

LOCAL EXPERTISE  
MEETS GLOBAL EXCELLENCE

# Analyst Conference 2011

March 31, 2011

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



**Aareal Bank  
Group**

# Agenda

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- 2010 at a glance
  - B/S structure & funding position
  - Asset quality
  - Outlook
  - Mid-term perspective
  
  - Appendix
  - Definitions and Contacts
- 



# 2010 environment

## Aareal Bank's point of view

### Positive effects

- Stabilisation of major economies
- Some booming Emerging Market Countries
- Bottoming out of several CRE-markets
- Less competition due to withdrawal of competitors
  - Higher margins
  - More equity in deals

### Negative effects

- Euro crises burdens funding markets
- Inflation fear arises
- Regulatory environment
- Macro-economic imbalances

... to be continued in 2011!



2010 at a glance



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# 2010 at a glance

## Outperforming targets due to operative strength

All targets achieved	Guidance	9M-Guidance		FY 2010
▪ Net interest income	€ 460 - 480 mn	> € 480 mn	➔	€ 509 mn ✓
▪ Allowance for credit losses	€ 117 - 165 mn	€ 117 - 141 mn	➔	€ 105 mn ✓
▪ Administrative expenses	~ € 360 mn	~ € 360 mn	➔	€ 366 mn ✓
▪ New business origination	€ 4 - 5 bn	> € 4 - 5 bn	➔	€ 6.7 bn ✓
▪ Operating profit C/S segment	> € 26 mn	> € 26 mn	➔	€ 26 mn ○

### Capitalisation and Funding

▪ Solid capital position	<ul style="list-style-type: none"> <li>▪ Tier 1 ratio: 12.9% (AIRBA<sup>1)</sup>)</li> <li>▪ Core Tier 1 ratio (excl. SoFFin / hybrids): 8.1% (AIRBA)</li> </ul>
▪ Solid refinancing situation	<ul style="list-style-type: none"> <li>▪ € 3.9 bn raised;</li> <li>flexible use of secured and unsecured funding</li> </ul>



**Aareal Bank is well positioned to increasingly exploit present market opportunities for its credit business**

1) Advanced internal ratings-based approach (advanced IRBA)



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## 2010 at a glance

### Outperforming 2010-guidance

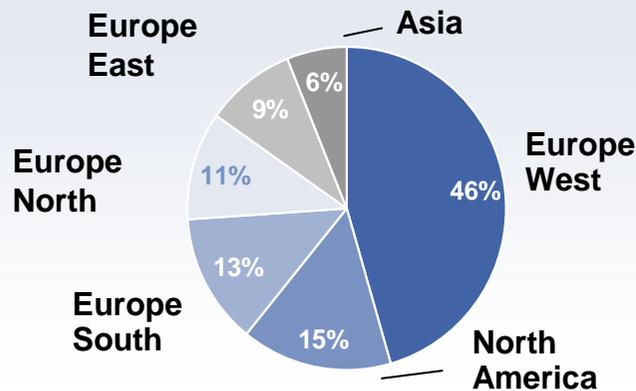
	2010	2009	Change	Comments
€ mn				
Net interest income	509	460	11%	Higher margins “paying off”
Allowance for credit losses	105	150	-30%	Strong portfolio quality and market development
Net commission income	123	133	-8%	Burdened by costs for SoFFin guarantee
Net result trading-/ non-trading / hedge accounting	-6	20	-	Reflects volatile markets and proactive portfolio management
Administrative expenses	366	361	1%	Still under control due to high cost discipline
Operating profit	134	87	54%	Outperforming 2009 results
Tier 1 ratio 2009 (% - CRSA)	-	11.0		Solid capital position
Tier 1 ratio 2010 (% - AIRBA)	12.9	-		



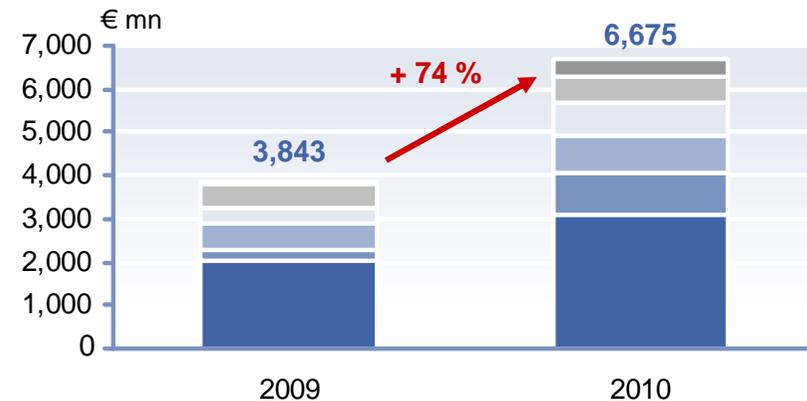
# Structured property financing

## New business with attractive risk-return profile

New business by region 2010



New business origination



P&L SPF Segment	2010	2009	Change
€ mn			
Net interest income	467	410	14%
Loan loss provision	105	150	-30%
Commission income	-9	1	-
Net trading result	8	44	-82%
Results non-trad. assets	-13	-22	-
Admin expenses	217	201	8%
Results inv. properties	-17	0	-
Others	-6	-15	-
<b>Operating profit</b>	<b>108</b>	<b>67</b>	<b>61%</b>

- New business origination clearly outperformed given guidance
- Share of renewals decreasing
- Focus on attractive risk-return profile
- Preferably loans for Pfandbrief cover pool
- NII constantly increased
- Conservative maturity mismatch burdens NII
- LLP within the guided range (incl. results from investment properties)
- SoFFin burdens segment (~€ 30 mn fees, net ~€ 30 mn SoFFin coupon)



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# Consulting / Services

## Solid in IT & volumes – weak in deposit margins

<b>P&amp;L C/S Segment</b> (industry format)	<b>2010</b>	<b>2009</b>	<b>Change</b>
€ mn			
Sales revenue	199	209	-5%
Own work capital	2	2	-
Changes in inventory	0	0	-
Other operating income	8	7	14%
Cost of material purchased	23	25	-8%
Staff expenses	100	109	-8%
D, A, impairment losses	13	14	-7%
Results at equity acc. investm.	-	0	-
Other operating expenses	47	50	-6%
Results from interest and similar	0	0	-
<b>Result from ordinary activities</b>	<b>26</b>	<b>20</b>	<b>30%</b>
Income taxes	8	7	14%
<b>Segment result</b>	<b>18</b>	<b>13</b>	<b>38%</b>
Segment result attributed to minority interests	2	2	-
<b>Segment result after minority interests</b>	<b>16</b>	<b>11</b>	<b>45%</b>

### IT-Business (Aareon Group)

- Solid development of Aareon within guidance due to long term contracts
- Continuously successful development of Wodis Sigma since introduction in 2009
- Large scale SAP implementations still suffering from reduced implementation projects as anticipated
- Acquisition of SG I automatisering bv strengthens the international business of Aareon

### Deposit taking business (Aareal Bank)

- Aareal sustains its position as the house bank of the German housing sector
- Longer than originally expected low interest rate environment impacts net interest income
- Deposits increased to € 4.1 bn on a FY average (~ € 4 bn in 2009)



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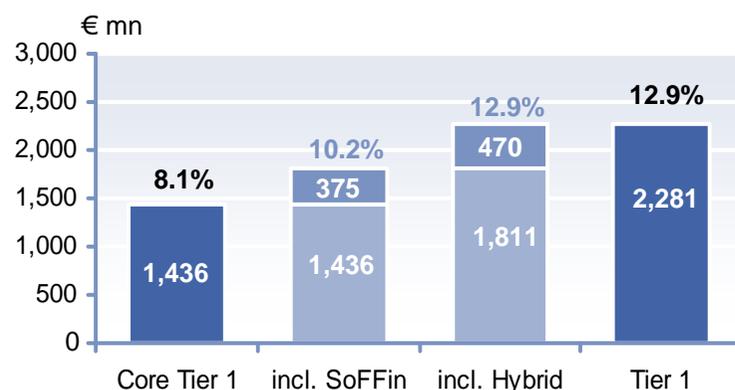
# B/S structure & funding position



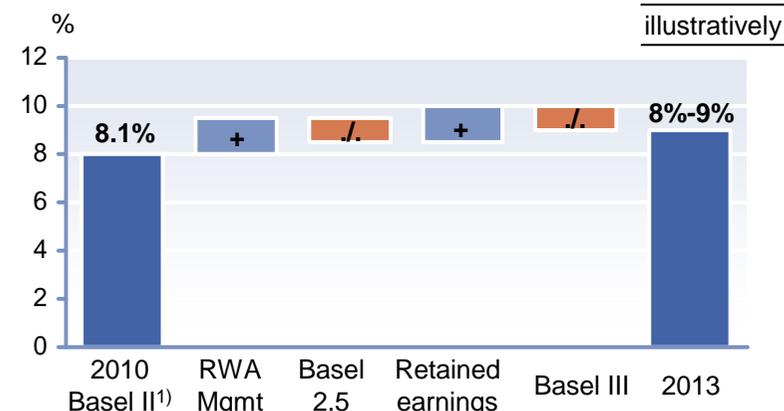
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# Solid capital and Tier 1 ratios

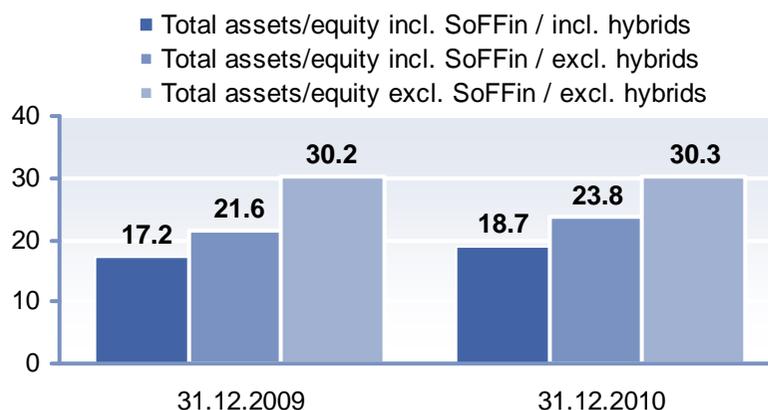
## Tier 1 capital<sup>1)</sup> (AIRBA<sup>2)</sup>) as at 31.12.2010



## Target Core Tier 1 ratio



## Leverage ratio<sup>3)</sup>



- € 17.663 bn risk weighted assets
- Good position to achieve at least a target Core Tier 1 ratio acc. Basel III between 8% - 9% by 2013
- Additionally SoFFin's silent participation is grandfathered until 2018

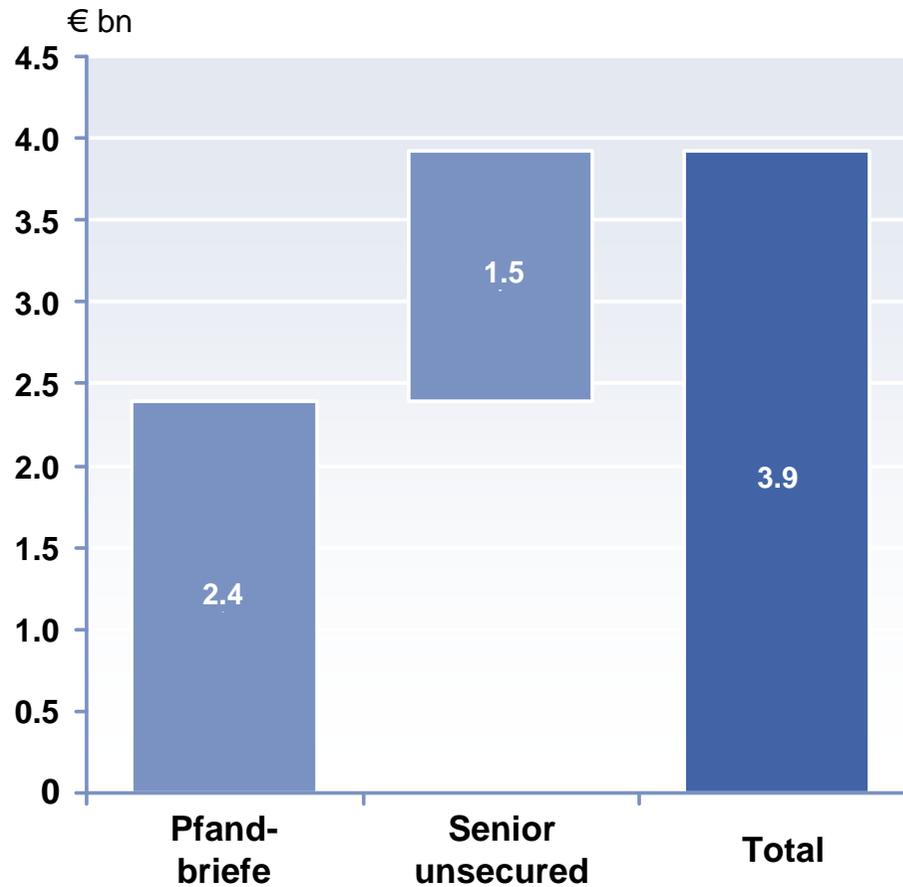
1) After confirmation of Aareal Bank AG's financial statements 2010. The inclusion of retained earnings transferred as part of Aareal Bank AG's liable equity as at 31. December 2010 is subject to approval by the Annual General Meeting.  
 2) Advanced internal ratings-based approach (advanced IRBA)  
 3) Gross IFRS numbers (particularly no netting of derivatives)



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# Refinancing situation 2010

## Flexible use of unsecured and secured funding



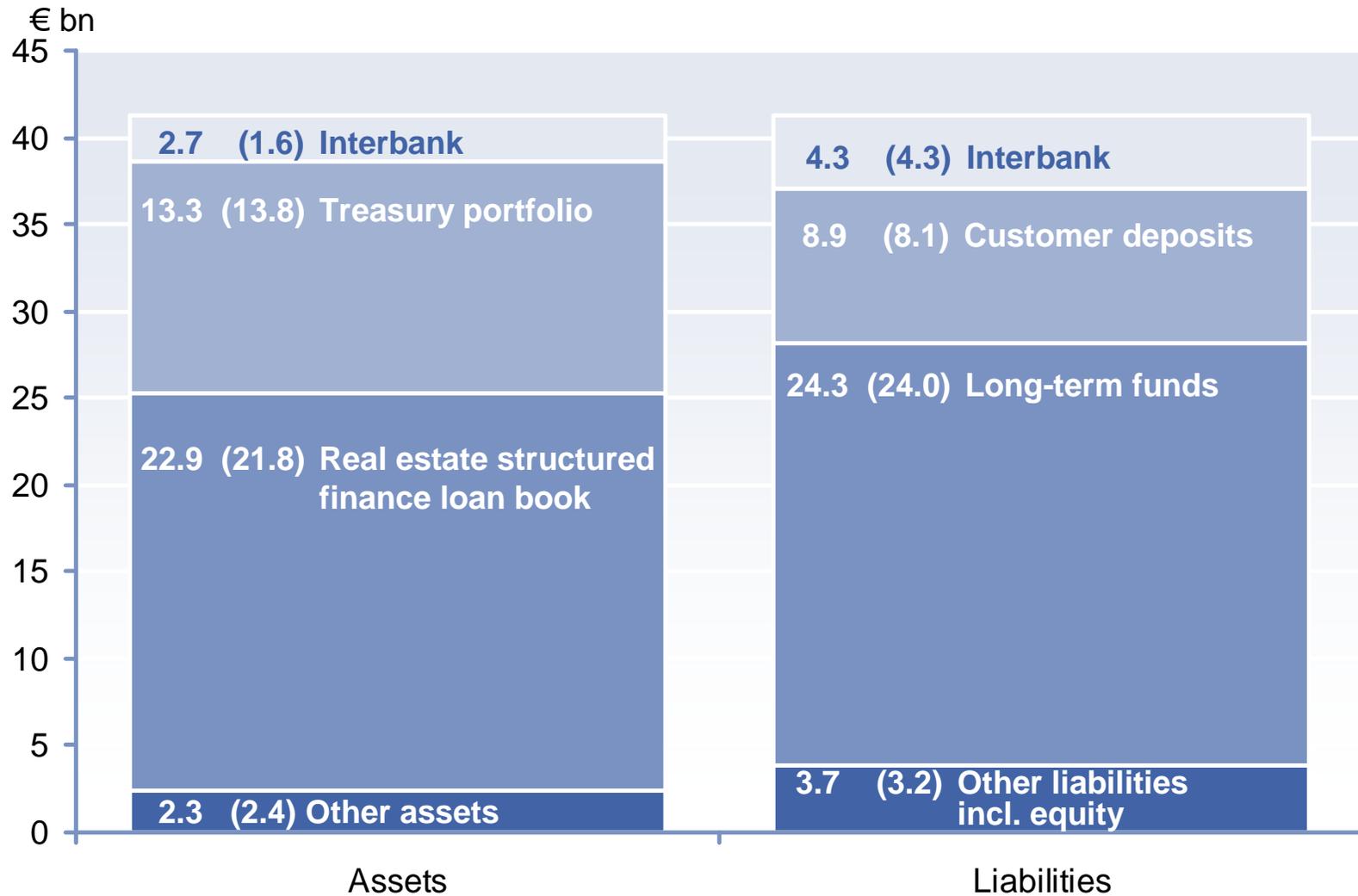
**Total funding of € 3.9 bn in FY 2010**

- Pfandbriefe:
  - € 2.4 bn
- Senior unsecured:
  - € 1.5 bn
  - € 2.0 bn SoFFin-Bond 2010 onto own books and therefore not shown



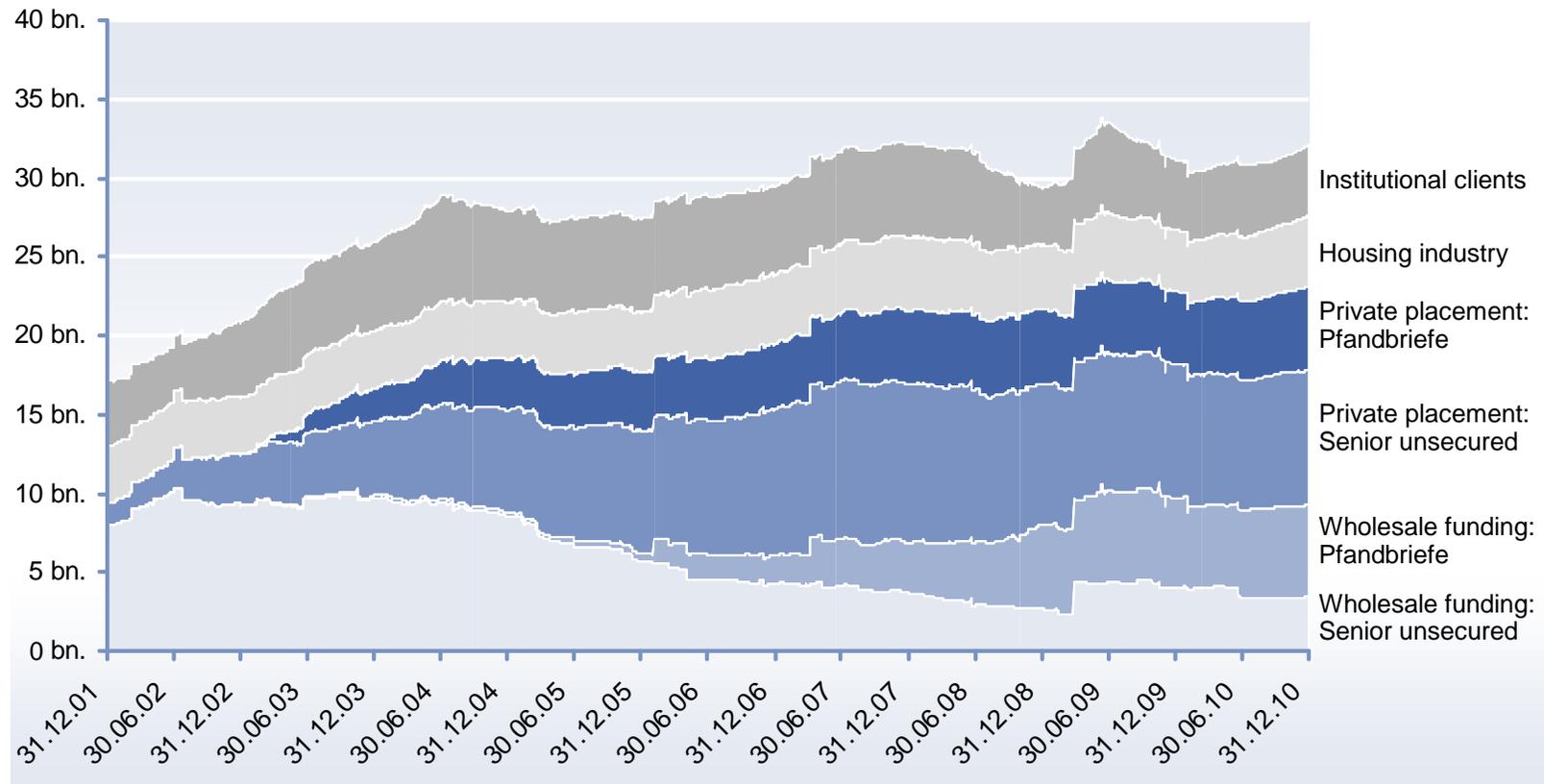
# Asset- / Liability structure according to IFRS

As at 31.12.2010: € 41.2 bn (31.12.2009: € 39.6 bn)



# 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 Dec 31<sup>st</sup> 2010, this share had fallen to 29% (or even 11% without Pfandbriefe)



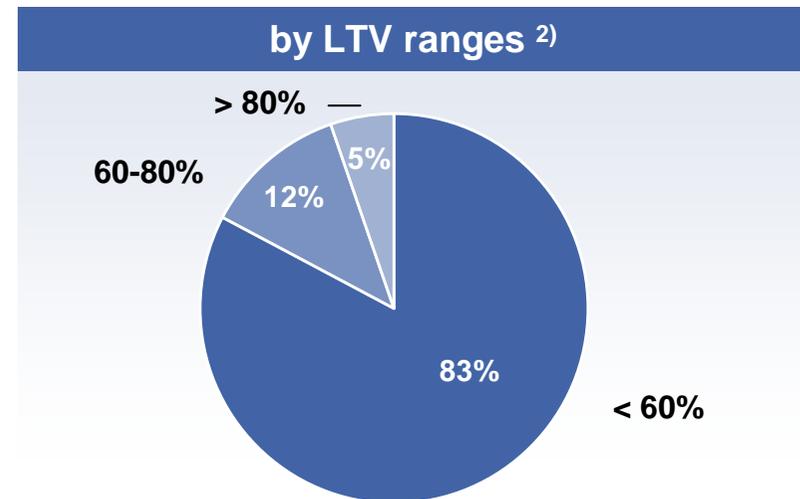
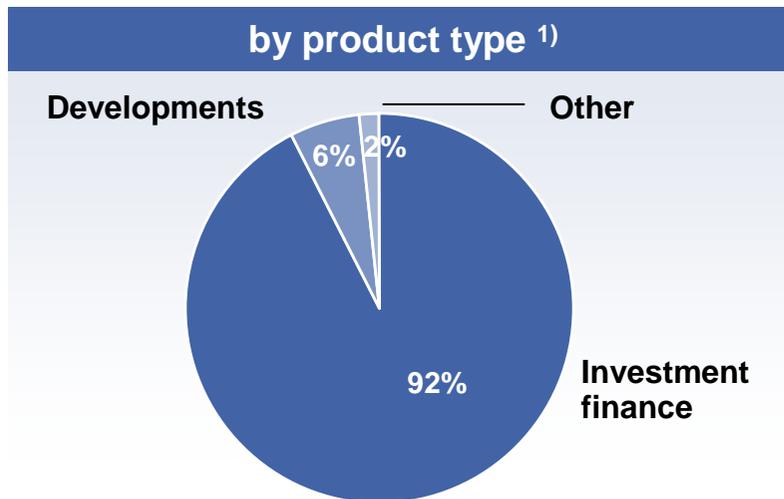
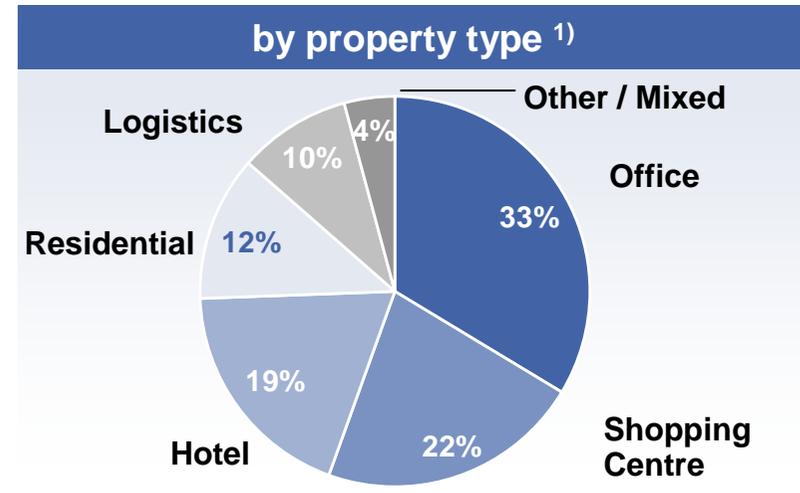
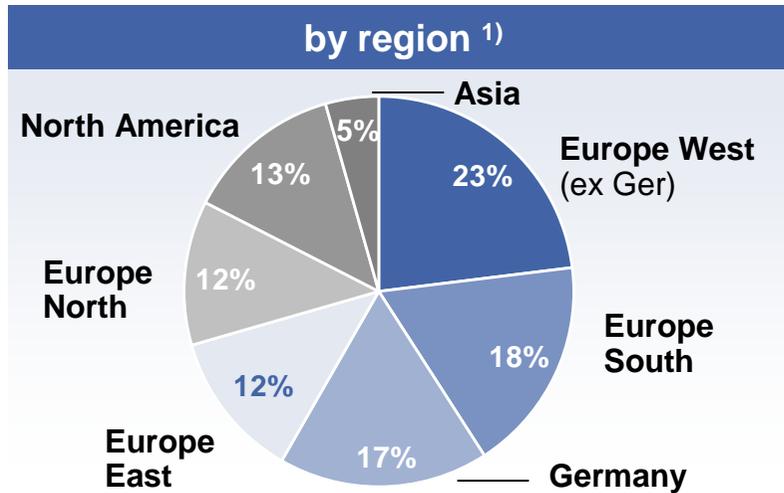
# Asset quality



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# Total property finance portfolio

## High diversification and sound asset quality



1) Total volume under management: € 23.3 bn as at 31.12.2010  
(consisting of € 22.9 bn Structured Property Financing portfolio of Aareal Bank AG  
and € 0.4 bn property loans managed on behalf of Deutsche Pfandbriefbank AG)

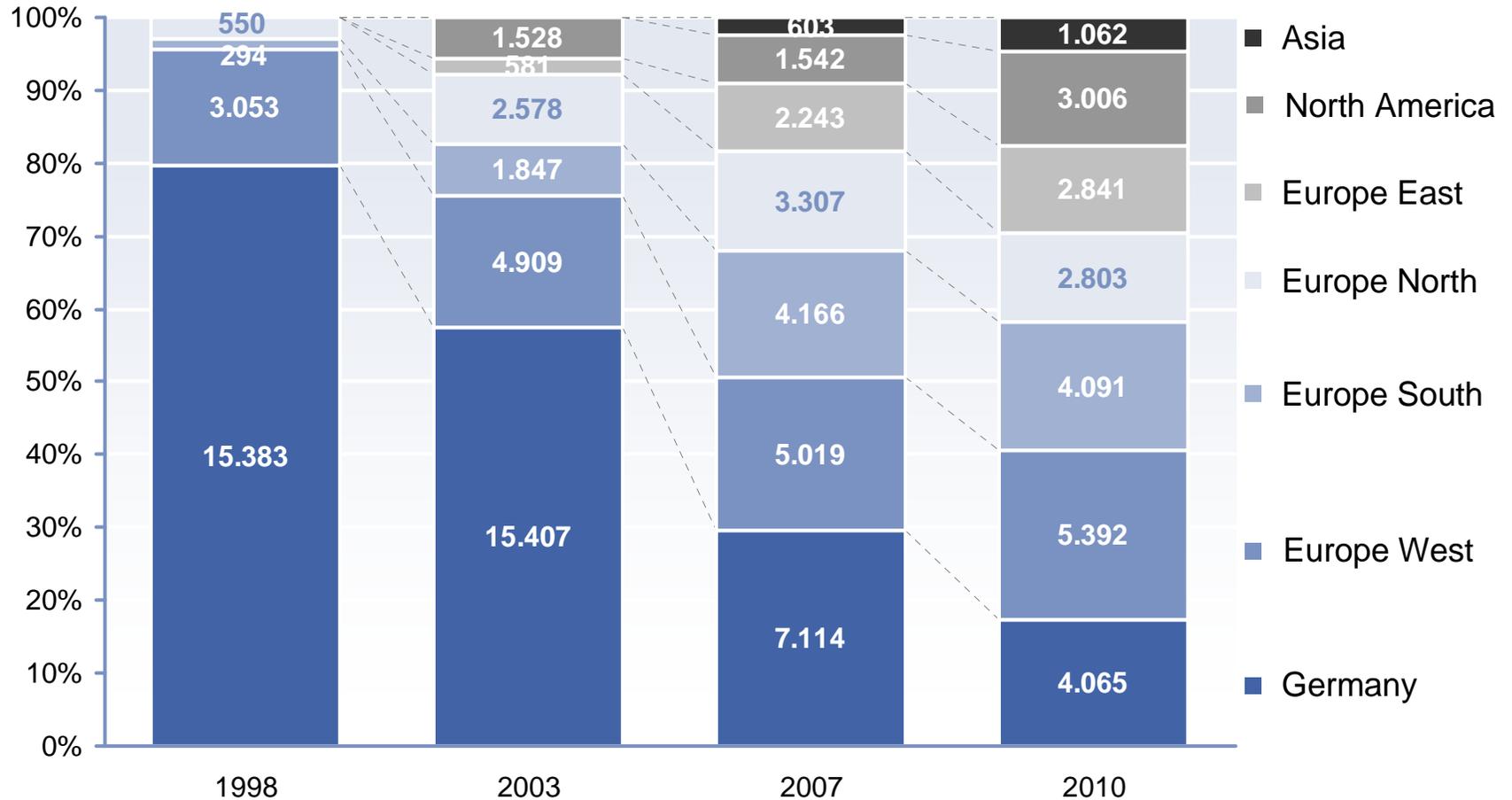
2) Performing business only; values as at 31.12.2010



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# Development property finance portfolio

## Diversification continuously strengthened (in € mn)



Property finance under management



# Total property finance portfolio

## NPL-level stabilising with constant coverage ratios

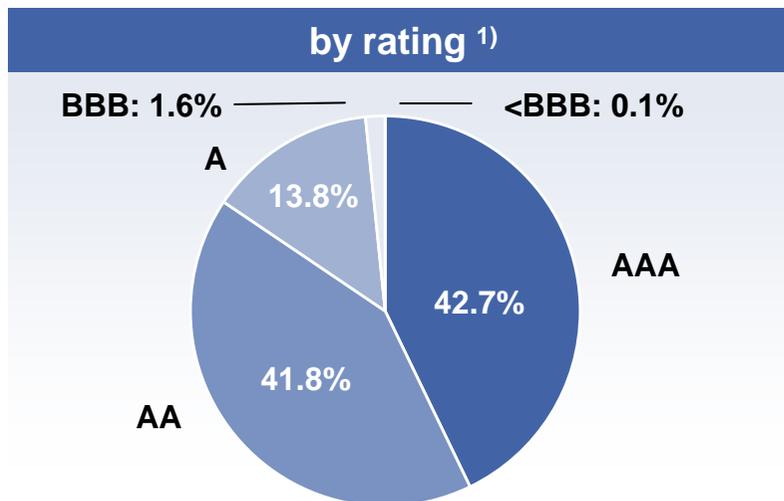
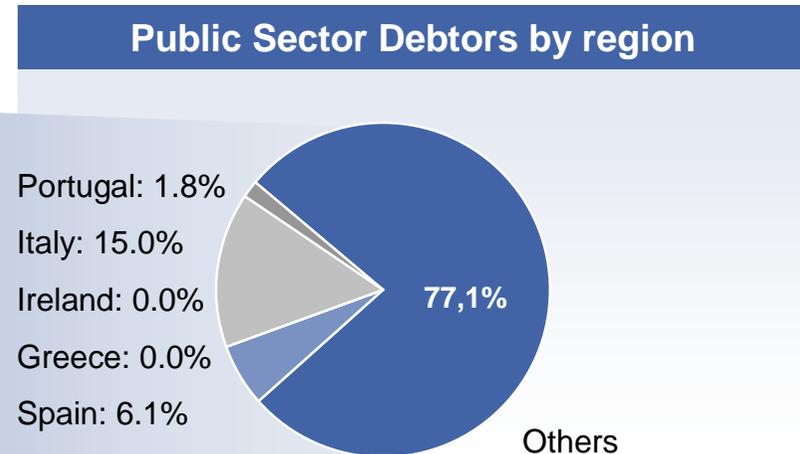
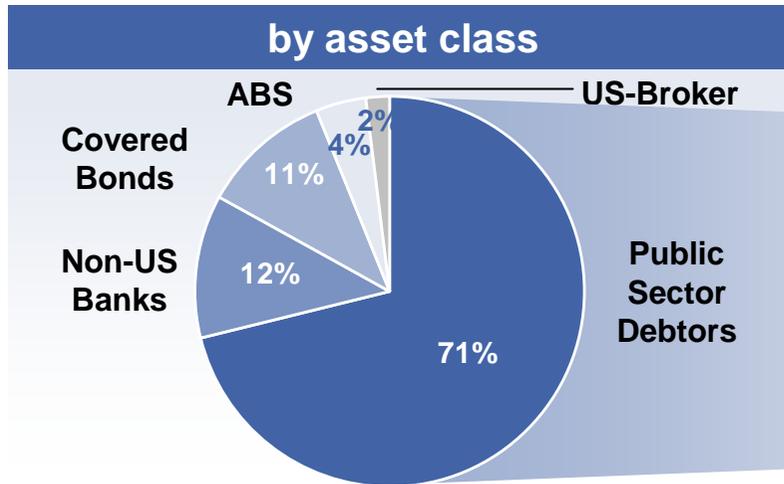
LLP- and NPL development			
	NPL Exposure <sup>1)</sup>	Specific Allowances <sup>1)</sup>	Portfolio Allowances <sup>2)</sup>
<b>Euro mn</b>			
As at 31.12.2009	710	202	52+48=100
Utilisation 2010	-255	-52	-
Addition 2010	336	111	-6
As at 31.12.2010	791	261	94
<b>Coverage ratio specific allowances</b>		<b>33.0 %</b>	
		261	94
As at 31.12.2010	791	355	
<b>Coverage ratio incl. portfolio allowances</b>		<b>44.9 %</b>	

- 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



# Treasury portfolio

## € 12.3 bn of high quality assets



### Others

- Germany: 45.5%
- Austria: 11.8%
- France: 6.4%
- Poland: 4.3%
- Japan: 2.7%
- Supra: 1.9%
- Great Britain: 1.4%
- Hungary: 1.2%
- Netherlands: 0.9%
- Czech Rep.: 0.3%
- Denmark: 0.3%
- Lithuania: 0.3%
- Sweden: 0.3%

As at 31.12.2010 – all figures are nominal amounts  
 1) Composite Rating



# Outlook

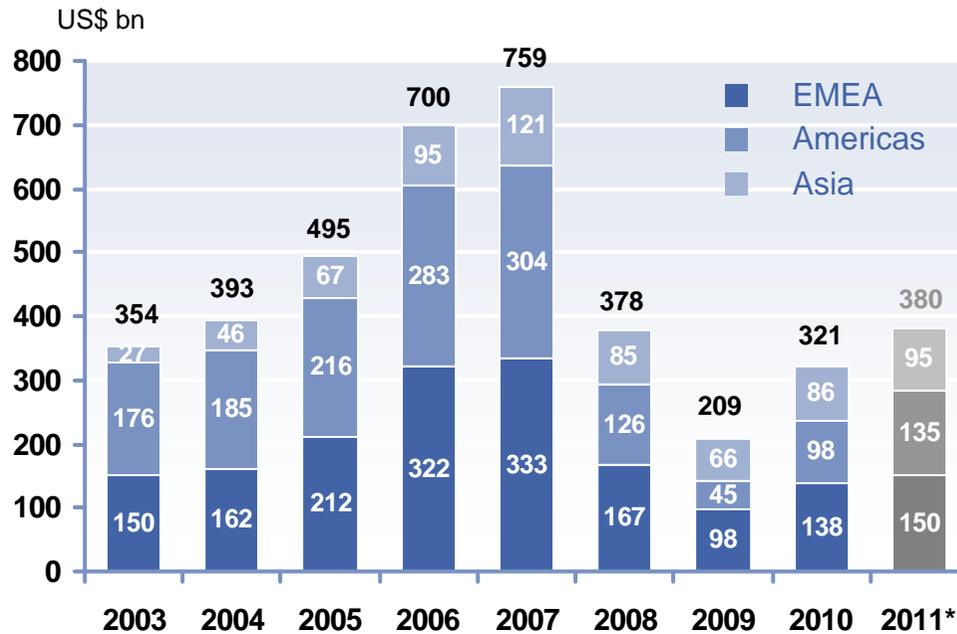


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# Global market size

Transaction volumes are rising again

## Global transaction volumes in commercial real estate



## Attractive business opportunities

- Aareal has the chance to capture attractive business opportunities in different countries and property types
- Highly selective in choosing its risks in order to meet desired risk/return profile

Higher transaction volume and less competitors on a lot of markets give plenty of opportunities for cherry-picking business

Source: CBRE, Jones Lang LaSalle  
\* expected



# Outlook - Aareal Bank's market expectations

Expected average of market value changes across all commercial real estate property types and regions in 2011<sup>1)</sup>

## North America

Up:

- Mexico

## North America

Stable:

- Canada
- USA



## Asia

Stable:

- Singapore

## Asia

Down:

- China

## Europe - Down:

- Spain

## Europe - Stable:

- Czech Republic
- Denmark
- Finland
- France
- Netherlands
- Russia
- Switzerland
- UK

## Europe - Up:

- Belgium
- Germany
- Italy
- Poland
- Sweden
- Turkey

1) The individual market value of a single property may vary, change end 2010 to end 2011

# Outlook

2011		2012
<b>Net interest income</b>	<ul style="list-style-type: none"> <li>Target expected on 2010-level or slightly above</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 to 140 mn, or around 50 bps on outstandings<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 tax</li> </ul>	➡
<b>Operating profit</b>	<ul style="list-style-type: none"> <li>Above 2010-level, despite additional burden of German banking tax</li> </ul>	➔
<b>Pre-tax RoE</b>	<ul style="list-style-type: none"> <li>Slightly above 2010-level</li> </ul>	➔

## Midterm Outlook

<b>2012</b>	<ul style="list-style-type: none"> <li>Original guidance based on assumption of normalised markets in 2012</li> <li>Double-digit pre-tax RoE targeted (11-12%), even with additional burden of a German banking tax achievable</li> </ul>
<b>Normalised markets</b>	<ul style="list-style-type: none"> <li>Pre-tax RoE of <math>\geq 12\%</math> achievable (German banking tax included)</li> </ul>

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



## On track in Q1 2011

### Group

**Net interest income** ■ Expected to be in line with guidance.

**Net loan loss provisions** ■ Expected not to exceed the expectation for the first quarter based on full-year expectation of between € 110 million to € 140 million.

**Admin expenses** ■ As continuing the cost discipline policy the figure for administrative expenses in 2011 is therefore expected to be only marginally higher than in 2010, including the burden associated with the special bank levy.

### Structured Property Financing

**New business** ■ Expecting new business volume in the Structured Property Financing segment to be above the levels of Q1 2010.

### Consulting/Services

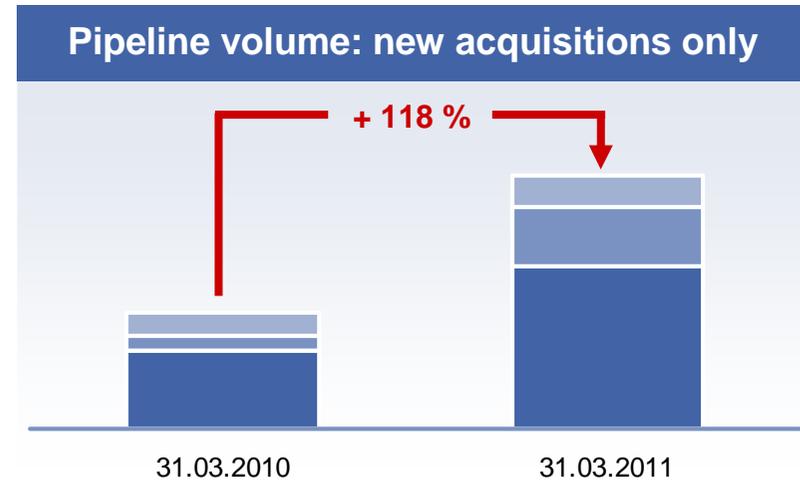
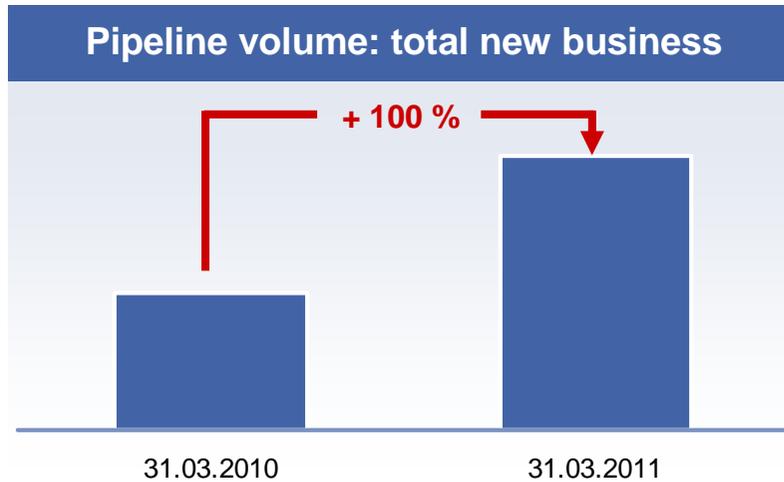
**Deposit taking** ■ The interest rate environment continues to have an unfavourable effect on the net interest income recorded in the Consulting / Services segment. This is likely to result in total quarterly income for the Consulting / Services segment slightly below the levels of Q1 2010.

**IT business** ■ Due to a certain seasonality of the consulting and services business of Aareon Group, commission income in Q1 2011 is expected to be similar to the levels of Q1 2010, and in line with management's expectations.

**We expect the operating profit to not quite reach the record level of Q4 2010, but to continue the clear improving trend of the other preceding quarters**



## Promising deal pipeline



- Based on our current deal pipeline and our current capital basis we are confident to meet at least € 5 - 6 bn new business target in 2011
- We are constantly analysing our options to realise the chances our deal pipelines is offering and write significantly more new business

# Mid-term perspective



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# Outlook - Aareal Bank's market expectations

Expected average of market value changes across all commercial real estate property types and regions to 2015<sup>1)</sup>

## North America

Up:

- Mexico
- USA

## North America

Stable:

- Canada



## Asia

Stable:

- Singapore

Down:

- China

## Europe - Down:

- Denmark
- Spain
- Russia

## Europe - Stable:

- Czech Republic
- Netherlands
- Sweden
- Switzerland
- UK

## Europe - Up:

- Belgium
- Finland
- France
- Germany
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1) The individual market value of a single property may vary, change end 2010 to end 2015

# 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%
<b>Net income / loss</b>	<b>94</b>	<b>67</b>	<b>40%</b>
<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 SdFFin	30	26	15%
Consolidated retained profit / accumulated loss	46	23	100%

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Net interest income stable or slightly increasing until 2012.

In normalised markets under pressure due to lower margins.

Loan loss provisions to improve over time

Net commission income to increase driven by international business of Aareon and maturity of SoFFin bonds

Admin expenses decreasing due to efficiency and cost cutting measures

Pre-tax RoE in normalised markets:  $\geq 12\%$



# Appendix

- **Group figures 2010**
- **Asset quality**



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# Aareal Bank Group

## Key figures 2010

	01.01.- 31.12.2010	01.01.- 31.12.2009	Change
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# Aareal Bank Group: Segment Reporting

## Key figures 2010 by operating units

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	31.12. 2010	31.12. 2009	31.12. 2010	31.12. 2009	31.12. 2010	31.12. 2009	31.12. 2010	31.12. 2009
Euro mn								
Net interest income	467	410	0	0	42	50	509	460
Allowance for credit losses	105	150					105	150
<b>Net interest income after allowance for credit losses</b>	<b>362</b>	<b>260</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>50</b>	<b>404</b>	<b>310</b>
Net commission income	-9	1	176	184	-44	-52	123	133
Net result on hedge accounting	-2	-2					-2	-2
Net trading income / expenses	8	44					8	44
Results from non-trading assets	-13	-22	1	0			-12	-22
Results from companies accounted for at equity	5	1		0			5	1
Results from investment properties	-17	0					-17	0
Administrative expenses	217	201	152	163	-3	-3	366	361
Net other operating income / expenses	-9	-12	1	-1	-1	-1	-9	-14
Impairment of goodwill	0	2		0			0	2
<b>Operating profit</b>	<b>108</b>	<b>67</b>	<b>26</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>134</b>	<b>87</b>
Income taxes	32	13	8	7			40	20
<b>Net income / loss</b>	<b>76</b>	<b>54</b>	<b>18</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>94</b>	<b>67</b>
<b>Allocation of results</b>								
Net income / loss attributable to non-controlling interests	16	16	2	2			18	18
Net income / loss attributable to shareholders of Aareal Bank AG	60	38	16	11	0	0	76	49



# Aareal Bank Group: Segment Reporting

## Key figures - quarter by quarter

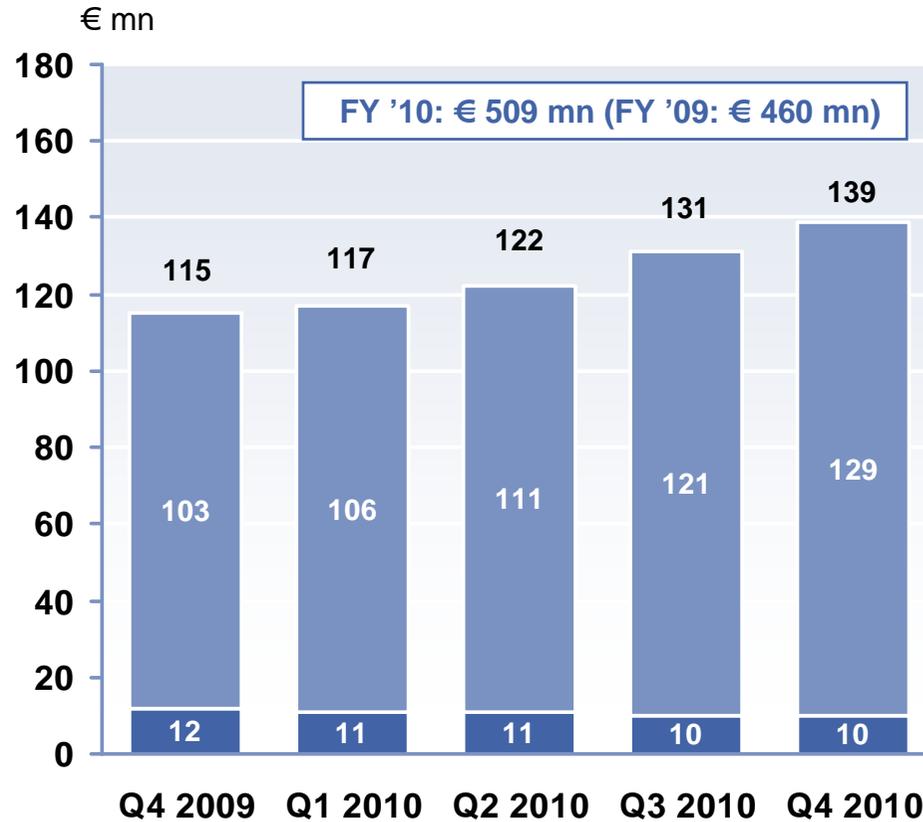
	Structured Property Financing					Consulting / Services					Consolidation / Reconciliation / Other					Aareal Bank Group				
	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4
	2010	2010	2010	2010	2009	2010	2010	2010	2010	2009	2010	2010	2010	2010	2009	2010	2010	2010	2010	2009
Euro mn																				
Net interest income	129	121	111	106	103	0	0	0	0	0	10	10	11	11	12	139	131	122	117	115
Allowance for credit losses	8	32	33	32	35											8	32	33	32	35
<b>Net interest income after allowance for credit losses</b>	<b>121</b>	<b>89</b>	<b>78</b>	<b>74</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>131</b>	<b>99</b>	<b>89</b>	<b>85</b>	<b>80</b>
Net commission income	-1	-5	1	-4	2	49	39	43	45	50	-11	-10	-12	-11	-13	37	24	32	30	39
Net result on hedge accounting	-4	-2	2	2	1											-4	-2	2	2	1
Net trading income / expenses	13	2	-13	6	3											13	2	-13	6	3
Results from non-trading assets	-23	-4	14	0	-3	0	1	0		0						-23	-3	14	0	-3
Results from companies accounted for at equity	0	0	5		1					0						0	0	5		1
Results from investment properties	-17	0	0	0	-1											-17	0	0	0	-1
Administrative expenses	56	54	55	52	42	40	35	38	39	42	-1	-1	-1	0	-1	95	88	92	91	83
Net other operating income / expenses	-2	2	-7	-2	-10	0	0	1	0	-2	0	-1	0	0	0	-2	1	-6	-2	-12
Impairment of goodwill	0			0	2					0	0					0			0	2
<b>Operating profit</b>	<b>31</b>	<b>28</b>	<b>25</b>	<b>24</b>	<b>17</b>	<b>9</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>33</b>	<b>31</b>	<b>30</b>	<b>23</b>
Income taxes	8	10	7	7	3	3	1	2	2	2						11	11	9	9	5
<b>Net income / loss</b>	<b>23</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>14</b>	<b>6</b>	<b>4</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>29</b>	<b>22</b>	<b>22</b>	<b>21</b>	<b>18</b>
<b>Allocation of results</b>																				
Net income / loss attributable to non-controlling interests	4	4	4	4	4	0	1	0	1	1						4	5	4	5	5
Net income / loss attributable to shareholders of Aareal Bank AG	19	14	14	13	10	6	3	4	3	3	0	0	0	0	0	25	17	18	16	13



**Aareal Bank  
Group**

# Net interest income

## Higher margins “paying off”



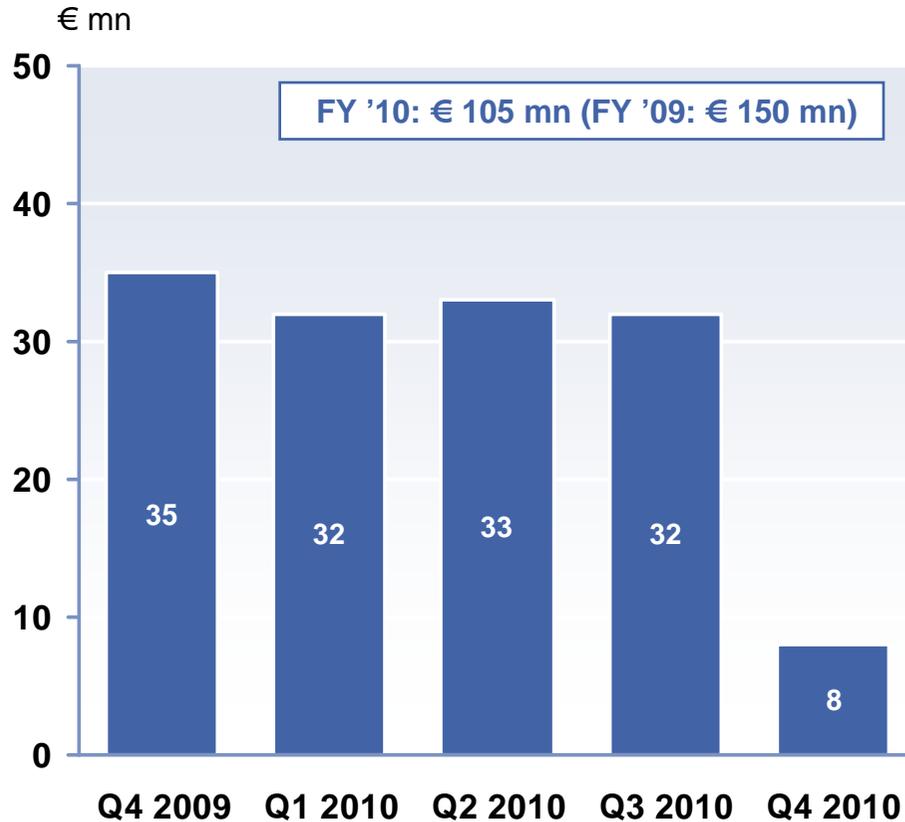
- Net interest income Q4 2010: € 139 mn
- Net interest income influenced by
  - SPF-business: Mainly results from higher margins
  - Consulting / Services: Historically low interest rate level still burdens the deposit taking business

■ NII Structured Property Financing  
 ■ NII Consulting / Services



# Loan loss provisions

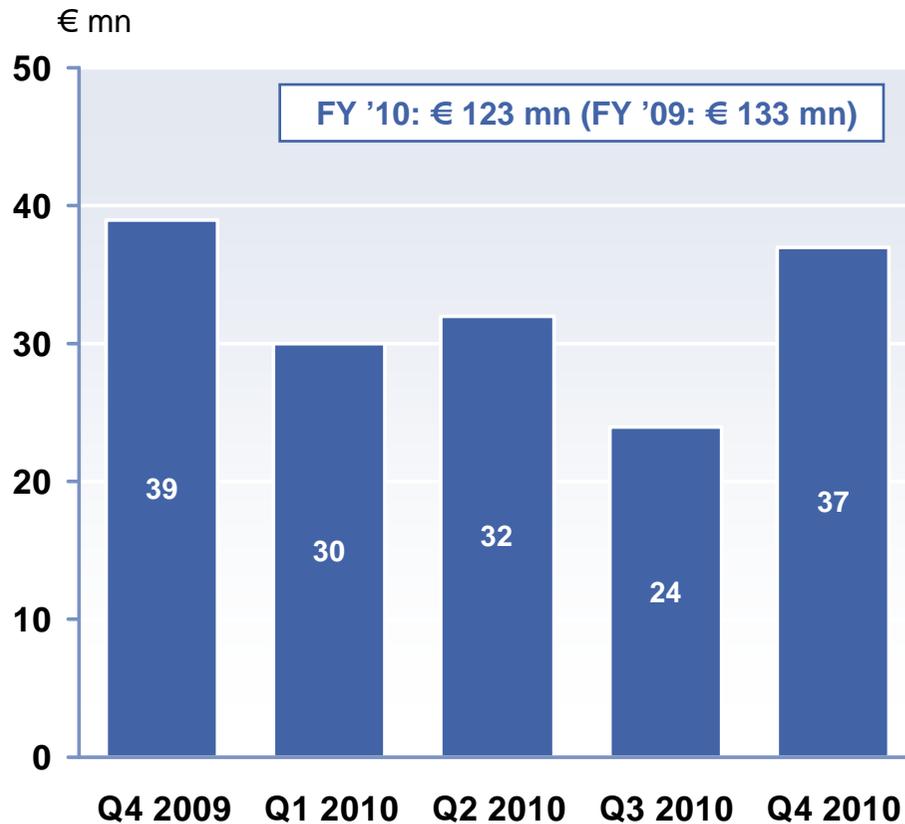
## Loan loss provisions proving high portfolio quality



- Full year loan loss provisions of € 105 mn stays clearly below the given range of € 117 mn to € 165 mn
- Close monitoring of our loan portfolio and successful restructuring of several NPL cases results in only € 8 mn LLP in Q4
- € 42 mn of the General Portfolio LLP of € 48 mn swapped into Portfolio LLP, release of € 6 mn
- LLP within guidance even including burden of a non-recurring expense of € 20 mn, which was recognised for the realignment of an investment property

# Net commission income

## Costs for additional SoFFin guarantee since Q3

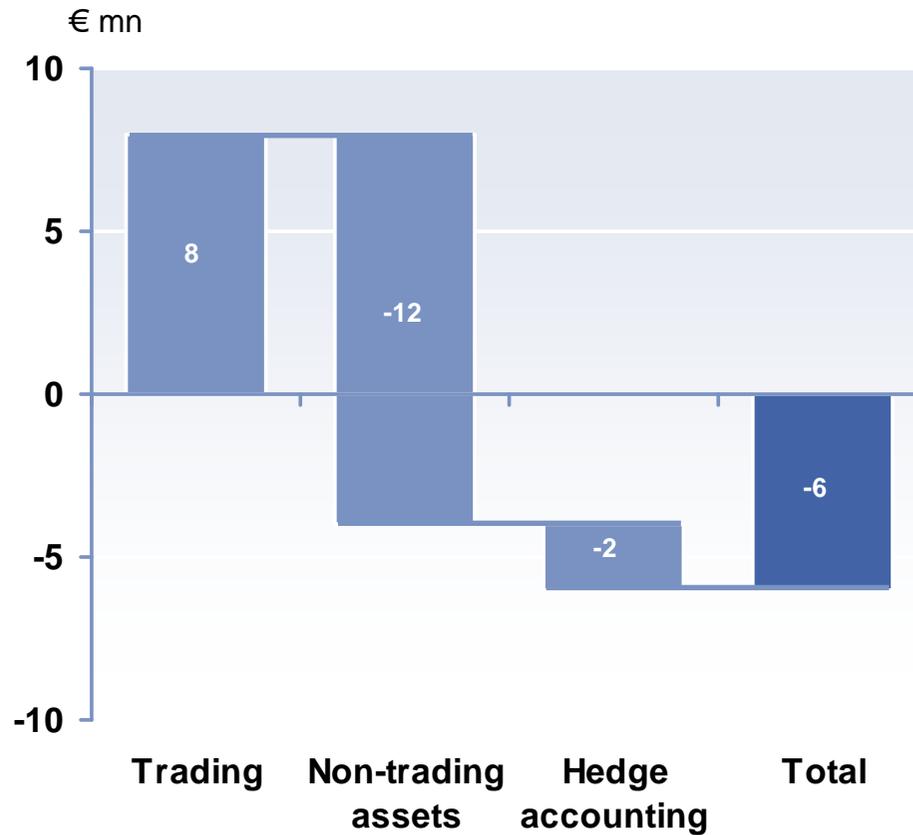


- Net commission income of € 123 mn including (or ~ € 153 mn without) costs of the SoFFin guarantee facility in 2010 is a good performance regarding the challenging environment
  - All quarters shown are burdened with ~€ 5 mn costs for the first SoFFin guarantee facility
  - The impact increases to ~€ 10 mn in Q3 and Q4 due to the additional SoFFin guarantee facility drawn at the end of Q2 (onto own book)
- Positive seasonal effects of Aareon in Q4



# Trading, non trading and hedge accounting

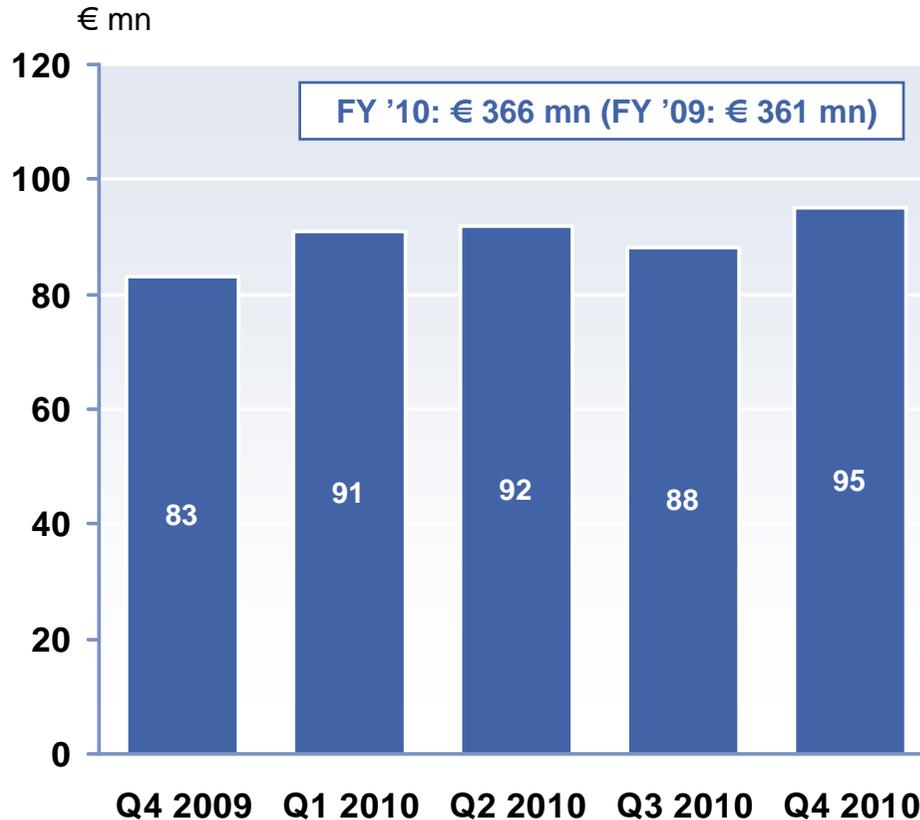
## Reflects volatile markets in 2010



- Result from the proactive management of our treasury portfolio and our consequently continued de-risking strategy

# Admin expenses

Still under control due to high cost discipline



- Q4 2010-figures with € 95 mn slightly above the average of the other quarters 2010
- Effected by first consolidation of Aareon's Dutch acquisition SG I automatisering bv (~€ 3 mn)
- Admin expenses incl. higher costs for phantom share program (~€ 6 mn)
- Efficiency measures still keeping the admin expenses under control

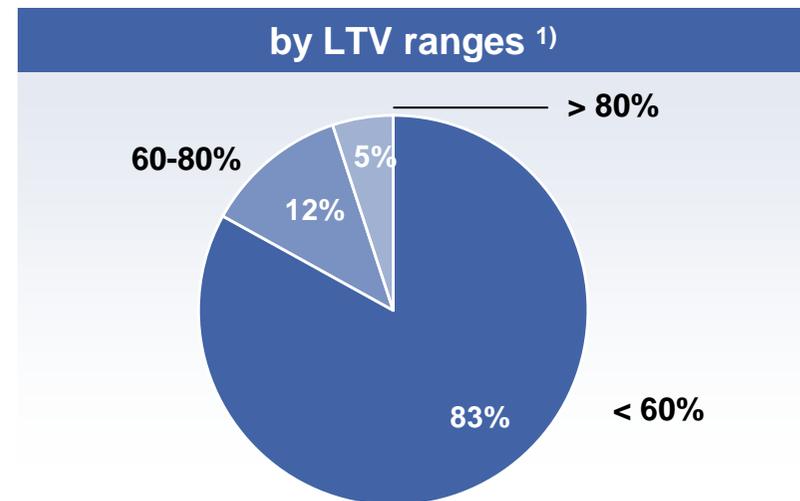
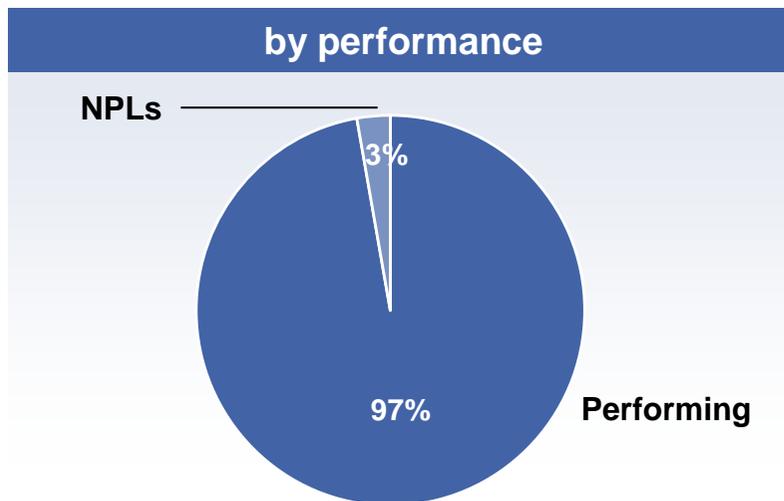
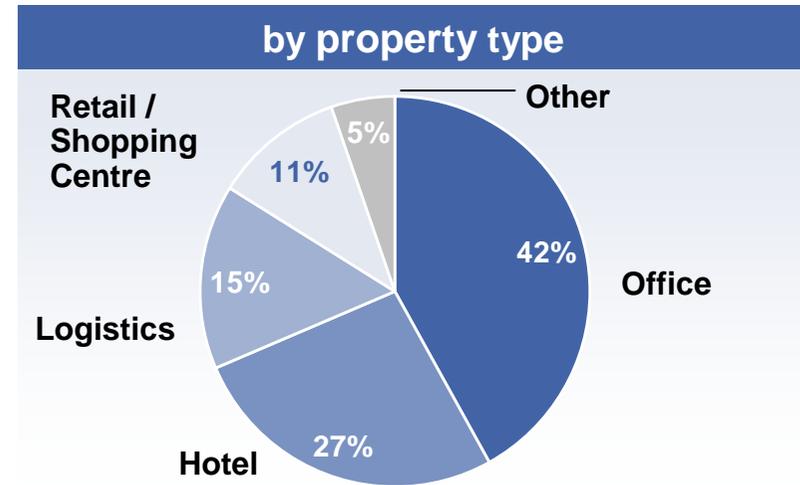
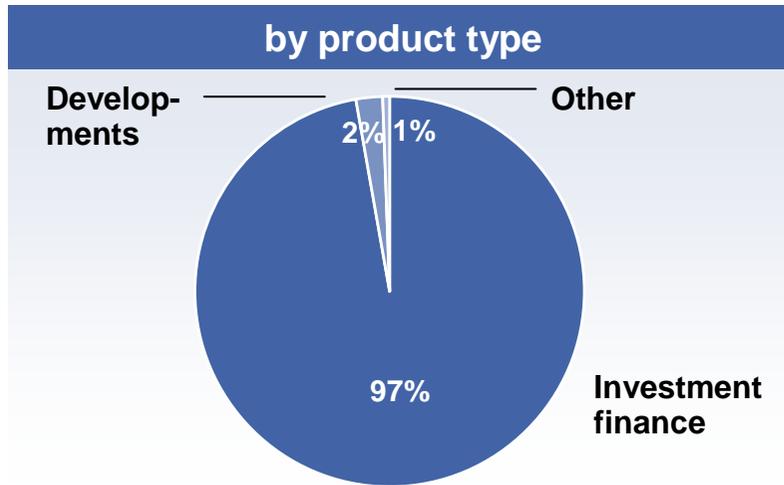
# Appendix

- Group figures 2010
- **Asset quality**



# Western Europe (ex Ger) credit portfolio

Total volume outstanding as at 31.12.2010: € 5.4 bn

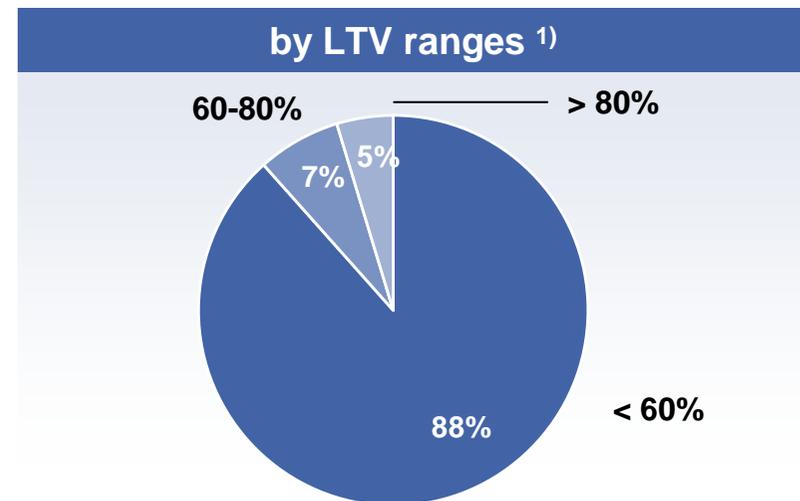
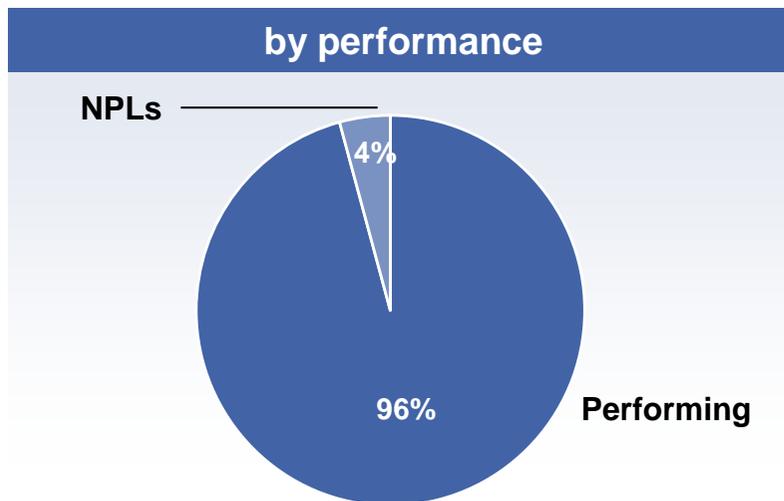
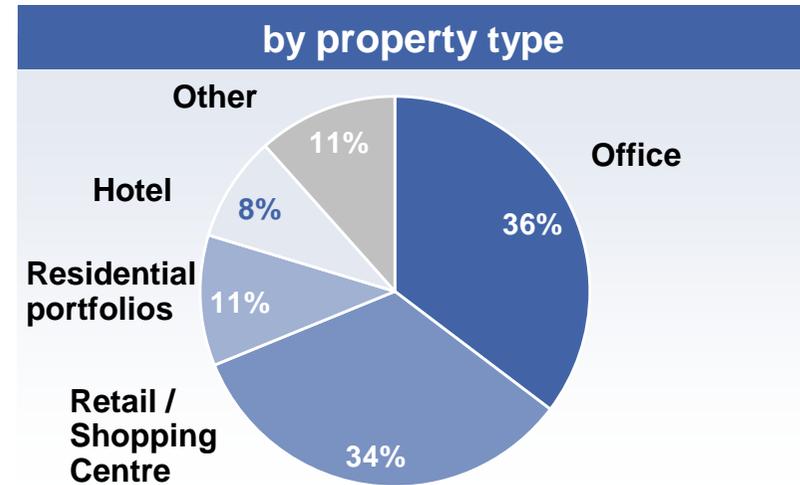
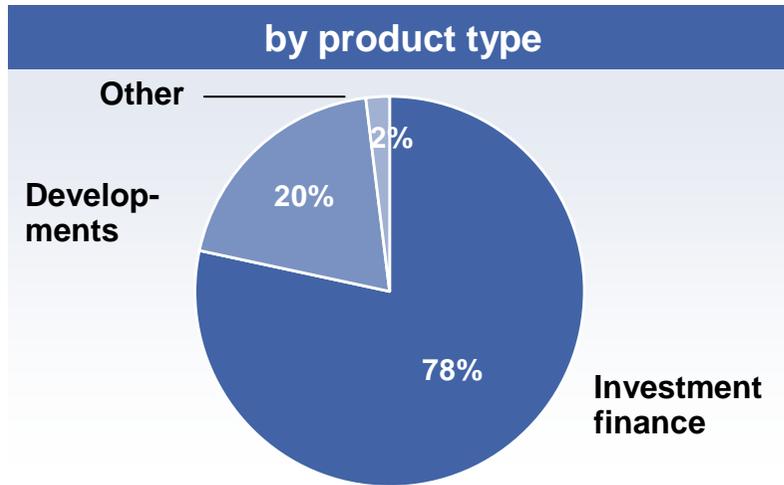


1) Performing business only



# Southern Europe credit portfolio

Total volume outstanding as at 31.12.2010: € 4.1 bn

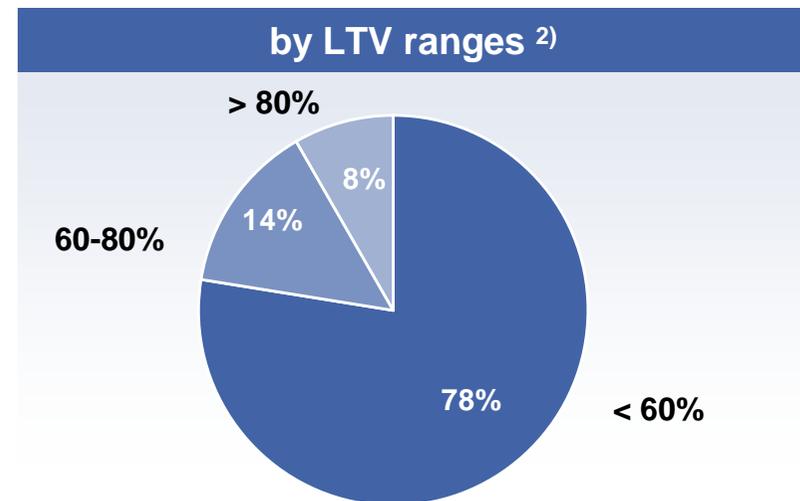
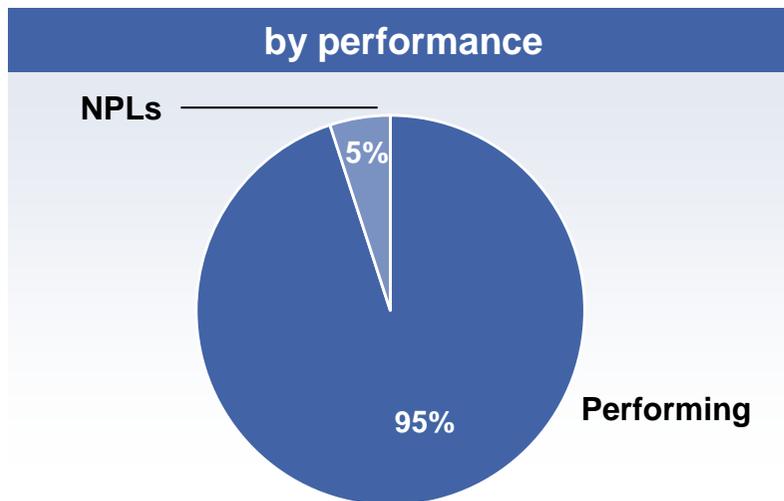
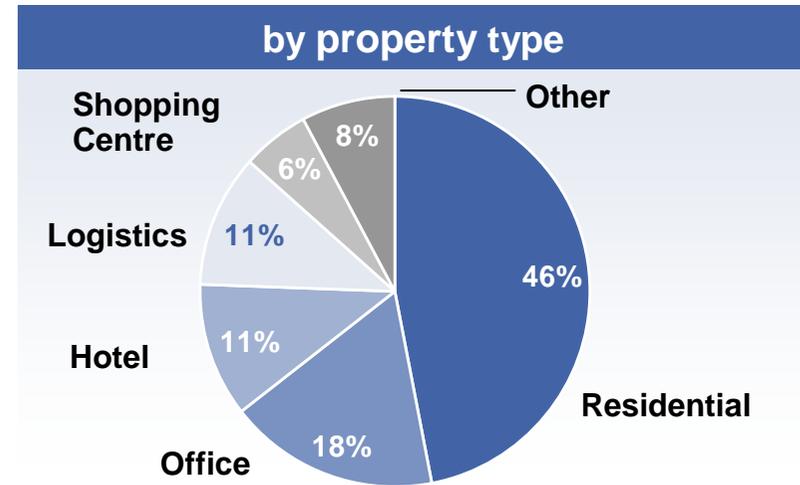
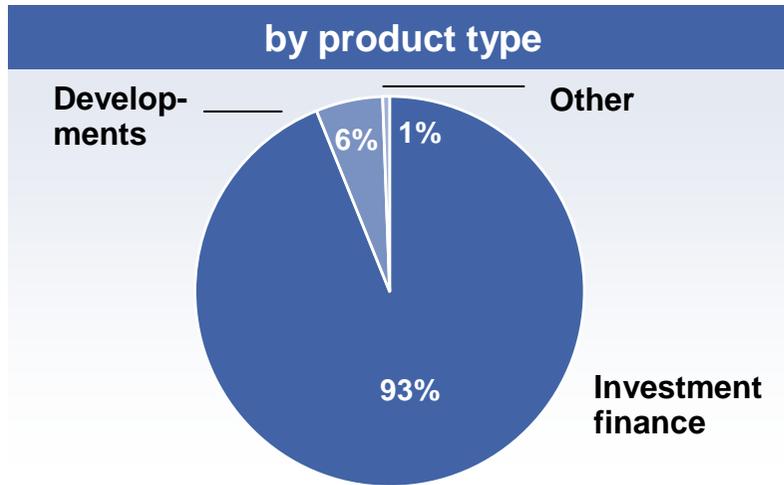


1) Performing business only



# German credit portfolio

Total volume outstanding as at 31.12.2010: € 4.1 bn<sup>1)</sup>

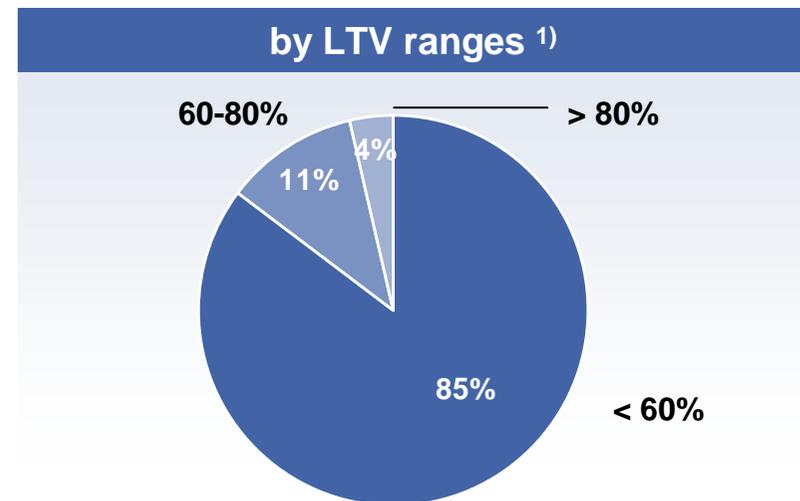
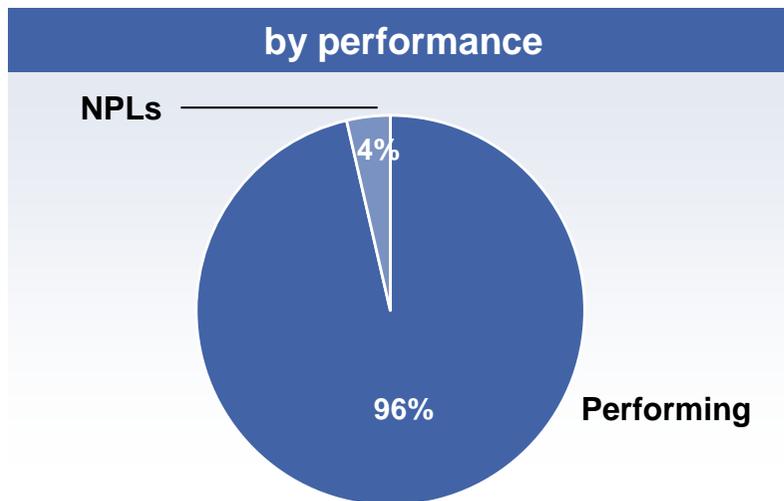
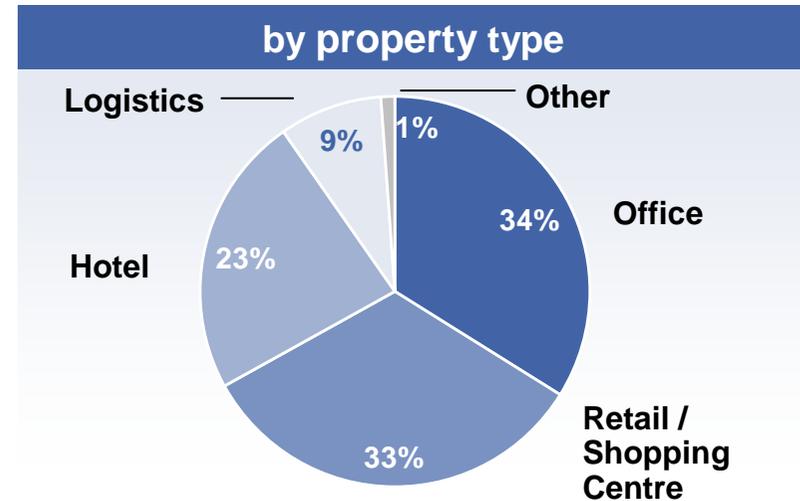
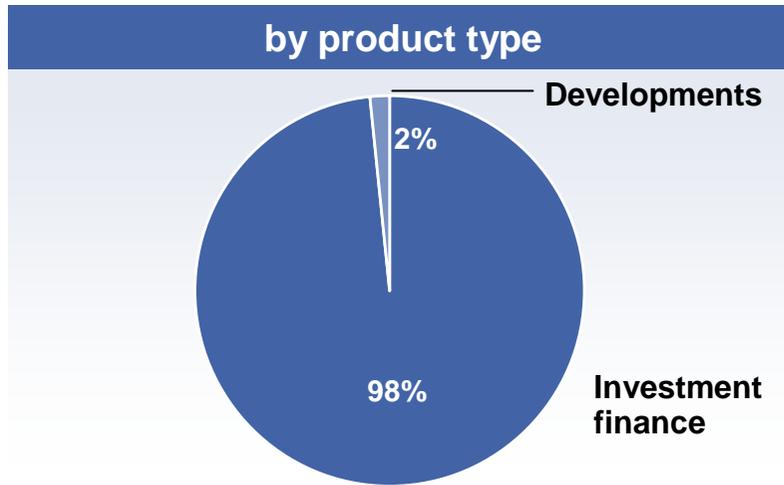


1) Including € 0.4 bn property loans managed on behalf of Deutsche Pfandbriefbank AG  
 2) Performing business only



# Eastern Europe credit portfolio

Total volume outstanding as at 31.12.2010: € 2.8 bn

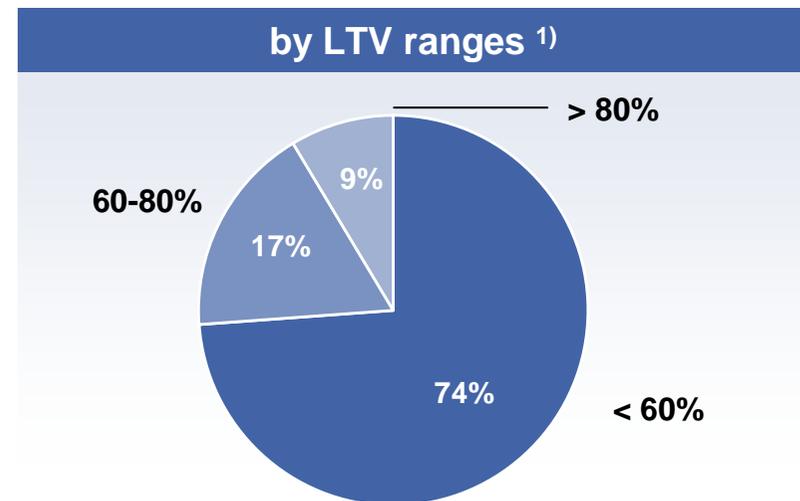
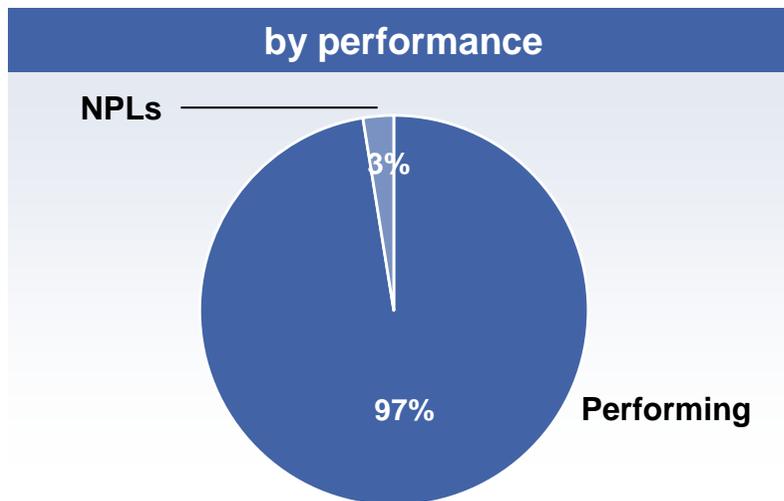
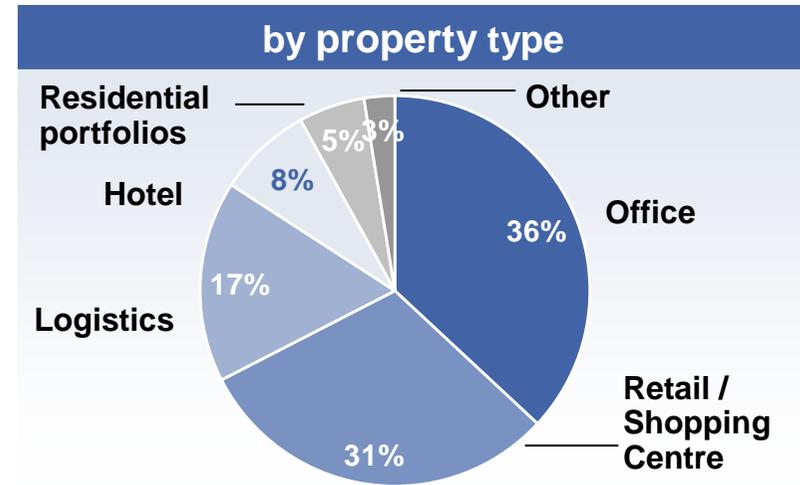
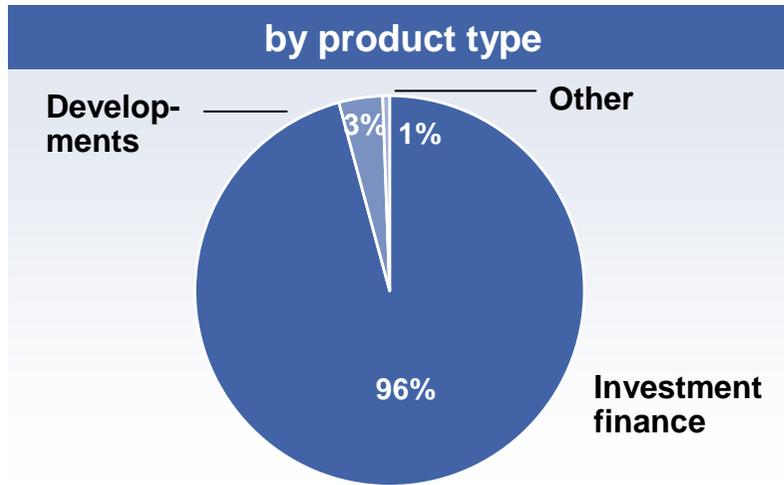


1) Performing business only



# Northern Europe credit portfolio

Total volume outstanding as at 31.12.2010: € 2.8 bn

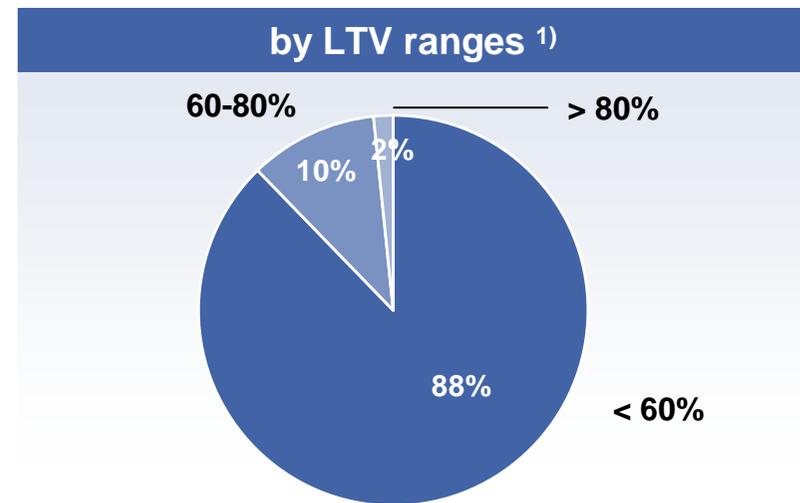
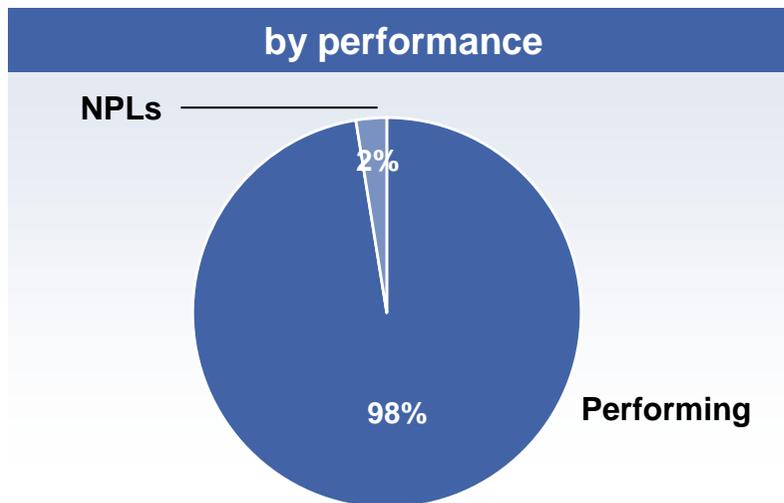
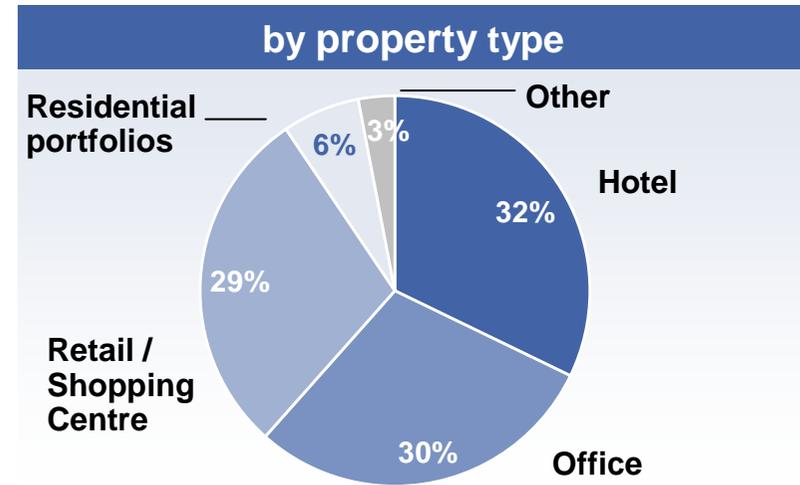
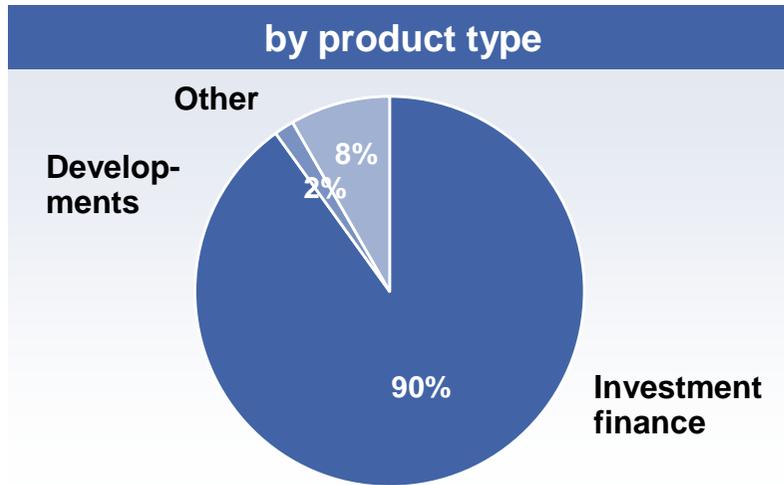


1) Performing business only



# North America credit portfolio

Total volume outstanding as at 31.12.2010: € 3.0 bn

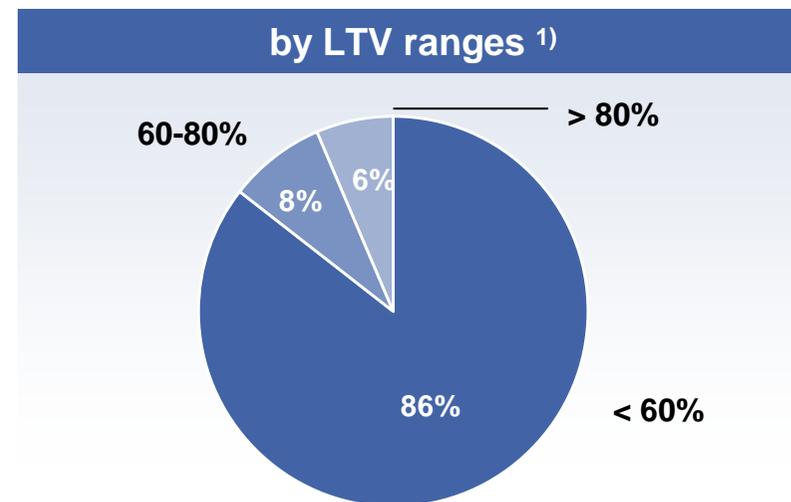
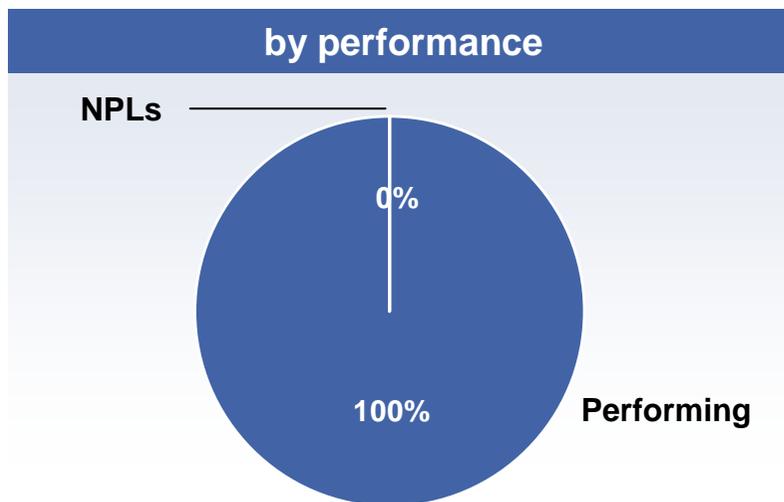
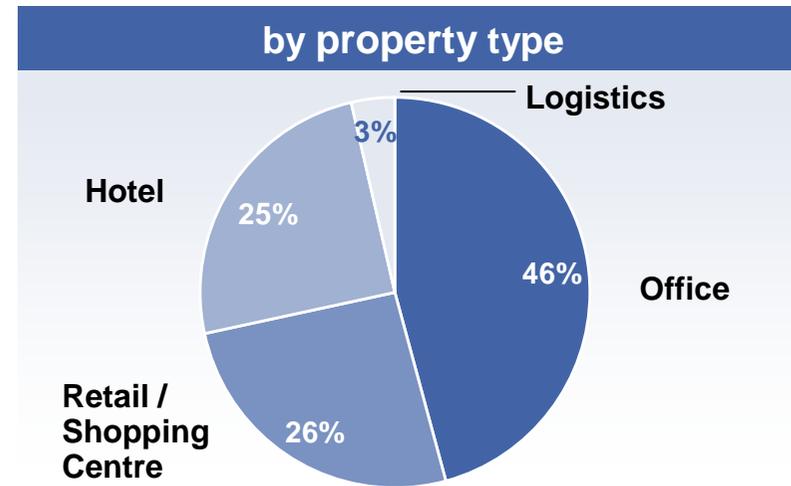
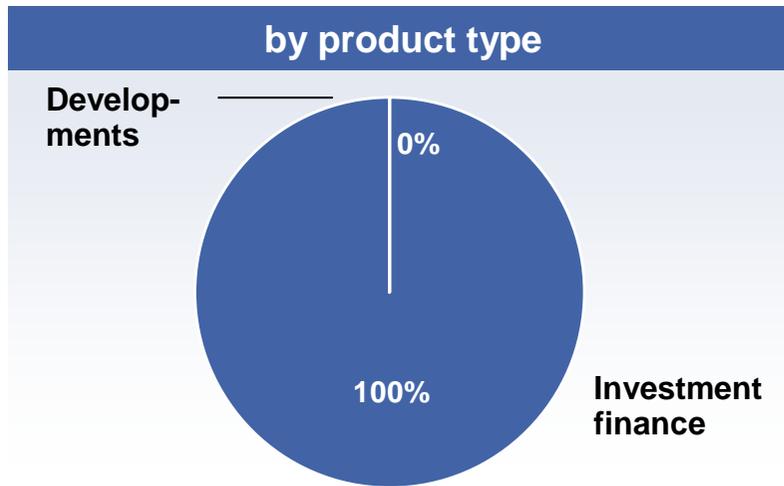


1) Performing business only



# Asia credit portfolio

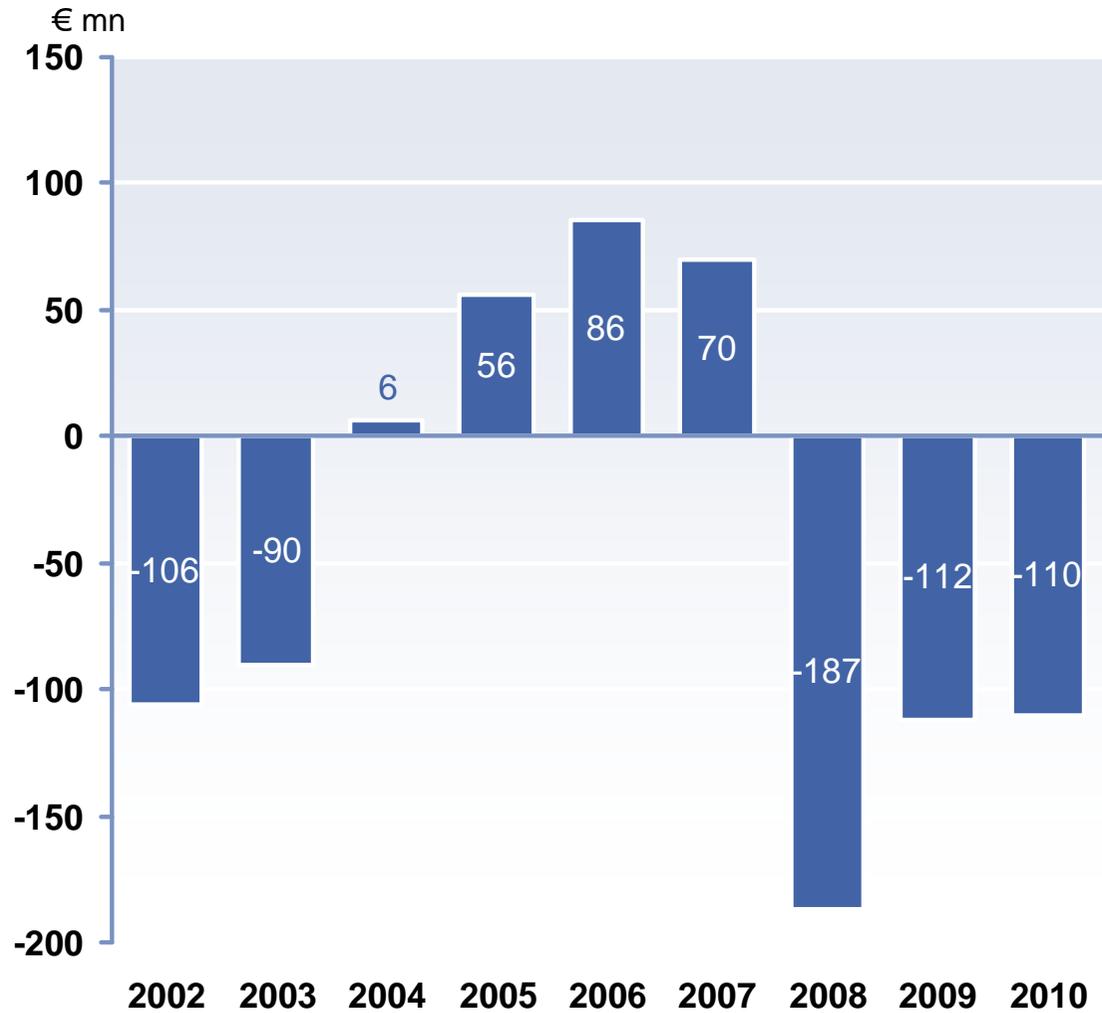
Total volume outstanding as at 31.12.2010: € 1.1 bn



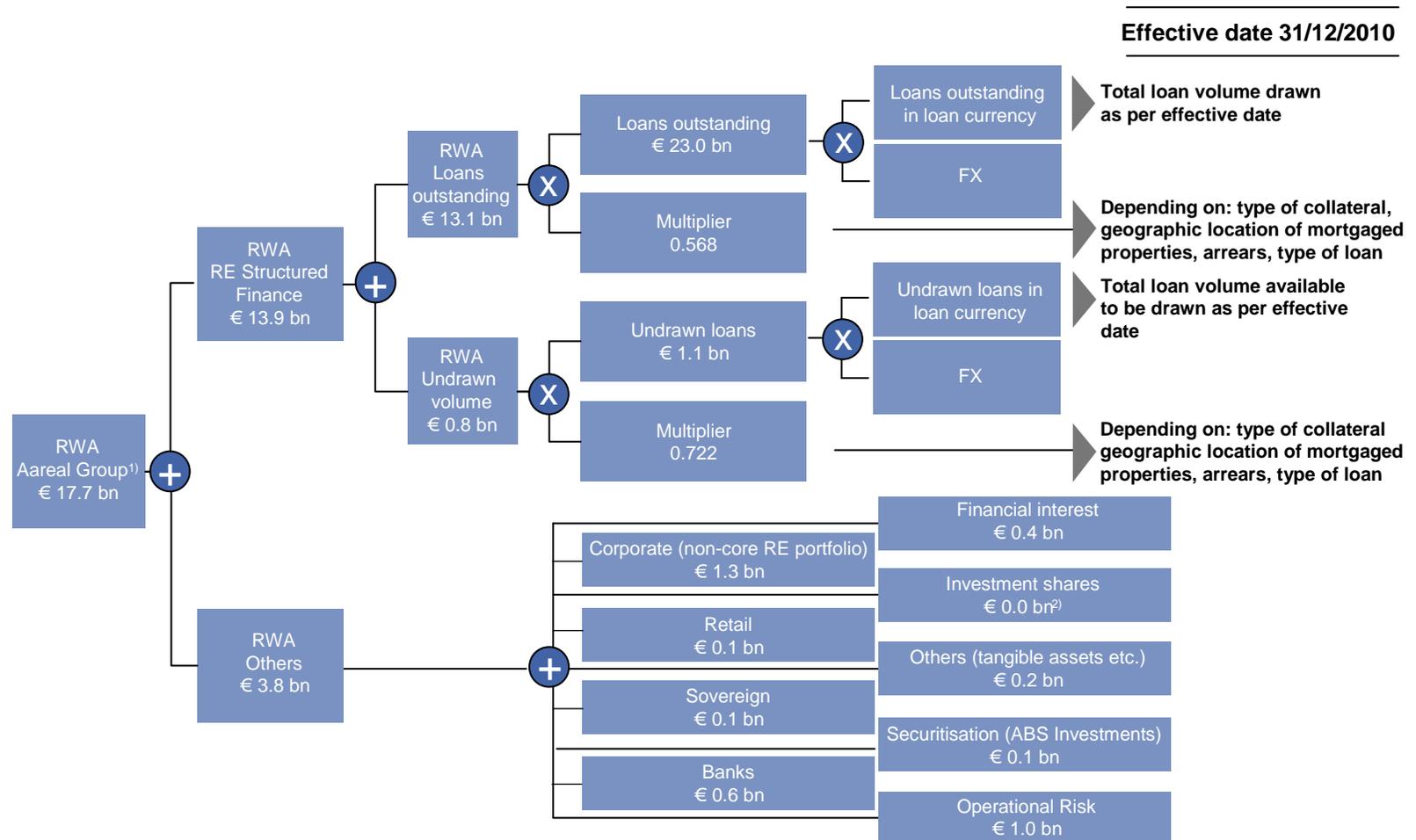
1) Performing business only



## Revaluation reserve: Change mainly driven by asset spreads



# From asset to risk weighted asset (RWA): Essential factors affecting volume of RWA



- 1) Excl. of market risk
- 2) Exposure to investment shares amounts to € 15 mn



# 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
- **Net RoE =** 
$$\frac{\text{Group net income after minority interests}}{\text{Allocated (average) equity}}$$
- **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



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