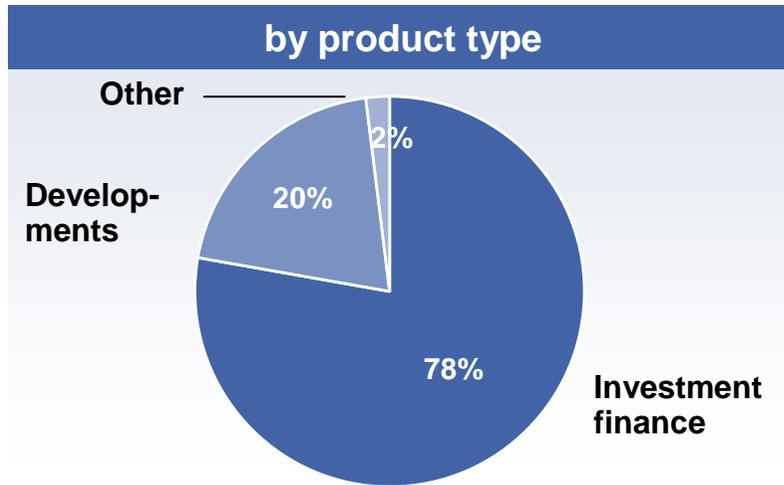


1) Performing business only



# Southern Europe credit portfolio

Total volume outstanding as at 31.03.2011: € 4.1 bn

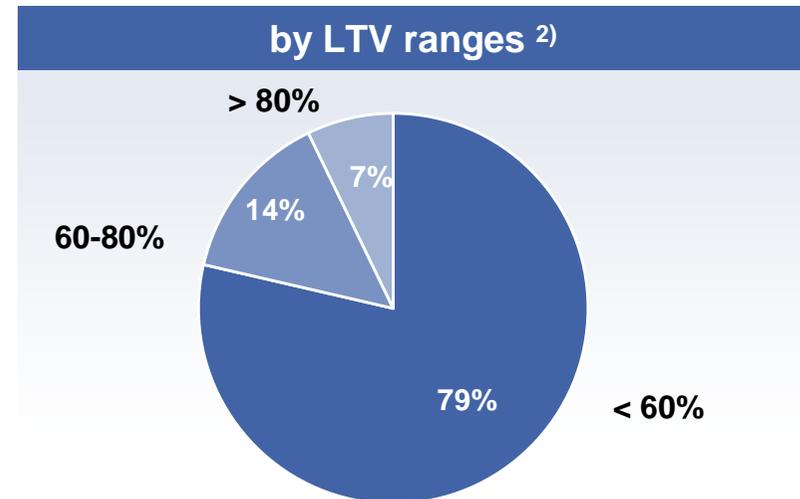
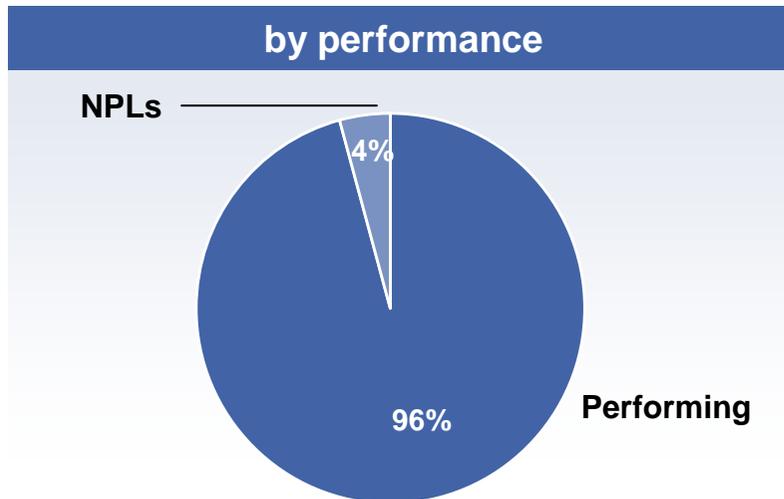
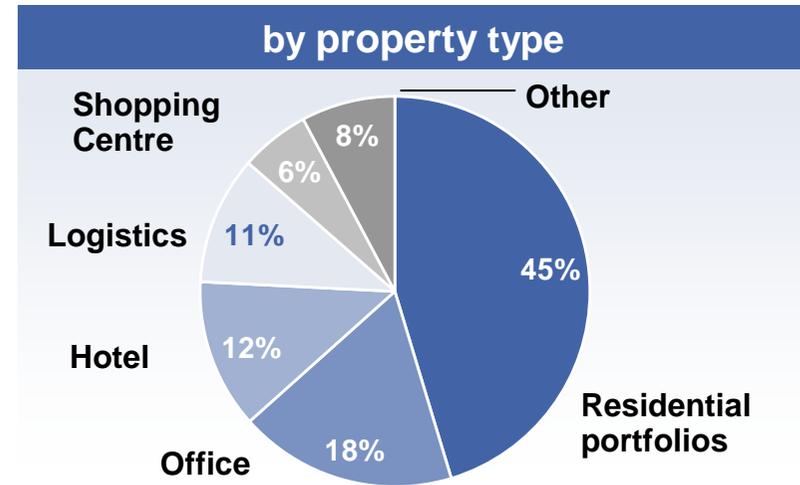
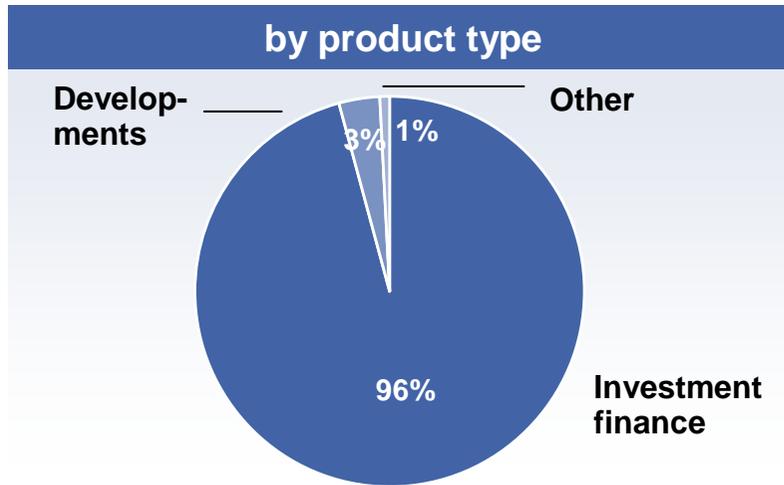


1) Performing business only



# German credit portfolio

Total volume outstanding as at 31.03.2011: € 3.8 bn<sup>1)</sup>

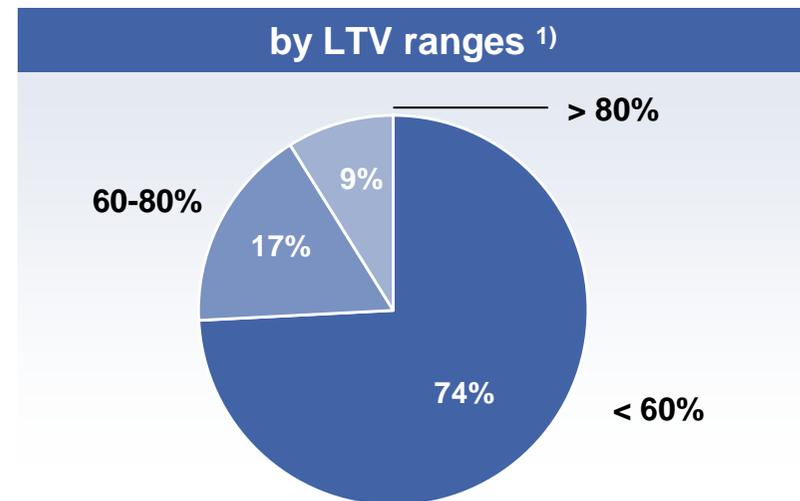
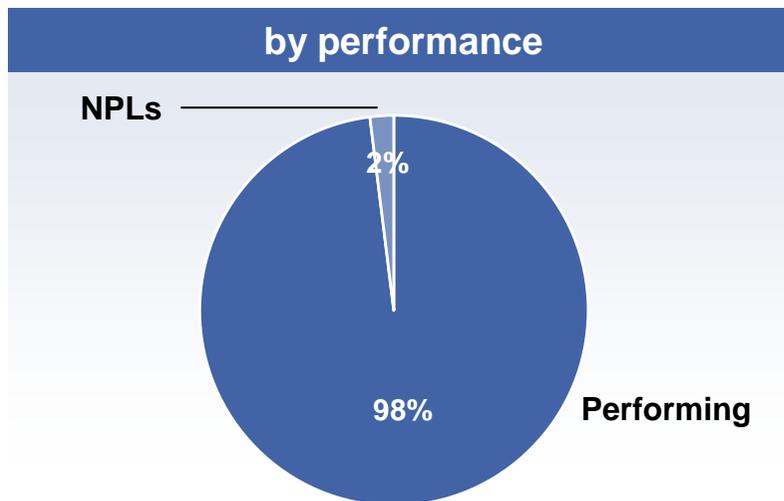
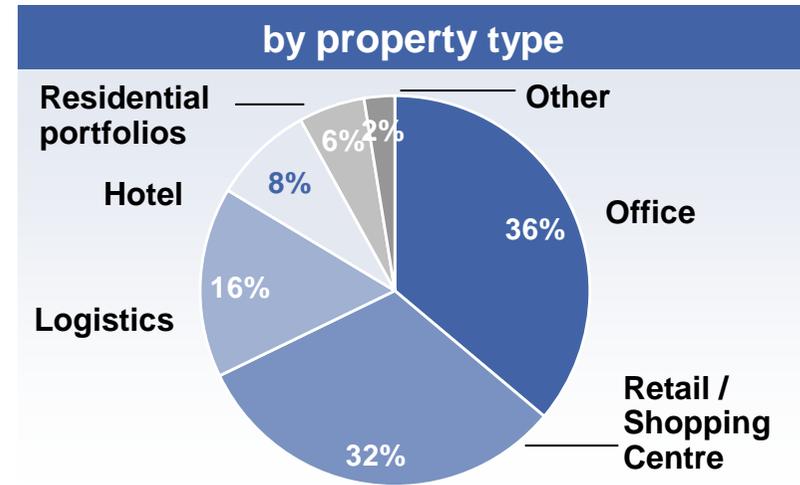
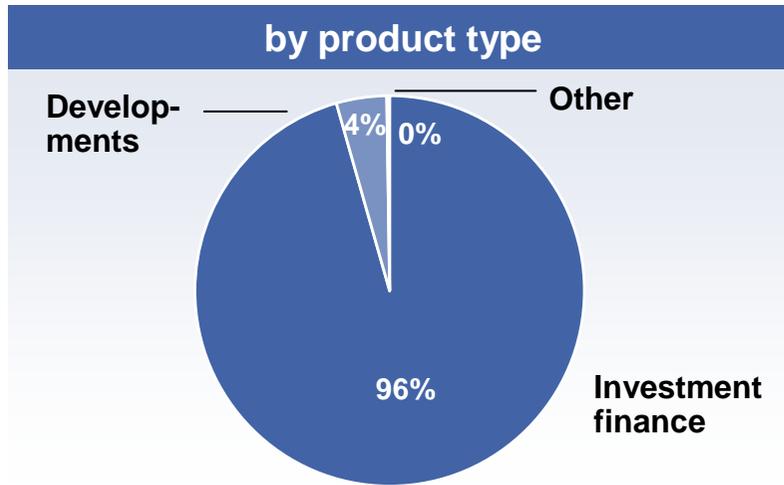


1) Including € 0.3 bn property loans managed on behalf of Deutsche Pfandbriefbank AG  
 2) Performing business only



# Northern Europe credit portfolio

Total volume outstanding as at 31.03.2011: € 2.8 bn

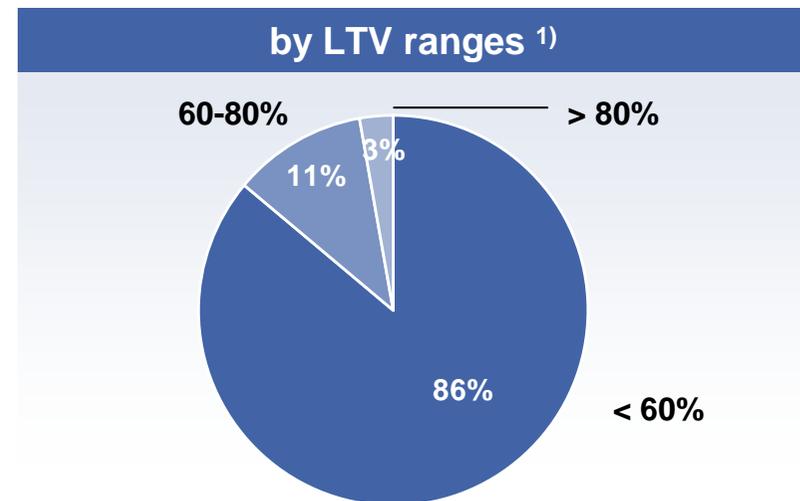
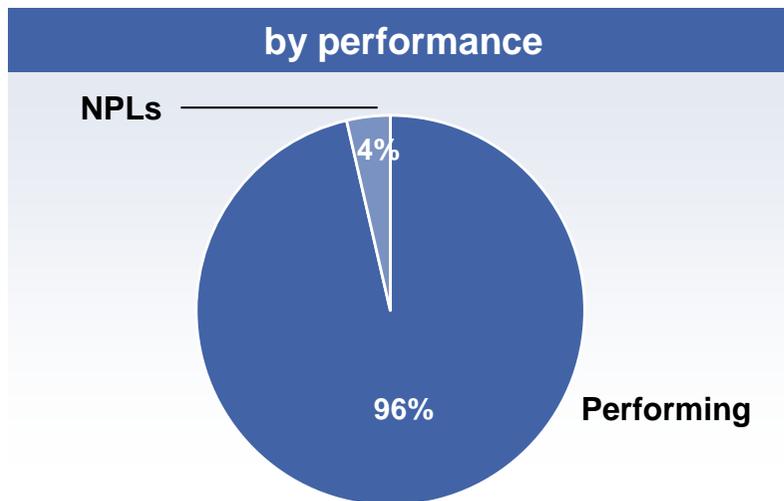
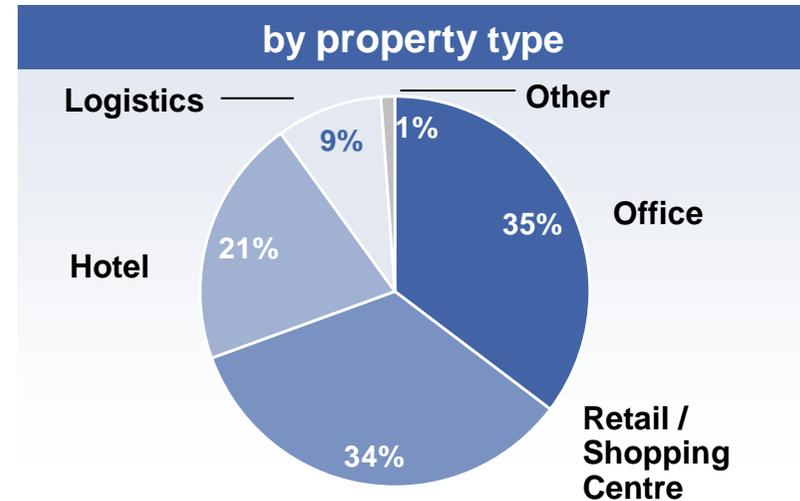
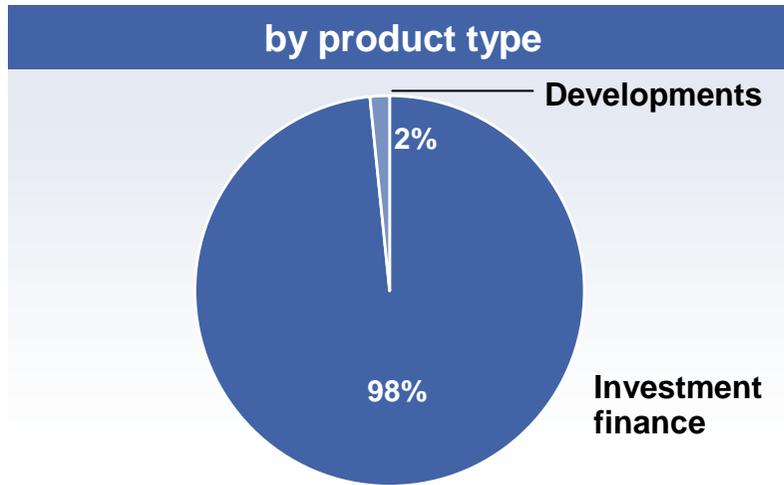


1) Performing business only



# Eastern Europe credit portfolio

Total volume outstanding as at 31.03.2011: € 2.7 bn

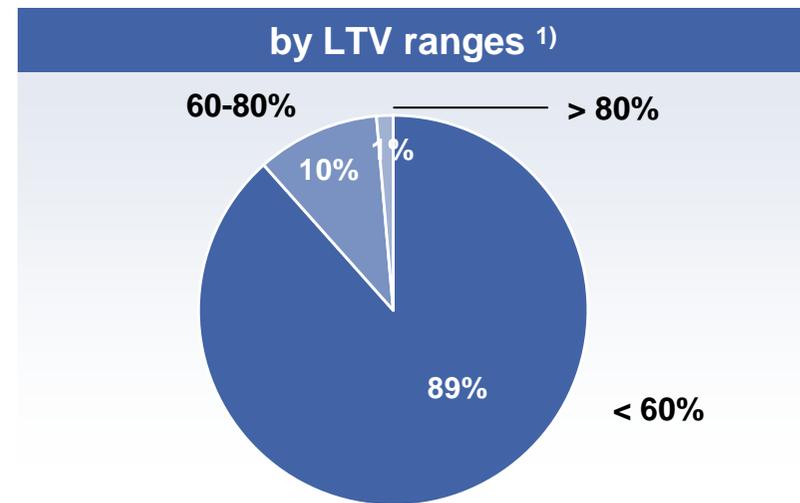
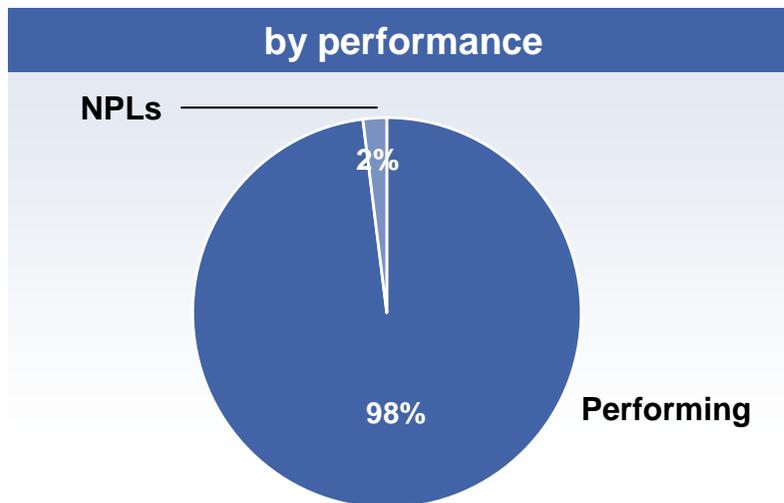
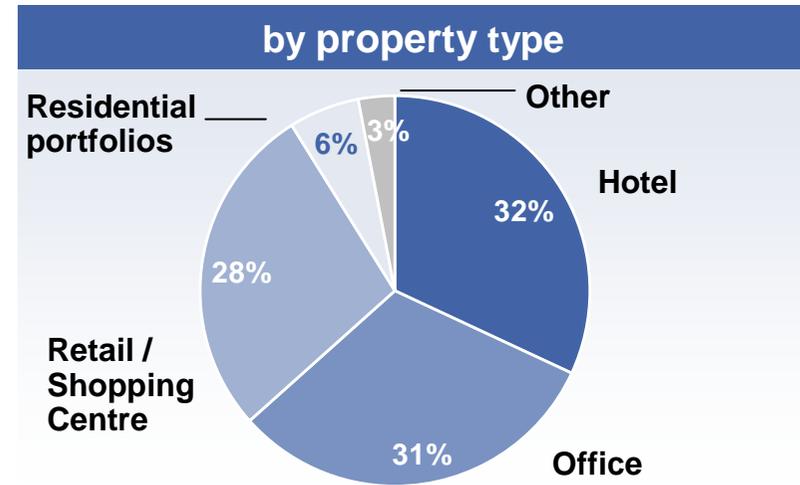
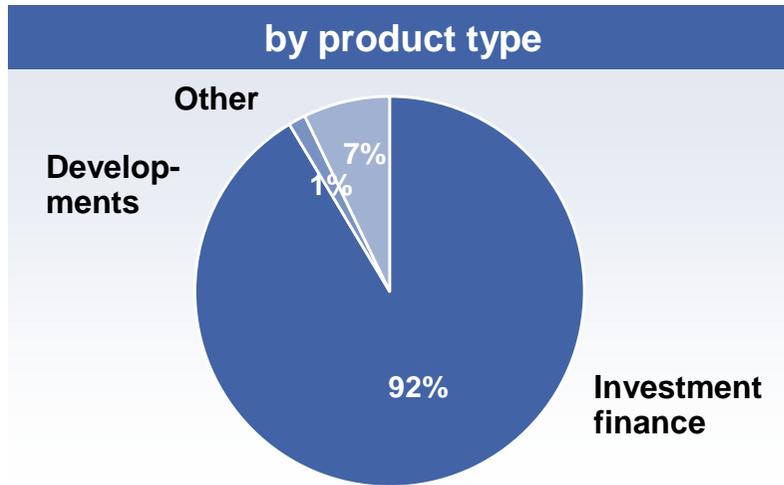


1) Performing business only



# North America credit portfolio

Total volume outstanding as at 31.03.2011: € 2.8 bn

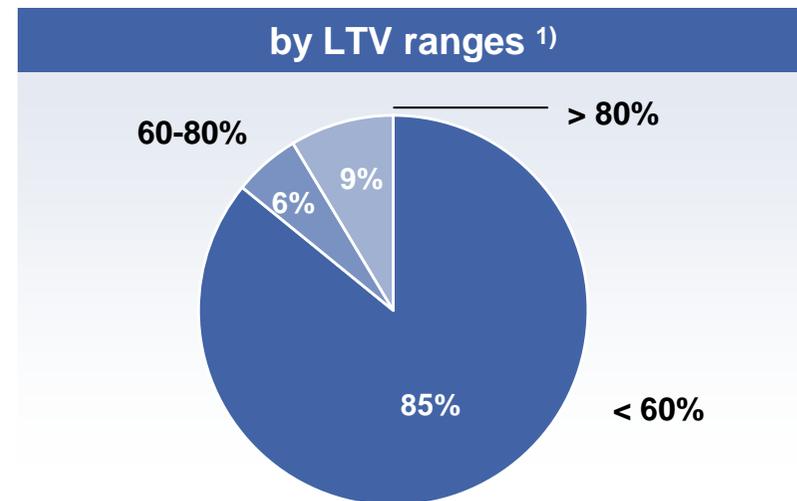
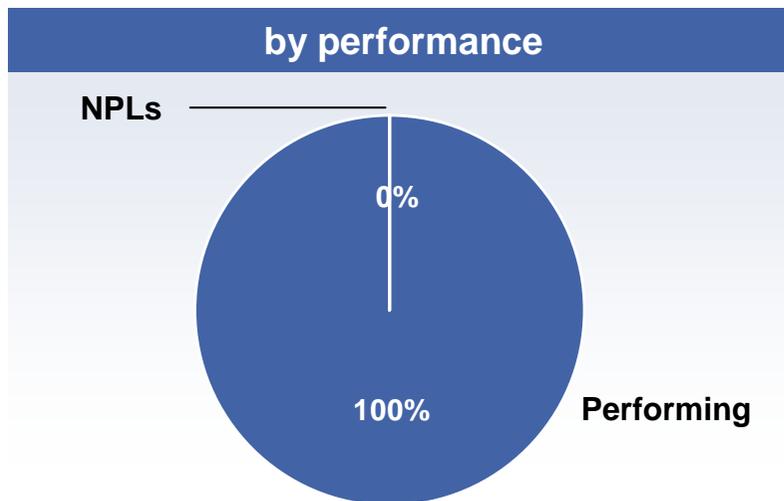
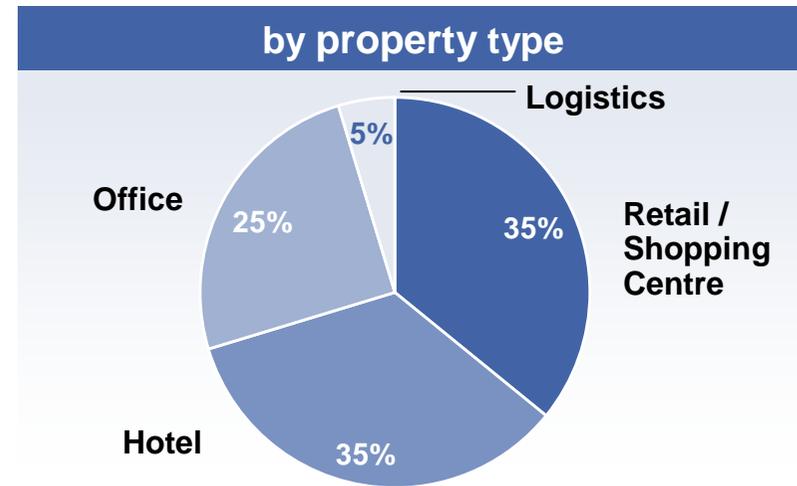
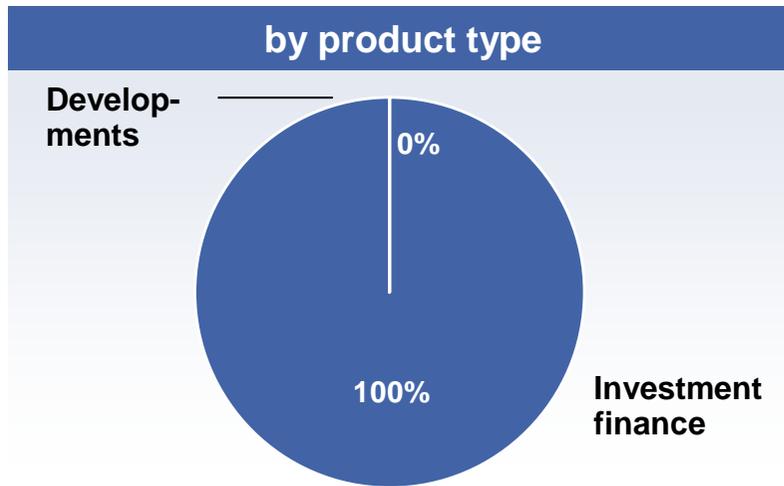


1) Performing business only



# Asia credit portfolio

Total volume outstanding as at 31.03.2011: € 0.7 bn

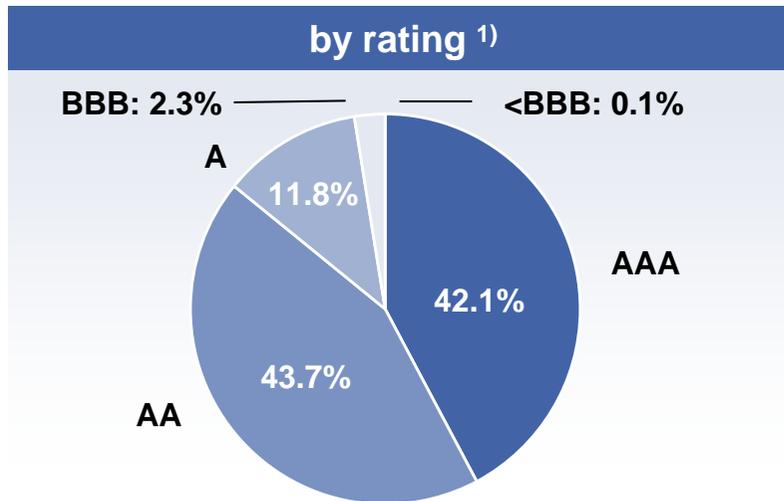
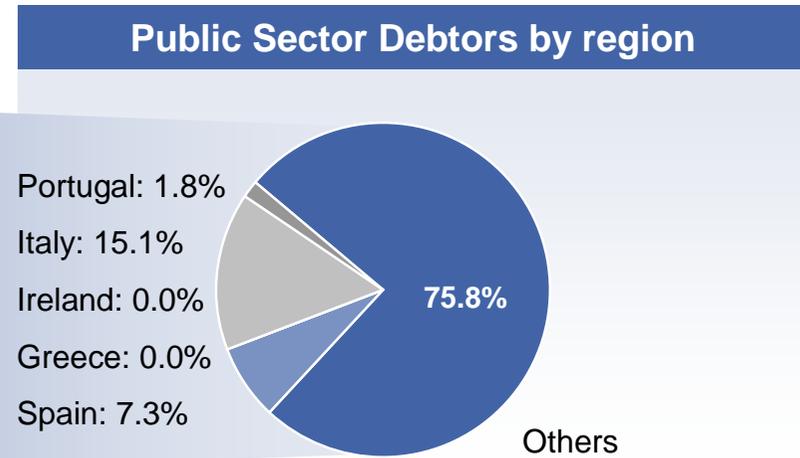
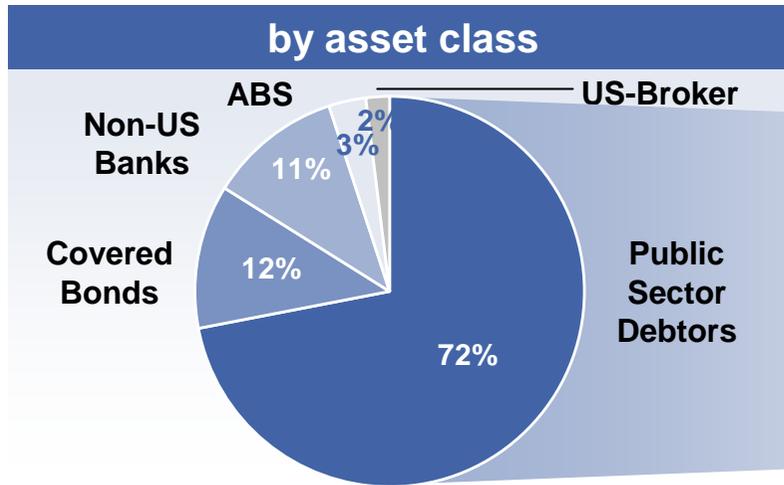


1) Performing business only



# Treasury portfolio

## € 12.1 bn of high quality assets



### Remaining Top 5 public sector debtors

- Germany: 44.9%
- Austria: 11.7%
- France: 6.4%
- Poland: 3.9%
- Japan: 2.6%
- Others: 6.3%

As at 31.03.2011 – all figures are nominal amounts  
 1) Composite Rating



# Outlook



**Aareal Bank  
Group**

# Outlook

2011		2012
<b>Net interest income</b>	<ul style="list-style-type: none"> <li>▪ Target expected above 2010 level</li> <li>▪ Moderately increasing interest rate level assumed</li> </ul>	
<b>Net loan loss provisions</b>	<ul style="list-style-type: none"> <li>▪ Expected to range between € 110 mn and € 140 mn<sup>1)</sup></li> </ul>	
<b>Net trading result / results from non-trading assets</b>	<ul style="list-style-type: none"> <li>▪ Unpredictable in current markets / no significant burdens from non-trading assets expected</li> </ul>	
<b>Admin expenses</b>	<ul style="list-style-type: none"> <li>▪ Under control: slightly above 2010 level including additional burden of German banking levy</li> </ul>	
<b>Operating profit</b>	<ul style="list-style-type: none"> <li>▪ Clearly above 2010 level, despite additional burden of German banking levy</li> <li>▪ Expected positive impact from early redemption of € 2 bn SoFFin-guaranteed bond held on own books of € 14 mn pre-tax (pro rata of € 19 mn p.a.)</li> </ul>	
<b>Pre-tax RoE</b>	<ul style="list-style-type: none"> <li>▪ Above 2010 level</li> </ul>	

1) As in 2010, the bank cannot rule out additional allowances for credit losses



# Main drivers of RoE improvement

## Aareal Bank Group Key figures 2010

	01.01.- 31.12.2010	01.01.- 31.12.2009	Change
	Euro mn	Euro mn	
<b>Profit and loss account</b>			
Net interest income	509	460	11%
Allowance for credit losses	105	150	-30%
<b>Net interest income after allowance for credit losses</b>	<b>404</b>	<b>310</b>	<b>30%</b>
Net commission income	123	133	-8%
Net result on hedge accounting	-2	-2	-
Net trading income / expenses	8	44	-82%
Results from non-trading assets	-12	-22	-
Results from companies accounted for at equity	5	1	400%
Results from investment properties	-17	0	-
Administrative expenses	366	361	1%
Net other operating income / expenses	-9	-14	-
Impairment of goodwill	0	2	-
<b>Operating Profit</b>	<b>134</b>	<b>87</b>	<b>54%</b>
Income taxes	40	20	100%
Net income / loss	94	67	40%
<b>Allocation of results</b>			
Net income / loss attributable to non-controlling interests	18	18	0%
Net income / loss attributable to shareholders of Aareal Bank AG	76	49	55%
<b>Appropriation of profits</b>			
Silent partnership contribution by ScFFin	30	26	15%
Consolidated retained profit / accumulated loss	46	23	100%

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 Aareal Bank  
Group

Net interest income expected to increase until 2012; in normalised markets under pressure due to lower margins but still on / above 2010 level

Loan loss provisions expected to improve over time

Net commission income expected to increase driven by intern. business of Aareon and early redemption / maturity of SoFFin bonds

Admin expenses expected to decrease due to efficiency and cost cutting measures

Expected pre-tax RoE in normalised markets: 12% - 13%

# Appendix



**Aareal Bank  
Group**

# Aareal Bank Group

## Key figures Q1 2011

	01.01.- 31.03.2011 Euro mn	01.01.- 31.03.2010 Euro mn	Change
<b>Profit and loss account</b>			
Net interest income	134	117	15%
Allowance for credit losses	18	32	-44%
<b>Net interest income after allowance for credit losses</b>	<b>116</b>	<b>85</b>	<b>36%</b>
Net commission income	30	30	0%
Net result on hedge accounting	-2	2	-
Net trading income / expenses	-8	6	-
Results from non-trading assets	2	0	-
Results from companies accounted for at equity	0	-	-
Results from investment properties	2	0	-
Administrative expenses	91	91	0%
Net other operating income / expenses	-2	-2	-
Impairment of goodwill	-	0	-
<b>Operating Profit</b>	<b>47</b>	<b>30</b>	<b>57%</b>
Income taxes	12	9	33%
<b>Net income / loss</b>	<b>35</b>	<b>21</b>	<b>67%</b>
<b>Allocation of results</b>			
Net income / loss attributable to non-controlling interests	5	5	0%
Net income / loss attributable to shareholders of Aareal Bank AG	30	16	88%
<b>Appropriation of profits</b>			
Silent partnership contribution by SoFFin	6	8	-25%
<b>Consolidated retained profit / accumulated loss</b>	<b>24</b>	<b>8</b>	<b>200%</b>



**Aareal Bank  
Group**

# Aareal Bank Group: Segment Reporting

## Key figures Q1 2011 by operating units

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 31.03. 2011	01.01.- 31.03. 2010	01.01.- 31.03. 2011	01.01.- 31.03. 2010	01.01.- 31.03. 2011	01.01.- 31.03. 2010	01.01.- 31.03. 2011	01.01.- 31.03. 2010
	Euro mn							
Net interest income	125	106	0	0	9	11	134	117
Allowance for credit losses	18	32					18	32
<b>Net interest income after allowance for credit losses</b>	<b>107</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>11</b>	<b>116</b>	<b>85</b>
Net commission income	-5	-4	44	45	-9	-11	30	30
Net result on hedge accounting	-2	2					-2	2
Net trading income / expenses	-8	6					-8	6
Results from non-trading assets	2	0					2	0
Results from companies accounted for at equity			0				0	
Results from investment properties	2	0					2	0
Administrative expenses	51	52	40	39	0	0	91	91
Net other operating income / expenses	-2	-2	0	0	0	0	-2	-2
Impairment of goodwill		0						0
<b>Operating profit</b>	<b>43</b>	<b>24</b>	<b>4</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>30</b>
Income taxes	11	7	1	2			12	9
<b>Net income / loss</b>	<b>32</b>	<b>17</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>21</b>
<b>Allocation of results</b>								
Net income / loss attributable to non-controlling interests	4	4	1	1			5	5
Net income / loss attributable to shareholders of Aareal Bank AG	28	13	2	3	0	0	30	16



# Aareal Bank Group: Segment Reporting

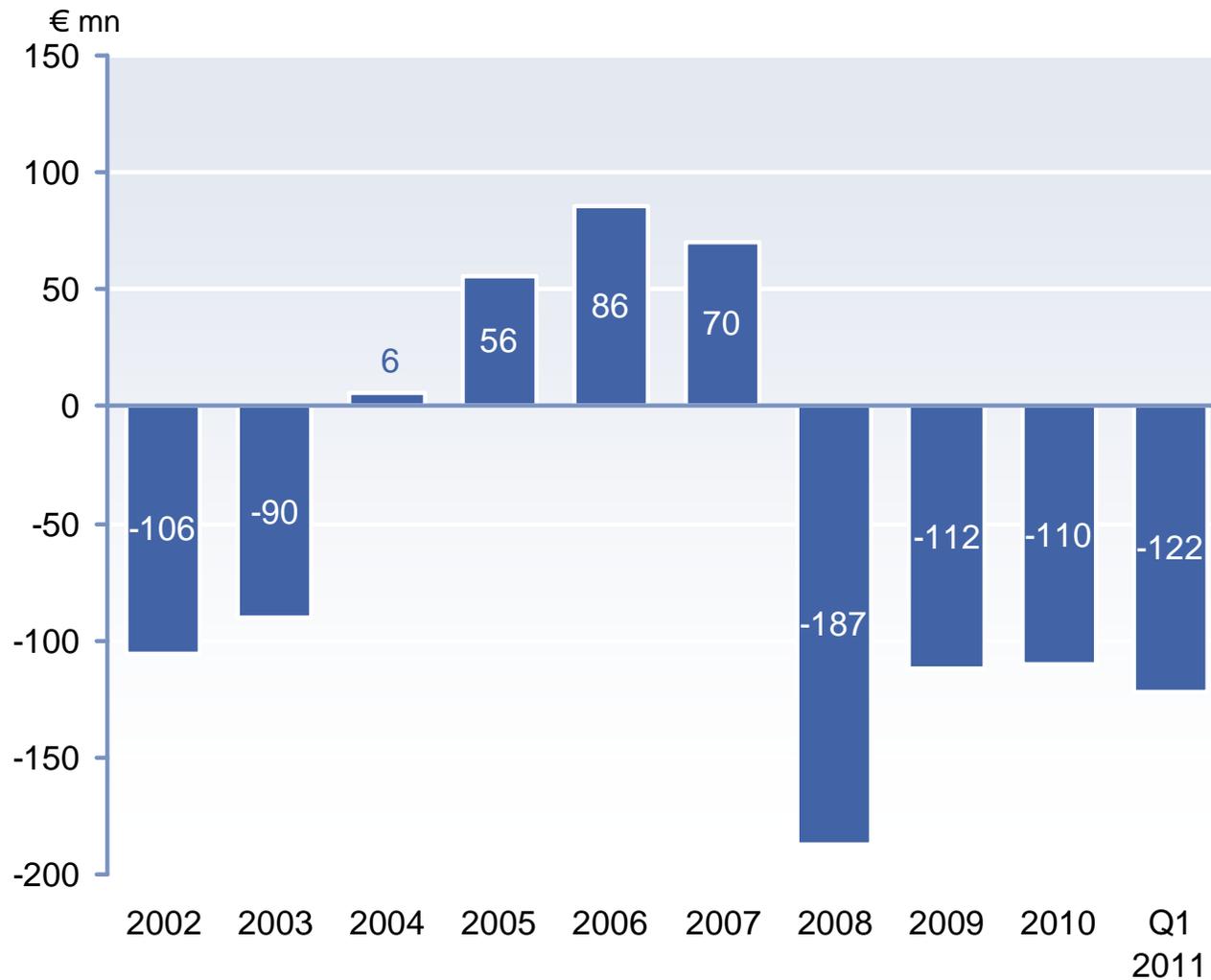
## Key figures - quarter by quarter

	Structured Property Financing					Consulting / Services					Consolidation / Reconciliation					Aareal Bank Group				
	Q1	Q4	Q3	Q2	Q1	Q1	Q4	Q3	Q2	Q1	Q1	Q4	Q3	Q2	Q1	Q1	Q4	Q3	Q2	Q1
	2011	2010	2010	2010	2010	2011	2010	2010	2010	2010	2011	2010	2010	2010	2010	2011	2010	2010	2010	2010
Euro mn																				
Net interest income	125	129	121	111	106	0	0	0	0	0	9	10	10	11	11	134	139	131	122	117
Allowance for credit losses	18	8	32	33	32											18	8	32	33	32
<b>Net interest income after allowance for credit losses</b>	<b>107</b>	<b>121</b>	<b>89</b>	<b>78</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>116</b>	<b>131</b>	<b>99</b>	<b>89</b>	<b>85</b>
Net commission income	-5	-1	-5	1	-4	44	49	39	43	45	-9	-11	-10	-12	-11	30	37	24	32	30
Net result on hedge accounting	-2	-4	-2	2	2											-2	-4	-2	2	2
Net trading income / expenses	-8	13	2	-13	6											-8	13	2	-13	6
Results from non-trading assets	2	-23	-4	14	0		0	1	0							2	-23	-3	14	0
Results from companies accounted for at equity		0	0	5		0										0	0	0	5	
Results from investment properties	2	-17	0	0	0											2	-17	0	0	0
Administrative expenses	51	56	54	55	52	40	40	35	38	39	0	-1	-1	-1	0	91	95	88	92	91
Net other operating income / expenses	-2	-2	2	-7	-2	0	0	0	1	0	0	0	-1	0	0	-2	-2	1	-6	-2
Impairment of goodwill					0					0							0			0
<b>Operating profit</b>	<b>43</b>	<b>31</b>	<b>28</b>	<b>25</b>	<b>24</b>	<b>4</b>	<b>9</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>40</b>	<b>33</b>	<b>31</b>	<b>30</b>
Income taxes	11	8	10	7	7	1	3	1	2	2						12	11	11	9	9
<b>Net income / loss</b>	<b>32</b>	<b>23</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>29</b>	<b>22</b>	<b>22</b>	<b>21</b>
<b>Allocation of results</b>																				
Net income / loss attributable to non-controlling interests	4	4	4	4	4	1	0	1	0	1						5	4	5	4	5
Net income / loss attributable to shareholders of Aareal Bank AG	28	19	14	14	13	2	6	3	4	3	0	0	0	0	0	30	25	17	18	16



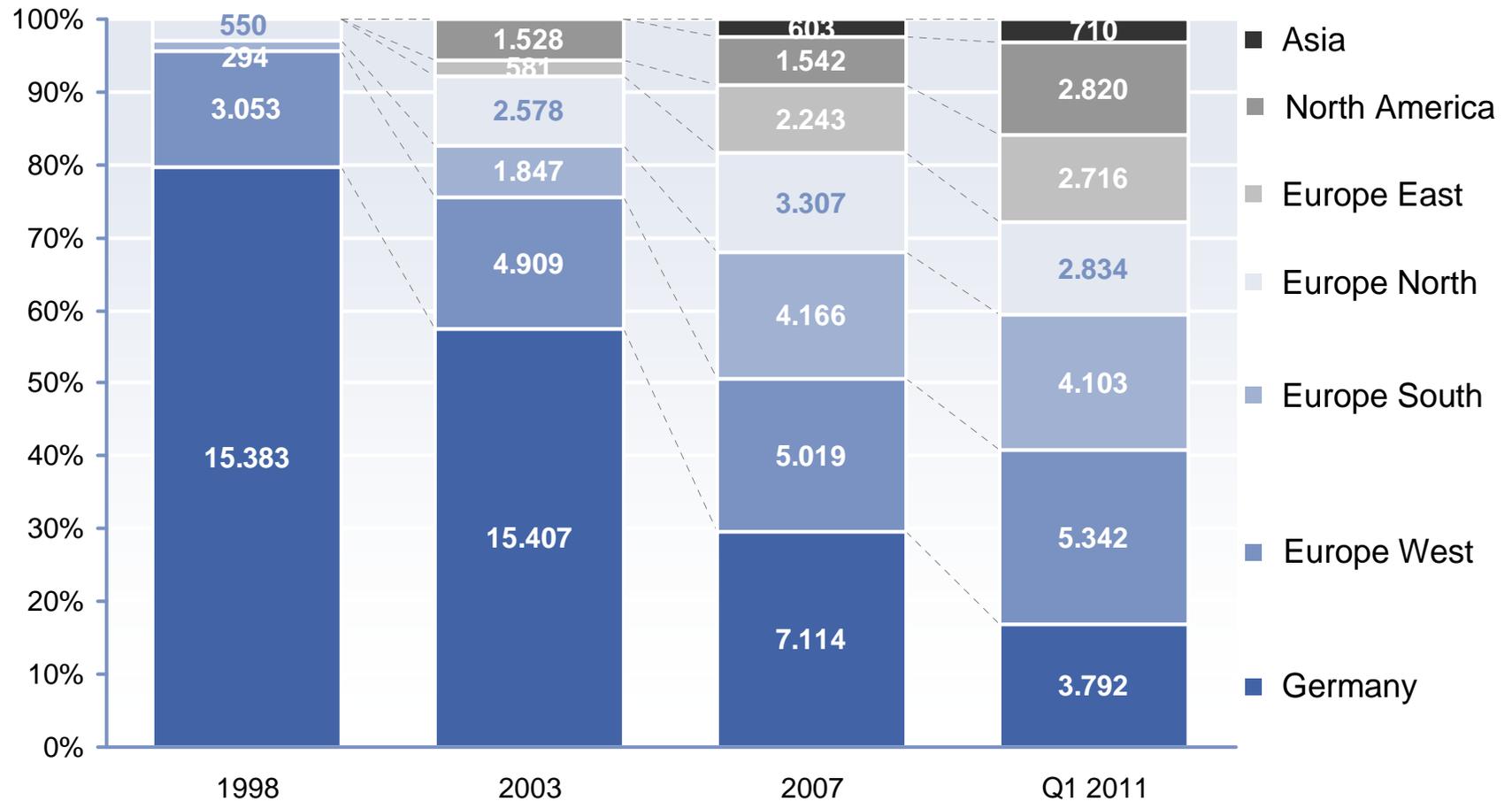
# Revaluation reserve

Change mainly driven by asset spreads



# Development property finance portfolio

## Diversification continuously strengthened (in € mn)



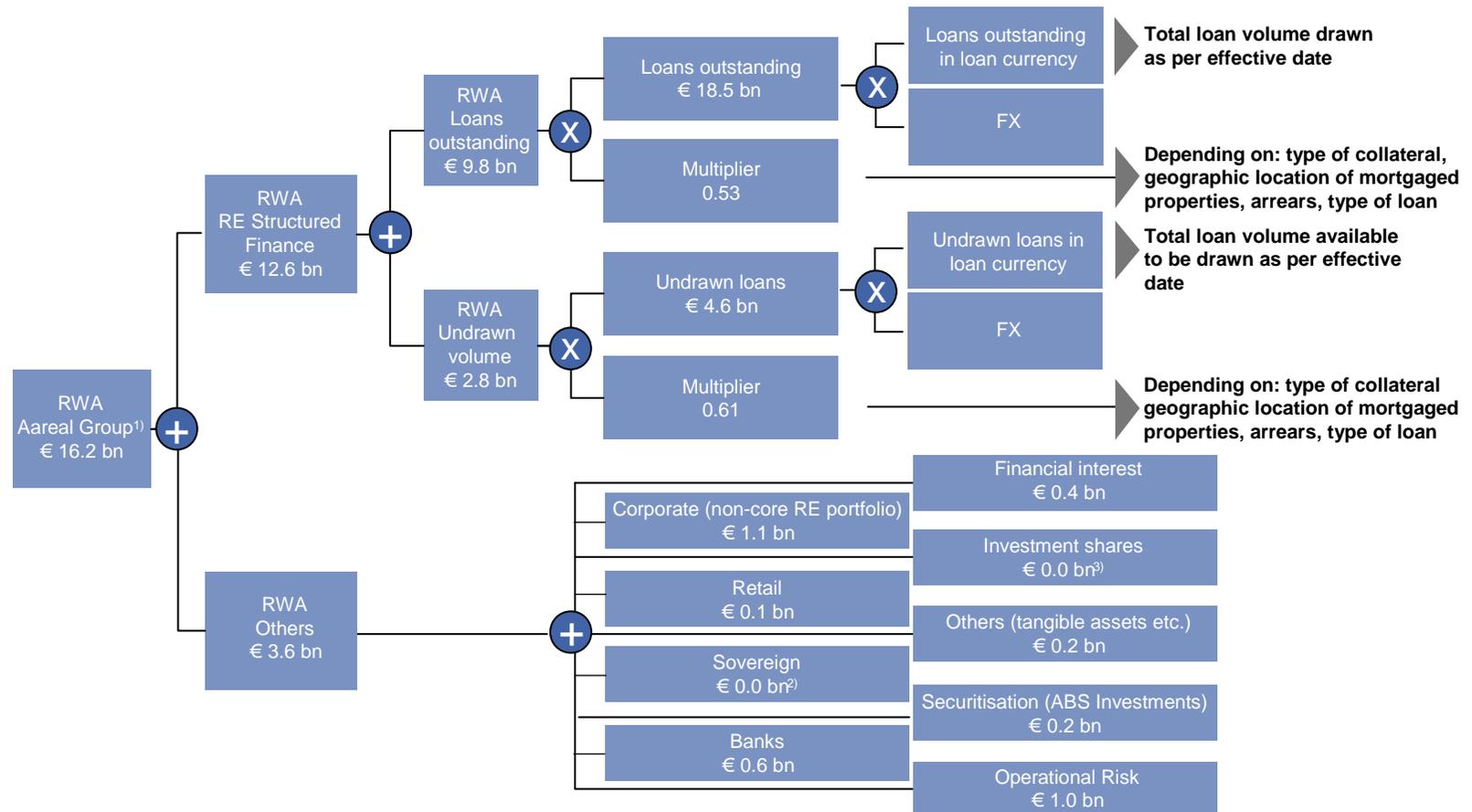
Property finance under management



# From asset to risk weighted asset (RWA)

## Essential factors affecting volume of RWA

Effective date 31/03/2011



1) Excl. of market risk

2) Exposure to Sovereigns amounts to € 18 mn

3) Exposure to investment shares amounts to € 16 mn



## Details on successfully completed rights issue terms

Terms of the offering	
Company	Aareal Bank AG (“Aareal Bank” or the “Company”)
Number of shares	17.102.062 new shares by way of subscription offer to the existing shareholders
Subscription ratio	2 for 5 (i.e. 2 new for 5 existing shares)
Subscription price	€ 15.75 per share
Gross proceeds	€ 269.6 mn
Pre-placement of Aareal Holding	<ul style="list-style-type: none"> <li>▪ Aareal Holding participates via tail swallowing, i.e. upfront placement of 4.99 mn new shares to exercise its remaining subscription rights for new shares</li> <li>▪ Shareholding post offering of 28.9%</li> </ul>
Use of proceeds	<ul style="list-style-type: none"> <li>▪ Expanding profitable new business opportunities</li> <li>▪ Strengthening the regulatory capital base</li> <li>▪ Further partial repayment of € 75 mn of SoFFin Silent Participation</li> </ul>
Offer structure	<ul style="list-style-type: none"> <li>▪ Public offering in Germany and Luxembourg</li> <li>▪ Private placement to international institutional investors outside the US in accordance with Regulation S</li> </ul>
Lock-up	9 months for Company; 6 months for Aareal Holding



# Definitions and contacts



**Aareal Bank  
Group**

# Definitions

- **Property Financing Portfolio**
  - Paid-out financings on balance sheet
  - Incl. remaining property loans on DEPFA books
- **New Business**
  - Newly acquired business incl. renewals
  - Contract is signed by customer
  - Fixed loan value and margin
- **Pre tax RoE =** 
$$\frac{\text{Operating profit} \text{ ./. Net income/loss attributable to non-controlling interests}}{\text{Allocated (average) equity}}$$
- **Allocated Equity**

Average of:

  - Equity (excluding minorities and revaluation surplus but including silent participation by SoFFin) start of period less dividends and
  - Equity (excluding minorities and revaluation surplus but including silent participation by SoFFin) end of period less expected dividends
- **CIR =** 
$$\frac{\text{Admin expenses}}{\text{Net income}}$$
- **Net Income**
  - net interest income + net commission income + net result on hedge accounting + net trading income + results from non-trading assets + results from investments accounted for at equity + results from investment properties + net other operating income



## Contacts

- **Jürgen Junginger**  
Managing Director Investor Relations  
Phone: +49 611 348 2636  
[juergen.junginger@aareal-bank.com](mailto:juergen.junginger@aareal-bank.com)
- **Alexandra Beust**  
Director Investor Relations  
Phone: +49 611 348 3053  
[alexandra.beust@aareal-bank.com](mailto:alexandra.beust@aareal-bank.com)
- **Sebastian Götzken**  
Senior Manager Investor Relations  
Phone: +49 611 348 3337  
[sebastian.goetzken@aareal-bank.com](mailto:sebastian.goetzken@aareal-bank.com)



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