

LOCAL EXPERTISE
MEETS GLOBAL EXCELLENCE

Analyst Conference Call

Preliminary 2010 results

February 22, 2011

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



**Aareal Bank
Group**

Agenda preliminary 2010 results

- Preliminary 2010 results at a glance
 - Segment performance
 - Group capital and funding position
 - Preliminary group figures Q4 2010
 - Asset quality
 - Outlook

 - Appendix
 - Definitions and Contacts
-



Preliminary 2010 results at a glance



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2010 at a glance

Aareal Bank's point of view

Positives

- 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

Negatives

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

... to be continued in 2011!



2010 at a glance

Outperforming targets due to operative strength

All targets achieved	Guidance	9M-Guidance	Preliminary
▪ 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"> ▪ Tier 1 ratio: 12.9% (AIRBA¹⁾) ▪ Core Tier 1 ratio (excl. SoFFin / hybrids): 8.1% (AIRBA)
▪ Solid refinancing situation	<ul style="list-style-type: none"> ▪ € 3.9 bn raised; flexible use of secured and unsecured funding

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

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



2010 results at a glance

Outperforming 2010-guidance

	2010	2009	Change	Comments
Euro 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	-		



Segment performance

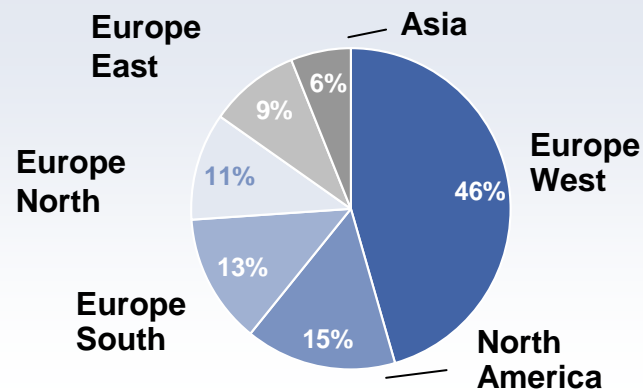


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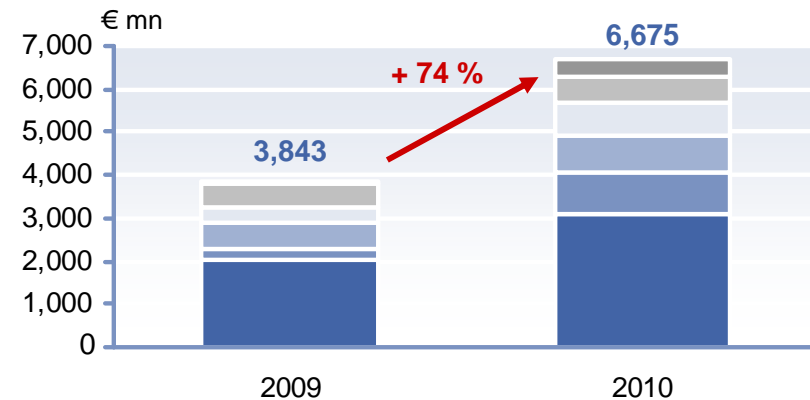
Structured property financing

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%
Result non-trad. assets	-13	-22	-
Admin expenses	217	201	8%
Result inv. properties	-17	0	-
Others	-6	-15	-
Operating profit	108	67	61%

- New business origination clearly outperformed given guidance
- Share of renewals decreasing
- Focus on attractive risk-return profile
- Preferably loans eligible for Pfandbrief cover pool
- Still focussing on portfolio monitoring and active management



Structured property financing

Loan loss provisions proves portfolio quality

P&L SPF Segment	Q4 '10	Q3 '10	Q2 '10	Q1 '10	Q4 '09
Euro mn					
Net interest income (NII)	129	121	111	106	103
Provision for loan losses (LLP)	8	32	33	32	35
NII after LLP	121	89	78	74	68
Net commission income	-1	-5	1	-4	2
Net result on hedge accounting	-4	-2	2	2	1
Net trading result	13	2	-13	6	3
Results from non-trading assets	-23	-4	14	0	-3
Res. at equity acc. Companies	0	0	5	-	1
Results investment properties	-17	0	0	0	-1
Admin expenses	56	54	55	52	42
<i>Others</i>	-2	2	-7	-2	-12
Operating profit	31	28	25	24	17
Income taxes	8	10	7	7	3
Segment result	23	18	18	17	14
Segment result attributed to minority interests	4	4	4	4	4
Consolidated retained profit	19	14	14	13	10
Silent participation by SoFFin	6	7	9	8	8

- Due to higher margins NII constantly increased
- Conservative maturity mismatch burdens NII
- LLP incl. results of investment properties within the guided range
- € 42 mn of the General Portfolio LLP of € 48 mn swapped into Portfolio LLP, release of € 6 mn
- Admin expenses incl. higher costs for phantom share program ~€ 6 mn
- Results from investment properties driven by extraordinary repositioning costs
- SoFFin burdens segment (~€ 30 mn p.a. guarantee fees, net ~€ 30 mn p.a. SoFFin coupon)



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Consulting / Services

Solid in IT & volumes – weak in deposit margins

P&L C/S Segment (industry format)	2010	2009	Change
Euro 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	-
Result from ordinary activities	26	20	30%
Income taxes	8	7	14%
Segment result	18	13	38%
Segment result attributed to minority interests	2	2	-
Consolidated retained profit	16	11	45%

IT-Business (Aareon)

- 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 it's 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)



Consulting / Services

Solid in IT & volumes – weak in deposit margins

P&L C/S Segment (industry format)	Q4 '10	Q3 '10	Q2 '10	Q1 '10	Q4 '09
Euro mn					
Sales revenue	56	45	48	50	56
Own work capitalised	1	0	1	0	1
Changes in inventory	0	0	0	0	0
Other operating income	2	3	2	1	1
Cost of material purchased	7	6	5	5	6
Staff expenses	27	22	25	26	27
D, A, impairment losses	3	3	4	3	4
Results at equity acc. investm.	-	-	0	0	0
Other operating expenses	13	12	11	11	15
Results from interest and similar	0	0	0	0	0
Operating profit	9	5	6	6	6
Income taxes	3	1	2	2	2
Segment result	6	4	4	4	4
Segment result attributed to minority interests	0	1	0	1	1
Consolidated retained profit	6	3	4	3	3

IT-Business (Aareon)

- Business targets achieved
- First time consolidation of SG I automatisering BV effect in Q4:
 - ~€ 5 mn revenues
 - ~€ 3 mn expenses
 - ~€ 2 mn EBIT

Deposit taking business (Aareal Bank)

- Deposits increased to € 4.5 bn as at 31.12.2010 (€ 3.9 bn as at 31.12.2009)



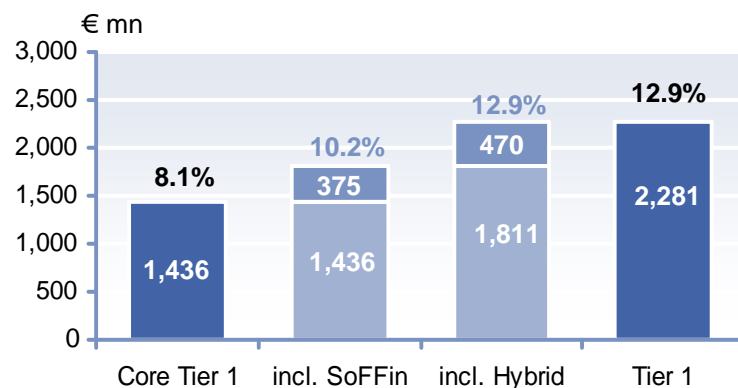
Group capital and funding position



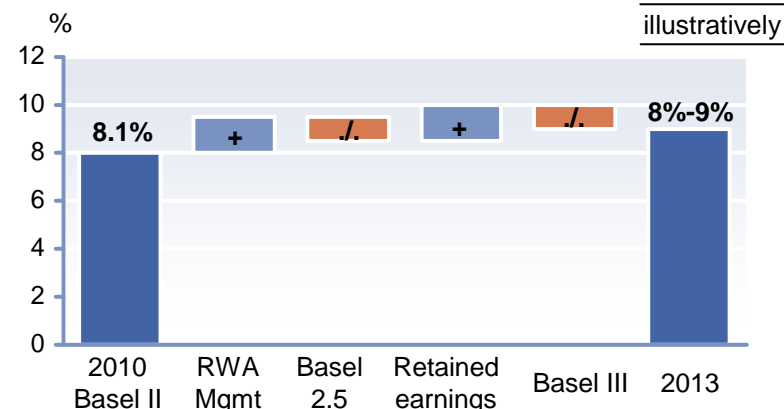
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Solid capital and Tier 1 ratios

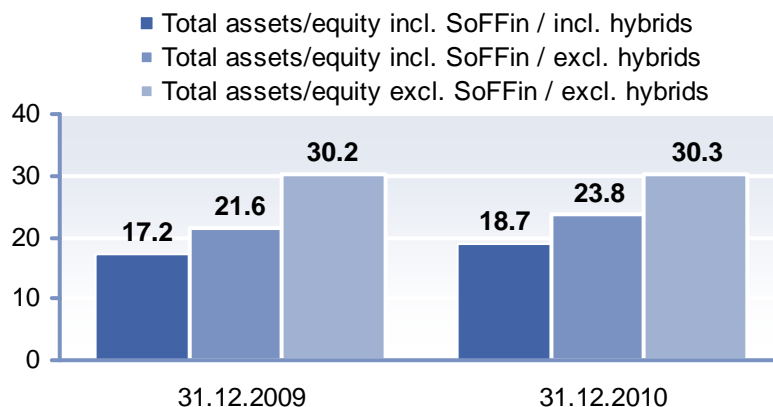
Tier 1 capital (AIRBA ¹⁾) as at 31.12.2010



Target Core Tier 1 ratio



Leverage ratio ²⁾



- € 17.695 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) advanced internal ratings-based approach (advanced IRBA)

2) Gross IFRS numbers (particularly no netting of derivatives)

Capital ratios calculated on the basis of current data available to project the 2010 financial statements in accordance with German Commercial law (German GAAP – "HGB")

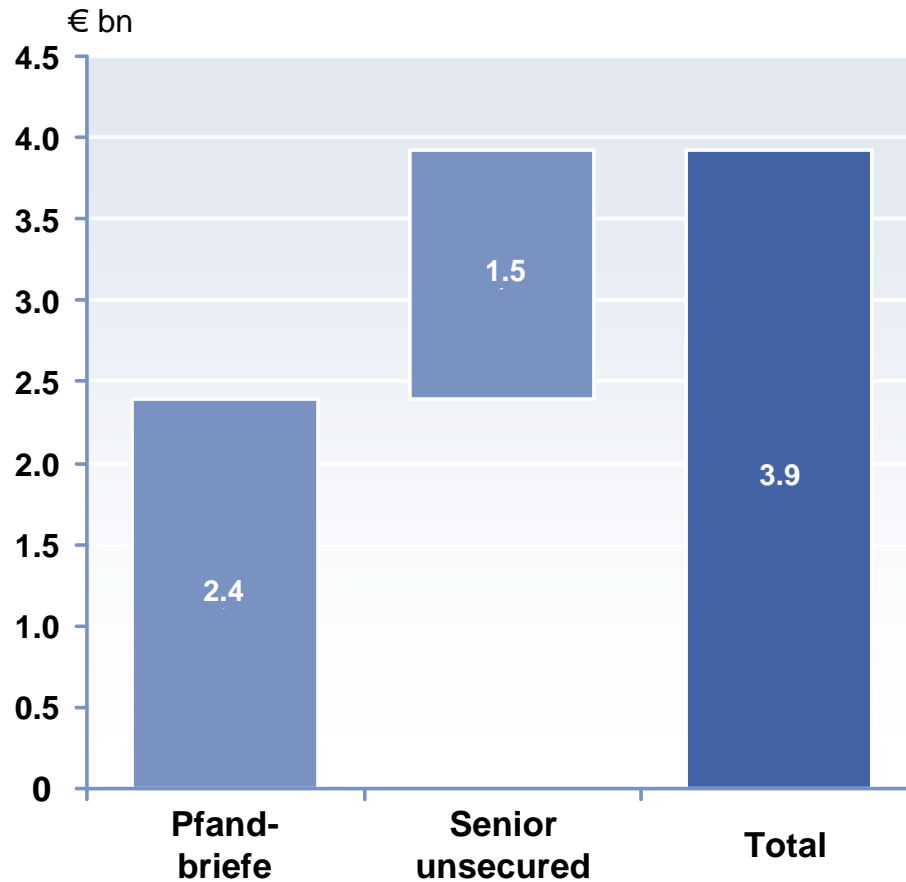
Note: All 2010 figures preliminary and unaudited



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Refinancing situation 2010

Flexible use of unsecured and secured funding



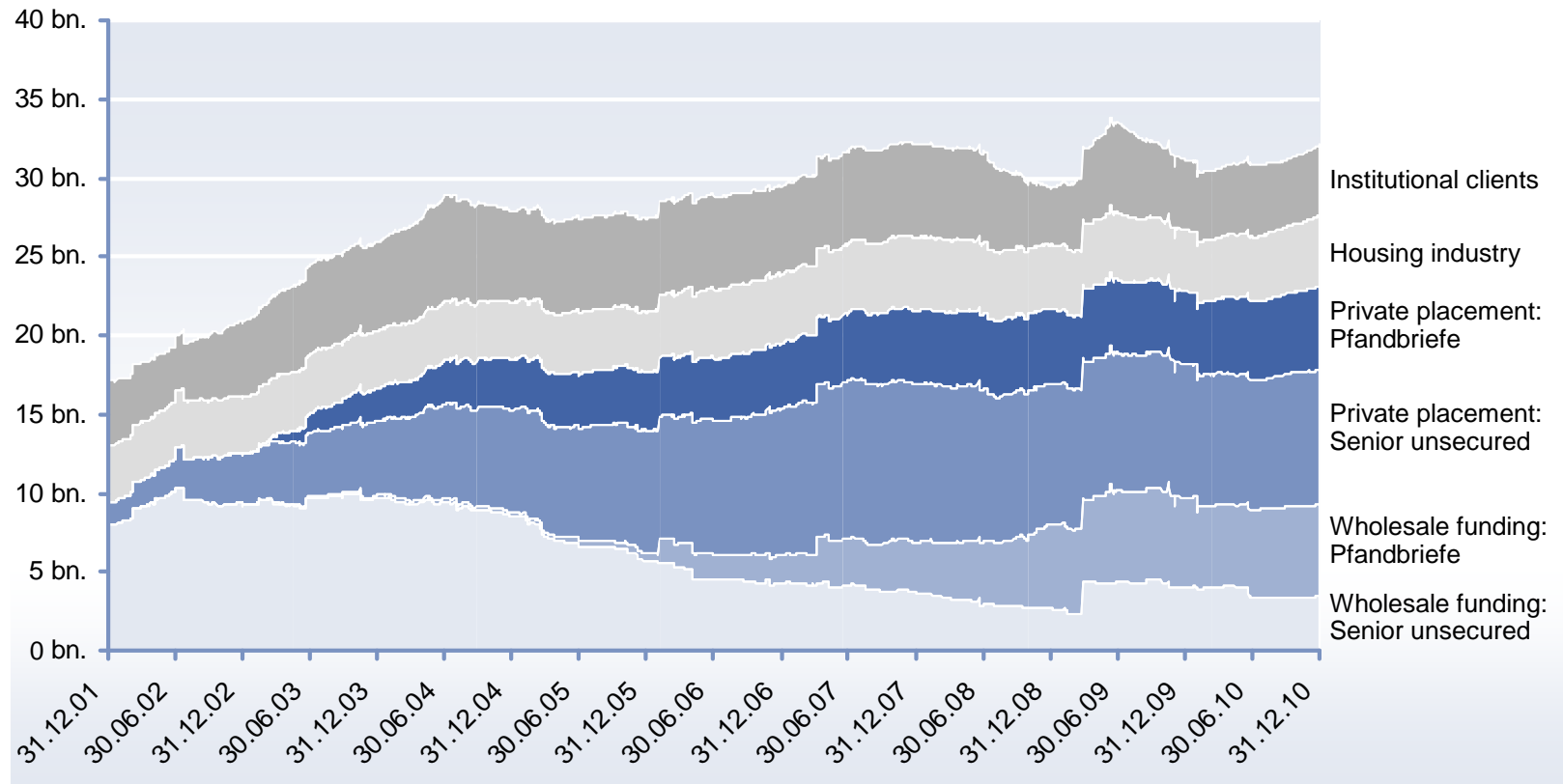
Total funding of € 3.9 bn in FY 2010

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



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 31st 2010, this share had fallen to 29% (or even 11% without Pfandbriefe)



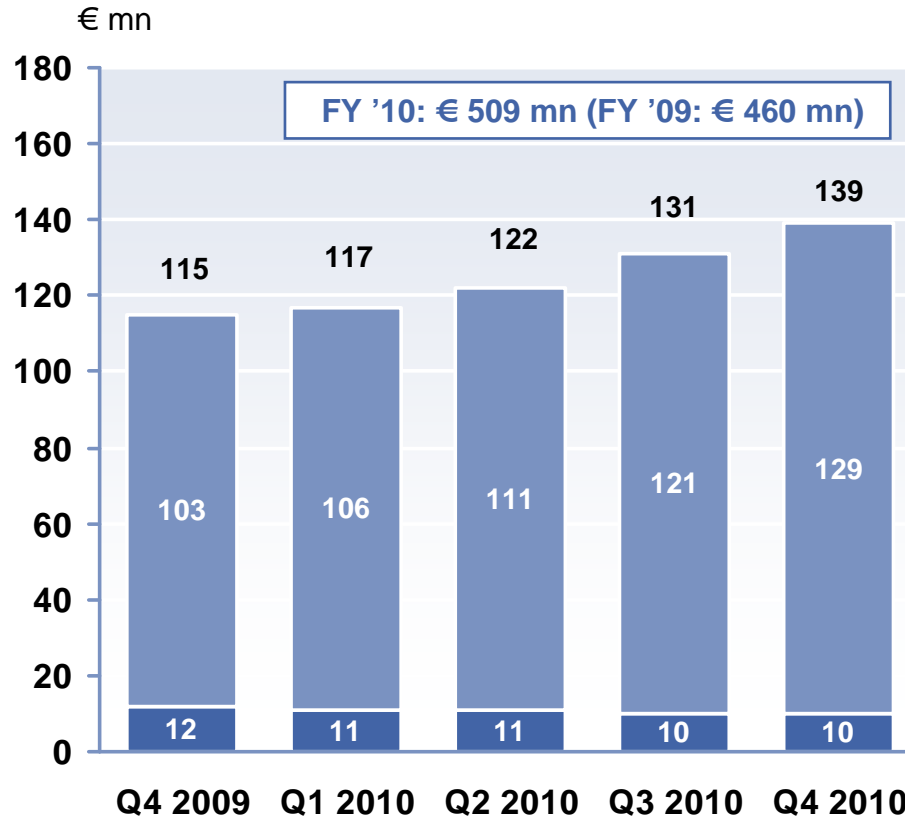
Preliminary group figures Q4 2010



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Net interest income

Higher margins “paying off”



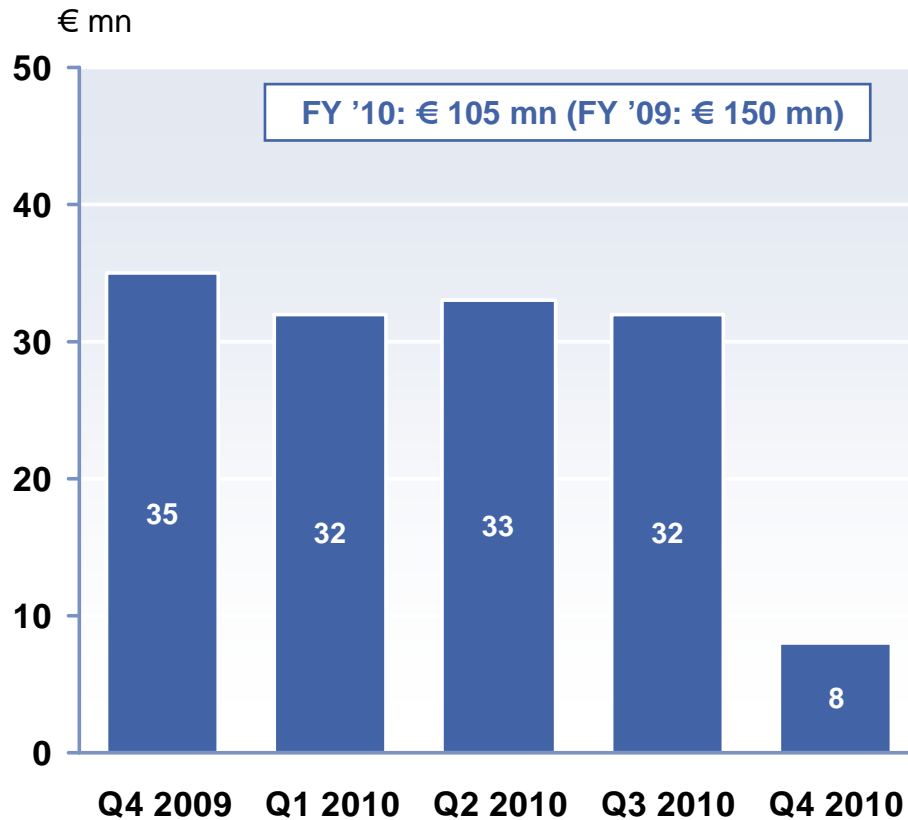
- NII Structured Property Financing
- NII Consulting / Services

- 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



Loan loss provisions

Loan loss provisions proving high portfolio quality

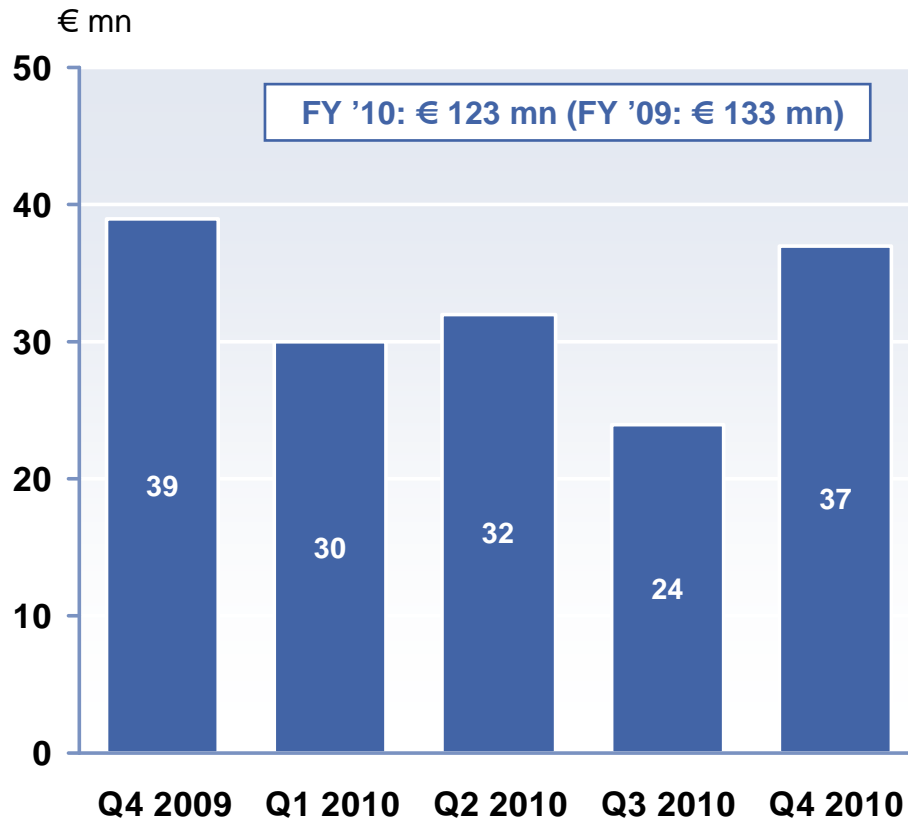


- Full year loan loss provisions of € 105 mn stays clearly below the given range of € 117 mn to € 165 mn
- Close monitoring of our loan portfolio and successful restructuring of several NPL cases results in only € 8 mn LLP in Q4
- € 42 mn of the General Portfolio LLP of € 48 mn swapped into Portfolio LLP, release of € 6 mn
- LLP within guidance even including burden of € 17 mn in investment properties



Net commission income

Costs for additional SoFFin guarantee since Q3

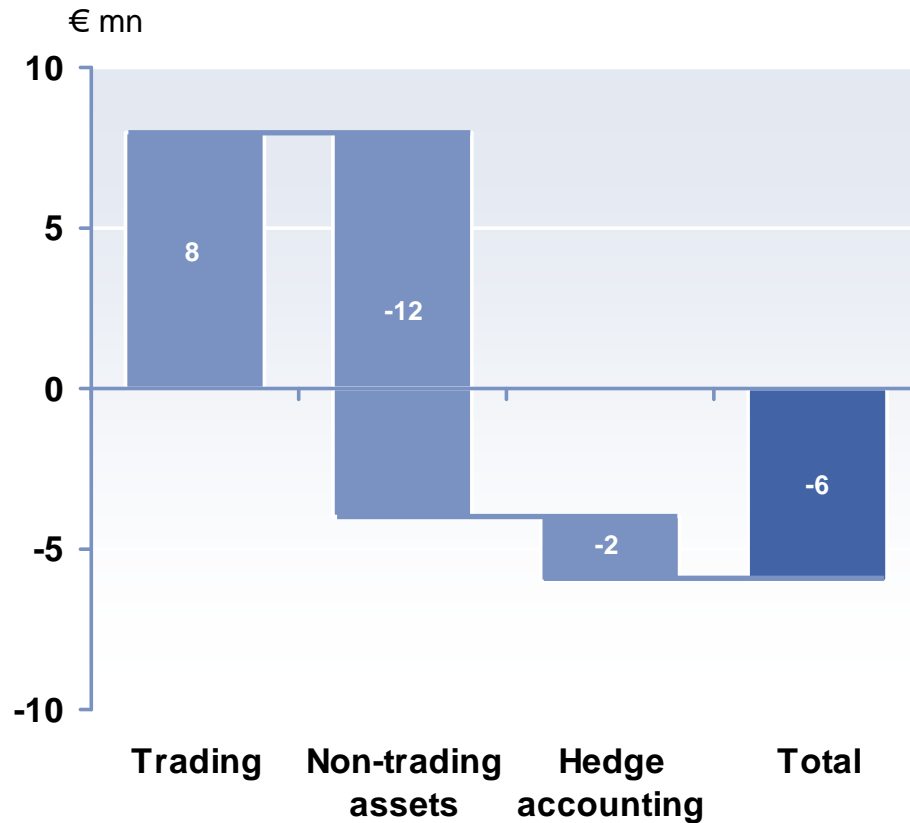


- Net commission income of € 123 mn including (or ~ € 153 mn without) costs of the SoFFin guarantee facility in 2010 is a good performance regarding the challenging environment
 - All quarters shown are burdened with ~€ 5 mn costs for the first SoFFin guarantee facility
 - The impact increases to ~€ 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

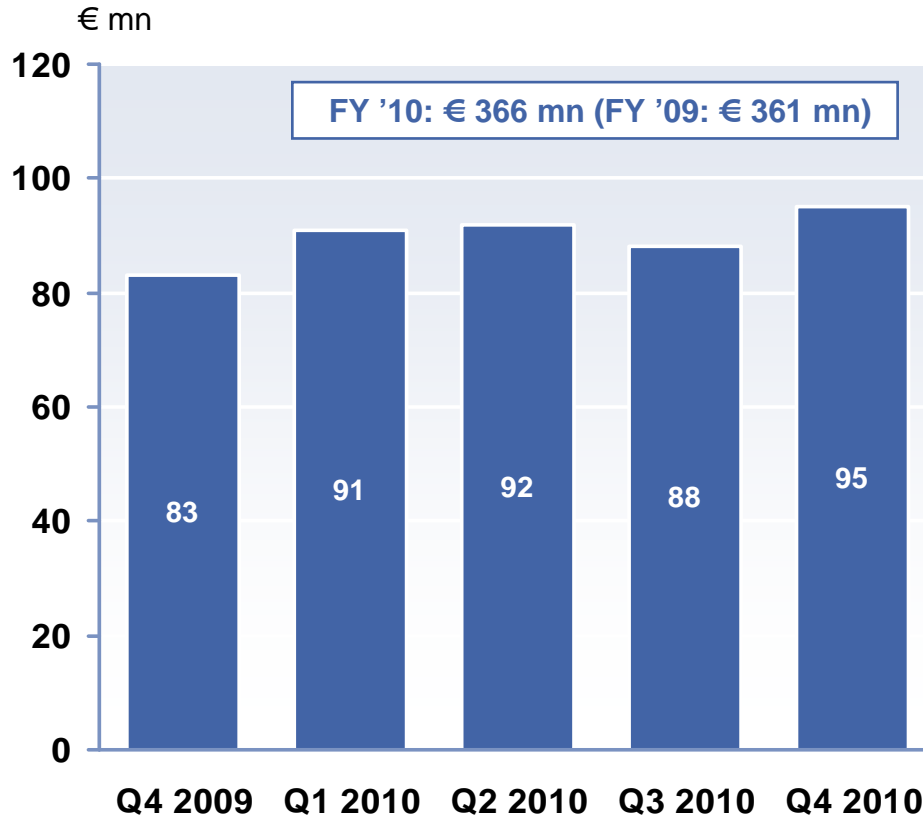


- Result from the proactive management of our treasury portfolio and our consequently continued de-risking strategy



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



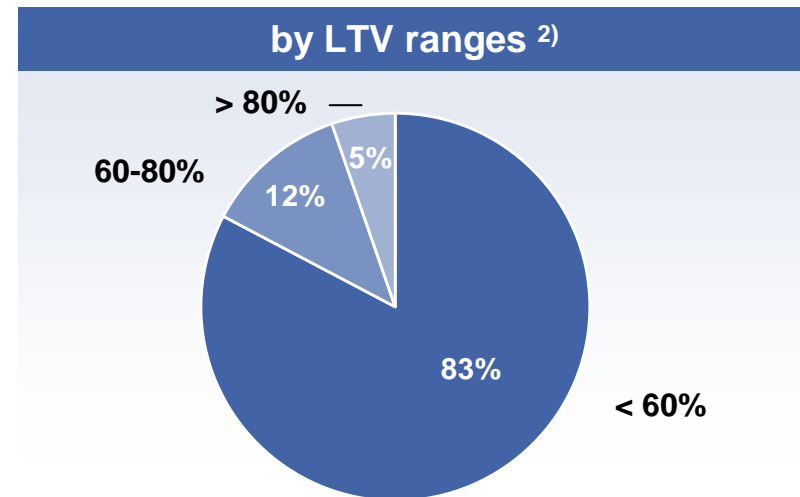
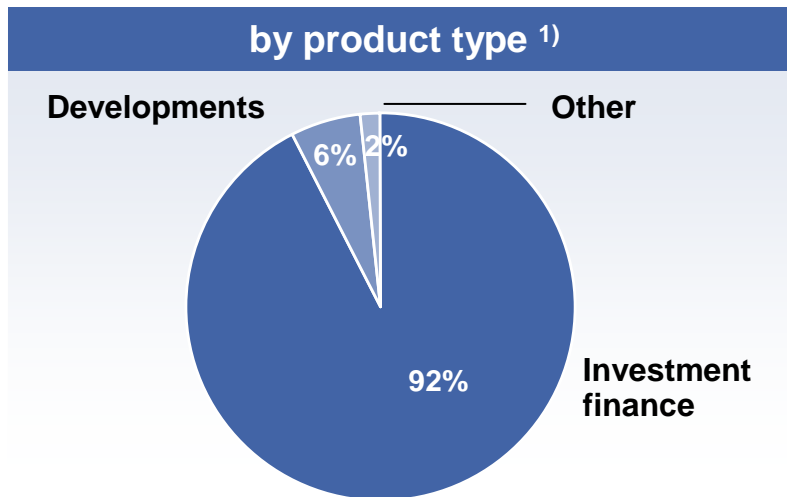
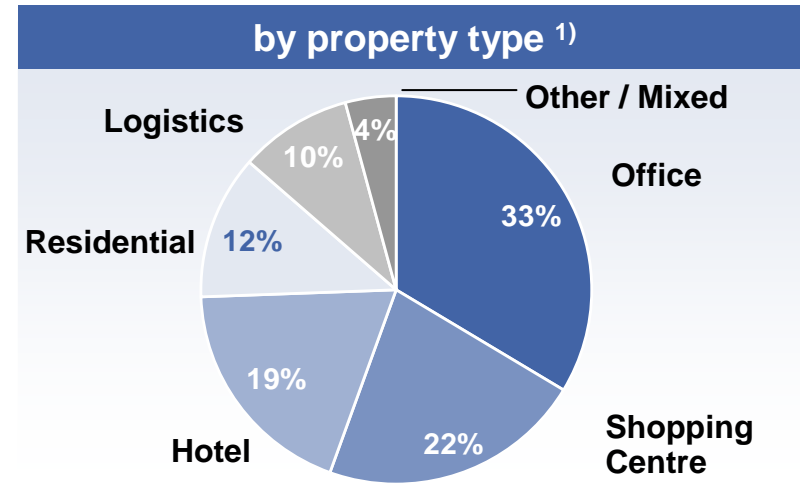
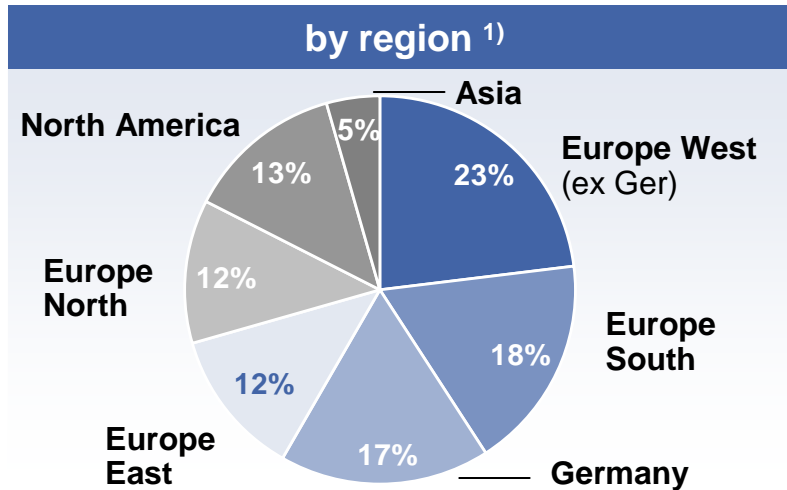
Asset quality



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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

2) Performing business only; values as at 31.12.2010



Total property finance portfolio

NPL-level stabilising with constant coverage ratios

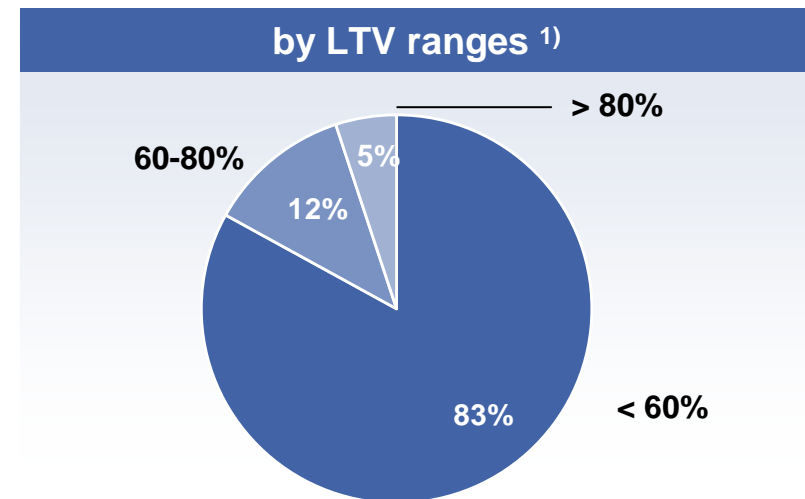
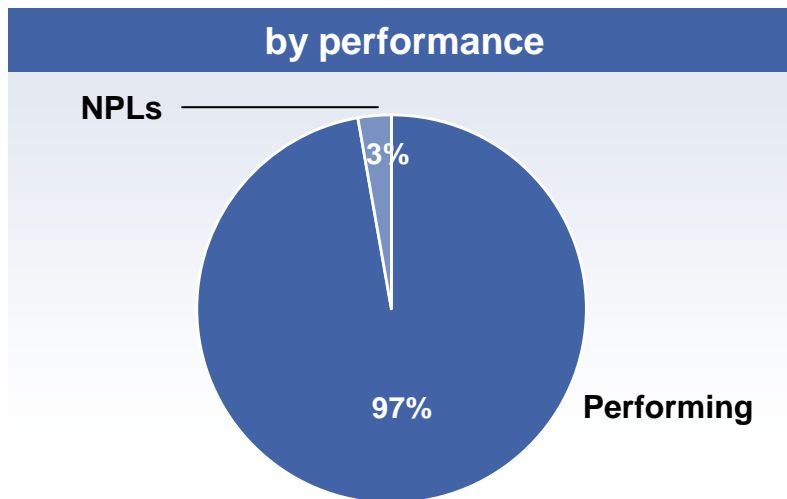
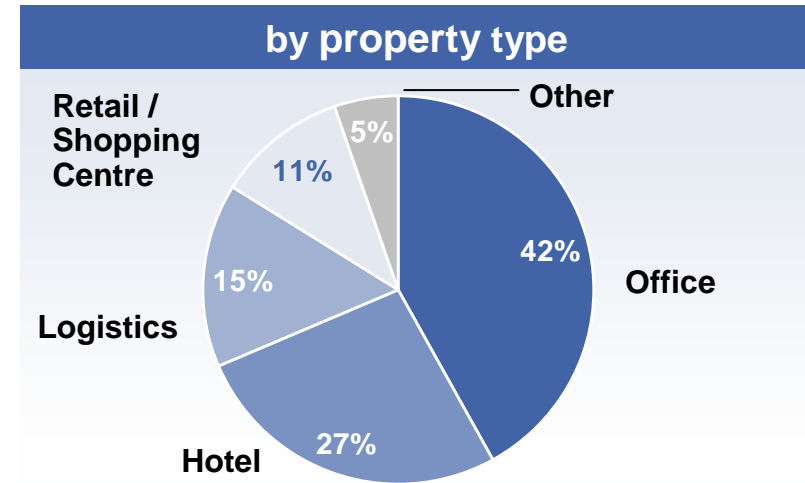
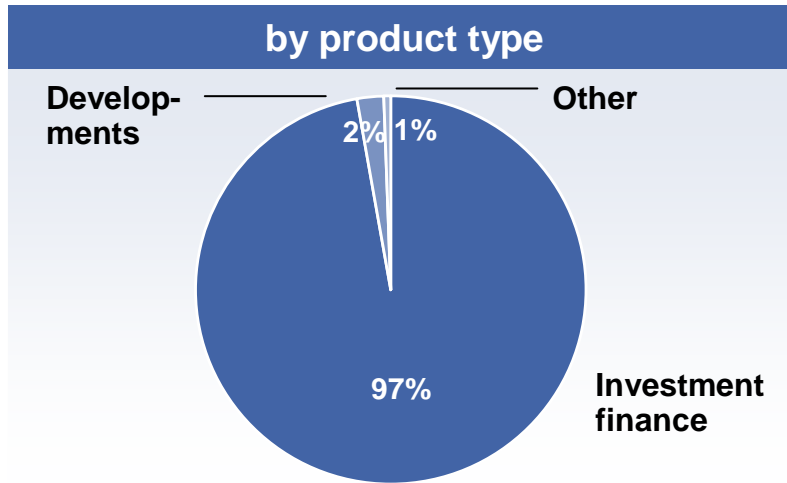
LLP- and NPL development			
	NPL Exposure ¹⁾	Specific Allowances ¹⁾	Portfolio Allowances ²⁾
Euro mn			
As at 31.12.2009	710	202	52+48=100
Utilisation 2010	-255	-52	-
Addition 2010	336	111	-6
As at 31.12.2010	791	261	94
Coverage ratio specific allowances		33.0 %	
		261	94
As at 31.12.2010	791	355	
Coverage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

- 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 31.12.2010: € 5.4 bn

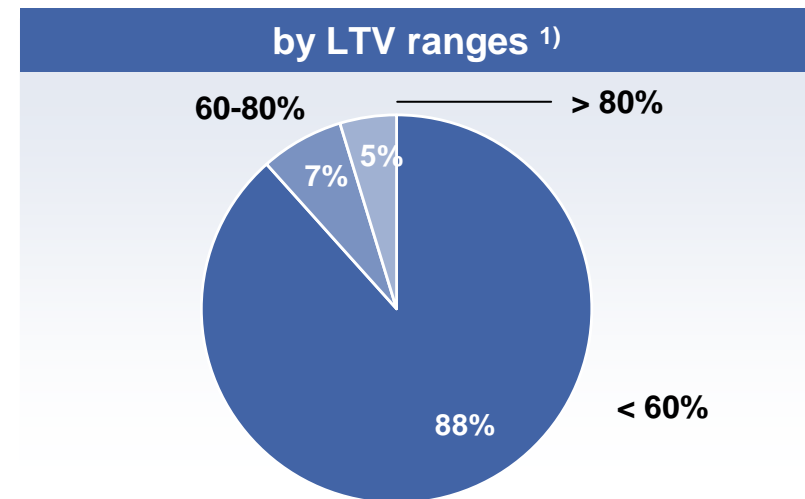
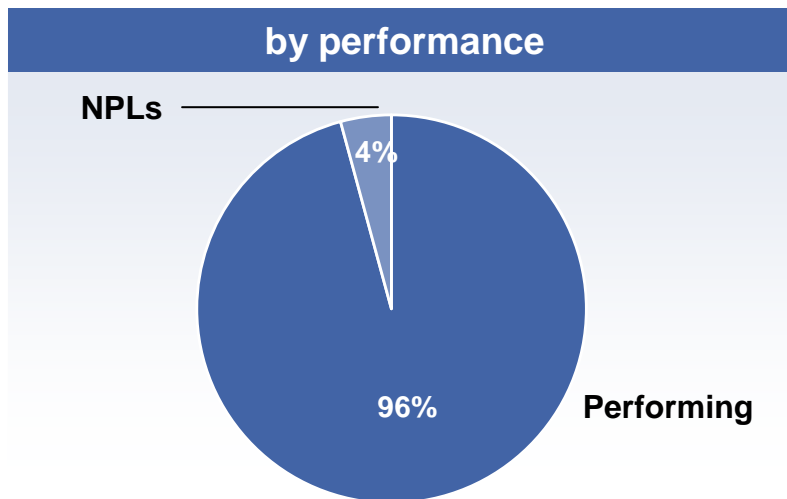
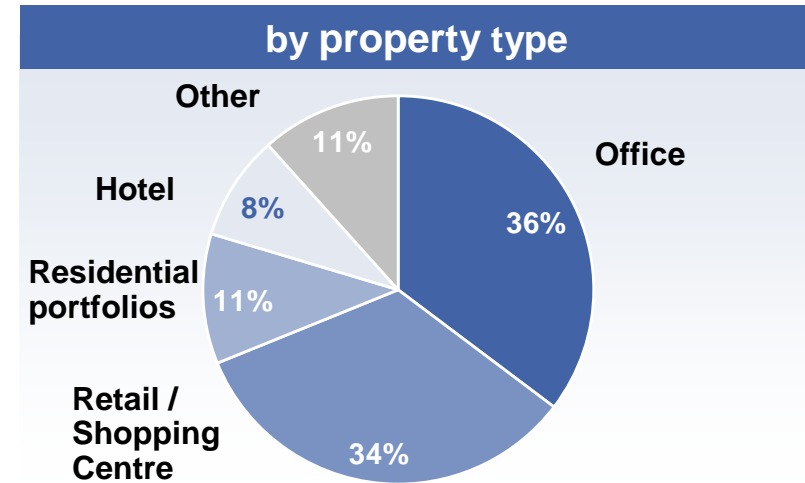
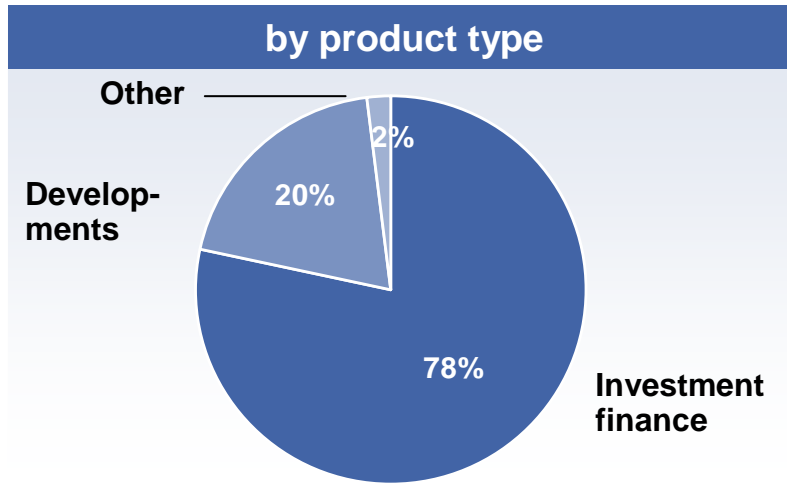


1) Performing business only



Southern Europe credit portfolio

Total volume outstanding as at 31.12.2010: € 4.1 bn

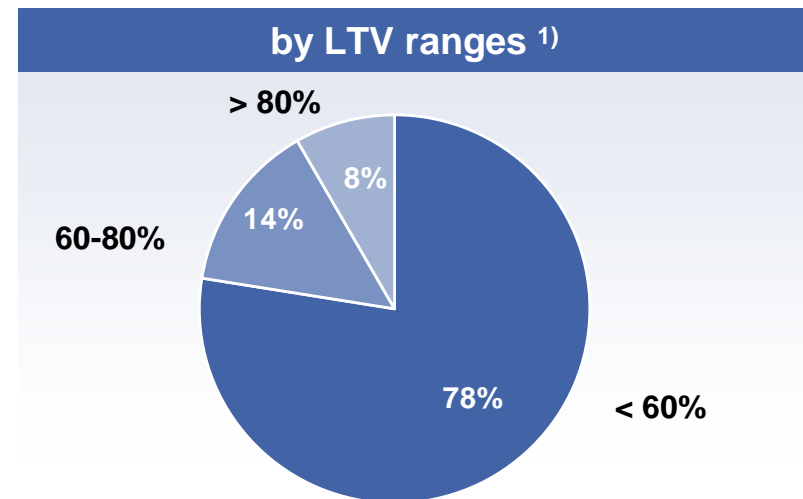
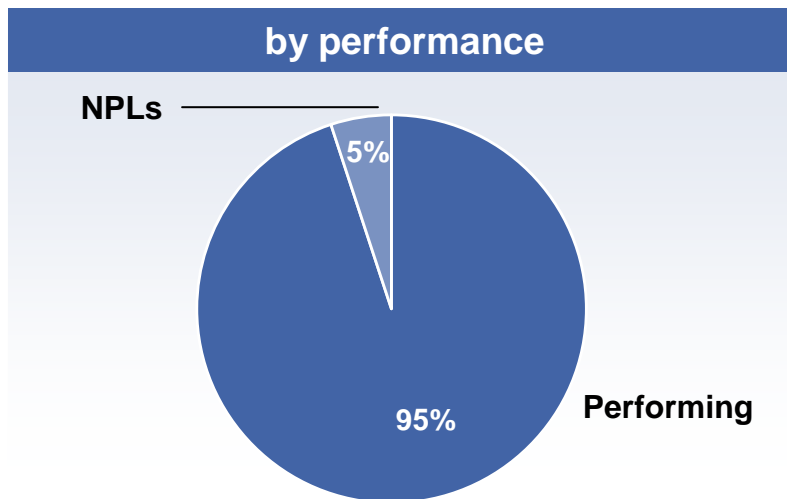
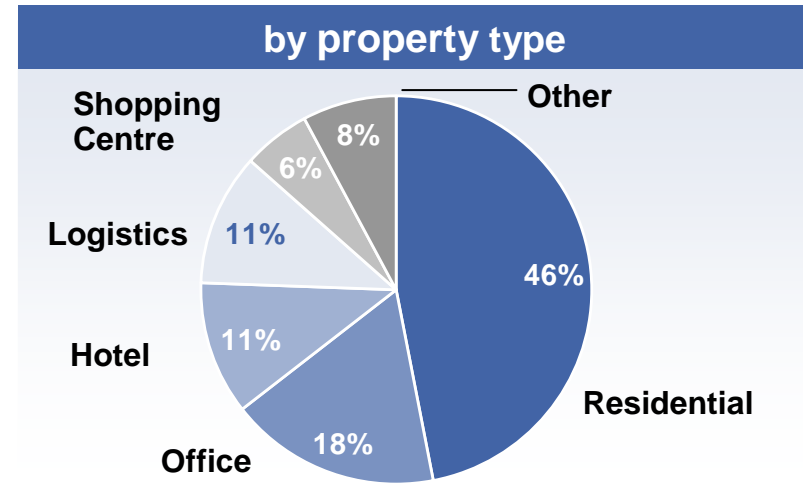
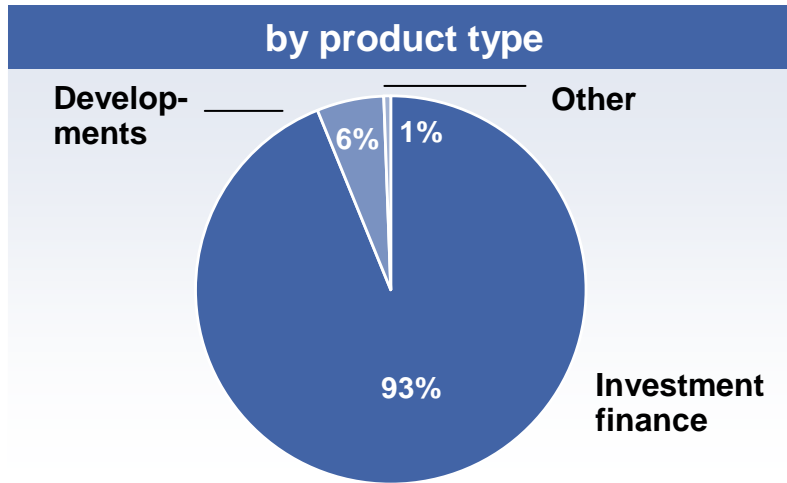


1) Performing business only



German credit portfolio

Total volume outstanding as at 31.12.2010: € 4.1 bn

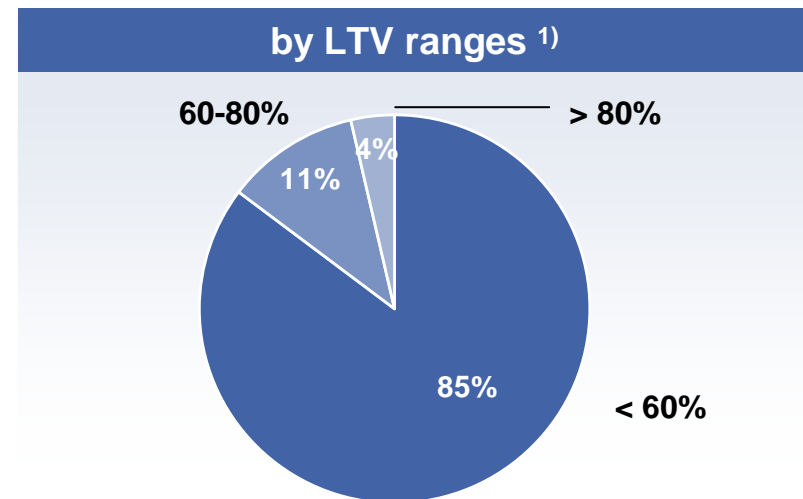
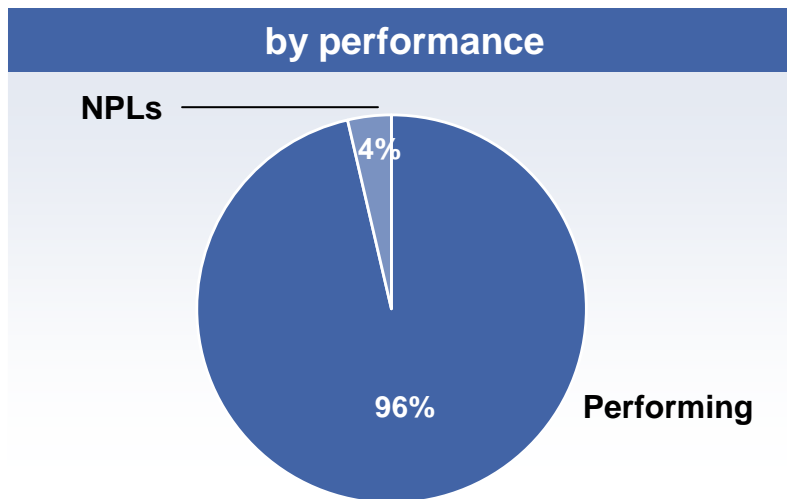
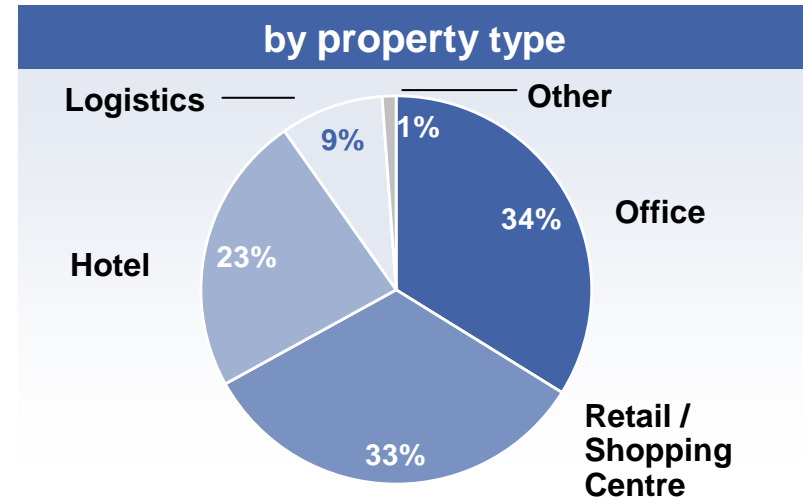
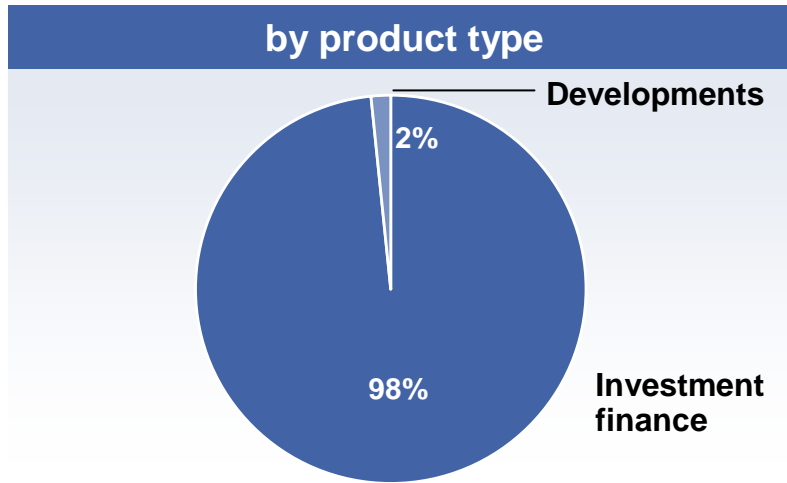


1) Performing business only



Eastern Europe credit portfolio

Total volume outstanding as at 31.12.2010: € 2.8 bn

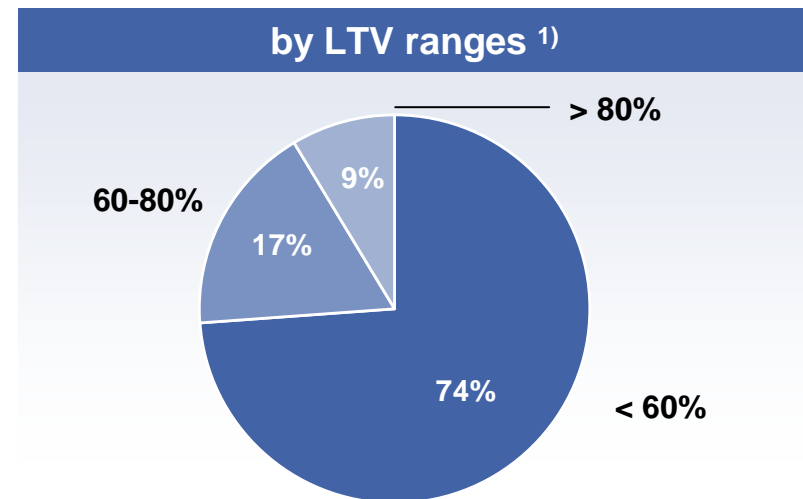
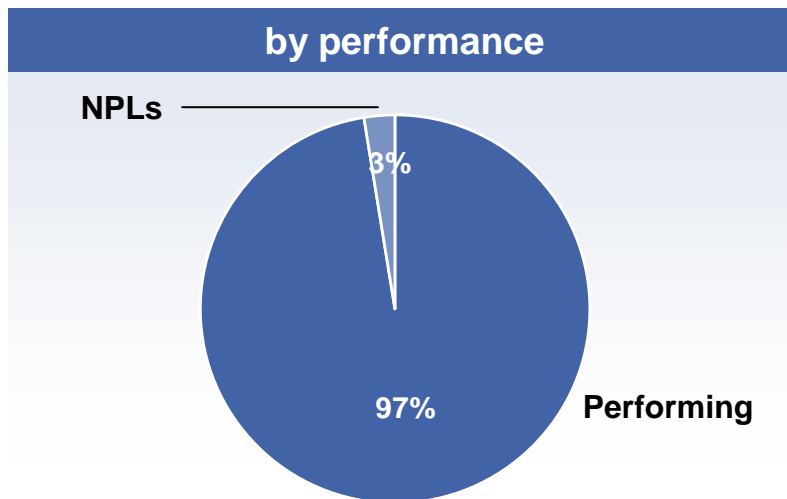
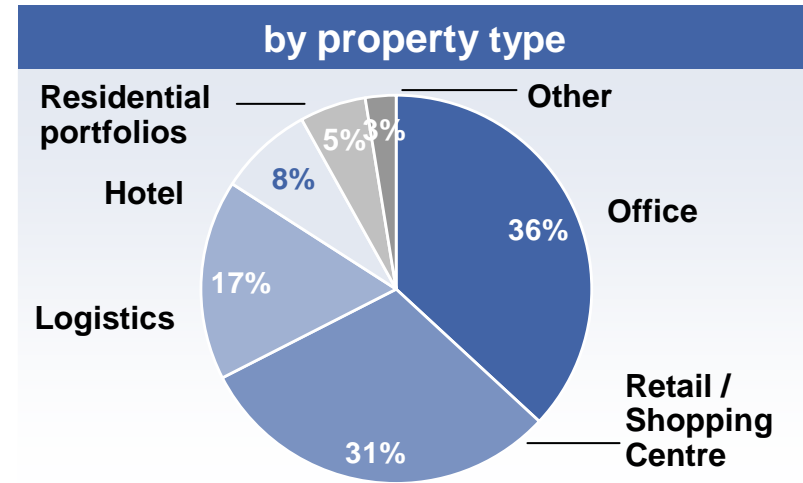
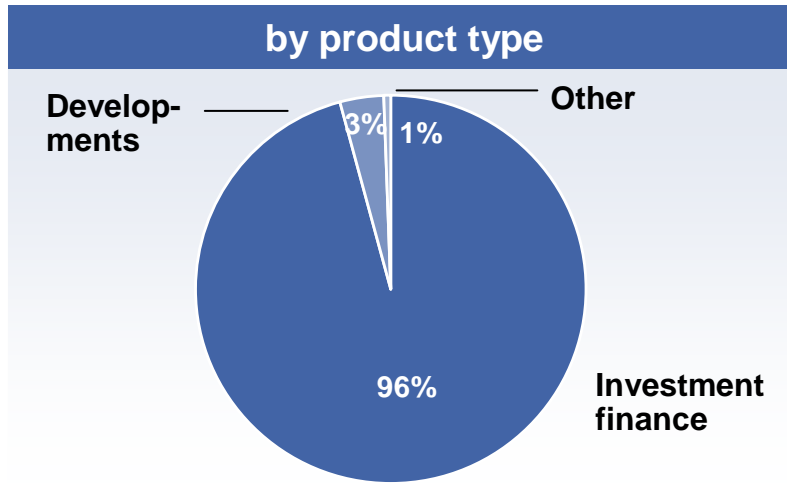


1) Performing business only



Northern Europe credit portfolio

Total volume outstanding as at 31.12.2010: € 2.8 bn

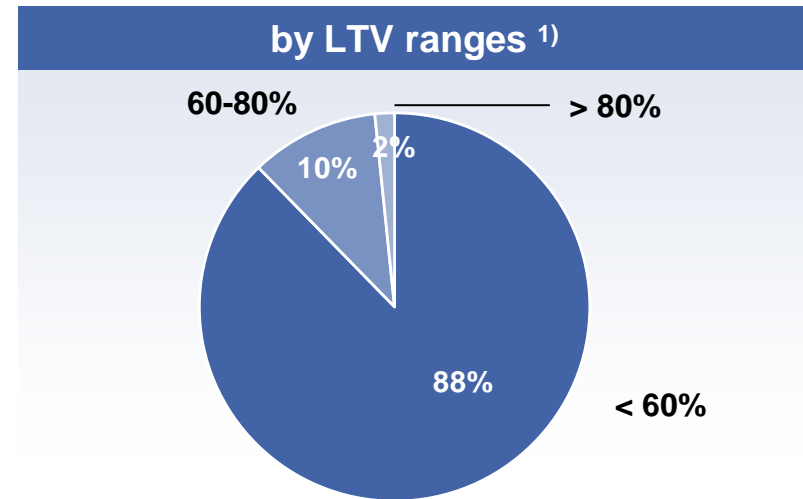
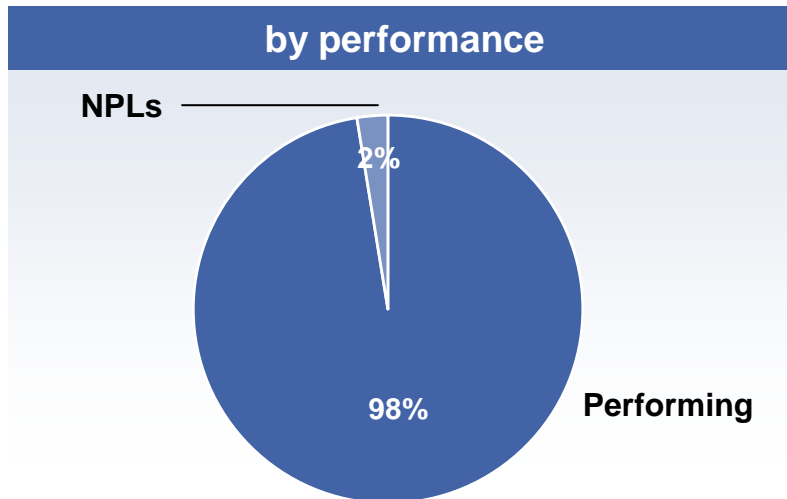
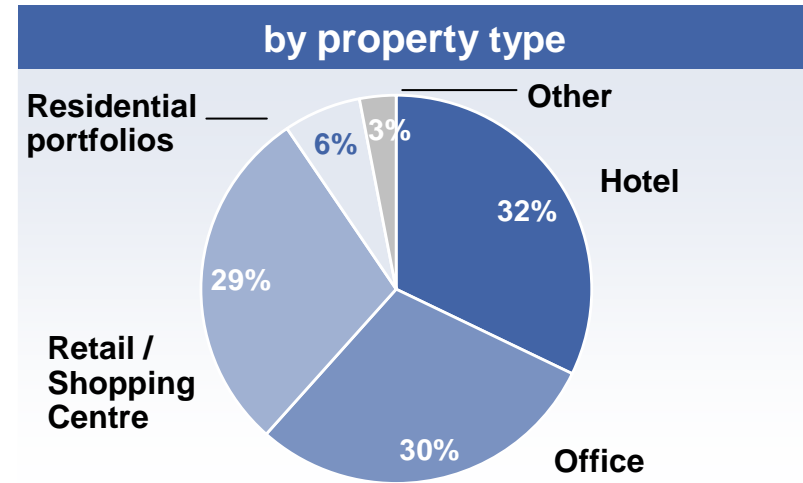
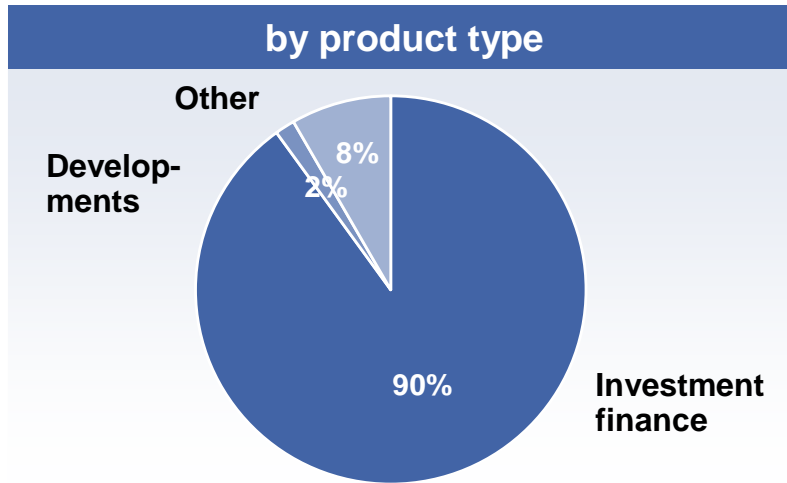


1) Performing business only



North America credit portfolio

Total volume outstanding as at 31.12.2010: € 3.0 bn

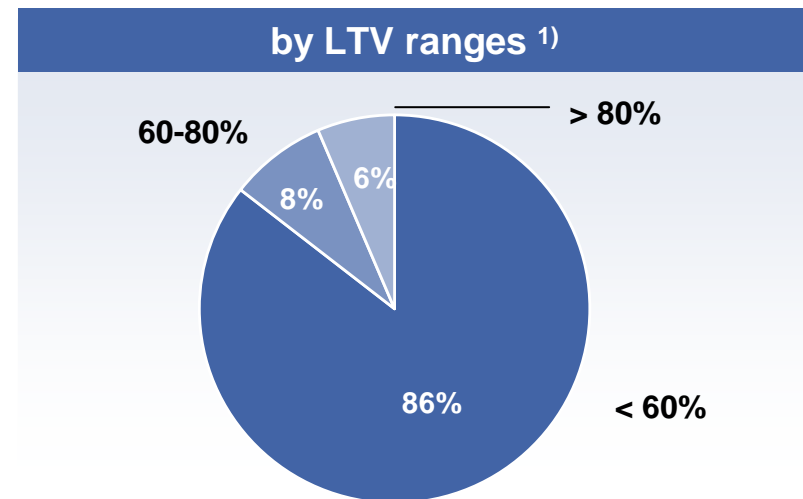
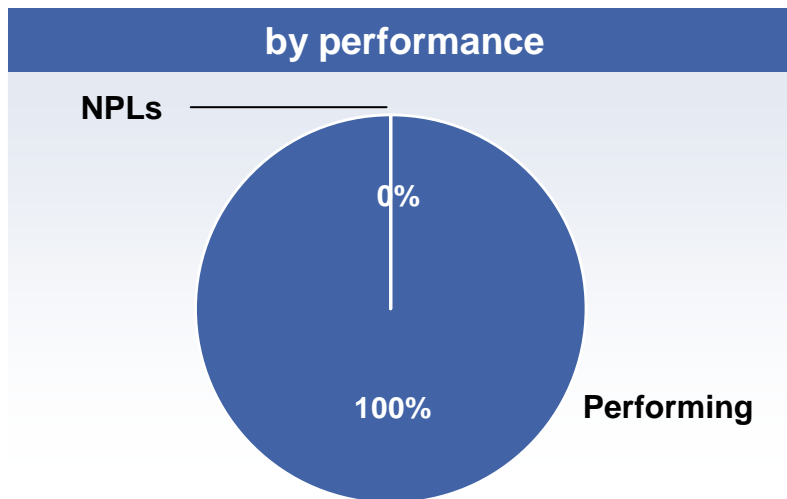
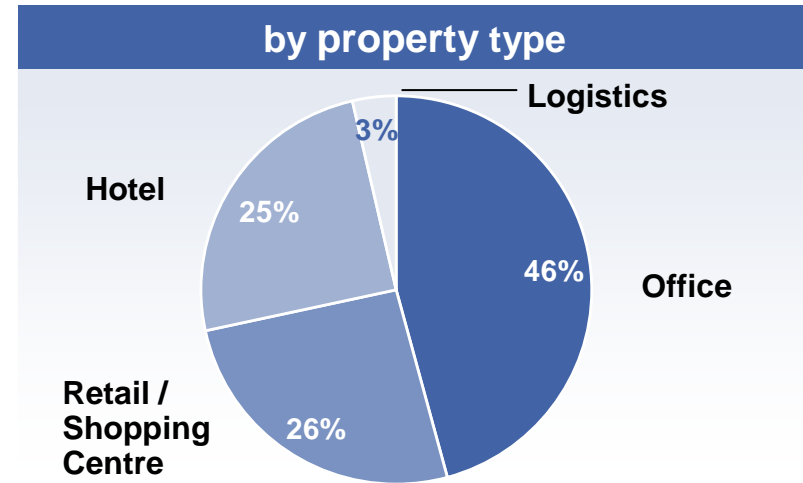
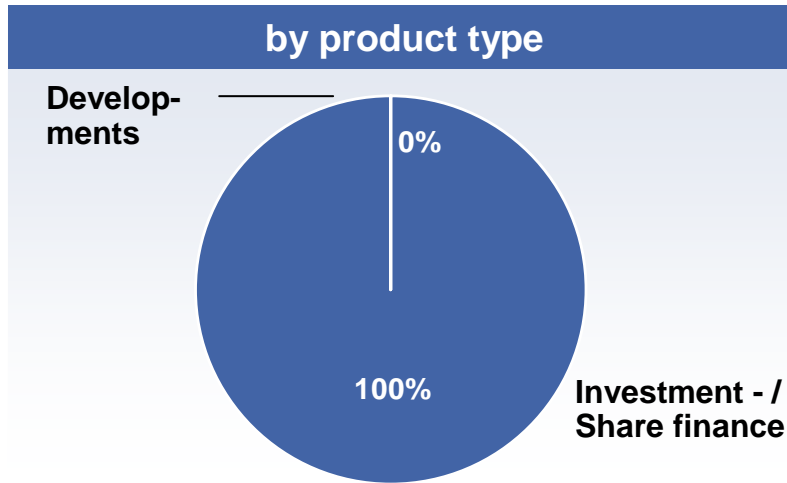


1) Performing business only



Asia credit portfolio

Total volume outstanding as at 31.12.2010: € 1.1 bn

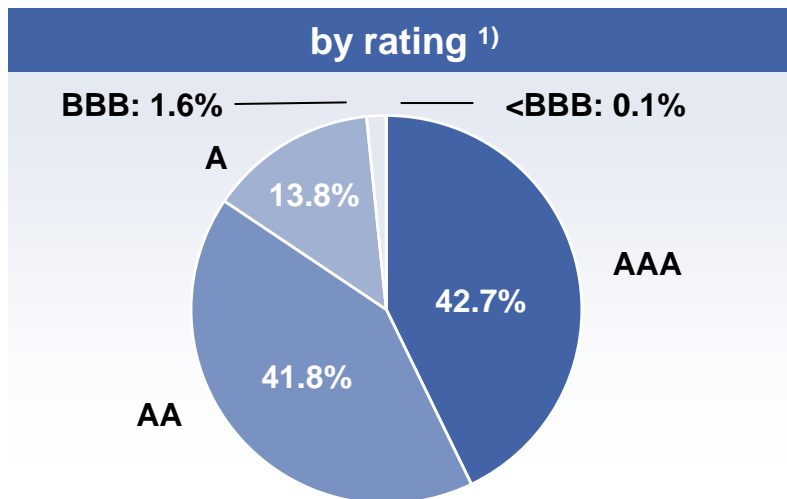
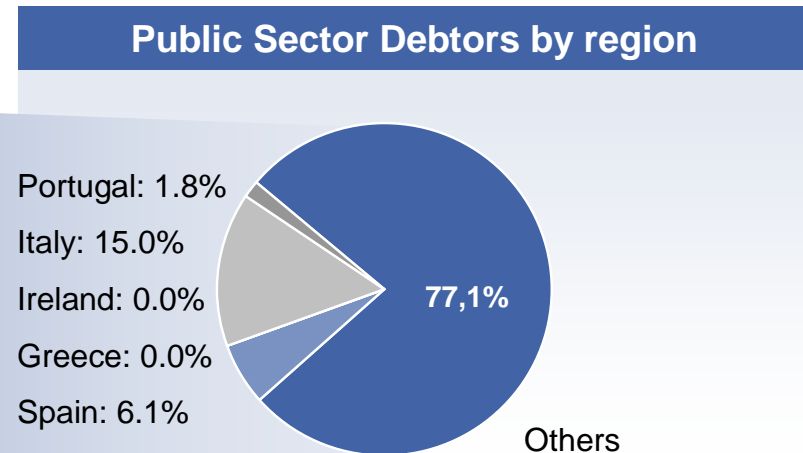
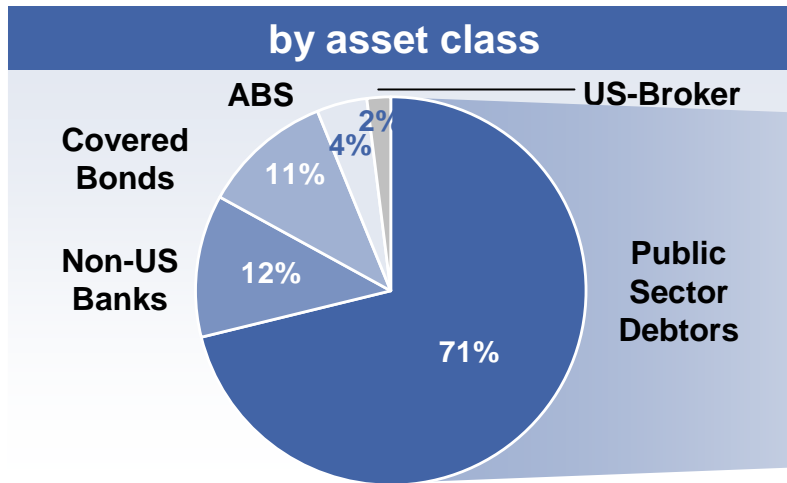


1) Performing business only



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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Outlook and ...

2011		2012
Net interest income	<ul style="list-style-type: none"> Target expected on 2010-level or slightly above Moderately increasing interest rate level assumed 	➔
Net loan loss provisions	<ul style="list-style-type: none"> Expected to range between € 110 mn to 140 mn, or around 50 bps on outstandings¹⁾ 	➡
Net trading result / results from non-trading assets	<ul style="list-style-type: none"> Unpredictable in current markets / no significant burdens from non-trading assets expected 	
Admin expenses	<ul style="list-style-type: none"> Under control: slightly above 2010-level including additional burden of German banking tax 	➡
Operating profit	<ul style="list-style-type: none"> Above 2010-level, despite additional burden of German banking tax 	➔
RoE	<ul style="list-style-type: none"> Slightly above 2010-level 	➔

Midterm Outlook

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

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	
Profit and loss account			
Net interest income	509	480	11%
Allowance for credit losses	105	150	-30%
Net interest income after allowance for credit losses	404	330	30%
Net commission income	123	133	-8%
Net result on hedge accounting	-1	-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	368	381	1%
Net other operating income / expenses	-9	-14	-
Impairment of goodwill	0	2	-
Operating Profit	184	87	64%
Income taxes	40	20	100%
Net income / loss	84	67	40%
Allocation of results			
Net income / loss attributable to non-controlling interests	18	18	0%
Net income / loss attributable to shareholders of Aareal Bank AG	76	49	59%
Appropriation of profits			
Client partnership contribution by SoFFin	30	26	18%
Consolidated retained profit / accumulated loss	46	23	100%

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Note: All 2010 figures preliminary and unaudited

 Aareal Bank Group

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: $\geq 12\%$



**Aareal Bank
Group**

Appendix



**Aareal Bank
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Aareal Bank Group

Key figures 2010

	01.01.- 31.12.2010	01.01.- 31.12.2009	Change
	Euro mn	Euro mn	
Profit and loss account			
Net interest income	509	460	11%
Allowance for credit losses	105	150	-30%
Net interest income after allowance for credit losses	404	310	30%
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	-
Operating Profit	134	87	54%
Income taxes	40	20	100%
Net income / loss	94	67	40%
Allocation of results			
Net income / loss attributable to non-controlling interests	18	18	0%
Net income / loss attributable to shareholders of Aareal Bank AG	76	49	55%
Appropriation of profits			
Silent partnership contribution by SoFFin	30	26	15%
Consolidated retained profit / accumulated loss	46	23	100%



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
Net interest income after allowance for credit losses	362	260	0	0	42	50	404	310
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		2		0				2
Operating profit	108	67	26	20	0	0	134	87
Income taxes	32	13	8	7			40	20
Net income / loss	76	54	18	13	0	0	94	67
Allocation of results								
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

Key figures Q4 2010

	Quarter 4 2010	Quarter 4 2009	Change
	Euro mn	Euro mn	
Profit and loss account			
Net interest income	139	115	21%
Allowance for credit losses	8	35	-77%
Net interest income after allowance for credit losses	131	80	64%
Net commission income	37	39	-5%
Net result on hedge accounting	-4	1	-
Net trading income / expenses	13	3	333%
Results from non-trading assets	-23	-3	-
Results from companies accounted for at equity	-	1	-
Results from investment properties	-17	-1	-
Administrative expenses	95	83	14%
Net other operating income / expenses	-2	-12	-
Impairment of goodwill	-	2	-
Operating Profit	40	23	74%
Income taxes	11	5	120%
Net income / loss	29	18	61%
Allocation of results			
Net income / loss attributable to non-controlling interests	4	5	-20%
Net income / loss attributable to shareholders of Aareal Bank AG	25	13	92%
Appropriation of profits			
Silent partnership contribution by SoFFin	6	8	-25%
Consolidated retained profit / accumulated loss	19	5	280%



**Aareal Bank
Group**

Aareal Bank Group: Segment Reporting

Key figures Q4 2010

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	01.10.- 31.12. 2010	01.10.- 31.12. 2009	01.10.- 31.12. 2010	01.10.- 31.12. 2009	01.10.- 31.12. 2010	01.10.- 31.12. 2009	01.10.- 31.12. 2010	01.10.- 31.12. 2009
	Euro mn							
Net interest income	129	103	0	0	10	12	139	115
Allowance for credit losses	8	35					8	35
Net interest income after allowance for credit losses	121	68	0	0	10	12	131	80
Net commission income	-1	2	49	50	-11	-13	37	39
Net result on hedge accounting	-4	1					-4	1
Net trading income / expenses	13	3					13	3
Results from non-trading assets	-23	-3	0	0			-23	-3
Results from companies accounted for at equity	0	1		0			0	1
Results from investment properties	-17	-1					-17	-1
Administrative expenses	56	42	40	42	-1	-1	95	83
Net other operating income / expenses	-2	-10	0	-2	0	0	-2	-12
Impairment of goodwill		2		0				2
Operating profit	31	17	9	6	0	0	40	23
Income taxes	8	3	3	2			11	5
Net income / loss	23	14	6	4	0	0	29	18
Allocation of results								
Net income / loss attributable to non-controlling interests	4	4	0	1			4	5
Net income / loss attributable to shareholders of Aareal Bank AG	19	10	6	3	0	0	25	13



Aareal Bank Group: Segment Reporting

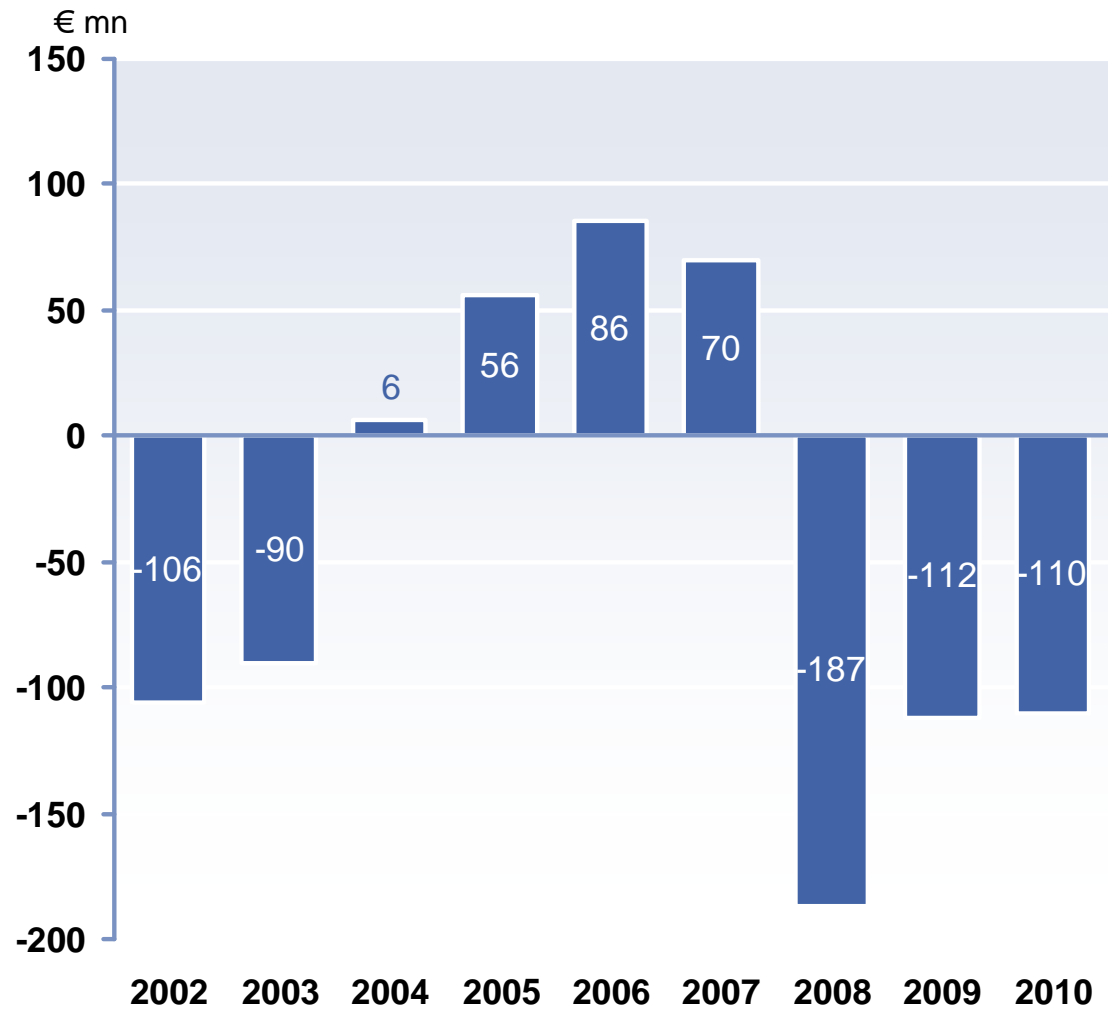
Key figures - quarter by quarter

	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
Net interest income after allowance for credit losses	121	89	78	74	68	0	0	0	0	0	10	10	11	11	12	131	99	89	85	80
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	2					0	0								0	2
Operating profit	31	28	25	24	17	9	5	6	6	6	0	0	0	0	0	40	33	31	30	23
Income taxes	8	10	7	7	3	3	1	2	2	2						11	11	9	9	5
Net income / loss	23	18	18	17	14	6	4	4	4	4	0	0	0	0	0	29	22	22	21	18
Allocation of results																				
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

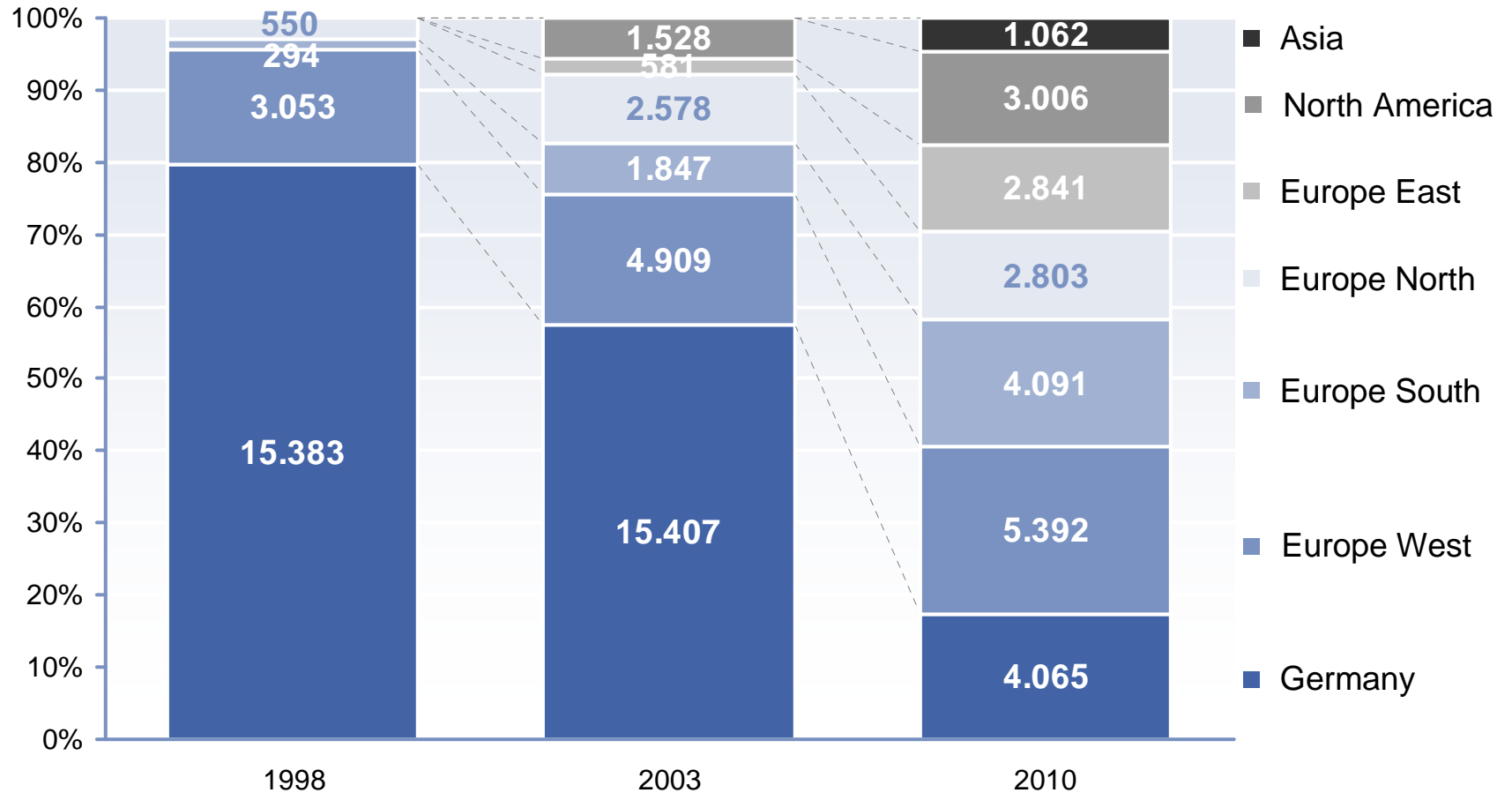


Revaluation reserve:

Change mainly driven by asset spreads



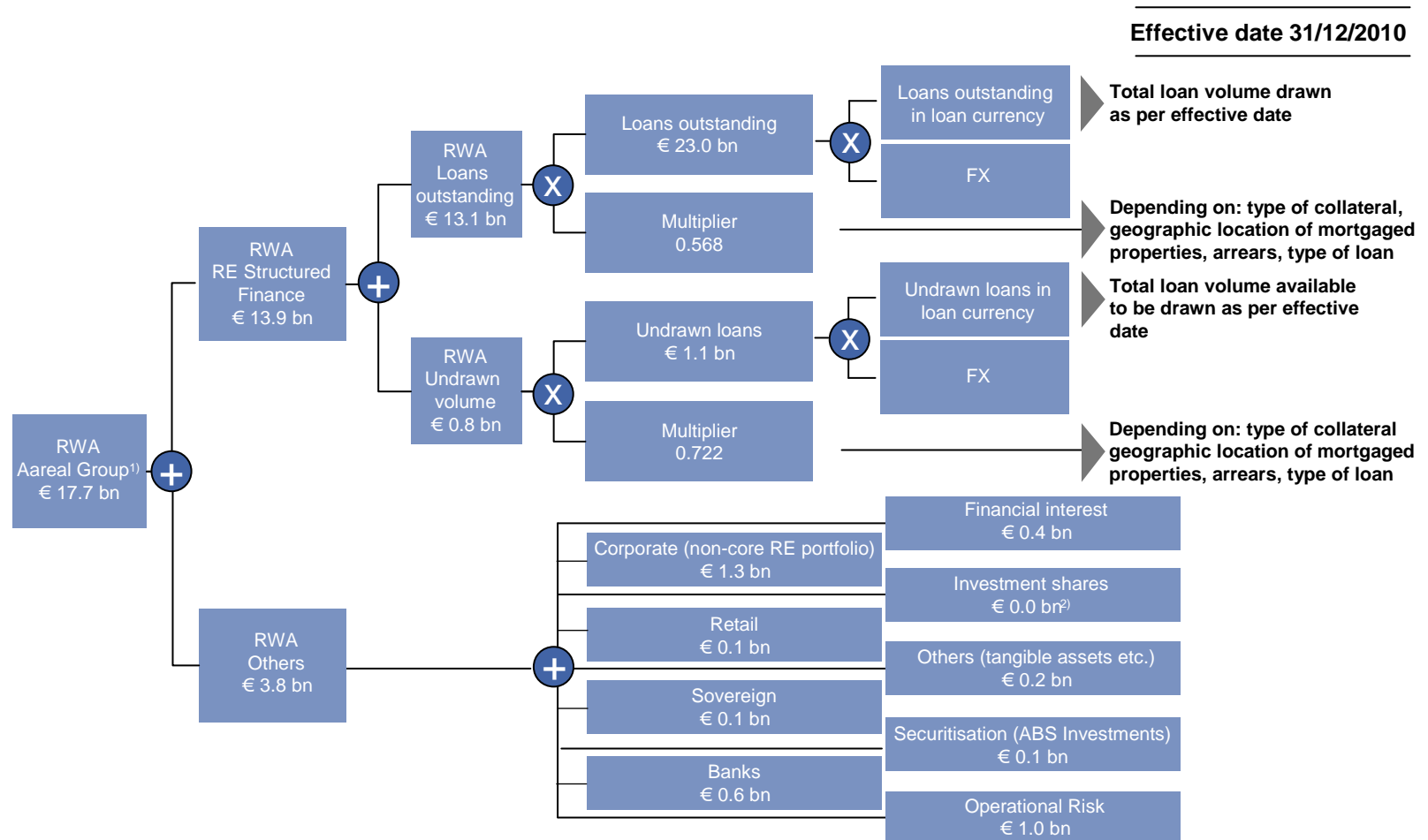
Development property finance portfolio: Diversification continuously strengthened



Property finance under management



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 from 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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