



Aareal Bank

Press Release

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Aareal Bank AG sells third non-performing loan portfolio with an aggregate volume of approx. €345 million

Non-performing loan portfolio reduced to approx. €1.8 billion

Wiesbaden, 14 March 2006 – Aareal Bank AG has sold a further portfolio of non-performing loans (NPLs), with an aggregate volume of approx. € 345 million (including € 80 million in interest and fees) to Shinsei Bank, Limited. With this transaction, Aareal Bank has reduced its NPL portfolio to approx. € 1.8 billion. The parties have agreed not to disclose the terms of the sale; the agreed consideration is in the three-digit million euro range. The transaction will not burden net income.

Dr. Wolf Schumacher, Chairman of the Management Board of Aareal Bank, welcomed the portfolio disposal: “This further reduction of our NPL portfolio, to approx. € 1.8 billion, represents another major milestone in our strategic realignment programme. The relief on capital means that we can use more of our equity in a targeted way, to generate further highly profitable new business”, Mr. Schumacher added.

The portfolio sale was structured as a “true sale”, whereby the bank sold loan receivables (where the corresponding loan agreements had already been terminated) to the investor, together with the associated collateral. With this type of disposal, no residual risk exposure remains with the bank. This third portfolio sale is scheduled for conclusion by the end of April 2006.

Under the transaction, the investor acquires approx. 1,800 loans relating to a total of 1,000 properties, predominantly used for residential purposes. The portfolio consists exclusively of NPLs in Germany, of which retail financings account for 90%, with the remaining 10% in commercial property financings.

Schumacher concluded by reaffirming that Aareal Bank will continue to pursue the reduction of its NPL portfolios during 2006.