



Aareal Bank

 **DEPFA BANK**

First quarter 2002 results

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 standalone entities.

DePfa Group:

Figures per 31.03.2002 (according to US GAAP)

Earnings in € m	1.1. – 31.03.2002	1.1. – 31.03.2001	% Change
Total net interest income	174	163	+6.7
Total net interest income incl. interest from derivatives	176	148	+18.9
Net commission income	31	34	-8.8
Trading result	-10	-2	
of which:: trading result DePfa Investment Bank	0	16	
valuation derivatives	-12	-3	
interest	2	-15	
Total revenues	195	195	
Personnel expenditure	60	51	+17.6
Other administrative expenses	36	29	+24.1
Depreciation on fixed assets	8	8	
Administrative expenditure	104	88	+18.2
Other income and expenditure	62	47	+31.9
Other income and expenditure excl. gains from sale in Deutsche Börse in Q1 2001	62	15	+313.3
Operating profit before provisions	153	154	-0.6
Op. profit before provisions excl. gains from sale in Deutsche Börse in Q1 2001	153	122	+25.4
Provisions	25	18	+38.9
One-off effect from first-time application of SFAS 133	0	-2	
Income before tax	128	134	-4.5
Income before tax excl. gains from sale in Deutsche Börse in Q1 2001	128	102	+25.5
Taxes	45	47	-4.3
Taxes excl. gains from sale in Deutsche Börse in Q1 2001	45	34	+32.4
Profit attributable to minority interests	7	12	-41.7
Net income	76	75	+1.3
Net income excl. gains from sale in Deutsche Börse in Q1 2001	76	56	+35.7

Portfolio (€ m)	31.03.2002	31.12.2001	% Change
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
Total assets	179,332	180,899	-0.9

Key ratios	1.1. – 31.03.2002	1.1. – 31.03.2001	% Change
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 by operating unit

as of 31.03.2002

(€ m)	Public Finance		Property Business			IT Services		Consolidation/ reconciliation/ other		DePfa Group	
	31.03.02	31.03.01	Property Bank 31.03.02	Property Bank plus Asset Pool ¹⁾ 31.03.02	31.03.01	31.03.02	31.03.01	31.03.02	31.03.01	31.03.02	31.03.01
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
Provision for loan losses	0	0	25	25	18	0	0		0	25	18
Non-recurring effect from the first-time application of FAS 133								0	-2	0	-2
Net income before tax	92	70	49	41	31	1	3	-6	30	128	134
– 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 taxes	32.3%	33.6%	19.7%	15.7%	11.5%	3.8%	24.1%			23.0%	26.3%

¹⁾ Property bank plus property holdings to be sold off.

