



Aareal Bank

Press Release

Contacts:

Media

Sven Korndörffer

Phone: +49 611 348-2306

sven.korndorffer@aareal-bank.com

Christian Feldbrügge

Phone: +49 611 348-2280

christian.feldbruegge@aareal-bank.com

Investor Relations

Jürgen Junginger

Phone: +49 611 348-2636

juergen.junginger@aareal-bank.com

Aareal Bank's Annual General Meeting passes resolution to distribute dividends, approves hive-off of retail portfolio

- **Business model proven, even in a challenging environment**
- **Dr Schumacher cautiously optimistic for business performance during the remainder of the 2008 financial year**

Wiesbaden, 21 May 2008 - Aareal Bank AG will pay an unchanged dividend of €0.50 per share to its shareholders for the 2007 financial year. Today's Annual General Meeting passed a corresponding resolution, with a 99,87% majority of the capital represented.

Shareholders also approved the other proposals on the agenda with a large majority (for detailed voting results please click [here](#)). These included the hive-off and transfer of a portfolio of private home loan financings to a subsidiary of Aareal Bank, in preparation for the sale of this portfolio. Aareal Bank AG already disclosed on 20 May 2008 that it had entered into a corresponding agreement with Deutsche Postbank AG. Under the transaction, Postbank will acquire the portfolio, which comprises approx. 28,000 individual loans with an aggregate volume of € 1.47 billion. The portfolio consists of approx. € 1,040 million of loans originated by Aareal Bank, plus approx. € 430 million of loans from DEPFA Deutsche Pfandbriefbank AG's residual property finance portfolio, which Aareal Bank has been responsible for since 1999.

The purchase agreement itself was not the subject of a resolution passed by the General Meeting.

Dr Wolf Schumacher, Chairman of Aareal Bank's Management Board, expressed his strong satisfaction with the results achieved in the 2007 financial year: "Clearly, our strategy of focusing consistently on our two core segments of Structured Property Financing and Consulting/Services proved to be correct and sustainable. Aareal Bank concluded the financial year under review with the best result in its corporate history." Consolidated net income after minority interests climbed by 171% to € 290 million for the 2007 financial year, equivalent to a return on equity after taxes of 25.0%.

Schumacher also said that Aareal Bank held its ground well, even in a market environment that remained difficult during the first quarter of 2008, which he referred to as the "toughest and most challenging quarter the financial services sector has faced to date". Operating profit of € 27 million, adjusted for non-recurring items, was up 2.4% on the same period of the previous year. "In view of the difficult market environment, we decided upon a conservative strategy, with a selective approach to doing business. As a result, we were free to decide, at any time, on our positioning in terms of lending and funding", Schumacher emphasised.

Addressing the bank's shareholders, the Chairman of the Management Board also affirmed the targets already communicated by Aareal Bank Group: "We remain cautiously optimistic for business during the remainder of 2008, although the financial markets crisis renders any forecasting in the property financing business extremely difficult. Assuming that the distortions in the financial markets will not prevail, we continue to believe that operating profit in 2008 will match that of the previous year."

Provided markets return to normal next year, Aareal Bank Group aims to achieve a return on equity after taxes of around 13% by the year 2010. The cost/income ratio in the Structured Property Financing segment should then be less than 40%. Average risk-weighted assets are planned to increase to € 27 – 28 billion. The bank projects an increase from € 65 million to € 75 million in operating profit in the Consulting/Services segment, which is more than double the figure achieved in 2007.

Speech given at the Annual General Meeting 2008

The full text of Dr Wolf Schumacher's speech at the 2008 Annual General Meeting is available on our website, under www.aareal-bank.com.

Aareal Bank

Aareal Bank AG is one of the leading international specialist property banks. The Aareal Bank share listed in Deutsche Börse's mid-cap MDAX index. Leveraging its successful European business model, Aareal Bank is active on three continents, having established similar platforms in North America and in the Asia-Pacific region. It provides property financing solutions in more than 25 countries.