

LOCAL EXPERTISE
MEETS GLOBAL EXCELLENCE

Annual Analyst Conference

Preliminary 2011 results

February 21, 2012

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



**Aareal Bank
Group**

Agenda

- Economic environment
 - Preliminary 2011 results at a glance
 - Segment performance
 - B/S structure, capital & funding position
 - Preliminary group figures 2011
 - Asset quality
 - Outlook

 - Appendix
 - Definitions and Contacts
-



Economic environment

Aareal Bank's point of view

Analyst conference 03/11 (expectations)

Positive effects	Negative effects
<ul style="list-style-type: none"> ▪ Stabilisation of major economies ▪ Some booming Emerging Market Countries ▪ Bottoming out of several CRE-markets ▪ Less competition due to withdrawal of competitors <ul style="list-style-type: none"> ▫ Higher margins ▫ More equity in deals 	<ul style="list-style-type: none"> ▪ Euro crises burdens funding markets ▪ Inflation fear arises ▪ Regulatory environment ▪ Macro-economic imbalances

... to be continued in 2011!

H2 2011

EU / US debt crisis	<ul style="list-style-type: none"> ▪ Volatility / uncertainties of the financial markets ▪ Rating agencies
Development real economy	<ul style="list-style-type: none"> ▪ Mitigating growth prospects
Regulation, authorities, levies, etc.	<ul style="list-style-type: none"> ▪ Implementation issues unsolved ▪ Cumulated effects unpredictable ▪ Distortion of competition by single nation action

In 2011: high market volatility, risks in the financial systems and a slow down of global economies



Preliminary 2011 results at a glance



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2011 at a glance

Results reflecting operative strength

Targets	Guidance	9M-Guidance	Preliminary
▪ Net interest income	> € 509 mn	> € 509 mn →	€ 547 mn ✓
▪ Allowance for credit losses	€ 110 - 140 mn	€ 110 - 140 mn (lower end) →	€ 112 mn ✓
▪ Administrative expenses	slightly > € 366 mn	slightly > € 366 mn →	€ 382 mn ○
▪ Operating profit	> € 134 mn	> € 134 mn →	€ 185 mn ✓
▪ Pre-tax RoE	> 6.1%	> 6.1% →	8.3% ✓
▪ New business origination	€ 7 - 8 bn	€ 7.5 - 8.0 bn →	€ 8.0 bn ✓
▪ Op. profit C/S segment	> € 26 mn	slightly < € 26 mn →	€ 20 mn -

Capitalisation and Funding

▪ Solid capital position	<ul style="list-style-type: none"> ▪ Tier 1 ratio: 16.3% (AIRBA)¹⁾ ▪ Core Tier 1 ratio (excl. SoFFin / hybrids): 11.3% (AIRBA)
▪ Solid refinancing and liquidity situation	<ul style="list-style-type: none"> ▪ € 4.3 bn raised; flexible use of secured and unsecured funding ▪ Liquidity position clearly exceeds 15% of total balance sheet

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



2011 results at a glance

Strong Q4-results despite environment and one-offs

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Comments
€ mn						
Net interest income	146	133	134	134	139	<ul style="list-style-type: none"> Higher CRE margins vs. lower deposit margins € 9 mn one-offs in Q4 2011
Allowance for credit losses	34	36	24	18	8	FY 2011-LLP within lower end of guided range; showing normal quarterly variation
Net commission income	45	38	31	30	37	Ceasing burdens from SoFFin guarantee fees are materialising
Net result from trading/ non-trading/ hedge accounting	-7	0	6	-8	-14	Reflects volatile markets
Admin expenses	102	93	96	91	95	<ul style="list-style-type: none"> Still under control Q4 includes one-offs for efficiency measures
Operating profit	47	47	44	47	40	On previous quarters' level despite challenging environment



Segment performance

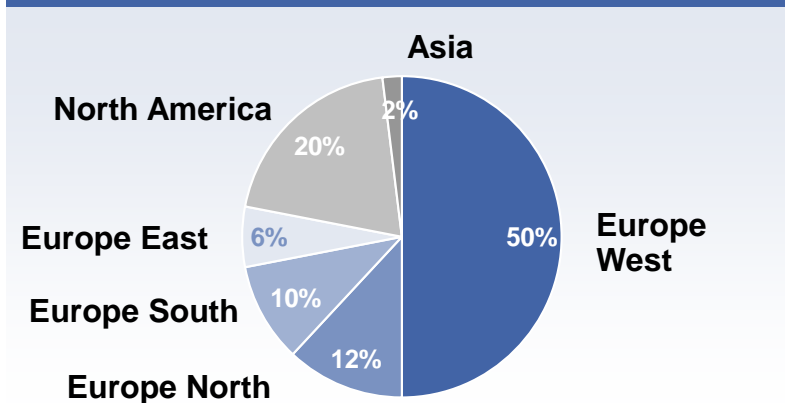


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Structured property financing

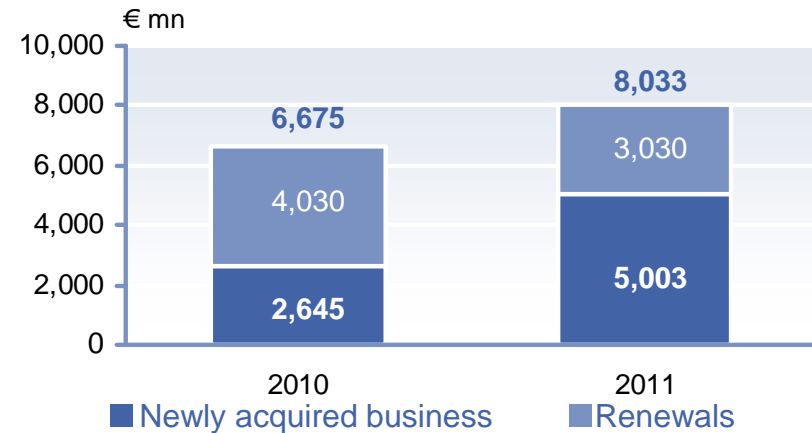
New business with attractive risk-return profile

New business by region 2011



P&L SPF Segment	2011	2010	Change
€ mn			
Net interest income	508	467	8.8%
Loan loss provision	112	105	6.7%
Commission income	2	-9	-
Net trading result	14	8	75%
Result non-trad. assets	-29	-13	-
Admin expenses	217	217	-
Others	-1	-23	-
Operating profit	165	108	52.8%

New business origination



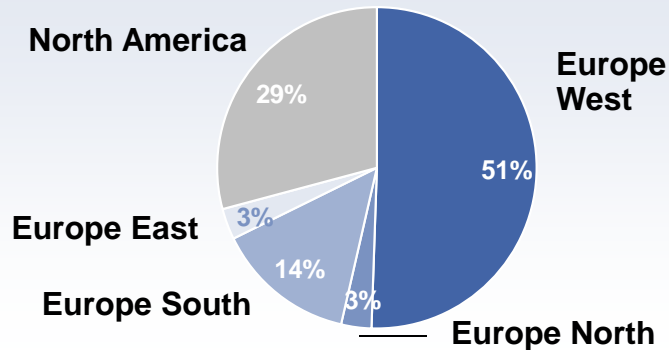
- Total new business: +20%
- Share of renewals from 60% in 2010 down to 38% in 2011
- Newly acquired business increased by 89%
- Focus on attractive risk-return profile with low risk-weighting
- Preference for Pfandbrief cover pool eligible loans



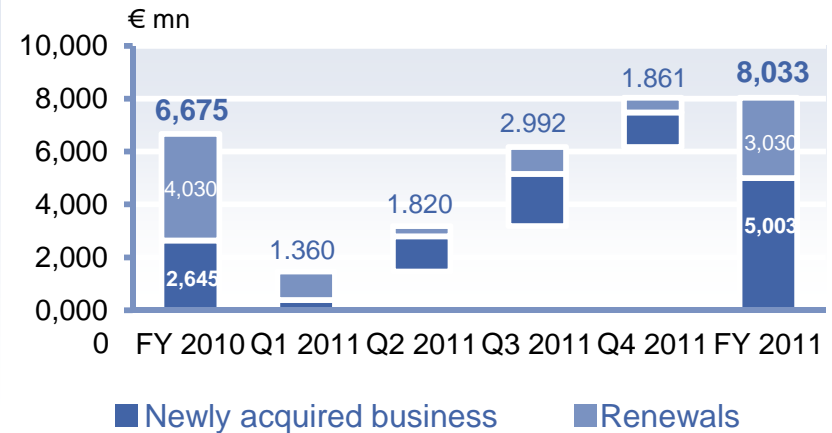
Structured property financing

New business with attractive risk-return profile

New business by region Q4 2011



New business origination



P&L SPF Segment	Q4 '11	Q3 '11	Q2 '11	Q1 '11	Q4 '10
€ mn					
Net interest income	136	123	124	125	129
Loan loss provision	34	36	24	18	8
Commission income	5	4	-2	-5	-1
Net trading result	0	20	2	-8	13
Result non-trad. assets	-11	-22	2	2	-23
Admin expenses	58	54	54	51	56
Others	+1	+7	-7	-2	-23
Operating profit	39	42	41	43	31

- New business LTV's down to 55% in Q4 2011
- Substantial draw downs in Q4
- One-off effects boost NII

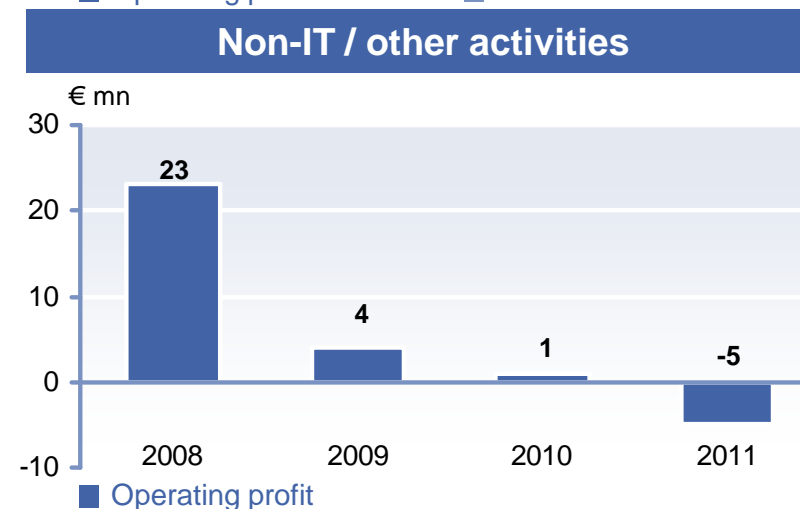
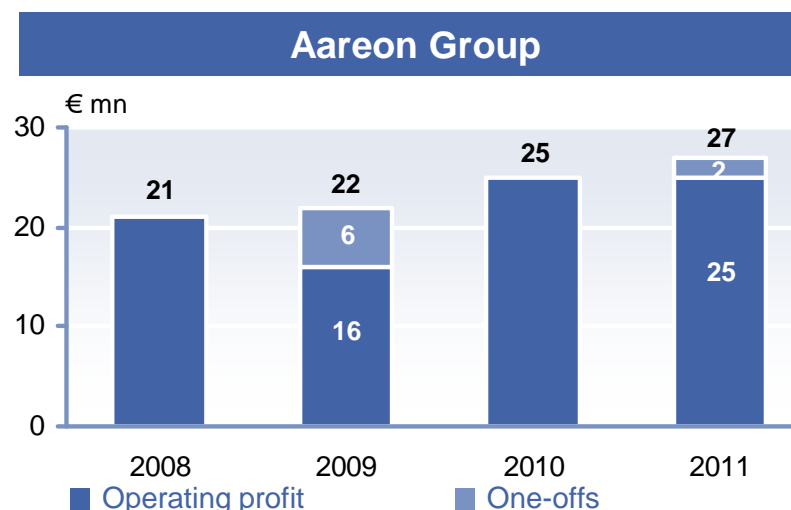


Consulting / Services

Solid in IT & volumes – weak in deposit margins

P&L C/S Segment (industry format)	2011	2010	Change
€ mn			
Sales revenue	203	199	2%
Own work capitalised	2	2	-
Other operating income	8	8	-
Cost of material purch.	20	23	-13%
Staff expenses	112	100	12%
D, A, impairment losses	13	13	-
Other op. expenses	49	47	4%
Others	1	0	100%
Operating profit	20	26	-23%

- Aareon has constantly improved over the last years
- Housing industry deposits generate a stable funding base, crisis-proof
- Low interest environment burdens profitability of the deposit taking business



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Consulting / Services

Solid in IT & volumes – weak in deposit margins

P&L C/S Segment (industry format)	Q4 '11	Q3 '11	Q2 '11	Q1 '11	Q4 '10
€ mn					
Sales revenue	56	50	48	49	56
Own work capitalised	1	0	1	0	1
Changes in inventory	0	0	0	0	0
Other operating income	3	2	2	1	2
Cost of material purchased	5	5	5	5	7
Staff expenses	29	27	28	28	27
D, A, impairment losses	4	3	3	3	3
Results at equity acc. investm.	-	-	1	0	-
Other operating expenses	14	12	13	10	13
Results from interest and similar	0	0	0	0	0
Operating profit	8	5	3	4	9

- Solid development of Aareal within guidance
- Deposit volume of the housing industry with € 4.9 bn (Ø Q4) on a high level
- Lower than originally assumed interest environment burdens segment results vs. plan

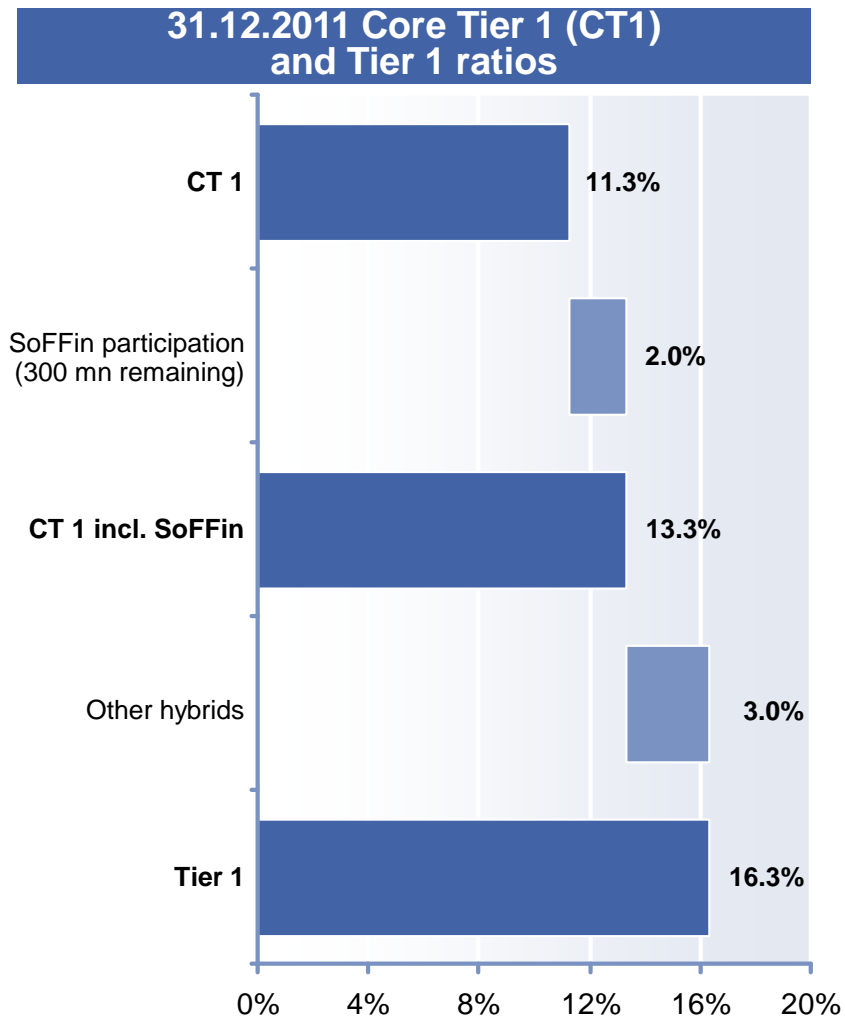


B/S structure, capital & funding position



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Strong capital ratios & stable capital structure



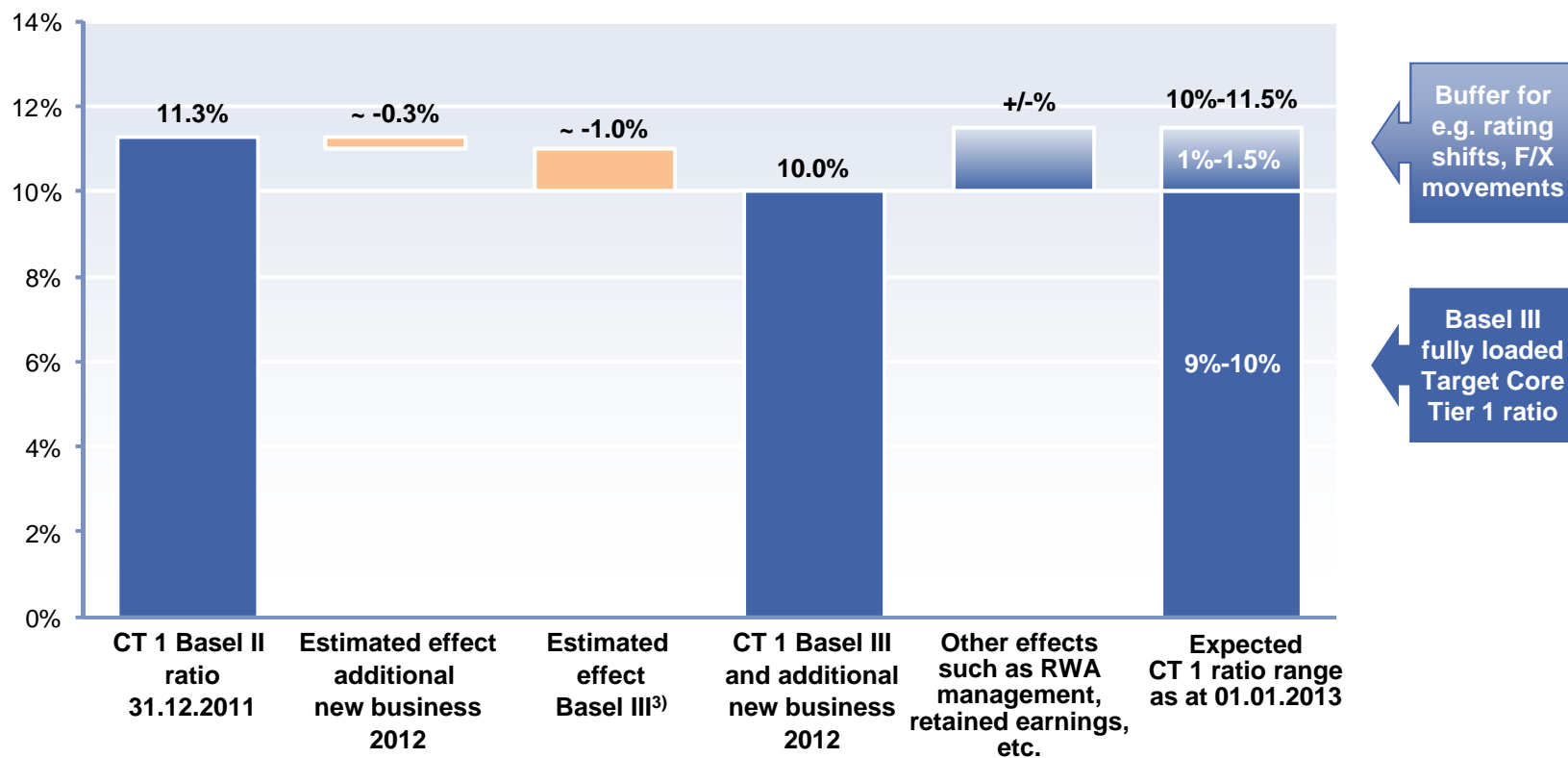
- Strong capital ratios in line with business model, company size and capital market expectations
- Full repayment of remaining SoFFin silent participation possible without further capital increase



Core Tier 1 Basel III fully loaded¹⁾

Temporarily raised to 9% - 10%

Simulation: estimated Basel III effects per 31.12.2011²⁾



1) ex SoFFin and ex hybrids

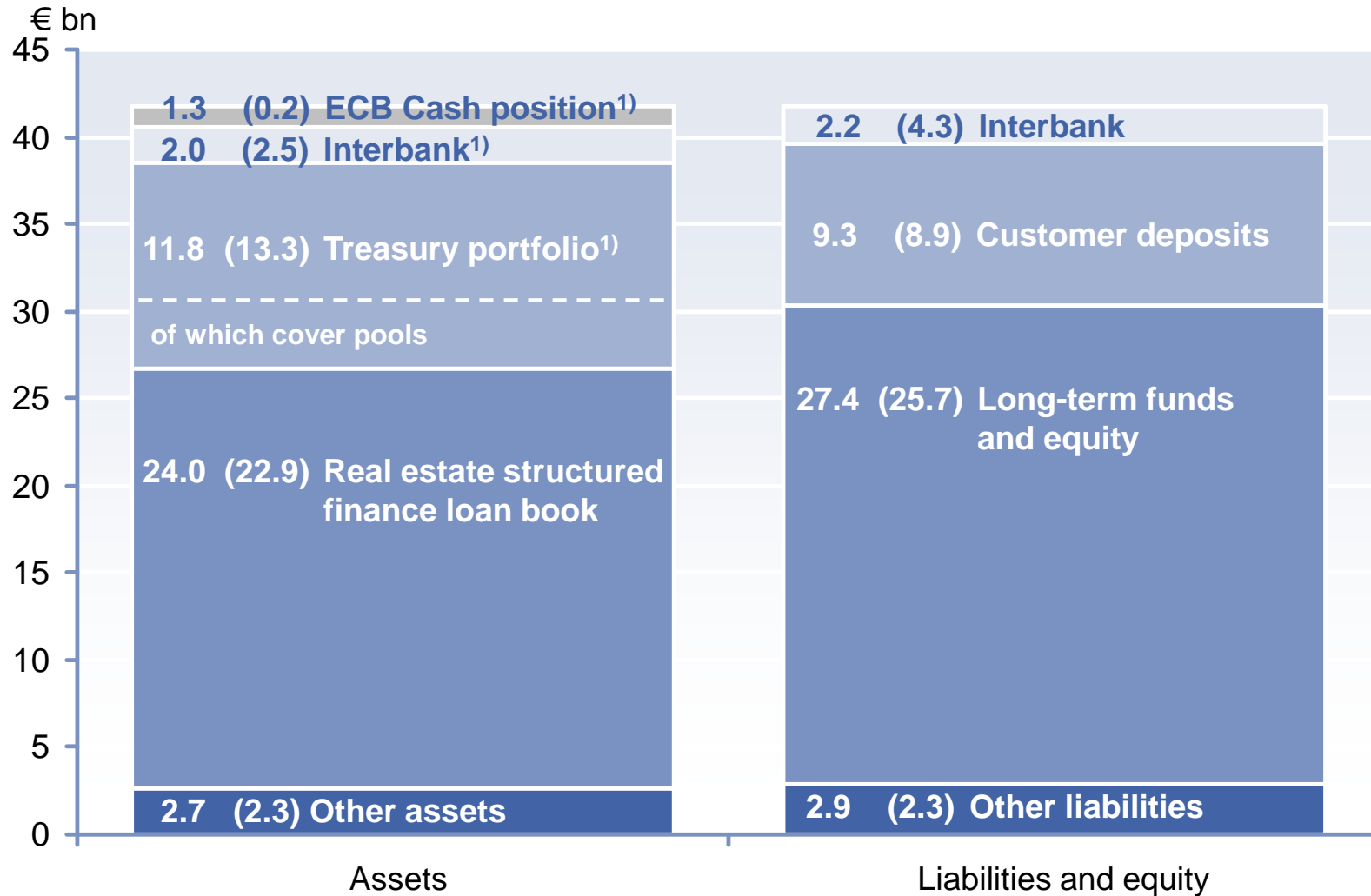
2) Actual figures may vary significantly from estimates

3) Estimated impact of Basel III implementation due to capital deductions and counterparty credit risk



Asset- / Liability structure according to IFRS

As at 31.12.2011: € 41.8 bn (31.12.2010: € 41.2 bn)

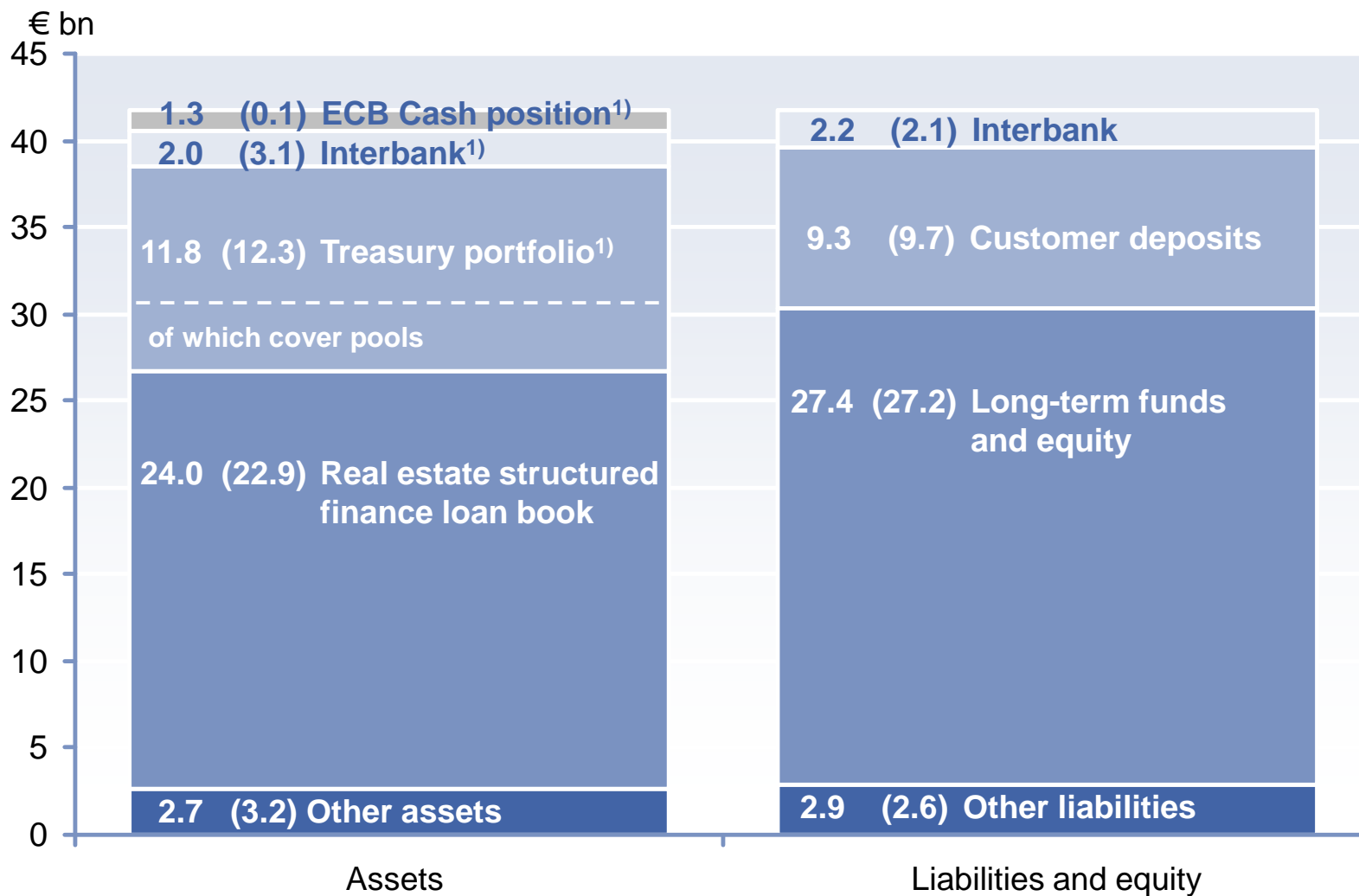


1) Liquidity position clearly exceeds 15% of the total balance sheet. This includes unencumbered ECB-eligible assets, available excess cash at other banks as well as highly liquid government securities



Asset- / Liability structure according to IFRS

As at 31.12.2011: € 41.8 bn (30.09.2011: € 41.6 bn)

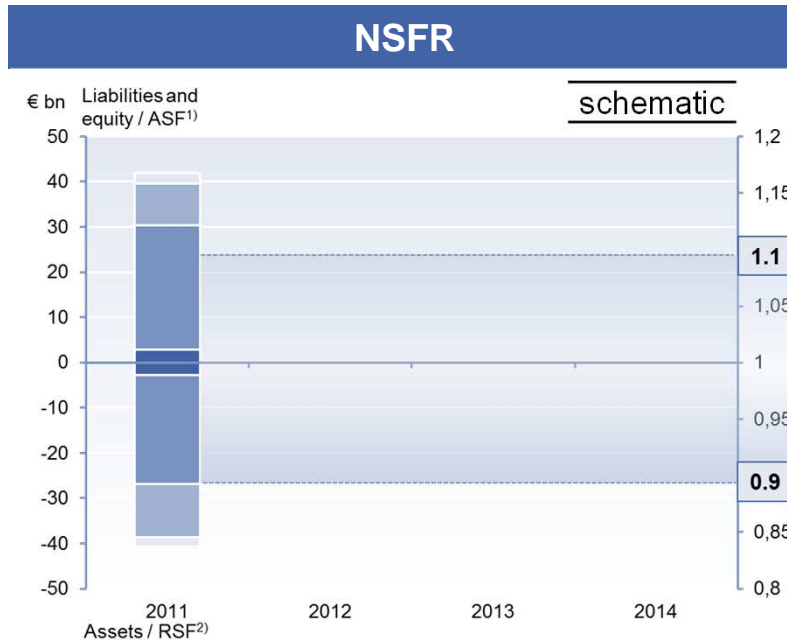


1) Liquidity position clearly exceeds 15% of the total balance sheet. This includes unencumbered ECB-eligible assets, available excess cash at other banks as well as highly liquid government securities



Net stable funding- / Liquidity coverage ratio

Within target range



- Basel III and CRD IV require specific liquidity ratios starting 2018
- NSFR (net stable funding ratio) reflects long term funding situation
- LCR (liquidity cover ratio) reflects short term liquidity
- Aareal Bank almost fulfils future requirements already today
 - NSFR > 0.9
 - LCR >> 1.0

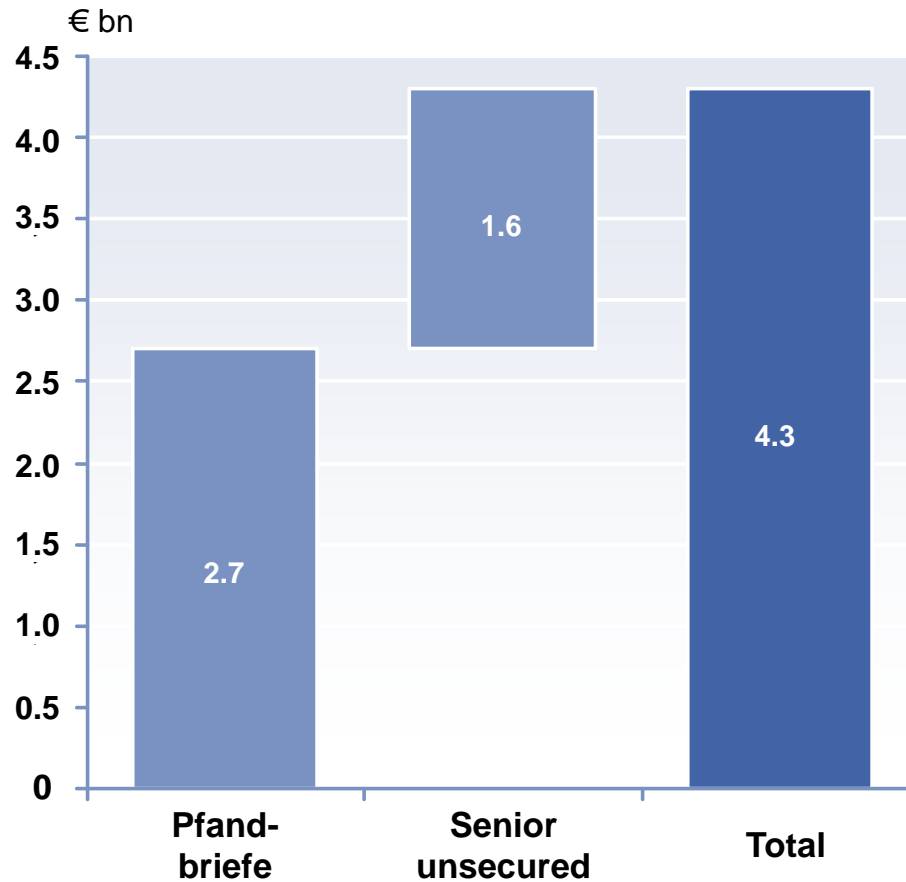
1) ASF: available stable funding
 2) RSF: required stable funding
 3) QIS: quantitative impact study

Note: All 2011 figures preliminary and unaudited



Refinancing situation 2011

Flexible use of unsecured and secured funding



Total funding of € 4.3 bn in 2011

- Pfandbriefe:
 - € 2.7 bn
thereof two € 500 mn benchmark mortgage Pfandbriefe
- Senior unsecured:
 - € 1.6 bn
thereof one € 500 mn Senior unsecured benchmark

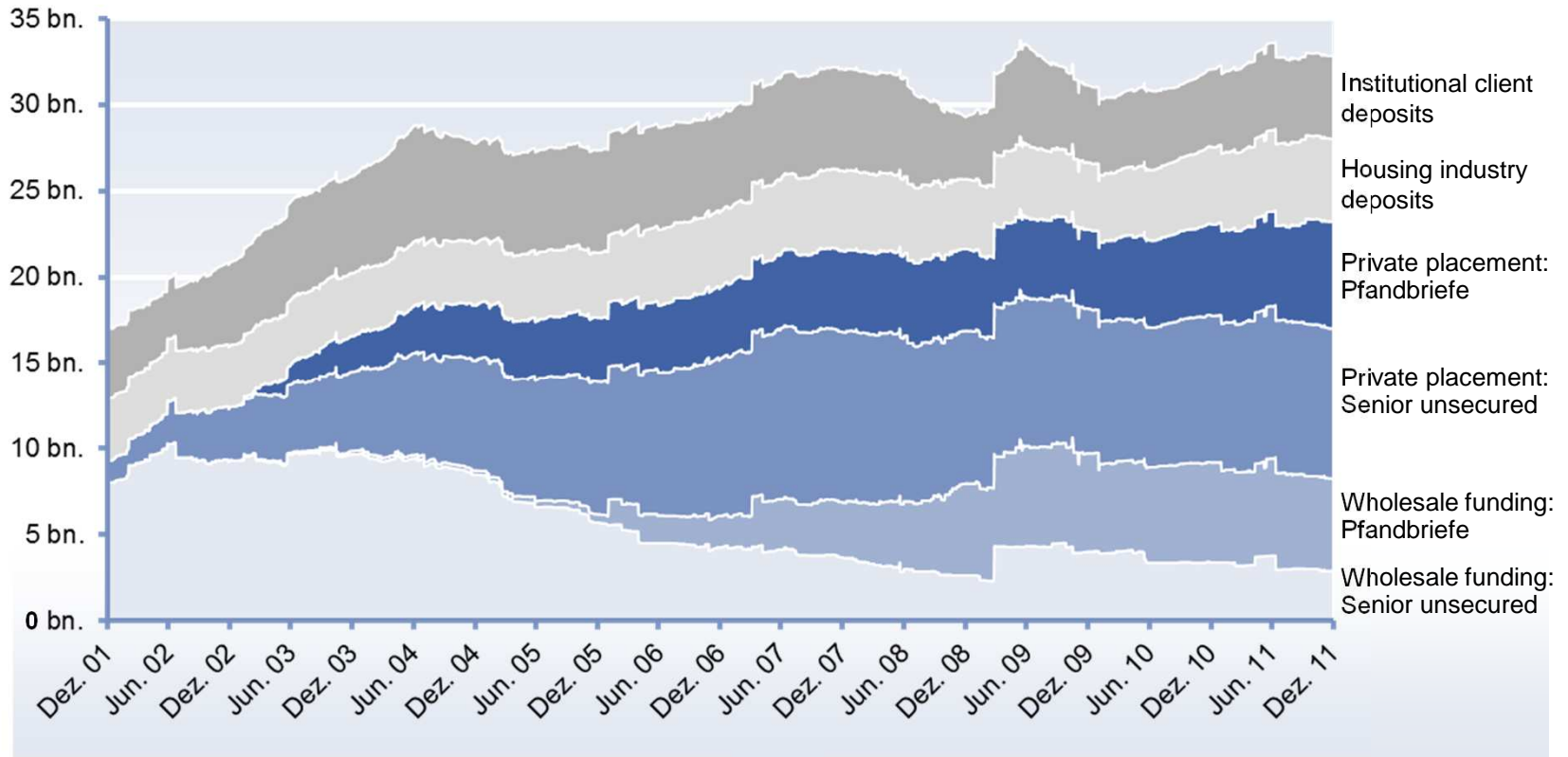
Strong performance beginning 2012

- € 500 mn benchmark mortgage Pfandbriefe placed in January
- € 500 mn Senior unsecured benchmark placed in February
- Continuous demand for private placements



Refinancing situation

Diversified funding sources and distribution channels



- Aareal Bank has clearly reduced its dependency upon wholesale funding
- 2002 long term wholesale funding accounted for 47% of overall funding volumes – by 31.12.2011, this share has fallen to 25% (or even below 10% without Pfandbriefe)

As at 31.12.2011



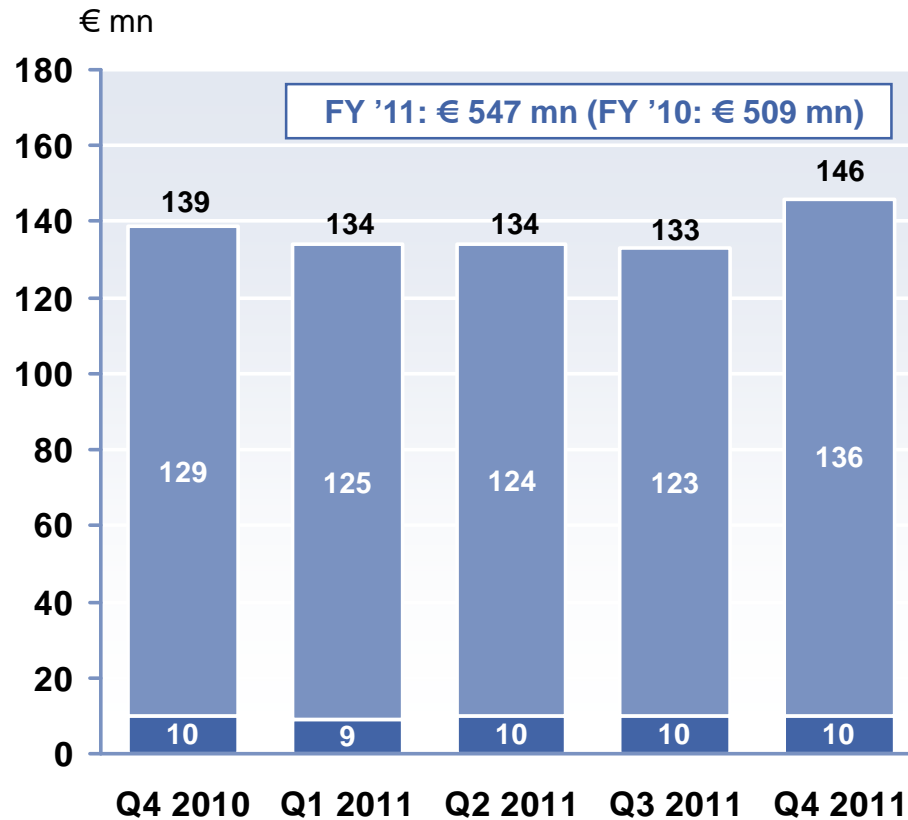
Preliminary group figures 2011



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Net interest income

Higher CRE- vs. lower deposit margins, one-offs in Q4



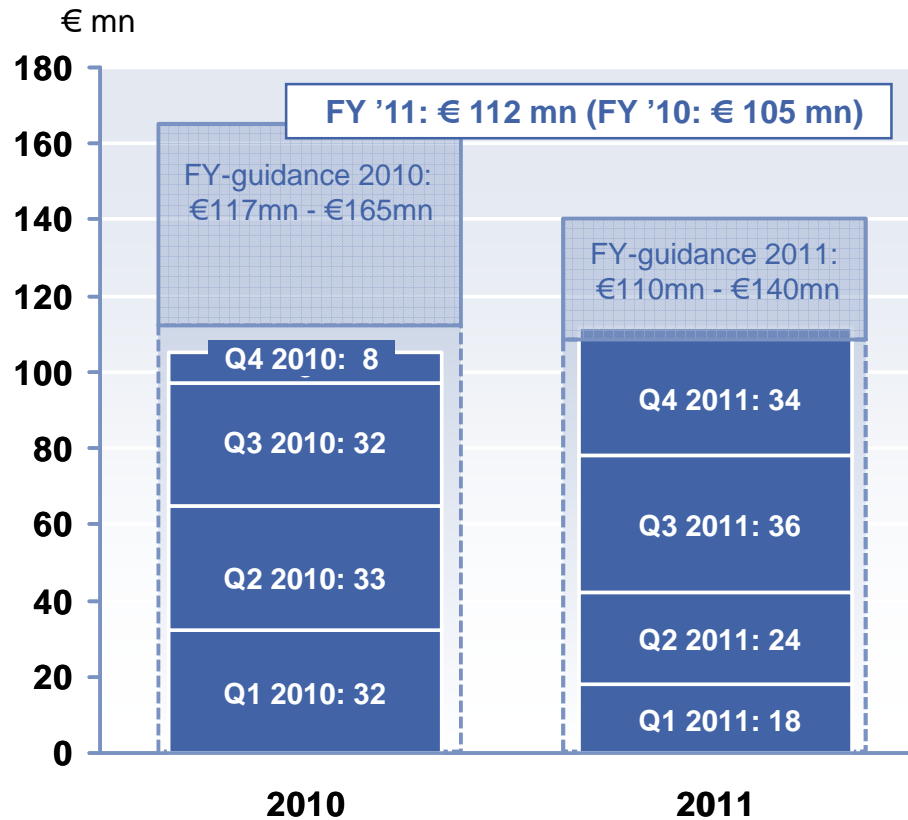
- Net interest income drivers:
 - Pushing NII: higher margins from Structured Property Financing loan portfolio
 - Weakening NII: low interest rate level continues to burden interest income from the deposit taking business
- Q4 2011 was boosted by € 9 mn one-offs
- Q4 2010 was boosted by € 3 - 4 mn one-offs

■ NII Structured Property Financing
 ■ NII Consulting / Services



Loan loss provisions

FY 2011-LLP at lower end of guided range



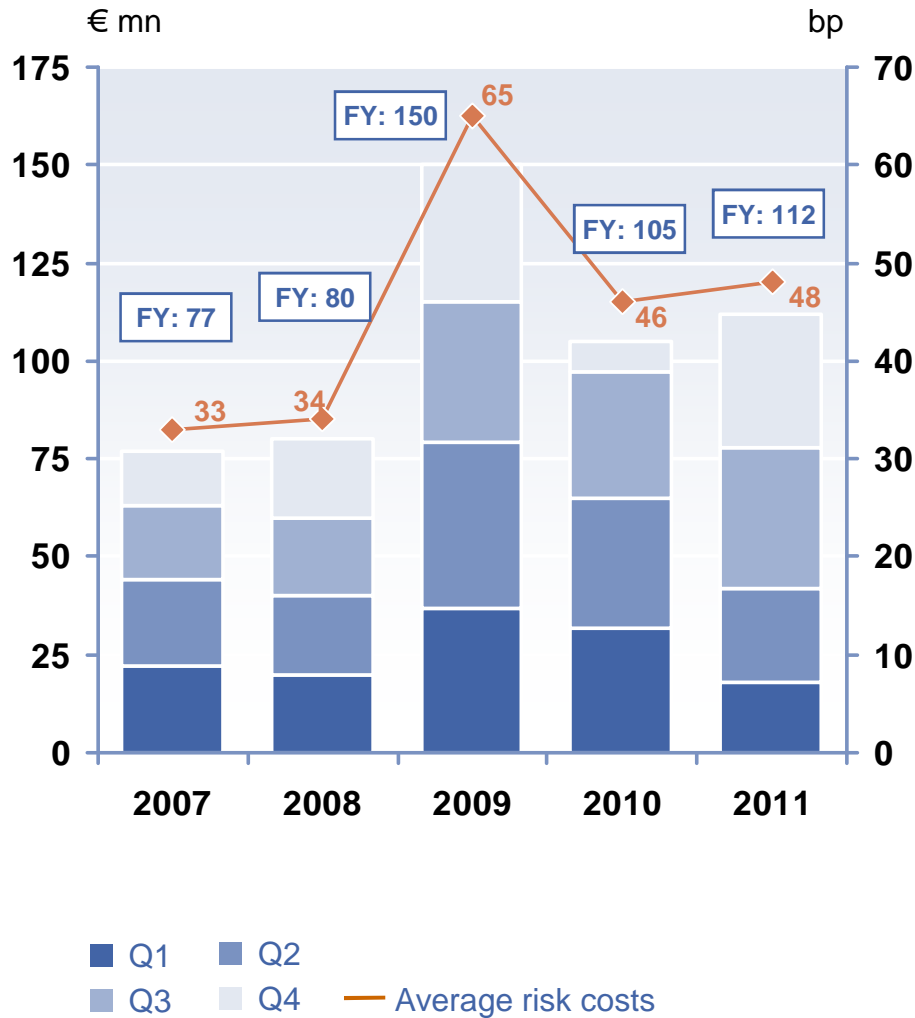
- Close monitoring of our loan portfolio and successful restructuring efforts results in only 48 bp risk costs on average loan book in 2011
- Full year absolute value of € 112 mn stays at the lower end of the guided range of € 110 mn to € 140 mn, with normal quarterly variation during the year

■ FY guidance



Loan loss provisions

Manageable loan loss provisions during the crisis

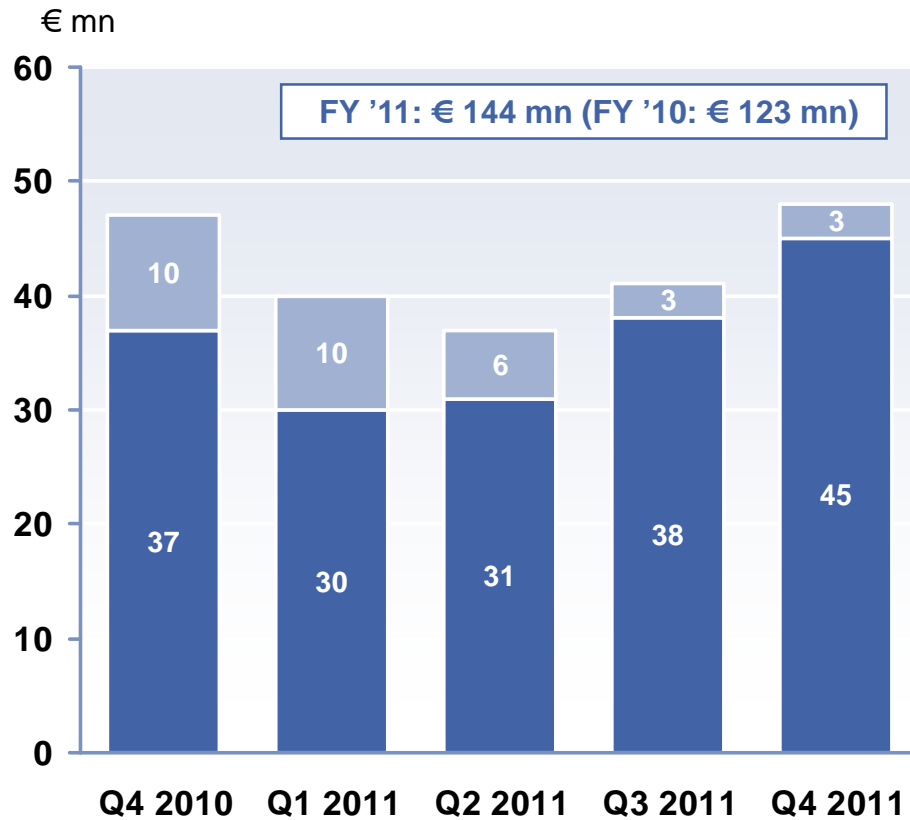


- Very moderate LLP-peak with 65 bps at the peak of the crisis concerning the CRE business in 2009
- Despite on-going challenging environment LLP is down to 48 bps in 2011



Net commission income

Relief of costs for SoFFin guarantees materialises



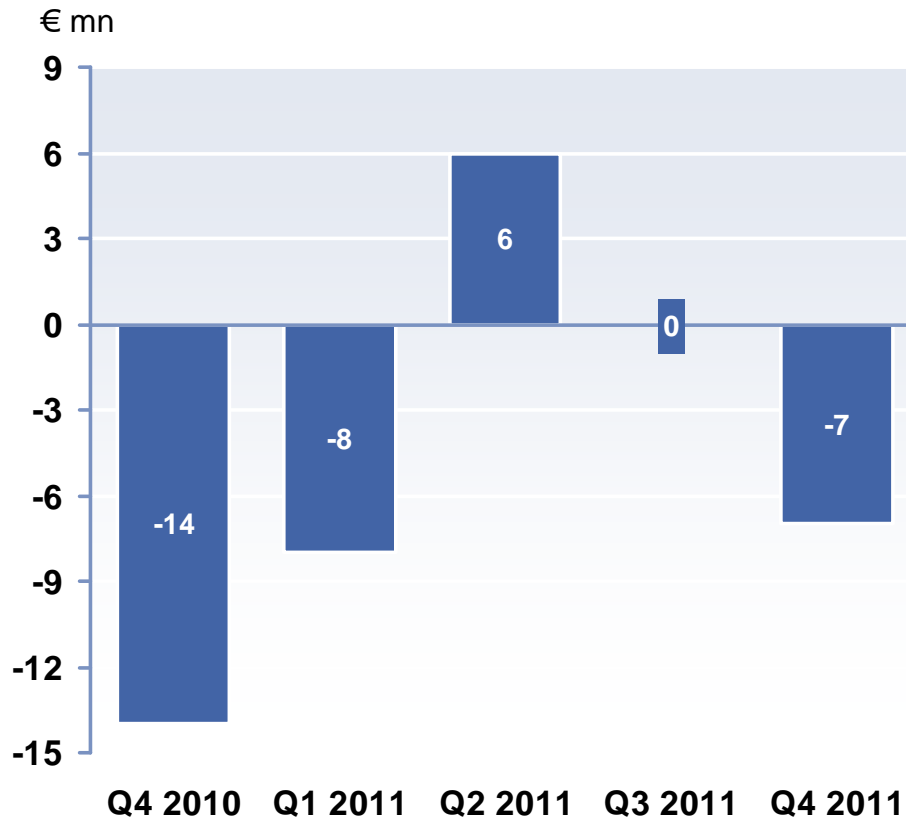
- Early redemption of the second € 2 bn SoFFin guaranteed bond (held in own books) disburdens NCI starting in Q2 2011, full effect showing in Q3 2011
- € 800 mn part repurchase of the first € 2 bn SoFFin guaranteed bond disburdens NCI starting in Q3 2011, full effect showing in Q4 2011
- Last guarantee fee payments of € 3 mn will be made in Q1 2012

■ Total net commission income
 ■ Burden from fees paid for Soffin guarantees



Trading, non trading and hedge accounting

Result reflects volatile markets

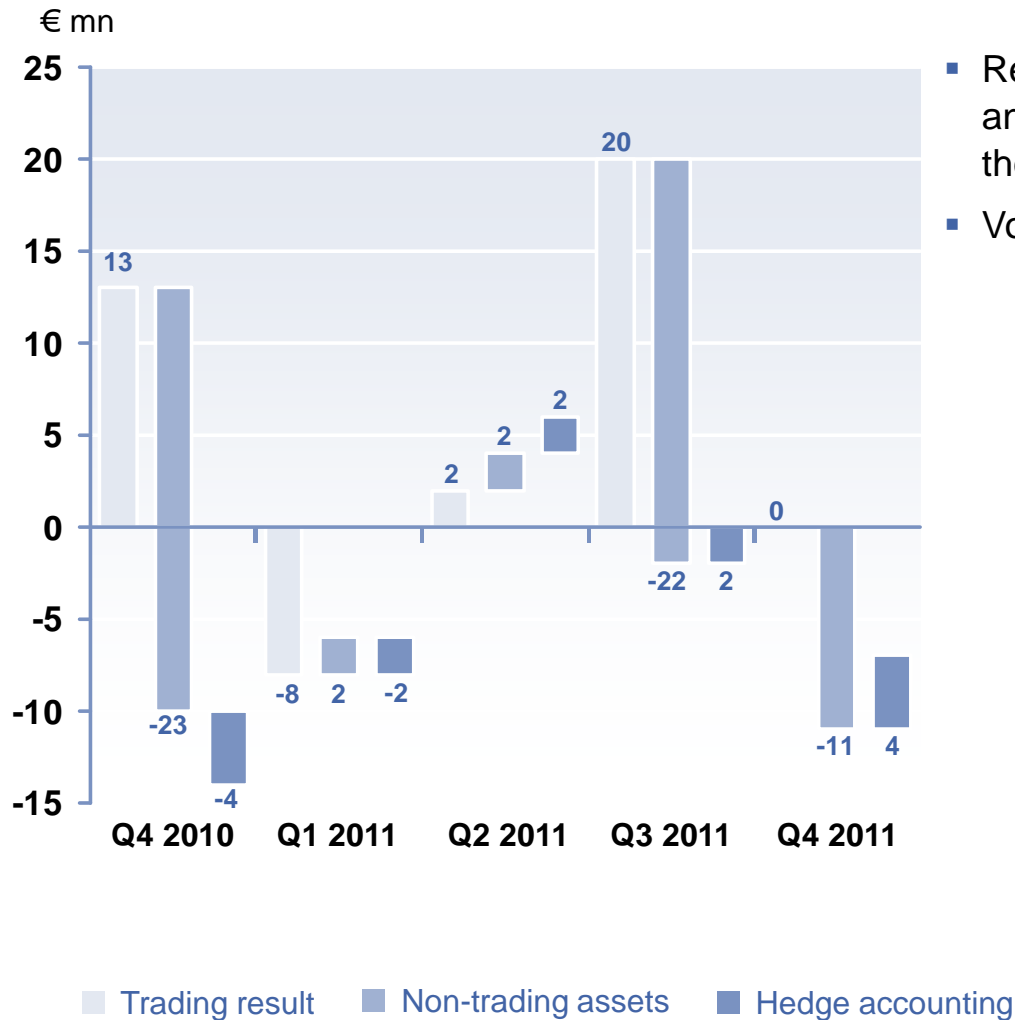


- Trading result reflects
 - Valuation of cross-currency basis swaps and credit derivatives
- Non-trading result reflects
 - Realised losses due to active management of Treasury portfolio



Trading, non trading and hedge accounting

Result reflects volatile markets

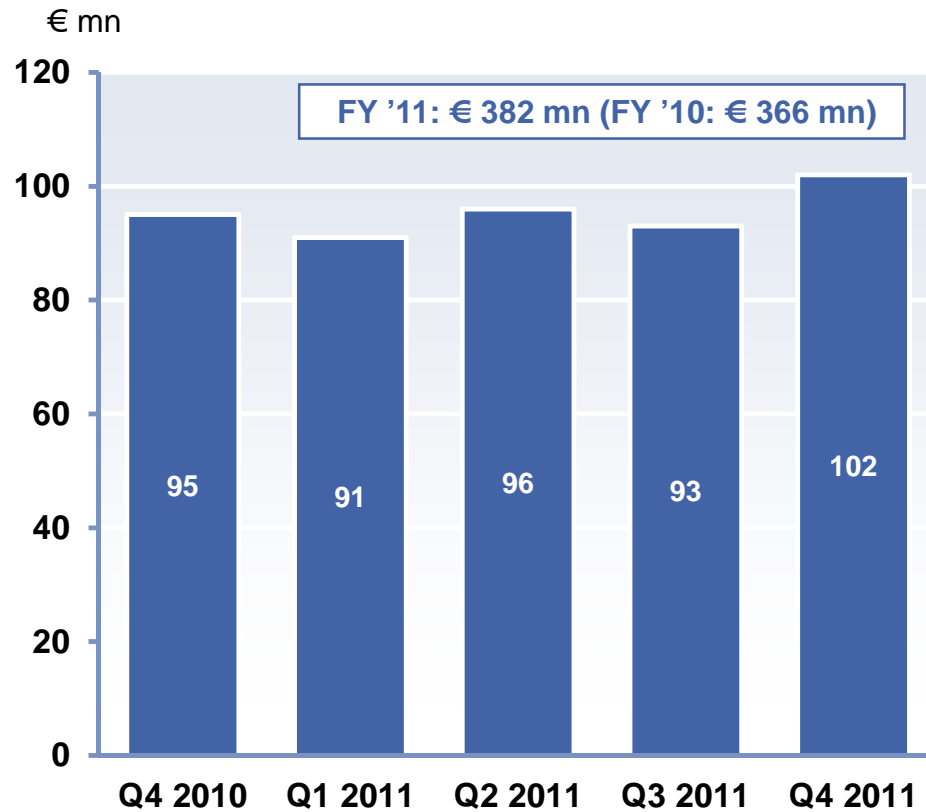


- Respective high volatility in trading and non-trading assets throughout the year
- Volatility 2011 on a manageable level



Admin expenses

Admin expenses still under control



- Starting in 2011 admin expenses include burden from the German bank levy (~€ 5 mn in 2011)
- Q4 includes one-offs for efficiency measures



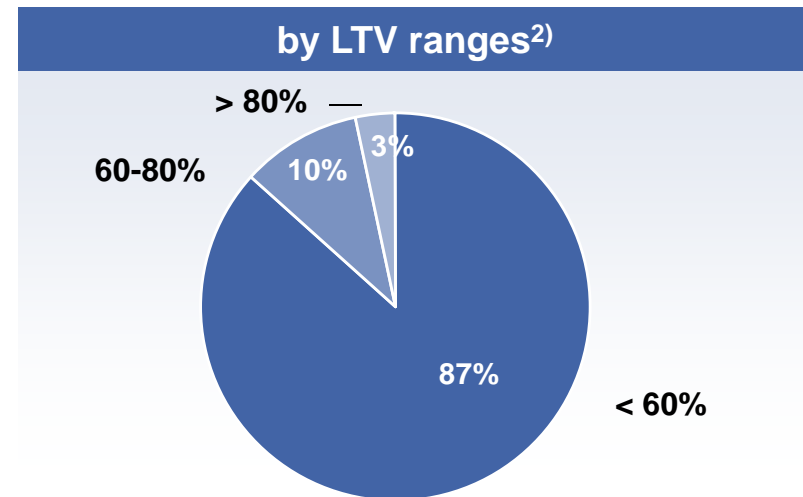
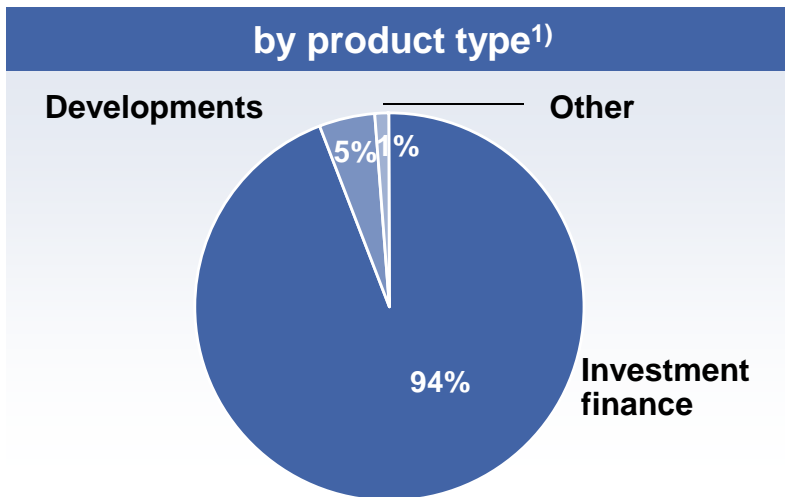
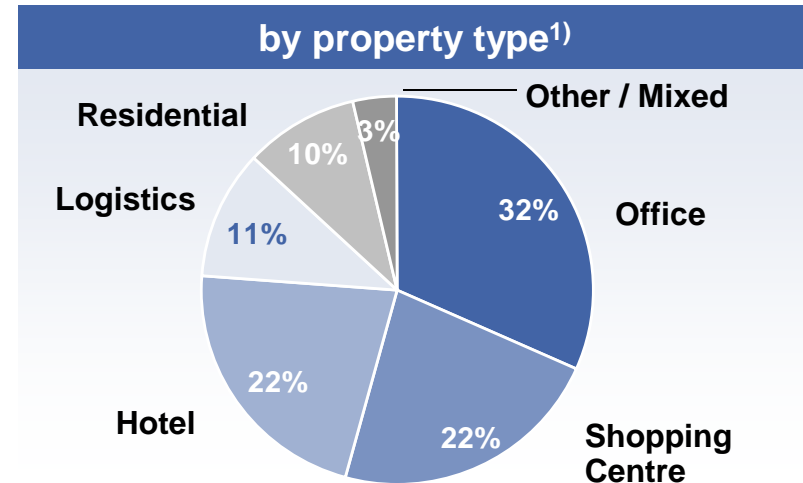
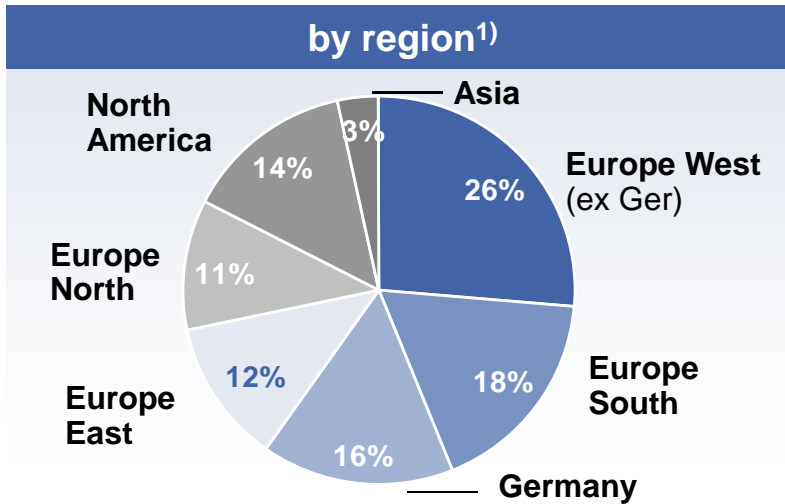
Asset quality



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Total property finance portfolio

High diversification and sound asset quality



1) Total volume under management: € 24.2 bn as at 31.12.2011
(consisting of € 24.0 bn Structured Property Financing portfolio of Aareal Bank AG
and € 0.2 bn property loans managed on behalf of Deutsche Pfandbriefbank AG)

2) Performing business only; values as at 31.12.2011

Note: All 2011 figures preliminary and unaudited



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Total property finance portfolio

Continuing conservative approach

LLP- and NPL development			
	NPL Exposure ¹⁾	Specific Allowances ¹⁾	Portfolio Allowances ²⁾
€ mn			
As at 31.12.2010	791	261	94
Utilisation 2011	-221	-135	-
Addition 2011	328	126	-14
As at 31.12.2011	898	252	80
Coverage ratio specific allowances		28.1%	
		252	80
As at 31.12.2011	898	332	
Coverage ratio incl. portfolio allowances		37.0%	

- 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

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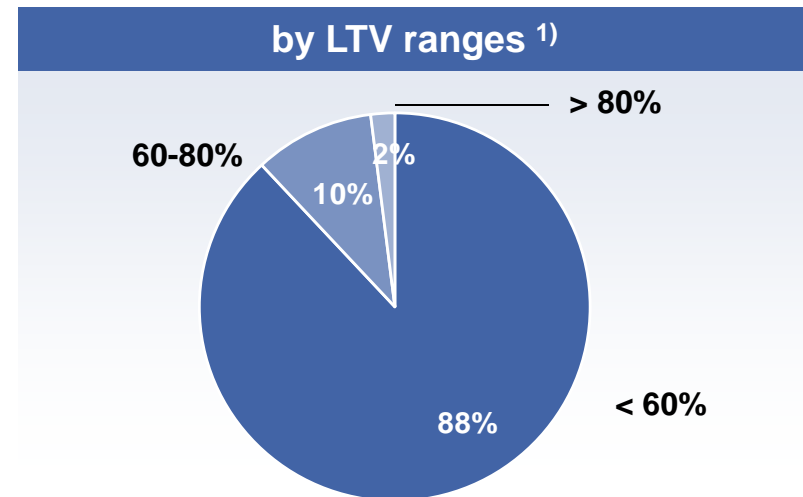
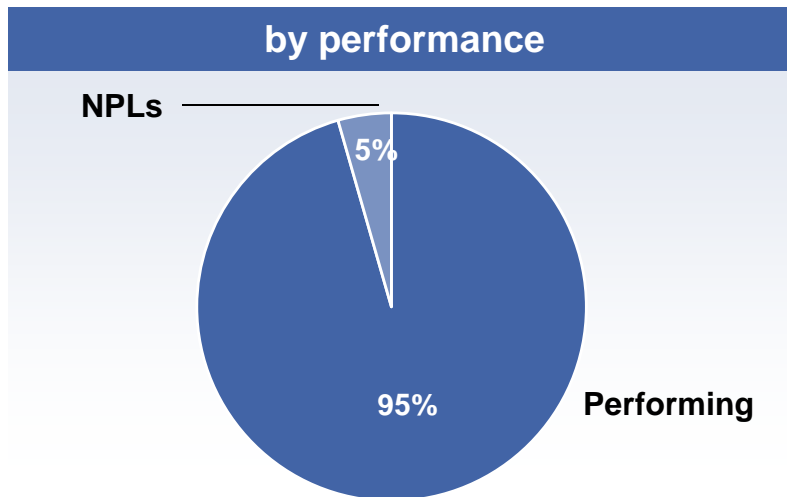
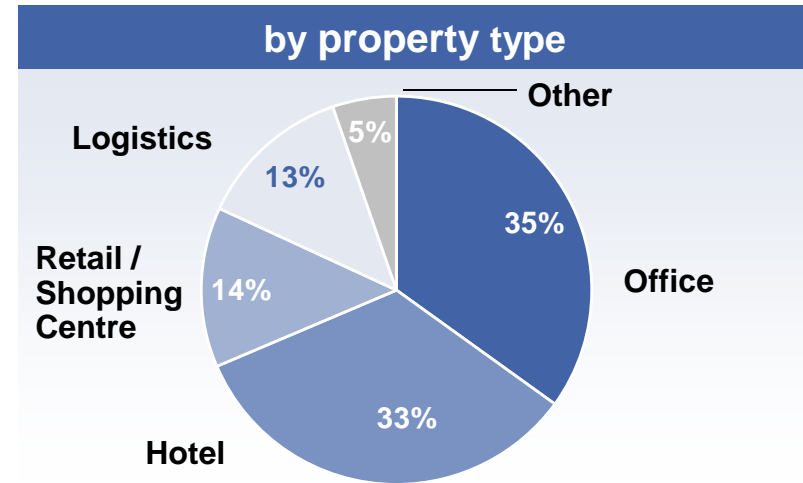
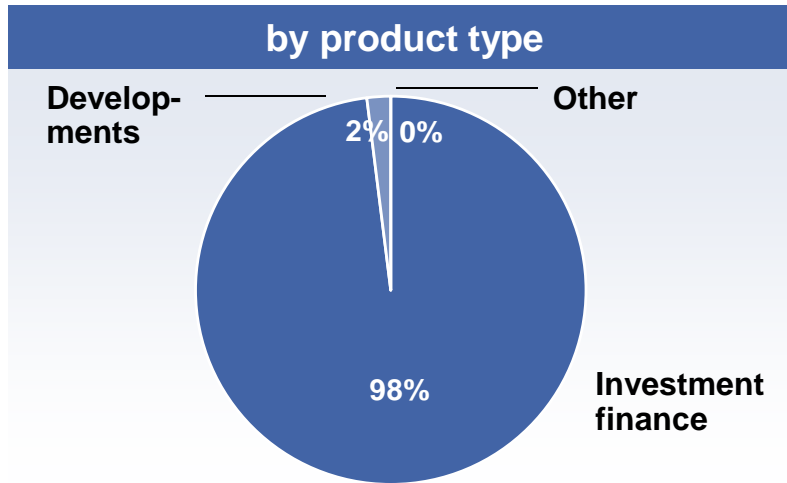
Note: All 2011 figures preliminary and unaudited



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Western Europe (ex Ger) credit portfolio

Total volume outstanding as at 31.12.2011: € 6.4 bn

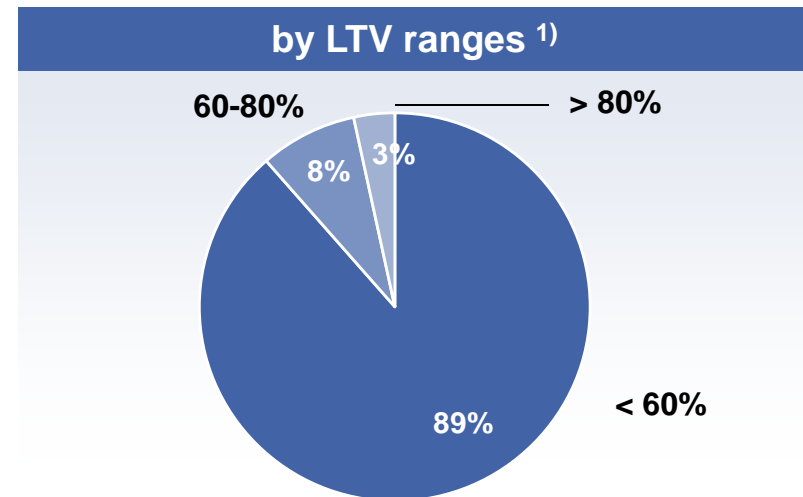
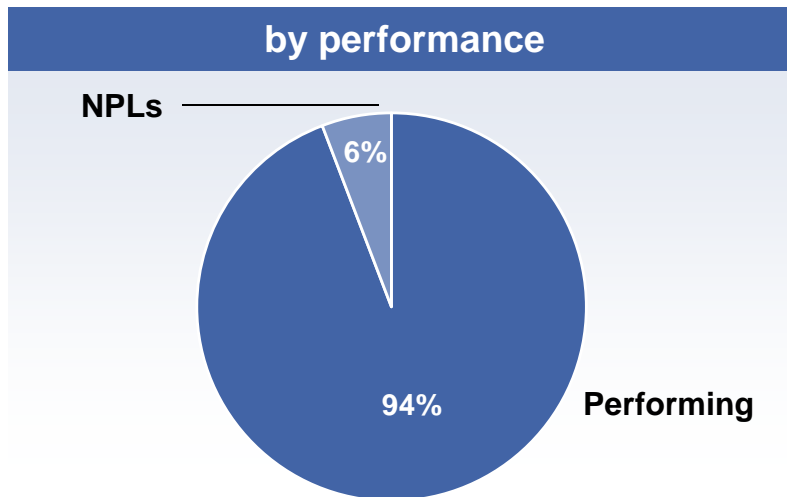
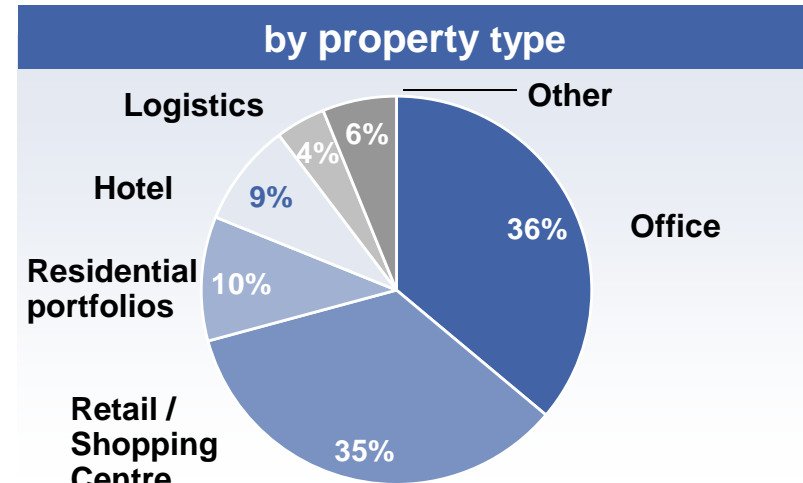
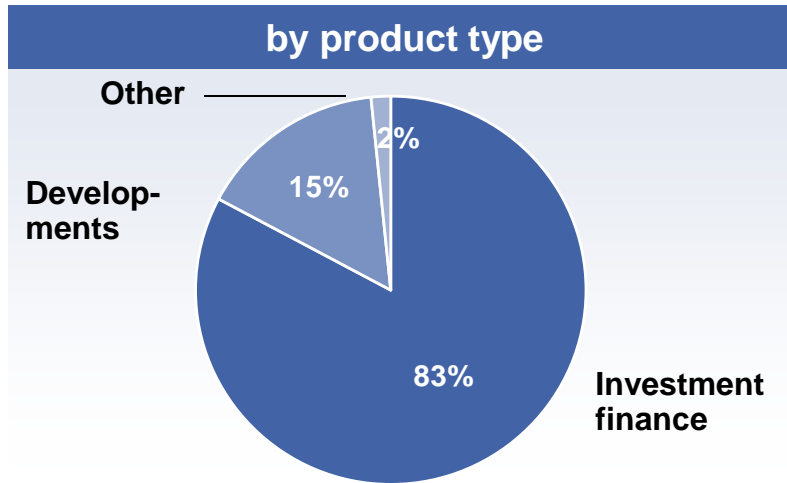


1) Performing business only



Southern Europe credit portfolio

Total volume outstanding as at 31.12.2011: € 4.2 bn

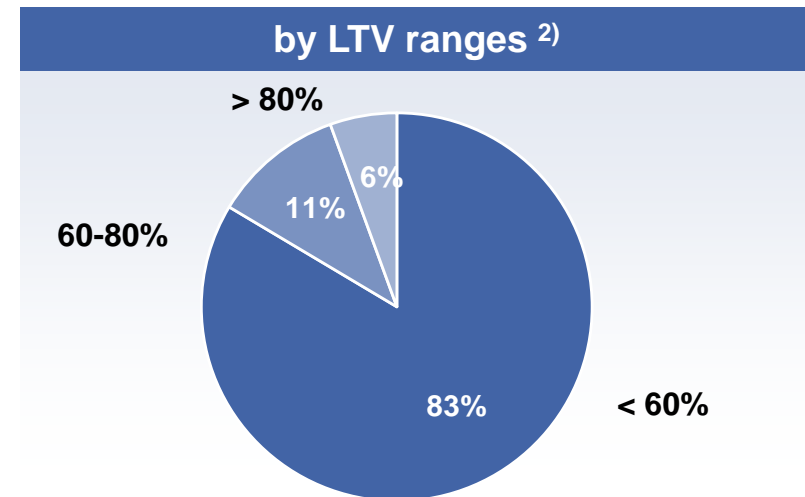
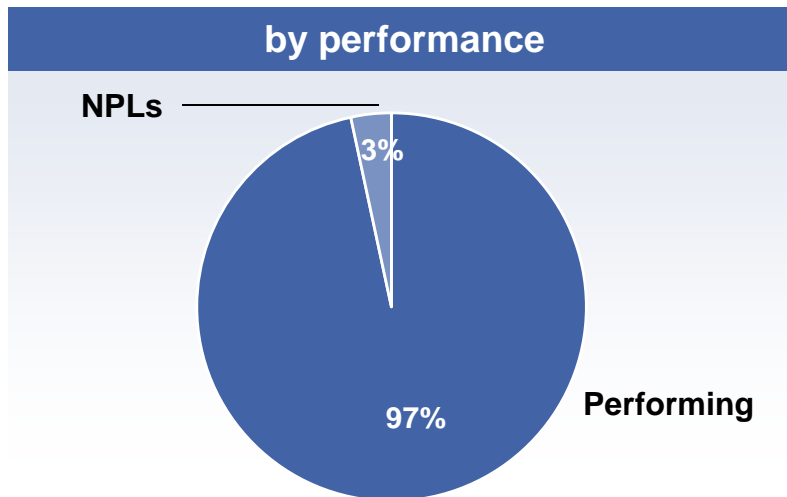
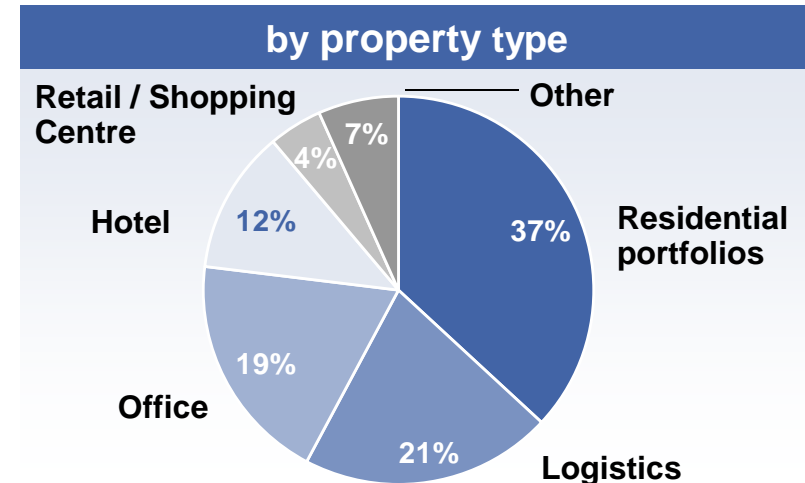
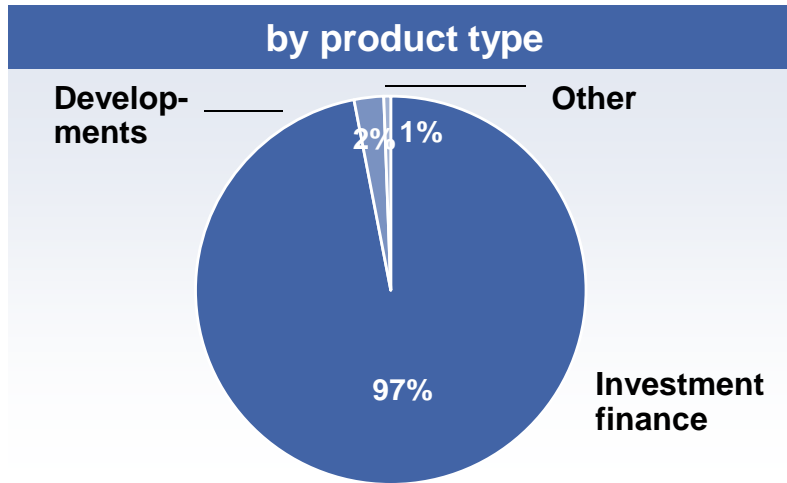


1) Performing business only



German credit portfolio

Total volume outstanding as at 31.12.2011: € 3.8 bn¹⁾



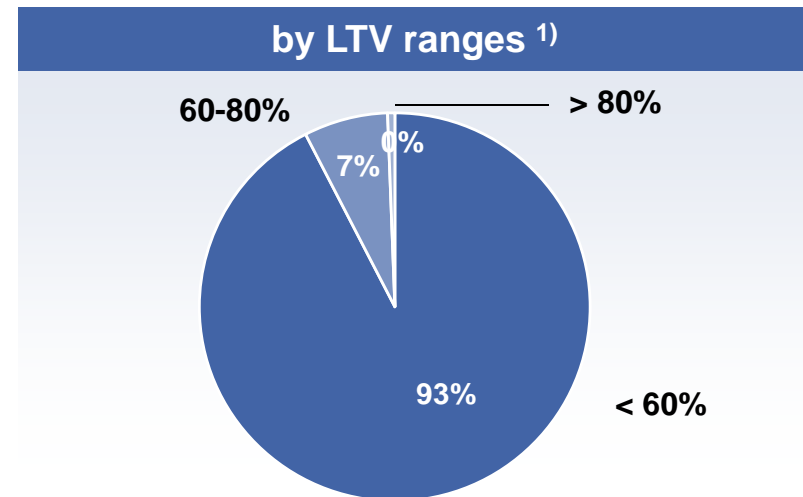
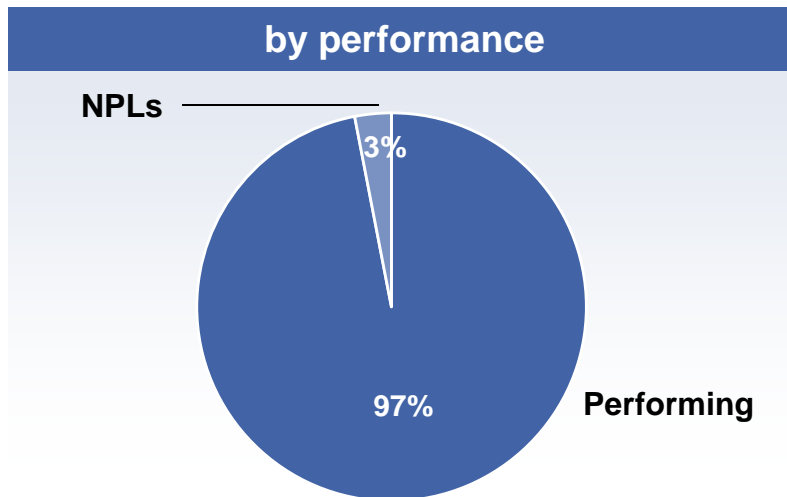
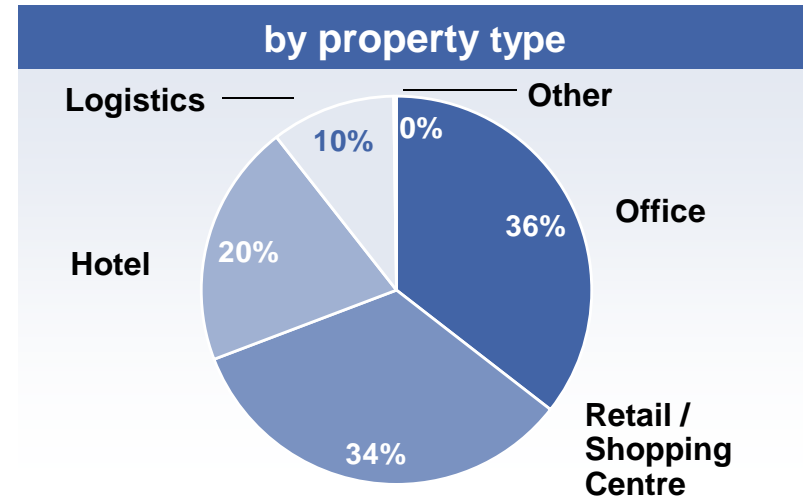
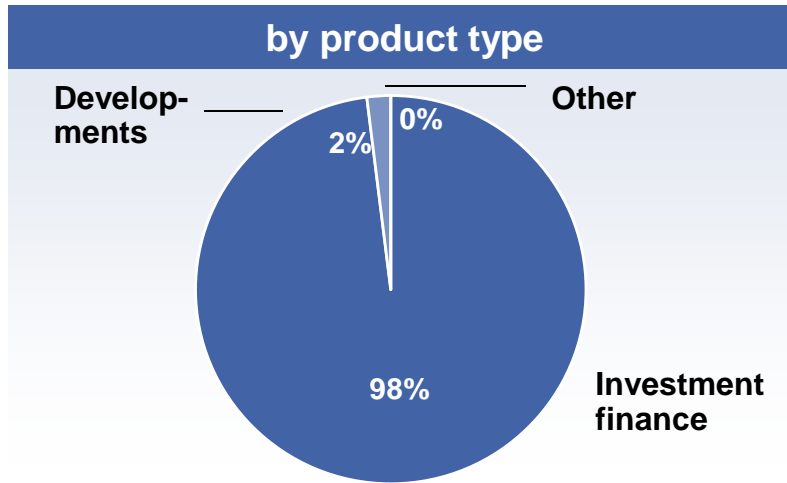
1) Including € 0.2 bn property loans managed on behalf of Deutsche Pfandbriefbank AG

2) Performing business only



Eastern Europe credit portfolio

Total volume outstanding as at 31.12.2011: € 2.9 bn

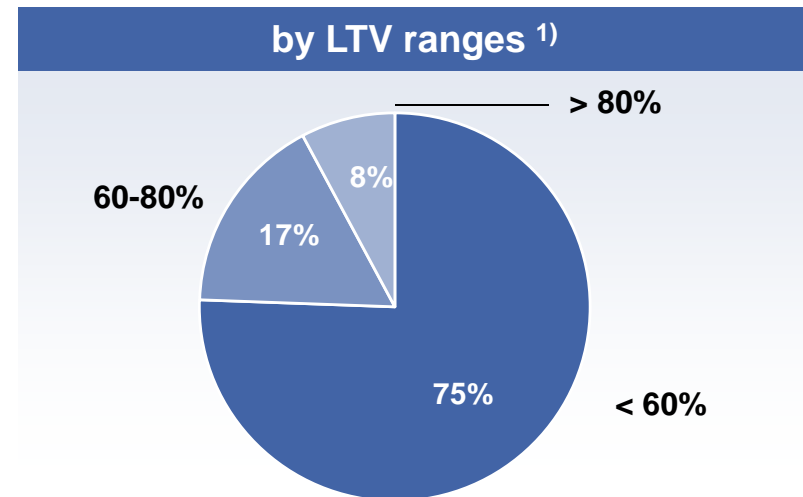
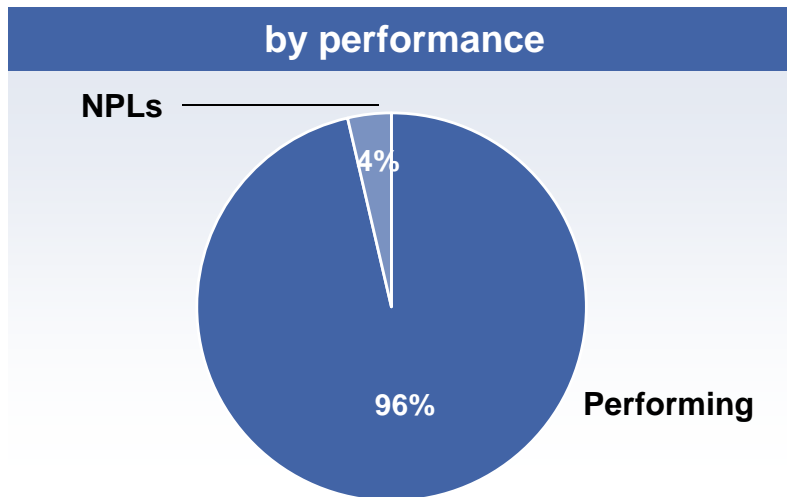
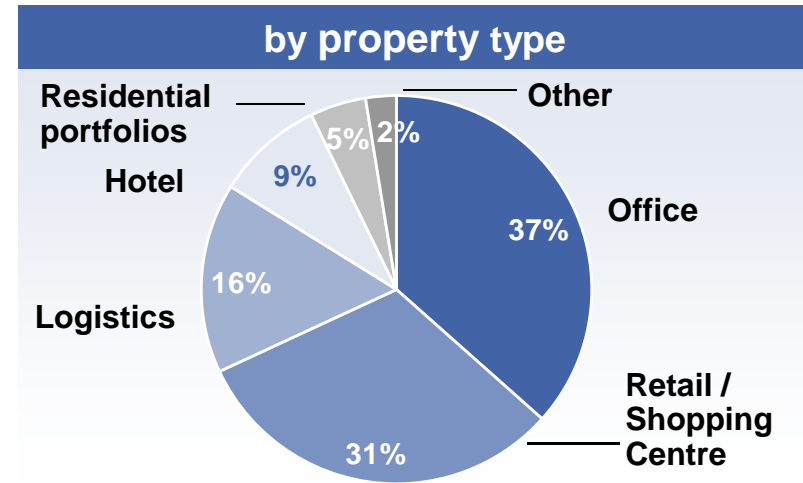
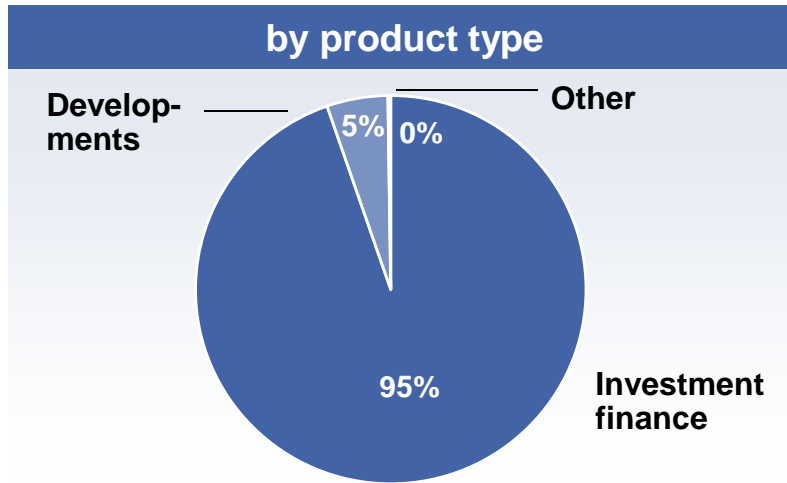


1) Performing business only



Northern Europe credit portfolio

Total volume outstanding as at 31.12.2011: € 2.6 bn

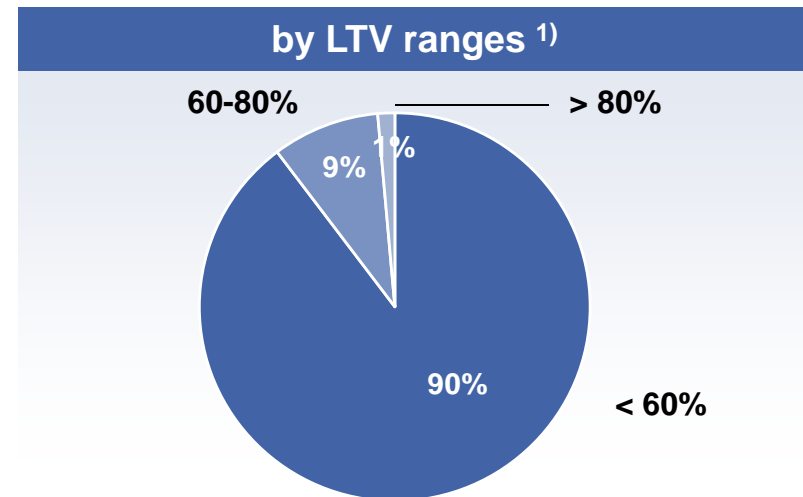
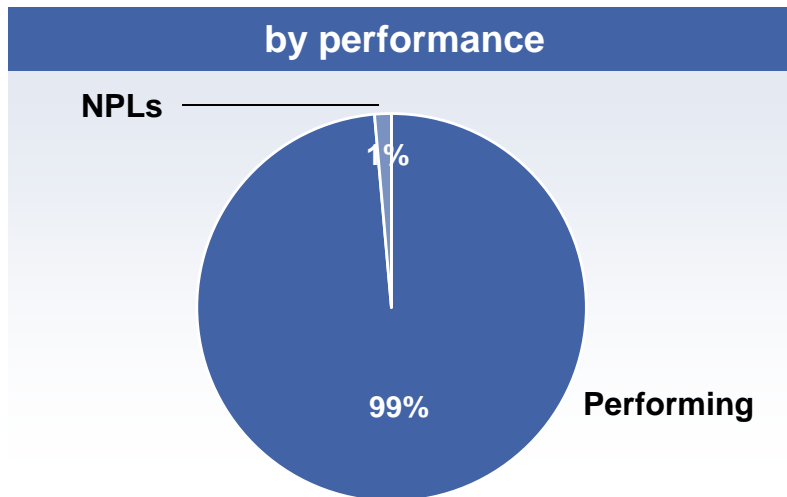
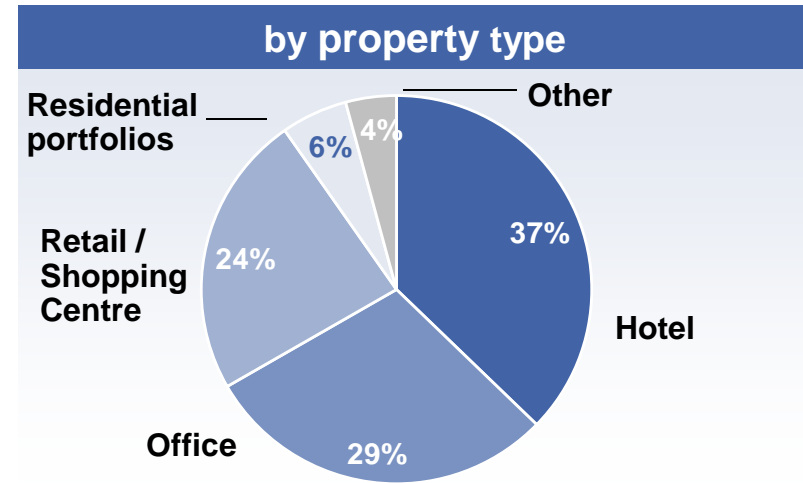
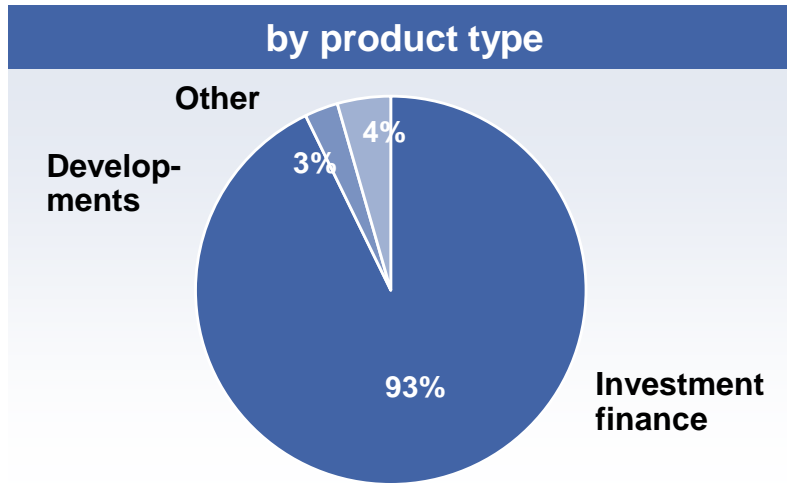


1) Performing business only



North America credit portfolio

Total volume outstanding as at 31.12.2011: € 3.5 bn

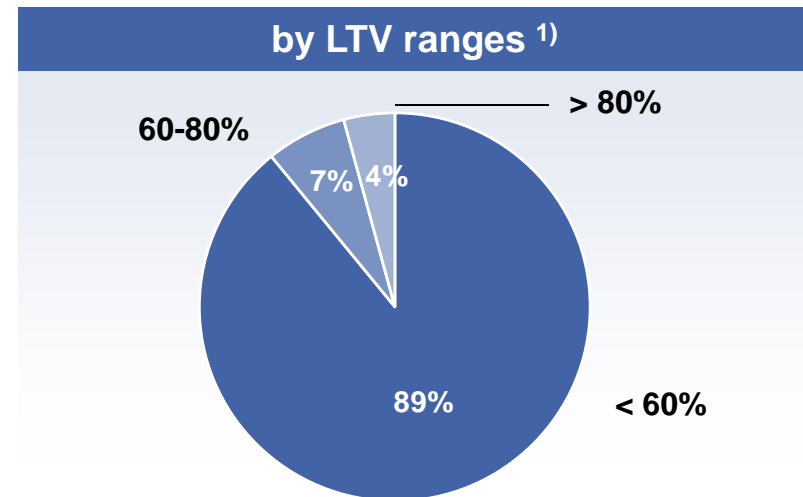
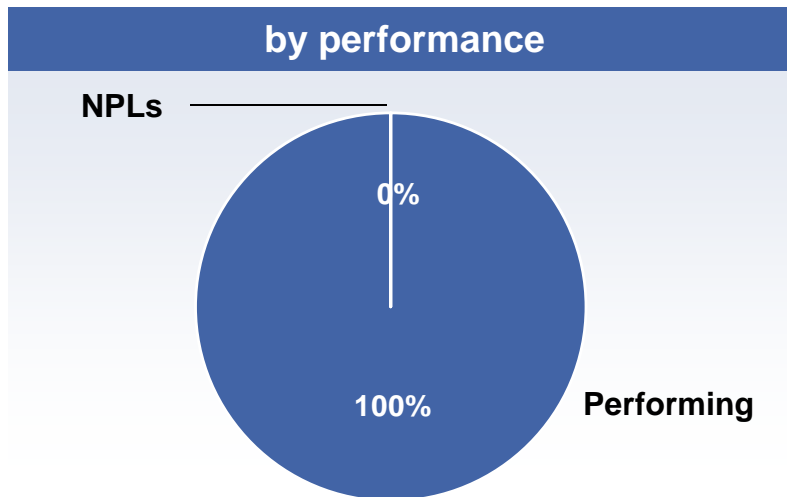
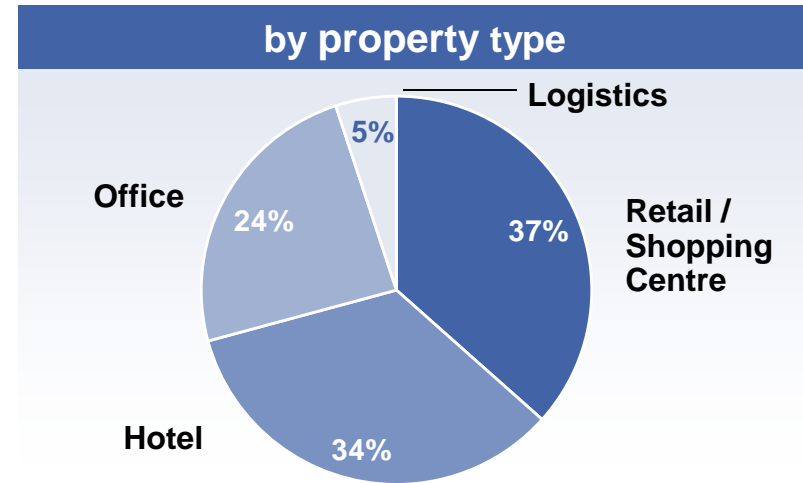
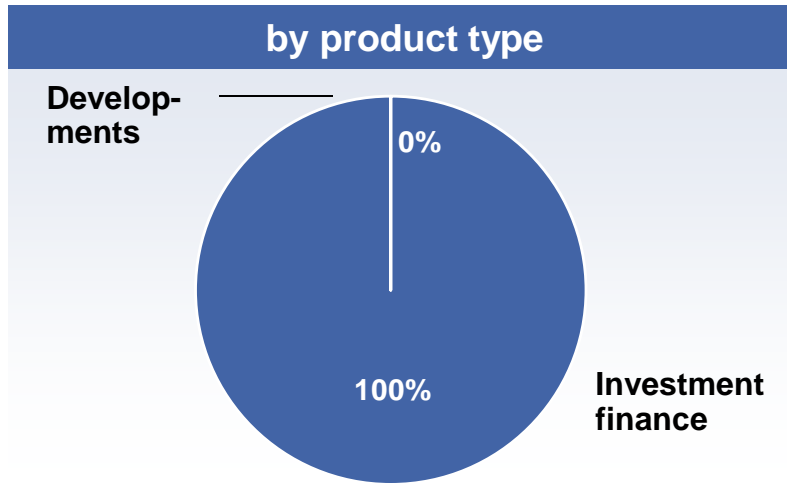


1) Performing business only



Asia credit portfolio

Total volume outstanding as at 31.12.2011: € 0.8 bn

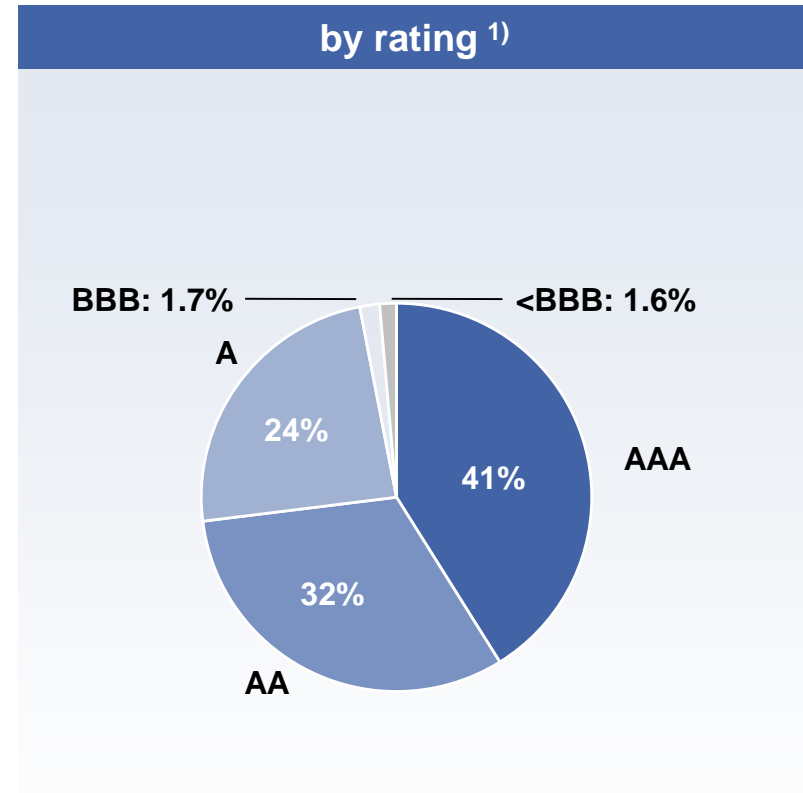
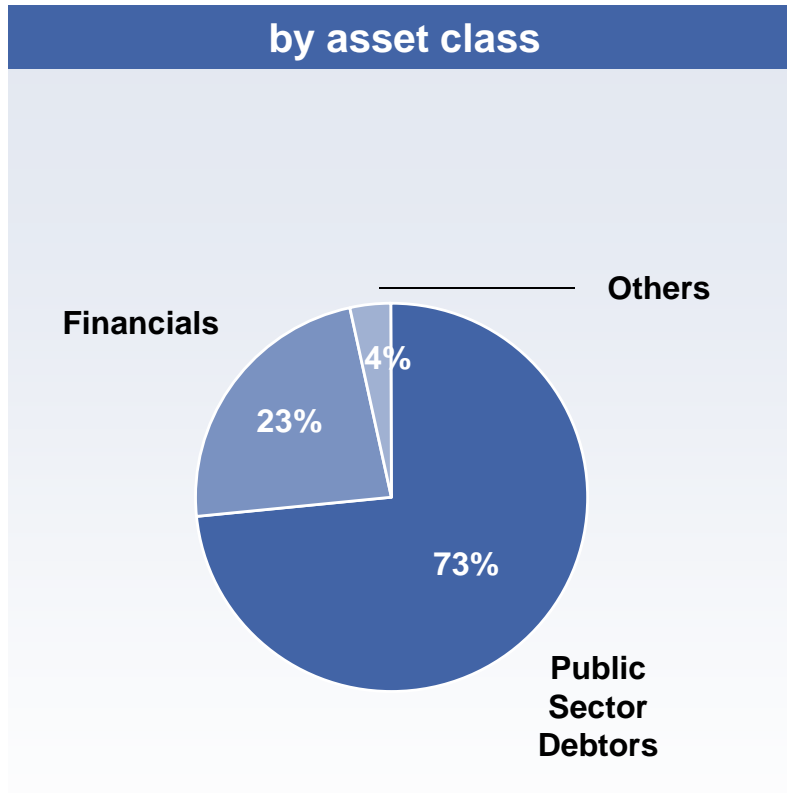


1) Performing business only



Treasury portfolio

€ 10.5 bn of high quality and highly liquid assets



As at 31.12.2011 – all figures are nominal amounts

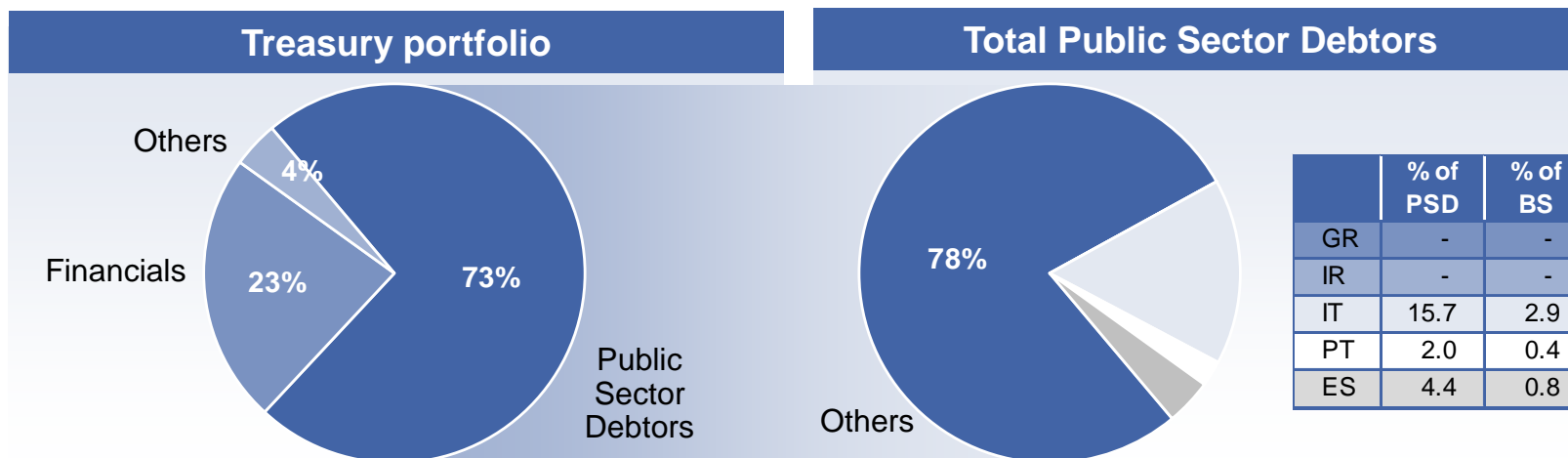
1) Composite Rating

Note: All 2011 figures preliminary and unaudited



Treasury portfolio

€ 7.7 bn Public Sector Debtors



Sovereign			
€ mn	Nominal	Revaluation reserve ²⁾	Hidden reserves / burdens ³⁾
Greece	-	-	-
Ireland	-	-	-
Italy	1,199	-119	-275
Portugal	100	-45	0
Spain	-	-	-

Sub-Sovereign ¹⁾			
€ mn	Nominal	Revaluation reserve ²⁾	Hidden reserves / burdens ³⁾
Greece	-	-	-
Ireland	-	-	-
Italy	-	-	-
Portugal	55	-1	-17
Spain	337	-1	-52

1) Incl. exposure of € 50 mn which is additionally guaranteed by the Sovereign

2) Incl. securities of the AfS- and the LaR-category after tax

3) Incl. securities of the LaR-category after tax

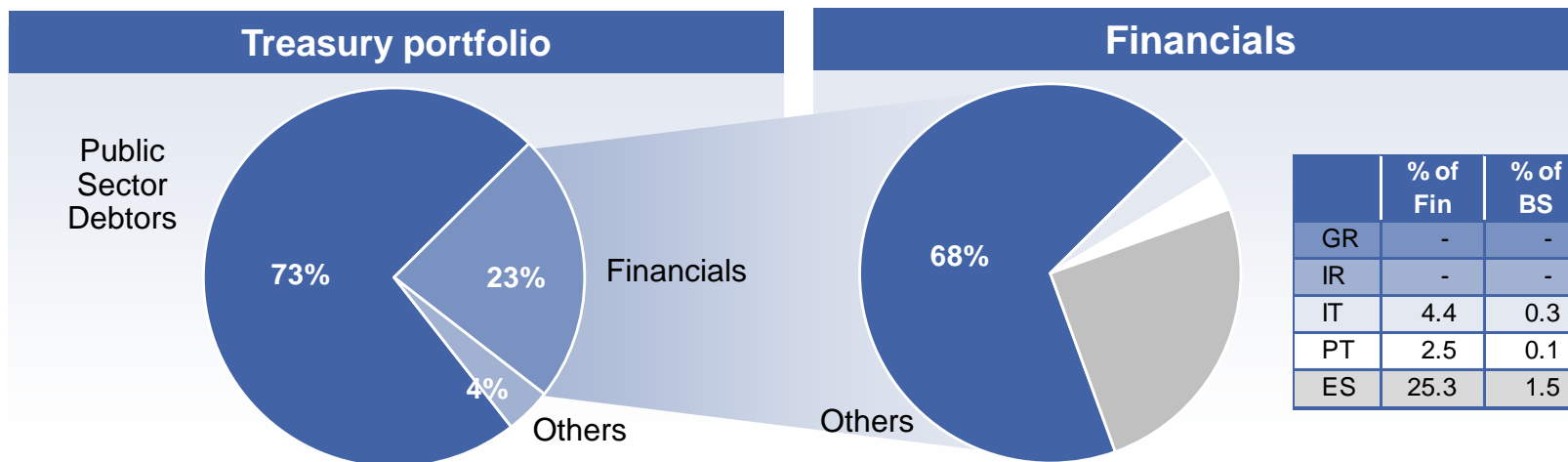
Note: All 2011 figures preliminary and unaudited



**Aareal Bank
Group**

Treasury portfolio

€ 2.4 bn Financials



Covered Bonds			
€ mn	Nominal	Revaluation reserve ¹⁾	Hidden reserves / burdens ²⁾
Greece	-	-	-
Ireland	-	-	-
Italy	70	-6	0
Portugal	60	-20	0
Spain	616	-11	-36

Senior Unsecured			
€ mn	Nominal	Revaluation reserve ¹⁾	Hidden reserves / burdens ²⁾
Greece	-	-	-
Ireland	-	-	-
Italy	36	0	0
Portugal	-	-	-
Spain	-	-	-

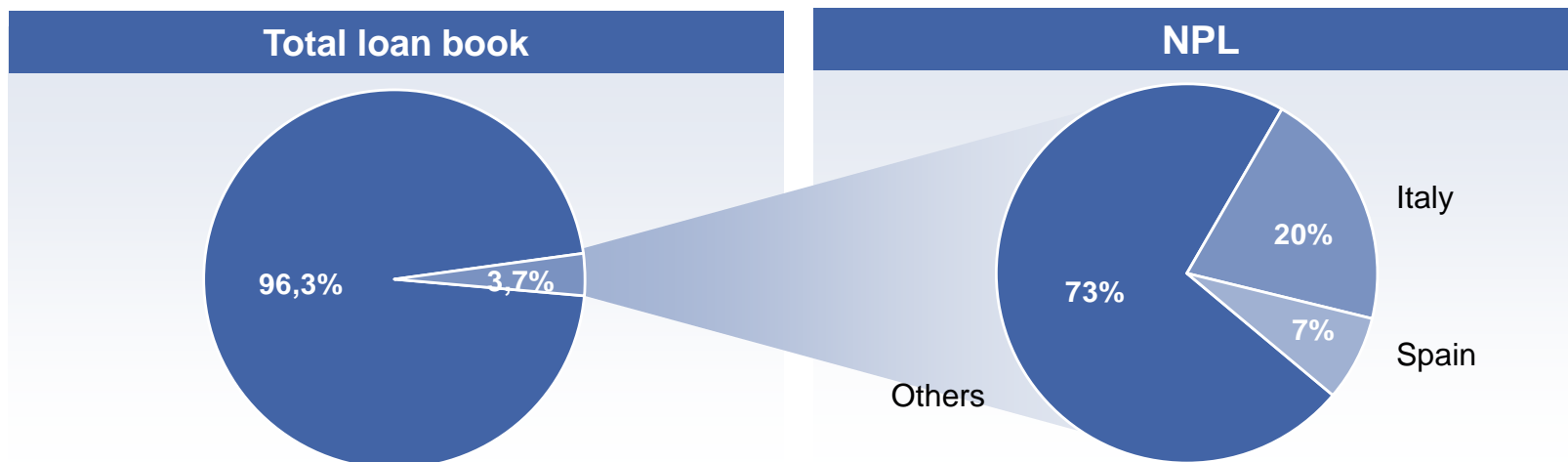
1) Incl. securities of the AfS- and the LaR-category after tax

2) Incl. securities of the HiM- and the LaR-category after tax



Total Structured Property Financing Portfolio

€ 24.2 bn of high quality real estate assets



	Nominal (in mn €)	Average LTV	NPLs (in mn €)
Greece	-	-	-
Ireland	-	-	-
Italy	3,215	59,5%	184
Portugal	-	-	-
Spain	1,035	82,1%	65



Outlook



**Aareal Bank
Group**

Economic environment

Aareal Bank's point of view

Analyst conference 03/11 (expectations)				
Positive effects	Negative effects			
<ul style="list-style-type: none"> Stabilisation of major economies Some booming Emerging Market Countries Bottoming out of several CRE-markets Less competition due to withdrawal of competitors <ul style="list-style-type: none"> Higher margins More equity in deals 	<ul style="list-style-type: none"> Euro crises burdens funding markets Inflation fear arises 			
		H2 2011		
		EU / US debt crisis	<ul style="list-style-type: none"> Volatility / uncertainties of the financial market Rating agencies 	
		Development real economy	<ul style="list-style-type: none"> Mitigating measures 	
		Regulation, authorities, levies, etc.	<ul style="list-style-type: none"> Implementation of unsolved issues Cumulative effects of unpredictable measures Distortion of competition by single national measures 	
			Environment 2012	
		Macro-economic	<ul style="list-style-type: none"> Deteriorating economic outlook 	
		Regulatory	<ul style="list-style-type: none"> Uncertain cumulative effects of the different reform proposals on banks and real economy 	
		Political	<ul style="list-style-type: none"> Uncertain political and regulatory framework 	



Outlook assumptions

Influenced by considerable uncertainties (1/2)

Macro-economic environment

AND

Deteriorating economic outlook

- Significant slow down in 2012, recession in some countries, some positive trends starting 2013¹⁾
- Further increase of unemployment, particularly in Europe
- Temporarily low interest environment, increase in the midterm (sovereign debt crisis)

AND

Regulatory environment

AND

Uncertain cumulative effects of the different reform proposals on banks and real economy

- Regulatory patchwork
- Distortion of competition
- Increasing admin expenses for banks

AND

Political environment

Uncertain political and regulatory framework

- Sovereign debt crisis
- Cost cutting programs
- EBA stress testing
- SoFFin II
- Bank resolution
- Transaction tax

1) IMF, OECD, Oxford Economics



Outlook assumptions

Influenced by considerable uncertainties (2/2)

Increasing risks...

- Increased risks regarding the economic development
- Lack of economic stimulation in Europe
- Pressure on real estate prices
- Market volatilities and risks in the financial system continue to determine the economic environment
- Further market distortions cannot be ruled out (e.g. caused by the sovereign debt crisis)

...but we are well prepared!

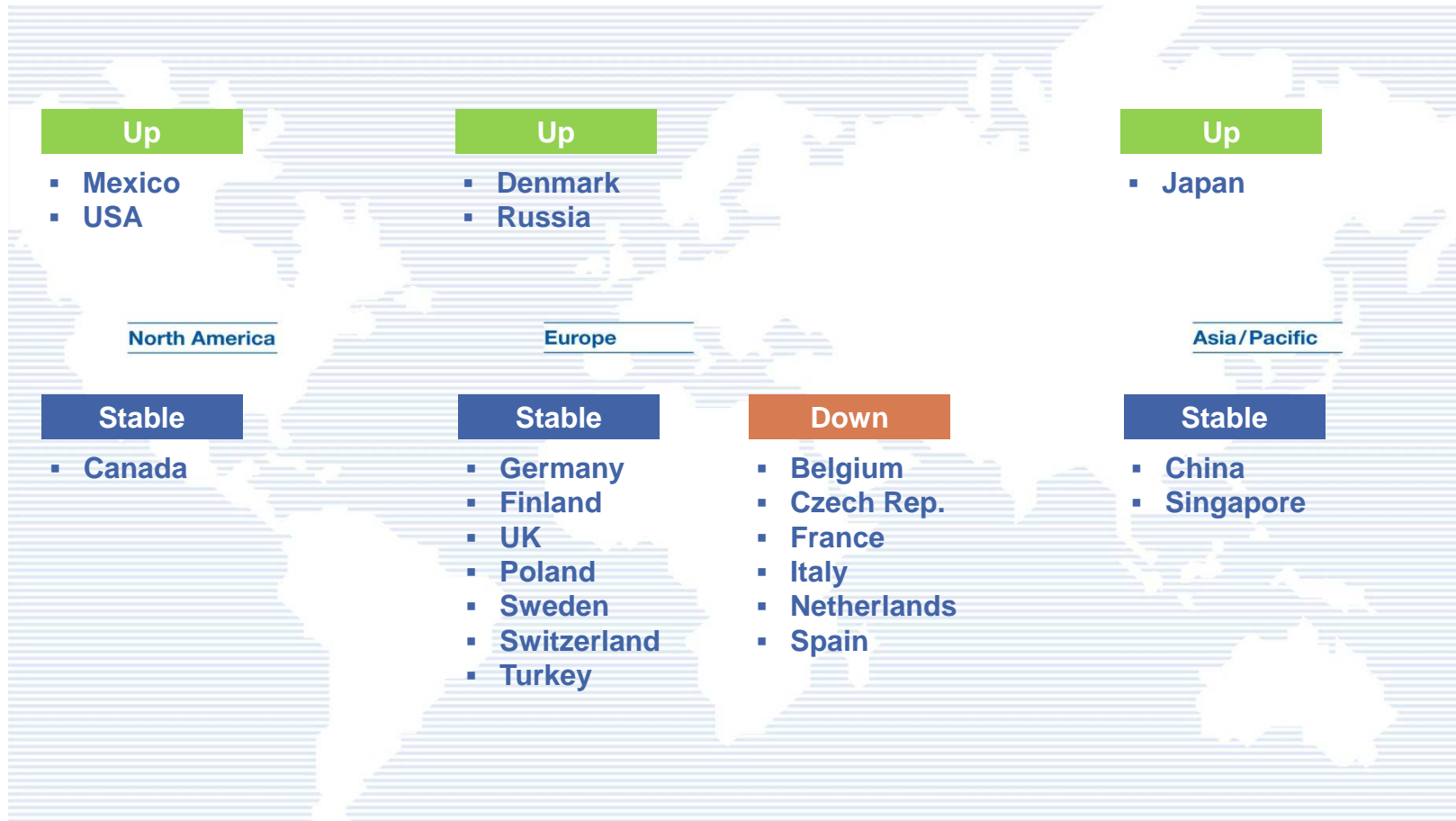
Our mid-sized corporate structure combined with our high flexibility puts us into position to anticipate and quickly implement upcoming market and regulatory requirements

- Maintaining our very conservative capital base
- Conservative funding assumptions
- Continuing shift of liquidity from securities to ECB deposits
- Lower average entry LTV



Aareal Bank's CRE market expectations

Expected average of market value changes across all property types and regions in 2012¹⁾

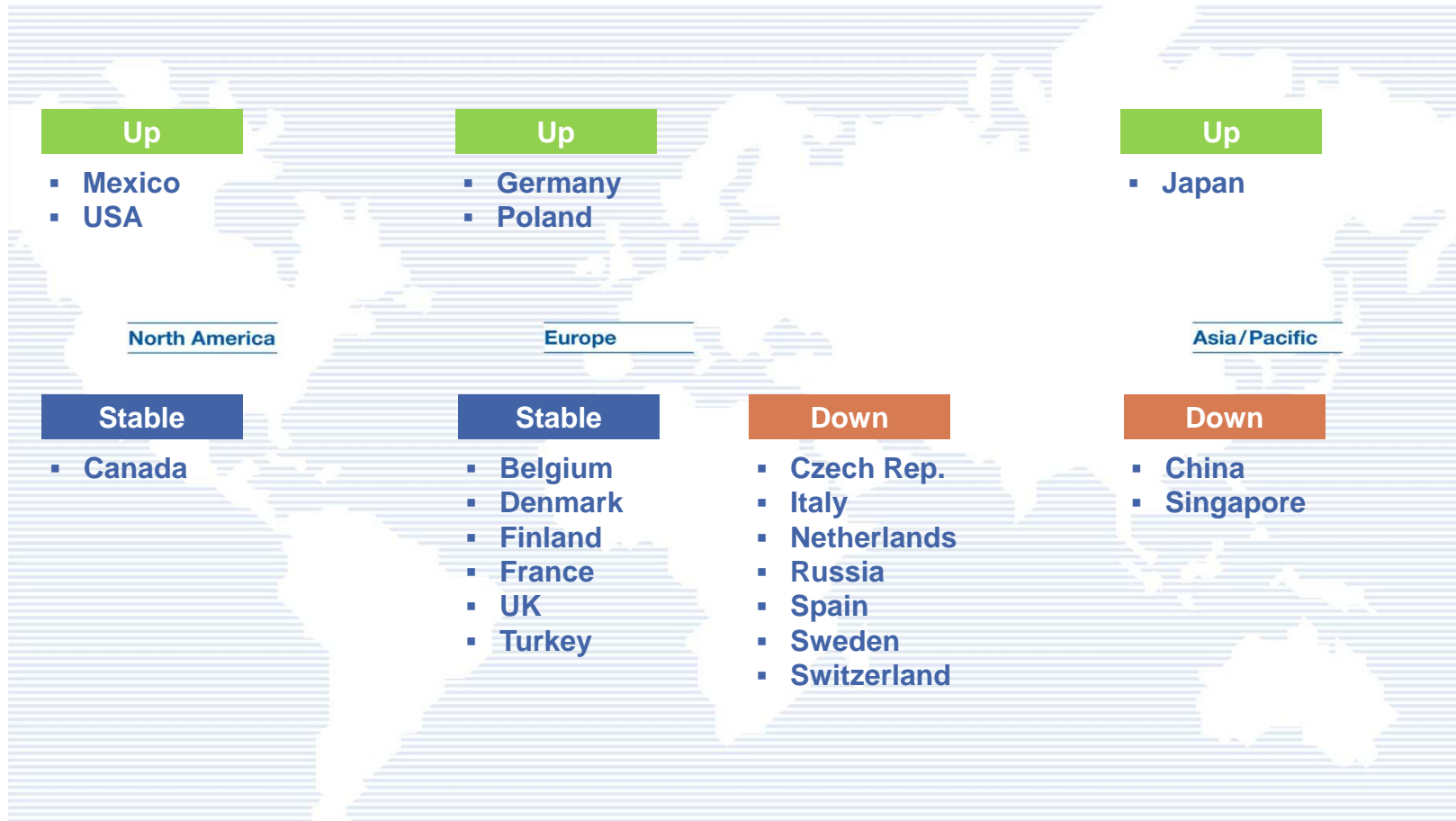


1) The individual market value of a single property may vary, change end 2011 to end 2012



Aareal Bank's CRE market expectations

Expected average of market value changes across all property types and regions until 2016¹⁾



1) The individual market value of a single property may vary, change end 2011 to end 2016



Outlook

In a very challenging environment a solid performance

	2012	2013
Net interest income	<ul style="list-style-type: none"> Considerably below 2011 level due to cautious liquidity management 	➔
Net loan loss provisions	<ul style="list-style-type: none"> Staying with the previous cautious guidance: € 110 mn - € 140 mn¹⁾ 	➔
Net commission income	<ul style="list-style-type: none"> € 150 mn - € 160 mn expected, mainly due to ceasing burden from SoFFin guaranteed bonds 	➔
Net trading result / results from non-trading assets	<ul style="list-style-type: none"> Unpredictable / no impairments from non-trading assets expected / possibly moderate loss realisation 	
Admin expenses	<ul style="list-style-type: none"> Reduction due to efficiency measures: € 350 mn - € 360 mn incl. German banking levy 	➔
Operating profit	<ul style="list-style-type: none"> Despite assumption of highly challenging environment: slightly below 2011 level 	➔
New business origination	<ul style="list-style-type: none"> Reflecting the volatile and uncertain environment: € 4.5 bn – € 5.5 bn 	➔
Consulting / Services	<ul style="list-style-type: none"> On 2011 clean operating level 	➔

In this outlook we have incorporated deteriorated external conditions regarding 2012. But we are at any time able to adapt to changing conditions due to our high flexibility.

1) As in 2011, the bank cannot rule out additional allowances for credit losses



Appendix



**Aareal Bank
Group**

Aareal Bank Group

Key figures 2011

	01.01.- 31.12.2011	01.01.- 31.12.2010	Change
	Euro mn	Euro mn	
Profit and loss account			
Net interest income	547	509	7%
Allowance for credit losses	112	105	7%
Net interest income after allowance for credit losses	435	404	8%
Net commission income	144	123	17%
Net result on hedge accounting	6	-2	-
Net trading income / expenses	14	8	75%
Results from non-trading assets	-29	-12	-
Results from companies accounted for at equity	1	5	-80%
Results from investment properties	10	-17	-
Administrative expenses	382	366	4%
Net other operating income / expenses	-14	-9	-
Impairment of goodwill	0	0	-
Operating Profit	185	134	38%
Income taxes	52	40	30%
Net income / loss	133	94	41%
Allocation of results			
Net income / loss attributable to non-controlling interests	19	18	6%
Net income / loss attributable to shareholders of Aareal Bank AG	114	76	50%
Appropriation of profits			
Silent partnership contribution by SoFFin	21	30	-30%
Consolidated retained profit / accumulated loss	93	46	102%



**Aareal Bank
Group**

Aareal Bank Group: Segment Reporting

Key figures 2011 by operating units

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 31.12. 2011	01.01.- 31.12. 2010	01.01.- 31.12. 2011	01.01.- 31.12. 2010	01.01.- 31.12. 2011	01.01.- 31.12. 2010	01.01.- 31.12. 2011	01.01.- 31.12. 2010
	Euro mn							
Net interest income	508	467	0	0	39	42	547	509
Allowance for credit losses	112	105					112	105
Net interest income after allowance for credit losses	396	362	0	0	39	42	435	404
Net commission income	2	-9	183	176	-41	-44	144	123
Net result on hedge accounting	6	-2					6	-2
Net trading income / expenses	14	8					14	8
Results from non-trading assets	-29	-13		1			-29	-12
Results from companies accounted for at equity	0	5	1				1	5
Results from investment properties	10	-17					10	-17
Administrative expenses	217	217	167	152	-2	-3	382	366
Net other operating income / expenses	-17	-9	3	1	0	-1	-14	-9
Impairment of goodwill	0	0					0	
Operating profit	165	108	20	26	0	0	185	134
Income taxes	46	32	6	8			52	40
Net income / loss	119	76	14	18	0	0	133	94
Allocation of results								
Net income / loss attributable to non-controlling interests	17	16	2	2			19	18
Net income / loss attributable to shareholders of Aareal Bank AG	102	60	12	16	0	0	114	76



Aareal Bank Group

Key figures Q4 2011

	Quarter 4 2011	Quarter 4 2010	Change
	Euro mn	Euro mn	
Profit and loss account			
Net interest income	146	139	5%
Allowance for credit losses	34	8	325%
Net interest income after allowance for credit losses	112	131	-15%
Net commission income	45	37	22%
Net result on hedge accounting	4	-4	-
Net trading income / expenses	-	13	-
Results from non-trading assets	-11	-23	-52%
Results from companies accounted for at equity	0	-	-
Results from investment properties	3	-17	-
Administrative expenses	102	95	7%
Net other operating income / expenses	-4	-2	100%
Impairment of goodwill	0	-	-
Operating Profit	47	40	18%
Income taxes	13	11	18%
Net income / loss	34	29	17%
Allocation of results			
Net income / loss attributable to non-controlling interests	5	4	25%
Net income / loss attributable to shareholders of Aareal Bank AG	29	25	16%
Appropriation of profits			
Silent partnership contribution by SoFFin	5	6	-17%
Consolidated retained profit / accumulated loss	24	19	26%



**Aareal Bank
Group**

Aareal Bank Group: Segment Reporting

Key figures Q4 2011 by operating units

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation		Aareal Bank Group	
	01.10.- 31.12. 2011	01.10.- 31.12. 2010	01.10.- 31.12. 2011	01.10.- 31.12. 2010	01.10.- 31.12. 2011	01.10.- 31.12. 2010	01.10.- 31.12. 2011	01.10.- 31.12. 2010
	Euro mn							
Net interest income	136	129	0	0	10	10	146	139
Allowance for credit losses	34	8					34	8
Net interest income after allowance for credit losses	102	121	0	0	10	10	112	131
Net commission income	5	-1	51	49	-11	-11	45	37
Net result on hedge accounting	4	-4					4	-4
Net trading income / expenses	0	13					0	13
Results from non-trading assets	-11	-23	0	0			-11	-23
Results from companies accounted for at equity	0	0					0	0
Results from investment properties	3	-17					3	-17
Administrative expenses	58	56	45	40	-1	-1	102	95
Net other operating income / expenses	-6	-2	2	0	0	0	-4	-2
Impairment of goodwill	0	0					0	0
Operating profit	39	31	8	9	0	0	47	40
Income taxes	10	8	3	3			13	11
Net income / loss	29	23	5	6	0	0	34	29
Allocation of results								
Net income / loss attributable to non-controlling interests	5	4	0	0			5	4
Net income / loss attributable to shareholders of Aareal Bank AG	24	19	5	6	0	0	29	25



Aareal Bank Group: Segment Reporting

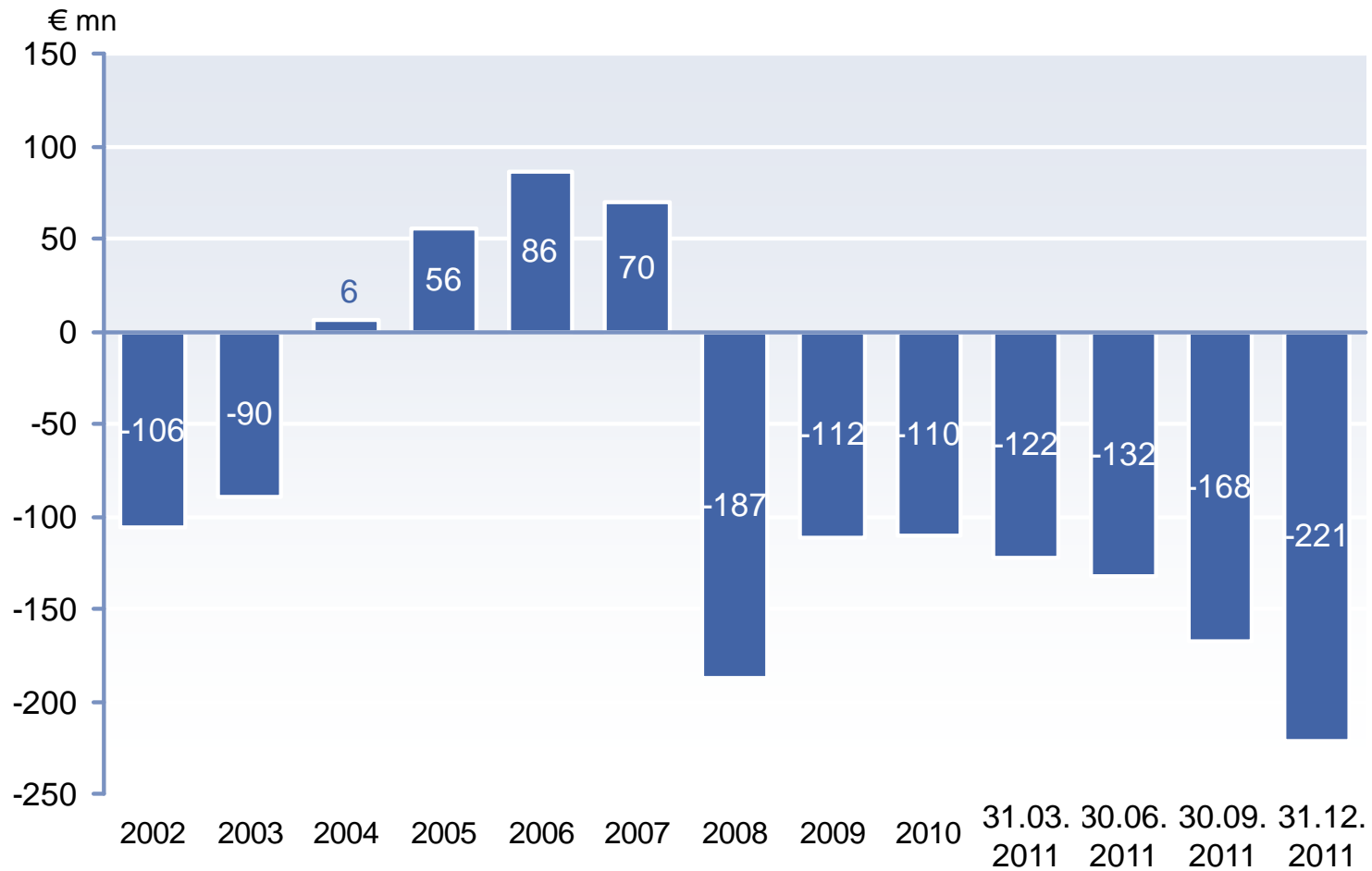
Key figures - quarter by quarter

	Structured Property Financing					Consulting / Services					Consolidation / Reconciliation					Aareal Bank Group				
	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4
	2011	2011	2011	2011	2010	2011	2011	2011	2011	2010	2011	2011	2011	2011	2010	2011	2011	2011	2011	2010
Euro mn																				
Net interest income	136	123	124	125	129	0	0	0	0	0	10	10	10	9	10	146	133	134	134	139
Allowance for credit losses	34	36	24	18	8											34	36	24	18	8
Net interest income after allowance for credit losses	102	87	100	107	121	0	0	0	0	0	10	10	10	9	10	112	97	110	116	131
Net commission income	5	4	-2	-5	-1	51	45	43	44	49	-11	-11	-10	-9	-11	45	38	31	30	37
Net result on hedge accounting	4	2	2	-2	-4											4	2	2	-2	-4
Net trading income / expenses	0	20	2	-8	13											0	20	2	-8	13
Results from non-trading assets	-11	-22	2	2	-23	0	0			0						-11	-22	2	2	-23
Results from companies accounted for at equity	0				0			1	0							0		1	0	0
Results from investment properties	3	3	2	2	-17											3	3	2	2	-17
Administrative expenses	58	54	54	51	56	45	40	42	40	40	-1	-1	0	0	-1	102	93	96	91	95
Net other operating income / expenses	-6	2	-11	-2	-2	2	0	1	0	0	0	0	0	0	0	-4	2	-10	-2	-2
Impairment of goodwill	0	0	0													0	0	0		0
Operating profit	39	42	41	43	31	8	5	3	4	9	0	0	0	0	0	47	47	44	47	40
Income taxes	10	12	13	11	8	3	1	1	1	3						13	13	14	12	11
Net income / loss	29	30	28	32	23	5	4	2	3	6	0	0	0	0	0	34	34	30	35	29
Allocation of results																				
Net income / loss attributable to non-controlling interests	5	4	4	4	4	0	1	0	1	0						5	5	4	5	4
Net income / loss attributable to shareholders of Aareal Bank AG	24	26	24	28	19	5	3	2	2	6	0	0	0	0	0	29	29	26	30	25



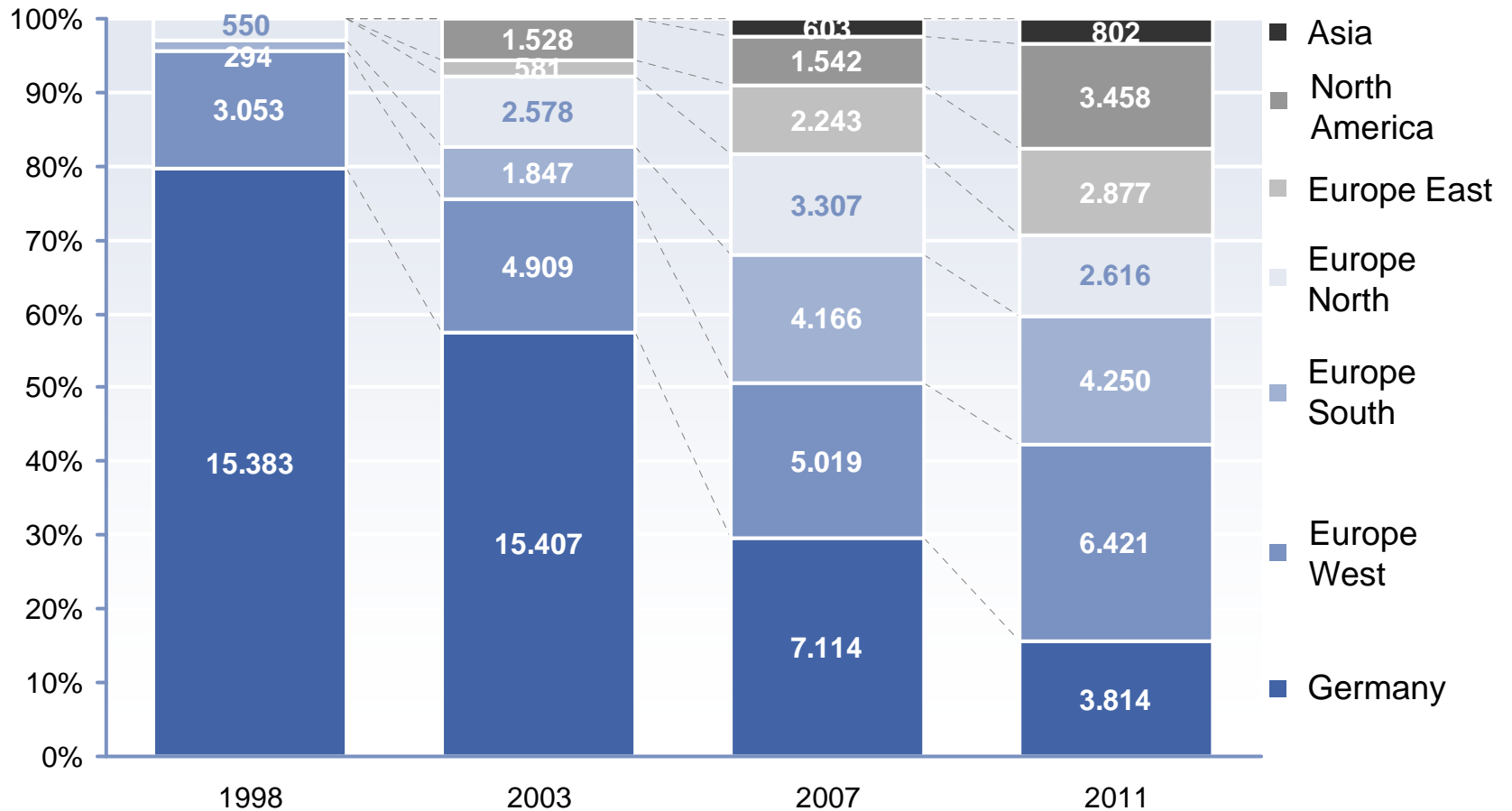
Revaluation reserve

Change mainly driven by asset spreads



Development property finance portfolio

Diversification continuously strengthened (in € mn)



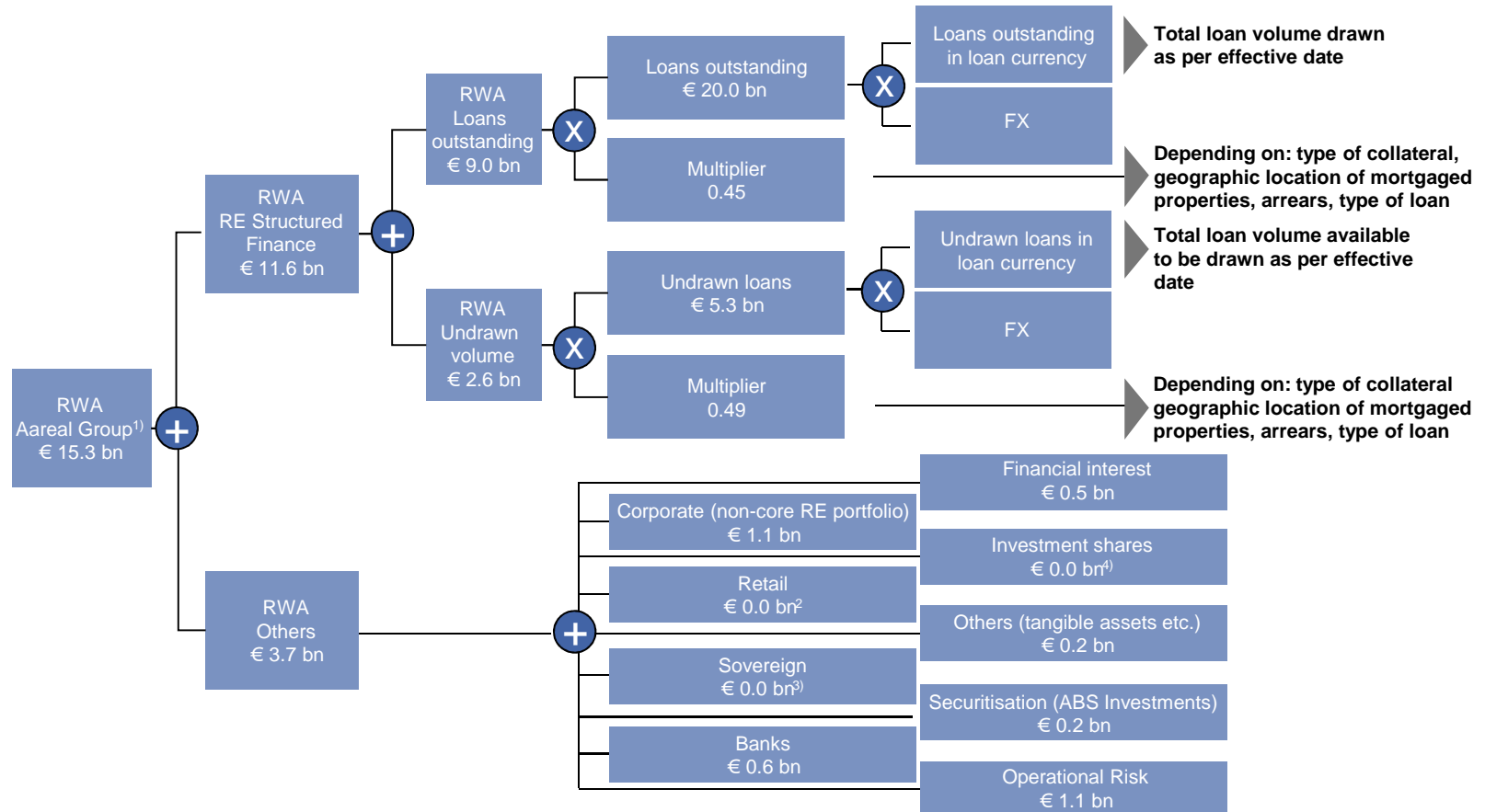
Property finance under management



From asset to risk weighted asset (RWA)

Essential factors affecting volume of RWA

Effective date 31/12/2012



1) Excl. of market risk
 2) Exposure to Retail amounts to € 38 mn
 3) Exposure to Sovereigns amounts to € 17 mn
 4) Exposure to investment shares amounts to € 5 mn
 Note: All 2011 figures preliminary and unaudited



Aareal Bank Group

Definitions and contacts



**Aareal Bank
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Definitions

- **Structured 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
- **Core Tier I Ratio** =
$$\frac{\text{Tier 1 capital ./ hybrids ./ SoFFin silent participation}}{\text{Risk weighted assets}}$$
- **Pre tax RoE** =
$$\frac{\text{Operating profit ./ Net income/loss attributable to non-controlling interests}}{\text{Allocated (average) equity}}$$
- **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



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