

THE INTERNATIONAL  
PROPERTY SPECIALIST

# Analyst Conference Call Q1 2007

11 May 2007



**Aareal Bank**

# Group Figures Q1 2007

	Q1 2007	Q1 2006
	€ mn	€ mn
Net interest income	98	98
Net loan loss provisions	22	22
<b>Net interest income after net loan loss provisions</b>	<b>76</b>	<b>76</b>
Net commission income	37	35
Results from hedges	2	-1
Net trading income	2	5
Results from non-trading assets	12	11
Results from companies accounted for at equity	0	3
Results from investment properties	0	0
Administrative expenses	89	88
Other operating income	39	-2
Depreciation of goodwill	0	0
<b>Operating Profit</b>	<b>79</b>	<b>39</b>
Income taxes	23	9
Results from discontinued operations	0	0
<b>Group net income</b>	<b>56</b>	<b>30</b>
<b>Allocation of results</b>		
Minority interest income / loss	5	5
<b>Gains attributable to shareholders of Aareal Bank AG</b>	<b>51</b>	<b>25</b>

- Net interest income and provision income slightly picking up
- Admin expenses in line
  - incl. a special payment to employees (total of €3 mn)
- ImmoScout dividend
  - coming through in Q2'07
  - Q1'06: €3 mn in results from comp. accounted for at equity
- €37 mn one-off in other operating income (compensation payment from DEPFA for a tax refund arising from a tax audit of Interhotel Holding)
  - Future compensation for expected deferred tax asset burden of net €15-20 mn resulting from the impending German tax reform



# Structured Property Financing



# Segment reporting Q1 2007

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	€mn		€mn		€mn		€mn	
	1.1.- 31.03.2007	1.1.- 31.03.2006	1.1.- 31.03.2007	1.1.- 31.03.2006	1.1.- 31.03.2007	1.1.- 31.03.2006	1.1.- 31.03.2007	1.1.- 31.03.2006
Net interest income	84	88	0	0	14	10	98	98
Net loan loss provisions	22	22					22	22
<b>Net interest income after net LLP</b>	<b>62</b>	<b>66</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>10</b>	<b>76</b>	<b>76</b>
Net commission income	8	7	44	40	-15	-12	37	35
Results from hedges	2	-1					2	-1
Net trading income	2	5					2	5
Results from non-trading assets	12	9	0	2			12	11
Results from companies accounted for at equity				3			0	3
Results from investment properties	0	0					0	0
Administrative expenses	54	49	36	41	-1	-2	89	88
Other operating income	40	-3	-1	1	0	0	39	-2
Depreciation of goodwill				0			0	0
<b>Operating Profit</b>	<b>72</b>	<b>34</b>	<b>7</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>39</b>
Income taxes	21	9	2	0			23	9
Results from discontinued operations						0	0	0
<b>Group net income</b>	<b>51</b>	<b>25</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>56</b>	<b>30</b>
<b>Allocation of results</b>								
Minority interest income / loss	4	4	1	1			5	5
<b>Gains attributable to shareholders of Aareal Bank AG</b>	<b>47</b>	<b>21</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>25</b>
Allocated shareholders' equity	770	708	87	98	189	151	1,046	957
Cost / income ratio (%)	38.5	50.5	84.4	90.2			48.9	61.7
RoE after taxes (%)	24.2	12.0	18.1	14.4			19.3	10.4

- Structured Property Financing  
Other operating income: € 45 mn  
Other operating expenses: € 5 mn

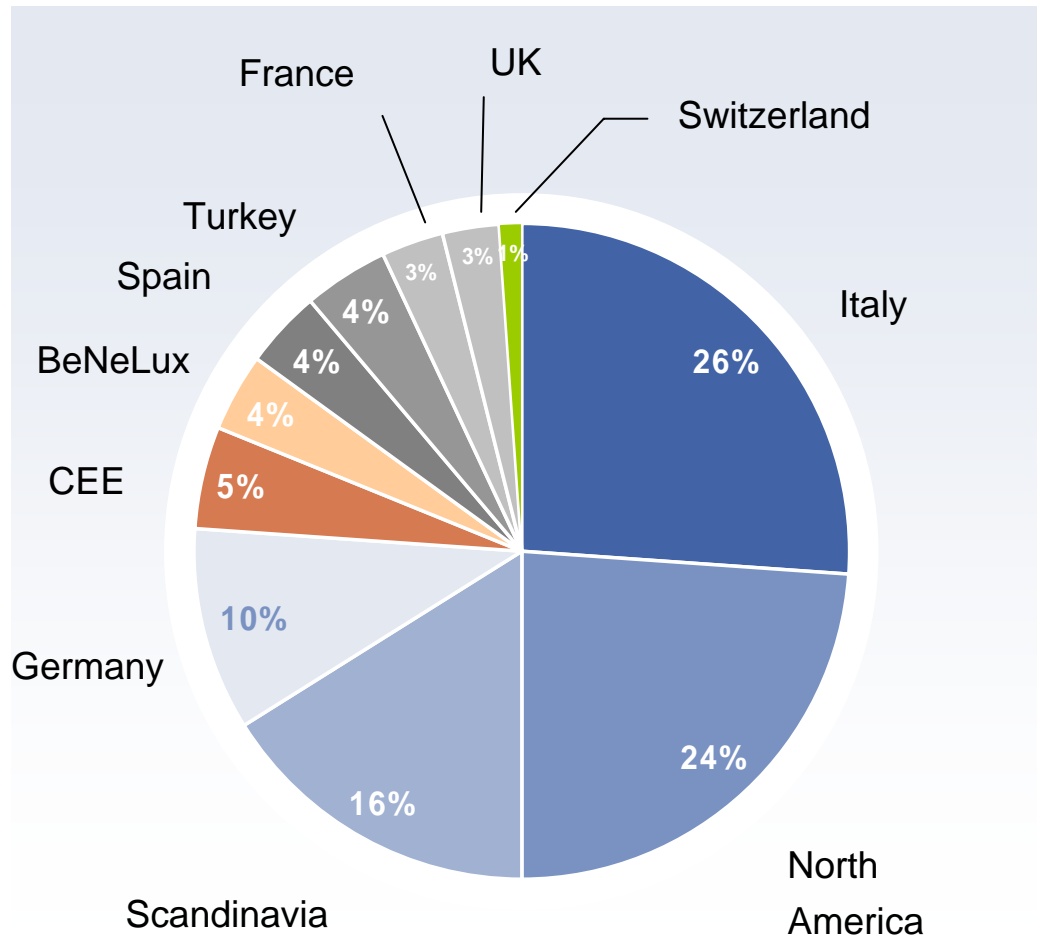
- Consulting/Services  
Other operating income: € 2 mn  
Other operating expenses: € 3 mn



**Aareal Bank**

# New business by region

Total new business Q1 2007 : €2.2 bn

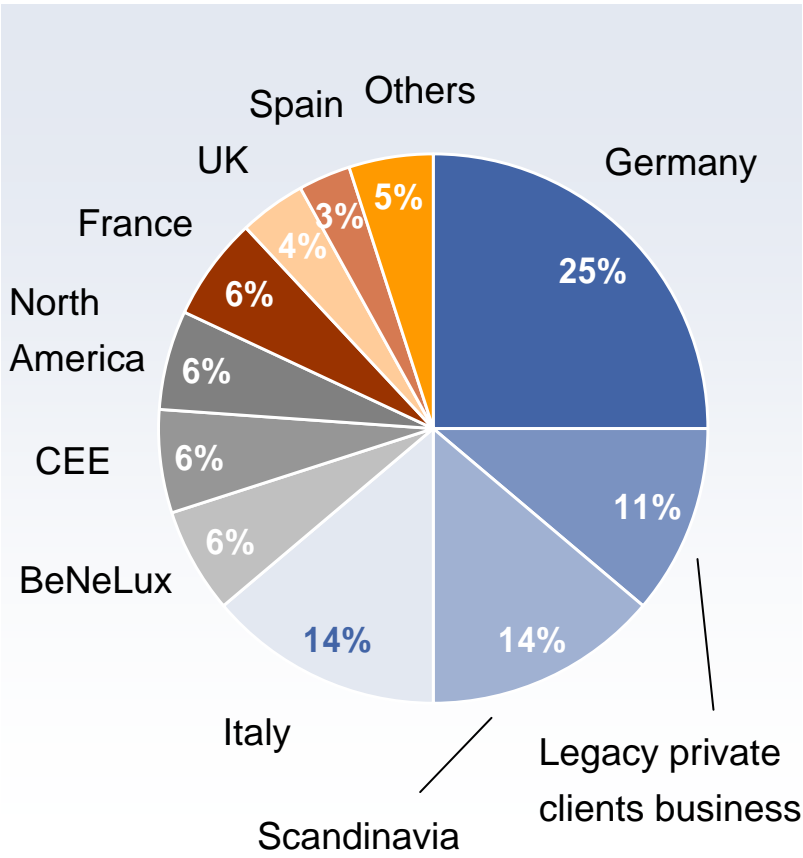


- High new business level of 2006 maintained
- Stable margins
- North America Hub: capacity strengthened
- New office in Helsinki opened
- Office in Shanghai planned

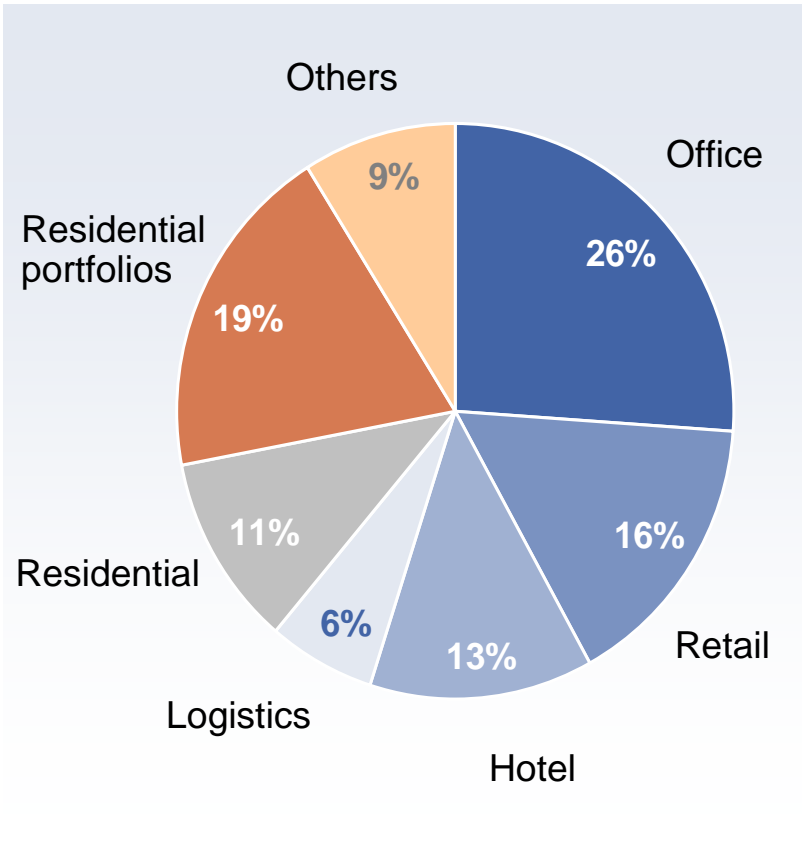


# Portfolio diversification by region and object type

**Portfolio by region 31.03.2007**  
**Total volume : €23.0 bn**



**Portfolio by object type 31.03.2007**  
**Total volume : €23.0 bn**



# NPL portfolio reduction concluded



# Consulting / Services





# Segment reporting Q1 2007

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	€mn		€mn		€mn		€mn	
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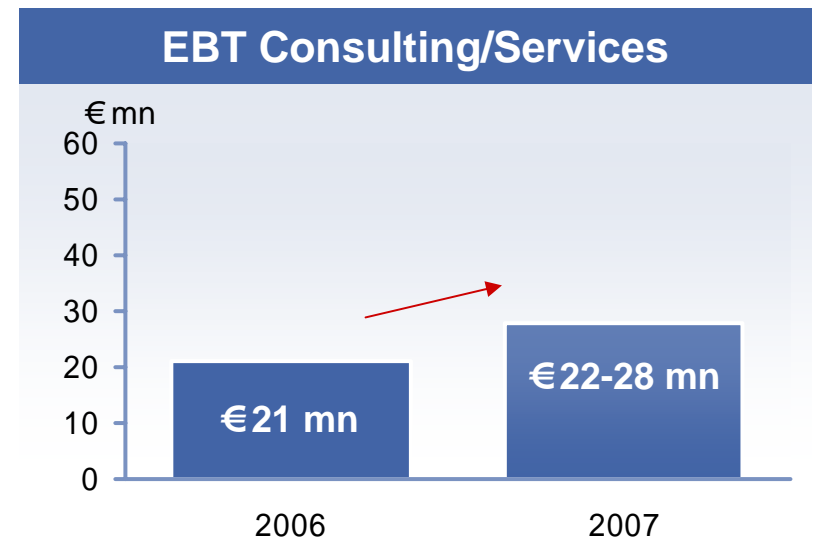
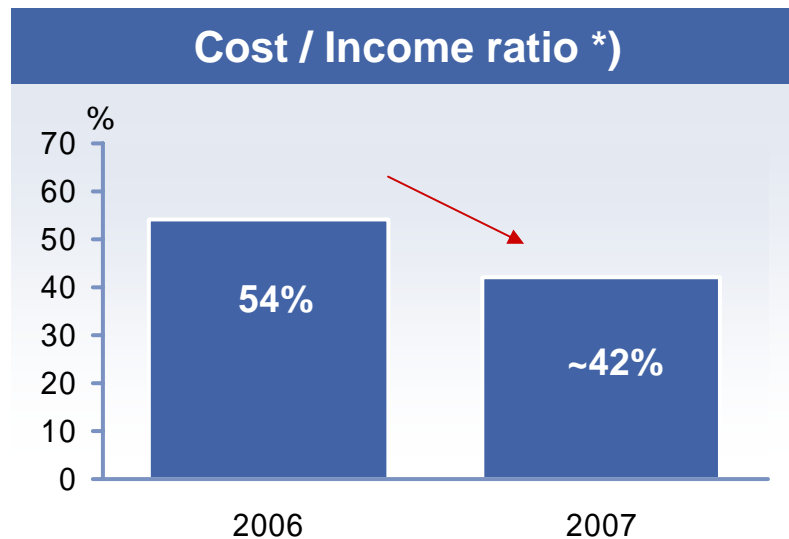
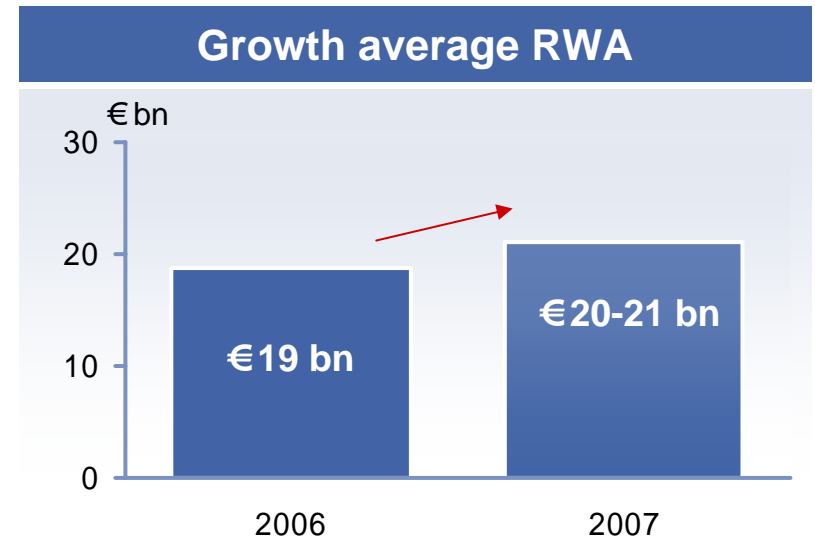
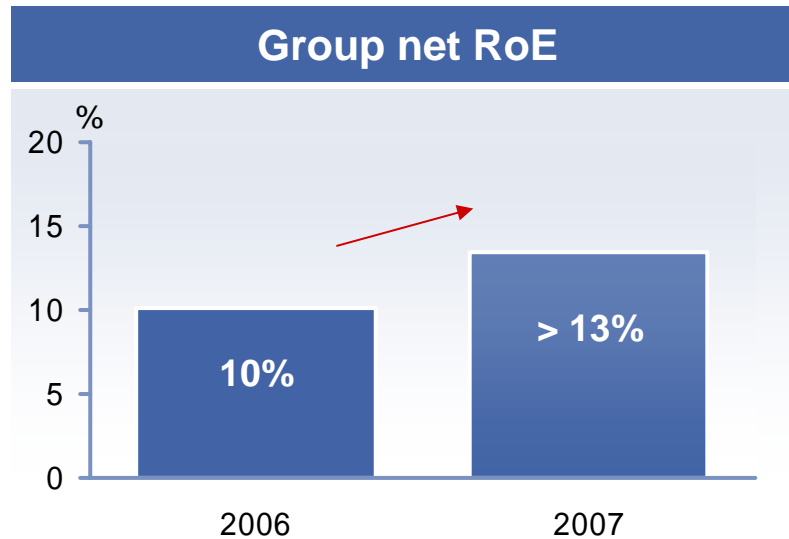


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# Outlook



# Financial targets: milestones 2007



# Definitions and Contacts



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# Definitions

- **Property Financing Portfolio =**

- Payed-out financings on balance sheet
- Inkl. remaining property loans on DEPFA books

- **New Business =**

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

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

- **Allocated equity = Average of:**

- Equity without revaluation surplus (start of period less dividends) and
- Equity without revaluation surplus (end of period less expected dividends)

- **CIR:** 
$$\frac{\text{Admin expenses + other operating expenses}}{\text{Net income}}$$

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



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