

Refinancing Strategy Aareal Bank

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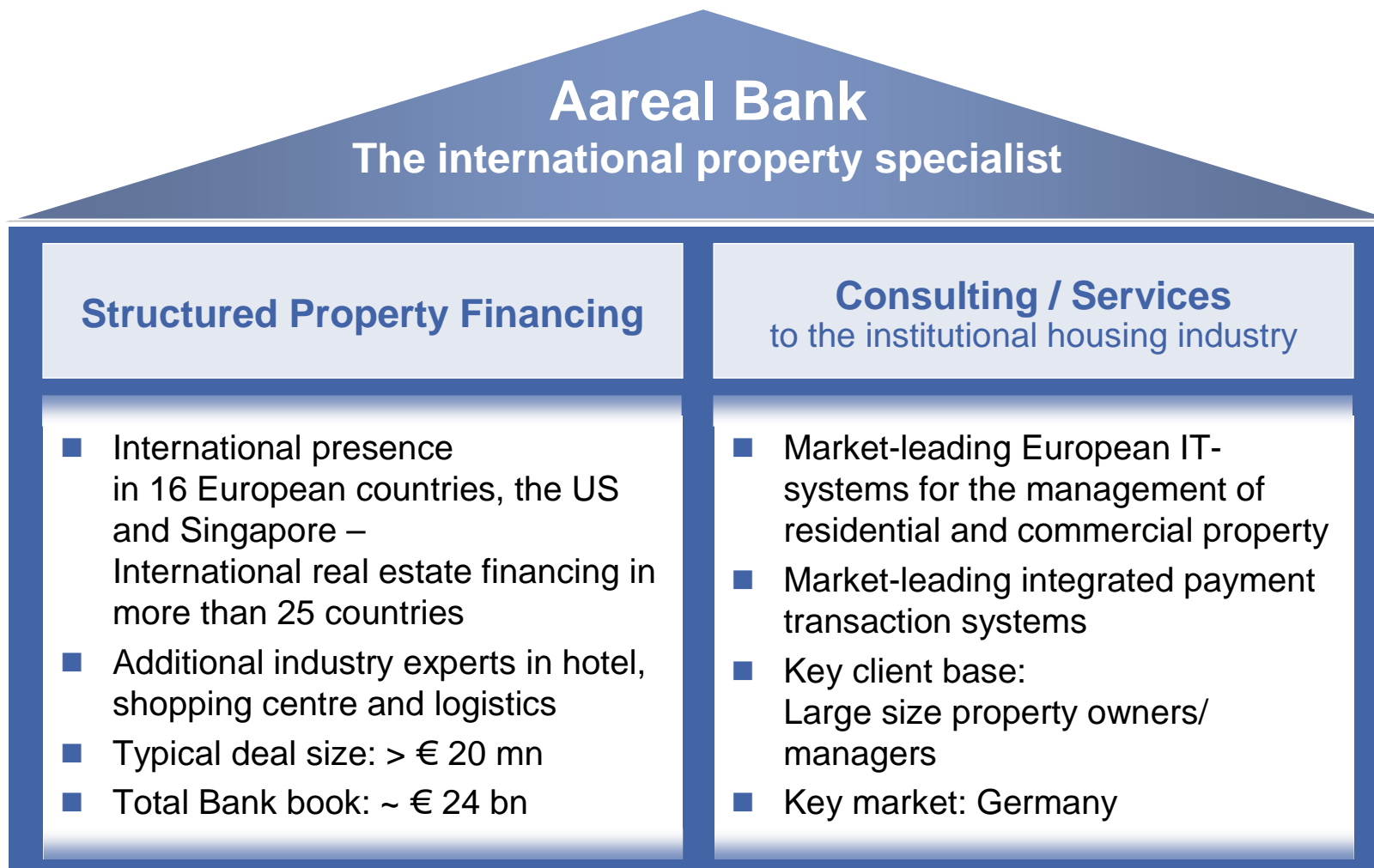
Aareal Bank

Content

- **Overview**
 - Business Segments – Major Activities
 - Core Capital Ratios (BIS)
 - Aareal Bank Rating
 - Structured Product Financing Portfolio by region and type
 - Asset Liability Structure
- **Loan and Asset Portfolios**
 - Loan Portfolio under Management
 - Loan Portfolio to be refinanced by maturity and currency
 - Treasury Asset Portfolio – Liquidity Classes
- **Refinancing Portfolios**
 - Refinancing Products
 - Money Market Deposits: Development by volume
 - Summary: Capital Market Activities
 - Development of long term refinancing
 - Long Term Refinancing Mix
 - Long Term Maturity Profile
 - Refinancing Strategy
 - Capital Market activities: Volume and Spreads
- **Capital Markets Strategy**
 - Overview
 - Capital Markets Strategy: Structured Products
 - Capital Markets Strategy: Pfandbriefe
 - Pfandbrief Asset Pool
 - Outstanding Jumbo Pfandbriefe
 - Roadshow Activities



Business segments – Major activities



Core Capital Ratios (BIS)

	31.12.2007	30.09.07 € mn	31.12.06 € mn	31.12.05 € mn	31.12.04 € mn	31.12.03 € mn	31.12.02 € mn
Core capital		1,498	1,406	1,281	1,270	1,340	1,332
Total capital		2,439	2,365	2,260	2,238	2,206	2,019
Risk-weighted assets (incl. market risk)		22,025	19,477	17,926	18,502	19,218	21,312
Core capital ratio	7.1%^e	6.9%	7.3%	7.2%	6.9%	7.0%	6.3%
Total capital ratio	11.1%^e	11.1%	12.1%	12.6%	12.1%	11.5%	9.5%

- Limited dividend payout ratio of approx. 25% to strengthen further core capital and future business growth
- Sale of Immoscout in Sep. 2007 not included, Core Capital will rise by € 135 mn



Aareal Bank Rating

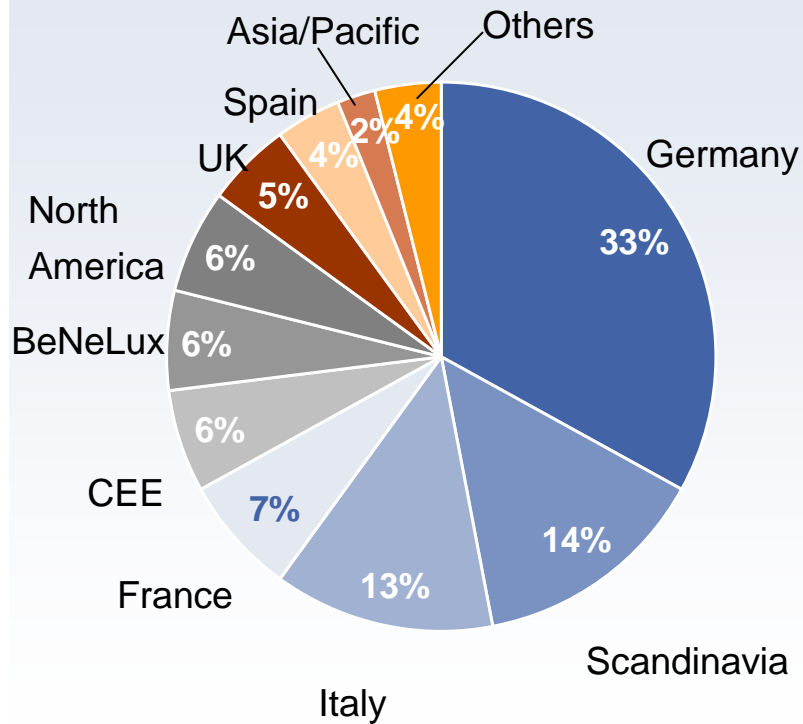
FitchRatings	
Long-term	A-
Short-term	F2
Mortgage Pfandbriefe (Hypothekendarlehen)	AAA
Public-sector Pfandbriefe (öffentliche Darlehen)	AAA
Outlook	Stable



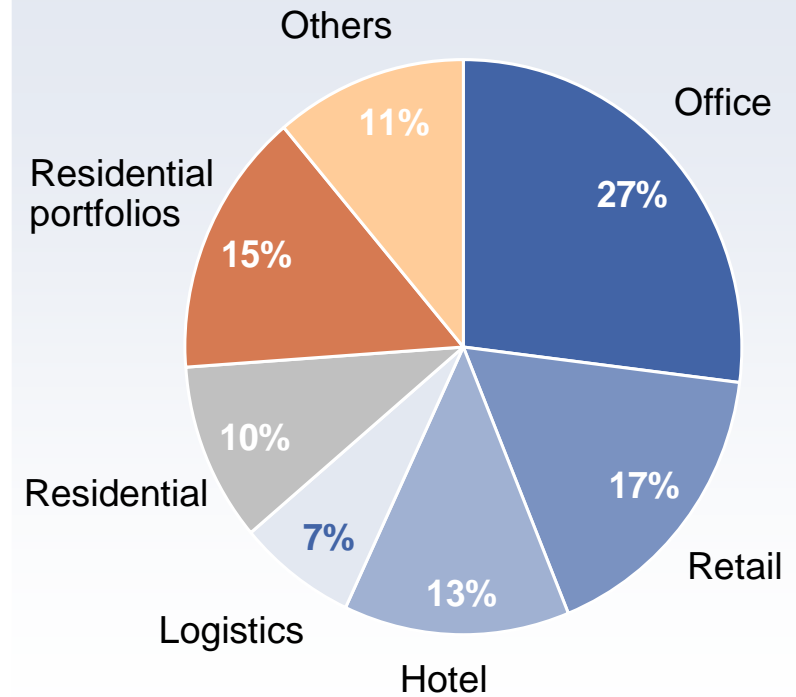
Structured Property Financing Portfolio

diversification by region and object type

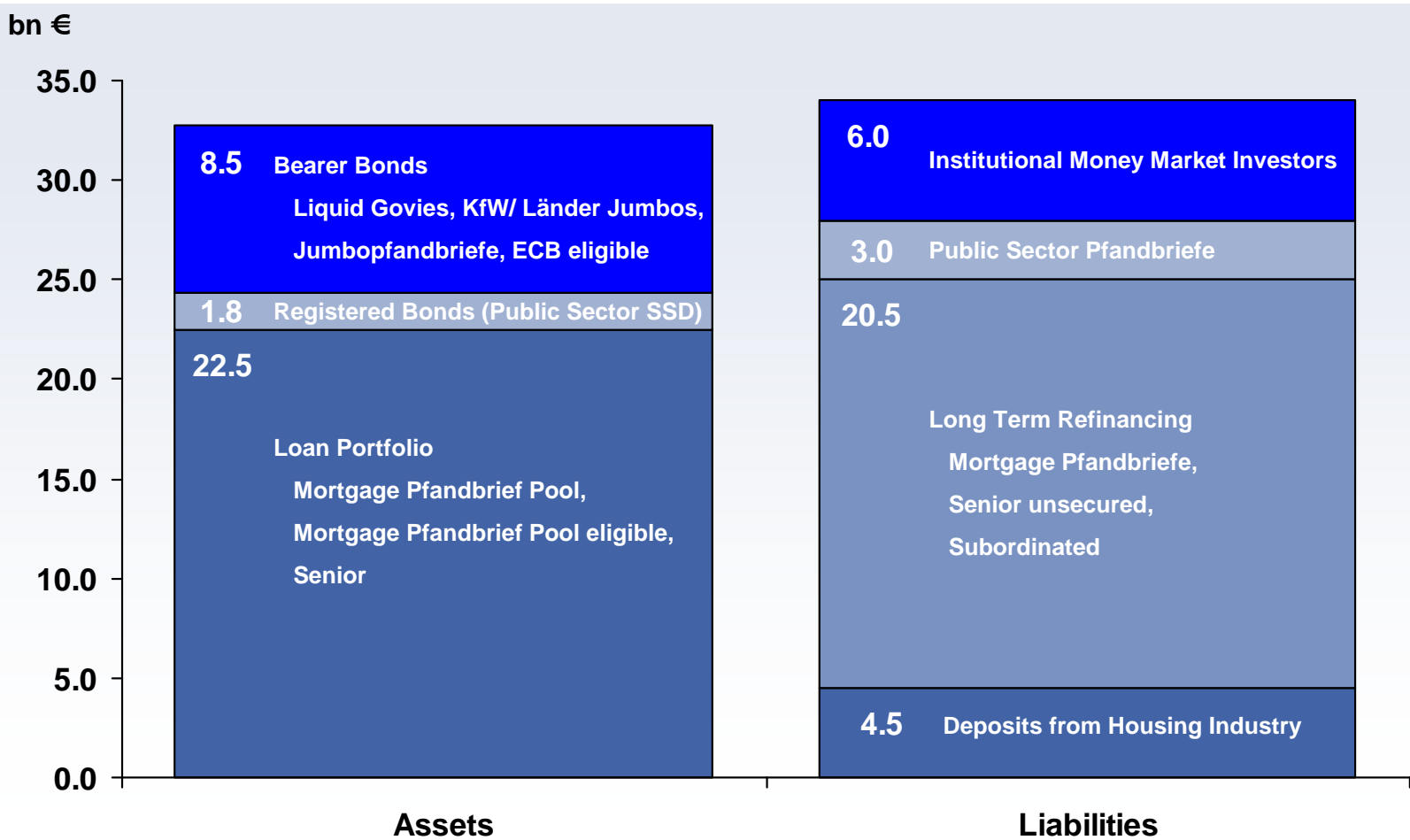
Portfolio by region 30.09.2007
Total volume : € 23.7 bn



Portfolio by object type 30.09.2007
Total volume : € 23.7 bn



AL Structure



- Very strong liquidity position
- Net-liquidity provider in the Interbank Money Market



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Loan and Asset Portfolios

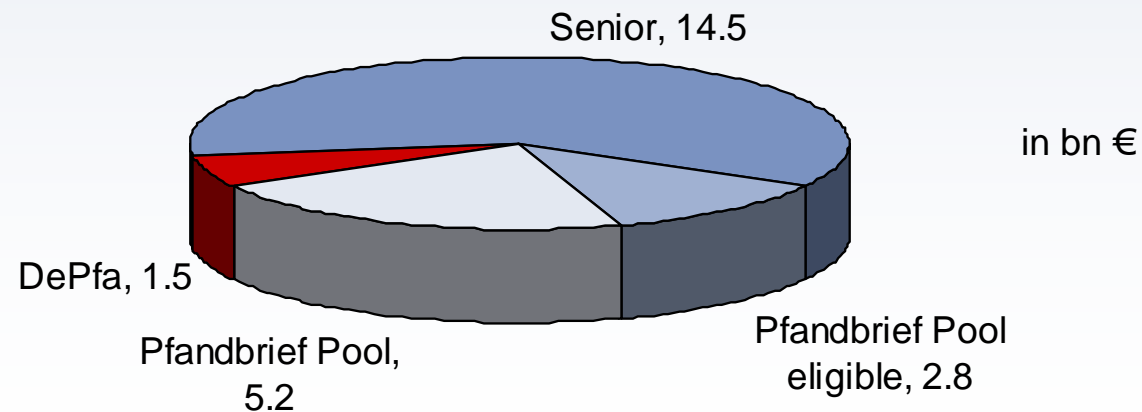


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Loan Portfolio under Management

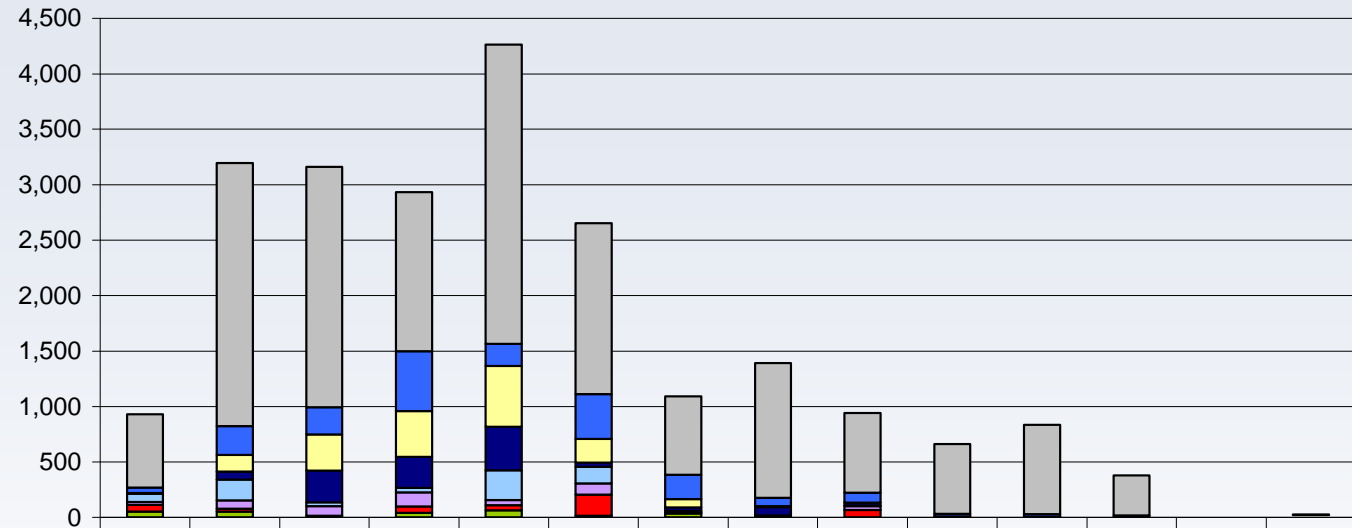
as of 23.11.2007

- Total loans under management: 24 bn € (respectively 23.7 bn € as of 30.09.2007)
- Portfolio of 1.5 bn € on DEPFAs Balance Sheet
 - managed and guaranteed by Aareal, but refinanced by DEPFA Deutsche Pfandbriefbank AG
- Portfolio of 22.5 bn € to be refinanced by Aareal Bank; split into
 - Mortgage Pfandbrief Pool: 5.2 bn €
 - Loans eligible for the Mortgage Pfandbrief Pool: 2.8 bn €
 - Senior: 14.5 bn €



Loan Portfolio

maturity profile by currency (in mn € equiv.)
(to be refinanced - excluding DEPFA loans)



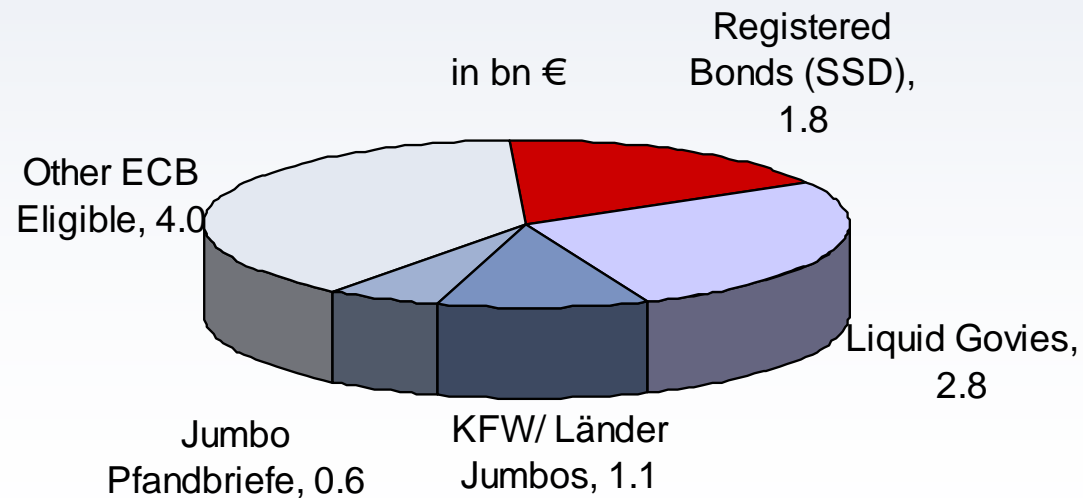
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	>2017	Total	Avg. Life in Y
Total, 23.11.2007	930	3,195	3,161	2,933	4,264	2,654	1,094	1,391	942	662	834	379	22,436	3.8
EUR	661	2,370	2,167	1,433	2,700	1,540	710	1,213	719	631	804	361	15,310	4.0
USD	49	259	246	541	197	406	218	74	89	21	22	18	2,139	3.6
SEK	4	150	325	410	549	211	74	10	0	0	0	0	1,734	2.9
GBP	0	76	286	283	391	40	32	73	26	0	0	0	1,207	3.1
DKK	76	187	36	39	269	147	16	2	6	0	0	0	778	2.8
CHF	26	73	85	127	47	102	8	19	36	0	8	0	531	3.2
CAD	62	27	16	57	48	192	0	0	66	0	0	0	468	3.7
NOK, CZK, PLN, SGD, JPY	51	52	0	42	63	14	35	0	0	11	0	0	269	2.8



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Treasury Asset Portfolio – Liquidity Classes

- Total Asset Portfolio: 10.3 bn € split into 5 major liquidity classes
 - Liquid Govies: EU Government Bonds, Issued Volume \geq 5 bn €, fixed rate, several market makers
 - KFW/ Länder Jumbos: German Bundesländer, State guaranteed banks, Jumbo convention
 - Jumbo Pfandbriefe: EU covered bonds – predominantly Pfandbriefe, Repo eligible (general collateral)
 - Other ECB Eligible: Bank Bonds, European ABS, no corporates, no direct nor indirect sub prime
 - Registered Bonds: Public Sector loans – all in Cover Pool for Public Sector Pfandbrief



Refinancing Portfolios



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Refinancing Products

Capital Markets instruments:

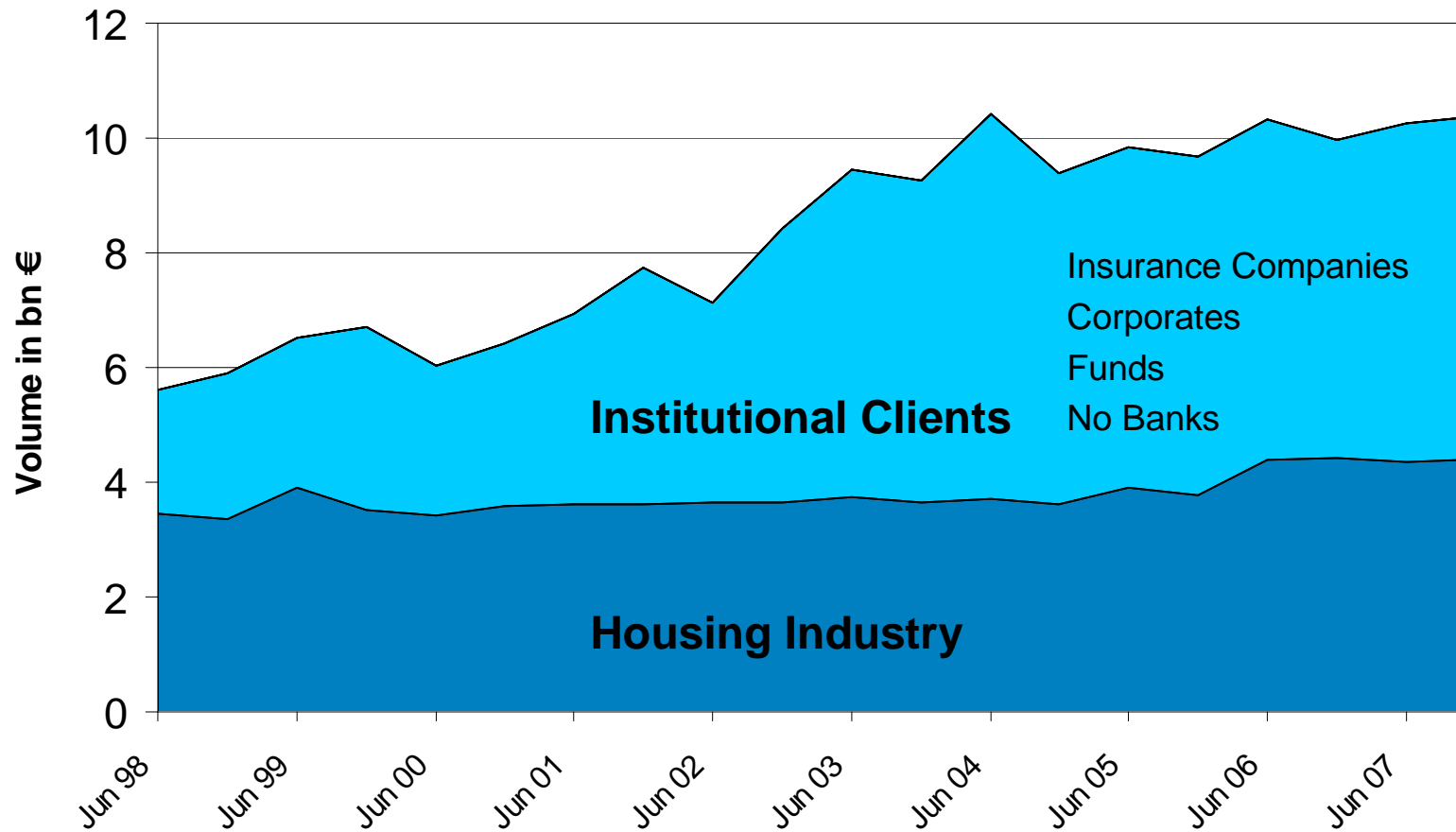
- Jumbopfandbriefe (medium term)
- MTN programme (medium term)
- FRN benchmarks (short to medium term)
- Registered Bonds “Schuldscheine” (long term)
- Mortgage Pfandbriefe (medium to long term)
- Public Sector Pfandbriefe (all maturities)

Money Markets instruments:

- Deposits from clients in housing industry
- Deposits from institutional clients
- Money Market business (repos, tender and Interbank business)



Money Market Deposits: Development by volume



Summary Capital Market Activities

- Over € 30 billion in long-term funds raised since Sep 2001:

Senior unsecured: € 21.30 bn

Registered securities (loan type)	€ 12.36 bn
Private placements	€ 4.44 bn
Public placements	€ 4.50 bn
(of which floating rate notes: € 3.3 bn)	

Subordinated debt: € 1.50 bn

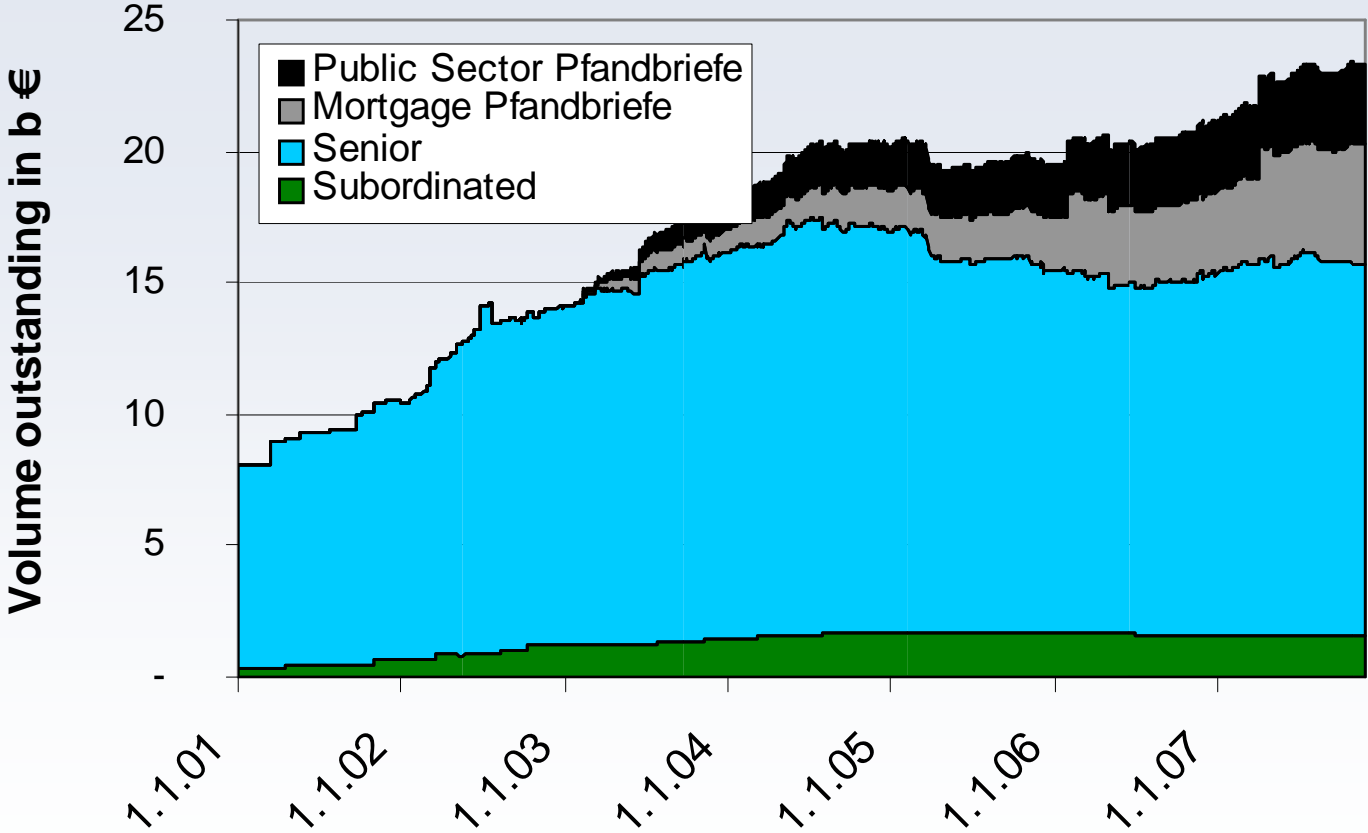
Hybrid core capital (T1)	€ 0.43 bn
Profit-participation certificates (UT2)	€ 0.47 bn
Subordinated issues (LT2)	€ 0.60 bn

Pfandbriefe: € 8.05 bn

Mortgage Pfandbriefe	€ 4.96 bn
Public Sector Pfandbriefe	€ 3.09 bn

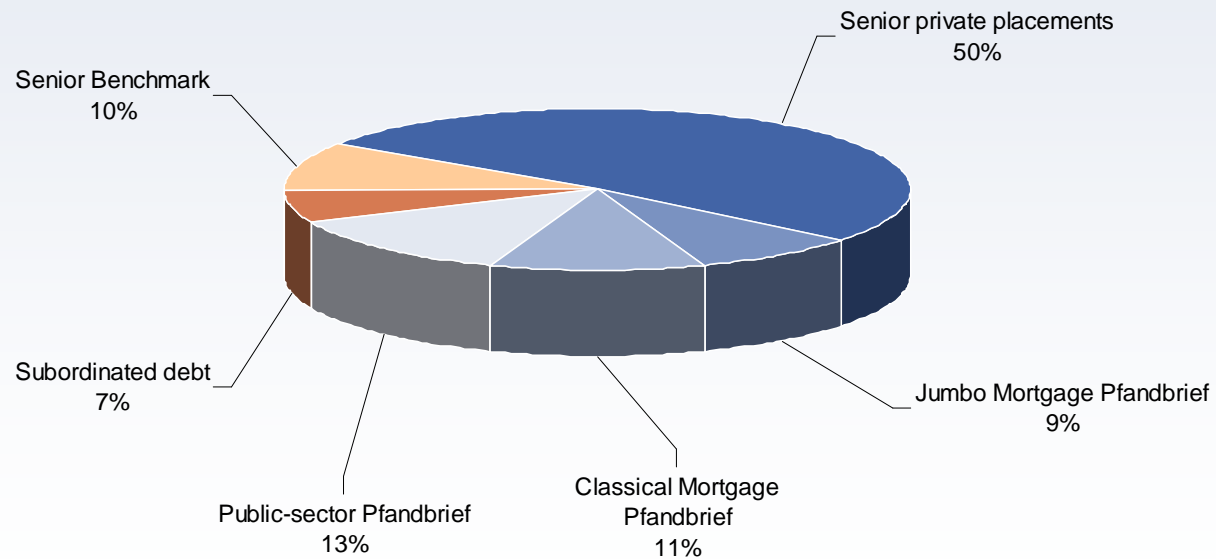


Development of long term refinancing 2001 - 2007



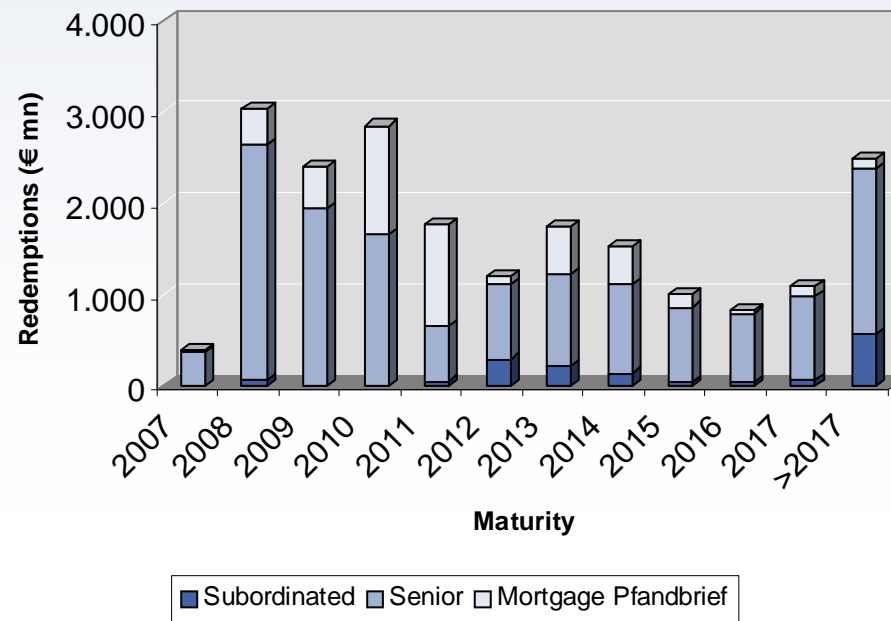
Long Term Refinancing Mix

- 23.5 bn € of long dated funding, Unsecured: 15.7 bn €
- Mortgage Pfandbriefe account for a 20% share of total funding
- Increased Pfandbrief share medium-term



Long-Term Maturity Profile

- Subordinated, Senior Funding and Mortgage Pfandbriefe:
 - Used for refinancing the loan portfolio
 - average maturity: 5.5 y (compared to 3.8 y of loan portfolio)
- Annual redemptions below 3 bn €, planned funding volume of 5 bn € per year



Refinancing strategy 2002-2007

Pfandbriefe play an important role in Aareal Bank's refinancing structure, its share is continuously increasing.

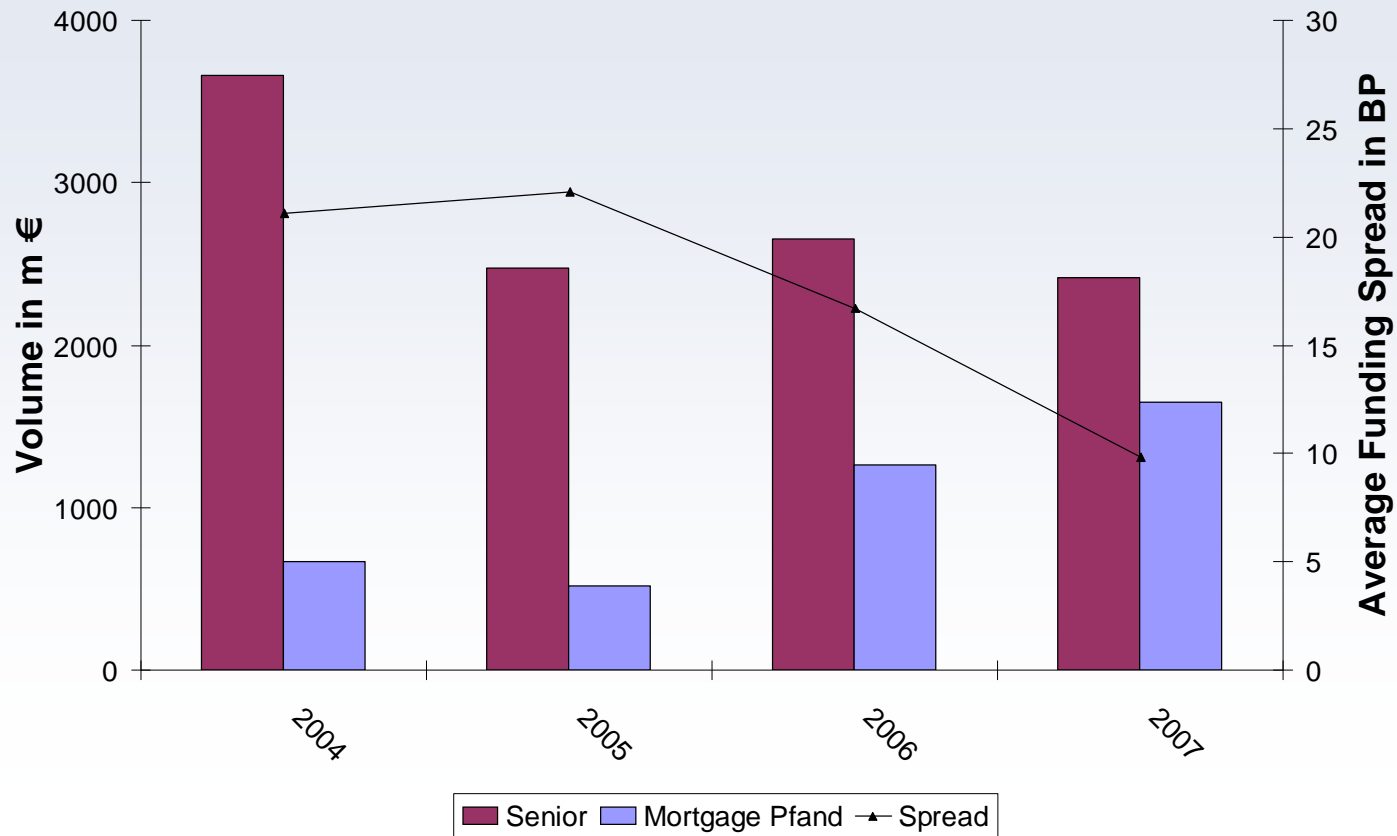
Secured and unsecured issues in comparison:

	Issuing volume	Mortgage Pfandbriefe	Senior	Equity capital*
■ 2002:	€ 5.9 bn	0%	90%	10%
■ 2003:	€ 5.3 bn	17%	77%	6%
■ 2004:	€ 4.5 bn	15%	81%	4%
■ 2005:	€ 3.0 bn	17%	82%	1%
■ 2006:	€ 3.9 bn	32%	68%	0%
■ 2007: (as of 22.11.)	€ 4.1 bn	41%	59%	0%

- Equity capital means
 - hybrid core capital (Tier 1)
 - subordinated debt (Upper Tier 2 and Lower Tier 2)



Capital Market activities 2004 – 2007: Volume and Spreads



Capital Market Strategy



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Capital Market Strategy

- High flexibility with wide product range
 - Liquid bonds and private placements
 - Structured interest rate products
- Expanding investor base
 - Regular roadshows and Investor one-on-ones in Europe
- Extension of Pfandbrief share in funding mix
- Reliable and regular issuer
 - Bid and Ask prices for all senior bonds and Pfandbriefe
 - Benchmark curves for senior bonds and Pfandbriefe



Capital Market Strategy – Structured Products

- We offer all structured products in senior unsecured or Pfandbrief format
- All structures are capital guaranteed
- ~ 23% out of 23.5 bn € long term refinancing is structured

Callable or non-callable structures

- Fixed Rate or Floater
- Reverse Floater
- Inflation linked
- CMS Spread
- Digitals
- Quanto
- Range Accrual

Non-callable structures

- Volatility bonds
- Ratchets
- Single equity or index linked
- Single currency linked



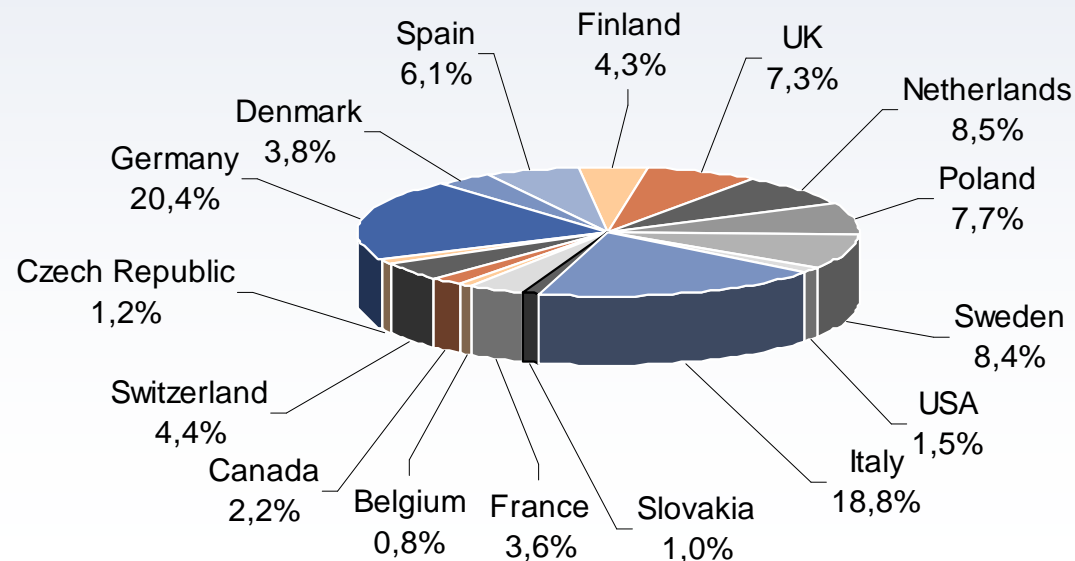
Capital Market Strategy - Pfandbriefe

- Successful Pfandbrief issuer since 2003
- Aareal Bank takes advantage of the new German Pfandbrief law (07/2005)
 - allows refinancing of international diversified asset pool via Pfandbriefe
- Regular Jumbo issuer, successful debut January 2006 and March 2007
- Issuing non domestic targeted Pfandbriefe in different currencies (USD, SEK, DKK and GBP) to match maturities of asset pool



Pfandbrief Asset Pool – Mortgage Business by Country

- First ranking mortgage loans (<60% of mortgage lending value)
- International: ~80%, Germany: ~20%
- Increasing degree of internationalisation, with growing asset pool
- Mortgage asset pool currently comprises 16 countries:



updated: 30.09.2007



Outstanding Jumbo Pfandbriefe

Aareal Hypothekenspfandbriefe	Jumbo 2007	„SEK Jumbo“	Jumbo 2006
■ Notional	1 bn €	1 bn SEK	1 bn €
■ Maturity	01 Feb 2010	16 Dec 2009	01 Feb 2011
■ Rating	AAA	AAA	AAA
■ Reoffer	-5.5 bp	+1 bp	Flat
■ WKN	AAR003	AAR002	AAR001
■ Listing	Frankfurt	Stockholm	Frankfurt
■ Documentation	MTN	MTN	MTN

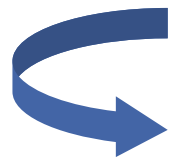


Roadshow activity 2006/ 2007

- Roadshow – 1st Jumbo
- Roadshow – 2nd Jumbo
- Roadshow - both Jumbos

Additional Roadshow activity:

- Stockholm, 18.09.06
- Amsterdam, 23.11.06
- Paris, 28.09.06
- Milano, 14.02.07



Continuity of public appearance
at the capital market



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