



Aareal Bank

Press Release

Contacts:

Press

Sven Korndörffer

Phone: +49 611 348-2306

sven.korndorffer@aareal-bank.com

Christian Feldbrügge

Phone: +49 611 348-2280

christian.feldbruegge@aareal-bank.com

Investor Relations

Jürgen Junginger

Phone: +49 611 348-2636

juergen.junginger@aareal-bank.com

Aareal Bank starts repayment of the SoFFin silent participation ahead of plan, enhances funding flexibility through a precautionary measure

- **First repayment tranche will amount to €150 million**
- **Chairman of the Management Board, Dr Wolf Schumacher stated: "This demonstrates the strength and soundness of our business model and good capitalisation"**
- **Funding flexibility to be enhanced by using the remaining framework guarantee for a precautionary shelf issue – no specific plans for placement on the capital markets at present**

Wiesbaden, 28 June 2010 – Aareal Bank is starting repayment of the silent participation by the German Financial Markets Stabilisation Fund ("SoFFin") earlier than was announced originally. The international property specialist will already transfer a first tranche in the amount of €150 million to SoFFin shortly. The repayment was originally planned to start at the beginning of 2011. SoFFin provided Aareal Bank with a silent participation totalling €525 million at the start of 2009. The repayment of the remaining amount will be agreed upon in due course.

Today's announcement of the first repayment tranche makes Aareal Bank the first bank to repay capital support provided by SoFFin. The German Federal Financial Supervisory Authority (BaFin) has approved the repayment. The Management Board reached its decision against the background of robust operating performance and very good capitalisation, which offered the potential for this step. Dr Wolf Schumacher, Chairman of the Management Board of Aareal Bank, commented: "We have always declared our intention to start repayment of the SoFFin silent participation as early as possible. The early start clearly demonstrates Aareal Bank's financial strength: we have a comfortable capital base even after the partial repayment, and continue to perform well on schedule in the current financial year, capitalising on our coherent business model."

In addition, the Management Board decided to utilise the remaining € 2 billion framework guarantee. Aareal Bank will take the bond onto its own books. At present there are no specific plans for placing the shelf issue on the market: as a purely precautionary measure, this will retain the funding flexibility provided by the framework guarantee for the next three years.

"By utilising the remaining framework guarantee, we will retain our ability to react quickly and flexibly to potential market distortions over a medium-term horizon – at any time, and even during a turbulent phase. Aareal Bank's solid refinancing situation will be further strengthened by this measurement. Accordingly, utilising the framework guarantee in this manner reflects the consistent pursuit of our forward-looking business policy", Schumacher explained.

For Aareal Bank's shareholders, the two measures are virtually neutral in terms of their impact on income. This is because the relief from the early repayment of the SoFFin silent participation will be virtually neutralised by the additional charges for the remaining guarantees. Aareal Bank's Tier 1 ratio (in accordance with the Credit Risk Standard Approach – CRSA) was 11.2 per cent as at 31 March 2010. Taking into account the partial repayment to SoFFin, on a pro-forma basis, the ratio would have been 10.5 per cent – a comfortable level, also by international standards.

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Aareal Bank AG is one of the leading international specialist property banks. The Aareal Bank share is included in Deutsche Börse's mid-cap MDAX index. Aareal Bank operates on three continents: leveraging its successful European business model, the bank has established similar platforms in North America and in the Asia-Pacific region. It provides property financing solutions in more than 25 countries.