



Aareal Bank

 DEPFA BANK

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## Press Release

### **DEPFA BANK and Aareal Bank with good first quarter 2002 earnings - Last quarterly statement as a single entity -**

Frankfurt and Wiesbaden, 15.05.2002. – DEPFA BANK plc / Aareal Bank AG

In its final quarterly financial statement DePfa Group reported a 1.3% increase in net income to €76 m. After stripping out the one-off gain in the sale of its participation in Deutsche Börse (€ 19 m after tax) in the first quarter 2001 the increase amounted to 35.7%.

In **public finance (DEPFA BANK plc)** income before tax improved by 31.4% year-on-year to €92 m. Whereas net interest income including interest from derivative instruments decreased by 4.8% to €59 m (due to a slightly lower treasury result) net other income and expenditure rose strongly from €6 m to €50 m. Other income includes the realisation of valuation gains from the placing of assets. Administrative expenses increased by €3 m to €17 m. Return on equity in the first quarter amounted to 32.3% on an annualised basis (vs. 33.6%).

In the **property business (Aareal Bank AG)** income before tax amounted to €41 m (vs. €31 m in Q1 2001). Net interest income including interest components from the trading result improved by 36.6% to €112 m (Q1 2001: €82 m). Administrative expenses increased by 8.0% to €54 m due in particular to first-time consolidations. Provisions for loan losses amounted to €25 m. ROE before tax rose from 11.5% to 15.7%. The cost income ratio improved to 50.0% (from 56.2%).

On a **Group basis** income before tax was €128 m corresponding to a year-on-year increase of 25.5% after stripping out the one-off sale in the stake in Deutsche Börse. After deducting taxes (€45 m) and minority interests (€7 m) net income totalled €76 m. The last financial statement confirms that both in terms of earnings power and profitability both banks are well positioned for their future as independent stand-alone entities.

## DePfa Group:

Figures per 31.03.2002 (according to US GAAP)

<b>Earnings in € m</b>	<b>1.1.–31.03.2002</b>	<b>1.1.–31.03.2001</b>	<b>% Change</b>
	<b>€ m</b>	<b>€ m</b>	
Total net interest income	174	163	+ 6.7
<i>Total net interest income incl. interest from derivatives</i>	176	148	+ 18.9
Net commission income	31	34	- 8.8
Trading result	- 10	- 2	
<i>of which:</i>			
<i>trading result DePfa Investment Bank</i>	0	16	
<i>valuation derivatives</i>	- 12	- 3	
<i>interest</i>	2	- 15	
<b>Total revenues</b>	<b>195</b>	<b>195</b>	
Personnel expenditure	60	51	+ 17.6
Other administrative expenses	36	29	+ 24.1
Depreciation on fixed assets	8	8	
<b>Administrative expenditure</b>	<b>104</b>	<b>88</b>	<b>+ 18.2</b>
Other income and expenditure	62	47	+ 31.9
<i>Other income and expenditure excl. gains from sale in Deutsche Börse in Q1 2001</i>	62	15	+ 313.3
<b>Operating profit before provisions</b>	<b>153</b>	<b>154</b>	<b>- 0.6</b>
<b>Op. profit before provisions excl. gains from sale in Deutsche Börse in Q1 2001</b>	<b>153</b>	<b>122</b>	<b>+ 25.4</b>
Provisions	25	18	+ 38.9
One-off effect from first-time application of SFAS 133	0	-2	
<b>Income before tax</b>	<b>128</b>	<b>134</b>	<b>- 4.5</b>
<b>Income before tax excl. gains from sale in Deutsche Börse in Q1 2001</b>	<b>128</b>	<b>102</b>	<b>+ 25.5</b>
Taxes	45	47	- 4.3
<i>Taxes excl. gains from sale in Deutsche Börse in Q1 2001</i>	45	34	+ 32.4
Profit attributable to minority interests	7	12	- 41.7
<b>Net income</b>	<b>76</b>	<b>75</b>	<b>+ 1.3</b>
<b>Net income excl. gains from sale in Deutsche Börse in Q1 2001</b>	<b>76</b>	<b>56</b>	<b>+ 35.7</b>
<b>Portfolio (€ m)</b>	<b>31.03.2002</b>	<b>31.12.2001</b>	<b>% Change</b>
	<b>€ m</b>	<b>€ m</b>	
Public sector financing	122,087	120,802	+ 1.1
of which international	73,762	72,996	+ 1.0
Property financing	27,006	26,054	+ 3.7
of which international	9,659	9,539	+ 1.3
Outstanding securities including loans taken up	81,602	80,098	+ 1.9
Equity	2,294	2,257	+1.6
<b>Total assets</b>	<b>179,332</b>	<b>180,899</b>	<b>- 0.9</b>
<b>Key ratios</b>	<b>1.1.–31.03.2002</b>	<b>1.1.–31.03.2001</b>	<b>% Change</b>
Cost/income ratio	53.3%	45.1%	
Earnings per share	€2.11	€2.08	+ 1.4
RoE before tax	23.0%	26.3%	

# Segment reporting

## Segment reporting by operating unit as of 31.03.2002

(€m)	Public Finance		Property business			IT Services		Consolidations/ reconciliations/ other		DePfa Group	
	31.03.2002	31.03.2001	Property bank	Property bank plus Asset Pool <sup>1)</sup>		31.03.2002	31.03.2001	31.03.2002	31.03.2001	31.03.2002	31.03.2001
				31.03.2002	31.03.2001						
Total net interest income	63	97	120	106	62	0	0	5	4	174	163
Net commission income	0	2	8	8	9	30	29	-7	-6	31	34
Trading result	-4	-21	-6	-6	19					-10	-2
-of which trading result DePfa Investment Bank	0	16								0	16
-of which valuation derivatives	0	-2	-12	-12	-1					-12	-3
-of which interest	-4	-35	6	6	20					2	-15
Administrative expenditure	17	14	54	54	50	29	27	4	-3	104	88
Other income and expenditure	50	6	6	12	9	0	1	0	31	62	47
Provisions for loan losses	0	0	25	25	18	0	0		0	25	18
Non-recurring effect from application of FAS 133								0	-2	0	-2
<b>Net income before tax</b>	<b>92</b>	<b>70</b>	<b>49</b>	<b>41</b>	<b>31</b>	<b>1</b>	<b>3</b>	<b>-6</b>	<b>30</b>	<b>128</b>	<b>134</b>
-of which income from treasury activities	-2	6	7	7	13					5	19
-of which income from payment transactions						6	4			6	4

Allocated equity	1,113	846	1,017	1,062	1.058	51	51	1	81	2,227	2,036
Cost/income ratio	29.7%	17.3%	44.1%	50.0%	56.2%	99.0%	92.6%			53.3%	45.1%
RoE before tax	32.3%	33.6%	19.7%	15.7%	11.5%	3.8%	24.1%			23.0%	26.3%

<sup>1)</sup> Property bank plus property holdings to be sold off