

# Annual Report 2025

## Aareal Bank Group

**Aareal**  
YOUR COMPETITIVE ADVANTAGE.

# Key Indicators

	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024 <sup>1)</sup>		31 Dec 2025	31 Dec 2024
<b>Results</b>			<b>Moody's</b>		
Adjusted operating profit (€ mn) <sup>2)</sup>	326	328	Issuer rating	Baa1	Baa1
Operating profit (€ mn)	296	294	Senior Preferred	Baa1	Baa1
Net profit (€ mn) <sup>3)5)</sup>	137	179	Senior Non-Preferred	Baa3	Baa3
Cost/income ratio (%) <sup>4)</sup>	32.7	31.4	Bank deposit rating	Baa1	Baa1
Earnings per ordinary share (€) <sup>5)6)</sup>	2.29	3.00	Outlook	stable	stable
Adjusted RoE after taxes (%) <sup>2)5)</sup>	4.9	6.8	Mortgage Pfandbrief Rating	Aaa	Aaa
			<b>Fitch Ratings</b>		
<b>Statement of Financial Position</b>	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>	Issuer default rating	BBB	BBB
Property finance (€ mn)	34,336	33,471	Senior Preferred	BBB+	BBB+
Equity (€ mn)	3,752	5,460	Senior Non-Preferred	BBB	BBB
Total assets (€ mn)	46,853	47,814	Deposit ratings	BBB+	BBB+
			Outlook	positive	stable
<b>Regulatory Indicators<sup>7)</sup></b>			<b>ESG Ratings<sup>8)</sup></b>		
Basel IV (phase-in)			MSCI	A	A
Risk-weighted assets (€ bn)	13.1	14.3	ISS-ESG	prime (C)	prime (C)
Common Equity Tier 1 ratio (CET1 ratio) (%)	22.2	20.2	CDP	Management Level C	Management Level B
Tier 1 ratio (T1 ratio) (%)	25.3	22.3			
Total capital ratio (TC ratio) (%)	30.3	26.6			
Basel IV (fully phased)					
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.5	15.2			
<b>Employees</b>	<b>1,167</b>	<b>1,198</b>			

<sup>1)</sup> The previous year's figures only refer to those activities then presented as continuing operations (excluding non-controlling interests).

<sup>2)</sup> Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects

<sup>3)</sup> Consolidated net income allocated to ordinary shareholders

<sup>4)</sup> In line with common practice in the banking sector, bank levy and contributions to the deposit guarantee scheme are not included; costs for efficiency measures, IT infrastructure investments and other material non-recurring effects are also excluded.

<sup>5)</sup> The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.

<sup>6)</sup> Without taking into account non-controlling interest income

<sup>7)</sup> 31 December 2024: including profits for 2024 less dividends (which have already been distributed) and including the accrual of interest on the AT1 bond.

31 December 2025: including profits for 2025, deducting a planned dividend in line with the previous dividend policy and including the accrual of interest payable on the AT1 bond.

The SREP recommendations concerning the non-performing loans (NPL) inventory were taken into account, as well as the ECB's NPL guidelines for the regulatory capital for new NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB inspections.

<sup>8)</sup> Please refer to our website ([www.aareal-bank.com/en/responsibility/reporting-on-our-progress/](http://www.aareal-bank.com/en/responsibility/reporting-on-our-progress/)) for more details.

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# Preface

# Preface

## Letter from the Chairman of the Management Board



from left:

**Christof Winkelmann**

Member of the Management Board

**Nina Babic**

Member of the Management Board

**Dr Christian Ricken**

Chairman of the Management Board

**Andrew Halford**

Member of the Management Board

Dear readers,

In this Annual Report 2025, we look back on a truly challenging year that was shaped by multiple political crises and a high degree of economic uncertainty. In this challenging environment, Aareal Bank delivered a strong operating performance with an adjusted operating profit of € 326 million, which was in line with the previous year's level. Excluding management measures to recognise additional loss allowance to support the repositioning of the Bank's US business, this figure was € 381 million and therefore within our original target range.

Both business segments contributed to this good result in almost equal measure. Adjusted operating profit in the Banking & Digital Solutions business segment, which comprises our banking business with the housing and energy industries, accounted for € 152 million while our commercial property financing activities generated € 174 million. All of this shows that our business model has two strong pillars that it can rely on.

Thanks to a year-on-year increase in the credit portfolio size and to healthy margins and higher deposit volumes, consolidated net interest income remained high at € 934 million in the 2025 financial year. As expected, this fell short of the excellent prior-year figure owing to the lower interest rate environment, even though net interest income rose again in the fourth quarter of 2025.

Loan impairment charges fell by 19 per cent year on year to € 322 million. This includes additional charges from management measures totalling € 55 million. You may rest assured that we will continue to pursue a cautious and prudent risk policy in the face of heightened geopolitical and macroeconomic uncertainty.

We were also able to further reduce the volume of non-performing loans (NPLs) to € 1.1 billion as at 31 December 2025. This means that Aareal Bank has reduced its NPL portfolio by 29 per cent since 2023. Its existing NPLs are predominantly US office property loans. The additional charges from the measures taken by the Management Board are designed to help further reduce US office property loans more rapidly: the Bank's NPL portfolio is set to fall below one billion euros during the current financial year.

The strict cost discipline and the positive effects from efficiency measures within the scope of our Aareal Ambition strategy have also paid off. Adjusted administrative expenses fell significantly by 8 per cent to € 317 million. At 33 per cent (excluding non-recurring expenses), our cost/income ratio is very healthy, even by international standards.

Aareal Bank's capital position is also strong – with a Common Equity Tier 1 ratio (Basel IV CET1 fully phased) of 15.5 per cent – and so is our liquidity position.

Both segments in our client businesses were successful in the financial year under review. In the Banking & Digital Solutions segment, the volume of client deposits from the housing and energy industries increased for the fifth year in a row to an average of € 14.1 billion, a new record level. This client segment currently comprises over 4,000 companies with more than nine million residential units in total.

In the Structured Property Financing segment, we boosted new business (including renewals) to a record volume of € 12.4 billion, clearly exceeding both the previous year's figure and the original annual forecast of between € 9 billion and € 10 billion. At € 34.3 billion at the end of 2025, the portfolio volume was higher than the corresponding 2024 figure and remained within the target range, despite the weaker US dollar.

We have also made good progress in implementing our Aareal Ambition strategy. For instance, we opened a representative office for the Banking & Digital Solutions business segment in Amsterdam, where we assembled an experienced and well-connected Dutch team. The Bank also launched time value accounts as a new product for the German market. In addition, we intensified our strategic partnership with Aareon and First Financial Software GmbH.

In commercial property finance, we expanded our range of activities by including the new data centre asset class and also extended our first loan in this growth segment – for a property in Frankfurt. As well as this, Aareal Bank laid the foundations for further expansion in Asia. Having conducted in-depth market analysis and established suitable product processes, we are now ready to provide financings in Indonesia, Vietnam and Thailand.

I would like to take this opportunity to express my sincere thanks to our staff for their hard work and dedication, which paved the way for our strong performance throughout the year.

Of course, we have no intention of resting on our laurels, but instead are working hard to further enhance our business performance. We aim to increase the adjusted operating profit to approach € 400 million in the 2026 financial year, excluding costs for efficiency measures, investments in IT infrastructure and other significant one-off effects. This means that we expect an adjusted return on equity after taxes approaching 8 per cent. In line with our Aareal Ambition strategy, we aim to achieve an adjusted return on equity of around 13 per cent by 2027.

As you can see, we are aiming high. But I have no doubt whatsoever that we have the strength and determination that is needed to achieve these ambitious targets. We very much look forward to having you with us on this journey.

Best regards,



**Dr Christian Ricken,**  
Chairman of the Management Board

# Group Management Report

# Group Management Report

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## Fundamental Information about the Group

### Business model

Aareal Bank AG, headquartered in Wiesbaden, Germany, is the Group's parent company. The Group-wide strategy focuses on achieving sustainable business success. Atlantic BidCo GmbH is the parent company of Aareal Bank AG. Atlantic BidCo GmbH is held by funds controlled, managed or advised by Advent International Corporation and Centerbridge Partners as well as CPP Investment Board Europe S.à r.l., a wholly-owned subsidiary of Canada Pension Plan Investment Board, and other minority shareholders.

Aareal Bank Group's strategic business activities are commercial property financing, payments processes, corporate banking services and tenant deposit solutions for the German property sector and related industries.

Aareal Bank Group comprises two business segments: Structured Property Financing and Banking & Digital Solutions.

### Structured Property Financing

In the Structured Property Financing segment, Aareal Bank facilitates property investments for its domestic and international clients, and is active in Europe, North America and the Asia/Pacific region. Aareal Bank finances commercial property investments, especially hotels, alternative living (student housing, micro-living, etc.) retail, logistics, office and residential properties, with a focus on existing buildings.

Aareal Bank's sales operations combine local market expertise with specific know-how for the hotel, logistics, retail and alternative living sectors, providing its clients with specialist teams in the Group's head office located in Wiesbaden. The industry experts work closely with the local teams, ensuring that the full scope of requisite know-how is available for every transaction. This allows Aareal Bank to offer financing concepts that meet the special requirements of its domestic and international clients, as well as conclude structured portfolio and cross-border financings.

In addition to the network of sector specialists in Wiesbaden, branch offices are also located in Paris, Rome, London, Stockholm and Warsaw.

Aareal Bank Group's activities on the North American market are carried out through the subsidiary Aareal Capital Corporation, operating from New York City. The Singapore subsidiary Aareal Bank Asia Limited conducts the sales activities in the Asia/Pacific region.

### Banking & Digital Solutions

In the Banking & Digital Solutions segment, Aareal Bank Group provides sector-specific payments processes to its clients from the institutional housing industry, the commercial property sector, as well as to the energy and utilities industry. Aareal Bank helps its clients structure their core business processes more efficiently so they are fit for purpose for the long term. It does so in combination with the BK01 software suite provided by First Financial Software GmbH, which facilitates integrated payment flow processing between ERP systems and the Bank's accounts platform. Aareal Bank, First Financial Software GmbH and Aareon (formerly owned by Aareal Bank) have entered into a strategic partnership for this purpose. Wherever the property sector and the energy industry cross over, Aareal Bank and its partners contribute to optimising payments and adjacent processes. In connection with the payment transactions processed via Aareal Bank's account systems (BK@1), deposits are generated from the property and energy industries, which contribute to Aareal Bank Group's funding, among other things. The digital tenant deposit solutions and selected financing products enhance the range of services the segment offers the German property sector. Aareal Bank's investment offerings for property and energy industry companies support clients to actively manage their investments and cash. The Banking & Digital Solutions segment includes the subsidiaries collect Artificial Intelligence GmbH, a payment solutions provider for AI-based invoicing and dunning systems, and plusForta GmbH, an online broker for tenant deposit guarantees.

## Funding

Aareal Bank is an active issuer of Pfandbriefe, which account for a major share of its long-term funding. Moody's "Aaa" Pfandbrief rating confirms the quality of the cover assets pools. To cater to a broad investor base, Aareal Bank uses a wide range of other refinancing tools, including senior preferred and senior non-preferred bonds, as well as promissory notes and bonds. Depending on market conditions and investor demand, the Bank places large-sized public issues or private placements. In the Banking & Digital Solutions segment, the Bank also generates deposits from the housing industry, which represent a strategically important additional source of funding. Furthermore, it has recourse to institutional money market deposits, and to retail deposits via a trust model.

## Strategic focus

Built on Aareal Bank's market position and solid reputation, the "Aareal Ambition" strategy pursues the following four targets: **STRENGTHENING THE CORE**: strengthening Aareal Bank's core business to exploit unique selling points effectively and increase earnings sustainably in all our segments, **EXPANDING BEYOND**: making use of new opportunities in related markets by pursuing clear growth initiatives and focusing more on capital-light business, **ENHANCING EFFICIENCY**: improving the infrastructure by changing workflows, taking efficiency measures and making strategic platform investments, and **MAINTAINING DISCIPLINE**: maintaining solid capital and liquidity indicators, and continuing to follow a RARORC-based approach to new business within our existing and unchanged risk strategy.

Our four strategic targets are based on five components. In the Structured Property Financing segment, we will focus even more resolutely on our strengths in individual asset classes and regions, and we will manage our on- and off-balance sheet portfolio accordingly. In the Banking & Digital Solutions segment, we will pool our client deposits centrally, boost our market share in Germany in existing and related client segments, rolling out our products and services to international markets in Europe. As far as **INFRASTRUCTURE** is concerned, we will improve our activities by increasing the efficiency of our processes and taking advantage of a powerful IT scalability, deploying state-of-the-art technology. For **RISK, FUNDING & CAPITAL**, we will continue to optimise profitability and capital commitment in a targeted manner, while maintaining solid risk, capital and liquidity indicators. And with regards to **PEOPLE**, our strong pipeline of talents and improved management structure will ensure high employee performance.

All in all, the strategy aims to achieve sustainable development and boost profitability. Specifically, we want to increase return on equity – adjusted for non-recurring effects and based on a reference CET1 ratio (Basel IV, fully phased) of 13.5% – to around 14% in 2028.

## Management system

Aareal Bank Group is managed at Group level using key financial performance indicators, taking the Group's risk-bearing capacity into account, and is additionally differentiated by business segment. Group management is based on medium-term Group planning, prepared annually, which is geared towards the Group's long-term business strategy. Monitoring and control measures include regular and detailed target/actual comparisons with corresponding analyses. Progress and developments are communicated by way of comprehensive, regular management reporting.

The following indicators implemented within the scope of business and return management are Aareal Bank Group's most significant key financial performance indicators:

- **Group**
  - Adjusted<sup>1)</sup> operating profit
  - Adjusted<sup>1)</sup> return on equity (RoE)<sup>2)</sup>
  - Common Equity Tier I ratio (CET1 ratio) – Basel IV (fully phased)

<sup>1)</sup> Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects

<sup>2)</sup> RoE = adjusted consolidated net income excluding consolidated net income attributable to non-controlling interests and AT1 coupon / average equity (IFRS) excluding non-controlling interests, AT1 bond and dividends

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- **Structured Property Financing segment**
    - New business<sup>1)</sup>
    - Aareal Bank Group's credit portfolio
  - **Banking & Digital Solutions segment**
    - Average deposit volume from the housing industry

The Group's existing management system is used to manage and monitor the individual risk exposures of Aareal Bank Group entities, in a centralised manner. All management-relevant information is systematically collected and analysed, to develop suitable strategies for risk management and monitoring. We also employ forecasting models for balance sheet structure, liquidity and portfolio development for strategic business and revenue planning. In addition to business-related management tools, we also use various other instruments to optimise our organisation and workflows. These include comprehensive cost management, centralised management of project activities and Human Resources controlling, for example.

The Structured Property Financing segment also deploys supplementary management tools and indicators. The property financing portfolio is actively managed throughout Aareal Bank Group, with the aim of optimising its risk diversification and profitability. To develop risk- and return-oriented strategies for our portfolio, we evaluate market and business data, using this as a basis to simulate potential lending strategies, and to identify a target portfolio, which is part of Group planning. This helps us identify – and respond to – market changes at an early stage. Active portfolio management allows us to optimally allocate equity to the most attractive products and regions from a risk/return perspective, within the scope of our strategy. By taking into consideration maximum allocations to individual countries, products and property types in the portfolio, we ensure a high level of diversification and avoid risk concentrations.

The Banking & Digital Solutions segment also has a specific management indicator for its business: the average deposit volume from the housing industry is a key financial indicator applied here.

The financial performance indicators described are an element of variable remuneration for senior management.

The main external factors influencing the Bank's business are economic and financial market trends (including the exchange rate against the US dollar and interest rate trends), developments on the property markets and regulatory requirements.

## Report on the Economic Position

### Macroeconomic environment

The following economic data on the macroeconomic environment is based on the most recent figures available to us. For the most part, this comes from Oxford Economics, a leading global economic consultancy. Other information regarding inflation and unemployment data was provided by countries' official statistical offices; data on key interest rates was supplied by the relevant central banks.

The global economy remained on a moderate growth path in 2025, with economic momentum varying from region to region. In the advanced economies, economic development remained solid overall, supported by stable labour markets and robust domestic demand, even though industrial production and investment activity were under pressure in many places. Differences in economic structures led to heterogeneous growth trends, particularly in Europe. The macroeconomic environment was impacted by higher financing costs and political uncertainties, even though financial conditions eased to some extent over the course of the year. At the same time, inflationary pressure remained above target in many countries, although the disinflation process continued in most industrialised countries, supported by easing wage pressure and falling commodity prices. Against this backdrop, monetary policy was cautious; some interest rate reduction cycles were ended or temporarily paused. The continuing optimism regarding the economic

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<sup>1)</sup> New business = newly-originated loans plus renewals

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potential of artificial intelligence and digitalisation shaped the expectations of many market participants and strengthened confidence in medium-term growth prospects.

In addition, 2025 saw a great many macroeconomic and geopolitical challenges that repeatedly put the market environment to the test. Besides the ongoing trade tensions – especially between the USA and China – the global environment was affected by the US government's tariff policy and political crises such as the US shutdown or the government crisis in France, regional conflicts (e.g. in the Middle East) and the ongoing war in Ukraine. Uncertainty also resulted from discussions about fiscal sustainability in key economies, for example in connection with the US credit rating or budget debates in Europe.

## Economy

Real gross domestic product in the euro zone in 2025 increased by 1.4% year-on-year. Growth remained moderate and varied from region to region. Private consumption was restrained while the continuing industrial weakness and low investment momentum dampened overall economic growth. Higher financing costs and weak external demand, exacerbated by trade tensions with the US, continued to have a negative impact. Structural economic differences – especially regarding the importance of the manufacturing sector and exports – were the main reasons for the heterogeneous growth trends within the euro zone. German gross domestic product rose slightly in the first half of the year and stagnated in the second, resulting in only marginally positive growth for the full year 2025 compared with the previous one. Momentum remained weak overall as the industrial recovery was only partially successful and the intake of new orders was disappointing. Growth was stronger in France, driven by a rise in exports. At the same time, significant fiscal challenges emerged as political fragmentation made it difficult to adopt a consistent budget as well as credible consolidation measures. This contributed to increased fiscal risks and widening risk premiums on French government bonds. In Southern Europe, the economic recovery in Spain continued with strong growth, while Italy continued to suffer from low growth momentum.

Key European Union countries for Aareal Bank that are outside the euro zone showed more positive economic development compared with the previous year. Real economic output in the Czech Republic and Sweden grew by 2.5% and 1.9% respectively compared with 2024. In Poland, GDP was up 3.5%.

The United Kingdom enjoyed moderate economic growth in 2025, with a real GDP growth rate of 1.4% year-on-year. Economic growth was above trend in the first half-year, driven by positive momentum in the services sector. However, momentum slowed in the second half of the year.

Real economic output in the US rose by 2.2% year-on-year in 2025. The economic trajectory was clearly distorted following the announcement and implementation of the "Liberation Day Tariffs", which led to pronounced intertemporal shifts in foreign trade and increased uncertainty in foreign trade overall. While there was still a slight decline in the first quarter, there were initially extensive anticipatory effects for imports in the run-up to the tariff increases. This front-loading phase ended abruptly in the second quarter when the higher tariffs came into force. As a result, US imports fell significantly, which in statistical terms helped to turn net exports from a burden on economic activity into a positive growth stimulus and aided GDP growth in the second quarter. The direct inflationary effects of the tariff increases remained limited, as companies absorbed some of the higher costs. Irrespective of these special effects caused by foreign trade, it was domestic demand and the labour market that proved to be the key drivers of growth. Private consumption and the services sector contributed significantly to the economic momentum. Economic growth was boosted further by investments in new technologies and AI-related equipment, supported by tax incentives for research and equipment. Although the labour market remained solid overall, it showed increasing signs of weakening over the course of the year – with fewer new hires, for example. Real GDP in Canada increased by 1.7% year-on-year.

Australia's economy was solid in 2025 with real GDP growth of 1.9% compared with the previous year. Growth was primarily driven by robust private consumption, targeted corporate investment in technology and AI, and increased public-sector demand. However, cost increases, political uncertainty and global factors dampened the willingness to invest outside of these key areas.

Overall, labour markets in the advanced economies recorded relatively low unemployment rates in 2025. This ran contrary to parallel forecasts of a challenging environment and the risk of recession. The labour market in Europe remained stable, showing initial signs of a slowdown. The unemployment rate in the euro zone was 6.2% at the end of the year, which was slightly below the previous year's level. The UK saw unemployment rise to 5.1% by the end of the fourth quarter of 2025. In the US, the labour market showed

initial signs of weakness with a decline in employment growth and a slight rise in the unemployment rate. The unemployment rate was 4.4 % at the end of the year.

#### Annual rate of change in real gross domestic product

%	2025 <sup>1)</sup>	2024 <sup>2)</sup>
<b>Europe</b>		
Euro zone	1.4	0.9
Belgium	1.0	1.1
Germany	0.3	-0.5
Finland	0.1	0.4
France	0.9	1.2
Italy	0.6	0.7
Luxembourg	0.7	0.4
Netherlands	1.8	1.1
Austria	0.5	-0.7
Spain	2.9	3.5
<b>Other European countries</b>		
Denmark	2.3	3.5
UK	1.4	1.1
Poland	3.5	3.0
Sweden	1.9	0.9
Switzerland	1.2	1.4
Czech Republic	2.5	1.2
<b>North America</b>		
Canada	1.7	2.0
USA	2.2	2.8
<b>Asia / Pacific</b>		
Australia	1.9	1.0
Maldives	4.4	3.2

<sup>1)</sup> Preliminary figures; <sup>2)</sup> Adjusted to final results

#### Financial and capital markets, monetary policy and inflation

Throughout 2025, the international financial markets were impacted by increased uncertainty and diverging bond market trends. Having started the year with elevated levels, long-term US government bond yields fell for the most part over the course of the year, aided by lower interest rate expectations and a stable inflation outlook. In Europe, on the other hand, long-term yields rose on average throughout the year. This was due in particular to higher risk premiums and fiscal factors in individual EU member states such as France and Germany. The major central banks continued to exercise caution in monetary easing but acted in light of existing uncertainty. Some central banks have already concluded their cycle of interest rate cuts. Against this backdrop, equity markets showed a mixed performance and were volatile at times, particularly in connection with trade tensions and discussions about US import tariffs.

The ECB's Governing Council maintained its monetary policy of cautious easing during 2025. At its monetary policy meetings in January, March, April and June, the Council decided to cut interest rates further in response to declining inflationary pressure. In the second half of 2025, the ECB left key interest rates unchanged, as inflation was close to the target of 2 % and the economy was proving resilient in spite of the global uncertainty factors. Faced with persistent uncertainty, the ECB Governing Council reaffirmed its approach without committing to a specific interest rate path. At the end of 2025, interest rates for the deposit facility, main refinancing operations and the marginal lending facility were 2.0 %, 2.15 % and 2.4 % respectively.

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In 2025, the US Federal Reserve (Fed) initially adopted a wait-and-see approach and left the target range for its key interest rate at 4.25-4.5 % in the first half of the year, as the economy and labour market continued to appear robust and inflation rates remained high. In the second half of the year, the Fed initiated three interest rate cuts of 25 basis points each from September onwards and lowered the target range to 3.50-3.75 % in order to limit risks to the labour market. It also announced purchases of short-dated US government bonds to ensure sufficient liquidity.

In 2025, the Bank of England (BoE) gradually lowered its key interest rate to 3.75 % due to declining domestic price and wage pressure, coupled with increased global uncertainty. Despite this easing, the Monetary Policy Committee (MPC) emphasised that monetary policy would have to remain restrictive until inflation returned to the target value of 2 % on a sustainable basis.

Other important central banks also lowered their key interest rates in 2025: the Bank of Canada to 2.25 %, Sweden's Riksbank to 1.75 % and the Reserve Bank of Australia to 3.60 %.

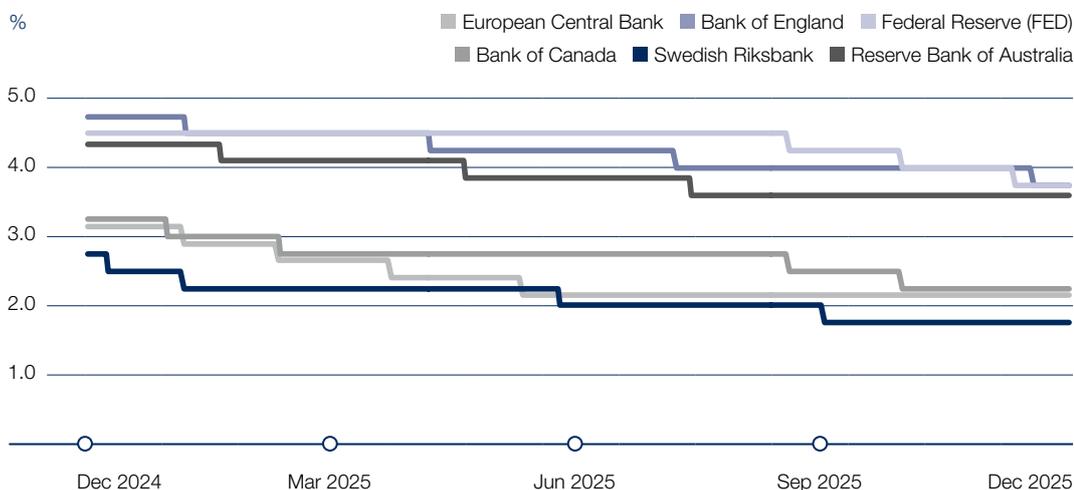
Short-term interest rates in the euro area at the end of 2025 were below the level seen at the end of 2024. The same applied to the Australian dollar, pound sterling, the US dollar, the Swedish krona and the Canadian dollar. Long-term interest rates presented a mixed picture during the year. Interest rates for the US dollar and pound sterling fell compared with the beginning of the year, while increasing for the Swedish krona, the Canadian dollar, the Australian dollar and in the euro area. Yields on 10-year government bonds also developed unevenly over the course of 2025. While yields on UK and US government bonds fell compared with the end of 2024, they increased for German, French, Spanish, Swedish and Canadian government bonds. At the end of 2025, yields on Italian government bonds were roughly on a par with the previous year.

In 2025, the foreign exchange markets were greatly influenced by monetary policy expectations and high levels of political and economic uncertainty. The US dollar fell against the euro over the course of the year, particularly in the first six months. This development was linked to shifts in interest rate expectations, fiscal conditions and ongoing trade and geopolitical uncertainty. Overall, the exchange rate trend reflected the increased sensitivity of markets to macroeconomic and political factors. The exchange rate at the end of 2025 was USD 1.18 per euro. The euro also appreciated against the Canadian dollar in 2025, increasing from CAD 1.49 per euro at the beginning of the year to as high as CAD 1.61 per euro at year-end. In contrast, the euro only appreciated to a limited extent against the British pound, rising from GBP 0.83 per euro at the beginning of the year to GBP 0.87 per euro at the end. The euro depreciated against the Swedish krona, falling from SEK 11.46 per euro at the beginning of 2025 to SEK 10.82 at year-end. The euro rose against the Australian dollar to AUD 1.76 per euro at the end of the year, having been AUD 1.68 per euro at the start.

Inflation trends in the advanced economies varied greatly in 2025. While some central banks succeeded in bringing inflation rates close to their target levels, other economies continued to face increased (and in some cases persistent) price pressure. For the most part, inflation in the euro area was close to the medium-term target of 2 % in 2025, with interim fluctuations resulting above all from energy price effects and temporary movements in services and food prices. Higher prices for services remained the main driver of inflation. At the end of 2025, inflation in the euro zone was 1.9 % compared with 2.4 % at the end of 2024.

US inflation remained high in 2025 and stood at 2.7 % at the end of the year. This was due in particular to continued robust demand and strong wage pressure that was only gradually easing. Price increases for goods were relatively moderate compared with the extent to which import tariffs increased in 2025, which indicates that these only had a muted inflationary effect on consumers. Inflation in the UK also remained above the BoE's target in 2025 and was 3.4 % at the end of the year. This was mainly due to continued higher wage growth despite a gradual easing of the labour market, to ongoing price pressure in the services sector and to temporary effects from higher regulated prices and energy prices. Increased fiscal and political uncertainty also had a negative impact on the inflation environment.

### Key rate developments in 2025<sup>1)</sup>



<sup>1)</sup> For Fed key rates, the chart shows the upper level of the corridor.

### Regulatory environment

The environment in which banks are operating continues to be defined by highly dynamic regulatory requirements, as well as by changes in banking supervision.

The regulatory framework for credit institutions in the European Union was updated significantly with the entry into force of the final EU banking package, which essentially comprised a regulation (“CRR III”) and a directive (“CRD VI”); as well as this, the implementation of Basel III in the EU was finalised (known as “Basel IV”). The main changes brought about by CRR III have been applicable since 1 January 2025, in some cases subject to transitional periods. Aareal Bank implemented the new requirements on time.

During the reporting period, a change in attitude was observed among standard setters with regard to the regulatory framework. While regulatory requirements were continually tightened in recent years, with many new and more detailed regulations being introduced, aspects relating to strengthening the competitiveness of the European banking sector and reducing administrative burdens have – against the backdrop of the macroeconomic and geopolitical environment – now also been increasingly emphasised and formulated as an objective for further developing the regulatory framework. The European Commission and the relevant supervisory authorities (in particular the EBA and ECB) have launched corresponding initiatives with a view to simplifying regulatory processes and reducing the reporting burden.

Furthermore, politicians and banking supervisors continue to deem it necessary to establish sustainability more strongly within society, and as a regulatory requirement within the economy. To this end, a standard taxonomy was introduced in the EU, which provides the basis for the classification of economic activities with regard to sustainability targets. The taxonomy also forms the basis for a large number of disclosure obligations for financial and non-financial entities. However, in the course of discussions at EU level regarding regulatory relief, a number of adjustments to the scope and nature of taxonomy-related reporting requirements were resolved during the reporting period, which were applied for the first time by Aareal Bank as at the reporting date.

In addition, the AMLA supervisory authority, created in 2025, further specified the requirements from the AML package published by the EU in the context of a uniform European AML prevention approach. Most of these requirements point to a significant increase in expenses from 2027 onwards. The Bank launched a related implementation project in 2025. As regards the EU Digital Operational Resilience Regulation (DORA), which came into force on 17 January 2025, Aareal Bank has integrated the relevant regulatory requirements into its processes, structures and governance mechanisms. The ongoing development of ICT risk and information security management is continuously strengthening the Bank’s operational resilience in the digital space.

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The requirement to disclose qualitative and quantitative information on ESG risks was also eased by the elimination of certain reporting obligations. Until the new regulations on ESG reporting and disclosure requirements come into force at the end of 2026, institutions are no longer obliged to publish taxonomy-related information as part of regulatory disclosure. This was applicable for the first time as at 30 June 2025.

The CSRD (Corporate Sustainability Reporting Directive), which had not been transposed into German law by 31 December 2025, also generates uncertainty in sustainability reporting. The industry-wide recognised solution is to implement the ESRS (European Sustainability Reporting Standards) as a framework for the still valid NFRD (Non-Financial Reporting Directive). For companies in the first wave, a “quick fix” with simplifications was agreed as part of the forthcoming amendment to the ESRS. This essentially comprises an extension of the deadlines for “phase-in” disclosures.

The “EBA Guidelines on the Management of ESG Risks”, which came into force on 11 January 2026, require the creation of a transition plan and the proper monitoring and management of ESG risks.

During the reporting period, the ECB made a number of methodological adjustments to improve the Supervisory Review and Evaluation Process (SREP) and make it more efficient. With the SREP, the ECB ensures a standardised approach to the supervisory assessment of banks in Pillar 2. The SREP is built around a business model analysis, an assessment of governance, and of the capital and liquidity risks. Results from the individual areas are aggregated in a score value from which the ECB derives supervisory measures on holding additional capital and/or additional liquidity buffers.

## Sector-specific developments and business performance

### Structured Property Financing segment

In 2025, the commercial property market was characterised by a variable macroeconomic environment and high volatility. The abrupt reorientation of US trade policy in April initially exacerbated global uncertainty and undermined the confidence of market participants. The resulting volatility on the capital markets – particularly in the case of bonds – led to restraint and initially took its toll on transaction activity. However, following the macroeconomic turbulence at the beginning of the second quarter, the property markets stabilised again relatively quickly, leading to a moderate recovery overall by the end of the year. The recovery in the office property market was uneven: because investors acted selectively here, favouring the more sought-after segments of the market and prime properties, recovery trends were not evident across the board. Valuations are showing signs of cautious stabilisation, but the scope for value appreciation remains limited due to the high long-term interest rate levels.

Market developments were largely shaped by opposing effects on the interest rate markets. The leading central banks cut key interest rates several times over the course of the year. This monetary easing resulted in falling reference rates at the short end of the yield curve, which in turn led to relief for short-term and variable-rate financings. This promoted liquidity on the transaction market and facilitated the price discovery process between market participants. In contrast, long-term interest rates remained high during the reporting period – due, among other things, to the ongoing reduction of central bank balance sheets, an expansive fiscal policy and higher risk premiums, which continued to put upward pressure on long-term government bond yields. This market environment prevented falling funding costs for banks on the capital market. As a result, credit spreads remained high, partially offsetting the relief provided by key interest rate cuts. In consequence, the total cost of property financing fell less sharply than the cuts in key interest rates would have suggested. Persistently high long-term financing costs limited the momentum of market activity.

Global transaction volumes for 2025 as a whole exceeded the previous year’s level (+9%), albeit with differences between the individual regions. While volumes in North America saw a significant 19 % year-on-year increase, transaction activity stagnated in Europe (-1 %) and the Asia-Pacific region (+2%). All property types<sup>1)</sup> saw rising volumes worldwide. While this was particularly pronounced for office properties, followed by hotel and retail properties, logistics properties recorded moderate growth compared with the previous year.

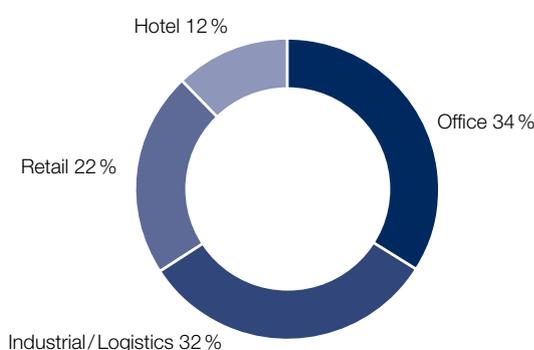
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<sup>1)</sup> Property types are office, logistics, retail and hotel properties.

Investors focused on properties that offer long-term potential value or comply with specific trends such as sustainability or conformity with ESG standards. This includes preferably properties with a high ability to re-let, stable tenant profiles or attractive locations that are deemed to be resilient against market volatility. Demand remained strong for well-located logistics and residential properties, supported by stable fundamental data. In the meantime, the premium office market segments have benefited from increased investor interest, but reticence still prevailed in peripheral market segments due to structural changes such as hybrid working models. Pricing is still difficult in certain submarkets given that some owners are still faced with unrealised losses and have therefore little incentive to sell their properties. Lenders focused their interest primarily on residential, logistics and retail properties, as well as on high-quality office properties in preferred locations.

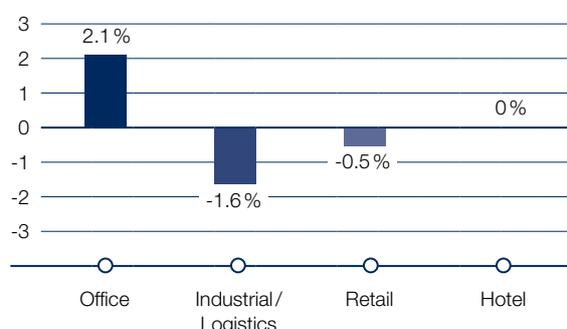
**Share of transaction volume observed worldwide in 2025**

%



**Change in the relative share of transaction volume observed worldwide in 2025 vs. 2024**

percentage points



During the year under review, Aareal Bank succeeded in maintaining its position on the international property financing market in a challenging environment. Overall liquidity remained high in the global commercial property financing market in 2025 because both traditional banks and alternative capital providers are active here. The environment has become more professional compared with 2024, as selective but stable availability of capital meets high refinancing requirements.

While new business in the European target market remained strong, activity in the Americas and Asia-Pacific regions was moderate in relation to the transaction volume there. In 2025, Aareal Bank’s market share<sup>1)</sup> in new business was stable and, in some cases, slightly higher than in the previous year. This meant that the Bank was able to maintain its relative position in the international property financing market and continue to demonstrate above-average strength in the European target market, especially in the hotel segment.

Unlike many of its competitors, Aareal Bank combines a broad international positioning with in-depth specialisation. While other institutions sometimes only operate regionally or as universal banks, Aareal Bank offers customised, complex financing solutions in all relevant target markets and manages a diversified portfolio across regions and asset classes. Because of this, its major competitors include international banks and specialised commercial property finance providers. Besides traditional banks, alternative lenders and debt funds increasingly acted as competitors, which further intensified competition for high-quality exposures.

Aareal Bank Group generated new business<sup>2)</sup> of € 12.4 billion in the full year 2025 (2024: € 10.9 billion), exceeding the target range communicated at the beginning of the year (€ 9 billion to € 10 billion). The share of newly-originated loans was 66% (2024: 58%) or € 8.1 billion (2024: € 6.3 billion). Renewals amounted to € 4.3 billion (2024: € 4.6 billion). Aareal Bank concluded new green financing business of around € 5.1 billion; the portfolio volume of green financings rose by a total of € 3.7 billion to approximately

<sup>1)</sup> Note on the methodology: we compare new financings (including renewals) with asset transactions (income-generating properties, excluding developments). This measures the relative footprint of financing activity on deal flow and should be interpreted as a trend indicator, not as a 1:1 market share of all transactions.  
<sup>2)</sup> New business, excluding former WestImmo’s private client business and local authority lending business

€ 11.3 billion. It should be noted that changes to the portfolio volume can also result from existing clients issuing required undertakings and related certificates for the first time, or from other financings losing their status as green instruments. Repayments also influence this figure. Green loans meet the minimum energy efficiency requirements of the Aareal Green Finance Framework and the client undertakes to meet these requirements throughout the term of the loan. Properties are classified as green if they adhere to the EU taxonomy criteria, have above-average sustainability ratings by recognised rating agencies or comply with energy efficiency criteria. All in all, Aareal Bank Group’s property financing portfolio expanded to € 34.3 billion as at the end of 2025 (year-end 2024: € 33.5 billion).

Aareal Bank successfully implemented its first Significant Risk Transfer (SRT) in October 2025. This purely synthetic transaction relates to a broadly diversified portfolio of non-impaired European commercial property loans totalling € 2.0 billion, which constitutes a cross-section of the Bank’s loan book. A defined portion of the credit risk was transferred as part of a structured two-tranche solution using a funded credit-linked note and an unfunded financial guarantee, resulting in a significant reduction in risk-weighted assets and the release of regulatory CET1 capital. The transaction met with strong market demand from institutional investors and was significantly oversubscribed, demonstrating the high quality of the reference portfolio and the confidence in Aareal Bank’s business model and risk management. Overall, the SRT transaction has strengthened the Bank’s capital efficiency and, by releasing equity, has expanded the Bank’s financial scope for originating attractive new business.

As part of the “Aareal Ambition” strategy, Aareal Bank also expanded its financing range during the second half of 2025 to include the asset class of data centres. In this context, the first transaction in this segment in Germany was successfully concluded with the financing of a data centre.

At approximately 78 %, Europe accounted for the largest share of new business (2024: 73 %), followed by North America with 19 % (2024: 23 %) and the Asia/Pacific region with 3 % (2024: 4 %).<sup>1)</sup>

With a share of 34 %, hotel properties accounted for the largest share in new business in terms of property type (2024: 36 %), followed by logistics property with 23 % (2024: 15 %), ahead of office property with 17 % (2024: 25 %), retail property with 14 % (2024: 19 %) and residential property with 10 % (2024: 4 %). Other property and financings accounted for a marginal share of less than 2 % (2024: less than 1 %) of new business.

**New business<sup>1)</sup> 2025**

by region | by type of property (%)



\* Incl. Germany

<sup>1)</sup> New business, excluding former WestImmo’s private client business and local authority lending business

<sup>1)</sup> New business is allocated to the individual regions on the basis of the location of the property used as collateral. For exposures that are not collateralised by property, allocation is based on the borrower’s country of domicile.

## Europe

Transaction volumes in Europe remained almost at the previous year's level (-1%). Activity declined in Italy and Poland, while volumes increased in France and Sweden compared with 2024. Volumes in Germany, Spain and the UK remained roughly at the previous year's levels. As regards property types, there was a decrease in logistics, retail and hotel properties, while office properties increased year-on-year.

Average prime rents in the office property segment increased during the year. In London, Amsterdam, Paris and Frankfurt, significant rent increases were recorded compared with the end of 2024, while other major markets such as Warsaw only saw moderate growth. Vacancy rates developed unevenly, but rose slightly on average. The greater Paris and greater Brussels areas recorded increases in vacancy rates, while London, Warsaw, Stockholm and Rome registered declines. The picture for average rents was mixed, with sharp rises in some cases. Average rents in Brussels and Stockholm rose significantly, while falling by more than 10% in Paris. In the retail sector, rental levels in shopping centres remained stable in most European markets. These rose in many locations on the main shopping streets, with Rome and London recording significant increases. By contrast, rents remained constant in Helsinki and Warsaw. Prime rents for logistics properties continued to rise. Some submarkets, such as the environs of Brussels and Amsterdam, recorded stronger rental growth, driven by persistently high demand. Even though vacancy rates for logistics properties remained low, these rose slightly in the majority of markets.

The average prime yield of European office properties fell slightly in 2025. Yields declined in the major German cities and in Amsterdam, while remaining stable in Paris, Warsaw and London. Yields in secondary locations remained largely stable. Average yields for logistics properties fell slightly over the course of the year. The decline in yields was somewhat more pronounced in the Spanish submarkets and in the greater Brussels area. In the case of retail, average prime yields for European high-street properties and shopping centres remained roughly at the previous year's level. The Spanish markets of Madrid and Barcelona showed a diverging development and recorded a significant decline in yields. This trend was also evident in secondary locations.

Travel to and within Europe saw another slight increase in 2025, even though growth has continued to moderate following the post-pandemic recovery. While leisure travel remained the most important driver, business travel activity also remained stable overall. In most European countries – including France, Spain, Germany and the Netherlands – overnight stays remained at the previous year's level, but were higher in Poland. The increase for the entire European Union was roughly 0.5%. Under these conditions, the development of occupancy rates and revenue per available room in European hotel properties varied depending on the location. Submarkets such as Madrid, Paris and Milan recorded solid growth in revenue per room compared with the previous year, while declines were observed in Berlin.

Aareal Bank Group originated new business of around € 9.7 billion (2024: € 7.9 billion) in Europe during the year under review. As in previous years, at around € 6.3 billion (2024: € 5.5 billion), Western Europe accounted for the largest share. Southern Europe followed with € 1.5 billion (2024: € 1.1 billion), Central and Eastern Europe – where we concluded business mainly in Poland – with € 1.3 billion (2024: € 0.9 billion) and Northern Europe with € 0.6 billion (2024: € 0.4 billion).

## North America

In North America, transaction volumes in 2025 increased significantly compared with the previous year (+19%). This growth was seen across all property types.

Average asking rents for office properties in US metropolises remained stable in 2025 in both the prime and secondary segments. In San Francisco and Washington D.C., asking rents rose slightly compared with the previous year, while Chicago saw a slight decline. In New York, asking rents remained at the previous year's level. This stability continued to be associated with a higher level of incentives for new tenants, such as rent-free periods. The nationwide vacancy rate rose from 14.0% to 14.2% in 2025. However, the increase in vacancy rates has already slowed noticeably compared with previous years. In fact, individual metropolitan areas have already seen vacancy rates decline – for example, the vacancy rate in New York fell from 13.8% to 13.4%. In the retail sector, average rents for shopping malls rose nationwide, including in New York, Miami and Dallas. Average rents for logistics properties increased slightly across the country.

In 2025, yields for office properties in both the premium and secondary segments in the USA recorded a moderate increase nationwide, albeit lower than in previous years. Increases in yields were observed in San Francisco, Chicago and Washington D.C.

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In New York, on the other hand, a slight yield compression was observed. Yields for retail properties remained largely stable, with only minor changes vis-à-vis the previous year. The average yield level for logistics properties fell slightly across the country.

The hotel market in North America continued to benefit from strong demand, resulting in a slight year-on-year increase in revenue per room. In the USA, revenue growth in the luxury and upper upscale category was slightly stronger than in the broader hotel market. Occupancy rates fell slightly, due in part to the decline in foreign visitors, although this was offset by solid growth in average room rates. New York achieved higher revenue growth than the national average due to a slightly more favourable trend in both occupancy rates and room rates. The hotel markets in Canada performed somewhat better overall, with occupancy rates also increasing here.

Aareal Bank Group originated new business of approximately € 2.3 billion (2024: € 2.5 billion) across North America in 2025, most of which was attributable to the US.

### Asia/Pacific region

In the Asia-Pacific region, transaction volumes for commercial property rose by around 2% in 2025 compared with the previous year. Australia recorded a particularly strong increase in transaction volumes of +26%, which was seen across all property types.

Prime rents for logistics properties in Australia continued their upward trend in 2025. At the same time, yields on logistics properties went down depending on the submarket, dropping by up to 35 basis points – the opposite of the trend seen in the previous year.

The hotel markets in the Asia-Pacific region continued to perform well in 2025. Both occupancy rates and income increased in most markets, reflecting the ongoing recovery in international tourism. The growth in Chinese tourist numbers is a key driver in many markets, although this varies from destination to destination. In Southeast Asia, intra-regional travel also established itself as an increasingly significant growth driver. In the Maldives, visitor numbers rose by around 10% to 2.2 million in 2025, which was reflected in both higher occupancy rates and higher room rates. In Australia's key markets, occupancy rates and revenues per available room improved. New Zealand's hotel markets developed unevenly overall, but revenues in Queenstown increased significantly year-on-year.

Aareal Bank Group originated new business of € 0.4 billion in the Asia/Pacific region in 2025 (2024: € 0.5 billion).

### Banking & Digital Solutions segment

For the Banking & Digital Solutions segment, the residential and commercial property sectors with a focus on Germany once again proved to be stable market segments during 2025. The rent level for new leases continued to rise in the third quarter – by 3.8% nationwide compared with the same quarter of the previous year and by 1.0% compared with the previous quarter. A corresponding positive trend is also realistic for 2025 as a whole. Although the stabilisation of long-term interest rates over the course of the year naturally has a positive impact on new construction projects, the effect is delayed due to long-term loan terms. While 175,600 building permits for apartments were granted in the first nine months of 2025 – a year-on-year increase of 11.7% – this rise is attributable to a low comparison base and does not yet constitute a genuine trend reversal.

Various initiatives from the Aareal Ambition strategy programme were launched during the reporting period, some of which have already been implemented. In addition to up-/cross-selling measures targeting existing clients, this includes strategic partnerships that complement our solution portfolio in a targeted manner. For example, we have entered into a sales collaboration with Pens-Expert GmbH, a company that can make an important contribution to increasing employer attractiveness by offering working time accounts for our clients' employees. The relevant collective bargaining conditions are in place in our clients' industries. In addition, further initiatives are continuing to be implemented, such as the intensification of market entry in the Netherlands and preparations for market entry in France. The long-term strategic partnership agreed between Aareal Bank, Aareon and First Financial Software GmbH towards the end of 2023 was further intensified as part of the Aareal Ambition strategy programme, including through the successful integration of the BK01 standard into the HausPerfekt and PowerHaus ERP systems. The solution for tenancy bonds distributed digitally by our subsidiary PlusForta GmbH has been well received on the market and is now used by over 100,000 private customers.

We continued to offer attractive interest rates to our clients and secured new deposit volumes (including from new clients) for various deposit categories. The segment's average deposits from the housing industry volume grew to € 14.1 billion in 2025 (2024: € 13.7 billion), defying above all the interest rate cuts in the first half of the year. All in all, this reflects the great trust our clients

continue to place in Aareal Bank, despite the difficult macroeconomic and political situation. At present, more than 4,000 corporate clients throughout Germany are using our process-optimising products and banking services – a figure that is continuing to rise. As expected, lower market interest rates led to a reduction in operating profit in the Banking & Digital Solutions segment, although this was partially offset by the increase in average deposits from the housing industry.

## Financial Position and Financial Performance

### Financial performance

#### Group

##### Group result

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024 <sup>1)</sup>
Net interest income	934	1,060
Net commission income	4	-4
Loan impairment charges (LICs) <sup>2)</sup>	-322	-396
Administrative expenses (adjusted) <sup>3)</sup>	-317	-343
Other items	27	11
<b>Adjusted operating profit<sup>3)</sup></b>	<b>326</b>	<b>328</b>
Non-recurring effects	-30	-34
<b>Operating profit</b>	<b>296</b>	<b>294</b>
Income taxes	-118	-82
<b>Consolidated net income (from continuing operations)</b>	<b>178</b>	<b>212</b>
Interest on the AT1 bond	-41	-33
<b>Net profit<sup>4)</sup></b>	<b>137</b>	<b>179</b>

<sup>1)</sup> The previous year's figures only refer to those activities then presented as continuing operations (excluding non-controlling interests)

<sup>2)</sup> Including credit-related changes in the value of non-performing financial instruments (fvpl)

<sup>3)</sup> Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects

<sup>4)</sup> Consolidated net income allocated to ordinary shareholders

As expected, net interest income decreased year-on-year, to € 934 million (2024: € 1,060 million), mainly as a result of the lower interest rate levels. Historically, however, the net interest income figure remained at a high level, thanks to a year-on-year increase in the credit portfolio size, healthy margins and high average deposit volumes.

Commission income and expenses nearly offset each other during the year, leading to slightly positive net commission income of € 4 million (2024: € -4 million).

While loan impairment charges (LICs) for new and existing defaults of € 322 million (including € 8 million in credit-related changes in the value of non-performing financial instruments (fvpl)) were well below the previous year's € 396 million, they exceeded expectations for the full year due to extensive additional loss allowance recognised in the fourth quarter, based on a resolution by the Management Board, in the amount of € 55 million at the end of the reporting period. It was recognised for stage 1 and 2 credit exposures, considering migration risks and reflecting persistently high economic uncertainty and further increased geopolitical tensions during the course of 2025. The Management Board believes that based on aggregate loan impairment charges recognised, there are opportunities to reposition the Bank on the US market.

Adjusted administrative expenses declined from € 343 million in the previous year to € 317 million in the period under review, in line with our expectations, reflecting both our efficient cost management and positive ongoing effects of our implemented efficiency measures. Adjustments include expenses for efficiency measures implemented within the Bank, IT infrastructure investments or other

material non-recurring effects, and totalled approximately € 30 million in 2025 – with € 21 million related to efficiency measures and IT infrastructure investments and € 9 million to other material non-recurring effects, primarily for the value compensation of virtual shares held by the members of the Management Board related to the high 2025 dividend from the Aareon sale. The cost/income ratio – which, as is customary in the banking sector, excludes the bank levy and contributions to the deposit guarantee scheme as well as the non-recurring effects mentioned – amounted to 32.7% in the 2025 financial year, which continues to be low even by international standards.

Other items totalled € 27 million (2024: € 11 million). The increase is mainly down to the one-off gain resulting from the disposal of our former hotel operations in Italy in the second quarter of the year. Other items also comprise current results from our foreclosures as well as from further subsidiaries and other entities.

All in all, adjusted operating profit for the 2025 financial year was € 326 million, in line with the previous year's figure of € 328 million and below communicated expectations. Without the additional loss allowance for stage 1 and 2 exposures, profits for 2025 would have been in the communicated range of € 375 million to € 425 million. Operating profit totalled € 296 million (2024: € 294 million). Taking into account tax expenses of € 118 million (which clearly exceeded the previous year's level of € 82 million due to the more conservative planning of our US business and the resulting lower recognition of deferred tax assets) and the accrual of interest on the AT1 bond, net profit was € 137 million (2024: € 179 million). As a result, adjusted RoE after taxes also fell to 4.9% and was significantly lower than in 2024 (6.8%) as well as below our communicated forecast (7% to 8%).

## Structured Property Financing segment

### Segment result

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024 <sup>1)</sup>
Net interest income	688	791
Net commission income	6	1
Loan impairment charges (LICs) <sup>2)</sup>	-322	-396
Administrative expenses (adjusted) <sup>3)</sup>	-222	-244
Other items	24	12
<b>Adjusted operating profit<sup>3)</sup></b>	<b>174</b>	<b>164</b>
Non-recurring effects	-25	-34
<b>Operating profit</b>	<b>149</b>	<b>130</b>
Income taxes	-73	-30
<b>Consolidated net income (from continuing operations)</b>	<b>76</b>	<b>100</b>
Interest on the AT1 bond	-35	-33
<b>Net profit<sup>4)</sup></b>	<b>41</b>	<b>67</b>

<sup>1)</sup> The previous year's figures only refer to those activities then presented as continuing operations (excluding non-controlling interests)

<sup>2)</sup> Including credit-related changes in the value of non-performing financial instruments (fvpl)

<sup>3)</sup> Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects

<sup>4)</sup> Consolidated net income allocated to ordinary shareholders

As expected, net interest income decreased year-on-year, to € 688 million (2024: € 791 million), mainly as a result of the lower interest rate levels. Historically, however, net interest income remained high, thanks to healthy margins and a year-on-year increase in the credit portfolio.

The segment's net commission income rose following the slight increase in commission income.

While loan impairment charges (LICs) for new and existing defaults of € 322 million (including € 8 million in credit-related changes in the value of non-performing financial instruments (fvpl)) were well below the previous year's € 396 million, they exceeded expectations for the full year due to extensive additional loss allowance recognised in the fourth quarter, based on a resolution by

the Management Board, in the amount of € 55 million at the end of the reporting period. It was recognised for stage 1 and 2 credit exposures, considering migration risks and reflecting persistently high economic uncertainty and further increased geopolitical tensions during the course of 2025. Senior management believes that based on aggregate loan impairment charges recognised, there are opportunities to reposition the Bank on the US market.

The segment's adjusted administrative expenses declined from € 244 million in the previous year to € 222 million in the period under review, in line with our expectations, reflecting both our efficient cost management and positive ongoing effects of our implemented efficiency measures. Adjustments include expenses for efficiency measures implemented within the Bank, IT infrastructure investments or other material non-recurring effects and totalled approximately € 25 million for the Structured Property Financing segment. Of this figure, € 16 million relates to efficiency measures and IT infrastructure investments and € 9 million to other material non-recurring effects, primarily for the value compensation of virtual shares related to the high 2025 dividend from the Aareon sale.

Other items totalled € 24 million (2024: € 12 million). The increase is mainly down to the one-off gain resulting from the disposal of our former hotel operations. The figure also comprises current results from foreclosures, and from subsidiaries and other entities allocated to the segment.

All in all, adjusted operating profit for the Structured Property Financing segment was € 174 million in the 2025 financial year, slightly outperforming the previous year's figure of € 164 million. Without the additional loss allowance for stage 1 and 2 exposures, the segment's year-on-year outperformance would have been even stronger. Strong new business totalling € 12.4 billion (exceeding our forecast of € 9 billion to € 10 billion) and a portfolio size of € 34.3 billion, which is within our communicated target range (€ 34 billion to € 35 billion), partially compensated for the lower market interest rate level. Operating profit totalled € 149 million (2024: € 130 million). Taking into account tax expenses of € 73 million (which clearly exceeded the previous year's level of € 30 million due to the more conservative planning of our US business and the resulting lower recognition of deferred tax assets) and the accrual of interest on the AT1 bond, the segment's net profit was € 41 million (2024: € 67 million).

## Banking & Digital Solutions segment

### Segment result

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024 <sup>1)</sup>
Net interest income	246	269
Net commission income	-2	-5
Loan impairment charges (LICs) <sup>2)</sup>	0	0
Administrative expenses (adjusted) <sup>3)</sup>	-95	-99
Other items	3	-1
<b>Adjusted operating profit<sup>3)</sup></b>	<b>152</b>	<b>164</b>
Non-recurring effects	-5	0
<b>Operating profit</b>	<b>147</b>	<b>164</b>
Income taxes	-45	-52
<b>Consolidated net income (from continuing operations)</b>	<b>102</b>	<b>112</b>
Interest on the AT1 bond	-6	0
<b>Net profit<sup>4)</sup></b>	<b>96</b>	<b>112</b>

<sup>1)</sup> The previous year's figures only refer to those activities then presented as continuing operations (excluding non-controlling interests)

<sup>2)</sup> Including credit-related changes in the value of non-performing financial instruments (fvpl)

<sup>3)</sup> Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects

<sup>4)</sup> Consolidated net income allocated to ordinary shareholders

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As expected, net interest income in the Banking & Digital Solutions segment of € 246 million declined compared to the previous year's figure of € 269 million because market interest rate levels were lower. At the same time, the average deposit volume remained high and even increased strongly, generating a positive effect for net interest income.

Commission income and expenses were relatively stable compared to the previous year, as commission expenses incurred for the strategic partnership with Aareon and First Financial Software GmbH nearly offset commission income, leading to virtually balanced net commission income of € -2 million for the 2025 financial year (2024: € -5 million).

The segment's adjusted administrative expenses declined slightly to € 95 million (2024: € 99 million). Adjustments include expenses for efficiency measures implemented within the Bank, IT infrastructure investments or other material non-recurring effects and totalled approximately € 5 million for the segment. Specifically, these related to efficiency measures and IT infrastructure investments.

Other items totalled € 3 million (2024: € -1 million). These comprise current results from subsidiaries and other entities allocated to the segment.

All in all, adjusted operating profit for the Banking & Digital Solutions segment was € 152 million in the 2025 financial year, slightly below the previous year's figure of € 164 million – due to the decline in net interest income. At the same time, we were able to significantly increase our average deposit volume to € 14.1 billion (2024: € 13.7 billion) and also exceeded our forecast (€ 13 billion to € 14 billion). Operating profit totalled € 147 million (2024: € 164 million). Taking into account tax expenses of € 45 million (2024: € 52 million) and the accrual of interest on the AT1 bond, net profit in the segment was € 96 million (2024: € 112 million).

### Financial position – assets and liabilities

Consolidated total assets of Aareal Bank Group decreased to € 46.9 billion as at 31 December 2025 (31 December 2024: € 47.8 billion), mainly due to lower cash funds.

### Cash funds and money market receivables

The cash funds and money market receivables item contains excess liquidity invested at short maturities. As at 31 December 2025, this comprised predominantly cash funds and deposits with central banks and money market receivables from banks.

### Property financing portfolio

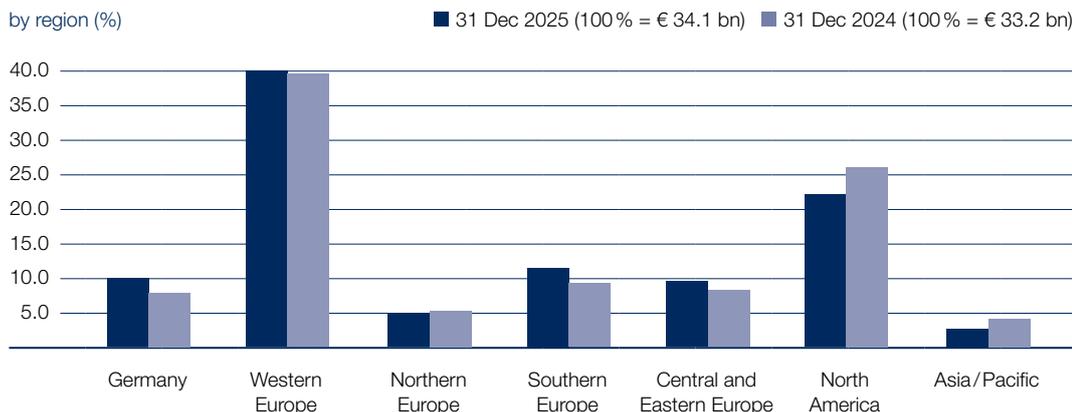
The volume of Aareal Bank Group's property financing portfolio<sup>1)</sup> stood at € 34.1 billion as at 31 December 2025 (31 December 2024: € 33.2 billion). Including former WestImmo's private client business (which is being run down) and local authority lending business, the portfolio volume amounted to € 34.3 billion (31 December 2024: € 33.5 billion). This means that we reached our target portfolio size of between € 34 billion and € 35 billion at year-end.

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<sup>1)</sup> Excluding former WestImmo's private client business and local authority lending business.

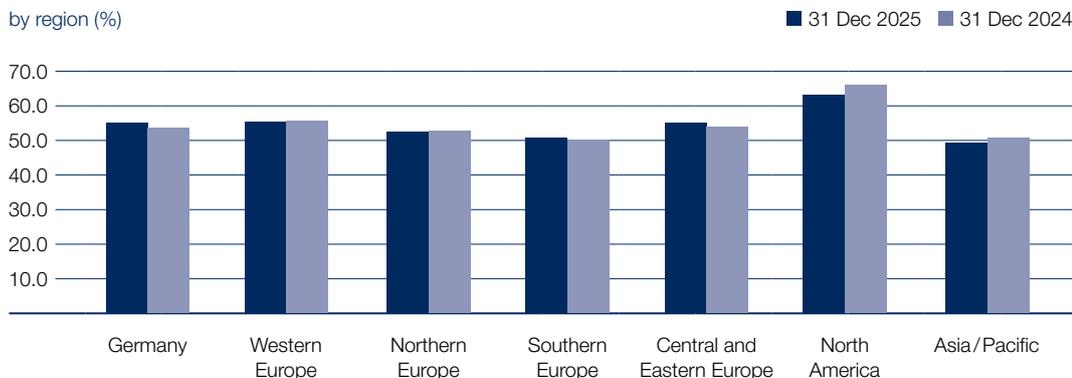
As at the reporting date (31 December 2025), Aareal Bank Group’s property financing portfolio was composed as shown below, compared to year-end 2024:

**Property financing volume<sup>1)</sup> (amounts drawn)**



<sup>1)</sup> Excluding the former WestImmo’s private client business and local authority lending business

**Average LTV of property financing<sup>1)</sup>**



<sup>1)</sup> Excluding former WestImmo’s private client business and local authority lending business

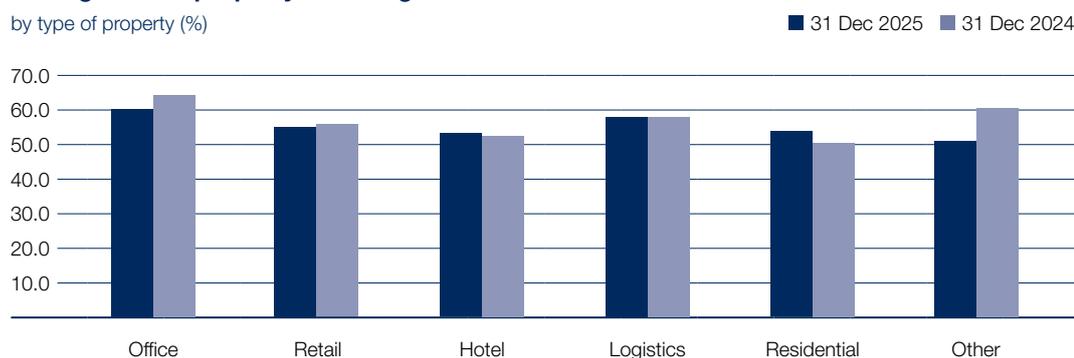
Note that the loan-to-value ratios are calculated on the basis of drawdowns and market values, including supplementary collateral with sustainable value, excluding defaulted property financings.

### Property financing volume<sup>1)</sup> (amounts drawn)



<sup>1)</sup> Excluding the former WestImmo's private client business and local authority lending business

### Average LTV of property financing<sup>1)</sup>



<sup>1)</sup> Excluding former WestImmo's private client business and local authority lending business

Note that the loan-to-value ratios are calculated on the basis of drawdowns and market values, including supplementary collateral with sustainable value, excluding defaulted property financings.

The distribution of the portfolio by region and continent changed slightly during the reporting period, reflecting our new strategic direction. The portfolio share of exposures in Southern Europe rose by approximately 2.2 percentage points and that in Germany by approximately 2.1 percentage points, while the share of exposures to North America was down markedly by around 4.0 percentage points. It remained relatively stable for all other regions.

The breakdown of the portfolio by property type also changed slightly during the period under review. Compared to year-end 2024, the share of residential property increased by approximately 2.4 percentage points, while the share of logistics property rose by approximately 2.2 percentage points; the share of office property declined significantly by around 3.3 percentage points. The share of all other property types remained almost unchanged year-on-year.

All in all, the high degree of diversification by region and property type within the property financing portfolio was maintained during the period under review.

### Treasury portfolio

In terms of its ratings structure, Aareal Bank's Treasury portfolio has a very high credit quality and is very liquid. As part of the overall management of the Bank, it fulfils two major tasks: On the one hand, the bulk of the securities are held for the liquidity portfolio, which accounts for a major part of the liquidity reserve from both the economic and normative perspective of risk-bearing capacity. In addition to the liquidity portfolio, part of the Treasury portfolio is also used as a collateral portfolio. We define this mainly as the securities and promissory note loans that are used as collateral for the two Pfandbrief programmes.

Key aspects taken into account for portfolio management are good credit quality and the related value stability, as well as a high degree of liquidity, depending on the intended use.

As at 31 December 2025, the total nominal volume of the Treasury portfolio<sup>1)</sup> was € 9 billion (31 December 2024: € 8.2 billion).

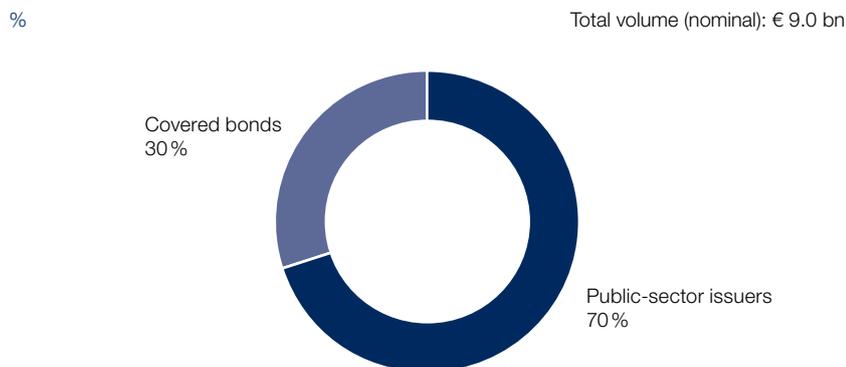
In terms of asset classes, the portfolio exclusively comprises public-sector borrowers and covered bonds, with the public-sector asset class accounting for the largest share of the portfolio (currently at around 70%). Approximately 30% is allocated to covered bonds.

The high credit quality requirements are also reflected in the portfolio's rating breakdown. 100% of the portfolio has an investment grade rating<sup>2)</sup>, with 87.3% having an AAA to AA- rating.

The portfolio currently comprises almost exclusively (96%) securities denominated in euros, and its average remaining term as at the reporting date was 4.5 years.

Given the high requirements as regards liquidity of the positions as part of their use for the liquidity portfolio, 93% of the portfolio can be pledged as collateral with the ECB and 90% fulfils the requirements for "High Quality Liquid Assets" (as defined in the Liquidity Coverage Ratio (LCR)).

### Treasury portfolio as at 31 December 2025



### Financial position

#### Money-market liabilities and deposits from the housing industry

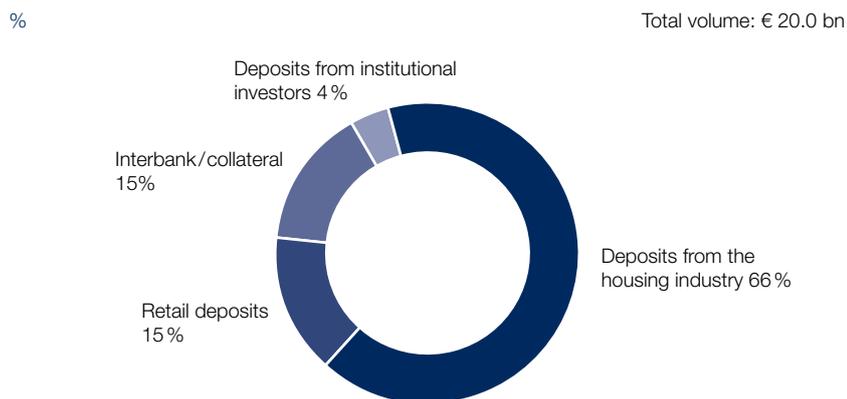
In addition to deposits from housing industry clients, Aareal Bank mainly uses deposits from institutional investors including retail deposits for short-term refinancing. To raise funds from retail deposits, it launched several cooperations in 2022 by way of a trust model. These cooperations included Raisin and Deutsche Bank. Aareal Bank also uses interbank and repo transactions to manage liquidity and cash positions.

<sup>1)</sup> As at 31 December 2025, the securities portfolio was carried at € 9.2 billion (31 December 2024: € 8.4 billion).

<sup>2)</sup> The rating details are based on the composite ratings.

As at 31 December 2025, Aareal Bank had € 13.2 billion (31 December 2024: € 12.2 billion) at its disposal in deposits generated from the business with the housing industry. Money market liabilities amounted to € 6.7 billion (31 December 2024: € 5.4 billion). This figure also contained € 0.7 billion in deposits from institutional investors and € 3.0 billion in retail deposits.

**Money market funding mix as at 31 December 2025**



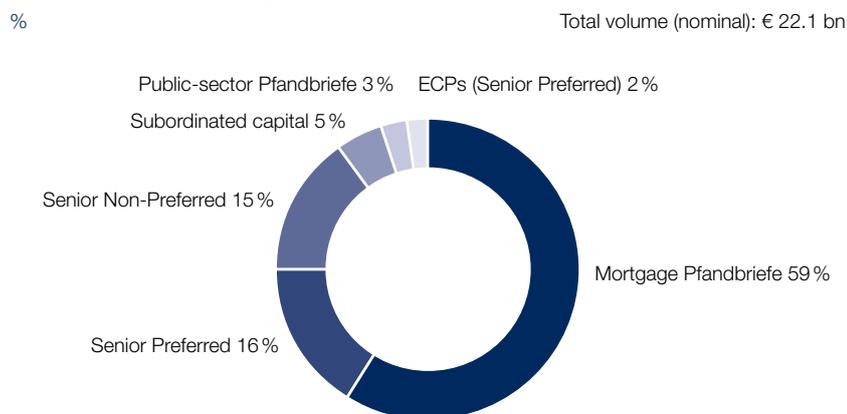
**Long-term funding and equity**

**Funding structure**

Aareal Bank Group is solidly funded, a development visible by its high share of long-term funding. This encompasses registered and bearer Pfandbriefe, promissory note loans, medium-term notes, other bonds and subordinated issues. According to its legal characteristics, we recognise European Commercial Paper (ECP) as debt even though maturities are usually less than one year. Subordinated capital includes subordinated liabilities and the Additional Tier I (AT I) bond.

As at 31 December 2025, the notional volume of the long-term funding portfolio was € 22.1 billion. Carrying amounts of the long-term funding portfolio totalled € 20.4 billion.

**Capital market funding mix as at 31 December 2025**



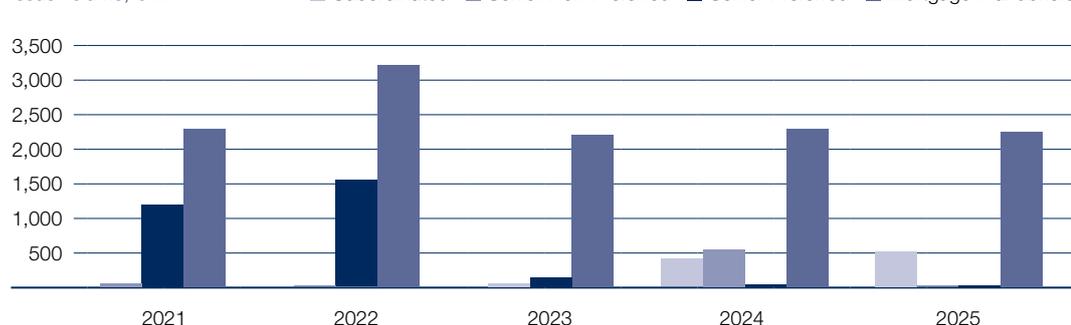
## Funding activities

During the entire 2025 financial year, Aareal Bank Group was able to place approximately € 2.8 billion on the capital markets. This included three benchmark Pfandbrief issues with an aggregate size of € 2.0 billion, a benchmark AT1 transaction in the amount of US\$ 425 million plus a € 100 million Tier 2 issue.

Since we conduct our business activities in a range of foreign currencies, we have secured our foreign currency liquidity over the longer term by means of appropriate measures.

## Issuing activities – 2021 to 2025

Issue volume, € mn



## Equity

Aareal Bank Group's total equity as disclosed in the statement of financial position amounted to € 3,752 million as at 31 December 2025 (31 December 2024: 5,460 million). The year-on-year decrease was due to the fact that in 2024, equity respectively consolidated net income were strongly influenced by the one-off gain on the disposal of Aareon and the subsequent dividend distribution. Also, equity of € 407 million was attributable to the Additional Tier 1 (AT1) bond. Please also refer to the statement of changes in equity and to our explanations in Note 62 of the consolidated financial statements.

At 15.5 %, the Common Equity Tier 1 ratio (CET1 ratio) – Basel IV (fully phased) – exceeded the standardised capital requirement of 13.5 % at the end of 2025, as expected.

## Regulatory indicators<sup>1)</sup>

€ mn	31 Dec 2025	31 Dec 2024
<b>Basel IV (phase-in)</b>		
Common Equity Tier 1 (CET1) capital	2,899	2,877
Tier 1 (T1) capital	3,306	3,177
Total capital (TC)	3,963	3,793
Common Equity Tier 1 ratio (CET1 ratio) (%)	22.2	20.2
Tier 1 ratio (T1 ratio) (%)	25.3	22.3
Total capital ratio (TC ratio) (%)	30.3	26.6
<b>Basel IV (fully phased)</b>		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.5	15.2

<sup>1)</sup> Aareal Bank AG utilises the rules set out in section 2a of the KWG in conjunction with Article 7 of the CRR, pursuant to which regulatory indicators of own funds may only be determined at Group level. In this respect, the following disclosures relate to Aareal Bank Group.

31 December 2024: including profits for 2024 less dividends (which have already been distributed) and including accrual of interest on the AT1 bond.

31 December 2025: including profits for 2025 less planned dividends in line with the previous dividend policy and including accrual of interest on the AT1 bond.

The SREP recommendations concerning the NPL inventory were taken into account, as well as the ECB's NPL guidelines for regulatory capital requirements for new NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB inspections.

**Regulatory capital<sup>1)</sup>**

	31 Dec 2025	31 Dec 2024
€ mn		
<b>Common Equity Tier 1 (CET1) capital</b>		
Subscribed capital and capital reserves	900	900
Eligible retained earnings	2,397	2,385
Accumulated other comprehensive income	-127	-118
Amounts to be deducted from CET1 capital	-271	-290
<b>Total Common Equity Tier 1 (CET1) capital</b>	<b>2,899</b>	<b>2,877</b>
AT1 bond	407	300
<b>Sum total of Additional Tier 1 (AT1) capital</b>	<b>407</b>	<b>300</b>
<b>Sum total of Tier 1 capital (T1)</b>	<b>3,306</b>	<b>3,177</b>
<b>Tier 2 (T2) capital</b>		
Subordinated liabilities	600	548
Other	57	68
<b>Sum total of Tier 2 capital (T2)</b>	<b>657</b>	<b>616</b>
<b>Total capital (TC)</b>	<b>3,963</b>	<b>3,793</b>

<sup>1)</sup> 31 December 2024: including profits for 2024 less dividends (which have already been distributed) and including accrual of interest on the AT1 bond.

31 December 2025: including profits for 2025 less planned dividends in line with the previous dividend policy and including accrual of interest on the AT1 bond.

The SREP recommendations concerning the NPL inventory were taken into account, as well as the ECB's NPL guidelines for regulatory capital requirements for new NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB inspections.

**Analysis of risk-weighted assets (RWA)**

	Risk-weighted assets (RWAs) 31 Dec 2025	Minimum capital requirements Total 31 Dec 2025	Risk-weighted assets (RWAs) 31 Dec 2024	Minimum capital requirements Total 31 Dec 2024
€ mn				
Credit risk (excluding counterparty credit risk)	10,563	846	12,211	977
Counterparty credit risk	317	25	443	35
Credit valuation adjustment risk – CVA risk <sup>1)</sup>	141	11	0	0
Securitisation	279	22	0	0
Market risk <sup>2)</sup>	0	0	0	0
Operational risk	1,783	143	1,614	129
<b>Total</b>	<b>13,083</b>	<b>1,047</b>	<b>14,268</b>	<b>1,141</b>

<sup>1)</sup> Credit valuation adjustment risk (CVA risk), which was reported as part of counterparty credit risk until 31 December 2024, is treated as a separate risk type within the scope of first-time application of CRR III.

<sup>2)</sup> There was no requirement to cover market risk with regulatory capital since, under Article 351 of the CRR, the sum total of the net foreign currency position in aggregate did not exceed 2% of regulatory capital.

**Overall presentation of the Group's position**

Business in 2025 was characterised by good operating performance. The Bank's adjusted operating profit was in line with the previous year; without the additional loss allowance recognised for stage 1 and 2 exposures, it would have matched the communicated earnings guidance. Considering the persistently challenging environment, especially on the US office property market, managing non-performing exposures was a key focus of business management during the year under review. In order to address existing risks on the US property market in particular, the Bank recognised additional loss allowance in the mid double-digit million euro range in the

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fourth quarter. This had a significant impact on earnings. Both of our segments have developed well in terms of their key performance indicators. In the Structured Property Financing segment, we were able to originate strong new business and achieved a portfolio size within our target range. The Banking & Digital Solutions segment also delivered impressive results, with a significant increase in average deposit volumes. Thanks to efficient cost control, we were able to reduce administrative expenses across both segments, and therefore maintained our CIR at a low level.

The reporting period saw the first visible shifts in the commercial property finance portfolio: these were evident in the lower share of US exposures as well as office properties.

In our view, the capital ratios reported at the end of the reporting period clearly exceeded the standardised capital requirement of 13.5% as expected. This is evidence of the Bank's solid capitalisation.

Reported Group profit will allow profit distributions in the form of dividend payments to the owners.

Thanks to its good operating performance and the resilience it has demonstrated, Aareal Bank considers itself well positioned overall as at the reporting date to achieve its targets, even in the current challenging environment.

No events of particular significance occurred after the reporting date that have a material impact on the Bank's financial position and financial performance. For details, please refer to the report on events after the reporting date.

## Our Employees

Our employees play a key role in the future development of Aareal Bank Group: their motivation, entrepreneurial mindset, sense of responsibility and the development of forward-looking solutions are decisive for the Group's performance and competitiveness. This applies once again in our complex business, which is based in many cases on long-standing client relationships characterised by trust. It is therefore of the utmost importance for us to broaden our employees' general knowledge base through our junior staff programme and the targeted promotion of internal transfers and further development, and to allow this to have an impact on our client relationships.

## Risk Report

### Risk Management

The ability to assess risks correctly and manage them strategically is a core skill in banking. This means that being able to control risks in all their relevant variations is central to a bank's long-term commercial success. This economic motivation for a highly developed risk management system increases continually as regulatory requirements for risk management become more and more far-reaching.

Aareal Bank reviews the appropriateness and effectiveness of its corporate governance systems (including risk governance systems) on a regular basis.

The Bank's risk management activities also incorporate sustainability risks, i.e. ESG risks relating to environmental, social and governance factors. Aareal Bank considers sustainability risks to include overarching risks or risk drivers whose occurrence may have an actual or potentially negative impact on the Bank's financial position, financial performance or reputation. Such risks manifest themselves in existing financial and non-financial risk types, which means that they are managed implicitly according to the risk types under which they are classified. ESG risks are a component of the regular risk inventory process. The following major mid- to long-term risk factors were assessed: climate-related and environmental risks (including both physical and transition risks) as well as governance factors such as data protection and information security. The assessment also included changing market behaviour as an overarching factor. The management and monitoring of ESG risks are optimised on an ongoing basis, with various risk indicators and limits being integrated into the risk management cycle.

## Risk management – scope of application and areas of responsibility

Aareal Bank AG has implemented extensive systems and procedures for monitoring and managing the Group’s risk exposure.

Uniform methods and procedures are used across all entities of Aareal Bank Group to monitor material risks that are generally associated with banking business. Specific risk-monitoring methods tailored to suit the relevant risk exposure at the individual entities are deployed here. In addition, risk monitoring for these entities is carried out at Group level via the relevant control bodies of the respective entity and via equity investment risk controlling.

Overall responsibility for Aareal Bank Group’s risk management and risk monitoring lies with the Management Board and – in its function of monitoring the Management Board – with the Supervisory Board of Aareal Bank AG. The diagram below provides an overview of the responsibilities assigned to the respective organisational units.

Type of risk	Risk management	Risk monitoring
<b>Overall responsibility: Management Board and Supervisory Board of Aareal Bank AG</b>		
Loan loss risks		
Property Financing	Loan Markets & Syndication Credit Management Credit Portfolio Management Capital Markets Management Workout	Risk Controlling
Treasury business	Treasury	Risk Controlling
Country risks	Treasury Credit Management Capital Markets Management	Risk Controlling
Interest rate risk in the banking book (IRRBB)	Treasury, Asset-Liability Committee	Risk Controlling Finance & Controlling
Pension risks	Asset-Liability Committee	Risk Controlling
Market risk	Treasury, Asset-Liability Committee	Risk Controlling
Operational risk	Process owners	Non-Financial Risks
Investment risk	Group Strategy	Risk Controlling Finance & Controlling Controlling bodies
Property risks	Workout	Risk Controlling
Business and strategic risk	Group Strategy	Risk Controlling
Liquidity risk	Treasury	Risk Controlling
<b>Process-independent monitoring: Internal Audit</b>		

The Management Board formulates the business and risk strategies, as well as what is known as the Risk Appetite Framework. For this purpose, “risk appetite” means the maximum risk exposure that is not expected to threaten the Bank’s continued existence, even if the risks in question are assumed to materialise. For individual business units (the “First Line of Defence”), the Risk Appetite Framework defines guidelines for handling risks independently and responsibly.

The risk monitoring function (the “Second Line of Defence”) regularly measures the utilisation of risk limits, and reports on the risk situation. In this context, the Management Board is assisted by the Risk Executive Committee (RiskExCo), which develops proposals for resolutions in line with delegated tasks, and promotes risk communication and a healthy risk culture within the Bank. In line with regulatory requirements, the risk management system was supplemented by a recovery plan that defines threshold values for key indicators – both from an economic and a normative perspective. These are designed to ensure that any negative market developments with an impact on our business model are identified at an early stage and that suitable steps are taken to safeguard continued business operations in the long term. Risk Controlling is responsible for monitoring financial risks at portfolio level, while the Non-Financial Risks division performs this function for non-financial risks. Both divisions report directly to the Chief Risk Officer (CRO).

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In addition, Group Internal Audit (as the “Third Line of Defence”) reviews the organisational structure and procedures and the risk processes – including the Risk Appetite Framework – and assesses whether these are appropriate. Internal processes also ensure that the Compliance function is involved whenever there are matters relating to compliance.

In order to perform its control function efficiently, the Supervisory Board established a Risk Committee that is responsible above all for risk strategies and for managing and monitoring all material types of risk.

## Strategies

The business policy set by the Management Board and duly acknowledged by the Supervisory Board provides the conceptual framework for Aareal Bank Group’s risk management. The Risk Appetite Framework, which also outlines the key elements of the risk culture put into practice, is consistent with the business strategy and builds on the defined risk appetite. Taking the Risk Appetite Framework as a basis and carefully factoring in the Bank’s risk-bearing capacity, we formulated detailed strategies for managing each material type of risk, in terms of both capital and liquidity. Taken together, these represent the Group’s risk strategy. These strategies are designed to ensure that risks are managed professionally and carefully. Accordingly, they include, among other things, general definitions and specifications to ensure a uniform understanding of risks throughout the Group. The strategies also provide a cross-sectional, binding framework that applies to all divisions. The Bank has implemented adequate risk management and risk control processes to implement these strategies and to safeguard its risk-bearing capacity.

The business strategy, Risk Appetite Framework and risk strategies are reviewed on an ongoing basis and updated if necessary. Besides the regular review of the business strategy (with any necessary adjustments) and in turn, of the Group risk strategy, an independent validation of the Bank’s risk-bearing capacity and its material risk models is conducted at least once a year. This involves above all examining the appropriateness of risk measurement methods, processes and risk limits. During the financial year under review, the strategies were adopted by the Management Board and duly acknowledged by the Supervisory Board.

The Bank has defined escalation and decision-making processes for dealing with limit breaches. Risk Controlling prepares independent risk reports for the management in good time.

Aareal Bank Group maintains a decentralised Internal Control System (ICS), i.e. the respective control activities are outlined in the Written Set of Procedural Rules for the individual processes of divisions, subsidiaries or other units. Internal controls may run upstream, downstream or parallel to workflows; this applies to automatic control and monitoring functions and also to corresponding manual steps. Accordingly, the ICS covers all control activities and aims to ensure that qualitative and quantitative standards are adhered to (compliance with legal or regulatory requirements, compliance with limits, etc.).

The appropriateness and effectiveness of controls are reviewed by the respective divisions or subsidiaries on an event-driven basis, but at least every six months. The findings are discussed with the corresponding units within the Second and Third Lines of Defence (Risk Controlling, Compliance and Internal Audit), validated by a central ICS coordination unit, and reported to the Management Board and the Supervisory Board. In the event of any irregularities or violations, the Management Board – and in some cases, depending on the severity of the event, the Supervisory Board as well – must be notified without delay so that adequate measures or audit activities can be initiated at an early stage.

## Risk-bearing capacity and risk limits

The Bank’s ability to carry and sustain risk (as determined within the framework of the Internal Capital Adequacy Assessment Process (ICAAP)) is a key factor determining the structure of its risk management system. To ensure risk-bearing capacity at all times, Aareal Bank Group has adopted a dual management approach comprising two complementary perspectives: the normative and the economic perspective.

The normative perspective aims to ensure that Aareal Bank Group is able to fulfil all of its regulatory requirements over a multi-year period. Accordingly, this perspective accounts for all material risks that may impact upon relevant regulatory indicators over the multi-year planning period.

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The normative ICAAP perspective is incorporated in Aareal Bank Group's planning process, which includes above all capital planning. Group planning covers three planning years, comprising both baseline and adverse scenarios. The Group planning results are shown as a projected consolidated income statement for Aareal Bank Group. Planning also covers the balance sheet structure, key regulatory indicators and additional internal management indicators.

Besides the planning process itself, intra-year computation adjustments to Aareal Bank Group's planning process included the monitoring of management indicators on an ongoing basis and checking whether limits in the normative perspective were being complied with. The regulatory ratios monitored are subject to limits and make up the management indicators in the normative perspective.

We use the ICAAP economic perspective, the purpose of which is to safeguard Aareal Bank Group's economic substance and above all to protect creditors against economic losses. The procedures and methods are part of the Supervisory Review and Evaluation Process (SREP) and are applied in order to identify and quantify economic risks, and to determine the required capital backing.

The purpose of internal capital is to serve as a risk-bearing component under the economic perspective. Within Aareal Bank Group, the current regulatory Common Equity Tier 1 (CET1) capital forms the basis for determining economic aggregate risk cover. Additional Tier 1 (AT1) capital is not added to internal capital. Tier 2 capital and projected results to be incurred during the risk analysis horizon are not factored in.

Moreover, the value-oriented approach adopted under the economic perspective requires suitable adjustments to be made to regulatory Tier 1 capital in order to bring aggregate risk cover in line with the economic assessment. Specifically, this may entail adjustments regarding conservative valuation, hidden encumbrances or a management buffer (including adjustments for climate risks).

Aareal Bank Group consistently applies a period of one year (or 250 trading days) as a risk analysis horizon; this also serves as the holding period as part of risk models under the economic perspective. The independent validation of the corresponding risk models and parameters verifies the appropriateness of model assumptions.

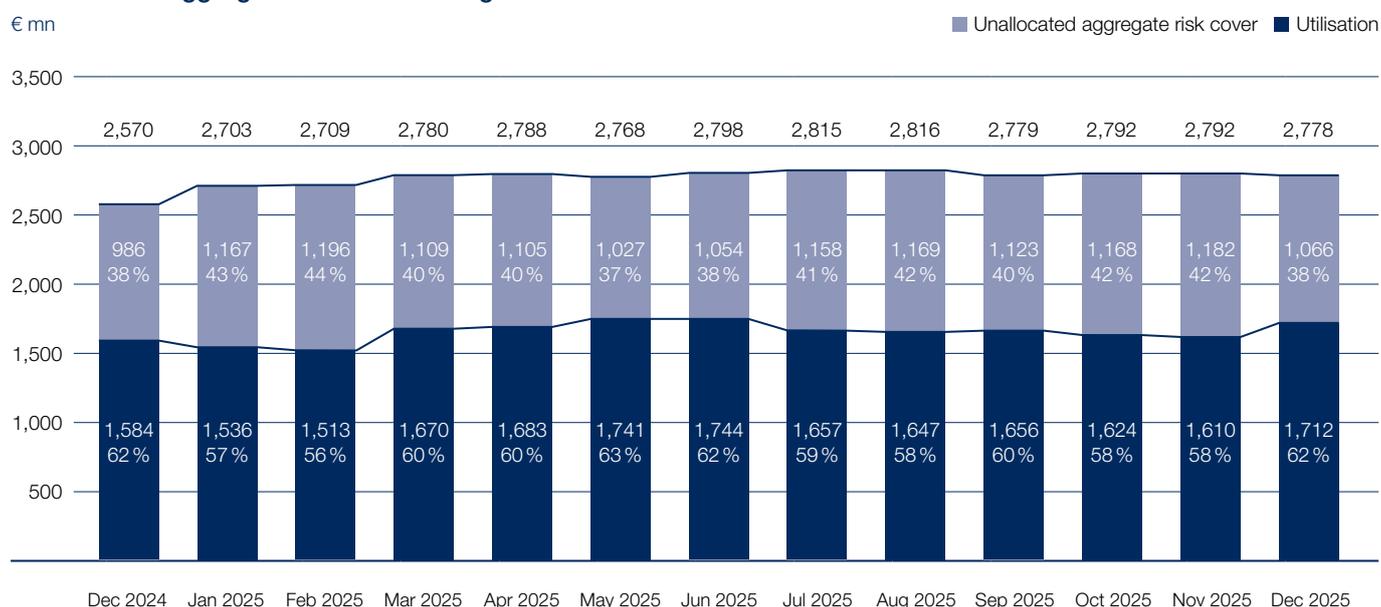
Looking at correlation effects between material types of risk within the framework of the economic ICAAP perspective, Aareal Bank Group has prudently decided to aggregate risk levels, i.e. accordingly, no risk-mitigating correlation effects are being taken into account. Where we measure risks on the basis of quantitative risk models for the purposes of calculating risk-bearing capacity, these are based on a confidence interval of 99.9%.

Limits for specific risk types are determined in such a way that aggregate limits do not exceed economic aggregate risk cover less a risk buffer. This risk buffer is designed, among other things, to account for risks that are not explicitly covered by limits and to also absorb other fluctuations of internal capital over time. Individual limits are set on the basis of existing risk exposures and historical levels of potential risks, provided that these are in line with the Bank's business and risk strategy. Specific limits have been set so that each limit can be used in line with planned business development and for common market fluctuations.

A detailed monthly report provides information regarding the utilisation of individual limits for the material types of risk, as well as on the overall limit utilisation. These are monitored as part of daily reporting. No limit breaches at the aggregate risk level were detected during the period under review.

**Risk-bearing capacity (ICAAP – economic perspective)**

	31 Dec 2025	31 Dec 2024
€ mn		
Relevant Common Equity Tier 1 (CET1) capital	2,899	2,737
Economic adjustments	-121	-167
<b>Aggregate risk cover</b>	<b>2,778</b>	<b>2,570</b>
<b>Utilisation of aggregate risk cover</b>		
Loan loss risks	898	746
Interest rate risk in the banking book (IRRBB)	80	90
Pension risks	69	92
Market risks	286	288
Operational risks	143	129
Investment risks	20	40
Property risks	104	109
Business and strategic risks	112	90
<b>Total utilisation</b>	<b>1,712</b>	<b>1,584</b>
<b>Utilisation (% of aggregate risk cover)</b>	<b>62 %</b>	<b>62 %</b>

**Utilisation of aggregate risk cover during the course of 2025**

Since risk cover potential is not an adequate means to assessing the risk-bearing capacity when it comes to monitoring the Bank's ability to meet its payment obligations (liquidity risk in the narrower sense), we have defined special tools within the framework of the Internal Liquidity Adequacy Assessment Process (ILAAP) for managing and monitoring this type of risk.

**Stress testing**

Within the scope of ICAAP and ILAAP, scenario analyses are carried out in all perspectives as a core element of our risk management system. This involves conducting stress tests for all material risks, using both historical parameters as well as hypothetical stress-

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testing scenarios. In order to be able to also assess cross-relationships between the various types of risk, we have defined multi-factor stress scenarios, known as “global” stress tests. For instance, the impact that the 2007 financial and economic crisis had on individual types of risk and aggregate risk is analysed within the scope of a historical scenario. In the hypothetical scenario, current potential developments are derived from factors such as political developments and are combined with significant macroeconomic deterioration. The stress-testing methodology that is implemented also takes into account the impact of any risk concentrations. Stress scenarios are analysed both from an economic and a normative perspective, factoring in the respective cross-relationships. This means that any economic risks that may materialise (from a normative view) over the analysis period are incorporated in the normative perspective unless they are sufficiently covered already. ESG risks are integrated into the stress-testing methodology and ESG-related stress test calculations include climate change scenarios, together with a scenario relating to change in society.

The Management Board and the Supervisory Board are informed of the results of the stress analyses on a quarterly basis.

## Credit business

### Division of functions and voting

Aareal Bank Group’s structural organisation and business processes reflect regulatory requirements regarding the organisational structure and procedures in the credit business.

Processes in the credit business are designed to respect the clear functional division of Sales units (“Markt”) and Credit Management (“Marktfolge”) up to and including senior management level. In addition, the Risk Controlling division, which is not involved in making lending decisions, is responsible for monitoring all material risks while ensuring a target-oriented risk reporting system at portfolio level.

Lending decisions regarding credit business classified as relevant for the Bank’s risk exposure require two approving votes, one submitted by a Sales unit and one by a Credit Management unit. The Bank’s Schedule of Powers clearly defines the relevant lending authorities within Sales units and Credit Management. If authorised persons are unable to come to a unanimous lending decision, the loan in question cannot be approved or must be submitted to the next-highest decision-making level for a decision.

We have implemented and documented the clear separation of Sales and Credit Management processes across all relevant divisions.

### Process requirements

The credit process comprises the credit approval and further processing phases, each governed by a control process. Credit exposures subject to increased risks involve supplementary processes for intensified handling, for handling problem loans, and – if necessary – for recognising allowance for credit losses. The corresponding processing principles are laid down in the Bank’s standardised rules and regulations. Key factors determining the counterparty credit risk of a credit exposure are identified and assessed on a regular basis, taking into account sector risks and, in some cases, country risks. Critical factors regarding an exposure are highlighted and analysed assuming different scenarios where appropriate.

Suitable risk classification procedures are applied to evaluate risks for lending decisions, as well as for regular or event-driven monitoring of existing exposures. This classification scheme is reviewed at least once a year; depending on the risk situations, the review cycle may be shortened significantly. The findings of the risk assessment also influence the setting of terms.

The organisational guidelines contain provisions governing escalation procedures and further handling in the event that limits are breached or that individual risk parameters deteriorate. Measures involved may include providing extra collateral or conducting an impairment test.

### Early risk detection procedures

Early identification of credit risk exposures, using individual or combined (early warning) criteria is a core element of our risk management approach.

In particular, the procedures applied for detecting risks early on serve the purpose of identifying, in good time, borrowers or exposures for which higher risks are beginning to emerge. For this purpose, we generally monitor individual exposures and the parties involved

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(such as borrowers or guarantors) regularly throughout the credit term, assessing quantitative and qualitative factors, with the aid of instruments such as periodic monitoring and internal ratings. The intensity of the ongoing assessments is based on the risk level and size of the exposure. The Group's risk management processes ensure that counterparty credit risk is assessed at least once a year.

Extensive IT resources are deployed to identify risk positions and also to monitor and assess risks. Overall, the existing set of tools and methods enables the Bank to adopt risk management measures at an early stage wherever required.

One crucially important factor in this context is actively managing client relationships, i.e. approaching clients in time to jointly develop a solution to any problems that may arise. Wherever necessary, we enlist expert assistance from the independent restructuring and recovery functions.

### **Risk classification procedures**

Aareal Bank's risk classification procedures are tailored to the requirements of the respective asset class for the initial, regular or event-driven assessment of counterparty credit risk. Responsibility for development, quality assurance and monitoring with regard to the implementation of risk classification procedures – and also for annual validation – lies with two separate divisions outside the Sales units, which are independent of one another.

The ratings determined using internal risk classification procedures are an integral element of the Bank's approval, monitoring, and management processes.

### **Property financing business**

The Bank employs a two-level risk classification procedure for large commercial property finance exposures, specifically designed to match the requirements of this type of business.

First of all, the client's probability of default (PD) is determined using a rating procedure. The method used here comprises two main components: a property rating and a corporate rating.

The relative impact of the two components on the rating result is determined by the structure of the exposure in question. The client's current and future default probability is determined based on specific financial indicators, together with qualitative aspects and expert knowledge.

The second step involves calculating the loss given default (LGD). The LGD estimates the extent of the economic loss in the event of a borrower defaulting. In simple terms, this is the amount of the claim not covered by the proceeds from the realisation of collateral.

When evaluating collateral, haircuts are applied or recovery rates used, depending on the type of collateral involved and specific realisation factors. Where domestic properties are to be financed, recovery rates are taken from a pool of data used across the Bank, while recovery rates for international properties are derived using statistical methods, given the low number of realisations.

In this context, PD and LGD procedures are also applied for accounting purposes, i.e. for determining model-based loss allowance. Concerning the scenario analyses to be taken into account when determining individual LGDs, an updated scenario mix is applied to the customary process and model. This probability-weighted scenario mix reflects the uncertainty of future developments and supplements our baseline scenario by adding divergent developments. These scenarios are also applied to modelling scenario-driven PDs, since technical implementation in the models applied in a production environment has yet to be finalised.

The expected loss (EL) in the event of an exposure defaulting is determined as the product of PD, LGD and EAD. As a risk parameter related to the financing, EL is used as an input factor for the tools used to manage the property financing business.

### **Financial institutions**

Aareal Bank Group uses an internal rating procedure for financial institutions to classify the risk exposure to banks, financial services providers, securities firms, public-sector development banks and insurance companies. This procedure takes into account qualitative and quantitative factors and our client's group affiliation. By assessing relevant financial indicators and factoring in expert knowledge, the Group assigns financial institutions to a specific rating grade.

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### Sovereign states and local authorities

Aareal Bank Group also employs internal rating methods for sovereign borrowers and regional governments and for local and other public-sector entities. In this context, rating grades are assigned using clearly defined risk factors, such as fiscal flexibility or the level of debt. Our rating analysts' expert knowledge also influences the rating.

In general, the risk classification procedures employed by the Bank are dynamic methods that are constantly adapted to changing risk structures and market conditions.

### Trading activities

#### Functional separation

We have implemented a consistent functional separation between Sales units and Credit Management along the entire process chain for concluding, settling and monitoring trading transactions.

On the Sales side, the process chain comprises the Treasury division, while Credit Management tasks are carried out by the independent Capital Markets Operations and Risk Controlling divisions. Beyond this, Finance and Audit are responsible for tasks that are not directly related to processes.

We have laid down organisational guidelines providing for binding definitions of roles and responsibilities along the process chain, with clearly defined change processes in place as well.

The detailed assignment of responsibilities is outlined below.

Treasury is responsible for risk management and trading activities as defined by the Minimum Requirements for Risk Management ("MaRisk"). Treasury is also responsible for asset/liability management, and for managing the Bank's market and liquidity risk exposures. In addition, we have established an Asset-Liability Committee (ALCO) to develop strategies for the Bank's asset/liability management and proposals for implementing these strategies. The ALCO meets at least monthly and comprises the CEO, the CFO, the CRO and other members appointed by the Management Board.

Capital Markets Management is responsible for controlling trading activities, confirming trades to counterparties, and for trade settlement. The division is also responsible for verifying that trades that have been entered into are in line with prevailing market conditions. Legal performs the legal assessment of non-standard agreements and of new standard/master agreements.

To assess counterparty credit risk in the trading business, a rating is prepared for all counterparties and issuers on a regular or event-driven basis. The rating is a key indicator used to determine the limit for the relevant counterparty or issuer.

The Risk Controlling division is responsible for identifying, quantifying and monitoring market price, liquidity and counterparty credit risk exposure from trading activities and also for providing prompt, independent risk reporting to senior management.

#### Process requirements

Processes are geared towards ensuring end-to-end risk management, from concluding the trade to monitoring portfolio risk. The monitoring and reporting function comprises deploying adequate risk measurement systems, deriving limit systems and ensuring that Aareal Bank Group's overall risk exposure from trading activities is transparent in terms of scope and structure.

Change processes (as defined in Section AT 8 of the MaRisk) are managed consistently via Group-wide framework directives. As well as this, processes and systems are designed in such a way that new products can be incorporated into the risk monitoring system quickly and effectively so that the Sales units can be flexible in their business activities.

A standardised process exists for intensified handling of counterparties and issuers and also for dealing with problems. This process involves identifying early warning indicators, applying them for the purposes of risk analysis and determining any further action to be taken. In the event of counterparty or issuer default, the RiskExCo will be involved in devising a plan of action together with the Bank's divisions that are involved.

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Escalation and decision-making processes have been defined to deal with limit breaches.

## Loan loss risks

### Definition

Aareal Bank defines loan loss risk as the risk of losses being incurred due to (i) a deterioration in a business partner's credit quality, (ii) a business partner defaulting on contractual obligations, (iii) collateral being impaired or (iv) a risk arising when collateral is realised. Both credit business and trading activities may be subject to counterparty credit risk. Counterparty credit risk exposure from trading activities may refer to risk exposure vis-à-vis counterparties or issuers. Country risk and the risk from the NPL inventory are also defined as forms of counterparty credit risk.

### Credit risk strategy

Based on the Bank's overall business strategy, Aareal Bank's credit risk strategy sets out all material aspects of the Group's credit risk management and policies. The credit risk strategy serves as a strategic guideline for dealing with each relevant category of risk within Aareal Bank Group and also provides a binding, overarching framework applicable to all divisions.

The credit risk strategy will be reviewed at least once a year to determine whether it is still suitable for the Bank's risk-bearing capacity and its business environment; amendments will be made as necessary. In this context, we also incorporate ESG criteria to assess the sustainable intrinsic value of the properties in question. The relevant process is initiated by senior management and implemented by Risk Controlling, which submits to senior management a proposal that has been agreed upon with all divisions. Following this, the adopted credit risk strategy is discussed by the Supervisory Board.

Essentially designed for a medium-term horizon, the credit risk strategy is adapted whenever necessary to reflect material changes in the Group's credit risk and business policies, or in the Group's business environment.

### Risk measurement and monitoring

Regulatory requirements are taken into account when organising Aareal Bank's operations and workflows in the credit and trading businesses.

Processes in the credit and trading businesses are designed to respect the clear functional division of Sales units ("Markt") and Credit Management ("Marktfolge") up to and including senior management level. The independent Risk Controlling division is responsible for identifying, quantifying and monitoring all material risks at portfolio level, and for maintaining a target-oriented risk reporting system.

Aareal Bank employs different risk classification procedures depending on the requirements of the type of business that is subject to the initial, regular or event-driven assessment of counterparty credit risk. Forward-looking and macroeconomic information is taken into consideration for risk classification procedures and when valuing collateral. These procedures and parameters are subject to regular review and adjustment. The Sales units are not responsible for development quality assurance or for monitoring the implementation of procedures.

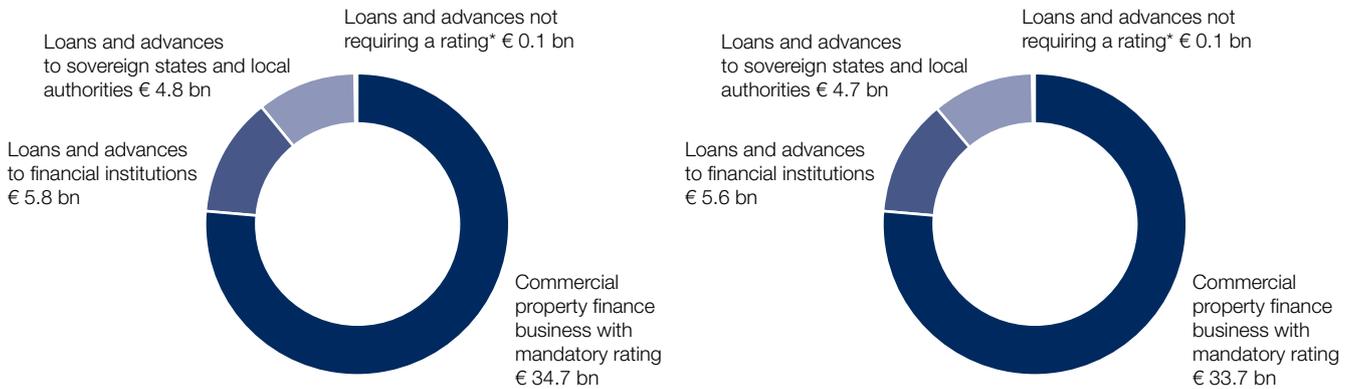
In light of geopolitical and macroeconomic uncertainty, special attention is being paid to economic forecasts. In this ongoing review, we also rely on projections published by the ECB in addition to those issued by our usual data providers.

We use a credit portfolio model to measure, control and monitor concentration and diversification effects for default risk on a portfolio level, supplemented by limits at individual and sub-portfolio level to facilitate operating management. Separate models are used to measure migration and realisation risks in the NPL portfolio. For all models, potential losses are determined using a 99.9% confidence interval and a one-year risk horizon. Based on these instruments, the Bank's decision-makers are regularly informed of the performance and risk content of property financing exposures, and of business with financial institutions. Above all, the models in question allow the Bank to include rating changes and correlation effects when assessing risk concentrations.

## Breakdown of on-balance sheet and off-balance sheet business (gross carrying amounts)

by rating procedure, € bn

31 Dec 2025 | 31 Dec 2024



\* Including the private client business of former WestImmo

Within the process-oriented monitoring of individual exposures, the Bank uses various tools to monitor exposures on an ongoing basis. Apart from the tools described above, these include rating reviews, monitoring payment arrears and analysing the largest exposures individually on a regular basis. The intensity of loan monitoring is based on the credit risk exposure.

The following tables provide a breakdown of both gross carrying amounts of on-balance sheet and off-balance sheet credit business, money-market business and capital markets business. They are arranged by rating classes and loss allowance stages in line with credit risk management at Group level. Figures are based on Aareal Bank Group's internal default risk rating classes. .

### On-balance sheet commercial property finance business with mandatory rating

	31 Dec 2025					31 Dec 2024				
	Stage 1	Stage 2	Stage 3 <sup>1)</sup>	fvpl <sup>2)</sup>	Total	Stage 1	Stage 2	Stage 3 <sup>1)</sup>	fvpl <sup>2)</sup>	Total
€ mn										
Class 1	0	0	0	0	0	0	0	0	0	0
Class 2	0	0	0	0	0	0	0	0	0	0
Class 3	108	0	0	0	108	297	18	0	0	315
Class 4	631	0	0	0	631	492	0	0	0	492
Class 5	3,118	18	0	76	3,212	3,087	115	0	41	3,243
Class 6	4,372	0	0	40	4,412	3,291	5	0	73	3,369
Class 7	7,123	216	0	0	7,339	7,695	403	0	0	8,098
Class 8	9,573	676	0	0	10,249	5,886	656	27	34	6,603
Class 9	2,835	1,397	0	36	4,268	4,484	1,332	0	6	5,822
Class 10	255	1,231	0	54	1,540	778	1,079	0	26	1,883
Class 11	225	222	0	0	447	91	460	0	0	551
Class 12	0	211	0	0	211	0	383	0	0	383
Classes 13-15	0	387	0	99	486	0	630	0	103	733
Defaulted	0	0	929	19	948	0	0	1,088	98	1,186
<b>Total</b>	<b>28,240</b>	<b>4,358</b>	<b>929</b>	<b>324</b>	<b>33,851</b>	<b>26,101</b>	<b>5,081</b>	<b>1,115</b>	<b>381</b>	<b>32,678</b>

<sup>1)</sup> Including non-current assets held for sale<sup>2)</sup> fvpl = at fair value through profit or loss (in accordance with IFRSs); commitments for loan portions earmarked for syndication

## Off-balance sheet commercial property finance business with mandatory rating

	31 Dec 2025					31 Dec 2024				
	Stage 1	Stage 2	Stage 3 <sup>1)</sup>	fvpl <sup>2)</sup>	Total	Stage 1	Stage 2	Stage 3 <sup>1)</sup>	fvpl <sup>2)</sup>	Total
€ mn										
Classes 1-3	5	0	0	0	5	2	0	0	0	2
Class 4	3	0	0	0	3	27	0	0	0	27
Class 5	35	0	0	0	35	35	0	0	0	35
Class 6	35	0	0	0	35	33	0	0	0	33
Class 7	63	0	0	0	63	196	0	0	0	196
Class 8	389	3	0	0	392	127	3	0	0	130
Class 9	122	27	0	0	149	199	64	0	0	263
Class 10	21	5	0	0	26	83	62	0	2	147
Class 11	77	0	0	0	77	3	8	0	0	11
Classes 12-15	0	62	0	0	62	0	74	0	0	74
Defaulted	0	0	16	20	36	0	0	48	42	90
<b>Total</b>	<b>750</b>	<b>97</b>	<b>16</b>	<b>20</b>	<b>883</b>	<b>705</b>	<b>211</b>	<b>48</b>	<b>44</b>	<b>1,008</b>

<sup>1)</sup> Including non-current assets held for sale

<sup>2)</sup> fvpl = at fair value through profit or loss (in accordance with IFRSs); commitments for loan portions earmarked for syndication

## On-balance sheet loans and advances to financial institutions

	31 Dec 2025					31 Dec 2024				
	Stage 1	Stage 2	Stage 3	fvpl <sup>1)</sup>	Total	Stage 1	Stage 2	Stage 3	fvpl <sup>1)</sup>	Total
€ mn										
Class 1	981	0	0	0	981	738	0	0	0	738
Class 2	572	0	0	0	572	145	0	0	0	145
Class 3	104	0	0	0	104	393	0	0	0	393
Class 4	56	0	0	0	56	974	0	0	0	974
Class 5	752	0	0	0	752	144	0	0	0	144
Class 6	960	0	0	0	960	429	0	0	0	429
Class 7	1,965	0	0	0	1,965	1,843	0	0	0	1,843
Class 8	170	0	0	0	170	668	0	0	0	668
Class 9	201	0	0	0	201	176	0	0	0	176
Class 10	0	0	0	0	0	14	35	0	0	49
Classes 11-18	0	0	0	0	0	0	0	0	0	0
Defaulted	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5,761</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,761</b>	<b>5,524</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>5,559</b>

<sup>1)</sup> fvpl = at fair value through profit or loss (in accordance with IFRSs)

**On-balance sheet loans and advances to sovereign states and local authorities**

	31 Dec 2025					31 Dec 2024				
	Stage 1	Stage 2	Stage 3	fvpl <sup>1)</sup>	Total	Stage 1	Stage 2	Stage 3	fvpl <sup>1)</sup>	Total
€ mn										
Class 1	1,569	0	0	0	<b>1,569</b>	1,649	0	0	0	<b>1,649</b>
Class 2	1,272	0	0	0	<b>1,272</b>	1,114	0	0	0	<b>1,114</b>
Class 3	478	0	0	0	<b>478</b>	860	0	0	0	<b>860</b>
Class 4	549	258	0	0	<b>807</b>	417	0	0	0	<b>417</b>
Class 5	78	22	0	0	<b>100</b>	93	0	0	0	<b>93</b>
Class 6	146	378	0	0	<b>524</b>	548	0	0	0	<b>548</b>
Class 7	1	0	0	0	<b>1</b>	1	0	0	0	<b>1</b>
Class 8	0	0	0	0	<b>0</b>	0	0	0	0	<b>0</b>
Class 9	0	0	0	0	<b>0</b>	0	0	0	0	<b>0</b>
Classes 10-20	0	0	0	0	<b>0</b>	0	0	0	0	<b>0</b>
Defaulted	0	0	0	0	<b>0</b>	0	0	0	0	<b>0</b>
<b>Total</b>	<b>4,093</b>	<b>658</b>	<b>0</b>	<b>0</b>	<b>4,751</b>	<b>4,682</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,682</b>

<sup>1)</sup> fvpl = at fair value through profit or loss (in accordance with IFRSs)

Monthly reporting covers the material aspects of credit risk, including detailed information on the development of the credit portfolio (broken down by country, property and product type, risk classes, collateral categories, etc.). Risk concentrations are also a key factor here.

Trading activities are restricted to counterparties for whom the requisite limits are in place. All trades are immediately taken into account for the purposes of borrower-related limits. Compliance with limits is monitored in real time by Risk Controlling. Persons who are responsible for positions are informed regularly and without delay about relevant limits and their current usage.

Aareal Bank essentially pursues a “buy and manage” strategy in managing its credit portfolio. While its primary objective is to hold the majority of loans extended on its balance sheet until maturity, strategic exit measures are deployed for actively managing the portfolio and the risks involved.

In summary: during the period under review, the existing set of tools and methods continued to enable the Bank to adopt suitable risk management or risk mitigation measures where required, without any undue delay.

### Credit risk mitigation

The Bank accepts various types of collateral to reduce default risk exposure. This includes impersonal collateral, such as liens on immobile (property) and mobile assets, liens on receivables such as rents, and third-party undertakings such as guarantees.

As an international property finance house, Aareal Bank focuses on property when collateralising loans and advances. As a rule, loans are granted and the security interest perfected in accordance with the jurisdiction in which the respective property is located.

Mortgage lending values or fair values are set or determined in accordance with the responsibilities for decision-making on lending, and form an integral part of the lending decision. The values to be determined by the Bank are generally pegged on the valuation prepared by a valuer, which is subject to an internal plausibility check. Any diverging assessment must be substantiated in writing. In any case, the market and mortgage lending values determined by the Bank must not exceed the values assessed by independent internal or external valuers.

To mitigate credit risk, the Bank also accepts collateralisation by pledging shareholdings in property companies or special-purpose entities that are not listed on a stock exchange. The Bank has set out detailed provisions governing the valuation of such collateral.

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The Bank also accepts guarantees, indemnities and financial collateral (such as securities or payment claims) as standard forms of collateral. The collateral value of the indemnity or guarantee is determined by the guarantor's credit quality. For this purpose, the Bank differentiates between banks, public-sector banks and other guarantors. The value of financial collateral is determined according to the type of collateral. Haircuts are generally applied when determining the value of guarantees/indemnities and financial collateral.

The defined credit processes provide for collateral value to be reviewed on a regular basis. The risk classification is adjusted if there are material changes in collateral value. An extraordinary review of collateral is carried out in the event that the Bank becomes aware of information indicating a negative change in collateral value. The Bank also ensures that disbursement is only made once the agreed conditions for payment have been met. Collateral is recorded in the Bank's central credit system, including all material details.

### Credit risk mitigation for trading activities

To reduce counterparty credit risk in Aareal Bank's trading business, the master agreements for financial derivatives<sup>1)</sup> and master agreements for securities repurchase transactions (repos)<sup>2)</sup> used by the Bank provide for credit risk mitigation techniques, via mutual netting framework agreements ("contractual netting agreements").

The master agreements for financial derivatives used by the Bank contain netting agreements at a single transaction level ("payment netting") and arrangements for terminating individual transactions under a master agreement ("close-out netting").

Generally speaking, all master agreements for financial derivatives are based on the principle of a common agreement. This means that, in the event of a termination or counterparty default, the individual claims are netted and only this net amount can be claimed from the defaulted counterparty. This claim must not be affected by any insolvency, i.e. it must be legally valid and enforceable. This in turn means that the jurisdictions in question must recognise the concept of a common agreement, which protects the net amount of the claim from being seized by the insolvency administrator.

Above all, the close-out netting is subject to (international) legal risks. The Bank reviews these legal risks by referring to legal opinions regarding the validity and enforceability of contractual netting agreements in the case of a counterparty's insolvency. These legal opinions are evaluated based on various criteria such as product type, jurisdiction of the registered office and branch office of the counterparty, individual contract supplements and other criteria, and using a database specifically developed for this purpose. This means that the Bank decides in the case of each individual transaction whether close-out netting is viable, thus allowing set-off against other individual transactions covered by the relevant framework agreement. The Bank uses eligible contractual netting agreements within the meaning of Article 296 of the CRR for all transactions with financial institutions. In many cases there are additional collateral agreements in place that further reduce the relevant credit risk.

Furthermore, counterparty credit risk is reduced by settling derivatives via central counterparties (CCPs). Aareal Bank uses Eurex Clearing AG and LCH Limited for this purpose.

The Bank also enters into repo transactions both on a bilateral basis and via Eurex Clearing AG as a central counterparty. For repo transactions, payment or delivery netting is agreed upon on a single transaction level, depending on the counterparty. For this purpose, the Bank applies the Financial Collateral Comprehensive Method in accordance with chapter 4 (Articles 223 et seq.) of the CRR.

In principle, framework agreements for securities repurchase transactions (repos) also provide for close-out netting of all individual transactions that are covered by a contractual netting agreement. However, as far as repos are concerned, the Bank has not yet made use of the regulatory option to reduce the capital backing for all individual transactions that are covered by a contractual netting agreement.

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<sup>1)</sup> Any comments below referring to the German Master Agreement on Financial Derivatives (Deutscher Rahmenvertrag für Finanztermingeschäfte – "DRV") also pertain to the master agreement (the "ISDA Master Agreement") issued by the International Swaps and Derivatives Association Inc. (ISDA). Both are standardised agreements recommended by leading associations, including the Association of German Banks (Bundesverband deutscher Banken – "BdB").

<sup>2)</sup> Any comments below referring to master agreements for securities repurchase agreements (repos) also pertain to the master agreement (the "Global Repurchase Agreement") issued by the International Capital Markets Association Inc. (ICMA). Both are standardised agreements recommended by leading associations, including the Association of German Banks (Bundesverband deutscher Banken – "BdB").

The Bank uses an internal rating system to assess the credit quality of counterparties. Capital Markets Management is responsible for the daily valuation of the Bank’s trades, including collateral accepted or pledged, using validated valuation procedures.

Collateral for financial derivatives is usually provided in cash. Securities repurchase agreements (repos) are usually collateralised through the exchange of securities.

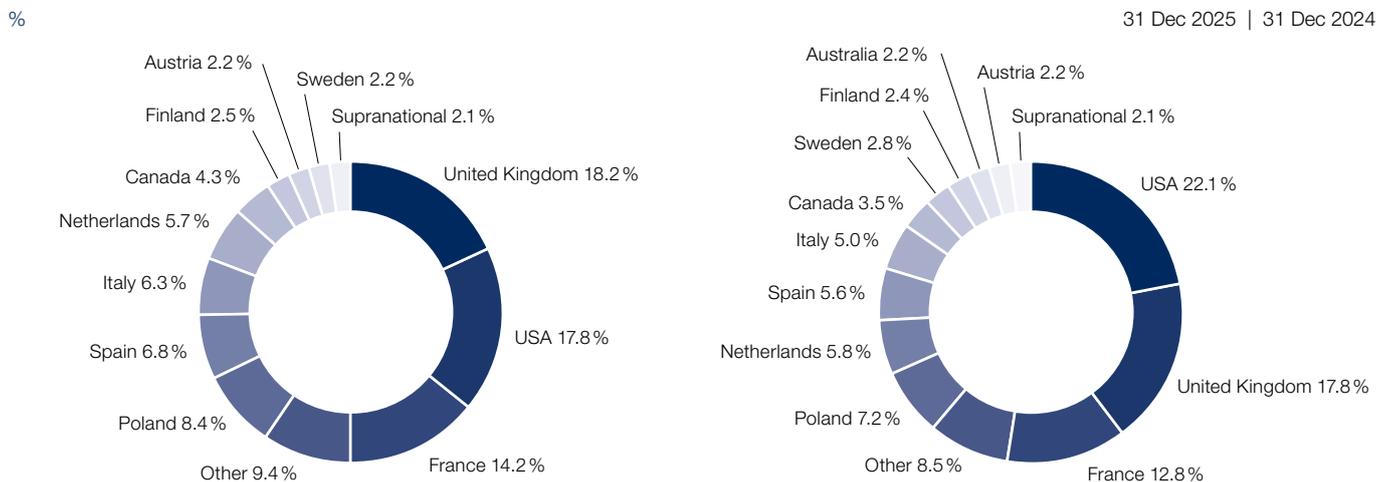
Some collateral agreements provide for higher collateral levels if a contracting party’s rating is significantly downgraded.

**Country risks**

Our comprehensive approach to risk management also includes measuring and monitoring country risk exposure. When defining country risk, Aareal Bank considers – in addition to the risk of sovereign default or default of state entities – the risk that a counterparty could, despite being willing and able to pay, find itself unable to meet its payment obligations as a result of government action, due to restrictions being imposed on making payments to creditors (transfer risk). Country risk exposure is managed using a cross-divisional process. The respective country limits are determined on the basis of a country risk assessment by the Bank’s senior management. The Risk Controlling division is responsible for monitoring country limits and limit utilisation on an ongoing basis and also for periodical reporting.

The diagram below illustrates the risk exposure by country (comprising receivables and off-balance sheet obligations) in the Bank’s international business at year-end. In the property financing business, country exposures are allocated according to the location of the property used as collateral. For exposures that are not collateralised by property, allocation is based on the borrower’s country of domicile. This reflects the exposure of the property finance business as well as the activities of Treasury.

**Breakdown of country exposure in the international business**



**Interest rate risk in the banking book**

**Definition**

Interest rate risk in the banking book (IRRBB) is defined as the risk exposure of instruments held in the banking book which are sensitive to changes in interest rates, caused by yield curve shifts.

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For Aareal Bank, this includes:

- Risks arising from maturity transformation in the event of yield curve shifts (gap risk)
- Risks from cash flows which are sensitive to interest rates, in terms of spreads to the general yield curve (basis risk); and
- risks from explicit and implied options (option risk)

Risks from changes in Aareal Bank's specific funding spreads (funding risk) are accounted for as part of market risk.

### **Risk measurement and monitoring**

Risk Controlling informs the members of the Management Board responsible for Treasury and risk monitoring about the risk position and the present-value exposure to interest rate risk in the banking book on a daily basis (the "economic value of equity" perspective). This is supplemented on a monthly basis by an analysis of possible deviations of planned income in the event of adverse interest rate scenarios (the earnings perspective). The interest rate scenarios used for measuring potential plan deviations comprise interest rate shocks (both increases and reductions) and also time-based increases or reductions of the interest rate projection used to determine planned interest income.

The present value VaR concept has been broadly accepted as the predominant method for measuring economic interest rate risk in the banking book. VaR quantifies risk as the maximum loss that will occur within a certain period of time and given a defined probability.

A variance-covariance approach (delta-normal method) is used throughout the Group to determine the VaR indicator. Calculated on a daily basis for the Group, the VaR figure factors in the correlation between individual risk types. Statistical parameters used in the VaR model are calculated directly from a 250-day historical data pool maintained within the Bank. The loss potential is determined applying a 99.9% confidence interval under the economic perspective.

By their very nature, VaR calculations are based on various assumptions regarding the future development of the business and related cash flows. Key assumptions used include current account balances and deposits at notice, which are factored into calculations by applying a suitable replication portfolio for a period of up to ten years (2.1 years on average). Financial wholesale deposits are excluded from modelling as per the EBA guidelines on the management of interest rate risks of non-trading book activities (EBA/GL/2022/14).

Loans are taken into account using their fixed-interest period (for fixed-rate exposures) or their expected maturity (variable-rate exposures). Aareal Bank Group's consolidated equity is not factored in as a risk-mitigating item, which tends to overstate VaR.

In addition to this and in line with EBA/GL/2022/14 (Guidelines on the management of interest rate risk arising from non-trading book activities), the change in net interest income is determined in the relevant interest rate shock scenarios. Net interest income is the difference between interest income and interest expenses from all interest-bearing assets and liabilities of the banking book, including derivatives and off-balance sheet items in accordance with IFRSs. Unlike the present value approach, net interest income not only includes the earnings contributions of the modelled existing business as at the planning or forecast date, but also the income and expenses from planned new business and prolongations. Changes essentially reflect the diverging developments of forward interest rates prior to and after an interest shock, together with the resulting modelled impact on client behaviour.

Intraday volatility on the interest rate and currency markets was at elevated levels in the year under review, especially after the US government's announcement of planned trade tariffs. These short-term outliers hardly impact total risk exposure and total risk expectations over the risk horizon; they have meanwhile returned to normalised levels.

### **Interest rate sensitivity**

An additional instrument used to quantify interest rate risk exposure is the calculation of interest rate sensitivity, expressed by what is known as the "delta" parameter. The first step in determining this parameter is to calculate the present values of all asset and equity/liability items on the statement of financial position. Next, the interest rates of yield curves used for this calculation are sub-

jected to a one basis point parallel shift up (a method known as the “key rate method”). Delta is the present value of the profit or loss resulting from this yield curve change.

### Present-value impact of an interest rate shock

The following tables show the changes in present value as prescribed by BaFin circular 06/2019. Here, EBA guidelines EBA/GL/2018/02 on the management of interest rate risk arising from non-trading book activities are still applied.

The standard test prescribed there outlines present-value changes in the banking book in the event of a maximum 200 basis point parallel shift for each currency. As in the previous years, the ratio of the aggregate results to Aareal Bank Group’s regulatory capital is well below the prescribed threshold of 20%.

€ mn	31 Dec 2025		31 Dec 2024	
	-200 bp	+200 bp	-200 bp	+200 bp
EUR	7	17	-12	25
GBP	2	0	3	0
USD	47	-66	34	-49
Other	11	-10	7	-7
<b>Total</b>	<b>67</b>	<b>-59</b>	<b>32</b>	<b>-31</b>
<b>Ratio to regulatory capital requirements in accordance with Basel III (%)</b>	<b>1.7</b>	<b>1.5</b>	<b>0.9</b>	<b>0.8</b>

In addition, present-value changes are determined (and their ratio to Tier I capital shown) for six early-warning indicators, applying the prescribed scenarios. The ratio of the aggregate result to Aareal Bank Group’s Tier I capital in accordance with Basel III is well below the prescribed threshold of 15%.

€ mn	31 Dec 2025	31 Dec 2024
Parallel up	-60	-32
Interest rate coefficient for parallel shock up (%)	1.8	1.1
Parallel down	7	0
Interest rate coefficient for parallel shock down (%)	0.2	0.0
Steeper	1	-1
Interest rate coefficient for steeper shock (%)	0.0	0.0
Flattener	-24	-21
Interest rate coefficient for flattener shock (%)	0.7	0.7
Short rates shock up	-51	-36
Interest rate coefficient for short rates shock up (%)	1.6	1.2
Short rates shock down	-	0
Interest rate coefficient for short rates shock down (%)	0.0	0.0
<b>Tier 1 capital in accordance with Basel III</b>	<b>3,296</b>	<b>3,037</b>

Net interest income is a metric derived from the income statement. The earnings risk is measured based on the changes in net interest income for the next twelve months as a result of a parallel shift of the yield curve by 200 basis points. In this context, especially the assumptions made regarding client behaviour and the competitive environment in such a scenario are subject to idealised model parameters.

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## Pension risks

Pension risks arise from measuring pension obligations that have been entered into and plan assets that are held under pension plans. Risk is mitigated by structuring plan assets – essentially a special investment fund held in trust – accordingly.

VaR, which requires sensitivity data for risk factors (representing exposure) and a covariance matrix of these risk factors (volatility and correlation) to map market dynamics, is calculated as the simplest stochastic model in the delta-normal approach.

Pension risks are managed directly by the Asset-Liability Committee (ALCO); for this purpose, the ALCO has also assumed the function of Investment Committee for the plan assets. Pension obligations and plan assets are subject to regular risk reviews and assessments.

## Market risks

### Definition

Market risks are broadly defined as the threat of losses due to changes in market parameters. The term refers to market risks that are not assigned to the IRRBB. In particular, it also includes any type of spread risk exposure relating to instruments held in the banking book that are sensitive to changes in interest rates and not included in IRRBB or in credit risk.

For Aareal Bank, this includes:

- Risks resulting from fluctuations in spot foreign exchange (FX) rates (spot FX risk)
- Risks resulting from fluctuations in forward foreign exchange rates (forward FX risk)
- Risks from the regulatory review of the trading book (financial risk in the trading book – FRTB)

Since Aareal Bank did not pursue any trading book activities (as defined by the CRR) during the period under review, trading book risks had no relevance.

Commodities are irrelevant for the Bank's business. Currency risks are controlled through derivatives.

Additional elements of market risk are:

- Valuation risks due to changes in credit spreads (credit spread risk)
- Risks from fluctuations in the value of fund assets (fund risk)
- Risks from adjustments to the credit valuation of OTC derivatives (CVA risk)
- Risks from changes in Aareal Bank's specific funding spreads (funding risk)

This means that credit spread risk in the banking book (CSRBB) is assigned to market risk. In addition, the sensitivities associated with the Bank's own benchmark issues regarding suitable Pfandbrief and senior unsecured spreads are incorporated in the risk indicators.

### Risk measurement and monitoring

Risk Controlling informs the members of the Management Board responsible for Treasury and risk monitoring about the risk position and exposure to other market risks on a daily basis.

The VaR concept has been broadly accepted as the predominant method for measuring economic market risk. VaR quantifies risk as the maximum loss that will occur within a certain period of time and given a defined probability.

A variance-covariance approach (delta-normal method) is used to determine the aggregated VaR indicator for market risk. Calculated on a daily basis for the Group, the VaR figure factors in the correlation between individual risk types. Statistical parameters used in the VaR model are calculated directly from a historical data pool maintained within the Bank, which covers at least 250 days<sup>1)</sup>. The loss potential is determined by applying a 99.9% confidence interval.

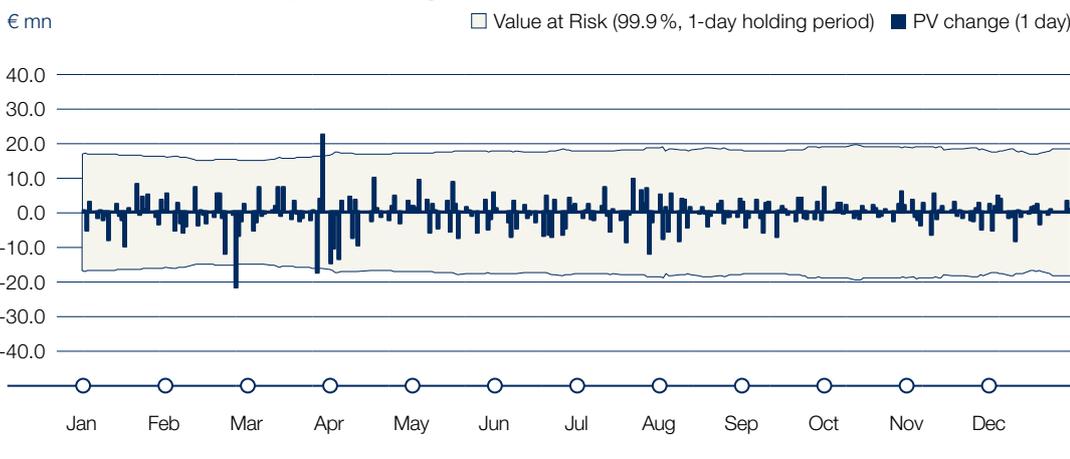
### Backtesting

The quality of forecasts made using statistical models is checked through a monthly backtesting process. This method is referred to as binomial test, whereby daily profits and losses from market fluctuations are compared with the upper projected loss limit (VaR) forecast on the previous day (known as “clean back-testing”). In line with the selected confidence interval of 99.9%, only a small number of negative outliers are expected.

The backtesting exercise shown below comprises all risk positions subject to daily changes from the “Market risks” category.

Two negative outliers were observed at Group level during the past 250 trading days. Intraday volatility on the interest rate and currency markets was at elevated levels in the year under review, especially after the US government’s announcement of planned trade tariffs. These short-term outliers hardly impact total risk exposure and total risk expectations over the risk horizon; they have meanwhile returned to normalised levels.

### Present values and 1-day VaR during the course of 2025



## Operational risks

### Definition

Article 4 No. 52 of the Capital Requirements Regulation (CRR) defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; this includes legal risk, modelling risks or information and communication technology (ICT) risks, but not strategic or reputational risks. The causes can be differentiated into internal (internal processes, people, systems) and external causes (external events). To the extent that they are caused by operational risks, ESG risk factors as well as reputational risks are also taken into consideration within this type of risk.

<sup>1)</sup> Historical data covering two years is used for the sub-risk type of credit spread risk.

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## Risk strategy

The primary purpose of the risk strategy is to provide strategic guidance on the conscious and professional handling of operational risk. The strategy covers the organisational framework as well as the fundamentals of reporting related to this topic, supplementing and specifying the existing central rules set out in the Risk Appetite Framework.

To facilitate a holistic risk management of operational risk, Aareal Bank has implemented a governance structure that puts the “three lines of defence” concept into operational practice. Given that the management approach is essentially organised in a decentralised manner, located in the various divisions or subsidiaries, there is a distinct emphasis on a strong first line of defence, which is responsible for risks on a single-risk basis. The centralised OpRisk Controlling department, which is part of the Compliance and Non-Financial Risks division (CN), monitors the first-line activities as an independent second line of defence. In this context, the general second line of defence is supplemented by various specialised monitoring and/or specialist functions having special expertise concerning specific NFR risk types.

Process risks are addressed through the internal control system (ICS). The design of the Group-wide ICS emphasises mitigating material process-inherent risks through appropriate and effective key controls which are compiled for Aareal Bank in a dedicated inventory.

Compliance and Non-Financial Risks is also responsible for monitoring risks resulting from the failure to identify or to comply with legal and/or regulatory obligations, as well as risks related to financial crime. The Group-wide objective of the compliance management system is to mitigate liability risks in the form of potential fines and penalties for the Bank or its subsidiaries and their board members. In addition, Aareal Bank’s positive reputation as a group of companies with integrity vis-à-vis external stakeholders such as business partners, counterparties and investors is to be maintained and further strengthened. The Anti-Financial Crime strategy serves to manage risks related to money laundering, terrorist financing, sanction breaches and fraud in a professional and conscious manner. It encompasses applicable qualitative standards (for example, listing business areas and sectors not served) and quantitative key risk indicators (such as thresholds for high-risk clients and politically exposed persons) for the purpose of risk monitoring.

In order to mitigate legal risks, Aareal Bank’s central Legal department and decentralised legal units monitor any litigation the Bank is involved in (whether in or out of court), deal with any legal issues of fundamental importance and provide legal advice on day-to-day business. Legal compiles all information concerning any legal disputes at Group level, whether in or out of court. The Bank’s decentralised operating legal entities, as well as the legal departments of individual Group entities, submit quarterly reports on legal risks identified to Aareal Bank’s Legal department. Where particular risks have occurred, such reports are submitted on an event-driven basis. When required, Aareal Bank’s legal department discusses and coordinates any concrete measures with the reporting unit. The Legal department reports to the Management Board, on (at least) a quarterly basis, as well as on an event-driven basis. Tax risks including related legal risks are monitored and managed separately by Aareal Bank’s tax department. The tax compliance management system actively reduces the risk related to tax law compliance and fraud cases, for example by setting standardised work instructions and controls, both within the tax department and in interfaces with other divisions.

An independent unit in the CN division is responsible for monitoring operational resilience risks. Bank-wide requirements have been defined (and various measures initiated) for mitigating information security risk and achieving the level of security aimed for. This includes, among other things, raising awareness among internal and external employees by means of suitable training courses and exchanging information on cyber threats via the communication channels with ECB, BaFin and BSI. To reduce outsourcing risk, the outsourcing organisational units regularly assess the performance of external service providers using defined criteria. The results of this process and the control measures taken are consolidated and communicated to the Bank’s Management. Business Continuity Management (BCM) mitigates business continuity risks by defining the emergency organisation and has set out and tested emergency and crisis plans for the Bank’s business processes that are identified as time-critical. In the event of an emergency or crisis, the Bank’s business will be managed in accordance with these plans.

## Risk measurement and monitoring

The policy pursued by Aareal Bank aims to achieve a risk-minimising or loss-limiting effect at an early stage by employing a proactive approach.

The Bank currently uses the following risk control tools to manage operational risks:

- Self-assessments: analysing these can make management aware of any potential risks within the organisational structure
- Risk inventories and subsequent risk assessments that include systematically identifying and compiling all relevant risks periodically and subjecting them to a qualitative and quantitative assessment, also taking risk concentrations into account
- A loss database in which relevant risk events incurred are reported and can then be monitored until they are officially closed
- (Risk) indicators for all risk levels that show current threat potential using a defined “traffic light” system
- Stress tests based on hypothetical and historical scenarios and also on sensitivity analyses of risk inventory data, carried out to identify developments that may potentially threaten the Bank’s continued existence.

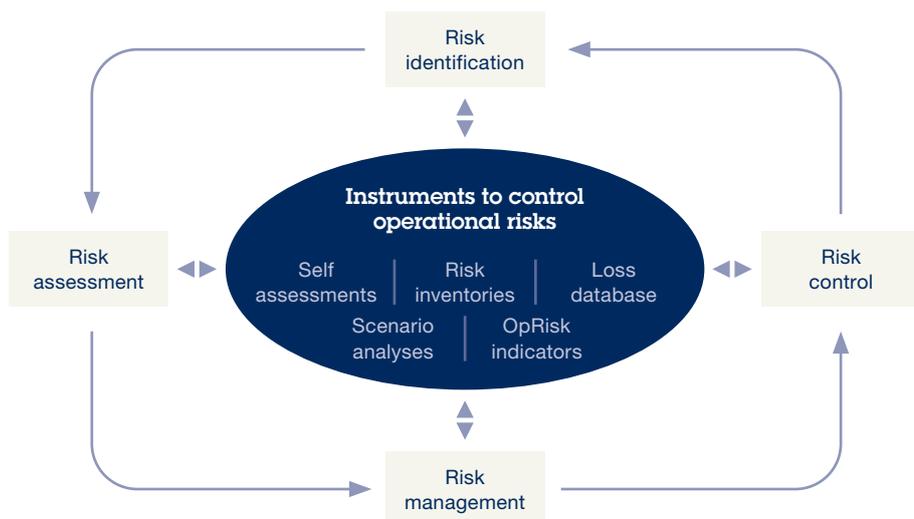
Data is collected on a decentralised basis and all of the Group’s material operational risks are compiled centrally.

The tools described above are used to prepare the regular risk reporting to the Bank’s senior management. Taken together, these tools for managing operational risks form an integrated control circuit that allows risks to be identified, evaluated, managed and controlled.

Significant operational risk events during 2025 were related to internal project costs or arose in a cybersecurity context. The financial loss incurred with all operational risk events was significantly lower than their long-term average. In particular, the measures taken have prevented negative financial effects from cyberattacks.

The responsibility for implementing operative risk-reducing measures rests with those in charge of the Bank’s risk management. The extent to which freely available funds are used for operational risks – as part of the Bank’s risk-bearing capacity – is determined based on the regulatory standardised approach under Pillar I.

### Management of operational risks



Risk events are recorded in a database on an ongoing basis. The aggregate impact of such risk events during the year under review amounted to less than 10% of the regulatory capital to be maintained for operational risks. Supplementary operational risk management tools – i.e. monitoring indicators, scenario analyses and self-assessment in particular – do not indicate a potentially elevated risk either.

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As at the reporting date, the Bank recognised provisions of € 2 million (2024: € 3 million) for legal and tax risks (which form part of operational risks); by their very nature, such risks do not necessarily lead to operational losses. As regards legal risks, these involve primarily provisions for litigation risks and costs. Provisions for tax risks were recognised in connection with currently ongoing tax audits, new or amended publications by the tax authorities or recent case law on tax issues. There are also contingent liabilities for legal and tax risks, as explained in the Notes.

## Investment risks

### Definition

Aareal Bank defines investment risk as the threat of unexpected losses incurred due to an impairment of the investment's carrying amount, or due to a default of loans extended to investees. The concept of investment risk also encompasses additional risks arising from contingencies vis-à-vis the relevant Group entities.

### Risk measurement and monitoring

The investment risk model breaks down investments outside the regulatory scope of consolidation into two groups, whereby risk-equivalent exposures are determined for material investments using the regulatory IRB formula. The latter was modified to include a concentration risk component to account for the eventuality of individual equity investments representing a significant concentration risk from an overall bank perspective. For non-material investments, equity coverage is determined using the simple risk weight function for investments in accordance with the CRR. Risk exposure for investments within the regulatory scope of consolidation is measured using the look-through principle, based on the assets of the respective investment.

The existing procedures used to measure and monitor risk exposure are supplemented by subjecting the equity portfolio to regular stress testing.

Strategy and Corporate Development, as well as Performance Management and Risk Controlling, are responsible for measuring and monitoring investment risk exposure.

Risk Controlling submits a quarterly equity investment risk report to the Bank's Management Board.

## Property risks

### Definition

We define property risk as the threat of unexpected losses arising from changes in the value of property held by the Bank or by fully consolidated subsidiaries.

Due to the special character of property risk (e.g. marketing risks), special methods and procedures are employed to deal with this type of risk. All relevant property holdings are subjected to regular audits, including a review and assessment of their risk situation.

### Risk measurement and monitoring

In order to measure and monitor risks, property yields are analysed for different regions and property types, and over the time horizons available: on this basis, potential yield increases for different regions and property types over a one-year horizon are determined by applying a 99.9% confidence interval. A property's risk contribution results from the difference between the current market value and the property value adjusted for the yield increase.

The model also factors in idiosyncratic shock events for each property, which may occur independently of general market developments.

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Property holdings were reduced as at the reporting date due to the sale of our Italian hotel operations and the disposal of three additional properties in Italy and Spain.

## Business and strategic risks

### Definition

Business and strategic risks are defined as risks that may potentially prevent corporate objectives from being achieved. For example, these may result from changes in the competitive environment or from an unsuitable strategic positioning in the macroeconomic environment. We distinguish between allocation risk and investing risk. Allocation risk is defined as a divergence of operating results due to lower-than-expected income from allocated capital that cannot be offset through reductions in costs or administrative expenses. Investing risk is defined as the risk of the Bank being unable to compensate for any divergence in operating results through activities or investments in alternative business segments that generate results to the same or a similar extent.

### Risk measurement and monitoring

As allocation risk is already covered by various planning scenarios, it is incorporated in aggregate risk cover.

Investing risk is measured across segments. It is quantified based on the assumption that additional upfront investment is required to establish an investment opportunity that was previously unavailable. This upfront investment is assumed to represent potential risk.

## Liquidity risks

### Definition

Liquidity risk in the narrower sense is defined as the risk that payment obligations cannot be met in full or on time. Aareal Bank Group's liquidity risk management system is designed to ensure that the Bank has sufficient cash and cash equivalents to honour its payment obligations at any future point in time. The risk management processes have been designed to cover not only the liquidity risk in the narrower sense (insolvency risk), but also market liquidity risk and refinancing risk – this includes cost risk, which is measured and limited accordingly as a component of the IRRBB. All elements have been integrated in an overarching ILAAP, which maps liquidity risks in both the normative and the economic perspective. Within the framework of Group planning, the Bank considers not only ICAAP risk parameters but also ILAAP risk parameters for a three-year horizon.

### Risk measurement and monitoring

Treasury is responsible for managing liquidity risks, while Risk Controlling carries out ongoing monitoring and submits a daily liquidity report to Treasury, while also contributing to the monthly risk report for the entire Management Board. The following tools are used for this purpose:

#### Cash flow forecast

We have developed a cash flow reporting tool ("Cashflow Forecast") that provides information on our liquidity risk. This forecast report maps the cash flows of all balance sheet items and derivatives on a daily basis over a ten-year horizon. This liquidity risk information helps to assess the Bank's short-term liquidity position, broken down by currency or product. Strategic liquidity is taken into account using this ten-year cash flow profile. We use statistical modelling to incorporate the expected cash flow profile of products without a fixed contractual lifetime.

#### Liquidity run-off profile

The appropriateness of the Bank's liquidity from an economic perspective is assessed using a liquidity run-off profile (liquidity risk model). Here, the aggregate of all conservatively expected cash inflows and outflows over a three-month period is compared with the liquidity stock. This liquidity stock comprises all assets that can be liquidated at very short notice. The difference between the two

figures (in absolute terms) indicates excess liquidity, once all claims assumed in the run-off profile have been fulfilled through the liquidity stock. There were no liquidity shortages throughout the period under review.

### Stress testing

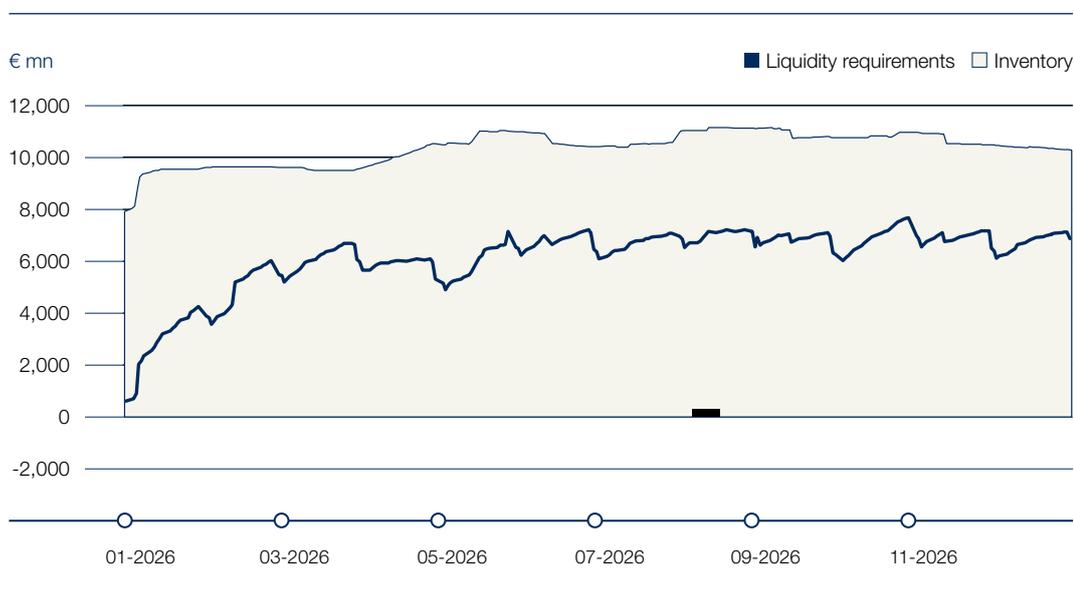
We also employ stress tests and scenario analyses to assess the impact of sudden stress events on the Bank's liquidity situation. The various standardised scenarios used – which include historic, idiosyncratic, market-wide and combined scenarios – are evaluated on the basis of the liquidity run-off profile.

We generally consider the withdrawal of deposits from the housing industry as the most significant scenario. Even in this stress scenario, liquidity is sufficient to cover the expected liquidity needs under stress conditions.

### Time to illiquidity

To safeguard adequate liquidity beyond the three-month horizon covered by the liquidity run-off profile, we use the concept of “time to illiquidity” (“TtI”) as a parameter. A liquidity run-off profile was developed for this purpose, comparing liquidity requirements occurring with the liquidity stock for a one-year period. Time to illiquidity denotes the remaining period (expressed in days) during which the Company can be regarded as sufficiently liquid, even under adverse conditions. In other words, liquidity requirements (including security add-on for adverse future events) do not exceed the liquidity stock. The calculations are based on contractual cash flows and the short-term risk assessment methodology (liquidity run-off profile), as well as the portfolio development within the current plan scenario.

The following chart shows the projected development of the liquidity stock, together with aggregate liquidity requirements (incorporating planned portfolio developments and including security add-ons for adverse future events) until the end of 2026. The chart demonstrates that the liquidity stock will always exceed liquidity requirements, even under adverse conditions.



Further details are provided in the comments on the Bank's liquidity in the section on the financial position.

### Funding profile

Diversifying the Bank's funding profile by type of investor and by product is another key aspect of our approach to liquidity risk management. Core sources of funding such as customer deposits and funds invested by institutional clients – alongside covered and uncovered bond issues – make up the foundation of our liability profile. In this context, we refer to the comments regarding the breakdown of funding between money markets and capital markets, as set out in the description of financial position.

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### Concentration limits

As well as measuring the risk indicators themselves, we monitor concentrations of liquid assets and of funding sources, determining the percentage share of the ten largest counterparties and/or positions relative to the total portfolio.

A limit is set for each indicator in order to restrict the dependency upon individual positions or counterparties.

### LCR forecast

We developed the LCR forecast as a measurement tool designed to ensure that we comply with the regulatory Liquidity Coverage Ratio at all times. A preview of the Liquidity Coverage Ratio is calculated over a horizon of up to three years, determining the ratio of highly liquid assets to cumulative net cash outflows for various end-of-month dates – allowing us to identify any potential liquidity shortfalls or reserves.

### NSFR forecast

A forecast of the net stable funding ratio is another cornerstone of our liquidity management. It is calculated over a horizon of up to three years. This measurement tool allows us to forecast the regulatory Net Stable Funding Ratio for future dates, thus identifying any potential liquidity shortfalls or reserves in terms of the NSFR at an early stage.

### Long-term liquidity run-off profile

The long-term liquidity run-off profile (Long Term LAB) provides a forecast of the economic perspective and determines the likely liquidity run-off profile (liquidity risk model) over a period of up to three years. This liquidity run-off profile compares the expected liquidity requirements and available liquidity for different scenarios at various points in time in the future. In this way, any potential liquidity shortfalls or liquidity reserves arising in the future are identified with regard to the liquidity run-off profile.

## Overall presentation of the Group's risk position

The 2025 financial year was shaped by a further escalation of geopolitical tensions and rising uncertainty concerning the macro-economic environment. The Bank has taken appropriate measures to counter the persistently challenging conditions on the property markets and the associated impact on its credit portfolio – including the ongoing reduction of defaulted loans. The Bank's risk policy ensured an adequate capital and liquidity position on the respective reporting dates.

## Accounting-related ICS and RMS

### Tasks of the accounting-related Internal Control System (ICS) and the Risk Management System (RMS)

The accounting-related Internal Control and Risk Management System includes principles, procedures and measures to ensure the effectiveness and the efficiency of internal and external accounting, in accordance with applicable legal provisions. The tasks of the accounting-related Internal Control System mainly include ensuring proper conduct of business activities, guaranteeing proper internal and external accounting, as well as ensuring compliance with relevant statutory and legal requirements applicable to the Company.

The objective of the accounting-related Risk Management System is to identify, assess and limit risks which may impede the compliance of the financial statements with applicable rules and regulations. As with any other Internal Control System, the accounting-related ICS and RMS can only provide reasonable – but not absolute – assurance with regard to achieving this objective, regardless of how much care is used to design and operate this system.

### Organisation of the accounting-related ICS and RMS

Aareal Bank's Internal Control System reflects the principles established by the Minimum Requirements for Risk Management (MaRisk) related to the company-specific design of the ICS. The design of this Internal Control System comprises organisational and technical measures to control and monitor the Company's activities, covering all entities of Aareal Bank Group. The Management Board of

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Aareal Bank AG is responsible for designing, implementing, applying, refining and reviewing an appropriate Internal Control System, in particular with regard to the accounting process. The Management Board makes decisions regarding the scope and the design of specific requirements; it has defined the responsibilities for the individual process steps in connection with accounting by means of organisational guidelines, and has delegated these responsibilities to individual organisational units.

Aareal Bank prepares its separate financial statements in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – “HGB”) and its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. The Finance and Performance Management divisions control accounting processes, to ensure conformity with legal requirements, as well as with any further internal and external provisions. The accounting-related requirements that have to be applied are documented in guidelines and IT requirements.

For the consolidated financial statements in accordance with IFRSs, the companies that form part of the Group create an IFRS package as at the respective reporting date. This includes financial statements prepared under IFRSs and in accordance with the IFRS Group Accounting Manual, as well as the Notes and consolidation information (intercompany balances). All packages are recorded by the Finance division in a consolidation software and aggregated for the purpose of preparing the consolidated financial statements.

The Supervisory Board is responsible for monitoring the Management Board. Within the scope of financial reporting, it approves the single-entity financial statements of Aareal Bank AG as well as the consolidated financial statements and the Group Management Report. Measures taken by the Supervisory Board to ensure an efficient performance of its control functions include, among other things, the establishment of an Audit Committee, which is primarily responsible for financial reporting issues and monitors the effectiveness of Aareal Bank’s Internal Control System. It analyses and assesses the presented financial statements and internal risk reports as well as the quarterly reports submitted by Internal Audit. In addition, the Audit Committee is responsible for determining the focal points of the audit, as well as for evaluating the external auditors’ findings. The Audit Committee includes an expert in the fields of accounting or auditing, pursuant to section 100 (5) of the German Public Limited Companies Act (Aktiengesetz – “AktG”).

Internal Audit also assumes a monitoring function not related to the process. It reports directly to the Management Board, and provides auditing and consulting services which are designed to optimise Aareal Bank’s business processes with regard to accuracy, safety and efficiency. The Internal Audit division supports the Management Board by evaluating the effectiveness and appropriateness of the process-dependent Internal Control System and of the Risk Management System in general. Any detected weaknesses regarding the identification, evaluation and reduction of risks are reported and addressed within the context of specific action plans.

Internal Audit also performs Group audit functions for Aareal Bank’s subsidiaries, within the context of the Group’s risk management. The review of the risk management’s effectiveness and appropriateness covers the risk management and risk control systems, reporting, information systems, and the accounting process. To perform its tasks, Internal Audit has full and unrestricted information rights with respect to activities, processes and IT systems of Aareal Bank AG and its subsidiaries. Internal Audit is informed on a regular basis about material changes related to the Internal Control and Risk Management System.

The review of process-integrated controls conducted by Internal Audit is based on a set of internal regulations, procedural instructions and guidelines of Aareal Bank Group. The audit activities of Internal Audit comprise all of the Group’s operational and business processes, and are carried out using a risk-based approach.

The Management Board regularly assesses the appropriateness and effectiveness of the ICS and RMS. This assessment is primarily based on the result of the semi-annual ICS report and monthly risk reporting and provides the Management Board with an overview of the key elements of Aareal Bank Group’s ICS and RMS. As part of the reporting, the Management Board thus receives a summary of the assessment activities regarding the appropriateness and effectiveness of the ICS and RMS, as well as of any anomalies that were identified during these activities. The information contained in the ICS report and risk reporting are also presented to Aareal Bank AG’s Supervisory Board as a report on the effectiveness of the ICS and RMS. The assessment of the ICS is based on the evaluation of the decentralised ICS officers, which includes internal and external audit results in particular. On this basis, the Management Board has no evidence that the ICS or RMS in their entirety are not appropriate or effective as at 31 December 2025.

Irrespective of this, the effectiveness of any risk management and control system is subject to an inherent restriction. Therefore, no system – even if it was evaluated as appropriate and effective – can guarantee a 100% prevention of risks or process violations

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under all circumstances. In addition to the ICS and RMS, and especially for those processes and procedures that, due to high momentum and a large number of new regulations, are not yet at the same stage of maturity as established processes, Aareal Bank has established a Code of Conduct for its employees. By establishing ethical conduct as both a guideline for corporate action and a minimum requirement when dealing with new or unregulated matters, this Code of Conduct is instrumental in minimising violations of internal and external regulations.

## Components of the accounting-related ICS and RMS

Within Aareal Bank, various measures related to the Bank's organisational structures and procedures help to fulfil the monitoring duties within the framework of its Internal Control System.

A prerequisite for the monitoring system to work efficiently is a Written Set of Procedural Rules governing the distribution of tasks between the individual divisions and the scope of the respective activities. The organisational structure of the Finance and Performance Management divisions is set out in the Bank's organisational guidelines. Aareal Bank's accounting system is structured observing the principle of separation of functions, which makes for a split between operative and administrative roles, and is designed to ensure a sufficient level of control.

Various guidelines exist for activities and processes. These guidelines are set out in the Written Set of Procedural Rules of Aareal Bank and can be accessed and viewed by all affected employees. There are requirements as regards data entry and control – as well as data storage – which have to be observed in general by all of the Bank's posting units. If necessary, results are reconciled across divisions or companies. Uniform accounting methods and measurement techniques are guaranteed through guidelines applicable throughout the Group. The requirements of these Group-wide guidelines substantiate legal provisions, and are adjusted on an ongoing basis to take current standards into account. The valuation techniques used, as well as the underlying parameters, are controlled regularly, and adjusted if necessary.

In addition, the Bank's Risk Manual summarises the material elements of Aareal Bank Group's Risk Management System. Specifically, the Manual describes the organisational workflows as well as methods and instruments used in the context of risk management. In this context, reference is made to our explanations in the Risk Report.

Clearly-defined rules as regards delegation of authorities facilitating the allocation of professional responsibilities also contribute to reliable financial reporting. Any decisions taken are always based on relevant authorities. Internal controls defined on the basis of risk considerations are embedded in the accounting process. Compliance with the principle of dual control in all material processes is one of the principles for ensuring accurate accounting. Where no integrated approval system/dual control feature has been implemented in the accounting IT systems for material transactions, this has been integrated and documented in the manual process workflows.

Adherence of accounting to generally accepted accounting principles is ensured by both preventive and detective controls, as well as through a review of processed data. The preparation of the consolidated financial statements is characterised by multiple analyses and plausibility checks. Besides the evaluation of individual accounting issues, these include comparisons of periods, and between plan and actual data. Control processes have been implemented for both manual and automated accounting transactions.

In order to increase the level of control quality, all relevant divisions are involved in the reconciliation process. An example of cross-divisional reconciliation is the process for the preparation of annual and interim reports. All divisions involved must ensure and (prior to preparation by the Management Board) confirm the quality of the sections of the reports they are responsible for. This represents an additional control level for the data to be disclosed.

In terms of organisational workflows, the accounting-related Internal Control and Risk Management System is based on a comprehensive standardisation of processes and software. Aareal Bank Group uses both standard and customised software. The consolidation software provides technical support to the reconciliation of Group-internal relationships, in a clearly-defined process. The data of the units included is reported using a uniform standardised chart of accounts. The Group's accounting-related IT systems were designed in such a way that both manual controls and automatic plausibility checks are performed for material technical and procedural system steps of the applications used. The controls regarding IT system processing are both integrated in the processes and performed

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independently of processes. Process-integrated controls comprise, for example, the review of error and exception reports or the regular analysis of internal service quality, whereas IT reviews conducted by Internal Audit are process-independent.

Data and IT systems must be protected from unauthorised access. A differentiated access authorisation concept is in place for the systems used for finance and accounting, designed to prevent the manipulation of data. Access authorisations are allocated to the responsible employees, reviewed regularly, and adjusted if necessary in accordance with internal criteria.

Aareal Bank reviews its accounting-related Internal Control and Risk Management System on an ongoing basis. Necessary adjustments are made with respect to the accounting process based on the Bank's reviews. Adjustments may have to be made, for example, in connection with changes in the Group structure, to the business model, or due to new legal requirements.

Aareal Bank has to comply with legal requirements. If these requirements change, for example in the form of new laws or changes in accounting standards, the processes or IT systems will be adjusted as required in separate projects across divisions – based on a clearly-defined allocation of functions, and the accounting-related Risk Management System will be adjusted to take the amended rules into account. Current developments of statutory and legal provisions applicable for Aareal Bank are constantly monitored and reported to the responsible divisions. The Risk Committee also initiates any required adjustments to be made to systems and processes, and reports the results to the Management Board.

## Report on Expected Developments and Opportunities

The following section should be read in the context of the other chapters of this Management Report. The forward-looking statements made in this Report on Expected Developments are mostly based on estimates and conclusions that the Bank formed using information available at the time at which this Management Report was prepared. The statements are based on various assumptions that relate to future events and were used for Aareal Bank's corporate planning. The occurrence of these future events is subject to various uncertainties, risks and other factors, many of which are outside Aareal Bank's scope of influence. As a result, actual events may differ from the forward-looking statements made below.

The following section discusses the main opportunities and risks underlying the forecasts. Opportunities are defined as possible future developments or events that could lead to a deviation from the forecast that is favourable for the Bank. By contrast, risks are defined in the Report on Expected Developments as possible developments or events that could lead to a negative deviation from the forecast.

The following forecast economic data on the macroeconomic environment is based on the most recent projections available to us. For the most part, these come from Oxford Economics, a leading global economic consultancy.

### Macroeconomic environment

Current and future macroeconomic developments are shaped by considerable uncertainty. As a result, the global economy will continue to face considerable challenges in 2026. A further increase in (geo-)political risks might affect the stability of markets – with far-reaching consequences for the economy and political decisions. Besides a potential tightening of trade restrictions and an increasingly protectionist stance in the US, other factors are influencing the economic outlook: high levels of corporate and government debt, opportunities and risks associated with the increased use of artificial intelligence (AI) and the economic impact of climate change.

Following the initial announcement of higher US import tariffs, agreements were concluded with numerous trading partners, which led to a partial withdrawal of the measures – enhancing planning and legal certainty for companies. Nonetheless, there is still a risk that the US government will continue to make unexpected – and unpredictable – changes to trade policy in order to push through economic or foreign policy interests. Furthermore, the risk remains that trade policy measures taken by the US will trigger at least partial countermeasures by affected countries. Another escalation of global trade conflicts could weigh on global trading volumes, hampering economic growth. More restrictive immigration policies and less support for academic research could also limit access to skilled labour and undermine long-term growth prospects. Overall, US economic policy remains a relevant uncertainty factor for the

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financial markets and the global economy. The signing of the “One Big Beautiful Bill Act” paved the way for higher government spending and comprehensive tax cuts, the specific effects of which on the real economy cannot yet be conclusively predicted. However, it is clear that the legislation poses considerable fiscal challenges for the US budget. As well as this, increasing political polarisation and a weakening of institutional control mechanisms in the US have reduced the predictability and stability of economic policy. The greater concentration of executive power and simultaneous legislative blockades in the US Congress have increased the risk of economic policy mistakes and make it more difficult to overcome structural fiscal challenges.

Geopolitical conflicts, especially Russia’s war against Ukraine that has been ongoing since 2022, continue to pose significant risks for the global economy. The war has prompted European countries to reassess their energy supply and defence capabilities, and to opt for extensive investments in these areas. There is also the risk of a renewed escalation of smouldering conflicts, for example in the Middle East. Such developments might lead to significant energy price increases having a negative impact on the global economy through higher inflation rates and disrupted supply chains. As well as the immeasurable cost to human life, armed conflicts lead to the destruction of capital and infrastructure and have a severe impact on investor confidence. In addition to military conflicts, the growing trade and political tensions between China and the Western world, as well as between China and Taiwan, constitute relevant risks. The new US National Security Strategy underlines the geopolitical importance of the Indo-Pacific region – but at the same time sets new priorities, emphasising a US policy geared more towards restraint and avoiding direct involvement in regional conflicts. Nevertheless, the risk of regional escalation still remains, especially in the South China Sea, which could seriously impact global value chains. A broader view of geopolitical risks also includes terrorism, cyber attacks and sabotage of critical infrastructure: these can also have a significant economic impact.

Public debt in the euro zone has fallen greatly since the pandemic and is now close to pre-crisis levels. However, the medium-term outlook has become noticeably gloomier, with risks clearly indicating rising debt levels. Even though the bond markets have thus far honoured the improved fiscal fundamentals of the countries at the euro periphery, the sustainability of their indebtedness remains particularly vulnerable to higher interest rates. Large budget deficits continue to pose the greatest risk and could significantly restrict central banks’ room to manoeuvre in dealing with future shocks. Markets are concerned that governments are taking short-term measures to limit deficits rather than implementing far-reaching reforms designed to improve the medium-term financial outlook. Such short-term measures could push up risk premiums. Corporate debt also remains high in many industrialised countries, primarily due to extensive bond issues. Declining cash flows and a looming inability to make interest payments could potentially lead to the credit quality of these bonds being downgraded.

The rise of AI offers both opportunities and risks for the economy and financial markets. Successful AI implementation might enhance the productivity of the workforce, bolstering economic growth. At the same time, AI could lead to disruptions on the labour markets and lower employment growth, as certain jobs might be lost. Overly optimistic investor expectations regarding AI-driven returns might encourage speculative behaviour, increasing market volatility. Moreover, the growing shift from equity to debt financing indicates that the boom is moving into a more vulnerable phase: the greater the investments in digital technologies over the coming quarters, the greater the risk of creating excess capacity, speculative bubbles on the equity markets – and, in turn, harsh corrections.

In the longer term, the political shift away from European cohesion poses a significant threat not only to the EU, but also to Europe as a whole. Insufficient coordination and cooperation on migration issues and the slowdown in economic growth have, among other things, fuelled the rise of populism and heightened electoral victories for populist and EU-sceptic parties in many countries. The reform backlog and structural economic problems in some euro zone countries are creating further uncertainty. Even though the EU’s investment package is aimed at supporting these countries in particular, there is a risk that the measures will not be sufficient to resolve structural problems.

The efforts of many countries and companies to limit global warming require a far-reaching transformation of the economy as a whole. This is an opportunity for companies to switch to environmentally friendly property and equipment and to re-allocate labour – both factors that will be key for a more sustainable future. At the same time, the macroeconomic impact of this transition is uncertain, and the actual effects depend on a number of factors. This structural change also entails costs that will put a burden on companies and consumers alike. For instance, decarbonising the economy not only relates to energy supply but also requires significant changes in industry, transport, construction and agriculture. In addition to the transition costs incurred in decarbonising the global economy, the costs that are directly attributable to climate change will also increase over the medium term. Extreme weather events and natural disasters could intensify over time, not only causing physical damage but also impacting the real economy – for example

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in the form of rising food prices, disruptions to supply chains and repercussions on the labour markets. The increase in physical damage will depend on how well the global community succeeds in reducing greenhouse gas emissions.

## Economy

Real growth of the global economy in 2026 is expected to be slightly below the previous year's levels, with private consumption and ongoing investment momentum for AI being primary growth drivers. At the same time, geopolitical tensions and the impact of climate change increase the risk of more frequent supply shocks. This means that economic development is likely to remain volatile and to vary between regions. It can also be expected that relations between the US and China will not improve, and that the US will continue to levy higher tariffs on Chinese imports. The rest of the world is likely to continue to be subject to smaller – however noticeable – trade barriers, which will further reduce the share of world trade in global GDP.

We expect real growth for the euro zone in 2026 to be slightly below the previous year's figure. Once again, momentum is likely to vary from region to region: while the economies in Southern Europe will probably see above-average growth, weaker development is anticipated in core countries such as Germany, France and Italy. The reasons for this are specific to each country and include low growth potential, fiscal challenges and, in the case of Germany, additional bottlenecks in infrastructure and defence – sectors with particularly strong capacity utilisation. Other areas such as the automotive sector are set to show continued weakness. In Germany, bureaucratic delays and impediments to investment could also slow down the implementation of public-sector and private investment. Slow approval procedures and shortages of skilled labour are key factors in this respect. Private consumption in the euro zone as a whole is being buoyed by robust labour markets and rising real incomes.

In the UK, we also expect real growth in 2026 to be slightly lower than in 2025. Private-sector growth drivers remain limited as the outlook for businesses and investments is subdued due to weak profitability and low business sentiment. Real household incomes are expected to increase only moderately, which will have a negative impact on consumption. Public spending has had a disproportionately high impact on economic growth in recent years, and this is expected to continue in 2026. Against the backdrop of weak private demand, unemployment might rise slightly over the course of the year.

In Sweden, the positive growth momentum is likely to continue in 2026. Here, domestic demand is a key factor supporting the economy, with growth being facilitated by rising real incomes, the effects of the previous monetary easing and a supportive fiscal policy.

Poland is expected to see strong economic growth and robust investment activity in 2026. An accelerated disbursement of EU funds is set to boost the industrial and construction sectors in particular, together with extensive public infrastructure investments and monetary easing. The latter will contribute to stronger demand for housing loans.

Real economic growth of around 2.8% is expected for the US in 2026. Rising real incomes are the main driver here, supported by falling inflation and tax refunds that provide relief not only for high-income households, but also for those with low incomes and a high propensity to consume. This strengthens private consumption, which remains the most important driver of growth. In addition, investment activity is likely to remain robust and expand beyond the AI sector, encouraged by favourable financing conditions and by hopes of high profit margins and tax incentives. While trade conflicts continue to have a negative impact, they are only expected to have a limited effect on the economy as a whole.

Weak growth is anticipated for Canada in 2026 due to US tariffs, increased uncertainty affecting trade policy and demographic factors. Nonetheless, extensive economic support measures, positive effects of accelerated interest rate cuts and lower tariffs following the expected renegotiation of the USMCA Agreement are likely to revive growth in the second half of 2026. Australia's economy is expected to expand by around 2.5% in 2026, even exceeding the previous year's growth rate. This is being driven by an improved outlook for exports, investments and private consumption.

Generally speaking, it is still very difficult to make accurate estimations concerning the economy, markets and the impact of these on Aareal Bank. Because of this, we are simulating further potential macroeconomic scenarios in addition to our "baseline" scenario.

In line with current Group planning, our baseline scenario assumes the following macroeconomic parameters:

	2025	2026	2027	2028
in %				
<b>“Baseline” scenario</b>				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	1.4	0.9	1.6	1.7
USA	2.0	2.5	2.4	2.3
UK	1.4	1.0	1.4	1.5
Unemployment (%)				
Euro zone	6.4	6.4	6.3	6.1
USA	4.3	4.4	4.2	4.2
UK	4.4	4.6	4.6	4.4
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.2	3.2	3.3	3.3
USA	4.3	4.1	4.2	4.2
UK	4.6	4.5	4.1	3.8
Portfolio-weighted property price development (2025 basis = 100%)	100%	100%	101%	103%

## Financial and capital markets, monetary policy and inflation

The risks and uncertainty factors referred to above are also relevant for the financial and capital markets. We expect global long-term bond yields to remain elevated over the forecast horizon, indicating heightened risk awareness. The economic impact from rising bond yields, which has been moderate to date, could increase significantly, especially in the event of further increasing debt. This could potentially limit issuer access to financings, although we believe that the markets will generally remain open and accessible. This also applies to the bond and Pfandbrief markets that are relevant for Aareal Bank. Likewise, potential tensions on the financial markets or changes in the Bank’s rating might hamper the Bank’s funding activities on the market.

In 2026, inflation rates in the most important advanced economies are expected to be close to (or moving further towards) the respective target levels. This could allow central banks to cut interest rates cautiously, or to hold interest rates for longer. In the absence of any major negative shocks, central banks are likely to adopt a cautious stance in order to maintain monetary policy credibility in the face of persistent inflation in services and generally robust labour markets. In the euro zone, inflation is likely to average around 1.7% in 2026, driven by falling energy prices and deflationary import effects, while core inflation will remain above 2% due to persistent service price developments. Inflation in the UK is expected to remain above the BoE’s target value on average, as regulated prices, higher energy costs and sharply rising labour costs are maintaining price pressure. The inflation forecast for the US has been lowered due to lower oil prices, although tariffs are likely to continue to push up prices for industrial goods and, in turn, core inflation.

The ECB is likely to maintain its current interest rate level during 2026, given that inflation will probably remain below the ECB’s target of 2%. The US Federal Reserve is expected to make further interest rate cuts in 2026. This gradual easing path reflects slowing inflation and the Fed’s endeavours to maintain a largely neutral monetary policy stance. However, considering the possible political influence being exerted on the Fed after the end of Powell’s term of office in 2026, there could be a risk that US monetary policy decisions – and interest rate cuts in particular – could be more far-reaching than they would be under full institutional independence. The BoE is also likely to make further interest rate cuts in 2026, provided there is no unexpected inflationary pressure that would necessitate a more restrictive monetary policy.

## Regulatory environment

The environment in which banks are operating will continue to be defined by highly dynamic regulatory requirements, as well as by changes in banking supervision.

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The regulatory framework for credit institutions in the European Union was updated significantly with the entry into force of the final EU banking package, which essentially comprised a regulation (“CRR III”) and a directive (“CRD VI”); as well as this, the implementation of Basel III in the EU was finalised (known as “Basel IV”). The main changes brought about by CRR III have been applicable since 1 January 2025, in some cases subject to transitional periods. Aareal Bank implemented the new requirements on time.

The relevant date for first-time application of CRD VI is 11 January 2026, although transposition into German law is still pending. The German government has published a draft of the “Banking Directive Implementation and Bureaucracy Relief Act” (“BRUBEG”), but the exact date of implementation and initial application is not yet known, although this is expected to occur in the course of 2026.

During the period under review, standard setters showed a change in attitude with regard to the regulatory framework. While regulatory requirements were continually tightened in recent years, with many new and more detailed regulations being introduced, aspects relating to strengthening the competitiveness of the European banking sector and reducing administrative burdens have – against the backdrop of the macroeconomic and geopolitical environment – now also been increasingly emphasised and formulated as an objective for further developing the regulatory framework. The European Commission and the relevant supervisory authorities (in particular the EBA and ECB) have launched corresponding initiatives with a view to simplifying regulatory processes and reducing the reporting burden. While the specific form and timeframe for implementing these simplifications are not yet known, it can be assumed that regulatory requirements will remain stable, at a high level, over the medium term – with scope for selective relief. Aareal Bank will continually monitor further developments, analysing the potential impact of new regulations on the business model and internal processes on an ongoing basis.

Changes are expected in the following areas in the coming years:

- **Simplification of capital and buffer requirements:**

The supervisory authorities are examining a simplification of institutions’ capital requirements and capital composition, with a view to enhancing transparency and predictability for institutions. Specifically, the objective is not to systematically reduce existing capital requirements.

- **Digitalisation and integration of reporting processes:**

The introduction of an integrated digital reporting framework (“IReF”) is set to significantly reduce the reporting burden for banks. At present, first-time application is expected to take place in 2029, with the consultation phase still pending.

- **Stress test:**

The methodology for EU-wide stress tests is being revised in order to render implementation more efficient and to increase the focus on material risks. An additional regulatory stress test focusing on geopolitical risks is to be carried out in 2026.

- **Resolution planning:**

The Single Resolution Board’s SRM Vision 2028 aims to achieve the transition from pure planning to full operational implementation of the resolution tools, with a focus on crisis resilience through regular tests, dry runs and resolvability assessments to ensure actual operational readiness.

- **Sustainability and ESG:**

Regulatory requirements for the management of ESG risks are likely to be expanded and set out in further detail, especially through new long-term resilience analyses and disclosure obligations. Regular reporting obligations regarding ESG information to supervisors are to be introduced on top of existing disclosure obligations.

- **Prevention of money laundering:**

The AMLA supervisory authority, which was created in 2025, will further specify the requirements from the EU’s new AML package. It will also set new AML best practices in preventing money laundering as of 2028, when it commences its own investigations activity.

Risks to the capital ratios may also arise from the regulatory environment, e.g. from interpretation decisions taken or audits performed by a supervisory authority. For example, the regular SREP process could result in additional capital requirements in terms of number and total amount. If the Bank had to implement new or additional regulatory requirements or comply with discretionary decisions by banking supervisory authorities, or if new capital requirements for the banking sector were introduced, this could have a negative effect on the Bank’s RWAs or lead to higher capital requirements. Future LGD/PD estimates incorporated in internal

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models might also be subject to discretionary decisions by regulators concerning model risks or validations, with a negative impact on the Bank's capital ratios (especially the fully phased CET1 ratio).

Material macroeconomic risks for the Bank's capital ratios and RWAs may arise from deteriorating market and risk parameters in the Bank's core markets.

## Sector-specific developments and business performance

### Structured Property Financing segment

The macroeconomic risks and headwinds described above are also of great relevance for the development of property markets.

Demand for commercial properties will vary again in 2026, depending on the region and property type. With financing costs remaining high, the general recovery is likely to progress rather slowly. This may have a negative impact on the viability of debt service or investors' free cash flow after debt servicing, especially when fixed-rate periods or hedging instruments expire. As a result, the interest rate increases that have been seen since 2022 might have a delayed effect on some investors, leading to refinancing problems even in the year to come. If the persistent political and geopolitical uncertainty intensifies, this could also have a negative impact on market activity and lead to more pronounced caution among investors. A renewed escalation of trade policy conflicts would dampen overall economic development and further raise the level of economic uncertainty. This can also lead to a downturn in the commercial property markets due to loss of tenants and weaker demand for space.

Besides macroeconomic and financial factors, the impact of ESG- and climate-related risks on commercial property markets is rising, with market values increasingly depending on the quality of the property and the fulfilment of stricter sustainability requirements. Properties that fail to meet companies' environmental and climate targets or government requirements are likely to suffer from weaker growth in value and demand over the medium term. While this effect is clearly visible in Europe in particular, the regulatory environment in the US is less clear at the moment. In addition, the frequency and intensity of extreme weather events is expected to increase as a result of climate change. This might drive up insurance premiums in individual regions or restrict the full insurability of certain properties in the future. With the EBA guidelines on the management of ESG risks having come into force at the beginning of 2026, the regulatory importance of these aspects is likely to increase further. Especially in Europe, properties with a high carbon footprint could be impaired in terms of their refinancing ability due to regulatory requirements and shifts in investor preferences.

A positive factor for commercial property is the progressive easing of monetary policy from the very restrictive levels of previous years: this is likely to continue to have a positive effect through more favourable capital costs, an upturn in economic activity and an improved financing environment. The stabilisation of property prices observed in many markets suggests that current interest rate levels are already increasingly reflected in valuations – with positive impulses already visible. A more reliable valuation basis for financing decisions is likely to simplify risk assessment and could increase the willingness of lenders to extend loans. Even though local market conditions and investor preferences will continue to play a major role, more attractive financing terms and enhanced market transparency might facilitate narrowing yields. In some markets, the decline in new construction activity is also helping to match supply to demand more effectively, which benefits existing properties. A positive development in economic growth, as currently forecast, should also have a stimulating effect on demand for commercial property.

Notwithstanding these opportunities, there are some uncertainties and potential risks, including (geo)political uncertainty, which could undermine the stability of markets and lead to more reticence among investors. As well as this, the economy might prove to be weaker than expected, which in turn could dampen demand for commercial property while at the same time restrictive lending standards and high financing costs have the potential to hamper investment activity. The ability to service debt might no longer be sustainable when fixed interest rate agreements or hedging instruments expire. A loss of tenants due to negative economic developments and the resulting lower demand for utilisation are further potential risks. Such situations can lead to a significant increase in loan defaults, requiring additional loss allowance. This in turn would have a significant impact on adjusted operating profit and adjusted return on equity (RoE).

For the original loss allowance, the volatile and cyclical nature of the market environment for significant sub-portfolios gives rise to uncertainty regarding the development of impairment requirements. Key factors relating to uncertainty include above all the develop-

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ment of the US dollar exchange rate, political risks (e.g. in the form of tariffs or impediments to trade) and the interest rate environment. They also include material market parameters such as interest rates, property prices and rents, which are key input parameters for models employed as part of planning loss allowance. Should these parameters turn out to be worse than expected, it cannot be ruled out that new defaults occur on a larger scale and that it is not possible to restructure individual exposures in the planning period as assumed in loss allowance planning. This could result in unplanned charges due to additional loss allowance being recognised.

Aareal Bank believes that strong competitive pressures will persist and could even increase on the financing markets, especially in regions (and for property types) that have already experienced high demand in recent years. Tenants and investors continue to show a clearly differentiated stance vis-à-vis office property: while demand for high-quality buildings in central locations remains high, lower-quality properties and those located in peripheral locations continue to report weaker demand and performance. As the expected level of financing costs and lending standards should counteract a marked increase in loan-to-value ratios (LTV), we assume that indicators for new business will be largely stable. Nonetheless, changes in the market environment could increase the pressure on gross and net margins or lead to moderately higher LTVs. It is fair to assume that global transaction activity will accelerate in 2026, although region-specific differences are likely to emerge. Dynamic growth in transaction volumes is expected in North America in particular.

Despite the ongoing trend towards increased remote working – which has squeezed demand for space generally – demand for office space has stabilised somewhat recently. Many companies are increasingly asking their employees to come back to the office, and “New Work” is fuelling demand for communal areas and flexible space. Future developments and impacts are likely to vary depending on the market, country and quality of the properties in question. In addition, generative AI applications are expected to exert considerable influence on the economy, as tasks – especially in office work – are being automated. AI could leave its mark on the office property sector, resulting in a further drop in demand for space over the long term unless this is countered by other factors such as economic growth. There is also the possibility that office properties that do not meet changed tenant requirements may leave the market for good, which would lead to a shortage of office supply and to stable rental levels. High-quality properties that are in great demand because of factors like location, modern amenities and ESG alignment should perform far better than the average office market; in other words, the trend towards market segmentation could gain momentum.

On average, Aareal Bank expects the persistently elevated long-term interest rate levels (as a material factor affecting property valuations) to continue dampening the market value development of commercial property during the course of 2026, as the potential for yield compression remains limited under these conditions. Depending on the sub-market and property type, this could exert further downside pressure on valuations, leading to increased loan defaults and requiring additional loss allowance. This would impact on adjusted operating profit and adjusted return on equity (RoE). However, the number of markets showing value growth is likely to increase noticeably compared with 2025. On average, market values are therefore likely to stabilise or improve slightly in 2026, followed by a phase of moderate growth over the medium term. Market value developments will be influenced not only by the quality and location of properties, but also more and more by compliance with sustainability criteria (ESG).

With regard to retail properties, Aareal Bank expects consumer spending to continue improving the outlook for value-driving rental revenues. Even though revenue forecasts in most markets continue to be optimistic, risks still remain. For example, weaker labour markets could result in consumer spending failing to meet expectations, which in turn could impact rental growth. However, the sustained low unemployment rates should limit any negative effects on the retail segment.

While hotels saw a significant recovery in both occupancy and income over the past few years, depending on their respective location and segment, this recovery seems to have largely run its course as international tourism has returned to pre-pandemic levels. With real income increasing and unemployment remaining low, sector fundamentals and income are set to remain healthy in the near term. However, hotel revenues are unlikely to grow much more, given that room rates have already increased substantially. While higher operating and personnel costs continue to have a negative effect on free cash flows for hotels, we do not see this as having a general negative impact on the hotel segment. In the US, politically induced uncertainty could lead to a reduction in international tourism flows, with a negative impact on hotel earnings. However, it should be noted that international tourists account for rather a small percentage of hotel guests in the US, with US nationals dominating the hotel market. Major events such as the upcoming FIFA World Cup should also provide a positive impetus for travel.

Our assessment of the alternative living segment – which comprises both co-living (i.e. shared living for a given period of time) and student accommodation – remains positive. The supply of new buildings here is not keeping pace with the rise in student numbers at many university and technical college locations. In addition, this property type is considered to possess a certain resilience, especially in

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times of economic uncertainty, so we anticipate investor interest remaining high in this segment. In the United States, an increasingly restrictive approach to migration for international students poses a risk for this property type, while offering opportunities for other markets.

For the coming year, we once again expect the market values of office properties to show a weaker market value trend on average compared with other property types. In the medium term, however, prices should see moderate growth as market segmentation increases, driven by potential changes in space requirements and the rising influence of sustainability standards. We expect under-performance from properties that fail to comply with corporate environmental and sustainability goals along with government climate targets. While this trend is clear for Europe in particular, it is less clear with the change of government in the US. However, the trend towards more sustainable office properties also gives financiers the opportunity to be a part of the office property transformation towards a greener economy. A downside risk for this forecast lies in a potential further decline in the market values of US office properties. Given the already elevated proportion of office properties in financial distress, there is a risk that further properties will come under pressure – in which case yields would be expected to rise, driven by higher risk premiums, and market values would come under pressure accordingly.

Assessments of logistics properties remain positive, as structural demand drivers are still in place, which should cause rents to rise in the near future. However, growth is likely to be more moderate than the exceptionally strong increases seen in recent years. Overall demand will continue to be boosted by a shift from just-in-time to just-in-case production. Companies are undertaking this shift in an attempt to counter supply chain challenges and prevent delays, leading to greater demand for warehouse space. The high level of government investment in infrastructure and defence is also likely to boost demand for logistics space in Europe over the coming years. On the other hand, there are downside risks for the logistics sector: an extended phase of economic stagnation in major European economies such as Germany and a decline in the international competitiveness of European industry. The sector benefits from the ongoing trend of logistics companies offering additional services (such as simple product steps) alongside transport, storage and distribution services. In the medium term, we expect higher investments in the areas of digital transition and robotics to improve supply chain efficiency while smart technologies drive operational growth.

Data centres should continue to benefit from multiple structural demand drivers in the coming years, such as digitalisation, cloud computing and AI. Both the demand for computing capacity and construction activity are expected to continue to grow strongly in the medium term, with the leading data centre locations likely to continue accounting for a large part of this growth. The limited capacity of local electricity grids is likely to restrict development activity in some locations. This means that a continued supply shortage can therefore be expected overall – with positive effects such as on rent developments and investor interest.

We are aiming for new business of between € 10 billion and € 12 billion for the Structured Property Financing segment in the 2026 financial year. Taking repayments into account, we therefore envisage Aareal Bank Group's property financing portfolio at approximately € 34 billion, subject to exchange rate fluctuations. We use syndications and other instruments to manage our portfolio and risk exposure. The forecasts are based on the assumption that the macroeconomic risks and uncertainty factors described above will not materialise to a significant extent, or only in a manageable manner: If developments of the macroeconomic, market or competitive environment in the markets or sectors relevant to the Bank were to deteriorate compared with the forecast, there is a fundamental risk that the volume and margin targets on which the forecast is based will not be achieved. For example, this might be due to weakening client demand and/or high unscheduled repayments and increasing competitive pressure on margins. This would be in addition to potential negative effects on financial performance (adjusted operating profit and adjusted return on equity), loss allowance and capital ratios (especially on the fully phased CET1 ratio).

### **Banking & Digital Solutions segment**

Germany's commercial housing and property industries are expected to continue their solid performance in 2026 in spite of the geopolitical and macroeconomic uncertainty. Demand for housing will continue to outstrip supply in conurbations, as excess demand has developed in some regions despite construction costs and interest rates normalising. The German government resolved a "construction turbo" programme on 18 June 2025 to accelerate approval processes, which means the number of approved permits may rise in the near future – provided that the measures produce the desired effect.

However, further rent increases can generally be expected, as people are continuing to move to metropolitan areas and university cities (a trend that is expected to last until at least 2035). Coupled with the lower number of new building permits to date, this will lead to persisting pressure on the housing market on top of the existing trend towards smaller households.

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Even though the Bank's market share in the institutional housing industry is already high, we see excellent opportunities in 2026 for acquiring new clients and intensifying existing client relationships. This is to be achieved in particular through the initiatives from the Aareal Ambition strategy programme. Specifically, this includes stepping up the long-term strategic partnership between Aareal Bank, Aareon and First Financial Software GmbH, continuing to implement the new sales collaboration with PensExpert GmbH, intensifying financing activities on the German market and also exploring suitable European markets such as the Netherlands or France.

We anticipate an average deposit volume from the housing industry of around € 15 billion, which will make a significant contribution to consolidated net interest income.

### Expected business performance and Group targets

Aareal Bank Group continues to be managed using the key financial performance indicators as described.

The Bank's business performance forecast is based on its Group planning and reflects the Bank's assumptions and developments presented in the above section.

Even though the commercial property market environment is set to remain challenging in 2026 and the impact of geopolitical and macroeconomic uncertainties is difficult to predict, we believe that markets will continue to recover and, hence, loan impairment charges will decline. We expect net interest income to increase slightly on the back of expected higher average deposits from the housing industry in particular. Maintaining our cost discipline should help keep administrative expenses relatively stable. All in all, we expect to approach an adjusted<sup>1)</sup> operating profit of € 400 million and an adjusted<sup>1)</sup> return on equity (RoE)<sup>2)</sup> of 8 % for 2026.

In the Structured Property Financing segment, we are aiming for new business volume (including renewals) of between € 10 billion and € 12 billion. Subject to exchange rate fluctuations, this leads us to set a credit portfolio target of around € 34 billion for year-end 2026. With the credit portfolio geared towards risk and return, the Bank expects slightly lower gross margins in new business and a declining US share in the credit portfolio. The Bank believes that its conservative lending practice over recent years will have a positive effect on loan impairment charges and, in turn, on the adjusted segment result.

For the Banking & Digital Solutions segment, we believe that an increase in the deposit-taking business will lead to an average volume of deposits from the housing industry of approximately € 15 billion, which will greatly benefit net interest income. This will have a positive impact on the adjusted segment operating profit.

On the capitalisation front, we expect a Basel IV fully phased CET1 ratio of between 15.5 % and 16 %.

## Corporate Governance Statement

The Corporate Governance Statement is publicly available on the Company's website ([www.aareal-bank.com/en/about-us/corporate-governance/](http://www.aareal-bank.com/en/about-us/corporate-governance/)) and in the "Transparency" section of the Group Annual Report.

## Statement pursuant to Section 312 of the AktG

The Management Board of Aareal Bank AG has prepared a report on the relationships with affiliated companies (Subordinate Status Report) for the financial year 2025 pursuant to section 312 of the AktG and declares that, based on the circumstances of which the Management Board was aware at the point in time legal transactions were entered into or measures taken, the Company received appropriate consideration for all legal transactions and did not suffer any disadvantage as a result of measures taken. There were no other reportable measures in the 2025 financial year.

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<sup>1)</sup> Costs relating to efficiency measures, IT infrastructure investments and other material non-recurring effects

<sup>2)</sup> RoE = adjusted consolidated net income excluding consolidated net income attributable to non-controlling interests and AT1 coupon / average equity (IFRS) excluding non-controlling interests, AT1 bond and dividends

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## Combined Sustainability Statement

### General information

As the parent undertaking of Aareal Bank Group, Aareal Bank AG presents the combined non-financial statement for Aareal Bank AG and Aareal Bank Group on the basis of the reporting entity structure for the consolidated financial statements. The sustainability statement covers the 2025 financial year and was prepared in accordance with section 340a(1a) in conjunction with section 289b(3), section 289c and section 340i(5) in conjunction with section 315b(3) and section 315c of the German Commercial Code (Handelsgesetzbuch – HGB) in the version as amended by the German CSR Directive Implementing Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG), since the CSRD (Corporate Sustainability Reporting Directive) had not yet been transposed into national law in Germany as at the time of preparation. The sustainability statement has been prepared on the basis of the ESRSs (European Sustainability Reporting Standards) as the European framework. Aareal Bank AG, as the parent undertaking of Aareal Bank Group, specifies and oversees the globally applicable policies and rules. Aareal Bank AG does not use a framework within the meaning of section 289d of the HGB to prepare the sustainability statement. Furthermore, there is no difference in the key performance indicators for Aareal Bank Group and Aareal Bank AG, since Aareal Bank AG accounts for over 90% of Aareal Bank AG Group's total assets.

As regards the matters set out in section 289c(2) of the HGB, environmental matters are discussed in the “ESRS E1: Climate change” chapter and the IRO-1 disclosures under the E2–E5 standards. Employee matters are dealt with in the chapter entitled “ESRS S1: Own Workforce”, social matters in the disclosures entitled “ESRS 2 SBM-1; SBM-2 Strategy, business model and value chain”, and respect for human rights in the disclosures entitled “ESRS 2 SBM-2; S1 I2 SBM-2 Interests and views of stakeholders”, “S1-I Policies related to own workforce” and “S1-17 “Incidents, complaints and severe human rights impacts”. Anti-corruption and bribery matters are addressed in the disclosures entitled “G1-3 – Prevention and detection of corruption and bribery” and “G1-4 – Incidents of corruption or bribery”.

### ESRS 2: General disclosures

#### Basis for preparation

##### BP-1 5, AR 1

Aareal Bank Group prepares its sustainability statement on a consolidated basis. The basis of consolidation corresponds in principle to that used for financial reporting. However, unconsolidated equity investments are also taken into consideration when examining the value chain. This information has been flagged specifically. None of the subsidiaries are obliged to submit a sustainability statement in their own right. Where no specific reference is made to Aareal Bank AG, the information contained in this statement refers to Aareal Bank Group.

Aareal Bank Group takes the extended value chain into account throughout the entire sustainability reporting process. The Group's double materiality assessment included both its own business activities and the upstream and downstream links in its value chain, so as to ensure that all material topics are adequately covered. Above and beyond this, policies, actions and targets relating to ESG factors also cover the entire value chain. For example, the Code of Conduct for Suppliers addresses compliance with ethical principles in the upstream value chain, among other things, whereas the anti-financial crime strategy and the know-your-customer process ensure that downstream business relationships with borrowers and clients are aligned with legal requirements. The climate transition plan that was developed in 2025 and is applicable as from 2026 defines decarbonisation targets for the loan portfolio; while environmental indicators such as Scope 3 category 15 emissions (financed carbon emissions) also include the downstream value chain.

The option to omit information relating to intellectual property, know-how or results of innovation was not utilised in this sustainability statement. Equally, no use was made of the exception provided for in Article 19a(3) and Article 29a(3) of Directive 2013/34/EU.

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**BP-2 9-11**

Aareal Bank Group defines the terms “short-, medium- and long-term time horizons” for reporting purposes in line with the ESRSs.

A number of metrics in this sustainability statement are determined using estimates and assumptions. These estimates and the assumptions underlying them are described below.

Estimates are used for financed emissions – i. e. carbon emissions by credit-financed properties of all categories as defined by the Global GHG Accounting and Reporting Standard that are attributable to Aareal Bank AG – in those cases in which no actual data are available. These estimates are produced with the help of market-leading databases such as the PCAF European Building Database or the Comprehensive Environmental Data Archive (CEDA), and serve as the basis for calculating emission levels.

Equally, the aim in principle is to use actual data when collating operational environmental and emissions data. However, these data are not always available in full as at the survey date; this applies in particular to electricity and energy consumption figures, since utilities frequently only issue the corresponding invoices after a delay. In such cases estimates, projections or prior-year figures are used to plug the gaps in data coverage. The metrics determined in this way are included in the published ESG KPI factsheet, the annual report and ESG ratings.

Aareal Bank AG uses the VfU Kennzahlen tool, an established standard for the sector that is produced by the Verein für Umweltmanagement and Nachhaltigkeit in Finanzinstituten (VfU), to make projections and estimates on a well-founded, reliable basis. The tool is regularly updated and populated with up-to-date calculation factors.

The greenhouse gas (GHG) factors contained in the VfU Kennzahlen tool are taken from the ecoinvent database, a life cycle inventory database containing more than 20,000 data sets. This complies with science-based quality assurance principles and covers a broad range of products, services and processes. The ecoinvent processes are based on a life cycle approach under which both direct emissions for a process and pro rata upstream emissions are included in Scope 3 reporting. In addition to the ecoinvent GHG factors, national energy mixes such as the electricity mix in Germany are used in individual cases. Unreported consumption figures in the electricity, heating, water, paper and waste categories are projected using full-time equivalent (FTE) staff numbers. In the case of air travel, the established Radiative Forcing Index (RFI) factor is used to ensure a realistic calculation of the emissions generated, since information about the type of plane or fuel used is not available for all trips.

Prior-year figures are used in particular in those cases in which there are no material changes in the scope of the site concerned and no indications of any significant deviations exist. Potential indicators of fluctuations in consumption are significant changes in the headcount or a major difference in the space used. Aareal Bank Group endeavours to continuously improve its data pool.

The emissions metrics disclosed by Aareal Bank Group are based on the data input for all sites, subsidiaries and equity interests. Due to the extensive requirements of ESRS E1 and the fact that data are collected shortly after the end of the reporting year, final invoices may not be available for some leased sites for which Aareal cannot perform its own readings. In these cases projections are used. However, these measurement uncertainties do not relate to Aareal Bank AG’s headquarters, which accounts for most of the emissions reported. In this case, all inputs needed to calculate the emissions exactly are available by the deadline in January.

A five-stage estimation methodology is used to estimate the number of hours worked by Aareal’s own workforce during the reporting period in line with ESRS I S1-14. The starting point is the statutory number of working days in Germany, the place where a large majority of the workforce is employed. The number of days’ holiday granted is then deducted from this. After this, the data are adjusted by the average number of days lost to sickness in the German banking sector as given in the report by the health insurance schemes. The figure remaining is then multiplied by the working hours per day at Aareal Bank AG in Germany, assuming a full-time position. Finally, adjustments are made for the number of hours worked, and for staff leaving and joining, by multiplying the result by the average number of full-time equivalent staff given in the Group statistics. The same methodology is also used for the La Sessola Service S.r.l. workforce. La Sessola Service S.r.l.’s Management Board and its second-level management are defined as belonging to the own workforce.

**BP-2 13**

This section discusses the significant changes in the scope, boundaries and content of the sustainability reporting compared to the previous year.

Until September 2024 inclusive, Aareal subsidiary Aareon AG was part of the Aareal Bank Group. Consequently, the sustainability statement for 2024 also included data relating to Aareon AG; this applies in particular to the metrics in sections E1 and S1. Since Aareon no longer belonged to the Group in the reporting year, this information is no longer included in the current sustainability statement. Since datapoints relating to Aareon AG were disclosed separately in the prior-year report, the comparability of the figures reported in the current report is not materially impacted.

Aareal subsidiary La Sessola Service S.r.l. was sold in the reporting year. Since La Sessola Service S.r.l. was only owned by Aareal Bank AG until April 2025, the datapoints relating to this company have been disclosed separately in this report.

Financed category 15 emissions were reported holistically for the first time in 2025 using the Scope 3 emissions for the Commercial Real Estate Finance (CREF). Aareal Bank Group's disclosure of these Scope 3 emissions for the CREF portfolio enhances transparency with regard to the emissions occurring throughout the value chain for the financed properties, and also increases market comparability. Details of the methodology used are described in chapter E1-6.

This sustainability statement reports EU Taxonomy disclosures in accordance with Commission Delegated Act (EU) 2026/73 for the first time. Deviations to prior-year data caused by the revised methodology given in the new Delegated Act are flagged in the text.

The GOV-3 29 section of the sustainability statement for 2024 stated that the share of board remuneration recognised that was linked to climate-related considerations was 4.50%. In fact, it was 4.33%. As a result, the corrected share of 4.33% is given in the GOV-3 29 section of the sustainability statement for 2025.

The sustainability statement for 2024 was the first report prepared by Aareal Bank Group in accordance with the ESRS framework. Individual sections and formulations in the current report have been adapted to consolidate the information disclosed in the first reporting year and to present it in a more accessible manner for readers.

**BP-2 14**

Section E1-7 of the sustainability statement for 2024 stated that 100% of carbon credits were “corresponding adjustments”. A valid contract for offsetting exists with the country for the project that used the credits, preventing double counting. However, since the country concerned itself did not have any climate goals at the time of the distribution, the formal preconditions for corresponding adjustment status as they currently exist had not yet been met. In line with this, the figure has been adjusted with retrospective effect for reasons of transparency. Consequently, 100% of credits from a project with a warranted corresponding adjustment were used.

Section ESRS S1-14 of the sustainability statement for 2024 disclosed a health and safety metric for Aareon AG as at the reporting date of 31 December 2024. However, as was mentioned at the start of this section, Aareon AG only provided data for the period up to its sale (Q3/2024 inclusive); as a result, this information actually relates to the reporting date of 30 September 2024. Since Aareon AG was no longer part of the Group in the 2025 reporting year, the information has not been reported again in the current sustainability statement.

In addition, section S1-5 referred to a target of 25% of all positions to be filled by internal candidates. In fact, a share of 20% was intended. Since this was a target for 2024, it is not referred to again in the current sustainability statement.

**BP-2 16****References in the sustainability statement**

ESRS reporting requirement	Reference
S1-6 – Characteristics of the undertaking's employees	Note (40) Administrative expenses

## Governance

### GOV-1 19-21 G1-1 5

Aareal Bank AG has a two-tier governance system consisting of the Management Board and the Supervisory Board.

#### Management Board

The Management Board is Aareal Bank AG's management body. It manages Aareal Bank AG's business and decides on its general strategic focus. In addition, it is responsible for the proper organisation of the business and for an effective risk management system (RMS) as required by section 25a(1) sentence 3 no. 3 of the German Banking Act (Kreditwesengesetz – KWG), including a compliance management system (CMS) and an internal control system (ICS).

Aareal Bank AG's Management Board has four members. All members of the Management Board have the necessary knowledge and experience to manage Aareal Bank AG in a proper manner, including the ESG knowledge needed to manage the areas for which they are responsible, plus material sector and financial market knowledge. Regular training and information-sharing with the Sustainability department and the Sustainability Officer enhance the specific ESG skills needed to effectively implement the sustainability strategy.

Member of the Management Board	Role	ESG responsibilities
Dr Christian Ricken	Chairman of the Management Board/ Chief Executive Officer	Functional responsibility for the Sustainability department and the Sustainability Officer
Nina Babic	Member of the Management Board/ Chief Risk Officer	Functional responsibility for non-financial risks, including ESG risks, and for Credit Management including the processing of green property finance transactions
Andrew (Andy) Halford	Member of the Management Board/ Chief Financial Officer	Responsible for green funding
Christof Winkelmann	Member of the Management Board/ Chief Market Officer	Responsible for green property financing

#### Supervisory Board

The Supervisory Board oversees the Management Board and the latter's management of the business, especially with regard to business performance and compliance with banking law requirements/the requirements of financial supervisory law. It also advises the Management Board on fundamental questions, including relating to strategy.

All Supervisory Board members must be able to understand the tasks performed by the Management Board and the business activities, products, markets and clients and the associated material risks, so as to be able to oversee the Management Board members. Based on this, the Supervisory Board as a whole is in a position to monitor and advise the Management Board in its management of the business. The Supervisory Board members have the requisite knowledge and experience to be able to perform their oversight tasks in a due and proper manner. In addition, the Chairman of the Supervisory Board and the chairs of its committees have particular expertise in their individual areas of responsibility and contribute materially to shaping the business above and beyond their control activities.

To ensure that these tasks are executed with integrity, it was decided that the Chairman of the Supervisory Board and the chairs of its legally required committees should be independent members. It is essential for the chairs to be independent so that they can have an objective perspective wherever possible when it comes to monitoring the Management Board. Aareal Bank AG's Supervisory Board comprises twelve members, eight of whom are shareholder representatives and four of whom are workers' representatives. The members' independence is reviewed regularly so as to ensure objective, unbiased monitoring of the management. The employee representatives are not included in the total number of members when calculating the proportion of independent members on the Supervisory Board („deducted from the denominator“), since the question of whether they should be classified as dependent or independent is not legally certain. One Aareal Bank AG Supervisory Board member is to be considered as not independent. Consequently, 87.5 % of Supervisory Board members are independent and 12.5 % are not independent.

Member of the Supervisory Board	Role	Significant sector-specific/ financial market knowledge	ESG expertise
Jean Pierre Mustier	Chairman of the Supervisory Board	X	X
Henning Giesecke	Member of the Supervisory Board	X	
Denis Hall	Member of the Supervisory Board	X	X
Petra Heinemann-Specht	Deputy Chairwoman of the Supervisory Board/ employee representative	X	
Barbara Knoflach	Deputy Chairwoman of the Supervisory Board	X	X
Hans-Hermann Lotter	Deputy Chairman of the Supervisory Board	X	
Marika Lulay	Member of the Supervisory Board	X	X
Klaus Novatius	Member of the Supervisory Board/ employee representative	X	
Maximilian Rinke	Member of the Supervisory Board	X	X
Sascha Schmitt	Member of the Supervisory Board/ employee representative		
José Sevilla Álvarez	Member of the Supervisory Board	X	
Markus Zywitza	Member of the Supervisory Board/ employee representative		

Both the Management Board members and the Supervisory Board members have experience relevant to Aareal Bank AG's geographic location due to their professional activities in Germany and, in some cases, in an international context.

#### GOV-1. 21a, d Composition and diversity of the members of the administrative, management and supervisory bodies

	31 December 2025			31 December 2024		
	Number	Percentage of total	Ratio of male to female members	Number	Percentage of total	Ratio of male to female members
<b>Executive members</b>	<b>4</b>			<b>4</b>		
Male	3	75.00		3	75.00	
Female	1	25.00	3:1	1	25.00	3:1
Other	–	–		–	–	
<b>Non-executive members</b>	<b>12</b>			<b>12</b>		
Male	9	75.00		8	66.67	
Female	3	25.00	3:1	4	33.33	2:1
Other	–	–		–	–	

#### GOV-1 22–23

##### *Management Board's sustainability-related expertise*

A number of different bodies at Aareal Bank AG address ESG topics. The Management Board members are directly involved in managing and implementing ESG-related targets due to their roles on these bodies.

The Asset-Liability Committee (ALCO), which is chaired by the Chief Financial Officer (CFO) and whose members include the Chief Market Officer (CMO) and the Chief Risk Officer (CRO), manages balance sheet risk, liquidity risk, capital risk and market risk, and ensures that Aareal Bank Group's financial resources match its strategy and are risk-appropriate. It does this among other things by comparing target and actual figures for ESG metrics in regular ESG reporting (e.g. for green loans).

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The Risk Management Committee (RiskMCo), which is chaired by the CRO, supports the full Management Board by taking a holistic approach to risk management and risk control. This committee examines and addresses material ESG risks.

The ESG Expert Committee is the core cross-divisional specialist body for preparing and prioritising strategically relevant ESG topics. It supports the full Management Board's examination of ESG issues and prepares decision-relevant ESG topics for other bodies.

In addition, quarterly information-sharing events, which are attended by the full Management Board, are held to advise, develop and manage the Structured Property Financing segment. Supplementary monthly information-sharing formats that are attended by the CMO and the CRO also exist. Both formats compare target and actual ESG metrics for regular ESG reporting (e.g. green loans).

The Group Sustainability Officer is responsible for centrally coordinating sustainability management activities. He reports directly to the Chairman of the Management Board, who has overall responsibility for Aareal Bank Group's sustainability strategy.

The Management Board receives ad hoc reports about material ESG-related impacts, risks and opportunities, and about related management approaches.

#### ***Supervisory Board's sustainability-related expertise***

The Supervisory Board has set up five committees from among its members that address sustainability-related questions, among other things, and prepare them for consideration by the Supervisory Board.

- For example, the Risk Committee addresses risk-related sustainability matters.
- The Executive and Nomination Committee prepares resolutions to be taken by the Supervisory Board concerning fundamental issues, personnel matters and capital measures. It also oversees corporate governance at the Aareal Bank AG.
- The Audit Committee is responsible for the preliminary examination of the sustainability statement. It also deals with matters relating to accounting at, and audits of, Aareal Bank AG and its affiliated companies in accordance with section 15 ff. of the German Public Limited Companies Act (Aktiengesetz – AktG), including risk management.
- The Remuneration Control Committee is responsible for designing and monitoring the remuneration system for the Management Board. It also proposes the targets for variable remuneration and target achievement at the end of the year, as well as monitoring the levels of target achievement.
- The Technology and Innovation Committee supports Aareal Bank AG's own technology and IT development activities and identifies new technology trends on the market.

The Supervisory Board addresses ESG topics ad hoc and also uses training courses and topic-specific information formats in particular to keep itself informed of current developments. In this context it can access the expertise provided by Aareal Bank AG's Sustainability team, the Sustainability Officer and the ESG Expert Committee. These have a comprehensive overview of the material ESG-related impacts, risks and opportunities at Aareal Bank Group. The Management Board, the Supervisory Board and the relevant committees can draw on the organisation's extensive specialist knowledge, especially in relation to environmental aspects.

#### **GOV-2 26**

The Management Board and Supervisory Board are informed ad hoc of material impacts, opportunities and risks related to Aareal Bank AG's business model by the divisions responsible in each case. The format used to inform them of the associated due diligence obligations and the effectiveness of the related strategies, actions, metrics and targets depends on the topic concerned.

For example, the Management Board approved a decarbonisation pathway for the loan portfolio during the reporting period that includes material risks and impacts in connection with financed carbon emissions. Potential impacts on Aareal Bank AG's core business processes were analysed and both long-term targets and concrete actions were specified during the development of the climate transition plan. For more information, see chapter "E1 – Climate Change".

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In addition, Aareal Bank AG's sustainability strategy was submitted to the Management Board for discussion during the reporting period. The work focused in particular on including material impacts, opportunities and risks relating to the decarbonisation of the Bank's business activity and the downstream value chain, green product offerings, continuous employee development and the Bank's corporate culture. For further information on the sustainability strategy, see the chapter entitled "Strategy, business model and value chain".

Material ESG risks are systematically included in Aareal Bank AG's overarching risk management processes and are presented to the Management Board at least once a year. Aareal Bank AG's Management Board and Supervisory Board are obliged to establish an appropriate risk culture within the Company and hence to comply with the requirements set out in the EBA guidelines on internal governance. Aareal Bank AG does this by surveying relevant risk culture indicators at least once a year, and by preparing a risk culture dashboard that provides an aggregated view of risk culture trends. In addition, Aareal Bank AG regularly (at least annually) identifies all relevant, material risk types so as to create a basis for monitoring and managing them. Sustainability and ESG risks are an integral component of the risk types and are captured using a structured questionnaire. The RiskMCo, the Management Board and the Supervisory Board's Risk Committee are involved in the risk inventory process.

The Management Board, Supervisory Board and/or their competent committees addressed all material ESG risks in the reporting period. In addition, the opportunity to include additional sustainable products in the loan portfolio was examined. In addition, negative impacts associated with carbon emissions from business travel by employees and consultants, with the use of company vehicles and with energy consumption by the CREF portfolio were examined.

The positive impacts associated with equal opportunities and employee development opportunities, the positive impact on the corporate culture and the potential negative impact associated with corruption and bribery were also discussed.

### GOV-3 29

The variable remuneration for the Management Board also includes sustainability targets, in keeping with the sustainability-related remuneration policy. The Group component for the Management Board includes a 10% ESG target, in order to reflect the growing importance of sustainability matters. In addition, the remuneration system specifies that at least one of the Management Board's strategic targets must consist of an ESG component. This means that, in 2025, a total of 10% of the Management Board's variable remuneration depended on ESG-related measurement values.

The following ESG-related measurement values are used in the Management Board targets for 2025:

- Achievement of the green loan targets
- Ethical, respectful behaviour
- Gender diversity for new hires
- Gender diversity for promotions
- Preparation of a climate transition plan

The Supervisory Board is responsible for the appropriate design and monitoring of the Management Board remuneration system. It decides on Management Board remuneration, monitors its appropriateness, defines targets for determining variable remuneration, and decides on target achievement.

The Remuneration Control Committee supports the Supervisory Board in its monitoring duties and prepares the remuneration decisions to be taken by the full Supervisory Board. The Remuneration Control Committee proposes the targets for the Management Board's variable remuneration and the degree of target achievement at the end of the year to the Supervisory Board. In this context, it prepares the type and weighting of the ESG measurement criteria as part of target-setting process and formulates a proposal for evaluating the sustainability-related targets at the end of the year when it determines target achievement.

As part of examining the appropriateness of Management Board remuneration, the Supervisory Board reviews, with the assistance of the Remuneration Control Committee, whether the remuneration system for the Management Board and the targets for the

Management Board members that are derived from these are aligned with Aareal Bank AG’s business and risk strategies, the goals and targets derived from these strategies, the corresponding risk management activities, and the defined risk appetite and corporate values.

The only sustainability-related remuneration components relating to GHG emissions reduction targets are for members of the Management Board. No sustainability-related remuneration components apply to the Supervisory Board, since its members do not receive any variable remuneration as a matter of principle. The Management Board’s total variable remuneration components amounted to € 5 million in the reporting year (2024: € 7 million). The share of remuneration linked to climate-related considerations amounted to 4.33 % (2024: 4.33 %).

**GOV-4 30 and 32 Core elements of due diligence**

Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	GOV-2, GOV-3, SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	GOV-2, SBM-2, IRO-1
c) Identifying and assessing adverse impacts	IRO-1, SBM-3
d) Taking actions to address those adverse impacts	E1-3
e) Tracking the effectiveness of these efforts and communicating	E1-4, E1-5, E1-6, E1-7, E1-8, S1-5, S1-6, S1-9, S1-14, S1-16, S1-17

**GOV-5 36**

Preparation and drafting of the sustainability statement is ensured by Aareal Bank Group’s comprehensive internal documentation, Group-wide rules and regulations, and control processes. The most important elements of, and internal responsibilities for, sustainability reporting at Aareal Bank Group are set out in a Framework Directive. The processes which must be followed when preparing the ESRS sustainability statement are described in internal procedural guidelines. Use of an internal control system (ICS) ensures that risks are avoided during sustainability reporting.

Aareal Bank Group’s ICS for the sustainability statement is part of its overall ICS. Aareal Bank Group has aligned the ICS with the sector-neutral framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As a result, the ICS is one of the components of proper business organisation and is closely linked to the issues of risk management and compliance management. The ICS is a mechanism that is guided by the principle of proportionality and is designed to help identify material risks with a view to implementing appropriate mitigation measures, thus ensuring that corporate objectives can be achieved efficiently and in accordance with the rules. It thus represents the entirety of all principles, procedures and measures introduced by management to ensure that its decisions are implemented within the organisation in pursuit of the following objectives:

- implementing an ICS that is in keeping with Aareal Bank AG’s risk appetite
- ensuring the effectiveness and commercial efficiency of business activities in dealing with the available resources, including the protection of assets and the prevention and detection of asset impairments
- ensuring the orderliness and reliability of internal and external financial reporting
- ensuring compliance with the statutory/regulatory, contractual and internal provisions and guidelines that are relevant to Aareal Bank Group.

Under the COSO framework, risk assessment is a continuous process for ensuring that all risks relevant to the ICS are identified and evaluated. Aareal Bank Group has a risk management system, which is an integral part of its integrated Bank management, for identifying, evaluating and monitoring risks. A regular end-to-end risk inventory ensures that all risks are identified and assessed. This also includes the identification and assessment of operational risks, and hence also the ICS-related risks (process-inherent risks). The organisational unit for operational risks (OR), as the central OR controlling function, is responsible for defining suitable principles, procedures, stand-

ards and instruments for identifying and assessing operational risks. The concrete tasks involved in identifying and managing operational risks are derived from the published OR Guidelines. Risk management is performed locally in the divisions concerned.

The relevant process-inherent risks that were identified in the context of the ICS include risks relating to errors in external/internal communication, errors in preparing reports associated with or drawing on the financial statements, and breaches of statutory and supervisory regulations and banking supervisory law requirements. In addition, such risks cover the data capture and report generation process. Risk mitigation is ensured by strictly following the internal controls, and hence ensuring that the ICS is appropriate and effective.

Aareal Bank Group's ICS is designed to mitigate material process-inherent risks through appropriate and effective key controls. The results of the risk analysis process are taken into account in the Written Set of Procedural Rules for preparing the sustainability statement, the corresponding procedural guidelines, the key controls and the reporting rules (Non-Financial Reporting Directive; in future the CSRD). This means that open issues identified in the risk analysis are resolved by adapting framework and procedural requirements. In addition to ad hoc sustainability reporting, the Management Board is informed regularly (at least once a year) in a Management Board meeting addressing the ICS annual report of the results of the risk assessment and the internal controls, and of their appropriateness and effectiveness.

### Strategy, business model and value chain

#### SBM-1 40 a-d

Aareal Bank AG provides financing, banking and payment solutions for the property sector and related industries. Its business can be broken down into two core segments: Structured Property Financing (SPF) and Banking & Digital Solutions (BDS). Both segments are primarily based at the Bank's Wiesbaden headquarters.

Aareal Bank AG's commercial property financing business is active in Europe, North America and the Asia/Pacific region. It offers financing for hotels, alternative living (e.g. student housing and micro living) and retail, logistics, offices and residential properties. In 2025, the Bank also extended its portfolio to include financing for the data centre asset class. The main clients in the SPF segment are institutional investors, private equity firms, family offices and listed property companies.

The BDS segment focuses on account and payment products for clients from the institutional housing industry, the commercial property industry, and the energy and utilities sectors in Germany.

Aareal Bank Group is not active in the coal, oil, gas, chemicals, arms manufacturing or tobacco sectors.

#### SBM-1 40a iii Headcount of employees by geographical areas

	31 Dec 2025	31 Dec 2024
Germany	1,060	1,088
Europe excluding Germany	58	85
North America	40	43
Asia/Pacific	9	9
<b>Total</b>	<b>1,167</b>	<b>1,225</b>

#### SBM-1 40b-c Breakdown of revenue by significant ESRS sectors

		Revenue 2025	Revenue 2024
€ mn			
<b>ESRS sector</b>	<b>ESRS code</b>		
Banking <sup>1)</sup>	FBM	956	1,047
Hotels & Lodging <sup>2)</sup>	HHL	2	38
Real estate	RRE	33	29

<sup>1)</sup> In contrast to IFRS 8 segment reporting, the BDS deposit-taking business is included as well as Structured Property Financing.

<sup>2)</sup> Covers the period up to April 2025 only.

**SBM-1 40 e-g**

Aareal Bank AG is active in both the financial sector and the property industry – two sectors that are playing an important part in the sustainable transformation of the economy. In line with this, the Group is systematically integrating ESG matters with its strategic focus and corporate management. It ensures this by observing relevant market and legislative developments at national, European and international level, and by contributing its expertise via consultation procedures, sector initiatives, events or position papers.

Its focus when pursuing environmental and climate-related targets is on reflecting client-specific needs. In line with this, a climate transition plan, which was developed during the 2025 reporting year and will be applied starting in 2026, forms the starting point for deriving long-term decarbonisation targets in the loan portfolio, among other things. The plan is described in chapters EI-1 and EI-4.

The property sector accounts for a considerable proportion of global energy consumption and resulting greenhouse gas emissions. As a result, it has a responsibility to realise the potential savings in this area, which in some cases are substantial – a responsibility that politicians are also reminding it of. Reducing the carbon footprint of the financed property portfolio therefore represents one of the most significant ESG-related challenges for the coming years. Consequently, the Structured Property Financing business segment in particular is of key importance for reaching climate change mitigation targets in future. It covers both the Group's property finance portfolio and its funding activities. As a basic principle, all properties relevant to Aareal Bank AG's business, regardless of their asset class or geographic location, are material for meeting the climate targets set out in the transition plan.

In addition, Aareal Bank AG is focusing on making further enhancements to ESG transparency, data coverage and data quality for the properties it finances. This is creating a basis for managing its asset- and equity and liability-side business activities in such a way as to make a measurable contribution to reaching international climate change mitigation targets.

Apart from the objective of contributing actively to climate change mitigation, Aareal Bank Group is aiming to embed ESG principles in decision-making processes. ESG criteria play an increasingly important role in lending, in attracting funding, in the investment portfolio, and in the digital product portfolio. Above and beyond this, Aareal Bank considers taking ESG risks into account to be a fundamental precondition for long-term business success. The Bank incorporates ESG criteria in its investment portfolio both out of ethical conviction and from a risk perspective, so as to avoid potential losses in value.

**SBM-1 42, AR 14**

The following section describes Aareal Bank Group's value chain and shows the main activities and actors involved in conducting its business. Information on Aareal Bank Group's (potential) impacts, risks and opportunities and on their relationship to its value chain in accordance with ESRS 2 AR 14 d is provided in the topical information in the section on SBM-3.

Aareal Bank Group makes use of a variety of upstream products and services to provide its client-focused service offering. The largest cost items include IT infrastructure and software solutions expenses, including the procurement and use of hardware, servers and network infrastructures. In the lending business, costs are primarily incurred for appraisals, financial control for properties, legal advice and credit information agencies. In addition, expenses are incurred for specialist consulting and auditing, and for rental payments and energy supplies in the area of facility management.

The relevant actors in the upstream value chain are identified on the basis of the major cost categories. Key relevant partners in the lending business are property appraisers, providers of financial control services for properties, law firms and suppliers of credit information and market data. The audit and advisory costs relate to the sourcing of services from external audit firms and consultancies, whereas the main actors in the area of facility management are property landlords and utilities.

Apart from these inputs, the continuous procurement of funding on reasonable terms plays a key role in Aareal Bank Group's business success. The Bank's Treasury activities (including its funding operations) ensure its short-, medium- and long-term funding and its implementation on the money and capital markets, with the exception of the deposit-taking business at the BDS segment.

The Treasury function guarantees Aareal Bank Group's ability to meet its financial obligations by investing sustainably in liquid assets and maintaining a broadly diversified funding portfolio. It operates on the international money and capital markets, with Europe as its home market and the euro as its main currency. The extent to which other currencies and markets are involved essentially depends on lending business activities and their specific funding requirements.

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Aareal Bank Group uses a variety of money market and capital market instruments to ensure a stable, diversified investor base. In addition, it offers green funding products and is planning to use its green asset pool (i.e. the asset-side loans suitable for use as cover) continuously to ensure long-term green funding on the equity and liabilities side of its balance sheet.

Aareal Bank Group's downstream value chain differs in its two core business areas, Structured Property Financing (SPF) and Banking & Digital Solutions (BDS).

The SPF segment encompasses Aareal Bank AG's property financing and funding activities. The Bank supports its clients in making commercial property investments. Constructing and operating properties involve comparatively large carbon emissions. Since Aareal Bank AG primarily provides finance for existing buildings, typical sector-specific risks associated with new builds are not relevant for it.

Aareal Bank AG's BDS segment offers its clients sector-specific payment transaction services. Together with First Financial Software GmbH's BK01 software, which enables integrated payments processing between clients' ERP systems and account systems, Aareal Bank helps its clients with the efficient and sustainable design of core business processes. Aareal Bank Group and its partners also straddle the interface between the property industry and the energy sector, supporting cross-sector optimisation of payment processing and associated business processes.

The deposits that are processed in conjunction with payment transactions processed via Aareal Bank AG's account systems (BK@1) contribute to the Bank's funding base, among other things. In addition, the segment provides digital security deposit solutions and selected finance offerings for the German property industry. The investment products are aimed at companies from the property industry and the energy sector, and support their active investment and cash management activities. The BDS segment includes subsidiaries collect Artificial Intelligence GmbH – a provider of AI-based payment solutions for receivables management – and plusForta GmbH, an online broker of tenant deposit guarantees. These solutions help to ensure efficient, client-driven processes at Aareal Bank AG's clients.

### Interests and views of stakeholders

#### **SBM-2 45, S1 12 SBM-2**

Aareal Bank Group has set itself the goal in its business strategy of adding value for its stakeholders. Dialogue with relevant stakeholder groups allows it to ascertain their current views, needs and expectations and to take these into account when enhancing its business strategy and individual products. Aareal Bank Group has a structured strategy process for this that includes relevant stakeholder groups. This process takes different interests into account.

The key stakeholder groups are included regularly (at least annually but also ad hoc) in the business strategy review process. They comprise both internal stakeholders (employees, the Management Board and the Supervisory Board) and external stakeholders (owners, investors and clients). By giving balanced consideration to these groups' interests, Aareal Bank Group believes it is well positioned to successfully master the challenges that lie ahead and to grow independently in its business. ESG matters are an integral part of Aareal Bank's business strategy.

Aareal Bank Group considers key stakeholder groups for the implementation and enhancement of its business model to be clients, investors, employees and owners. Internally, the Management Board and the Supervisory Board play a key role in determining, monitoring and adjusting the business strategy. The Management Board develops the strategy and has overall responsibility for it, while it is discussed and updated together with the Supervisory Board. Aareal Bank AG's owners are included in the strategy process via a consultative body (the Advisory Council). Employees are involved in strategy development and take responsibility for fleshing out the content of, and implementing, strategic measures.

Aareal Bank AG communicated its "Aareal Ambition" business strategy both internally and externally in the reporting year. The interests and expectations of key stakeholder groups were taken into account when enhancing the strategy. The focus is on a return on equity (RoE) target of 13 %, which caters in particular to owners' expectations. At the same time, the strategy clearly focuses on strengthening its core business, entering new business areas and improving efficiency so as to further increase customer satisfaction. The Bank's strategic positioning also focuses on employees. Supervisory and regulatory requirements are accommodated by maintaining the Bank's conservative risk strategy and preserving its strong capital and liquidity positions.

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Employees' views on current topics are also actively taken into account outside of the regular strategy process, e.g. via town hall meetings, Bank-wide employee talks or the internal employee magazine. Staff can use these to contribute their own questions and topics, including about human rights. Since Aareal Bank Group's business strategy is based on the principle of "follow the customer", regular dialogue with clients is particularly important. Ways in which this is done include strategy discussions, client events and one-on-one client meetings. Investors are not directly included in the strategy process but are informed in depth about developments that are relevant to the capital markets. Feedback and input are obtained in investor discussions, and in some cases also in individual meetings and road shows.

In addition to these core groups, Aareal Bank Group also takes the views of other stakeholders into consideration in the case of strategic decisions and during the double materiality assessment. Such stakeholders include policymakers and supervisory bodies, the public and the media, suppliers and rating agencies (both financial and ESG ratings).

Information on relevant political and supervisory developments is evaluated regularly – generally at least once a month – and included in Aareal Bank Group's strategic positioning. This means that these stakeholders are included indirectly in the strategy process. The Bank factors in current and planned political initiatives and supervisory developments in good time with the help of written and oral contacts, such as those provided by background discussions, association work or Joint Supervisory Team meetings.

Communication with the media and the public takes a number of forms, including the Bank's website, social media channels, donations and sponsorship activities, public relations, the Annual Press Conference and press meetings on current topics. Since Aareal Bank Group actively participates as the situation requires in the ESG ratings that are particularly relevant to its investors and other stakeholders (MSCI ESG, ISS ESG, CDP and Morningstar Sustainalytics), it is aware of ESG rating agencies' requirements and can incorporate these to some extent in its positioning going forward.

All material stakeholder groups and users of the sustainability statement are included in the double materiality assessment. These groups' views are included in the assessment of (potential) impacts, risks and opportunities by way of the representatives appointed for them within the Company. The stakeholder groups are identified using market analyses, benchmarking of other banks and the inclusion of existing stakeholder engagement initiatives. The stakeholder analysis is reviewed annually to ensure it is up to date.

The impacts, risks and opportunities focusing on climate change mitigation and employee matters identified as part of the double materiality assessment correspond to the topics that are already taken into account in the strategy process. Strategic elements relating to these topics are already embedded in the Group strategy. Aareal Bank AG's management is informed of the interests of the affected stakeholders during the materiality assessment, via the results of regular employee surveys, through direct dialogue with relevant stakeholder groups (e.g. investors, supervisors, the Supervisory Board and the Advisory Council) and by the Works Council.

## Impact, risk and opportunity management

### SBM-3 48

This chapter provides an overview of the material impacts, risks and opportunities for Aareal Bank Group resulting from the double materiality assessment. Impacts, risks and opportunities relating to the E1 Climate change, E3 Water and marine resources, S1 Own workforce and G1 Business conduct standards, and to the entity-specific topic of information security, were identified as being material. Descriptions of the individual topics are to be found in the "Results of the double materiality assessment" table below and in the explanation that follows.

### *Changes versus the prior-period*

Aareal Bank Group revised the methodology used for the double materiality assessment in the reporting period, so as to enhance the integration of the materiality assessment and the ESG risk inventory. The process used with the materiality assessment is described in the section entitled "Processes to identify and assess material impacts, risks and opportunities". However, the revised assessment means that the material risks disclosed in this report deviate from those in the sustainability statement for 2024. A new risk associated with water resources in the downstream value chain was identified in the reporting period in addition to the risks associated with a number of climate change mitigation and climate change adaptation aspects. As a result, the E3 topical standard is material for this first time this year.

Moreover, the 2025 review of the double materiality assessment led to changes in the impacts identified for the S1 and G1 standards. In the case of the S1 standard, prior-year material topics with related content were amalgamated so as to avoid repetitions. In addi-

tion, the current assessment did not specify that the topics of work-life balance and social dialogue were material. An additional potential negative impact associated with corruption and bribery was identified in the GI standard.

### Links to business model and strategy

Information on the influence of the material impacts, risks and opportunities on the Bank's strategy and business model is given in section SBM-I. In addition, the chapters on the topical standards address the policies, actions and metrics used to manage the topics material to Aareal Bank Group.

### Results of the double materiality assessment

ESRS subtopic	Impact (positive/negative), risk, opportunity	Time horizon	IRO	Description of the IRO
<b>E1 - Climate change</b>				
Climate change adaptation	Negative impact	Long-term	Increased energy requirements due to climate change	The increasing impact of climate change, and in particular the increase in extreme weather events, prolonged periods of heat or cold and the growing need for energy to power office cooling and heating will lead to higher carbon emissions.
Climate change adaptation	Risk	Medium- and long-term	Impact on Aareal Bank's financial position, financial performance and cash flows due to material damage to financed properties in the loan portfolio.	The growing frequency and severity of extreme weather events such as storms, floods and heat waves are increasing the risk of material damage to buildings in the portfolio. This could negatively impact the financial position, financial performance and cash flows.
Climate change adaptation	Risk	Long-term	Reputational and investor risks due to failure to make sustainability adaptations	The transformation to a more sustainable economy is changing clients' and investors' expectations. Undertakings that do not react proactively and transparently run the risk of reputational losses and investor flight – making a sustainable financial and communications strategy essential.
Climate change mitigation; energy	Negative impact	Long-term	High energy requirements due to the substantial server capacity needed for payment transactions	Server capacity is needed to offer banking services in the area of payment transactions and banking products (and especially digital offerings); this consumes energy and hence contributes negatively to climate change.
Climate change mitigation; energy	Negative impact	Long-term	Carbon emissions due to travel by consultants and employees	Travel by consultants and external product representatives (in the case of on-site meetings at Aareal Bank Group) and business travel by employees (investor meetings, property appraisals and training) generate carbon emissions.
Climate change mitigation; energy	Negative impact	Long-term	Energy consumption for operating buildings at our sites	Energy is needed to operate the buildings at Aareal Bank's sites (among other things a data centre is used). This generates carbon emissions.
Climate change mitigation; energy	Negative impact	Long-term	Carbon emissions by company vehicles	Company vehicles are largely powered by combustion engines and hence emit CO <sub>2</sub> .
Climate change mitigation; energy	Negative impact	Long-term	Energy consumption for server operations	Server operations require energy and hence contribute negatively to climate change.
Climate change mitigation; energy	Negative impact	Long-term	Energy consumption by the CREF portfolio	Financed properties (the CREF portfolio) consume energy during operations, resulting in carbon emissions. The carbon emissions produced contribute to climate change.
Climate change mitigation; energy	(Potential) positive impact	Medium- and long-term	Green loans and transformation loans result in energy savings	Green loans and transformation loans in the housing industry contribute to energy efficiency improvements/refurbishment projects for buildings, resulting in energy savings and hence making a positive contribution to climate change mitigation.

ESRS subtopic	Impact (positive/negative), risk, opportunity	Time horizon	IRO	Description of the IRO
Climate change mitigation; energy	Risk	Medium- and long-term	Payment defaults and increased business risk due to new regulatory requirements	New energy efficiency and climate change mitigation requirements could exclude non-compliant properties from the market, leading to the risk of payment defaults and debt restructuring, and hence risks to the Bank's credit quality and liquidity. This means a strategic re-orientation would be necessary to combat the increased business risk.
Climate change mitigation; energy	Risk	Medium- and long-term	Credit default due to physical climate risks and climate transition risks	Physical and transition risks in the course of the transformation to a sustainable economy could impact the loan portfolio – for example as a result of carbon costs and energy efficiency improvements that reduce the properties' market values and impair the risk profile for the financing.
Climate change mitigation	Risk	Long-term	Risk of breaches of the law and of reputational losses due to the transformation to a sustainable economy	The transition to a lower-carbon and more sustainable economy could lead to breaches of statutory or regulatory requirements and resulting consequences (e. g. fines or loss of reputation) at Aareal Bank.
Climate change mitigation; energy	Opportunity	Long-term	Expansion of the loan portfolio using green finance solutions	The green finance solutions offerings such as green loans and loans for energy efficiency improvements are expanding Aareal Bank's product portfolio and meeting with clear market interest from a variety of stakeholders. In the long term, these sustainable products boost the loan portfolio and make a positive contribution to the Bank's net income.
Climate change mitigation; energy	Opportunity	Medium-term	New ESG-compliant asset classes	The development of new ESG-compliant asset classes (e. g. in the renewable energy sector) could open up new business opportunities.
<b>E3 – Water and marine resources</b>				
Water and marine resources	Risk	Long-term	Water consumption of financed properties, especially hotels	Increasing water scarcity could impact the business models of financed properties such as hotels or commercial properties – for example by restricting their usability, increasing operating costs or stricter statutory requirements.
<b>S1 – Own workforce</b>				
Working conditions	(Potential) positive impact	Long-term	Active support for employee health	Aareal Bank actively promotes the health of its employees through a comprehensive health management policy (including e. g. screening, a voluntary vaccination programme and health checks)
Equal treatment and opportunities for all	(Potential) positive impact	Long-term	Promoting equality and inclusion strengthens equity, diversity and employee satisfaction at Aareal Bank	Aareal Bank's promotion of equality and inclusion of underrepresented groups does justice to society's expectations and employees' wish for equity and diversity, hence strengthening satisfaction and the feeling of belonging.
Equal treatment and opportunities for all	(Potential) positive impact	Medium-term	Use of training offerings to develop employee skills	Aareal Bank's training offering (both mandatory training and other courses aimed at enhancing individual employees' personal development) fosters employee skills and workplace safety.
<b>G1 – Business conduct</b>				
Corporate culture	(Potential) positive impact	Medium-term	Importance of a good corporate culture that complies with the rules of good conduct	A values-based corporate culture can be identified by its compliance with rules of conduct and damage prevention measures. It strengthens both the trust and the part of client relationships and employee satisfaction and retention, creating a consistent value foundation that underpins our actions and positively affects our business relationships.

ESRS subtopic	Impact (positive/negative), risk, opportunity	Time horizon	IRO	Description of the IRO
Corruption and bribery	(Potential) negative impact	Long-term	The banking business's vulnerability to corruption	Breaches of compliance rules and fraud can cause damage both to market mechanisms and to individuals. Examples are the anti-competitive granting of undue advantages (section 299 of the German Criminal Code (Strafgesetzbuch – StGB)) or the abuse of functions for personal own advantage while damaging the company or the general public.
<b>Information security</b>				
Information security	Risk	Medium- and long-term	Attacks on IT systems	Attacks on IT systems and service providers could lead to significant financial losses, business interruptions and legal consequences.

### **Material environmental sustainability topics**

Both impacts and risks and opportunities have been identified with respect to climate change.

One negative impact that has to be mentioned is energy consumption and the associated carbon emissions caused by Aareal Bank Group's own operations. A number of different fuel sources are used to operate buildings at the Bank's sites, to power data centres, to run company cars and in business travel by Aareal Bank Group employees; these lead to carbon dioxide being emitted, which contributes negatively to climate change. Going forward, increasing climate change means that increased energy requirements for cooling and heating office buildings can also be expected. What is more, the Bank's payment services and banking products (and especially digital offerings) depend on server capacity being available in the value chain, the provision of which also entails energy consumption and carbon emissions. In addition to business travel by Aareal Bank Group staff, travel by external consultants or product representatives is associated with carbon emissions.

Above and beyond the emissions from its own business operations, the Bank considers its financed emissions from loan origination as being particularly relevant. The properties financed by Aareal Bank AG must be seen as part of its value chain. They consume energy to operate, which results in carbon emissions. The carbon emissions produced contribute to climate change. At the same time, Aareal Bank AG's green loans and transformation loans can contribute to energy efficiency improvements to the (global) building portfolio, and hence help operators make energy savings and thus contribute positive to climate change mitigation.

Given the chronic effect of climate change, a large proportion of climate-related impacts are particularly relevant for the long term, even though emissions and savings are already taking place in the short term in some cases. Apart from the impacts, a variety of climate-related risks and opportunities have been identified.

Opportunities – particularly medium- and long-term ones – include expanding the product portfolio by offering green finance solutions (green loans and energy efficiency improvements) that will strengthen the loan portfolio in the long term and make a positive contribution to the Group's net income, plus accessing new ESG-compliant asset classes (such as in the renewable energy sector and the growing need to adapt buildings to climate change).

Transition risks are material for Aareal Bank Group as climate change progresses. For example, paying inadequate attention to climate change mitigation (e.g. by offering too few "green products") can be expected to result in reputational risks and impaired funding opportunities over the long term, since the transition to a more sustainable economy will be accompanied by changing client and investor expectations. In addition, in the long term there will be a growing likelihood of breaching increasingly strict statutory and regulatory requirements, which could lead to negative consequences such as fines and reputational damage. What is more, these requirements could exclude non-compliant properties from the market in the medium to long term, which could lead to payment defaults and debt restructuring, and therefore entail risks to the Bank's credit quality and liquidity. This would have to be combatted by the Bank taking a corresponding strategic approach. Another medium- to long-term risk is that loan defaults could arise as a

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result of physical and transition risks that can occur during the transformation to a sustainable economy, and that these could impact the loan portfolio. Examples include carbon costs and the costs of energy efficiency improvements. Moreover, an impact on Aareal Bank's financial position, financial performance and cash flows due to physical damage to portfolio buildings remains a material factor in the medium term, since the risk of physical damage to financed buildings is increasing as a result of the increasing likelihood and intensity of extreme weather events. Material acute and chronic physical risks exist both in relation to the buildings in Aareal Bank Group's own portfolio and to Aareal Bank AG's financed properties.

Aareal Bank Group measures these risks by performing a number of different annual ESG and climate stress tests to assess the impact of sustainability matters on the economic and normative perspectives for the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP is the process used to implement the internal capital adequacy concept. It involves examining what impacts different scenarios have on the Bank's internal capital. The risk inventory is performed before the impacts for the ICAAP are determined and the stress test is conducted. The risk inventory analyses the ESG risks, and especially the transition and physical climate risks, and determines which risk types are materially impacted by which ESG risks. For Aareal Bank as a provider of property finance, transition and physical risks are relevant since they could lead to a decline in property values. The relevant financial risks are credit risk and real estate risk. In addition, liquidity risk, pension risk and operational risk are affected by ESG risks. The upstream portion of the value chain and the downstream parts above and beyond property finance were not within the scope of the climate stress test in the reporting year. Climate risks are represented in the economic ICAAP using a risk buffer for credit risk and real estate risk. The risk buffer for credit risk is determined by stressing the market value forecasts for the collateralised properties using macroeconomic inputs from (physical) climate scenarios supplied by Oxford Economics, and the stressed property values are then used to determine the impact on the probability of default (PD), loss given default (LGD) and expected losses in the impairments. The risk buffer represents the difference between the aggregated expected losses under the climate scenarios and the baseline scenario. The share accounted for by real estate risk is determined by discounting the property values taken from the market value forecast and the macroeconomic inputs from the climate scenarios. The economic risk buffer is included in the scenarios for the normative ICAAP perspective.

In addition to the ICAAP-based approach, individual analyses (stress tests) are performed. In the case of transition risks, discounts on the market values for the collateralised properties and the properties in the Bank's own portfolio are determined using the requirements for energy efficiency improvements and carbon prices from an orderly and a disorderly scenario. The scenario data are sourced from publicly available data such as the NGFS (Network for Greening the Financial System) and from data provider Oxford Economics. Physical risks are analysed by determining the impacts of acute risks on the market values. The hazard for each building is determined using data supplied by a third-party provider and the impact on the property value is calculated using a loss function. The individual losses per property are then aggregated to produce clusters with a radius of 30 km. The analyses focus in particular on assessing the impacts of floods and storms, but also of water scarcity (these analysed risks are adjusted for each stress text depending on the degree to which properties are affected). Insurance policies and excesses are taken into account in the calculation.

In the case of liquidity risk, cash outflows at housing associations due to the need to make energy efficiency improvements are simulated. Conservative assumptions are used for the scenario. In addition, impacts on operational risk and reputational risk are assumed. Conservative assumptions are made regarding future necessary building energy efficiency improvements (especially in the case of credit risk). The hypothetical "Societal Change" ESG scenario is based on the possibility of sustainability-related societal changes impacting the Bank's business environment, and focuses in particular on incorporating the impacts of societal changes on the world of work and travel behaviour, and on credit risk and operational risk, plus necessary investments and accompanying losses.

The ESG and climate scenarios look at the Bank's economic and normative perspectives and serve to preserve its capital in the long term. The results of the most recent stress test as at 31 December 2025 show once again that the impacts of the transition climate stress scenarios are moderate compared to the other stress scenarios (e.g. the historical financial crisis in 2008). The physical stress scenario – which includes the impacts of flood, storm and drought damage on the buildings (losses in fair value and/or rental income) as uncertainty factors – also shows that, given current assumptions, a physical scenario would have a moderate (though not negligible) overall impact, due to the fact that physical risks are managed using insurance.

If elevated risk factors are identified in the course of this process, a variety of measures are considered to combat the risks concerned. Firstly, potential action options are evaluated and assessed, and suitable countermeasures developed. Where a predefined threshold for a control parameter is exceeded, the full Management Board decides whether to take appropriate measures. In addition, the case is continuously monitored.

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The Bank always considers environmental matters – and in particular climate-related matters – when making business decisions, thus ensuring that it has an overview of the short-, medium- and long-term impacts of its activities. It always acts responsibly and with a view to the sustainable transformation of the economy and society when doing business, taking action and reaching decisions. This principle is embedded in its business strategy and is expressed in particular in the continuous expansion and enhancement of the green product structures on both the assets and the equity and liabilities side of its business. On the assets side, the Bank is continuing to enhance its business to meet clients' needs, a policy that resulted in continued strong demand for green loans again being seen in the reporting year. The Bank is in regular contact with its investors and aligns itself with their requirements and needs, so as to safeguard its long-term capital market access. This includes issuing green funding instruments such as green bonds.

The Bank endeavours to continuously review its product range, and to enhance it where necessary, due to the dynamic market development in this area in view of client and investor expectations. This ensures the Bank's long-term business success and lays the foundations for continuing to make a positive contribution to reaching its climate targets.

The Bank takes a holistic strategic approach that groups environmental, social and governance (ESG) matters together and that is embedded as an integral part of its business strategy. The Bank has formulated a clear aspiration that serves as a guideline for systematically meeting these requirements; in line with the expectations of its core stakeholder groups including clients, investors, employees, regulators and legislators. The Bank aligns its activities with five main premises. These are: actively contributing to the transformation, ensuring investability, retaining existing clients and attracting new ones, responsible risk management and complying with regulatory requirements.

#### ***Material social sustainability topics***

This section provides a comprehensive overview of material impacts related to Aareal Bank Group's workforce. All members of staff who could be affected by material impacts are included in the ESRS sustainability reporting disclosures. They comprise senior executives and non-executive employees, employees with fixed-term or permanent contracts, vocational trainees, students on dual-track degree programmes, interns and contingent labour sourced using the employee leasing process.

In 2025, Aareal Bank Group's double materiality assessment determined material positive impacts related to its own workforce. These are explained in greater detail in the paragraphs below. No material risks or negative impacts or opportunities were identified in the course of the double materiality assessment.

One positive impact relates to active health promotion for Aareal Bank AG employees. Aareal's Company Health Management offers a wide range of programmes and external counselling and advice that are designed to actively promote employees' physical and mental health. Aareal Bank AG employees and their dependants have free, anonymous access to the Employee Assistance Programme (EAP), which provides them with advice on professional and private matters.

Another positive impact can be seen in Aareal Bank Group's endeavours to actively promote equality and enhance the inclusion of underrepresented groups. Aareal Bank AG provides focused integration offerings such as wheelchair access, suitable furniture and reserved parking spaces, enabling employees with disabilities to participate in day-to-day work as unrestrictedly as possible. Analyses of remuneration structures and benchmarking procedures are two of the tools used to ensure gender-neutral, fair pay. Overall, Aareal Bank Group considers diversity, compliance with the German General Equal Treatment Act (Allgemeine Gleichbehandlungsgesetz – AGG) and equal opportunities to be critical success factors for the Company. The Group treats everyone with respect, regardless of their background, and prohibits any behaviour that infringes or calls into question individuals' personal rights. In this way, Aareal Bank Group addresses both social expectations and individual employees' needs for fairness and diversity, something that in turn positively impacts their satisfaction and sense of belonging.

Aareal Bank AG's employee training and CPD offering represents another positive impact. The courses offered are one of the Bank's core strategic priorities. Its Learning@Aareal approach offers Aareal Bank AG employees a combination of digital learning formats and classroom training that is specifically designed to expand their skills and qualifications. In addition, obligatory training courses on topics such as the Code of Conduct or general equality enhance workplace safety.

The three material positive impacts on the own workforce that were identified are expressly set out in the Code of Conduct. The Code of Conduct, which sets out Aareal Bank Group's values, serves as one of the bases for determining its corporate strategy and

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hence mirrors the link between the positive impacts on its own workforce and the strategy. The identified positive impacts apply to all Aareal Bank AG employees; the concrete scope of individual actions is described in detail in section S1-4. Aareal Bank Group has not determined any material negative impacts on its own workforce in relation to transition plans to reduce environmental impacts or to achieve climate-neutral operations. Equally, no significant risk of cases of compulsory labour, forced labour or child labour was identified.

***Entity-specific sustainability topic: information security***

The risk in relation to the “information security” sustainability topic that was identified during Aareal Bank Group’s 2025 double materiality assessment relates in particular to potential attacks on IT systems and service providers. This can be associated not only with financial losses but also with business interruptions and legal consequences.

Information Security Management, which forms part of ICT Risk Management (risk management for information and communications technology), contributes significantly to strengthening digital operational resilience by preventing damage to Aareal Bank AG that relates to the protection objectives of confidentiality, availability, authenticity and information integrity. The targets for individual ICT risk aspects that are set out in the risk strategy for operational risks are operationalised in a comprehensive ICT risk management framework. This is done using guidelines and policies, processes and methodologies that are dovetailed with, and supplemented by, the IT strategy.

***Double materiality assessment processes*****IRO-1 53, IRO-2 56, 59**

This section describes Aareal Bank Group’s approach to identifying and assessing material impacts, risks and opportunities (IROs) as part of the double materiality assessment conducted in accordance with the ESRS requirements. The object of the exercise is to systematically determine the topics that are material for Aareal Bank Group from an impact or financial perspective and that must therefore be reported.

The IROs are assessed from the perspective of stakeholder groups that are either affected by Aareal Bank Group’s business activities or that have a legitimate interest in the information contained in the sustainability statement. A total of 11 relevant stakeholder groups were defined for Aareal Bank Group. These groups are represented during the assessment by internal Group experts from different divisions. Aareal Bank Group is aware of the views of the affected stakeholder groups thanks to a variety of stakeholder engagement initiatives; these are supplemented by scientific studies, press publications and the Group’s internal expert knowledge.

A longlist of all topics to be assessed is drawn up before the materiality assessment is performed. It is based on the list of sustainability matters set out on Commission Delegated Regulation (EU) 2023/2772 (ESRS) (ESRS I, AR 16) and has been supplemented by the entity-specific topic of “information security”. The divisions involved formulate IROs from the perspective of the stakeholder groups that they represent and assess these using standardised assessment templates. They decide independently what topics are relevant from the perspective of the stakeholders they represent and will be assessed.

The IRO assessment comprises both an undertaking’s own business activities and its upstream and downstream value chain. (Potential) impacts in all of Aareal Bank Group’s business segments are assessed. These also relate to all geographies in which the Group operates. The assessments are made by topic, since impacts, risks and opportunities can influence each other. This means that the existence of impacts, risks and opportunities and their relationships to one another are examined simultaneously for each topic.

The (potentially) negative impacts, risks and opportunities are assessed on a gross basis: voluntary mitigating actions are not taken into account, whereas mitigating actions that are legally required (e.g. compliance with the applicable laws) are. Specifically relevant issues (such as sector-specific features, office sites, value chain relationships or statutory requirements) are taken into account during the assessment, depending on the standard and sustainability topic involved. Information on this is provided in the IRO-I disclosures in the following subsection.

The result of the assessments is an overall figure per IRO, which is calculated using a number of different parameters. A check is made in the case of both impact and financial materiality to see whether this overall figure is above or below a predefined threshold. If it is above the threshold, the topics and the corresponding standard is considered to be material and must be reported. In addition, the time horizon (short-, medium- or long-term) and the position in the value chain are disclosed for each assessment.

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(Potential) impacts are assessed using the three characteristics of scale, scope and – in the case of negative impacts – irredeemable character. In addition, the likelihood of potential impacts occurring is taken into account; in the case of actual positive impacts this is always 100%. The formula used in the calculation is as follows:

- (Potential) positive impacts:  $((\text{scale} + \text{scope}) / 2) * \text{likelihood}$
- (Potential) negative impacts:  $((\text{scale} + \text{scope} + \text{irredeemable character}) / 3) * \text{likelihood}$

ESRS I AR 11 states that, in the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood. Consequently, potential human rights abuses are always assigned a value of 100% regardless of their actual likelihood.

Risks and opportunities are assessed using the expected financial scale and likelihood. The expected financial effect is the result either of the Company's or the business model's dependency on resources (e.g. natural resources or human resources) or their dependency on business relationships. Values are assigned based on how severe the impacts of ESG-related risks or opportunities are in relation to the usability of resources or the continuation of business relationships, and hence ultimately to the Company's financial results. The financial magnitude is assessed using threshold values for potential loss or profit amounts. The potential loss or profit amounts are multiplied by the estimated likelihood to produce an overall figure for the individual risks or opportunities.

The approach used to take risks into account during the double materiality assessment was updated in 2025. ESG-related risks are assessed in Aareal Bank Group's ESG risk inventory and then transferred to the double materiality assessment. The two processes are closely integrated in terms of their content and the methodology used. In addition, values are assigned for the impact of ESG risks on all risk types during the overall risk analysis. The result of the annual risk inventory prioritises the sustainability risks by identifying those ESG matters that are expected to have a material influence on Aareal Bank Group. These are included in the management and monitoring of the affected financial and non-financial risks. The list of sustainability matters given in ESRS I AR 16 serves as a basis for the ESG risk inventory questionnaire. In addition, the threshold values for the risk inventory process are transferred annually for, and used in, the double materiality assessment. The opportunity assessment process that forms part of CSRD implementation is not currently integrated with the general management process.

Once the divisions have completed the assessments the results are discussed in workshops and validated. Discrepancies and missing IROs are identified and addressed. The result is a shortlist of material topics comprising all IROs, the total value of which exceeds the defined threshold. Consequently, the shortlist contains all topics that have been assessed as material from at least one of the two perspectives (impact materiality and financial materiality) and that must therefore be reported.

The IROs assessed are assigned to the sub-topics in the list of sustainability matters set out in ESRS I AR 16. The ESRS Disclosure Requirements and Application Requirements are also assigned to these sub-topics as far as possible. Finally, an examination is made at datapoint level of what information must be classified as material, based on the results of the double materiality analysis. Voluntary disclosures and datapoints that are optional in the first year of application of the CSRD/the ESRSs are not reported in most cases.

**IRO-2 56 List of Disclosure Requirements complied with in preparing the sustainability statement**

Reporting requirements	Page number
BP-1 – General basis for preparation of the sustainability statement	66
BP-2 – Disclosures in relation to specific circumstances	67
GOV-1 – The role of the administrative, management and supervisory bodies	69
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	71
GOV-3 – Integration of sustainability-related performance in incentive schemes	72
GOV-4 – Statement on due diligence	73
GOV-5 – Risk management and internal controls over sustainability reporting	73
SBM-1 – Strategy, business model and value chain	74
SBM-2 – Interests and views of stakeholders	76
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	77
IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities	83
IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	83
E1-1 – Transition plan for climate change mitigation	118
E1-2 – Policies related to climate change mitigation and adaptation	119
E1-3 – Actions and resources in relation to climate change policies	121
E1-4 – Targets related to climate change mitigation and adaptation	125
E1-5 – Energy consumption and mix	127
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	128
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	133
E1-8 – Internal carbon pricing	134
E3-1 Policies related to water and marine resources	134
E3-2 Actions and resources related to water and marine resources	134
E3-3 Targets related to water and marine resources	134
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S1-1 – Policies related to own workforce	135
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S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns	138
S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	139
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	140
S1-6 – Characteristics of the undertaking's employees	141
S1-9 – Diversity metrics	143
S1-14 – Health and safety metrics	143
S1-16 – Remuneration metrics (pay gap and total remuneration)	144
S1-17 – Incidents, complaints and severe human rights impacts	145
G1-1 – Business conduct policies and corporate culture	146
G1-3 – Prevention and detection of corruption and bribery	148
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**IRO-2 56 (2) List of datapoints in cross-cutting and topical standards that derive from other EU legislation**

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		70
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		69
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				73
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		74
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		74
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		74
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU)2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		74
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	118
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		118
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		125
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				127

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				127
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				127
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity			128
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		128
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	133
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5:			N/A
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Banking book – Climate change physical risk: Exposures subject to physical risk.			N/A
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy- efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			N/A
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		N/A
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				N/A

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				134
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #1 of Annex 2				134
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				134
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				134
ESRS E3-4 Total water consumption in m <sup>3</sup> per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				134
ESRS 2 – SBM-3 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				N/A
ESRS 2 – SBM-3 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				N/A
ESRS 2 – SBM-3 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				N/A
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				N/A
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				N/A
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				N/A
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				N/A
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				N/A
ESRS 2 SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				N/A
ESRS 2 SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				N/A
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				135
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		135

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				135
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				135
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				138
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		143
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				N/A
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		144
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				144
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				145
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		N/A
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				N/A
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				N/A
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators number 11 and 4 Table #3 of Annex 1				N/A
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		N/A
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		N/A

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page no.
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				N/A
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				N/A
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		N/A
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				N/A
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				N/A
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		N/A
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				N/A
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				N/A
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				N/A
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		152
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				152

### E1 20-21 IRO-1, AR15

Aareal Bank Group systematically identifies and assesses climate-related impacts, risks and opportunities in its risk inventory and management activities. The processes cover physical and transition risks and their impacts on the portfolio and own operations.

The emissions from the Bank's operations and the portfolio are assessed as being significant for climate change. This is done by capturing and assessing the carbon footprint for the portfolio and the Bank's own operations every year (see ESRS E1-3 and E1-6).

Physical risks are assessed using external hazard data at the property level. The analysis consists of a property-specific classification of the hazard posed by acute and chronic risks (e.g. floods, storms, droughts/water scarcity). This hazard classification is part of the ESG score and is used to identify the relevant physical risks for the Bank. Classification of the chronic risks is also based on climate scenarios featuring high emissions. At the portfolio level, the Bank uses physical shock scenarios and simulates short-term, high-impact events. Gross losses from declines in market values and losses of rental income are calculated and aggregated to form clusters.

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Insurance and precautionary measures taken are factored in when calculating net cluster losses. Since the assumptions used in the scenarios are based on the latter actually occurring, no likelihoods are taken into account. Physical risks to the loan portfolio are managed using insurance for the properties at risk. Business continuity plans, which are reviewed on a regular basis, exist to ensure that the Bank can continue its own business operations in the case of physical risks such as floods.

Transition risks are assessed during the ESG scoring process and in the Bank's internal climate stress tests. This is done by simulating the impact of future carbon costs and energy efficiency improvements on market values in various scenarios (Net Zero and Delayed Transition) and then determining stressed figures for the PD and LGD. The conservative assumption made is that the carbon costs will be borne in full by the owners. In future, not only will microeconomic effects (such as carbon costs and flood damage) on the market values of the collateralised properties be factored in, but market value forecasts based on the macroeconomic effects of climate scenarios will also be determined using the internal market price forecasting tool. Scenarios involving a high transition risk (Net Zero) and high emissions (Hothouse World) are used in the calculations. The adjusted market values and scenario-specific adjusted probabilities of default are used to determine the impacts on the portfolio value at risk and then to derive an ICAAP management buffer from this.

### **E2 11 IRO-1**

As part of its annual materiality assessment, Aareal Bank Group reviews its sites and business activities for their actual and potential impacts, risks and opportunities related to pollution.

Aareal Bank AG offers its clients intangible banking services that do not lead to any relevant amount of environmental pollution (pollution of the air, water or soil, including microplastics pollution). Equally, only minor environmental pollution is incurred in the upstream value chain when the bank services are performed, since the majority of the goods procured are not physical in nature.

In addition, a qualitative water use review using the LEAP ("Locate, Evaluate, Assess, Prepare") approach was performed for the downstream value chain in order to determine pollution of the air, water and soil, and the influence on ecosystem status. However, this did not lead to any material impacts, risks or opportunities, since Aareal Bank Group does not finance any operating establishments for production facilities or other, similar plant. In addition, the majority of the CREF portfolio consists of existing properties.

Aareal Bank Group's technical experts base their investigation and assessment of relevant impacts, risks and opportunities on a thorough understanding of the upstream value chain, including the requirements and practices of its suppliers and in particular of its property finance clients. The results of the methods and instruments used, such as waste analysis, water consumption measurement, waste water disposal, paper consumption measurement and company car usage, are used as the basis for their assessment.

No direct consultations were held with affected communities. Consultation of relevant stakeholder groups is ensured through interactions, which are held at least once a year, and discussions between the stakeholders and the technical experts in the course of the financial year.

The procedure used to determine material impacts, risks and opportunities related to pollution is the same as that for other sustainability matters, and takes the form of consultations with technical experts and representatives of relevant stakeholder groups. As a result of the materiality assessment, the topic was classified as not material for Aareal Bank Group.

### **E3 8 IRO-1**

During the annual materiality assessment, Aareal Bank Group reviews its assets and business activities for their actual and potential impacts, risks and opportunities related to water and marine resources. This comprises both the Bank's own business activities and the value chain, so as to ensure that all relevant matters and stakeholders are taken into consideration.

Given the nature of the Bank's own operations, the volume of water used plays a minor role. A risk analysis using the LEAP approach, which was based on Directive 2000/60/EC (Water Framework Directive), was performed for Aareal Bank Group's sites. In addition, a qualitative review of water use, water use in water stressed areas, and water quality, which also used the LEAP approach, was performed for the downstream value chain. Both the site and the economic activity performed were taken into account here. However, this did not result in any material impacts, risks or opportunities for Aareal Bank Group's own sites. Few physical goods are sourced from the upstream value chain. Risks in connection with water use in areas affected by water scarcity have been identified in the downstream value chain.

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Aareal Bank Group's technical experts base their investigation and assessment of relevant impacts, risks and opportunities on a thorough understanding of the property finance value chain. The results of the methods and instruments used, such as the measurement of water consumption at the Bank's own sites, a site analysis of all financed properties for water scarcity and the determination of the existing water quality, serve as the basis for the assessment.

No direct consultations were held with affected communities. Consultation of relevant stakeholder groups is ensured through regular interactions and discussions between the stakeholders and the technical experts in the course of the financial year.

The procedure used to determine material impacts, risks and opportunities related to water and marine resources is the same as that for other sustainability matters, and takes the form of consultations with technical experts and the representatives of relevant stakeholder groups. As a result of the materiality assessment, the topic was classified as material for Aareal Bank Group, but not in relation to its own sites.

#### **E4 17,19 IRO-1, AR 4**

During the annual materiality assessment, Aareal Bank Group reviews its own business activities and its value chain for their actual and potential impacts, risks and opportunities related to biodiversity and ecosystems. This comprises both the Bank's own business activities and the value chain, so as to ensure that all relevant matters and stakeholders are taken into consideration. No material IROs were identified in 2025.

The identification and assessment methodology used was based on the LEAP approach. In the first step ("Locate"), a third-party analysis tool was used to perform a site analysis. This included the following categories: land-use change, freshwater-use change and sea-use change, direct exploitation, invasive species and pollution. In addition, the impacts on the states of species were taken into account. The categories selected also permit conclusions to be drawn with respect to the impacts on the condition of ecosystems and the interrelations between climate change and biodiversity. This checked whether the sites overlap with biodiversity sensitive areas as defined in the ESRs. The second step ("Evaluate") reviews the impacts of the sites and performs the materiality assessment using the standardised assessment template. The geographic location of the sites and the economic activities performed in each case were the key factors for this. In the third step ("Assess"), potential biodiversity risks were reviewed as part of the ESG risk inventory. The analyses also took potential impacts and dependencies into account.

Based on this logic, none of the Group's own sites were determined as overlapping with biodiversity sensitive areas, or as being the reason to expect material impacts, risks or opportunities. For this reason, the "Prepare" step comprises the current reporting; no acute remedies in relation to biodiversity need to be taken. Aareal Bank Group's business model means that any dependency on ecosystem services is strictly limited. Potential impacts on biodiversity and ecosystems in the downstream value chain were classified as not material.

Any dependencies on biodiversity and ecosystems and any risks associated with their loss are identified and assessed at Aareal Bank Group using expert evaluations drawn from a variety of divisions. A qualitative review was performed to determine whether any dependencies exist. At present, no distinction is made when assessing biodiversity-related risks between physical risks, transition risks and systemic risks. In 2025, no material risks or opportunities were identified for Aareal Bank Group's business model.

No direct consultations were held with affected communities. Consultation of relevant stakeholder groups is ensured through interactions, which are held at least once a year, and discussions between the stakeholders and the technical experts in the course of the financial year.

The procedure used to determine material impacts, risks and opportunities related to biodiversity and ecosystems is the same as that for other sustainability matters, and takes the form of consultations with technical experts and the representatives of relevant stakeholder groups. As a result of the materiality assessment, the topic was classified as not material for Aareal Bank Group.

#### **E5 11 IRO-1**

During the annual materiality assessment, Aareal Bank Group reviews its assets and business activities for their actual and potential impacts, risks and opportunities related to the circular economy. This comprises both the Bank's own business activities and the value chain, so as to ensure that all relevant matters and stakeholders are taken into consideration.

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Given the nature of the Bank's own operations, the volume of resources used plays a minor role. In addition, a qualitative resource use review was performed for the downstream value chain. However, this did not lead to any material impacts, risks or opportunities, since Aareal Bank Group does not finance any operating establishments for resource-intensive production facilities or other, similar plants. In addition, the majority of the CREF portfolio consists of existing properties, and therefore is not associated with resource-intensive new building. Few physical goods are sourced from the upstream value chain.

Aareal Bank Group's technical experts base their investigation and assessment of relevant impacts, risks and opportunities on a thorough understanding of the entire property finance value chain. The results of the methods and instruments used, such as waste footprints at different sites and the need for physical goods, are used as the basis for their assessment. The waste analysis looks at waste volumes and types in banking operations. Only small proportions/small absolute amounts of waste are classified as hazardous waste such as electronic waste. In addition, all of this waste is recycled.

No direct consultations were held with affected communities. Consultation of relevant stakeholder groups is ensured through interactions, which are held at least once a year, and discussions between the stakeholders and the technical experts in the course of the financial year.

The procedure used to determine material impacts, risks and opportunities related to resource use and the circular economy is the same as that for other sustainability matters, and takes the form of consultations with technical experts and representatives of relevant stakeholder groups. As a result of the materiality assessment, the topic was classified as not material for Aareal Bank Group.

#### **G1-1 6 IRO-1**

The following criteria were included when assessing impacts, risks and opportunities related to G1: dedicated banking regulations; compliance with the applicable laws in the countries in which Aareal Bank Group does business; the obligation to establish a whistle-blowing system, and corruption risk rankings for the countries in which Aareal Bank Group does business.

#### **IRO-1 Entity-specific disclosures**

Sector-specific regulatory requirements and the need for operational resilience in the face of ICS security risks were used as the starting points for the assessment of the entity-specific topic of information security.

#### **Minimum disclosures on policies and actions**

The minimum disclosures are described in detail in the individual topical chapters.

#### **Metrics and targets**

The metrics and targets are described in detail in the individual topical chapters.

### **Environmental information**

#### **Disclosures pursuant to Article 8 of EU Regulation 2020/852**

The objective of EU Regulation 2020/852 (the EU Taxonomy Regulation) is to allocate funding to sustainable activities and hence to promote the transition to a sustainable economy. It aims to achieve this by defining guidance and criteria for economic activities qualifying as sustainable. Economic activities should promote the following environmental objectives:

- **Climate change mitigation:** An economic activity qualifies as contributing substantially to climate change mitigation if it contributes substantially to the stabilisation of greenhouse gas concentrations in the atmosphere.
- **Climate change adaptation:** Adaptation solutions that either substantially reduce the risk of the adverse impact of the current climate and the expected future climate on the economic activity, or that substantially reduce the adverse impact.
- **The sustainable use and protection of water and marine resources:** An economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources where that activity either contributes substantially to achieving the good status of bodies of water, including bodies of surface water and groundwater, or to preventing the deterioration of bodies of water.

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- The protection and restoration of biodiversity and ecosystems: Nature and biodiversity conservation, including achieving the good condition of natural and semi-natural habitats and species or preventing their deterioration
  - Pollution prevention and control: Preventing or reducing pollutant emissions into air, improving levels of air quality, cleaning up waste, etc.
  - Transition to a circular economy: The use of natural resources, including sustainably sourced bio-based and other raw materials, in production more efficiently by increasing the durability, reparability, upgradability or reusability of products

EU Taxonomy reporting is performed in compliance with Commission Delegated Regulation 2026/73 (Annex XI for qualitative disclosures and Annex VI for templates). In addition, it is based on the FAQ documents including the publication released in December 2025.

The application of Commission Delegated Act 2026/73 means that comparing the figures with the previous year is not methodologically appropriate. The increase in the green asset ratio is primarily due to the voluntary inclusion of exposures. This permits exposures to counterparties that are not covered by the CSRD or the NFRD to be assessed.

In accordance with the Commission Delegated Act, the EU Taxonomy ratio is calculated at the highest level of prudential consolidation. In addition, the FINREP financial information reporting obligation, plus additional information, serves as the data foundation for the calculations. Aareal Bank AG subsidiaries that are not included in the regulatory basis of consolidation are reported as equity interests. No equity interests were covered by the NFRD or the CSRD as at the reporting date, and they are therefore not included in the numerator for the green asset ratio (GAR).

Due to its business model, which includes the Structured Property Financing segment, Aareal Bank AG provides support for German and international commercial clients investing in property in Europe, North America and the Asia/Pacific region. This means that the technical screening criteria for the “Acquisition and ownership of buildings” EU Taxonomy activity must be applied in particular to the portfolio of property investments. However, part of the Bank’s business is conducted outside the EU and the United Kingdom, which means that it is not always possible to verify the technical screening criteria. Consequently, the voluntary verifications only took into account those countries for which the technical screening criteria can be verified.

The comparatively large proportion of activities conducted in non-EU countries therefore results in a low GAR compared to other banking groups that are active solely in EU countries, or whose portfolios are structured differently. For example, Aareal Bank AG currently also owns a small proportion of private property finance transactions, which can currently be considered as the main driver for the GAR at other banking groups. These private property finance transactions represent a runoff portfolio and are not included in the calculation. The structural differences between banks’ business models must be borne in mind when comparing published GARs.

For the above-mentioned reasons, EU Regulation 2020/852 is not a major component of Aareal Bank AG’s strategic focus at present. The high standard set by the technical screening criteria requires a lengthy transformation process by undertakings. Aareal Bank Group intends to continuously evaluate Taxonomy alignment of the underlying economic activities and of its portfolio. Thus the Green Finance Frameworks for the asset and equity and liabilities side of the Bank’s business already include Taxonomy alignment as a qualifying feature of green loans or green assets.

In constructive dialogue with relevant stakeholders (including clients and counterparties), Aareal Bank Group is successively improving both its own processes and the availability and quality of ESG data. However, assessment of the technical screening criteria is limited by the lack of complete data. For example, energy performance certificates (EPCs) are not available for all buildings in the core markets, since in some cases they do not exist in the countries concerned.

Basic assumptions:

- Exposures for which insufficient information was available to determine their Taxonomy eligibility were disclosed as Taxonomy-non-eligible economic activities.

- A distinction is made between trading and non-trading derivatives. The Bank does not hold any derivatives for trading or derivatives in the regulatory trading book pursuant to Article 104 of the Capital Requirements Regulation (CRR) (e.g. for short-term profit taking or for selling in the near term). However, under IFRS 9 and FINREP derivatives that are not in a designated hedging relationship must be classified and reported as held for trading. These derivatives were assigned to the “Trading book” line in the Taxonomy tables. Derivatives in designated hedging relationships are reported under “derivatives”.
- Exposures to households comprise financing for private residential property. This portfolio represents a discontinued business from Aareal Bank Group’s perspective and is therefore classified as non-material. In Aareal Bank Group’s opinion, the information needed to assess Taxonomy alignment at the level of individual transactions can only be captured with a disproportionate amount of effort. This being the case and given the small size of this subportfolio in comparison to the commercial real estate portfolio, no assessment has been made at the individual transaction level.
- Where the use of proceeds was unknown, the published Taxonomy KPIs (turnover and CapEx) for the identified NFRD and CSRD undertakings were used in the GAR numerator. If an NFRD or CSRD undertaking only disclosed turnover information, only this information has been used to calculate the turnover GAR.
- Exposures to local authorities are assigned to the items in the “other asset” categories in line with questions 15, 16 and 47 of the FAQ 3 document dated November 2024 in those cases in which the use of proceeds is unknown.
- Since no financial guarantee contracts exist in respect of undertakings that are covered by the CSRD or the NFRD, “N/A” has been entered in the relevant positions in the table.
- Since Aareal Bank does not conduct any asset management business, “N/A” has been entered in the relevant positions in the table.

## EU Taxonomy

### Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

2025

		Total exposure to Taxonomy-aligned activities (currency)		KPI <sup>1)</sup> (%)	KPI <sup>2)</sup> (%)	% coverage (over total assets) <sup>3)</sup> (%)	Non-assessed exposures (% of covered assets) <sup>4)</sup> (%)	
		Turnover-based	CapEx-based				Turnover-based	CapEx-based
<b>Main KPI</b>	<b>Green asset ratio (GAR) stock</b>	<b>672</b>	<b>669</b>	<b>2.74</b>	<b>2.74</b>	<b>51.73</b>	<b>0.36</b>	<b>0.36</b>
<b>Additional KPIs</b>	<b>(GAR) flow</b>	<b>158</b>	<b>153</b>	<b>2.98</b>	<b>2.89</b>	<b>60.49</b>	<b>0.00</b>	<b>0.00</b>
	Trading book							
	Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Assets under management	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Fees and commissions income <sup>5)</sup>							

<sup>1)</sup> Based on the Turnover KPI of the counterparty; <sup>2)</sup> Based on the CapEx KPI of the counterparty

<sup>3)</sup> % of assets covered by the KPI over total assets; <sup>4)</sup> In accordance with Article 7(8) of this Regulation

<sup>5)</sup> Fees and commissions income from services other than lending and AuM. For credit institutions that do not meet the conditions of Article 94(1) or Article 325a(1) of the CRR

2024

		Total environmentally sustainable assets <sup>4)</sup>	KPI <sup>1)</sup>	KPI <sup>2)</sup>	% coverage (over total assets) <sup>3)</sup>	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
<b>Main KPI</b>	<b>Green asset ratio (GAR) stock</b>	<b>89</b>	<b>0.21 %</b>	<b>0.22 %</b>	<b>89.07</b>	<b>82.66</b>	<b>10.93</b>

<sup>1)</sup> Based on the Turnover KPI of the counterparty; <sup>2)</sup> Based on the CapEx KPI of the counterparty

<sup>3)</sup> % of assets covered by the KPI over total assets; <sup>4)</sup> Total environmentally sustainable assets in accordance with the turnover KPI

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
<b>Additional KPIs</b>	<b>GAR (flow)</b>	<b>15</b>	<b>0.23 %</b>	<b>0.19 %</b>	<b>96.62</b>	<b>85.38</b>	<b>3.38</b>
	Trading book <sup>1)</sup>	N/A	N/A	N/A			
	Financial guarantees	0	0	0			
	Assets under management	N/A	N/A	N/A			
	Fees and commissions income <sup>2)</sup>	N/A	N/A	N/A			

<sup>1)</sup> For credit institutions that do not meet the conditions of Article 94(1) or Article 325a(1) of the CRR

<sup>2)</sup> Fees and commissions income from services other than lending and AuM. For credit institutions that do not meet the conditions of Article 94(1) or Article 325a(1) of the CRR

#### Assets for the calculation of GAR – stock – turnover

	a	b	c	d	Breakdown per environmental objective				i
					e	f	g	h	
	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Bio-diversity and Ecosystems (BIO)
Stock in € mn									
<b>1</b>	<b>GAR – Covered assets in both numerator and denominator</b>								
<b>2</b>	<b>Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	<b>3,406</b>	<b>643</b>	<b>19</b>	<b>14</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3</b>	<b>Financial undertakings</b>	<b>2,974</b>	<b>299</b>	<b>19</b>	<b>14</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
4	Loans and advances	560	43	5	0	5	0	0	0
5	Debt securities, including UoP	2,414	256	14	14		0	0	
6	Equity instruments								
<b>7</b>	<b>Non-financial undertakings</b>	<b>341</b>	<b>341</b>						
8	Loans and advances	341	341						
9	Debt securities, including UoP								
10	Equity instruments								
<b>11</b>	<b>Households</b>	<b>88</b>							
12	of which loans collateralised by residential immovable property	88							
13	of which: building renovation loans								
14	of which: motor vehicle loans								

&gt;

	a	b	c	d	e	f	g	h	i
	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Bio-diversity and Ecosystems (BIO)
	Breakdown per environmental objective								
Stock in € mn									
15	Local government financing	3	3						
16	Housing financing	3	3						
17	Other local government financing								
18	Collateral obtained by taking possession: residential and commercial immovable properties	568	568						
19	Exposures included on a voluntary basis <sup>3)</sup>	20,550	20,491	652	652				
20	<b>Total GAR assets</b>	<b>24,524</b>							
21	<b>Assets not covered for GAR calculation</b>	<b>22,886</b>							
22	Central governments and Supranational issuers	1,926							
23	Central banks exposure	328							
24	Trading book	1,047							
25	<b>Undertakings and entities not subject to CSRD</b>	<b>15,314</b>							
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	5,659							
27	Loans and advances	3,647							
28	of which loans collateralised by commercial immovable property	3,341							
29	of which: building renovation loans								
30	Debt securities	1,794							
31	Equity instruments	218							
32	Non-EU country counterparties not subject to CSRD disclosure obligations	9,655							
33	Loans and advances	9,152							
34	Debt securities	494							
35	Equity instruments	9							
36	<b>Derivatives</b>	<b>452</b>							
37	<b>On demand interbank loans</b>	<b>522</b>							
38	<b>Cash and cash-related assets</b>	<b>0</b>							
39	<b>Other categories of assets (e.g. goodwill, commodities, etc.)</b>	<b>3,297</b>							
40	<b>Total assets</b>	<b>47,410</b>							
<b>Off-balance sheet exposures to undertakings subject to CSRD disclosure obligations and local governments</b>									
41	Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
42	Assets under management	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
43	of which debt securities								
44	of which equity instruments								

&gt;

	j	k	l	m	n	o	p
	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties <sup>1)</sup>	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution <sup>2)</sup>
Stock in € mn							
<b>1 GAR – Covered assets in both numerator and denominator</b>							
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	5	2	1	88			88
<b>3 Financial undertakings</b>	5	2	1				
4 Loans and advances	5	0	0				
5 Debt securities, including UoP		2	1				
6 Equity instruments							
<b>7 Non-financial undertakings</b>							
8 Loans and advances							
9 Debt securities, including UoP							
10 Equity instruments							
<b>11 Households</b>				88			88
12 of which loans collateralised by residential immovable property				88			88
13 of which: building renovation loans							
14 of which: motor vehicle loans							
<b>15 Local government financing</b>							
16 Housing financing							
17 Other local government financing							
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>							
<b>19 Exposures included on a voluntary basis<sup>3)</sup></b>	652						
<b>20 Total GAR assets</b>				88			88
<b>21 Assets not covered for GAR calculation</b>							
<b>22 Central governments and Supranational issuers</b>							
<b>23 Central banks exposure</b>							
<b>24 Trading book</b>							
<b>25 Undertakings and entities not subject to CSRD</b>							
26 SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations							
27 Loans and advances							
28 of which loans collateralised by commercial immovable property							
29 of which: building renovation loans							
30 Debt securities							
31 Equity instruments							
32 Non-EU country counterparties not subject to CSRD disclosure obligations							
33 Loans and advances							
34 Debt securities							
35 Equity instruments							
<b>36 Derivatives</b>							
<b>37 On demand interbank loans</b>							

&gt;

	j	k	l	m	n	o	p
	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties <sup>1)</sup>	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution <sup>2)</sup>
Stock in € mn							
38	Cash and cash-related assets						
39	Other categories of assets (e.g. goodwill, commodities, etc.)						
40	<b>Total assets</b>						
<b>Off-balance sheet exposures to undertakings subject to CSRD disclosure obligations and local governments</b>							
41	Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A
42	Assets under management	N/A	N/A	N/A	N/A	N/A	N/A
43	of which debt securities						
44	of which equity instruments						

<sup>1)</sup> In accordance with Article 7(8)(a) and (b) of this Regulation

<sup>2)</sup> In accordance with Article 4(1a) of this Regulation

<sup>3)</sup> In accordance with Article 7(3) of this Regulation

#### Assets for the calculation of GAR – flow – turnover

	a	b	c	d	e	f	g	h	i
	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Bio-diversity and Ecosystems (BIO)
Breakdown per environmental objective									
Flow in € mn									
1	<b>GAR – Covered assets in both numerator and denominator</b>								
2	<b>Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	893	360	6	1	5			
3	<b>Financial undertakings</b>	587	54	6	1	5			
4	Loans and advances	527	42	5	0	5			
5	Debt securities, including UoP	60	12	1	1				
6	Equity instruments								
7	<b>Non-financial undertakings</b>	306	306						
8	Loans and advances	306	306						
9	Debt securities, including UoP								
10	Equity instruments								
11	<b>Households</b>								
12	of which loans collateralised by residential immovable property								
13	of which: building renovation loans								
14	of which: motor vehicle loans								
15	<b>Local government financing</b>								
16	Housing financing								
17	Other local government financing								
18	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	65	65						
19	<b>Exposures included on a voluntary basis<sup>3)</sup></b>	4,335	3,882	152	152				
20	<b>Total GAR assets</b>	5,293							

	a	b	c	d	e	f	g	h	i
	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Breakdown per environmental objective				Bio-diversity and Eco-systems (BIO)
					Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	
Flow in € mn									
<b>21 Assets not covered for GAR calculation</b>	<b>3,457</b>								
22 Central governments and Supranational issuers	291								
23 Central banks exposure									
24 Trading book	167								
<b>25 Undertakings and entities not subject to CSRD</b>	<b>2,448</b>								
26 SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	993								
27 Loans and advances	529								
28 of which loans collateralised by commercial immovable property	460								
29 of which: building renovation loans									
30 Debt securities	464								
31 Equity instruments									
32 Non-EU country counterparties not subject to CSRD disclosure obligations	1,455								
33 Loans and advances	1,417								
34 Debt securities	38								
35 Equity instruments									
<b>36 Derivatives</b>	<b>46</b>								
<b>37 On demand interbank loans</b>	<b>413</b>								
<b>38 Cash and cash-related assets</b>									
<b>39 Other categories of assets (e.g. goodwill, commodities, etc.)</b>	<b>92</b>								
<b>40 Total assets</b>	<b>8,750</b>								
<b>Off-balance sheet exposures to undertakings subject to CSRD disclosure obligations and local governments</b>									
41 Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
42 Assets under management	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
43 of which debt securities									
44 of which equity instruments									

&gt;

	j	k	l	m	n	o	p
	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties <sup>1)</sup>	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution <sup>2)</sup>
Flow in € mn							
<b>1 GAR – Covered assets in both numerator and denominator</b>							
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	5	0	0				
<b>3 Financial undertakings</b>	5	0	0				
4 Loans and advances	5	0	0				
5 Debt securities, including UoP		0	0				
6 Equity instruments							
<b>7 Non-financial undertakings</b>							
8 Loans and advances							
9 Debt securities, including UoP							
10 Equity instruments							
<b>11 Households</b>							
12 of which loans collateralised by residential immovable property							
13 of which: building renovation loans							
14 of which: motor vehicle loans							
<b>15 Local government financing</b>							
16 Housing financing							
17 Other local government financing							
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>							
<b>19 Exposures included on a voluntary basis<sup>3)</sup></b>	152						
<b>20 Total GAR assets</b>							
<b>21 Assets not covered for GAR calculation</b>							
<b>22 Central governments and Supranational issuers</b>							
<b>23 Central banks exposure</b>							
<b>24 Trading book</b>							
<b>25 Undertakings and entities not subject to CSRD</b>							
26 SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations							
27 Loans and advances							
28 of which loans collateralised by commercial immovable property							
29 of which: building renovation loans							
30 Debt securities							
31 Equity instruments							
32 Non-EU country counterparties not subject to CSRD disclosure obligations							
33 Loans and advances							
34 Debt securities							
35 Equity instruments							
<b>36 Derivatives</b>							
<b>37 On demand interbank loans</b>							
<b>38 Cash and cash-related assets</b>							
<b>39 Other categories of assets (e.g. goodwill, commodities, etc.)</b>							
<b>40 Total assets</b>							

	j	k	l	m	n	o	p
	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties <sup>1)</sup>	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution <sup>2)</sup>
Flow in € mn							
<b>Off-balance sheet exposures to undertakings subject to CSRD disclosure obligations and local governments</b>							
41	Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A
42	Assets under management	N/A	N/A	N/A	N/A	N/A	N/A
43	of which debt securities						
44	of which equity instruments						

<sup>1)</sup> In accordance with Article 7(8)(a) and (b) of this Regulation

<sup>2)</sup> In accordance with Article 4(1a) of this Regulation

<sup>3)</sup> In accordance with Article 7(3) of this Regulation

#### GAR sector information – turnover\*

	a	b	c	d	e	f	g	h	i	j
	Breakdown by sector – NACE 4 digits level (code and label)	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
1	(68) Real estate activities	2,658	2,658	230	230					
2	(64) Financial service activities	1,423	1,024	47	47	0	0	0		
3	(55) Accommodation	973	973							
4	(56) Food and beverage service activities	40	40							
5	(41) Construction of buildings	40	40							
6	(96) Other personal service activities	19	19							
7	(97) Activities of households as employers of domestic personnel	1	1							
8	(70) Activities of head offices; management consultancy activities	0	0							
11	Nuclear activities <sup>1)</sup>									
12	Fossil gas activities <sup>2)</sup>									
13	of which non-assessed exposures <sup>3)</sup>	1								

\* (€ mn)

<sup>1)</sup> Referred to in sections 4.26, 4.27, and 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139

<sup>2)</sup> Referred to in sections 4.29, 4.30, and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139

<sup>3)</sup> In accordance with Article 7(8) of this Regulation

For technical reasons the sectors can only be broken down to the NACE 2 digit level.

## GAR KPI stock – turnover

% (compared to corresponding total covered assets in the denominator)	a	b	c	Breakdown per environmental objective				h
	Taxonomy-eligible	Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
<b>1 GAR – Covered assets in both numerator and denominator</b>								
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	<b>18.88</b>	<b>0.57</b>	<b>0.42</b>	<b>0.15</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>3 Financial undertakings</b>	<b>10.07</b>	<b>0.65</b>	<b>0.48</b>	<b>0.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
4 Loans and advances	7.65	0.96	0.07	0.89	0.00	0.00	0.00	
5 Debt securities, including UoP	10.63	0.58	0.57	0.00	0.00	0.00		
6 Equity instruments								
<b>7 Non-financial undertakings</b>	<b>100.00</b>							
8 Loans and advances	100.00							
9 Debt securities, including UoP								
10 Equity instruments								
<b>11 Households</b>								
12 of which loans collateralised by residential immovable property								
13 of which: building renovation loans								
14 of which: motor vehicle loans								
<b>15 Local government financing</b>	<b>100.00</b>							
16 Housing financing	100.00							
17 Other local government financing								
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>	<b>100.00</b>							
<b>19 Exposures included on a voluntary basis<sup>2)</sup></b>	<b>99.71</b>	<b>3.18</b>	<b>3.18</b>					
<b>20 Total GAR assets</b>	<b>88.49</b>	<b>2.74</b>	<b>2.72</b>	<b>0.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

&gt;

% (compared to corresponding total covered assets in the denominator)	i of which Use of Proceeds	j of which transitional	k of which enabling	l Proportion of Taxonomy aligned in Taxo- nomy eligible	m Non-assessed exposures <sup>1)</sup>
<b>1 GAR – Covered assets in both numerator and denominator</b>					
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	0.15	0.06	0.04	3.00	2.60
<b>3 Financial undertakings</b>	0.17	0.07	0.05	6.45	
4     Loans and advances	0.89	0.03	0.01	12.58	
5     Debt securities, including UoP		0.08	0.06	5.43	
6     Equity instruments					
<b>7 Non-financial undertakings</b>					
8     Loans and advances					
9     Debt securities, including UoP					
10    Equity instruments					
<b>11 Households</b>					100.00
12    of which loans collateralised by residential immovable property					100.00
13    of which: building renovation loans					
14    of which: motor vehicle loans					
<b>15 Local government financing</b>					
16    Housing financing					
17    Other local government financing					
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>					
<b>19 Exposures included on a voluntary basis<sup>2)</sup></b>	3.18			3.18	
<b>20 Total GAR assets</b>	2.68	0.01	0.01	3.10	0.36

<sup>1)</sup> In accordance with Article 7(8) of this Regulation

<sup>2)</sup> In accordance with Article 7(3) of this Regulation

## GAR KPI flow – turnover

% (compared to corresponding total covered assets in the denominator)	a	b	c	Breakdown per environmental objective				h
	Taxonomy-eligible	Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
<b>1 GAR – Covered assets in both numerator and denominator</b>								
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	<b>40.21</b>	<b>0.67</b>	<b>0.11</b>	<b>0.56</b>				
<b>3 Financial undertakings</b>	<b>9.03</b>	<b>1.02</b>	<b>0.17</b>	<b>0.85</b>				
4 Loans and advances	7.88	1.00	0.06	0.95				
5 Debt securities, including UoP	19.12	1.17	1.17					
6 Equity instruments								
<b>7 Non-financial undertakings</b>	<b>100.00</b>							
8 Loans and advances	100.00							
9 Debt securities, including UoP								
10 Equity instruments								
<b>11 Households</b>								
12 of which loans collateralised by residential immovable property								
13 of which: building renovation loans								
14 of which: motor vehicle loans								
<b>15 Local government financing</b>								
16 Housing financing								
17 Other local government financing								
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>	<b>100.00</b>							
<b>19 Exposures included on a voluntary basis<sup>2)</sup></b>	<b>89.55</b>	<b>3.50</b>	<b>3.50</b>					
<b>20 Total GAR assets</b>	<b>81.35</b>	<b>2.98</b>	<b>2.88</b>	<b>0.09</b>				

&gt;

% (compared to corresponding total covered assets in the denominator)	i of which Use of Proceeds	j of which transitional	k of which enabling	l Proportion of Taxonomy aligned in Taxo- nomy eligible	m Non-assessed exposures <sup>1)</sup>
<b>1 GAR – Covered assets in both numerator and denominator</b>					
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	0.56	0.04	0.01	1.66	
<b>3 Financial undertakings</b>	0.85	0.06	0.01	11.27	
4 Loans and advances	0.94	0.03	0.00	12.71	
5 Debt securities, including UoP		0.23	0.03	6.10	
6 Equity instruments					
<b>7 Non-financial undertakings</b>					
8 Loans and advances					
9 Debt securities, including UoP					
10 Equity instruments					
<b>11 Households</b>					
12 of which loans collateralised by residential immovable property					
13 of which: building renovation loans					
14 of which: motor vehicle loans					
<b>15 Local government financing</b>					
16 Housing financing					
17 Other local government financing					
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>					
<b>19 Exposures included on a voluntary basis<sup>2)</sup></b>	3.50			3.91	
<b>20 Total GAR assets</b>	2.96	0.01	0.00	3.66	

<sup>1)</sup> In accordance with Article 7(8) of this Regulation

<sup>2)</sup> In accordance with Article 7(3) of this Regulation

#### KPI off-balance sheet exposures – stock – turnover

% (compared to corresponding total off-balance sheet assets)	a Taxonomy-eligible	b Taxonomy-aligned	Breakdown per environmental objective					h Biodiversity and Ecosystems (BIO)
			c Climate Change Mitigation (CCM)	d Climate Change Adaptation (CCA)	e Water and marine resources (WTR)	f Circular economy (CE)	g Pollution (PPC)	
1 Financial guarantees (FinGuar KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

% (compared to corresponding total off-balance sheet assets)	i of which Use of Proceeds	j of which transitional	k of which enabling	l Non-assessed exposures <sup>1)</sup>
1 Financial guarantees (FinGuar KPI)		N/A	N/A	N/A
2 Assets under management (AuM KPI)		N/A	N/A	N/A

<sup>1)</sup> In accordance with Article 7(8) of this Regulation

## KPI off-balance sheet exposures – flow – turnover

	a	b	c	Breakdown per environmental objective				h
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	
% (compared to corresponding total off-balance sheet assets)								
1 Financial guarantees (FinGuar KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	i	j	k	l
% (compared to corresponding total off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	N/A	N/A	N/A	N/A
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

<sup>1)</sup> In accordance with Article 7(8) of this Regulation

## Assets for the calculation of GAR – stock – CAPEX

	a	b	c	Breakdown per environmental objective				i
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	
Stock in € mn								
<b>1 GAR – Covered assets in both numerator and denominator</b>								
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	3,406	823	17	16	0	0	0	0
<b>3 Financial undertakings</b>	2,974	479	17	16	0	0	0	0
4 Loans and advances	560	220	1	0	0	0	0	0
5 Debt securities, including UoP	2,414	259	16	16	0	0	0	0
6 Equity instruments								
<b>7 Non-financial undertakings</b>	341	341						
8 Loans and advances	341	341						
9 Debt securities, including UoP								
10 Equity instruments								
<b>11 Households</b>	88							
12 of which loans collateralised by residential immovable property	88							
13 of which: building renovation loans								
14 of which: motor vehicle loans								
<b>15 Local government financing</b>	3	3						
16 Housing financing	3	3						
17 Other local government financing								
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>	568	568						
<b>19 Exposures included on a voluntary basis<sup>3)</sup></b>	20,550	20,491	652	652				
<b>20 Total GAR assets</b>	24,524							

	a	b	c	d	Breakdown per environmental objective				i
					e	f	g	h	
	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Bio-diversity and Ecosystems (BIO)
Stock in € mn									
<b>21 Assets not covered for GAR calculation</b>	<b>22,886</b>								
22 Central governments and Supranational issuers	1,926								
23 Central banks exposure	328								
24 Trading book	1,047								
<b>25 Undertakings and entities not subject to CSRD</b>	<b>15,314</b>								
26 SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	5,659								
27 Loans and advances	3,647								
28 of which loans collateralised by commercial immovable property	3,341								
29 of which: building renovation loans									
30 Debt securities	1,794								
31 Equity instruments	218								
32 Non-EU country counterparties not subject to CSRD disclosure obligations	9655								
33 Loans and advances	9152								
34 Debt securities	494								
35 Equity instruments	9								
36 Derivatives	452								
37 On demand interbank loans	522								
38 Cash and cash-related assets	0								
39 Other categories of assets (e.g. goodwill, commodities, etc.)	3,297								
<b>40 Total assets</b>	<b>47,410</b>								
<b>Off-balance sheet exposures to undertakings subject to CSRD disclosure obligations and local governments</b>									
41 Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
42 Assets under management	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
43 of which debt securities									
44 of which equity instruments									

	j	k	l	m	n	o	p
Stock in € mn							
<b>1 GAR – Covered assets in both numerator and denominator</b>							
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>88</b>			<b>88</b>
3 Financial undertakings	0	2	3				
4 Loans and advances	0	0	0				
5 Debt securities, including UoP		2	3				
6 Equity instruments							

	j	k	l	m	n	o	p
	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties <sup>1)</sup>	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution <sup>2)</sup>
Stock in € mn							
<b>7 Non-financial undertakings</b>							
8 Loans and advances							
9 Debt securities, including UoP							
10 Equity instruments							
<b>11 Households</b>				88			88
12 of which loans collateralised by residential immovable property				88			88
13 of which: building renovation loans							
14 of which: motor vehicle loans							
<b>15 Local government financing</b>							
16 Housing financing							
17 Other local government financing							
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>							
<b>19 Exposures included on a voluntary basis<sup>3)</sup></b>	652						
<b>20 Total GAR assets</b>				88			88
<b>21 Assets not covered for GAR calculation</b>							
<b>22 Central governments and Supranational issuers</b>							
<b>23 Central banks exposure</b>							
<b>24 Trading book</b>							
<b>25 Undertakings and entities not subject to CSRD</b>							
26 SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations							
27 Loans and advances							
28 of which loans collateralised by commercial immovable property							
29 of which: building renovation loans							
30 Debt securities							
31 Equity instruments							
32 Non-EU country counterparties not subject to CSRD disclosure obligations							
33 Loans and advances							
34 Debt securities							
35 Equity instruments							
<b>36 Derivatives</b>							
<b>37 On demand interbank loans</b>							
<b>38 Cash and cash-related assets</b>							
<b>39 Other categories of assets (e.g. goodwill, commodities, etc.)</b>							
<b>40 Total assets</b>							
<b>Off-balance sheet exposures to undertakings subject to CSRD disclosure obligations and local governments</b>							
41 Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A	N/A
42 Assets under management	N/A	N/A	N/A	N/A	N/A	N/A	N/A
43 of which debt securities							
44 of which equity instruments							

<sup>1)</sup> In accordance with Article 7(8)(a) and (b) of this Regulation

<sup>2)</sup> In accordance with Article 4(1a) of this Regulation

<sup>3)</sup> In accordance with Article 7(3) of this Regulation

## Assets for the calculation of GAR – Flow – CAPEX

	a	b	c	d	e	f	g	h	i
	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Bio-diversity and Ecosystems (BIO)
	Breakdown per environmental objective								
Flow in € mn									
<b>1 GAR – Covered assets in both numerator and denominator</b>									
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	893	537	1	1	0				
<b>3 Financial undertakings</b>	587	231	1	1	0				
4 Loans and advances	527	219	0	0	0				
5 Debt securities, including UoP	60	12	1	1					
6 Equity instruments									
<b>7 Non-financial undertakings</b>	306	306							
8 Loans and advances	306	306							
9 Debt securities, including UoP									
10 Equity instruments									
<b>11 Households</b>									
12 of which loans collateralised by residential immovable property									
13 of which: building renovation loans									
14 of which: motor vehicle loans									
<b>15 Local government financing</b>									
16 Housing financing									
17 Other local government financing									
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>	65	65							
<b>19 Exposures included on a voluntary basis<sup>3)</sup></b>	4,335	3,880	152	152					
<b>20 Total GAR assets</b>	5,293								
<b>21 Assets not covered for GAR calculation</b>	3,457								
<b>22 Central governments and Supranational issuers</b>	291								
<b>23 Central banks exposure</b>									
<b>24 Trading book</b>	167								
<b>25 Undertakings and entities not subject to CSRD</b>	2,448								
26 SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	993								
27 Loans and advances	529								
28 of which loans collateralised by commercial immovable property	460								
29 of which: building renovation loans									
30 Debt securities	464								
31 Equity instruments									
32 Non-EU country counterparties not subject to CSRD disclosure obligations	1,455								
33 Loans and advances	1,417								
34 Debt securities	38								
35 Equity instruments									

	a	b	c	d	e	f	g	h	i
	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Breakdown per environmental objective				Bio-diversity and Ecosystems (BIO)
					Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	
Flow in € mn									
36	Derivatives	46							
37	On demand interbank loans	413							
38	Cash and cash-related assets								
39	Other categories of assets (e.g. goodwill, commodities, etc.)	92							
40	<b>Total assets</b>	<b>8,750</b>							
<b>Off-balance sheet exposures to undertakings subject to CSRD disclosure obligations and local governments</b>									
41	Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
42	Assets under management	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
43	of which debt securities								
44	of which equity instruments								

	j	k	l	m	n	o	p
	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties <sup>1)</sup>	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution <sup>2)</sup>
Flow in € mn							
1	<b>GAR – Covered assets in both numerator and denominator</b>						
2	<b>Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	0	0	0			
3	<b>Financial undertakings</b>	0	0	0			
4	Loans and advances	0	0	0			
5	Debt securities, including UoP		0	0			
6	Equity instruments						
7	<b>Non-financial undertakings</b>						
8	Loans and advances						
9	Debt securities, including UoP						
10	Equity instruments						
11	<b>Households</b>						
12	of which loans collateralised by residential immovable property						
13	of which: building renovation loans						
14	of which: motor vehicle loans						
15	<b>Local government financing</b>						
16	Housing financing						
17	Other local government financing						
18	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>						
19	Exposures included on a voluntary basis <sup>3)</sup>	152					
20	<b>Total GAR assets</b>						

	j	k	l	m	n	o	p
	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties <sup>1)</sup>	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution <sup>2)</sup>
Flow in € mn							
<b>21 Assets not covered for GAR calculation</b>							
22 Central governments and Supranational issuers							
23 Central banks exposure							
24 Trading book							
<b>25 Undertakings and entities not subject to CSRD</b>							
26 SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations							
27 Loans and advances							
28 of which loans collateralised by commercial immovable property							
29 of which: building renovation loans							
30 Debt securities							
31 Equity instruments							
32 Non-EU country counterparties not subject to CSRD disclosure obligations							
33 Loans and advances							
34 Debt securities							
35 Equity instruments							
<b>36 Derivatives</b>							
<b>37 On demand interbank loans</b>							
<b>38 Cash and cash-related assets</b>							
<b>39 Other categories of assets (e.g. goodwill, commodities, etc.)</b>							
<b>40 Total assets</b>							
<b>Off-balance sheet exposures to undertakings subject to CSRD disclosure obligations and local governments</b>							
41 Financial guarantees	N/A	N/A	N/A	N/A	N/A	N/A	N/A
42 Assets under management	N/A	N/A	N/A	N/A	N/A	N/A	N/A
43 of which debt securities							
44 of which equity instruments							

<sup>1)</sup> In accordance with Article 7(8)(a) and (b) of this Regulation

<sup>2)</sup> In accordance with Article 4(1a) of this Regulation

<sup>3)</sup> In accordance with Article 7(3) of this Regulation

## GAR sector information – CAPEX\*

	a	b	c	d	e	f	g	h	i	j
	Breakdown by sector – NACE 4 digits level (code and label)	Total gross carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
1	(68) Real estate activities	2,658	2,658	230	230					
2	(64) Financial service activities	1,423	1,026	49	49	0	0	0	0	0
3	(55) Accommodation	973	973							
4	(56) Food and beverage service activities	40	40							
5	(41) Construction of buildings	40	40							
6	(96) Other personal service activities	19	19							
7	(97) Activities of households as employers of domestic personnel	1	1							
8	(70) Activities of head offices; management consultancy activities	0	0							
11	Nuclear activities <sup>1)</sup>									
12	Fossil gas activities <sup>2)</sup>									
13	of which non-assessed exposures <sup>3)</sup>	1								

\* (€ mn)

<sup>1)</sup> Referred to in sections 4.26, 4.27, and 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139<sup>2)</sup> Referred to in sections 4.29, 4.30, and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139<sup>3)</sup> In accordance with Article 7(8) of this Regulation

For technical reasons the sectors can only be broken down to the NACE 2 digit level.

## GAR KPI stock – CapEx

% (compared to corresponding total covered assets in the denominator)	a	b	c	Breakdown per environmental objective				h
	Taxonomy-eligible	Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
<b>1 GAR – Covered assets in both numerator and denominator</b>								
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	<b>24.15</b>	<b>0.50</b>	<b>0.49</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>3 Financial undertakings</b>	<b>16.11</b>	<b>0.57</b>	<b>0.56</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
4 Loans and advances	39.34	0.09	0.07	0.02	0.00	0.00	0.00	0.00
5 Debt securities, including UoP	10.73	0.68	0.67	0.01	0.00	0.00	0.00	0.00
6 Equity instruments								
<b>7 Non-financial undertakings</b>	<b>100.00</b>							
8 Loans and advances	100.00							
9 Debt securities, including UoP								
10 Equity instruments								
<b>11 Households</b>								
12 of which loans collateralised by residential immovable property								
13 of which: building renovation loans								
14 of which: motor vehicle loans								
<b>15 Local government financing</b>	<b>100.00</b>							
16 Housing financing	100.00							
17 Other local government financing								
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>	<b>100.00</b>							
<b>19 Exposures included on a voluntary basis<sup>2)</sup></b>	<b>99.70</b>	<b>3.18</b>	<b>3.18</b>					
<b>20 Total GAR assets</b>	<b>89.20</b>	<b>2.74</b>	<b>2.73</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

&gt;

% (compared to corresponding total covered assets in the denominator)	i of which Use of Proceeds	j of which transitional	k of which enabling	l Proportion of Taxonomy aligned in Taxo- nomy eligible	m Non-assessed exposures <sup>1)</sup>
<b>1 GAR – Covered assets in both numerator and denominator</b>					
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	0.00	0.06	0.08	2.06	2.60
<b>3 Financial undertakings</b>	0.00	0.07	0.09	3.54	
4 Loans and advances	0.02	0.03	0.01	0.24	
5 Debt securities, including UoP		0.08	0.11	6.35	
6 Equity instruments					
<b>7 Non-financial undertakings</b>					
8 Loans and advances					
9 Debt securities, including UoP					
10 Equity instruments					
<b>11 Households</b>					100.00
12 of which loans collateralised by residential immovable property					100.00
13 of which: building renovation loans					
14 of which: motor vehicle loans					
<b>15 Local government financing</b>					
16 Housing financing					
17 Other local government financing					
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>					
<b>19 Exposures included on a voluntary basis<sup>2)</sup></b>	3.18			3.19	
<b>20 Total GAR assets</b>	2.67	0.01	0.01	3.07	0.36

<sup>1)</sup> In accordance with Article 7(8) of this Regulation

<sup>2)</sup> In accordance with Article 7(3) of this Regulation

## GAR KPI flow – CapEx

% (compared to corresponding total covered assets in the denominator)	a	b	c	Breakdown per environmental objective				h
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	
<b>1 GAR – Covered assets in both numerator and denominator</b>								
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	<b>60.08</b>	<b>0.13</b>	<b>0.12</b>	<b>0.01</b>				
<b>3 Financial undertakings</b>	<b>39.26</b>	<b>0.20</b>	<b>0.18</b>	<b>0.02</b>				
4 Loans and advances	41.56	0.08	0.06	0.02				
5 Debt securities, including UoP	19.11	1.26	1.26					
6 Equity instruments								
<b>7 Non-financial undertakings</b>	<b>100.00</b>							
8 Loans and advances	100.00							
9 Debt securities, including UoP								
10 Equity instruments								
<b>11 Households</b>								
12 of which loans collateralised by residential immovable property								
13 of which: building renovation loans								
14 of which: motor vehicle loans								
<b>15 Local government financing</b>								
16 Housing financing								
17 Other local government financing								
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>	<b>100.00</b>							
<b>19 Exposures included on a voluntary basis<sup>2)</sup></b>	<b>89.50</b>	<b>3.50</b>	<b>3.50</b>					
<b>20 Total GAR assets</b>	<b>84.66</b>	<b>2.89</b>	<b>2.88</b>	<b>0.00</b>				

&gt;

% (compared to corresponding total covered assets in the denominator)	i of which Use of Proceeds	j of which transitional	k of which enabling	l Proportion of Taxonomy aligned in Taxo- nomy eligible	m Non-assessed exposures <sup>1)</sup>
<b>1 GAR – Covered assets in both numerator and denominator</b>					
<b>2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation</b>	0.01	0.04	0.01	0.22	
<b>3 Financial undertakings</b>	0.02	0.06	0.01	0.51	
4 Loans and advances	0.02	0.03	0.01	0.19	
5 Debt securities, including UoP		0.24	0.07	6.61	
6 Equity instruments					
<b>7 Non-financial undertakings</b>					
8 Loans and advances					
9 Debt securities, including UoP					
10 Equity instruments					
<b>11 Households</b>					
12 of which loans collateralised by residential immovable property					
13 of which: building renovation loans					
14 of which: motor vehicle loans					
<b>15 Local government financing</b>					
16 Housing financing					
17 Other local government financing					
<b>18 Collateral obtained by taking possession: residential and commercial immovable properties</b>					
<b>19 Exposures included on a voluntary basis<sup>2)</sup></b>	3.50			3.91	
<b>20 Total GAR assets</b>	2.87	0.01	0.00	3.41	

<sup>1)</sup> In accordance with Article 7(8) of this Regulation

<sup>2)</sup> In accordance with Article 7(3) of this Regulation

#### KPI off-balance sheet exposures – stock – CAPEX

% (compared to corresponding total off-balance sheet assets)	a Taxonomy-eligible	b Taxonomy-aligned	Breakdown per environmental objective					h Biodiversity and Ecosystems (BIO)
			c Climate Change Mitigation (CCM)	d Climate Change Adaptation (CCA)	e Water and marine resources (WTR)	f Circular economy (CE)	g Pollution (PPC)	
1 Financial guarantees (FinGuar KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

% (compared to corresponding total off-balance sheet assets)	i of which Use of Proceeds	j of which transitional	k of which enabling	l Non-assessed exposures <sup>1)</sup>
1 Financial guarantees (FinGuar KPI)		N/A	N/A	N/A
2 Assets under management (AuM KPI)		N/A	N/A	N/A

<sup>1)</sup> In accordance with Article 7(8) of this Regulation

**KPI off-balance sheet exposures – Flows – turnover**

	a	b	c	Breakdown per environmental objective				h
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	
% (compared to corresponding total off-balance sheet assets)								
1 Financial guarantees (FinGuar KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	i	j	k	l
% (compared to corresponding total off-balance sheet assets)				
1 Financial guarantees (FinGuar KPI)	N/A	N/A	N/A	N/A
2 Assets under management (AuM KPI)	N/A	N/A	N/A	N/A

<sup>1)</sup> In accordance with Article 7(8) of this Regulation

**ESRS E1: Climate change****Policies related to climate change mitigation and adaptation****E1-1 Transition plan for climate change mitigation****E1-1 14-16**

As a provider of finance for commercial property, Aareal Bank Group recognises its responsibility and the importance of the commercial real estate sector to meeting international climate action goals. This, coupled with the need to meet current regulatory requirements, was the motivation for the Management Board's resolution of a climate transition plan in 2025. The plan contains short-, medium- and long-term decarbonisation targets that form part of a defined carbon reduction pathway. Additional defined decarbonisation levers, which will use operational measures to support target achievement, will apply starting in 2026.

The greatest contribution that Aareal Bank Group, as a financial institution, can make to international climate change mitigation is to decarbonise its financed emissions (Scope 3, category 15), since these account for the largest share of its emissions. For this reason, Aareal Bank Group has already been supporting its clients for several years as they transition to renewable sources of energy. The goal is to decarbonise the loan portfolio in line with the requirements of the Paris Agreement on climate change. The climate goals are being defined as part of transition planning, which is structured along clearly defined timelines.

The medium-term target set for the loan portfolio was to reduce the financed properties' emissions intensity by approximately 40% in the period up to 2030 (compared to the defined base year of 2023). This corresponds to a target emissions intensity of approximately 33 kg CO<sub>2</sub>e/m<sup>2</sup>. The long-term target for 2050 is for an emissions intensity corridor of between approximately 1 kg CO<sub>2</sub>e/m<sup>2</sup> and approximately 6 kg CO<sub>2</sub>e/m<sup>2</sup>.

In addition, Aareal Bank Group has set itself a medium-term target for emissions from own operations (Scope 1 and 2). The goal is to reduce emissions from own operations (Scope 1 and 2) by 42% (571 t CO<sub>2</sub>e) in the medium term (up to 2030) compared to the 2023 base year. Since emissions from own operations only account for a very small share of Aareal Bank Group's total emissions compared to financed emissions (Scope 3, category 15), the transition plan focuses overall on financed emissions. For further details of the targets, see chapter E1-4. The Bank's business model means that it does not have any relevant locked-in emissions.

Internationally recognised frameworks and science-based methods were used to develop the climate goals. These included the Paris Agreement on climate change, the International Energy Agency (IEA), the Science Based Targets Initiative (SBTi), the Partnership for

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Carbon Accounting Financials (PCAF) and the Carbon Risk Real Estate Monitor (CRREM). Stakeholder interests and the timing of material climate-related impacts, risks and opportunities were taken into account. Aareal Bank is not excluded from the EU Paris-aligned Benchmarks.

Concrete emissions targets were derived using the SBTi's Sectoral Decarbonization Approach (SDA) and form the basis for a robust, science-based system of climate goals. The target set for emissions from own operations is in line with the SBTi requirements for corporate near-term targets. 2023 was defined as the base year for the loan portfolio and emissions from own operations.

The transition plan describes in detail how the science-based climate goals and the measures to reduce financed emissions in the loan portfolio (in accordance with Scope 3, category 15 of the GHG Protocol), emissions from own operations (Scope 1 and 2) and reduction measures were arrived at. In addition, the transition plan is being embedded in the systematic process for capturing and managing sustainability risks, Aareal Bank Group's strategic planning and decisions, and the governance structure. This work is expected to be completed in 2026. The transition plan also contains mechanisms for measuring progress and monitoring the defined transitional measures and targets; these will apply from 2026 onwards.

A number of decarbonisation levers for achieving the defined climate goals have been identified; these will apply from 2026 onwards in addition to the measures and efforts already in force. They are described in greater detail in chapter E1-3. At the loan portfolio level, key measures aimed at helping to reduce emissions intensity are an optimised and more in-depth client dialogue, queries regarding the greater use of green electricity in the property portfolio and financing for comparatively modern, low-emissions properties. As regards emissions from Aareal Bank's own operations, ways in which emissions will be reduced include the prospective expansion of renewable energy sourcing and updating the Company Car Policy.

No progress with the climate transition plan can be reported as at the 31 December 2025 reporting date, since the plan was only adopted for the first time in 2025 and the decarbonisation levers defined in it will only be actively managed as from 2026 onwards. Nevertheless, average emissions intensity in the loan portfolio had already decreased by approximately 5 kg CO<sub>2</sub>/m<sup>2</sup> as at the 31 December 2025 reporting date compared to the 2023 base year.

### **Material impacts, risks and opportunities and their interaction with the strategy and the business model**

#### **E1 18-19 SBM-3 ESRS 2 48**

See the section entitled "Impact, risk and opportunity management" in ESRS 2 for information on the material impacts, risks and opportunities pursuant to ESRS E1 SBM-3.

### **Management of impacts, risks and opportunities in relation to climate change mitigation and climate change adaptation**

#### **E1-2 – Strategies related to climate change mitigation and adaptation**

##### **E1-2 22-25**

Limiting climate change and adapting to the changes associated with it are incorporated in the business strategy that applies to all of Aareal Bank Group's global business activities. This business strategy is resolved by Aareal Bank AG's full Management Board following discussion by the Supervisory Board, and reflects Aareal Bank Group's basic strategic orientation. The business strategy enshrines the Bank's broader definition of sustainability, of its sustainability approach and of its level of ambition for its ESG performance, along with qualitative and quantitative ESG targets at the corporate level. Aareal Bank Group is a financial services provider with a business model that is focused on the property industry and associated sectors, and the key role played by this industry means that the Group has, and lives up to, a particular responsibility when it comes to helping to ensure the sustainable transformation of the economy and society. It aims to work together with its clients, to the extent that it can influence these, to help meet international climate change mitigation goals and the United Nations' Sustainable Development Goals (SDGs). In addition, the business strategy defines performance-related ESG KPIs. Aareal Bank Group acts in the best interests of its stakeholders at all times when developing and updating its business strategy. Aareal Bank Group has identified the opportunities and risks that are relevant to its business model and monitors these regularly, including in relation to their relevance for shaping its business strategy. Aareal Bank Group uses a variety of frameworks to address and manage the material IROs relating to climate change. Apart from the business and sustainability strategy, which focuses in particular on climate change mitigation and climate change adaptation, these include the Green Finance Frameworks for Lending and Liabilities, and the enterprise-wide Environmental Guidelines. The Environmental Guidelines

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mainly comprise guidelines on resource efficient behaviour and energy efficiency, including the use of renewable energy. The business strategy (including the integrated ESG aspects) is the overarching document, while the policies for improving the negative impacts and the risks of own operations are primarily set out in the Environmental Guidelines, which emphasise a responsible approach to the environment, the climate and natural resources. Key impacts and risks include increased carbon emissions from data centres, company cars and fuels, plus the growing need for heating and cooling, and business travel and travel by consultants. The Green Finance Frameworks set out the criteria for green financing and funding.

Aareal Bank Group constantly tracks changes in client and investor behaviour with respect to their growing need for green offerings on both the asset and equity and liabilities sides of the business, and derives opportunities for its own business model from them. These are then examined during the strategy process and taken into account as appropriate when designing the business strategy. One particular example is the continuous expansion and enhancement of the green product range in all segments. In addition, a specific transition pathway for the financing portfolio was defined and resolved in 2025. This describes the Bank's intended approach of using a target corridor to transition the loan portfolio to net zero.

With regard to risks, the main focus is on climate change risks and associated transition risks, and on physical climate risks. In addition, at a strategic level the commercial real estate sector's particular exposure to transition and physical risks is taken into consideration, and this is ultimately used to define the strategic direction and ESG targets. The identified risk matters are given particular prominence in the relevant risk strategies and risk models, and in the underlying frameworks.

The risk strategy is part of the overall strategy and is resolved by the full Management Board. It is binding and valid for all of Aareal Bank AG's Sales and Credit Management units and for the Risk Management units, Finance & Controlling and Corporate Affairs, as well as for those Aareal Bank AG subsidiaries that are directly active in the financial sector and that are viewed integrally. It is reviewed and updated as part of a defined process. The risk strategy is aligned with the business strategy and the Risk Appetite Statement, which contain objectives and targets for the two segments – Structured Property Financing (SPF) and Banking & Digital Solutions (BDS) – based on a multi-year horizon. It documents the main objectives and features of risk management. It contains approaches for mitigating and limiting the material risk types identified in the risk inventory. It also includes the mission statement for credit risk management and the risk appetite policy for Aareal Bank Group, which both identify, using the current risk profile, to what extent Aareal Bank Group is willing to take on risk. Aareal Bank Group's risk strategy consists of modular sub-risk strategies, including its credit risk strategy. ESG criteria play an increasingly important role in lending decisions, especially when it comes to assessing the sustainable value of the properties in question. The loan application not only captures ESG-related information for use in property valuations but also defines an ESG score. Stricter lending conditions apply when entering into loans in the two worst score categories. In addition, carbon emissions values are included in the lending decisions on properties or groups of properties to be financed. This information permits an assessment to be made of how the properties to be financed will influence the Bank's ability to achieve the carbon target for the loan portfolio. In the case of physical risks, a check for hazards is made when the application is submitted using data supplied by an external provider. Where hazards are found to exist, the borrower must prove that it has the relevant insurance policies.

As regards opportunities, Aareal Bank Group's green funding and financing activities adhere closely to the Green Finance Framework that the Bank has defined for this purpose. This is set out in the Green Finance Frameworks for Lending and Liabilities, and is based on the Loan Market Association's Green Loan Principles and the ICMA Green Bond Principles. It is supported by the opportunities identified in the double materiality assessment, which identified ESG-compliant asset classes and the extension of the product portfolio to include green products as opportunities for Aareal Bank Group's business model along with improving energy efficiency. These frameworks enable the origination of green loans, which are linked to compliance with defined green qualification criteria. In addition, green funding instruments that comply with predefined green standards can be placed on the market. These green products offer clients, investors and the Bank itself a variety of opportunities such as reduced collateral risks or a broader investor base. This opens up business opportunities for leveraging green finance and funding activities by specifically addressing client and investor needs and offering suitable products. The ESG Expert Committee and a team of experts known as the Green Asset Pool Management Group continuously oversee the design of the Green Finance Framework, the appropriateness of the qualification criteria it defines, and compliance with the requirements it sets out. All of the Bank's clients and investors have access to green asset- and equity and liabilities-side products that are originated or issued under the Green Finance Frameworks. The frameworks potentially apply to all jurisdictions and asset classes in which Aareal Bank AG does business. It relates to the properties financed by Aareal Bank AG in its downstream value chain.

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## E1-3 – Actions and resources in relation to climate change policies

### E1-3 26-29, AR21

Aareal Bank Group accompanies and supports the sustainable transformation of the economy and society by taking an integrated approach to sustainability. The Group intends to do its bit to help meet the international climate protection goals set out in the Paris Agreement on climate change and the United Nations' Sustainable Development Goals (SDGs). Aareal Bank Group sees incorporating climate-related matters in its business model as one of the material criteria for securing its business success in the long term, so as to fulfil its responsibility to the environment and society. It sees and embeds ESG as an integral part of its business strategy, aligning itself with it and continuously enhancing itself on this basis. Aareal Bank AG is aware that it can make its largest positive contribution to limiting climate change to an acceptable level by optimising its loan portfolio in accordance with environmental criteria. Consequently, it has made this insight an integral component of its business strategy and of the derivation of the levels of ambition resulting from it. Above and beyond this, however, it is also aware of the relevance of the environmental and climate impacts resulting from its own operations, and endeavours to systematically align them with its strategic ambitions.

As part of the strategic ESG targets anchored in its business strategy, Aareal Bank Group focuses among other things on continuously extending its green finance activities on both the assets and the equity and liabilities sides of its balance sheet, and on increasing the transparency of Aareal Bank AG's loan portfolio.

Aareal Bank AG already expanded its product range a number of years ago to include ESG-compliant green lending and green funding products, and has significantly increased their volume. In addition, major progress was made with respect to ESG portfolio transparency.

A number of actions were taken to achieve the targets in reporting year 2025:

- On the assets side, new green loans of approximately € 5.1 billion had been entered into as of the 31 December 2025 reporting date, increasing the total volume of green loans to € 11.3 billion. Green loans are based on the Aareal Green Finance Framework – Lending, the uniform framework that defines Aareal Bank AG's standards for originating green asset-side products (loans). Green loans verifiably meet the green qualification criteria set out in the Green Finance Framework – Lending and hence contribute at a number of levels to the success of the sustainable transformation. In particular, loans that meet the minimum energy efficiency requirements for buildings are associated with minimising the carbon involved in the latter's use and hence with a positive contribution by them to limiting climate change. Other matters such as social aspects also play a role in certification using sustainability certificates. In principle, Aareal Bank AG's green lending products cover all geographical jurisdictions in which the Bank does business, and form part of its downstream value chain. The green credit products offered focus in particular on the needs of clients and investors, but are also in the interests of other stakeholders such as employees, society and external business partners. The maturities of the products vary and are customised to fit clients' needs.
- On the equity and liabilities side, € 487.6 million of green European commercial paper (ECP) had been placed as at the 31 December 2025 reporting date. In addition, € 1,015 million from the issuance of two green benchmarks from 2022 and 2024, of € 500 million each, and € 15 million from green private placements, were outstanding as at the 31 December 2025 reporting date. The issuance of green funding products is based on the Aareal Green Finance Framework – Liabilities, the uniform framework that defines Aareal Bank AG's standards for issuing green equity and liabilities side products. Aareal Bank AG's green issues therefore help to direct investments towards sustainable buildings, and contribute at a number of levels to the success of the sustainable transformation. In particular, property finance in the green asset pool that meets the minimum energy efficiency requirements for buildings is associated with usage that is as low-carbon as possible, and hence with a positive contribution by the building concerned to limiting climate change. Additionally, finance may qualify for the green asset pool using green building certificates. The range of green funding products offered is targeted particularly towards investor requirements.

As regards offering financing and funding products, Aareal Bank AG is working to continuously enhance its ESG data pool with a view to ensuring the informative value of the climate performance information for these products. The goal is to further increase transparency in terms of data availability and quality. A number of measures that were launched in previous years were continued in the reporting year.

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This includes in particular the actions listed below:

- The collection at the level of the financed properties of environmental and climate-related data such as information on their energy efficiency, sustainable building certifications and carbon emissions. Such data enable Aareal Bank AG to assess the environmental quality and development of its property financing portfolio. These data will continue to be collected on an ongoing basis in line with the processes defined in the Credit Manual and the Quality Manual; this applies to all countries and property types where Aareal Bank Group is active. The Bank aims to use a continuous improvement process to successively enhance the completeness and quality of the data pool. The data are of interest firstly to Aareal Bank Group itself but also to external stakeholders such as clients, investors, associations and other market participants.
- Aareal Bank Group's membership of, and active participation in, the D/A/CH/LI region of the PCAF network (Commercial Real Estate and Mortgages subgroup) allowed it to work together with other financial and banking market participants to continue driving forward use of the PCAF standard in practice. With respect to ensuring the informative value of its climate performance information, Aareal Bank AG published another report on financed carbon emissions in its Commercial Real Estate Financing portfolio in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard in reporting year 2025. As was the case in the previous year, this created a high degree of climate transparency in the portfolio and made an important contribution to the goal of achieving a large measure of transparency. A comprehensive and qualitatively robust pool of data on the loan portfolio's carbon footprint serves as the foundation for all other strategic considerations in connection with the necessary process of decarbonisation. This includes in particular the data underlying the climate transition plan that was developed in line with science-based targets. An initiative launched in 2025 made further progress with the identification and initial assessment of the key levers and mechanisms required to pursue a long-term transition plan. Carbon transparency was achieved for all countries and property classes in the loan portfolio and is of interest in particular to investors, clients and ratings agencies, but also to the relevant employee groups/levels of management.
- In addition, Aareal Bank AG prepared another Green Bond Allocation & Impact Report, which also contains the methodology used to calculate carbon avoidance, together with an external service provider. The report makes it possible to provide investors in green funding products not only with information about the products' composition but also with specific information about energy savings and carbon avoidance. This is done by comparing the funding instruments in the green asset pool with the individual market average. This information was collected for all collateral contained in the green asset pool, regardless of the country and property class involved, and a variety of KPIs based on it were calculated and published at pool level. Comprehensive transparency in relation to green funding helps Aareal Bank Group's investors to make specific decisions in relation to their ambitions to limit climate change, and to specifically direct investment flows towards sustainable, low-carbon buildings.

The above-mentioned projects and initiatives played a major role in facilitating the development of long-term transition planning in reporting year 2025 in a project set up for this. In line with this, Aareal Bank Group has prepared its specific transition plan using a science-based climate transition pathway.

In this climate transition plan, Aareal Bank Group accompanies and provides support for the sustainable transformation of the economy and society by defining climate goals and developing concrete decarbonisation levers to achieve them.

With regard to the medium-term climate goal for 2030, three core overarching decarbonisation levers that take into account Aareal Bank AG's direct and indirect abilities to exert an influence were identified as suitable actions at loan portfolio level. The actions are optimised client dialogue, transparency regarding the use of green electricity and the rejuvenation of the existing properties in the loan portfolio. The following actions are designed to reach the medium-term goal by 2030 (these will be used/optimised from 2026 onwards in addition to the efforts taken to date).

- Optimised client dialogue: A more in-depth and optimised dialogue with clients aims to capture more, and more precise, data on the properties financed (including options to reduce emissions).
- Potential for green electricity: The client dialogue will also obtain information on, and hence possibly encourage, the increased use of green electricity in the properties financed by Aareal Bank AG. This lever comprises the potential impact of the use of renewable sources of energy in the properties in Europe and the associated reduction in emissions.

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- **Rejuvenated property portfolio:** A rejuvenation of the property portfolio can be expected in the course of normal changes to the loan portfolio. A rejuvenation of the properties in the existing portfolio (recent construction dates from 2020 onwards) can be expected to reduce the financed emissions for Aareal Bank AG's portfolio.

One core obstacle to implementing a consistent decarbonisation strategy is the political situation in the various countries in which Aareal Bank Group is active. The ability to define and implement realistic climate goals depends materially on the availability of low-emissions properties that fit the Bank's business plan and strategic focus, and of reliable data at market level. This being the case, the Bank focuses at a strategic level on markets in which science-based reduction pathways and adequate regulatory and market-economy-based frameworks exist. The US market represents a particular challenge in this context, since it is the only country to have left the Paris Agreement. Despite this, the importance of the US market for the overall portfolio means that it has been included in the Bank's global target corridor.

The ongoing expansion of regulatory requirements at European and international level means that internal processes, control logic and governance structures must be constantly enhanced. This need for changes affects not only reporting but also the implementation at an operational level of the transition strategy within the organisation. The resulting resource requirements and coordination effort are an operational challenge.

Equally, at a methodological level the pace of change in international standard-setting (including by the SBTi, the PCAF and other relevant bodies) means that the target definition logic has to be regularly reviewed. In the longer term, this requires not only expanding the methodology but also making structural adaptations regarding data availability, the valuation system and the reporting infrastructure.

The following fundamental management measures to increase energy efficiency and reduce emissions were taken to reach Aareal Bank AG's emissions target, which aims to achieve climate-neutral own operations through offsetting in reporting year 2025. These measures form the basis for its actions in line with the principle of "avoid, reduce, offset".

- **The use of verifiably emission-free green energy:** Using green energy reduces Scope 2 (market based) carbon emissions. Once again, all electricity requirements at the Wiesbaden headquarters were met by certified and verifiably emission-free green electricity in reporting year 2025. Aareal's headquarters in Wiesbaden is also the Bank's largest location. In addition, Wiesbaden sources a high proportion of district heating from environmentally friendly CHP plants and renewable energy. This action relates to our own business operations. Potential stakeholder groups include clients, investors and employees. The action (sourcing green electricity) is performed annually on the basis of an ongoing contractual relationship with an energy supplier. There are no plans to terminate it at this time, and nor is this foreseeable.
- **Reliable calculation of environmental and emissions metrics:** In 2025/2026, environmental and emissions data for financial year 2025 were again calculated using the VfU Kennzahlen ("VfU metrics") tool. Capturing the Bank's own environmental KPIs and drawing up its own climate footprint are a key management tool for reducing carbon emissions. In addition, this lays the foundations for achieving the Bank's target of climate-neutral own operations through offsetting. This tool, which has been published and continuously updated for the last 20 years or so by the Association for Environmental Management in Banks, Savings Banks and Insurance Companies (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. – VfU) is an established standard solution for the sector that is used by a wide range of financial institutions. The data for financial year 2024 were also captured using this tool. The process used covers all of Aareal Bank Group's domestic and foreign locations including significant subsidiaries, equity interests and foreclosed assets. The data are supplied by the responsible staff members at the locations concerned, who capture and provide all data that can be supplied with reasonable effort. If the early timing of data capture means that no data are available at the time of the query, Aareal Bank Group reserves the right to fill the gaps with prior-year data, estimates and projections with the assistance of the VfU Kennzahlen tool. This action relates to Aareal Bank Group's own business operations. Potential stakeholder groups include clients, investors and employees. The action is performed annually in the context of sustainability reporting. There are no plans to discontinue data collection in future.

Additional energy efficiency enhancement measures were also implemented; these were planned in advance by Facility Management with the aim of achieving the Bank's target of climate-neutral own operations through offsetting. In a preliminary measure, another comprehensive energy audit in accordance with the German Energy Services Act (Gesetz über Energiedienstleistungen und andere

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Energieeffizienzmaßnahmen – EDL-G) was performed in 2023. This resulted in a list of measures to be taken in the 2025 reporting year to further improve energy and resource efficiency at our Wiesbaden location. The following measures apply solely to the Wiesbaden headquarters. Potentially affected stakeholder groups are employees, clients and business partners. The actions can be described as follows:

- Repair of a photovoltaic plant to permit self-sufficient heat use: Existing solar panels on a building at the Wiesbaden site were restored as planned during the reporting year 2025 so as to permit heat to be stored self-sufficiently and fed in to the building concerned. Generating heat in this way allows energy to be saved by reducing the need for external heating. This action relates to the Bank's own operations. It was launched in March 2025 and completed in May of the same year. The costs involved were approximately € 4,500. It is not possible at present to anticipate the size of the carbon savings expected; these will probably only become apparent at the beginning of 2026.
- Retrofitting of lighting in the main building completed: Ongoing LED retrofitting of the lighting in lifts, kitchens and corridors started in 2023 and was continued in the following years. Aareal Bank AG expects to reduce its consumption as a result, which is why the reduction achieved by retrofitting is counted towards the goal of achieving climate-neutral business operations through offsetting. However, no precise forecast for emission savings can be made at present. This action relates to the Bank's own operations. The costs involved were approximately € 70,600.

As expected, approximately € 1.5 million in total was budgeted for energy costs (electricity, heating, gas, equipment and water) for the Wiesbaden, Essen and Berlin locations (OpEx) in reporting year 2025. It is assumed that the energy efficiency measures already mentioned will permit a further reduction in the coming years.

Additional retrofitting of the lighting at the Wiesbaden site is also planned for 2026 so as to ensure that efficient progress towards the goal of limiting the Bank's own greenhouse gas emissions and achieving climate neutrality through offsetting can continue in the future as well. This is expected to cost approximately € 40,000. In addition, the process of replacing heat pumps by more energy-efficient versions will be continued. This action is performed as needed. The implemented and planned measures are climate change mitigation actions.

No climate change adaptation actions have been taken as yet for the Bank's own office buildings. Unavoidable emissions for 2024 were offset in order to reach the ultimate goal of achieving climate neutrality in operations through offsetting following avoidance and reduction, as set out in the business strategy. In addition, offsetting of the corresponding emissions for the 2025 financial year was planned and included in the internal departmental budgets. In addition, Aareal Bank AG's employees are made aware of energy-saving measures on an ongoing basis.

Aareal Bank Group's climate transition plan also helps to shape the transformation to a resource-efficient and climate-friendly future in its own operations. The Group is aiming to continuously reduce the impact of its own operations on the environment by deploying modern technology, making dedicated efficiency enhancements in its operations and where possible increasing the use of renewable energy.

Aareal Bank AG is taking a variety of actions to reduce negative environmental impacts from its own operations. Among other things, it is aiming where possible to expand the sourcing of green electricity and heat generated from renewable fuels at the Bank's sites. In addition, emissions are being reduced in operations by continuously updating the Company Car Policy and systematically modernising the vehicle fleet.

The above-mentioned measures are conducted on an ongoing basis. No progress report on the individual measures is available to date. The scope of the measures relates to the Bank's own operations and covers all countries in which Aareal Bank AG does business at an own location.

In addition to the decarbonisation measures taken at the headquarters in Wiesbaden, the challenges associated with reaching the climate goals for the Bank's own operations primarily relate to its dependence on third-party decarbonisation. As the tenant of the properties needed for its own banking operations, Aareal Bank Group depends on the energy efficiency measures taken and planned by the owner of the properties in which it leases premises. In addition, it cannot be assumed that green electricity and heat from

renewable energy sources will be available at all locations, since this depends on the local utilities. The other key decarbonisation levers in the Bank's own operations apart from the above-mentioned efficiency measures consist of efficient recycling, promoting the circular economy and using renewable energy sources. Added to this is the use of energy-efficient technical equipment to reduce carbon emissions. As a matter of principle, implementing technical measures to increase energy efficiency depends not only on the human resources available but also on suppliers and on the availability of materials on the market. At present, Aareal Bank Group is unable to predict whether it will be possible to use nature-based solutions as climate change mitigation actions. However, it is continuing to monitor developments in this area.

## Metrics and targets related to climate change mitigation and adaptation

### E1-4 – Targets related to climate change mitigation and adaptation

#### E1-4 30-34, AR25, AR30c

Aareal Bank Group's business strategy and the positioning enshrined in it focus on expanding the Bank's green finance activities and its contribution to decarbonisation. In addition, in its own operations the Bank is pursuing the target of limiting its own greenhouse gas emissions and achieving climate neutrality by offsetting. This target is not currently based on the use of scientific methods. Rather, the "avoid, reduce, offset" approach that is also set out in Aareal Bank AG's internal Environmental Guidelines is taken. In line with this, the first step is always to attempt where possible to completely avoid, or to reduce, carbon emissions in the Bank's own operations by taking the actions and initiatives described. All stakeholders are included as a matter of principle in implementing the target. In addition to the Bank's staff – who are made aware of the need to reduce emissions – the most relevant stakeholders here are the Facility Management staff responsible for implementing the savings measures at the Bank's headquarters in Wiesbaden. Aareal Bank AG's central Sustainability Management function is responsible for setting the target and is in constant contact with affected and supporting units within the Bank. For example, it works together with Aareal Bank AG's Facility Management to develop, assess and implement actions to achieve the goal of climate neutrality. Among other things, these initiatives and actions include sourcing green electricity and the use of low-emission heating, the constant optimisation and electrification of the vehicle fleet and enhancing digital collaboration so as to reduce the need to travel. Emissions that cannot be avoided or reduced have been offset since financial year 2023 using a specialist provider, ultimately permitting climate-neutral operations to be achieved through offsetting.

In addition to the emission reduction target for its own operations that has already been mentioned, Aareal Bank Group has set itself a variety of goals aimed at further reducing the negative influences from its financing activities and managing material climate-related IROs.

One focus of the strategic ESG targets anchored in the business strategy is on continuously extending Aareal Bank Group's green finance activities. Aareal Bank AG already expanded its product range a number of years ago to include ESG-compliant green lending and green funding products, and has significantly increased their volume. Aareal Bank AG is planning to continue on this path in future, as can be seen from the short- and medium-term targets that it has quantified.

In 2025, Aareal Bank AG already met its 2027 target volume of € 7-8 billion in green loans under its 2023 Green Finance Framework. New green loans totalling approximately € 5.1 billion were entered into in the year as a whole, lifting the total portfolio of green loans by € 3.7 billion to approximately € 11.3 billion. The figure of € 5.1 billion comprises both new business and loan renewals. In this context, it should be noted that changes in the existing loan portfolio can also occur because some existing clients may have submitted the necessary undertaking and certificates for the first time, or because other loans have lost their "green" status. Aareal Bank AG is working to enhance the targets for its green financing business for the coming years.

No green benchmark transactions were executed in reporting year 2025 since there was no need for senior benchmark issues. The need was met by issuing short-term bearer bonds (green European commercial paper). On the equity and liabilities side, Aareal Bank AG has set itself the goal of regularly issuing green funding instruments. In 2026, Aareal Bank AG is planning its first green funding activities in the Pfandbrief segment. In addition, Aareal Bank Group is pursuing the goal of achieving full carbon transparency for its lending business activities and enhancing data quality on an ongoing basis, so as to better measure and manage the positive contribution made by its green finance activities going forward. As a provider of commercial property finance, Aareal Bank AG has recognised the considerable significance of the carbon emissions financed by the loans it grants, and in 2025 it published its second PCAF Report on Financed Emissions for financial year 2024.

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In its climate transition plan, Aareal Bank Group has set itself emissions reduction targets – a major contribution to international climate goals and the transformation to a sustainable society. The clear focus here is on the core financed emissions from the loan portfolio (Scope 3, category 15): emissions from own operations carry substantially less weight than those in the loan portfolio.

In terms of their scope, the decarbonisation goals for the loan portfolio cover lending and portfolio management in the downstream value chain and apply to all countries in which Aareal Bank Group is active in the area of Structured Property Financing. The goal of the measures that have been developed is to systematically develop the portfolio in line with the defined decarbonisation pathways. Regulatory requirements, technical feasibility and the economic framework are considered to an equal extent in this process.

The climate goals are implemented using a strategic overall plan that is structured along defined timelines. A portfolio-weighted emissions intensity metric expressed in kg CO<sub>2</sub>e/m<sup>2</sup> is used for strategic planning and for evaluating progress. This indicator shows the average amount of CO<sub>2</sub>e that the portfolio causes in relation to the space that has been financed. This approach permits a climate goal that is both compatible with economic growth and makes a material contribution to the decarbonisation objective. In line with this, all financed emissions targets (Scope 3, category 15) are reported in terms of emissions per square meter. The starting point for calculating the targets is the 2023 base year, in which the intensity value was approximately 55 kg CO<sub>2</sub>e/m<sup>2</sup>.

The planning is broken down into two periods – a medium-term period up to 2030 and a long-term one up to 2050 – in line with the goals set. The target carbon intensity for 2030 is approximately 33 kg CO<sub>2</sub>e/m<sup>2</sup>. A target corridor will be defined for the period as from 2030. The target corridor permits country-specific differences and associated uncertainties to be reflected. This target architecture creates transparency and enables step-by-step, measurable and clearly understandable management of emissions trends in the portfolio. As a result, the target corridor in the 2050 target year will be between approximately 1 and approximately 6 kg CO<sub>2</sub>e/m<sup>2</sup>. For 2050, this target corresponds to an 88-98% reduction compared to the figure for the 2023 base year. The base year will be reviewed, and if necessary adapted, starting in 2030.

Aareal Bank Group's climate goals were derived from science-based data from CRREM, which provides climate scenarios for the property sector, and the SBTi's SDA methodology. CRREM provides country- and use-specific CO<sub>2</sub>e reduction pathways that are aligned with the Paris Agreement on climate change. The SDA methodology allows relative emissions reduction pathways to be defined in line with the 2023 portfolio baseline, and serves as the floor of the target corridor for the medium- and long-term targets. Concrete target years and interim targets were defined on the basis of the target pathways arrived at. The interim target for 2030 is based on the EU requirement of a 55% reduction in emissions compared to 1990. The target corridor for the period from 2030 onwards was determined using country-specific characteristics.

One core uncertainty factor here is the fact that the USA has withdrawn from the Paris Agreement on climate change. The Climate Action Tracker's assessment of the USA's climate policy as "critically insufficient" further underscores the country's limited ambition and means that the USA has to be considered separately. In view of this, the SDA methodology was not used for the USA's country-specific decarbonisation pathway. Instead, the Business as Usual scenario (BaU), which corresponds to the IEA's Stated Policies Scenario, serves as a reference. This scenario shows the impacts that will occur if no additional decarbonisation measures are taken and the emissions merely decrease over time as a result of ongoing emissions reductions in the energy sector, but do not reach net zero by 2050. By contrast, the other countries in which Aareal Bank Group is active were modelled using the SDA methodology so as to show the voluntary commitments to the goals of the Paris Agreement on climate change.

Going forward, the progress made in decarbonising the portfolio will be checked at least once a year. Equally, a check will be made at least annually as to whether the progress made corresponds to the original planning, along with an analysis of trends or significant changes in the Company's performance with respect to its target achievement.

The decarbonisation levers intended to be used to reach the climate goals were already explained in more detail in section E1-3. They were defined during the development of the transition plan.

Aareal Bank Group has also defined a decarbonisation target for its own operations: the aim is for emissions from own operations to decrease by 42% in the period up to 2030. The target applies to all countries in which Aareal Bank Group operates. A joint target has been defined for Scope 1 and 2 emissions from own operations. The base year specified is financial year 2023, as is the case for the climate goal for financed emissions.

The SBTi's Corporate Near-Term Tool and its Absolute Contraction Approach (ACA) were used to develop a science-based emissions target.

The SBTi's ACA is a methodological standard for determining science-based emissions targets in which greenhouse gas emissions have to be reduced in absolute terms and regardless of corporate growth. The approach is based on a linear reduction pathway that prescribes a constant annual percentage reduction in emissions in order to reach the necessary level of reductions by a defined target year. This fixed annual rate of reduction ensures that the target set is aligned with the Paris Agreement on climate change.

The progress made with decarbonising own operations will be checked once a year. Equally, a check will be made annually as to whether the progress made corresponds to the original planning, along with an analysis of trends or significant changes in the Company's performance with respect to its target achievement.

In addition to the decarbonisation targets set, Aareal Bank Group is continuing to follow the principle of "avoid, reduce, offset", and is aiming to achieve climate-neutral business operations through offsetting. The goal of achieving climate-neutral business operations through offsetting serves as far as is possible to mitigate negative impacts on climate change above and beyond the above-mentioned emissions reduction measures in own operations. However, offsetting is still only used as a downstream step after avoidance and reduction. This principle is embedded in the Environmental Guidelines.

## E1-5 – Energy consumption and mix

### E1-5 35-43

The energy consumption and mix disclosures in the following table cover all of Aareal Bank AG's domestic and international locations, including the subsidiaries and equity interests over which it has financial and operational control. All data were collected and calculated using the VfU Kennzahlen tool. The figures were reviewed on an ongoing basis together with the tool developer during the calculation process, and were quality-assured. Further details of the methodology for the VfU Kennzahlen tool are given in E1-6.

The Bank's head office in Wiesbaden accounts for a large proportion of its energy consumption, measured in terms of space and employees. All electricity here is green and is sourced from hydroelectric power plants.

#### Energy consumption and mix

	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
MWh		
1 Fuel consumption from coal and coal products (MWh)		–
2 Fuel consumption from crude oil and petroleum products (MWh)	621	1,137
3 Fuel consumption from natural gas (MWh)	482	482
4 Fuel consumption from other fossil sources (MWh)		–
5 Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	3	3
<b>6 Total fossil energy consumption</b>	<b>1,105</b>	<b>1,622</b>
Share of fossil sources in total energy consumption (%)	22	29
<b>7 Consumption from nuclear sources</b>	<b>38</b>	<b>38</b>
Share of consumption from nuclear sources in total energy consumption (%)	1	1
8 Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)		–
9 Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	3,845	3,845
10 Consumption of self-generated non-fuel renewable energy		–
<b>11 Total renewable energy consumption</b>	<b>3,845</b>	<b>3,845</b>
Share of renewable sources in total energy consumption (%)	77	70
<b>Total energy consumption</b>	<b>4,988</b>	<b>5,505</b>

**Energy intensity per net revenue from activities in high climate impact sectors**

	2024	2025	% 2025/2024
mWh/€ mn			
<b>Energy intensity per net revenue</b>			
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	889	990	111 %

**Net revenue from activities in high climate impact sectors**

	2025	2024
€ mn		
<b>Net revenue from activities in high climate impact sectors used to calculate energy intensity</b>		
Net revenue (other)	40	67
Total net revenue (in financial statements)	957	1,041

Net revenue (in financial statements) corresponds to the disclosures under E1-6 AR55 and consequently under IFRS 8 Segment Reporting. Net revenue (other) consists of the revenue from the equity interests in high climate impact sectors only.

The energy intensity figures for the two years differ substantially; this is due to a partial change in the way emissions and consumption were calculated for 2025 at affected companies in high climate impact sectors.

**E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions****E1-6 44-55, AR41**

As in recent years, the VfU Kennzahlen tool was used to comprehensively capture the environmental and emissions data for financial year 2025. Equally, as in the past, we are constantly attempting to expand the scope of the data captured and to improve the quality of the metrics disclosed.

Aareal Bank Group's carbon footprinting includes all Scope 1 and 2 emissions as defined in the GHG Protocol, plus selected Scope 3 emissions that have been identified as being particularly relevant for Aareal Bank. These include e.g. business travel, working from home and – particularly relevant – the financed emissions in Aareal Bank AG's loan portfolio. This last category has also been disclosed separately due to its disproportionately large size in comparison to the other Scope 3 categories. In addition, both the location-based and the market-based methods are used for the Scope 2 emissions for transparency reasons, with the resulting carbon footprints for them being disclosed separately. Since the 2023 reporting year, the capture and calculation of Aareal Bank Group's greenhouse gas footprint for Scope 1, 2 and 3 (with the exception of the financed carbon emissions in the loan portfolio) has been based on the methodology set out in the VfU Kennzahlen. The VfU Kennzahlen tool was published in 1996 by the Verein für Umweltmanagement and Nachhaltigkeit in Finanzinstituten e.V. (VfU) and are continuously updated. The data were captured in close cooperation with the company that was the lead developer for the tool. Additionally, all input and output parameters were continuously validated by an external service provider. The VfU Kennzahlen tool consists of an automated tool and an accompanying manual. Aareal Bank Group's reporting for reporting year 2025 is based on the 2025 version of the VfU Kennzahlen tool. Once again, the data capture process and the evaluation were performed in close cooperation with an external service provider. In-process data validation was also performed.

At a methodological level, the VfU Kennzahlen (metrics) are based on the following principles. The core metrics comprise six operational environmental management categories: building energy (electricity and heat), business travel, water consumption, waste volumes, paper consumption, and coolant and extinguishing agent losses. Subcategories for data capture (e.g. different sorts of electricity, different means of transport, etc.) exist within these six categories.

The seventh category in the VfU core metrics covers the greenhouse gas (GHG) emissions from the six environmental data categories above. For pragmatic reasons, the measure used is GHG equivalents (CO<sub>2</sub>e), with individual greenhouse gases such as methane and nitrous oxide being ignored. These are contained in the upstream stages of the process (e.g. methane emissions associated

with the provision of natural gas), but are converted into CO<sub>2</sub>e. This is methodologically permissible, since the VfU processes are largely based on combustion processes, and hence approximately 90% on carbon emissions, anyway. The GHG factors contained in the VfU Kennzahlen are based on the ecoinvent database. ecoinvent is the world's leading LCI (life cycle inventory) database with more than 20,000 datasets. It was established in 2003 and is based on scientific quality assurance principles. ecoinvent's datasets cover a wide range of products, services and processes, from construction materials to foodstuffs, and from resource extraction to the waste management industry. The ecoinvent processes adopt a life cycle approach, i.e. in addition to the GHG emissions for the process itself (e.g. the combustion of petrol in Scope 1), the pro rata upstream emissions are always provided for Scope 3 reporting (in the example given this would be the refining and transport of petrol, the manufacture of cars and the construction of roads, etc.). The 2025 version of the VfU Kennzahlen tool that was used is based on ecoinvent 3.11 and the IPCC-21 GWP 100-year time horizon. In addition to the ecoinvent GHG factors, country mix data such as the "Strommix Deutschland" that are published by public authorities are made available for selection and use in the VfU Kennzahlen in individual cases. Unreported consumption figures in the electricity, heating, water, paper and waste categories are projected using FTE (full time equivalent) numbers at those locations for which data are not captured. The projection is based on the reported consumption figures per FTE in a specific region (Germany or international). Coolant and extinguishing agent losses have not yet been reported. Experience shows that these account for 1-4% of GHG footprints under the VfU Kennzahlen, depending on leaks or incidents involving large cooling or extinguishing systems.

Due to its size, Aareal Bank Group's headquarters in Wiesbaden is responsible for most of the emissions. Comprehensive real data are available for this site. By contrast, data availability for the other sites is mixed. However, the VfU Kennzahlen tool can be used to plausibly extrapolate missing information on the basis of well-founded assumptions. Alternatively, where available and usable, prior-year data can also be used to determine the current figures.

The emissions caused by foreclosed assets need to be added to the Scope 1 and 2 emissions disclosed in the table below. Scope 1 emissions amount to 2,482 t CO<sub>2</sub> and Scope 2 (location-based) emissions to 7,109 t CO<sub>2</sub>. Consequently, total Scope 1 and 2 emissions from foreclosed assets amount to 9,591 t CO<sub>2</sub>. However, Aareal Bank AG does not have operational control over the emissions produced in relation to the foreclosed assets, which are therefore disclosed separately.

In addition, since the Bank had operational control of La Sessola, a foreclosed asset, until March 2025, the months from January 2025 to March 2025 are reported separately. La Sessola's carbon emissions were calculated using PCAF factors, and amounted to a total of 462 t CO<sub>2</sub>. This figure comprises 139 t of Scope 1 emissions and 323 t of Scope 2 emissions (location-based).

Consequently, Aareal Bank Group's total Scope 1 and 2 emissions in 2025 including foreclosed assets amounted to 2,758 t CO<sub>2</sub> for Scope 1 and 9,068 t CO<sub>2</sub> for Scope 2 (location-based). Scope 3 category 15 includes both the financed emissions from the Commercial Real Estate Financing (CREF) portfolio in the amounts of 632,812 t CO<sub>2</sub> (Scopes 1 and 2) and 7,377,254 t (Scope 3), and the emissions of 396,938 t CO<sub>2</sub> relating to investments in the Treasury portfolio. Calculation of the Scopes 1 and 2 emissions financed by the CREF portfolio is closely modelled on the PCAF Standard, with the first step being to calculate the properties' total emissions in line with the PCAF (the emission factor is multiplied by the energy consumption, the number of square meters, or a combination of the number of square meters and the energy performance certificate, or the CO<sub>2</sub> figures in energy performance certificates are used). The emission factors were largely sourced from the figures contained in the PCAF database (reference year: 2020). In addition, other databases such as the US Building Performance Database were used in particular for non-European markets. The building emissions data obtained are then offset against the relevant attribution factor, which is arrived at by dividing the outstanding loan amount by the value of the property as at the date of the GHG accounting. This procedure is based on the PCAF standard but does not fully comply with the requirements set out there for technical reasons. The method used to calculate Scope 3 for the CREF portfolio was developed and implemented in 2025. It should be noted in this context that the PCAF standard does not provide any emissions factors. The internally developed method takes into account the individual use of the building type, the country in which the property is located, the property's size and the market value/approximate cash flow. These inputs are used to calculate a Scope 3 emissions factor, which is then multiplied by the attribution factor as for Scopes 1 and 2.

The availability of the information needed for a precise calculation can vary substantially depending on the region concerned; comprehensive information is not available in all cases and the situation in non-European markets in particular is considerably less transparent. It is therefore necessary to fall back on practicable estimation techniques and standard market assumptions in addition to real consumption and measurement data in order to arrive at energy values. Established external service providers are one source of the emissions intensity figures used in this process for the properties financed by Aareal Bank AG.

Energy performance certificates (EPCs) are the main source for properties in the European Union and the United Kingdom, since these contain the data needed for the management process. If no EPCs are available or where these are insufficient, an energy appraisal may be commissioned. Where EPCs or comparable energy efficiency documents are missing, the CO<sub>2</sub> figures are estimated as precisely as possible on the basis of comparative PCAF figures and additional databases, taking the information that does exist into account.

The method used to calculate the financed emissions from the Treasury portfolio is based closely on the “listed equity and corporate bonds” and “sovereign debt” assets and the “sub-sovereign debt” subcategory given in Part A of the PCAF standard. In the case of the “listed equity and corporate bonds” category, the PCAF database emission factors for either the revenue or the size of the undertaking are used. Consequently, no real emissions figures were used for listed equity and corporate bonds in financial year 2025; this corresponds to a data quality score of 4. The enterprise value including cash (EVIC) is used for the attribution factor. In the case of the “sovereign debt” category and the “sub-sovereign debt” subcategory, the emission factors for the inflation-adjusted gross domestic product, expressed in purchasing power parity, are used. The denominator for the attribution factor also uses the PPP-adjusted GDP. The target values shown in the following table (Scope 3 category 15) for 2030 and 2050 have been derived from the targets for the portfolio’s greenhouse gas intensity defined in the transition plan (in kg CO<sub>2</sub>/m<sup>2</sup>). Since a target corridor will apply from 2030 onwards, a calculated target range has been given for 2050.

**Table E1-6 AR 48 Breakdown of GHG emissions**

	Retrospective				Milestones and target years		
	2023	2024	2025	% 2025/2024	2025	2030	Annual % target/ Base year (2050)
<b>Scope 1 GHG emissions</b>							
Gross Scope 1 GHG emissions (t CO <sub>2</sub> e) <sup>1)</sup>	518	459	276	0.60	N/A		
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	100	100	100	1.00	N/A		
<b>Scope 2 GHG emissions</b>							
Gross location-based Scope 2 GHG emissions (t CO <sub>2</sub> e)	2,323	1,968	1,959	1.00	N/A		
Gross market-based Scope 2 GHG emissions (t CO <sub>2</sub> e) <sup>1)</sup>	467	419	419	1.00	N/A		
<b>Significant scope 3 GHG emissions</b>							
Total Gross indirect (Scope 3) GHG emissions (t CO <sub>2</sub> e) <sup>2)</sup>	641,172	1,225,685	8,411,060	6.86	N/A		
1 Purchased goods and services <sup>3)</sup>		38	16	0.42	N/A		
Optional sub-category: Cloud computing and data centre services			–		N/A		
2 Capital goods			–		N/A		
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	738	643	525	0.82	N/A		
4 Upstream transportation and distribution			–		N/A		
5 Waste generated in operations	21	15	4	0.27	N/A		
6 Business travel <sup>4)</sup>	732	1,122	1,113	0.99	N/A		
7 Employees commuting		2,259	2,101	0.93	N/A		
8 Upstream leased assets			–		N/A		
9 Downstream transportation			–		N/A		
10 Processing of sold products			–		N/A		
11 Use of sold products			–		N/A		

N/A: Although the reduction targets were formally resolved in 2025 in connection with the climate transition plan, they will only be reported as from 2026 onwards, since binding measures for their implementation will take effect then for the first time. >

<sup>1)</sup> The own operations reduction target for Scopes 1 and 2 is disclosed as an overall target in E1-4.

<sup>2)</sup> The sum of the targets for the 15 categories; however, target figures only exist for CRE Scopes 1 and 2.

<sup>3)</sup> No information can be provided for emissions from data centres and consulting under point 3.1, since insufficient data are available.

<sup>4)</sup> The business travel disclosed here is not connected to any of the IROs above and is reported voluntarily for reasons of transparency.

	Retrospective				Milestones and target years			
	2023	2024	2025	% 2025/2024	2025	2030	(2050)	Annual % target/ Base year
12 End-of-life treatment of sold products			–		N/A			
13 Downstream leased assets			–		N/A			
14 Franchises			–		N/A			
15 Investments <sup>5)6)</sup>	639,681	1,221,608	8,407,301	6.88	N/A			
of which: Scope 1 and 2 CRE portfolio <sup>7)</sup>	639,681	607,197	632,812	1.04	N/A	421,052	14,754 -81,471	3.6-3.2
<b>Total GHG emissions</b>								
<b>Total GHG emissions (location-based) (t CO<sub>2</sub>e)</b>							<b>14,754</b>	
	<b>644,013</b>	<b>1,228,112</b>	<b>8,413,295</b>	<b>6.85</b>	<b>N/A</b>	<b>421,052</b>	<b>-81,471</b>	<b>3.6-3.2</b>
<b>Total GHG emissions (market-based) (t CO<sub>2</sub>e)</b>							<b>14,754</b>	
	<b>642,157</b>	<b>1,226,563</b>	<b>8,411,755</b>	<b>6.86</b>	<b>N/A</b>	<b>421,052</b>	<b>-81,471</b>	<b>3.6-3.2</b>

N/A: Although the reduction targets were formally resolved in 2025 in connection with the climate transition plan, they will only be reported as from 2026 onwards, since binding measures for their implementation will take effect then for the first time.

<sup>5)</sup> The figures for 2023 do not include the Treasury portfolio or the Scope 3 emissions for the CREF portfolio.

<sup>6)</sup> The figure for 2024 includes Scope 3 for the CREF portfolio.

<sup>7)</sup> The "Milestones and target years" columns exclude exposures that are not covered by the transition plan.

**Table E1-6 AR 54 GHG intensity per net revenue**

	2025	2024	% N/N-1
t CO <sub>2</sub> e/€ mn			
<b>GHG intensity per net revenue</b>			
Total GHG emissions (location-based) per net revenue	8,791	1,180	7.45
Total GHG emissions (market-based) per net revenue	8,790	1,178	7.46

**Table E1-6 AR 55 Net revenue used to calculate GHG intensity**

	2025	2024
€		
<b>Net revenue used to calculate GHG intensity</b>		
Net revenue (other)	N/A	N/A
Total net revenue (in financial statements) <sup>1)</sup>	957	1,041

<sup>1)</sup> Overall net revenue has been aligned with the segment reporting and comprises the material revenue components for credit institutions.

In accordance with ESRS E1-6 53-55, the intensities disclosed in tables E1-6 AR54 comprise the total GHG emissions (Scopes 1-3). To ensure meaningful comparability of the data, it must be noted that Scope 1 and 2 emissions are captured in full, whereas the Scope 3 emissions categories collected in accordance with the GHG Protocol were selected on the basis of their materiality. Consequently, comparing Scope 3 emissions requires a differentiated look at the individual categories.

The following section gives a detailed breakdown of the CREF portfolio and the financed Scope 1 and 2 emissions that it contains. The GHG accounting covers a total of 1,659 properties with total borrowings of approximately € 34 billion. As already disclosed at the start of this chapter, Aareal Bank AG's CREF portfolio contributed 638,812 t CO<sub>2</sub> as at the 31 December 2025 reporting date, based on the Bank's share of the financing. The average PCAF data quality score as at the 31 December 2025 reporting date was 3.3. In contrast to previous years, the PCAF data quality score was weighted for the first time by financed emissions, based on the proportionate share of the various property classes and countries. In line with this, the tables below show the breakdown of the

scores by financed emissions across the asset classes and countries concerned. No distinctions by loan volumes or floor area were made when calculating the figures.

The following tables present a breakdown of the financed emissions and carbon intensities firstly by country and secondly by asset class, together with their respective PCAF data quality scores:

#### Financed carbon emissions and PCAF data quality scores by building type

	Financing volume	Number of properties	Financed carbon emissions (absolute)	Carbon intensity	PCAF Data Quality Score
	€ mn	N	t CO <sub>2</sub>	t CO <sub>2</sub> e/ € mn	
Office	8,146	172	85,436	10.5	3.6
Wholesale/retail	4,855	170	104,339	21.5	3.3
Hotel	11,861	257	163,466	13.8	3.5
Logistics	6,115	424	252,237	41.2	3.0
Residential	2,777	628	21,537	7.8	2.8
Other	267	8	5,797	21.7	3.6
<b>Total</b>	<b>34,023</b>	<b>1,659</b>	<b>632,812</b>	<b>18.6</b>	<b>3.3</b>

#### Financed emissions and PCAF data quality scores by country

	Financing volume	Number of properties	Financed carbon emissions (absolute)	Carbon intensity	PCAF Data Quality Score
	€ mn	N	t CO <sub>2</sub>	t CO <sub>2</sub> e/ € mn	
Australia	451	23	15,243	33.8	4.0
Belgium	418	15	6,227	14.9	3.9
Denmark	326	7	1,133	3.5	2.3
Germany	3,325	698	55,011	16.5	2.8
Finland	629	16	5,156	8.2	2.9
France	3,836	122	10,636	2.8	3.2
United Kingdom	6,535	185	44,790	6.9	3.0
Ireland	106	2	2,674	25.2	3.0
Italy	1,514	99	22,047	14.6	3.3
Canada	1,147	11	8,007	7.0	4.0
Luxembourg	126	7	2,544	20.1	2.6
Maldives	387	10	20,406	52.7	4.0
New Zealand	39	1	28	0.7	5.0
Netherlands	1,922	82	41,538	21.6	3.2
Austria	320	8	1,943	6.1	3.0
Poland	3,064	127	215,020	70.2	3.0
Portugal	19	5	228	11.8	3.0
Sweden	574	11	533	0.9	2.0
Switzerland	241	9	569	2.4	3.5
Spain	2,417	76	16,463	6.8	3.1
Czech Republic	198	8	6,540	33.1	3.0
Turkey	46	2	561	12.3	4.0
Hungary	38	3	1,241	32.7	2.0
USA	6,345	132	154,275	24.3	3.8
<b>Total</b>	<b>34,023</b>	<b>1,659</b>	<b>632,812</b>	<b>18.6</b>	<b>3.3</b>

## E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

### E1-7 56b, 59 AR61

Aareal Bank Group's basic approach is to "avoid, reduce, offset". In line with this, offsetting is only performed for emissions that could not be avoided or reduced using the measures for reducing the carbon footprint from operations described in E1-3. Both the reduction measures and climate offsetting contribute to the target of climate-neutral operations through offsetting described in E1-4. The "corresponding adjustments" method was used again in reporting year 2025 to offset unavoidable emissions from the Bank's own operations in financial year 2024 for Scopes 1 and 2 (market-based) and Scope 3.6. The partner that Aareal Bank AG uses to offset the unavoidable emissions has obtained certification for its climate change mitigation projects from both the UN – or to be precise the UN's Clean Development Mechanism (CDM) – and the Gold Standard, and applies the principle of "avoid, then reduce, then offset". In line with this, the offsetting partner only performs carbon offsets for companies if these have already implemented, or are planning, ambitious avoidance and reduction actions within the bounds of what is technically and economically feasible. In addition, all projects are presented transparently and the provider has teams of project specialists who monitor the offsetting projects on the ground.

Unavoidable emissions from the Bank's own operations were offset using the corresponding adjustments (CA) method. CAs avoid double-counting of emissions credits since only the acquiring country, and not the project country concerned, can count them towards their climate footprint. The offsetting projects concerned have been operating successfully since 2022. It is registered as CDM-compliant with the United Nations Framework Convention on Climate Change (UNFCCC) and additionally as a Gold Standard project, and has already been successfully verified a number of times. The certifications guarantee sustainable carbon savings by using independent auditors that are accredited by the UN. At the same time, the projects offer substantial ancillary benefits for the population in the project country concerned (e.g. health protection, the alleviation of poverty, jobs, equal rights and much more). The projects used for offsetting are qualified for use with the CA method of offsetting, since the offsetting provider has been authorised by the project countries pursuant to Article 6 of the Paris Agreement on climate change. Since the contracts signed with the individual project countries guarantee a CA, they can be used for offsetting with CAs. In addition, the two projects will be registered and continued by the providers going forward under Article 6.4 of the Paris Agreement on climate change so as to continue to meet the formal CA requirements. Since the formal transition to a CA is still outstanding, the proportion of carbon credits classed as CAs is given as 0 in the table below. However, at a fundamental level contracts with the project countries concerned that guarantee a CA under Article 6 of the Paris Agreement on climate change do exist.

The provider continuously monitors compliance with the standards using an independent and unpaid advisory council.

As already mentioned, all unavoidable Scope 1, Scope 2 and Scope 3 emissions from business travel in financial year 2024 were offset in 2025. These amounted to 2,000 t CO<sub>2</sub>e. The credits cancelled in 2025 for 2024 cover Aareal Bank AG and all relevant subsidiaries. All offsetting was performed using reduction projects located outside Europe, which are certified under both the Gold Standard and the CDM, and which are in line with Article 6 of the Paris Agreement on climate change. The emissions to be offset for financial year 2025 in the amount of 1,808 t CO<sub>2</sub>e, which consist of Scopes 1 and 2 and business travel from Scope 3, will not be retired until 2026. Aareal Bank AG has entered into a long-term partnership with the provider concerned and plans to continue this in the future as well.

### E1-7 AR 64 Information about carbon credits cancelled in the reporting year

	2025	2024
%		
<b>Carbon credits cancelled in the reporting year</b>		
Total (t CO <sub>2</sub> e)	2,000	4,825
Share from removal projects	–	–
Share from reduction projects	100	100
Gold Standard certified	100	100
Clean Development Mechanism	100	100
Share from projects within the EU	–	–
Share of carbon credits that qualify as CAs	–	–

### Information on carbon credits planned to be cancelled in future

	Amount until 31 Dec 2026	Amount until 31 Dec 2025
t CO <sub>2</sub> e		
<b>Carbon credits planned to be cancelled in the future</b>		
Total	1,808	2,000

## E1-8 – Internal carbon pricing

### E1-8 62-63

Aareal Bank Group does not currently use an internal carbon pricing system. Assessments of the economic efficiency of energy improvement measures use the national carbon prices that are linked to the use of fossil fuels as part of the operational costs in their feasibility studies. In addition, the trend in carbon prices that is used in the NGFS scenarios for modelling transition risks as part of the regular climate stress tests is taken into account for the collateral in the credit finance portfolio.

## ESRS E3: Water and marine resources

### Policies related to water and marine resources

#### E3-1 9-14, E3-2 15-19, E3-3 20-25

The risk identified in connection with water resources concerns finance for properties in water-scarce regions, and especially hotel finance. Dwindling water supplies may lead to restrictions on the ability to use a property, higher operating costs and stricter statutory requirements, e.g. in relation to water management. The impact of water shortages on individual properties, e.g. in the form of temporary closures, can negatively affect their financial performance and must therefore be reflected in the property valuation.

This is done by analysing and reporting on the drought/water shortage scenario in the course of the stress test calculation, which is performed at least once a year. The scenario examines the vector of a temporary closure of financed hotels due to water shortages. The low result produced in this stress test means that no additional actions are needed at present from a risk management perspective. Appropriate mitigation steps will be taken should future stress tests suggest a significant deterioration.

Due to the low results produced in the stress test, the Aareal Bank Group currently does not have a specific policy or targets relating to this risk.

### Water consumption

#### E3-4 26-29

The metrics for water consumption, recycling and storage have not been disclosed, since the risk identified does not relate to the Bank's own operations but to the properties it has financed.

## Social Information

### ESRS S1: Own workforce

#### Material impacts, risks and opportunities on own workforce and their interaction with the strategy and the business model

##### S1 13-16 ESRS 2 SBM-3

A description of the material impacts relating to social topics that were identified in the course of the double materiality assessment is given in the "Impact, risk and opportunity management" section.

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## Impacts, risks and opportunities management for own workforce

### S1-1 – Policies related to own workforce

#### S1-1 17-19

The following section describes the policies that Aareal Bank Group has introduced to manage material impacts on its own workforce.

The Code of Conduct for Employees resolved by the Management Board applies to all Aareal Bank Group employees, including its senior executives (leitende Angestellte) and its Management Board, supervisory body and committee members. The Code sets out the mandatory principles of conduct for Aareal Bank Group.

These are designed to ensure a culture of integrity and mutual trust throughout the Group. In line with this, topics covered by the Code of Conduct and the Diversity Guidelines – the latter of which are the responsibility of the Human Resources division and apply to Aareal Bank AG in Germany – include e.g. equal opportunities and diversity, and protecting human rights such as the prohibition on forced labour and child labour.

Aareal Bank AG's strategic training and development approach uses a skills matrix as the basis for growing talent at an organisational level, which is flanked by the mandatory Structured Appraisal and Target-Setting Dialogue for all managers and employees. This is documented in guidelines such as the "Structured Appraisal and Target-Setting Dialogue" and "Structured Appraisal and Target-Setting Dialogue – setting targets" guidelines, which apply to Aareal Bank AG International and its sales subsidiaries and for which Human Resources is responsible. The guidelines describe the dialogue cycle and the process for, and the contents of, the Structured Appraisal and Target-Setting Dialogues. The "Mandatory training on the German General Equal Treatment Act (AGG)" procedural guidelines, which were implemented by Human Resources, and the "Occupational safety instructions" procedural guidelines, which are administered by the Internal Services department, are used to maintain safety in the workplace. These guidelines describe the procedure used for the AGG training courses and for occupational safety in the office, which are mandatory for all staff at Aareal Bank AG in Germany.

Health and safety was managed during the reporting period using existing operational processes and clearly defined responsibilities. It has not been considered necessary to introduce a separate, formalised management policy to date because Aareal Bank AG already has comprehensive measures in place to promote these issues and because the materiality assessment largely identified positive impacts.

#### S1-1 20-24, AR 17

Aareal Bank AG's goal is to promote the protection of human rights in its national and international operations within its sphere of influence. As a signatory to the United Nations Global Compact, Aareal Bank AG already pledged to respect and maintain human rights in 2012.

In addition, Aareal Bank AG bases its activities on core charters and initiatives such as the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. Aareal Bank AG's human resources work is based among other things on the core labour standards issued by the International Labour Organization (ILO), and on stricter national labour and social standards. Moreover, Aareal Bank AG regularly commissions recognised audits of its human resources work and the quality of its processes and measures, which also act as an early warning system.

In 2019, Aareal Bank AG's Management Board resolved Human Rights Guidelines to strengthen human rights within the framework of its business activities. In 2024, these Human Rights Guidelines were integrated with, and replaced by, the Bank's policy statement in accordance with the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). This Human Rights Policy Statement – which pursuant to the LkSG must be issued by corporate management – was resolved by Aareal Bank AG's Management Board. It applies to all staff in Aareal Bank AG's own area of business as defined by the LkSG. The policy statement was prepared on the basis of the LkSG risk analyses that were performed, and now serves as Aareal Bank AG's overarching human rights strategy document. It sets out how Aareal Bank AG, as a global enterprise, discharges its responsibility to protect human rights and environmental rights within its sphere of influence.

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Since 2024, Aareal Bank AG has also been taking a range of measures to implement the human rights and environmental due diligence obligations set out in the LkSG in its own operations and in its supply chain. Risk management (including incorporating human rights and environmental matters in the procurement process), the LkSG risk analyses performed and the implementation of an LkSG grievance procedure serve to identify risks. In addition to the preventive measures provided for in the LkSG, Aareal Bank Group is also creating the (contractual and other) bases for potential remedies in the case of impacts on human rights. Further information on this can be found in the Human Rights Policy Statement that has been published on the Company's website. In addition, the Bank's Management Board has appointed a Human Rights Officer to monitor its due diligence obligations under the LkSG. This officer is assisted in their work by the Compliance organisation. The Bank's reporting is used to inform the Management Board of the measures implemented, their effectiveness, the risk identified, any breaches and the actions taken to remedy them.

Aareal Bank AG has addressed the risk of human rights violations by suppliers by setting out the human rights and environmental expectations it has of suppliers in its Human Rights Policy Statement, and by introducing contractual rules relating to the Code of Conduct for Suppliers in its Procurement operations. The Code comprises rules of conduct relating to human rights (e.g. the prohibition on child labour and forced labour), environmental protection and occupational safety, and compliance with the ILO conventions, and ensures that these principles also apply in the direct supply chain. By signing up to and agreeing to abide by our Code of Conduct, suppliers undertake to comply with the laws and official regulations applicable in the jurisdiction concerned and to behave in an ethically correct manner. In addition, Aareal Bank AG addresses irregular or unusual behaviour at its business partners using the monitoring procedure established by the Purchasing department. Violations by suppliers of the Code of Conduct can result in measures up to and including the termination of the business relationship.

Aareal Bank AG reports on respect for human rights both in its annual "Communication on Progress" (COP), which is published on the UN Global Compact website and – in relation to combating modern slavery – in its UK Modern Slavery Act declaration, which can be accessed on the corporate website. This provides information on an annual basis of whether any instances of forced labour, human trafficking or involvement in or encouragement of such activities have become known throughout the Group.

By signing up to the UN Global Compact, Aareal Bank AG has undertaken to uphold the associated internationally recognised Ten Principles, and reports on this in its annual Communication on Progress (COP).

The UN Guiding Principles on Business & Human Rights (UNGPs) do not fall within the scope of this obligation. However, Aareal Bank has implemented the LkSG as described above and the website for Germany's Federal Ministry for Economic Cooperation and Development states that one of the LkSG's objectives is to comply with the UNGPs.

One particularly clear indication of this commitment to diversity and equal treatment is the fact that Aareal Bank AG has signed up to Germany's Diversity Charter ("Charta der Vielfalt").

In line with the corporate values set out in its Code of Conduct, Aareal Bank Group respects all people regardless of their ethnic or geographical origin, religion, beliefs, disability, sexual orientation, gender or age, and also respects each and every individual's dignity, rights and privacy. Aareal Bank AG's Code of Conduct and its modern slavery statement under the UK Modern Slavery Act expressly addresses the elimination of forced labour, child labour and human trafficking. Equally, Aareal Bank AG attaches importance to gender-neutral, fair remuneration. Regular analyses of the gender pay gap based on comparable positions create transparency. Aspects such as qualifications, professional experience and training are the only factors taken into account when setting employee remuneration. Variable remuneration is paid exclusively on a performance basis, as measured by reviews and the extent to which agreed main tasks and, where appropriate, targets have been reached. In addition, Aareal Bank AG participates in an annual external comparison of the remuneration paid to non-pay scale employees.

A confidential (and anonymous) whistleblowing channel exists as a measure against violence and harassment in the workplace, and can be used to report suspected breaches of the rules, fraudulent behaviour or white-collar crime. Reports of human rights and environmental risks and breaches of the LkSG requirements can also be submitted. In its corporate values, Aareal Bank AG commits itself to behaving with integrity in its dealings with one another. Although Aareal Bank AG generally assumes that its employees, including the management bodies, will observe the law at all times, precautions must be taken to deal with any illegal acts, acquiescences or omissions and/or the threat of significant damage to the Company. An objective and professional whistleblowing procedure has been established as an independent process to give Aareal Bank AG staff the opportunity to identify and report potential

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grievances, as required by law. Moreover, a whistleblowing system is a material pillar of a good compliance and risk culture, and prevents discrimination; this is described in greater detail in section S1-3.

Aareal Bank AG has set up an AGG Complaints Office to receive complaints, including cases of discrimination, from internal and external staff and to process them in a proper manner.

In addition, all employees can use the Employee Assistance Programme (EAP) e.g. to discuss sensitive matters, such as violence and harassment that they have experienced in the workplace, with experienced external specialists, and to obtain advice about additional steps.

Aareal Bank AG has assigned responsibility for the equal treatment of, and equal opportunities for, all employees to a member of its top management team, and has implemented clear enterprise-wide guidelines and processes for this. Mandatory AGG and equal treatment training is also in place for all Aareal Bank AG employees in Germany.

Overall, it can be concluded that Aareal Bank AG has a workplace accident prevention policy. A wide range of hazard analyses are regularly performed for this. Where necessary and required, Aareal Bank AG has modified its employees' physical environment so as to safeguard their health and safety, and that of its clients and of other visitors with disabilities. Aareal Bank AG has implemented specific measures to eliminate discrimination, aligning itself with the requirements set out by politicians. The Bank ensures that employees with disabilities are not discriminated against

## **S1-2 – Processes for engaging with own workforce and workers' representatives about impacts**

### **S1-2 27-28 and AR25-AR26**

Aareal Bank AG encourages the active involvement of its employees in material matters affecting the Company. Based on the statutory provisions and existing structures, Aareal Bank AG ensures that employees are involved in decision-making processes, that they can represent their interests and that their views are included in enhancements to the organisation. This comprises both formal co-determination mechanisms involving workers representatives and a wide range of discussion, feedback and participation formats that facilitate an open communications culture and continuous improvement.

Aareal Bank AG actively includes its employees in relevant issues involving the Company within the bounds of the statutory requirements. Codetermination takes place via the employee representatives, whose rights and duties are set out in the German Works Constitution Act (Betriebsverfassungsgesetz – BetrVG). The local Works Council, whose members volunteer their services, are the first instance for representing employees' interests. The Works Council represents employee interests in relation to the employer, and monitors compliance with the rules laid down by law, collective bargaining and the operating establishment concerned, and with the principle of equal treatment. It has participation rights e.g. in relation to social matters such as organising working times and the rules governing operations, and to human resources issues such as recruitment, staff transfers and salary adjustments. It meets once a week.

To enable it to perform its tasks, the Works Council is informed of planned measures comprehensively and in good time; among other things, this happens in regular monthly meetings with Human Resources and in monthly discussions with the Management Board. In addition to the local works councils, the General Works Council addresses overarching topics affecting multiple sites or the Company as a whole. In accordance with section 106 of the BetrVG, the General Works Council appoints an Economic Committee that is informed of business matters such as the Company's financial situation, new working methods or environmental issues, and which can also contribute its own suggestions. The Economic Committee, which meets at least every two months, acts as an advisory body for the (General) Works Council.

Activities associated with employees' learning processes are also coordinated with the Works Council in the "Training and Development" Committee, which meets at least once a quarter.

The Representative Body for Disabled Employees assists with promoting inclusion and improving the working conditions for people with disabilities at Aareal Bank AG. Employees with disabilities can consult their manager, the Human Resources division, or their representatives (the Representative Body for Disabled Employees and the local works council) at any time. The Representative Body for Disabled Employees is also integrated with Aareal Bank AG's Occupational Safety Committee (Arbeitsschutzausschuss), which meets once a quarter, allowing health and safety issues and specific requirements to be discussed and implemented.

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The above-mentioned committees always meet in cases in which a consultation, notification or co-determination right under the BetrVG is triggered and if, in the committees' view, there is a need for discussion, e.g. when negotiating works agreements. They are consulted during the target-setting and action-planning phases.

Aareal Bank AG uses a variety of different employee-management dialogue formats to promote an open corporate culture and continuous feedback. Regular works meetings and formats such as the "BR Talk" with the Works Council (several times a year), "Aareal Talk" with the Management Board (at least twice a year) and the annual Management Meeting permit direct discussion of economic and strategic issues. The Communications department is responsible for the last two formats. The Works Council and the Management Board can take employee concerns into consideration when making decisions going forward and in the case of future policies. The results of these conversations are not recorded. The intranet serves as a central platform for written information and communications, offering access to guidelines, learning opportunities, information about health management and Aareal ONE, the Bank's digital employee magazine.

Mandatory Structured Appraisal and Target-Setting Dialogues are held once a year at all levels, ensuring employee engagement and development. The dialogues cover performance and, if desired, development goals and feedback on management. In addition, regular employee surveys are organised by Human Resources. These normally take place every two years but are also conducted in response to specific situations and cover topics such as working conditions, health, equal treatment and employee development. The results of the employee survey process are discussed with employees under the leadership of the heads of the divisions and in HR discussion sessions so as to identify core topics and plan specific measures. Another key element is the systematic inclusion of the topics resulting from the employee surveys in Aareal Bank AG's target agreement process. This ensures that topics that were identified together with the workforce are included in Aareal Bank AG's strategic agenda.

Established organisational structures that are managed by the departments and workgroups responsible are used to conduct and implement these formats. The volume of human resources deployed is not recorded at present.

Aareal Bank AG takes part in external ratings such as the "Top-Employer" certification so as to also obtain external assessments of changes. Internally, regular employee surveys ensure that progress is monitored, by comparing the results with those from earlier surveys.

### **S1-3 – Processes to remediate negative impacts and channels for its own workforce to raise concerns**

#### **S1-3 32-33**

No negative impacts in relation to Aareal Bank Group's own workforce were identified in the course of the double materiality assessment. Nevertheless, employees have suitable channels at their disposal that they can use to voice their wishes and concerns, and suggest improvements. These include their superiors, the Human Resources department, the Works Council, the AGG Complaints Office or the Representative Body for Disabled Employees.

The "Speak-up" whistleblowing system is another reporting channel, and allows Aareal Bank AG employees to report potential legal and compliance breaches in confidence and or anonymously. The system enables reports to be submitted online or by phone. For more information, see the chapter entitled "Business conduct".

Reports of potential legal or compliance breaches that are not submitted directly to the Whistleblowing Office are passed on to the latter by their recipients, and are then reviewed and processed by it in confidence in line with the statutory requirements, and in particular the German Whistleblower Protection Act (Hinweisgeberschutzgesetz – HinSchG).

The protection afforded to whistleblowers is set out in the binding internal "Whistleblowing procedure" procedural guidelines. People who submit justified reports in good faith and employees who support them in this are protected from disadvantages or reprisals.

The internal communications channels are used to draw attention to the existence of the reporting channels and protective measures at regular intervals. The Compliance Officer is responsible for the whistleblowing system.

The effectiveness of the whistleblowing procedure is based on transparent and objective process, reporting and documentation standards that apply the principle of dual control at a minimum. These standards are intended to ensure that reports received are

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processed transparently and reproducibly. Depending on the concrete details of the accusation made and its possible consequences, the Whistleblowing Office – comprising the Compliance Officer (who is also the Whistleblowing Officer) and the Deputy Compliance Officer – can include other experts (the “case team”) in the investigation. The team is entrusted with performing internal investigations and establishing the facts behind a report. The composition of the case team must be such that the persons involved in investigating the case are neutral and suitably distanced from the persons to whom the report refers. See section G1-3 for further details of the whistleblowing procedure implemented.

#### **S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions**

##### **S1-4 35-37, 38c-d, 41-43**

Aareal Bank Group has taken a number of measures to specifically promote the material topics of health and safety, equal opportunities, diversity and variety, plus training and skills development. Only positive impacts on the Bank’s own workforce were identified in the course of the double materiality assessment. Nevertheless, Aareal Bank AG has established structures to ensure that its business activities do not have any material negative impacts on its own workforce. Among other things, these include the guidelines and principles that are described in section S1-1 and a variety of governance structures such as the Works Council, which are explained in section S1-2. The Bank uses a variety of different dialogue formats, including Structured Appraisal and Target-Setting Dialogues and regular employee surveys, to systematically capture expectations and needs, and hence to detect potential risks and areas in which business requirements and employee protection may conflict at an early stage. Reports of possible grievances can be submitted via the whistleblowing system described in section S1-3. Relevant human resources metrics are documented in the internal Human Resources and Social Report and are regularly evaluated so as to detect trends and developments at an early stage. Human Resources staff and project teams including representatives from the divisions are responsible for managing potential negative impacts and the actions associated with material positive impacts. The actions specified are defined without concrete timelines since they are implemented continuously and on a needs-driven basis.

Aareal Bank AG’s Company Health Management function provides the workforce in Germany with a comprehensive range of health and safety programmes as part of the Bank’s health and safety activities. In cooperation with BG Prevent (the joint prevention service run by the employers’ liability insurance associations), it offers preventive counselling on nutrition, cardiovascular fitness, back health, sleep health and relaxation. Competence training on how to reconcile the demands of the job and long-term care is also offered, as are dedicated opportunities for information sharing about dementia. Additional support for employees includes internal intranet posts, information-sharing on current issues, online business yoga, and targeted health campaigns such as colon cancer/diabetes screening offerings and influenza vaccines. In addition, a broad range of support services is designed to enable employees to achieve a positive work-family and work-care balance, helping them to organise their work more easily. Aareal Bank AG also provides a range of health promotion offerings in the areas of preventive measures, exercise and ergonomics, nutrition, mental health and relaxation, which are consistently tailored to current needs.

The EAP is available internationally to Aareal Bank AG’s employees in all life situations and around the clock, offering solutions-oriented advice and concrete assistance. Doctors, psychologists and educational professionals with specialist training cover a wide variety of areas, including managing the work-life balance, family issues, body problems, health and critical life situations. Additionally, employees can take part in EAP live talks on a variety of topics such as wellbeing, ADHD or burnout, so as to promote their mental health. Comprehensive programmes designed to facilitate flexibility in terms of time and location (flexible working time models, part-time working, and mobile working and teleworking offerings where operational requirements permit) exist for Aareal Bank, including its sales subsidiaries.

Aareal Bank AG is committed to diversity, equal treatment and inclusion and, as was already mentioned in section S1-1, has signed up to the Diversity Charter. All human resources decisions from recruitment to promotion are based on the employee’s performance and skills profile. Employees with disabilities are provided with individual support, e.g. in the form of ergonomically adapted workstations, and can consult their manager, the Human Resources division or the Representative Body for Disabled Employees at any time. Structured talent and succession management ensures that employees from underrepresented groups also receive specific development opportunities.

Aareal Bank AG Wiesbaden promotes diversity and inclusion by implementing events such as Diversity Lunch@Aareal, short talks and discussion sessions on International Women’s Day, and presentations organised by the Women@Aareal network. In addition,

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LinkedIn Learning offers a variety of Web-based training courses on the topic of diversity. Local after work events, Company sports and sporting events such as the JP Morgan race strengthen the sense of community.

The effectiveness of these measures is documented by external awards such as the “Top Employer” certification from the CRF Institute.

Aareal Bank AG’s Learning@Aareal approach offers a comprehensive further education programme with an international focus and substantial English content. It is flanked by language training, mandatory training courses – including on discrimination, Aareal Bank’s values and general equal treatment – plus specialist professional and management development options. The training courses are open to all employees at Aareal Bank AG including its sales subsidiaries.

The strategic development approach adopted at Aareal Bank AG including its sales subsidiaries uses a skills matrix as the basis for growing talent at an organisational level. Bringing together the skills matrix, Learning@Aareal, clear selection procedures, and management and expert career paths facilitates sustained staff development and is flanked by a mandatory staff development dialogue for all managers and employees. In the latter, employees and their line managers discuss and agree individual development measures, helping staff to develop their skills and invest their talent in a forward-looking way.

The USP Programme (“USP” stands for “unique selling proposition”) has been assisting with the onboarding process for new hires at Aareal Bank AG including its sales subsidiaries since 2022. The programme aims to help ensure that key knowledge is passed on by experienced experts to new staff. Following the Onboarding and Welcome Workshop, they receive a focused overview of Aareal Bank AG’s core business areas in their first year with the Company.

The Management Board, with the support of the Human Resources division, again examined the pool of potential candidates for positions and related succession options in 2025, as part of Aareal Bank AG’s human resources planning. The goal is to be able to adequately fill key specialist and management positions in the Company without significant delays.

Moreover, programmes such as cross-divisional Cross Mentoring promote personal and professional development for Aareal Bank employees in Germany. In this programme, employees from different sectors specifically share information and experiences, gaining new viewpoints and skills. The “Buddy@Aareal” programme for Aareal Bank AG including its sales subsidiaries offers new hires the opportunity to establish networks and to discuss any questions they may have about Aareal Bank AG with a dedicated contact person for three months.

There are plans to leverage potential talent by steadily expanding the initial training and CPD offering. Examples of the areas covered here are strategically relevant topics, personal development, employee professionalisation and building the skills needed for the Bank’s business success. These measures help to retain employees for the long term and to reduce the costs associated with staff turnover.

At Aareal Bank AG, the fourth anonymous, comprehensive employee survey in six years was performed in 2025 following the ones conducted in 2019, 2021 and 2023. The response rates were extremely high and constructive, high-quality feedback was received – for example, over 77 % of employees are satisfied with Aareal Bank AG as an employer. In addition, top marks were achieved for the focus topic – management – in 2025.

## Metrics and targets for own workforce

### S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

#### S1-5 44-47 and AR 49

This section describes Aareal Bank AG’s objectives in connection with its own workforce. Concrete targets were defined for promoting diversity. No separate quantitative targets for working conditions and skills development existed during the reporting period. These issues were managed using existing actions and processes that were assessed as being effective and appropriate. No additional quantitative targets were introduced since the double materiality assessment largely identified positive impacts.

An action plan is prepared as part of the annual strategy process that consolidates all activities and strategic initiatives which are important for increasing Aareal Bank Group's value and its development. These include process optimisation, empowering employees and young talent, employee development and knowledge transfer, and new forms of collaboration. The action plan also serves as the basis for setting executive and employee targets, and is cascaded throughout the organisation as part of the Structured Appraisal and Target-Setting Dialogues.

For 2025, the Management Board set targets for employee diversity as part of this process, in consultation with Human Resources. Aareal Bank AG's objective here was to promote diversity in all its dimensions, while ensuring a balanced relationship of different nationalities, age groups and genders. This target is embedded in the Diversity Guidelines. One particular focus was on empowering young talent: for example, in 2025, the goal was for 25 % of the positions to be filled to be recruited from this category, which includes employees with one to three years' professional experience, management trainees, students on dual-track degree programmes and vocational trainees.

Workers' representatives are included via the co-determination mechanism for new hires and via the information given in the Human Resources and Social Report on the progress made towards achieving the above-mentioned target. In addition, Aareal Bank AG measures and reports on human resources metrics such as workforce diversity, including nationality, age structure and generational diversity; the proportion of internal versus external appointments; empowering young talent; gender distribution at all levels of the hierarchy; the average length of service and the proportion of women in management positions. In addition, metrics are captured for staff on or in maternity leave, parental leave, leave of absence, etc. and part-time working, as well as on the proportion of employees with disabilities. This is flanked by the data collected by Aareal Bank AG on staff turnover and partial retirement, and by its documentation of the number of employee development measures and initial training/CPD hours held.

## S1-6 – Characteristics of the undertaking's employees

### S1-6 48-50

The characteristics of Aareal Bank Group's employees are expressed in terms of the head count as of the 31 December 2025 reporting date.

Where nothing to the contrary has been defined, the figures for Aareal Bank Group's workforce given in ESRS S1 comprise the following companies: Aareal Bank AG, Aareal Bank Asia Ltd., Aareal Capital Corporation, collect Artificial Intelligence GmbH, BauGrund Immobilien-Management GmbH, plusForta GmbH and Mercadea S.r.l.

#### Number of employees by gender

	Number of employees (head count) 2025	Number of employees (head count) 2024
<b>Gender</b>		
Male	687	722
Female	480	503
Other	–	–
Not disclosed	–	–
<b>Total Employees</b>	<b>1,167</b>	<b>1,225</b>

Please see Note (40) for staff expenses not including pensions. These amounted to € 180 million (2024: € 216 million). However, this figure contains expenses for Westdeutsche Immobilien Servicing AG, but no expenses for La Sessola Service S.r.l.

### Number of employees by location

	Number of employees (head count) 2025	Number of employees (head count) 2024
<b>Country</b>		
Germany	1,060	1,088
<b>Total</b>	<b>1,060</b>	<b>1,088</b>

Since Aareal Bank Group staff in other countries represent less than 10 % (2024: less than 10 %) of the workforce, they have not been mentioned here, as was also the case in the previous year.

### Information on employees by contract type, broken down by gender

#### 31 December 2025

	Female	Male	Other	Not disclosed	Total
Head count					
Number of employees	480	687	–	–	1,167
Number of permanent employees	449	656	–	–	1,105
Number of temporary employees	28	31	–	–	59
Number of non-guaranteed hours employees	3	–	–	–	3

#### 31 December 2024

	Female	Male	Other	Not disclosed	Total
Head count					
Number of employees	503	722	–	–	1,225
Number of permanent employees	475	682	–	–	1,157
Number of temporary employees	25	40	–	–	65
Number of non-guaranteed hours employees	3	–	–	–	3

The aggregate number of employees who left voluntarily or due to dismissal, retirement, or death in service during the reporting period was 111 (2024: 140). Consequently, the turnover rate was 9.46 % (2024: 11.36 %).

The turnover rate is calculated by dividing the number of employees who left by the average size of the workforce determined at the beginning and end of each quarter.

Sections S1-6 to S1-17 are based on quantitative metrics. Where these sections do not refer to an estimation methodology or assumptions, the data were collected.

The measurement of the metrics underlying sections S1-6 to S1-17 was not validated by an external body other than the assurance provider.

**S1-9 – Diversity metrics****S1-9 64-66 and AR 71**

The following tables describe Aareal Bank Group's diversity metrics as at 31 December 2025, measured in terms of the head count:

**Gender diversity at top management level**

	31 Dec 2025		31 Dec 2024	
	Number	Percentage	Number	Percentage
<b>Gender</b>				
Male	32	86.49	38	76.00
Female	5	13.51	12	24.00
Other	–	–	–	–
Not disclosed	–	–	–	–
<b>Total – top management</b>	<b>37</b>	<b>100.00</b>	<b>50</b>	<b>100.00</b>

**Distribution of employees by age group**

	31 Dec 2025		31 Dec 2024	
	Number	Percentage	Number	Percentage
<b>Age groups</b>				
Under 30 years old	157	13.45	164	13.39
30–50 years old	584	50.04	617	50.37
Over 50 years old	426	36.50	444	36.24
<b>Total – employees</b>	<b>1,167</b>	<b>100.00</b>	<b>1,225</b>	<b>100.00</b>

“Top management” is defined as follows: at Aareal Bank AG, Aareal Capital Corporation and Aareal Bank Asia Ltd., top management comprises the Heads of Division (Managing Directors). At Aareal Bank AG's other subsidiaries, the top management comprises the Managing Directors or other top-level management responsible for the managing company.

**S1-14 – Health and safety metrics****S1-14 86-88**

These figures are reported separately since the following datapoints relate not to specific reporting dates but to periods, and La Sessola Service S.r.l. was owned by Aareal Bank AG up to and including 29 April 2025.

**Number of own workforce covered by health and safety management system, number of work-related injuries and fatalities – Aareal Bank**

	2025	2024
Number		
Percentage of workforce covered as at 31 December (%)	100.00	100.00
Number of fatalities as a result of work-related injuries and work-related ill health	–	–
Number of recordable work-related accidents	11	10
Rate of recordable work-related accidents	6.43	5.5

**Number of own workforce covered by health and safety management system, number of work-related injuries and fatalities – La Sessola**

	2025 <sup>1)</sup>	2024
Number		
Percentage of workforce covered as at 31 December (%)	100.00	100.00
Number of fatalities as a result of work-related injuries and work-related ill health	–	–
Number of recordable work-related accidents	0	0
Rate of recordable work-related accidents	0.0	0.0

<sup>1)</sup> Covers the period up to April 2025 only.

Consequently, the total number of reportable work-related accidents at Aareal Bank Group amounted to 11 (2024: 15).

The rate of recordable work-related accidents indicates the number of cases per million hours worked or the number of work-related injuries per 500 full time people in the workforce over a one-year timeframe.

The following five-stage estimation methodology is used to estimate the number of hours worked by people in its own workforce during the reporting period pursuant to the CSRD requirements. This covers the large majority of the workforce in all cases, allowing conclusions to be drawn about the workforce as a whole. The same methodology was used for the La Sessola Service S.r.l. workforce. La Sessola Service S.r.l.'s Management Board and its second-level management are defined as belonging to the own workforce.

- The starting point used is the number of statutory working days during the reporting period on which the majority of the workforce are employed.
- The paid days of annual vacation granted to Aareal Bank AG employees in Germany are then subtracted from this figure.
- This figure is then adjusted for the average absence days in the German banking sector during the reporting period, as reported by the German health insurance scheme.
- This figure, which is expressed in days, is then converted into hours by multiplying it by the hours worked per day at Aareal Bank AG Germany, assuming a 100 % activity rate.
- Finally, adjustments are made for the number of employees, the activity rate, and staff leaving and joining by multiplying the figure by the average number of full-time equivalents (FTEs) recorded in the Group statistics. This does not include La Sessola since, as described above, the workforce there is defined differently; the average number of FTEs was determined separately.

The measurement of the metrics was not validated by an external body other than the assurance provider.

**S1-16 – Remuneration metrics (pay gap and total remuneration)****S1-16 95-97**

Aareal Bank Group's employee remuneration metrics for the following datapoints were captured as at 31 December 2025.

In line with the CSRD requirements, employee remuneration comprises the base salary, benefits in cash, benefits in kind and direct remuneration. The hourly remuneration was calculated by adding together the remuneration components p.a. (full-time) and dividing this figure by 53 calendar weeks in 2025, and by the hours per week (also full-time). An exception was made in the case of hourly paid employees, since in this case the hourly remuneration had already been fixed. The exchange rate as at 1 November 2025 was used as the basis for translating other currencies into euros.

The following assumptions were made since the amount of variable remuneration for 2025 had not been finalised for parts of the workforce at the time the data were collected:

- The calculations for staff at collect AI are based on the likelihood of them achieving their targets and that the forecast amounts of commission will be paid.
- Prior-year target achievement levels were used as the basis for the calculations for the staff and CEO at Aareal Bank AG, Aareal Capital Corporation and Aareal Bank Asia Ltd. If no prior-year figure is available, a target achievement level of 100% is assumed here as well.

The gender pay gap, defined as the difference between average pay levels for female and male employees, expressed as a percentage of the average pay level for male employees, was 18.03% (2024: 14.83%).

Within Aareal Bank AG, Aareal Capital Corporation and Aareal Bank Asia Ltd., remuneration is closely linked to the job level or level in the corporate hierarchy that reflects the scope and nature of the tasks performed and the area of responsibility. An uneven gender distribution within these job levels is a material factor influencing the gender pay gap. The gender pay gap disclosed here is unadjusted and does not take this factor into account.

The majority (93.92%; 2024: 91.8%) of employees are employed by Aareal Bank AG, which has a specific defined remuneration policy and, as a bank, is subject to the German Regulation on Remuneration in Financial Institutions (Institutsvergütungsverordnung – “InstitutsVergV”). Other Aareal Bank AG subsidiaries may have other remuneration policies, are governed by other regulations, are significantly smaller in terms of the number of their employees and are active in other sectors. As a result, comparability between the companies included in consolidation is only possible to a limited extent.

The ratio of the annual total remuneration for the highest paid individual (CEO) to the median annual total remuneration for all employees (excluding the highest-paid individual) was 32.96% (2024: 23.19%).

## **S1-17 – Incidents, complaints and severe human rights impacts**

### **S1-17 100-103**

No cases of discrimination or harassment were reported within Aareal Bank Group in the 2025 reporting year (2024: one case).

No (2024: two) complaints were reported via channels that persons within the undertaking’s own workforce can use to express concerns.

No complaints were reported via National Contact Points under the OECD Guidelines for Multinational Enterprises (2024: none). There were no severe human rights incidents related to the undertaking’s own workforce during the reporting period (2024: none).

There were no fines, sanctions or payments made in compensation for damages in the reporting year as a result of infringements of human rights provisions (2024: none). The existence of such infringements was determined by analysing the provisions for litigation risks as the most meaningful amount given in the financial statements. Provisions for litigation risks generally serve to cover the potential financial consequences of litigation such as those arising from contractual, liability, employment law or loan disputes. The provisions for litigation risks reported in Aareal Bank Group’s consolidated financial statements amounted to € 0.9 million as at 31 December 2025 (2024: € 1.7 million).

These figures are reported separately since the following datapoints relate not to specific reporting dates but to periods, and La Sessola Service S.r.l. was owned by Aareal Bank AG up to and including 29 April 2025. The following datapoints relate to the population comprising La Sessola Service S.r.l.’s Management Board and second management level.

No cases of discrimination or of harassment were reported for La Sessola Service S.r.l. in the relevant portion of the reporting year (2024: none).

No complaints were reported via channels that members of the undertaking’s own workforce can use to express concerns (2024: none).

No complaints were reported via National Contact Points under the OECD Guidelines for Multinational Enterprises (2024: none). There were no severe human rights incidents related to the undertaking’s own workforce during the reporting period (2024: none).

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There were no fines, sanctions or compensation for damages in the reporting year as a result of infringements of human rights provisions. No suitable amount in the financial statements can be used for comparison, since those figures do not relate to La Sessola Service S.r.l.

Consequently, all in all no cases (2024: one case) of discrimination or harassment were reported for 2025 and no (2024: two) complaints were reported via a channel that members of the undertaking's own workforce can use to express concerns.

## Governance information

### ESRS G1: Business conduct

This section focuses on Aareal Bank Group's business conduct. A positive impact was identified during the double materiality assessment for the corporate culture, and a potentially negative impact was identified in relation to corruption and bribery. Further details of the actions taken to prevent and detect corruption and bribery are given in section G1-3 in particular.

#### G1-1 – Business conduct policies and corporate culture

##### G1-1 7-9, 10a, c, e, g and h, 11

Aareal Bank Group ensures responsible business conduct using a framework for its corporate culture that comprises both structural elements and binding policies and operational measures. This is based on Aareal Bank AG's senior management and range of different committees. Core committees include the Asset-Liability Committee, the Operating Committee, the Credit Committee and the Risk Management Committee. These are supplemented by additional supporting committees.

The Group-wide management principles are defined and implemented by setting out core requirements in Written Sets of Procedural Rules and other internal policies. These also include policies that are consistent with the United Nations Convention against Corruption. An internal document management system is used to inform all staff of any changes made to guidelines and policies. In addition, regular and ad hoc training courses and awareness-raising measures are held, with a particular focus being on behaving correctly in the workplace, ethical decision-making and compliance issues. Compliance training courses aimed at preventing and detecting corruption and bribery are mandatory for all employees, although it is the Structured Property Financing and Banking & Digital Solutions business segments and the procurement processes that could be particularly at risk with regard to these issues. See section G1-3 for further information.

Aareal Bank Group expects its staff to comply with the law at all times, and to obey both legislation and external and internal rules and regulations. The framework for the Group's corporate culture is based on preventive measures, addresses potential misconduct at an early stage and ensures the integrity of the Group's business operations. Aareal Bank Group's corporate culture policies comprise Aareal Bank AG's compliance management system, the Code of Conduct, internal compliance risk management documents and the Conflicts of Interest Policy. These sets of rules promote trust in Aareal Bank as a business partner and employer. Key management documents that are relevant to preventing corruption and bribery include the Code of Conduct, the Framework Directive: Preventing corruption in the Aareal Bank Group, the Conflict of Interest Policy and the Whistleblowing System procedural guidelines.

The following sections describe the individual policies and systems shaping Aareal Bank Group's corporate culture and how these are embedded and implemented in concrete terms within the organisation.

#### **Compliance management system (CMS)**

The "Compliance Management System (CMS) in the Atlantic Group" Framework Directive sets out the rules for a core component of the corporate culture. The Directive is resolved by Aareal Bank AG's Management Board and must be observed by all staff throughout the Group, both in Germany and abroad. The framework directive defines standards and principles for implementing, monitoring and regularly updating the CMS. It serves as an overarching compliance document governing interactions between the Group units. Aareal Bank's CMS is set out in greater detail in the "Aareal Bank AG Compliance Management System" procedural guidelines.

Aareal Bank AG's CMS primarily consists of the compliance culture, compliance objectives, the compliance organisation, compliance risks, the compliance programme, compliance communication and training, and the monitoring and improvement of compliance.

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One goal is to reduce liability risks in the form of potential fines and financial penalties for the units concerned and the members of their governance bodies. Seen from this angle, the CMS contributes to enhancing the corporate culture with respect to good conduct.

The Group-wide CMS takes all relevant legal and regulatory requirements into account and is based on the corporate governance principles recommended in the German Corporate Governance Code (“the Code”), among other things. The declaration of compliance, which is updated each year, can be found on Aareal Bank AG’s website. Since Aareal Bank AG is no longer listed, it is not required to provide a declaration of compliance in accordance with section 161 of the AktG. However, the Management Board and Supervisory Board have decided to continue providing a declaration of compliance on a voluntary basis.

At an organisational level, the Bank’s Compliance function is part of the Compliance and Non-Financial Risk division. It works together with the relevant functions at the integrated Group units to coordinate the design of the CMS within the Group, is responsible for its implementation and monitors compliance with it. Additional regulations are set out in the Bank’s Code of Conduct. Corporate culture is assessed in the risk culture dashboard, among other places.

### **Code of Conduct**

Aareal Bank AG has published a Code of Conduct that combines Aareal Bank AG’s requirements on respecting the law with ethically correct conduct, and hence aligns business success with social responsibility.

Aareal Bank Group’s Code of Conduct summarises its core values and basic convictions, and creates a binding framework for acting with integrity, morally and fairly. It defines the principles on which Aareal Bank Group’s actions are based and expresses what the Group stands for. The Code of Conduct is aligned with international conventions and guidelines such as the Universal Declaration of Human Rights, the International Labour Organization (ILO) conventions and the United Nations Global Compact.

As a fundamental part of the Bank’s risk culture, the Code of Conduct is binding on all members of the Management Board, executives and staff, and on the Supervisory Board and its committees. It is communicated directly throughout the Company by the Management Board. Among other things, the Code of Conduct contains clear commitments to avoiding conflicts of interest, to zero tolerance of corruption and bribery, and to combating and preventing money laundering, terrorist financing, fraud and other criminal activity.

### **Risk management**

According to its business strategy, Aareal Bank Group’s strategic focus is on sustainably generating and increasing income in its Structured Property Financing and Banking & Digital Solutions business segments. The risks associated with specialising in the property sector are combated by strictly applying the established risk management system. The principles governing how to manage business risks are set out in risk strategy papers, the Risk Manual and other documents, among other places. Core frameworks for activities and operational workflows for sustainability matters that have been defined as material are set out in binding form in the various inter-related documents that make up Aareal Bank Group’s Written Set of Procedural Rules. They lay the foundations for complying with statutory requirements and govern all material measures designed to ensure a due and proper business organisation within Aareal Bank Group. In addition to basic principles (such as the Company’s internal rules), the Written Set of Procedural Rules also sets out the organisational structures and procedures.

The Bank’s Risk Appetite Framework sets out a four-dimensional structure for the risk culture:

- management culture (“tone from the top”)
- employee responsibility
- open communication and critical dialogue
- incentive structures.

Acting with integrity and obeying the law safeguard Aareal Bank Group’s future viability, and hence also jobs. There is no absolute protection guaranteeing that a financial services institution and its staff will fully comply with the rules at all times in all its business activities. However, suitable strategies and safeguards can reduce the risk of unlawful behaviour.

### **Conflicts of Interest Policy**

Senior management at Aareal Bank AG and its subsidiaries endeavours to ensure that conflicts of interest are handled appropriately so as to prevent any potential conflicts from adversely impacting clients, employees, shareholders or other stakeholders. The Group-wide Conflicts of Interest Policy has been implemented for this. It applies as a matter of principle to all employees and senior management of the Atlantic Group. Senior management at the subsidiaries is obliged to implement corresponding rules in their companies.

One key objective when dealing with conflicts of interest is to avoid conflict situations at all levels during business activities. Specific organisational arrangements have been introduced for this in the different functions, including the creation of separate confidentiality areas, rules on the appropriate use and dissemination of confidential information (“need-to-know principle”), the strict segregation of Sales units/Credit Management in the lending business, the monitoring of employee transactions, and rules on dealing with related persons or companies.

Managers serve as a role model through their behaviour at work and in the Company, and they are required both by the Code of Conduct and when performing their tasks to act with the necessary independence and objectivity. In addition, they are obliged to actively endeavour to recognise, appropriately manage and appropriately document conflicts of interest in their area of responsibility.

Conflicts of interest must be reported without undue delay as follows:

- within a department, to the next-higher manager,
- within projects, to the steering committee,
- within committees, to the chair of the committee (or their deputy if the chair is themselves affected)

Any emerging material conflicts of interest are also to be notified to the Compliance function concerned in a timely manner.

Set procedural principles apply in those cases in which a conflict of interest has proved unavoidable, or has occurred in spite of the precautions taken.

In the event of permanent conflicts, e.g. of elected officials, resignation from the position or office will be considered. If a conflict with a client cannot be appropriately resolved, Aareal Bank Group will decline to conduct the business in cases of doubt.

### **Whistleblowing system**

Mechanisms used to detect unlawful behaviour and breaches of the Code of Conduct primarily consist of the whistleblowing system that has been implemented for employees and a Central Complaints Office for external whistleblowers such as clients and business partners. Reports received are investigated by the Whistleblowing Office, which is part of the Compliance division. The investigation is conducted in a manner that complies with the legal whistleblower protection provisions set out in the German Whistleblower Protection Act (Hinweisgeberschutzgesetz – HinSchG). See the discussion in section G1-3 – Prevention and detection of corruption and bribery for more detailed information on how the two processes are organised in concrete terms.

## **G1-3 – Prevention and detection of corruption and bribery**

### **16-18, 20-21**

Aareal Bank Group has a zero tolerance policy towards bribery, corruption, and granting and accepting undue advantages. The Group Compliance Officer, who is also the Group Anti-Money Laundering Officer, is responsible for continuously optimising Group-wide compliance processes. He answers directly to, and reports to, the Bank’s senior management. The functions’ responsibility for the Group is derived directly from the statutory provisions of the German Banking Act and the German Money Laundering Act (Geldwäschegesetz – GwG). Aareal Bank AG’s Compliance function and the compliance officers at the various subsidiaries form a system of multi-level responsibilities that is based on common values and standards, such as the Code of Conduct. This is necessary not least because of the different business models in the Group. A variety of processes and measures for preventing, identifying and addressing corruption, bribery and fraud risks are used to map the underlying conduct requirements at an operational level.

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### ***Fraud risk assessment***

The analysis of the actual and expected fraud risk situation forms the basis for the review and enhancement of appropriate business- and client-related security systems at Aareal Bank AG. These include operational IT security measures, internal principles, and manual and technical procedures. An analysis is performed at least once a year and serves as the basis for defining any supplementary control mechanisms and safeguards needed, so as to prevent or mitigate identified risks. Care must be taken during the process to ensure that the measures taken are in keeping with the risks identified.

The results of the fraud risk analysis are used to review existing preventive measures and adapt them where necessary. The Group Compliance Officer reports to the Management Board and Supervisory Board on the results of the annual/ad hoc risk analyses, on the appropriateness and effectiveness of the preventive measures taken, and on any attempted and actual cases of fraud, which may also include incidents of corruption.

### ***Whistleblowing procedure***

The Group-wide whistleblowing system is a core tool for reporting and detecting potential breaches of the rules, including corruption and bribery issues. In keeping with the requirements of the German Whistleblower Protection Act (Hinweisgeberschutzgesetz – HinSchG), Aareal Bank AG has established confidential and where necessary anonymous channels for reporting observed or suspected violations of the law. Reportable matters also include breaches of the Code of Conduct and conflicts of interest that have not been handled appropriately. The reports are submitted to the Whistleblowing Office, which is part of the Compliance division. The office comprises the Whistleblowing Officer and the Head of the Compliance Department in their role as Deputy Compliance Officer. The principle of dual control is adhered to at all times. The two functions are bound to abide by special rules regarding their independence, underpinning the objectivity required of the Whistleblowing Office. If the Whistleblowing Officer or the Head of Compliance cannot be reached, the General Counsel will stand in for them. If a report relates to the Whistleblowing Office itself, the General Counsel and the Head of Internal Audit will perform its duties unless there is a conflict of interests. This rule ensures that the people entrusted with the investigation do not report to the management chain of command involved in the matter concerned.

The “Whistleblowing procedure” procedural guidelines, for which the Compliance division is responsible, serve as the basis for handling incoming reports. The right to submit reports under these procedural guidelines extends to employees and senior executives (leitende Angestellte) as well as to members of the Management Board and Supervisory Board of Aareal Bank AG. The protective provisions and deadlines for feedback set out in the procedural guidelines apply to all whistleblowers who are Aareal Bank AG employees. Branches and representative offices must take any local legal requirements that apply into account. Possible reporting channels for subsidiaries are set out in the Fraud Prevention Framework Directive.

A number of reporting channels are available to Aareal Bank AG employees. One key way is to make direct contact with the Whistleblowing Office. In this case, reports can be submitted in person, by phone, or in writing (by e-mail or by post). Another core reporting channel is the “SpeakUp” whistleblowing system, which allows contact to be made anonymously via the Web- or by phone. In addition, where no formal reporting obligations are set out in specific pieces of legislation, staff have the option of initially consulting their line manager. This is not a formal report within the meaning of the whistleblowing process; the manager documents the report and informs the employee that a formal whistleblowing procedure is only initiated when the Whistleblowing Office is notified.

All reports received are followed up in line with transparent and objective process, reporting and documentation standards, which are intended to ensure that the entire process can be traced and reproduced. The Whistleblowing Office initiates an investigation of all reports received by it in all cases that do not relate to the Management Board. If a report relates to a matter involving at least one member of the Management Board, the Chairman of the Supervisory Board rather than the Whistleblowing Office is responsible for determining the next steps to be taken.

The subsequent analysis and clarification of those cases that are handled by the Whistleblowing Office is performed by a case team, whose composition varies depending on the type and significance of the matter concerned. The Whistleblowing Office is always represented on the case team, with the Whistleblowing Officer heading it and being responsible for the investigation. The case team conducts internal investigations, establishes the facts underlying the report and ensures that applicable internal and statutory requirements are met in the course of the investigation. The requisite neutrality of the people involved must be ensured at all times. Where necessary, external service providers with specialist expertise can also be consulted to support the investigation. If reports relate to an Aareal Bank Group subsidiary, the relevant company’s management and the local compliance officer, where one has been appointed, are included.

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In addition to the internal reporting units, external units and bodies such as the Federal Cartel Office, the Federal Financial Supervisory Authority or the Federal Office of Justice are available in the case of certain issues. Employees should use these units in particular if they consider that a report has not been dealt with appropriately within the Company. Statutory reporting obligations to supervisory or prosecution authorities are not affected by this.

The Compliance function reports to the Management Board and the Supervisory Board at the latest in its quarterly reporting on the number of and (where this is compatible with confidentiality requirements) the subject matter of material whistleblowing reports.

### ***Complaints management***

In addition to the internal whistleblowing procedure, Complaints Management (CM) serves as a reporting and discovery mechanism for external whistleblowers and hence helps to prevent and detect cases of corruption and bribery, among other things. The Bank's own "Complaints management" procedural guidelines set out the procedure for handling external complaints that are received.

The term "complaint" is not based on whether the client asserts any specific claims, e.g. for compensation. Rather, it also includes, for example, situations in which the client "merely" expresses their dissatisfaction about staff behaviour or shortcomings within the Bank (to the extent that they refer to services provided by the Bank) without asserting any claims for compensation. The same applies to expressions of dissatisfaction about business policy decisions taken by the Bank involving or relating to a Bank service.

At an organisational level, CM is part of the Legal division. It records all complaints received from clients, third parties or public authorities (with the exception of securities clients) without undue delay in an internal complaints register, and organises and monitors their processing. In addition, CM reports to the Management Board every quarter on all complaints received and their processing status. If a complaint indicates the presence of possible failures and shortcomings in the Bank's business operations, CM will initially inform the division concerned of this and request that the matter be addressed. The Compliance, Internal Audit and Operational Risk divisions are all informed. If a complaint has revealed the need to make organisational changes, CM informs the division concerned and asks about the measures taken, which are also recorded in the register of complaints.

The quarterly complaints report is prepared using the principle of dual control and is also made available to the Compliance and Operational Risk departments, the Central Fraud Prevention Office and Internal Audit once the Management Board has taken note of it. CM also reports any extraordinary complaints which indicate serious shortcomings in organisational structures or a particular systemic risk, or which are otherwise of particular significance, to the Management Board and the above-mentioned recipients without undue delay.

### ***Employee vetting***

Employee reliability checks are another means of preventing corruption and bribery. Carefully selecting employees creates an integrity-based working environment in which all Aareal Bank Group employees not only abstain from legally prohibited acts but are also made aware of the need to question and assess the ethical and moral aspects of transactions and business practices.

Human Resources is responsible for ensuring compliance with the statutory and supervisory provisions on determining employee reliability performed as part of the recruitment process. Reliability checks provide both for a careful review of application documents and for obtaining a police certificate of good conduct (polizeiliches Führungszeugnis) or comparable admissible documents from abroad.

If the manager becomes aware during the employment relationship of any factual evidence liable to cast doubt on an employee's reliability, this evidence must be forwarded to the HR representative in confidence and without undue delay. Conversely, Human Resources must notify the manager of any evidence that has become known which could impact the manager's assessment of the employee's reliability.

In addition, the manager and Human Resources must notify the Compliance Officer and Money Laundering Officer without undue delay if they become aware during the employment relationship of any factual evidence liable to cast doubt on the reliability of an employee.

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If any anomalies arise in the course of a reliability check, Human Resources and any other units requiring to be involved shall prepare an action plan for the employee concerned together with the Compliance Officer and Money Laundering Officer.

### ***Internal control system***

Aareal Bank Group has implemented an internal control system (ICS) to ensure that business is conducted in line with the rules. Aareal Bank Group's central ICS Coordination Unit is responsible for defining suitable principles, procedures, standards and instruments for the ICS, and for their further development. The ICS covers all measures designed to ensure that Aareal Bank Group complies with internal requirements and external rules, and that risks are managed within an acceptable framework from the Company's perspective. The ICS is designed to help identify risks and implement mitigating measures so that the Group's corporate objectives can be achieved efficiently and in accordance with the rules. Aareal Bank Group's ICS takes the MaRisk requirements for Aareal Bank AG into account. The statutory requirements for Aareal Bank Group to establish and maintain an effective ICS are derived from the provisions of stock corporation law and the supervisory requirements for credit institutions. The Management Board regularly reviews the adequacy and effectiveness of the ICS. Its assessment is primarily based on the results of the semi-annual ICS Report and the monthly risk reporting.

### ***Training***

Adequate employee training and awareness-raising in relation to the standards of conduct put into effect by the Bank is another key element used to prevent corruption and bribery. These measures are based primarily on the Code of Conduct, supplemented by Aareal Bank Group's Prevention of corruption Framework Directive.

Training on the Code of Conduct is mandatory for all Group undertakings in Germany and abroad. This does not apply to non-operating Group undertakings that do not have any staff apart from their Managing Directors. However, since these Managing Directors are also Aareal Bank AG employees, they are already covered by Aareal Bank AG's obligatory training requirements to this extent.

The Code of Conduct is made available in full in a Web-based training module that forms part of mandatory staff training. It must be read completely by employees, who must confirm electronically that they have taken note of it. A test must be taken at the end of the online training course; among other things, this includes questions on the scope of the Code of Conduct and examples of the 15 principles of conduct. Employees are not considered to have passed the training course until they have successfully completed the test.

New Aareal Bank Group employees must take this mandatory training course within 30 days. In addition, Human Resources organises Welcome Workshops twice a year in which members of the Compliance department give new Aareal Bank AG employees an initial overview of material applicable regulations, compliance requirements and responsibilities at the Bank. These information events use either a classroom or a video conference format and supplement the mandatory Web-based training courses. Existing employees are obliged to repeat the Web-based training module every three years to refresh their knowledge.

All Group companies that cannot access Aareal Bank AG's online learning platform are required by the Compliance department to distribute the training material to their employees; this is done via the compliance officers or the staff responsible for compliance at the subsidiaries concerned. The employees sign a confirmation that they have familiarised themselves with the content of Aareal Bank AG's Code of Conduct, the rules of conduct that this contains and their applicability (in particular, that it also applies to the Group and to Aareal Bank AG's subsidiaries). The Compliance department requires the signed confirmation to be submitted for documentary and evidentiary purposes at the latest as part of the annual control procedure performed for the Code of Conduct.

Aareal Bank AG's Management Board receives regular face-to-face training from an external consultancy on relevant topics relating to anti-money laundering, terrorist financing, fraud prevention, compliance with financial sanctions, and MaRisk- and capital market-specific compliance requirements. In addition, the Management Board is informed of risks relating to money laundering, fraud, the MaRisk and the WpHG by being made aware of the relevant risk analyses.

### Training ratio for functions-at-risk covered by training programmes

	2025
Training	Percentage of functions-at-risk covered by training programmes
Code of Conduct <sup>1)</sup>	100%

<sup>1)</sup> Covers all Aareal Bank Group employees with the exception of external Kitchen & Conference staff.

### Dealing with suppliers and service providers

In addition to the internal measures, processes exist for selecting, evaluating and monitoring suppliers, service providers and outsourced functions. A commercial credit agency is used to perform credit checks on new suppliers and service providers with an order volume in excess of € 100,000. In addition, primary suppliers are reviewed regularly using a supplier evaluation system that assesses their reliability and compliance with their contractual obligations, among other things.

If functions (particularly material ones) are outsourced, the division performing the outsourcing must comply with the legal requirements for outsourcing by using a selection and assessment procedure to ensure the service provider's suitability, and must review this regularly. Factors that must be examined during due diligence are defined in detail in Group-wide procedural guidelines. Additional requirements apply when outsourcing material functions. Potential breaches of the Code of Conduct or the Conflicts of Interest Policy are detected on the basis of complaints received from external complainants (clients, third parties, public authorities, etc.), internal information provided by staff and possibly also internal and external audits and checks.

### G1-4 – Incidents of corruption or bribery

#### 22-25 d

No court cases for corruption or bribery were brought against Aareal Bank Group or its employees in the reporting year. Additionally, no cases were outstanding from previous years. There were no suspected or confirmed cases of corruption or bribery.

The number of convictions for violation of anti-corruption and anti-bribery regulations and the size of the fines paid in relation to these are shown in the table below. The figures show non-appealable/concluded cases brought against the Bank and Bank employees in the course of their professional duties for reasons of bribery and corruption. The number of convictions and the size of the fines is recorded taking into account potential restrictions due to applicable employment law, data protection and the legal admissibility of inquiring about employees' criminal convictions.

#### Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws

	2025
Convictions for violation of anti-corruption and anti-bribery laws	0
Fines for violation of anti-corruption and anti-bribery laws (€)	0

The data for each metric is based on the information known to the Compliance Officer and is captured in coordination with Aareal Bank's General Counsel and the internal units responsible for quality assurance. The metrics are not externally validated.

Aareal Bank Group did not have any measurable targets in the reporting period for managing the material impact of corruption and bribery. This was not considered necessary since no suspected or confirmed cases of corruption or bribery were identified in the reporting period.

The basic measures used to prevent and detect corruption and bribery are the same as the prevention and control measures reported in the previous section. In particular, they include initial and recurring reliability checks for employees, the implementation of an

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appropriate and effective internal control system, employee training and awareness-raising on the standards of conduct put into effect by the Bank, the implementation of a central complaints management function for external whistleblowers and the implementation of a whistleblowing procedure (including the appointment of a whistleblowing officer) for internal whistleblowers.

### Entity-specific topic: information security

Aareal Bank Group has classified the topic of information security as “material” and, since it considers it to be insufficiently addressed in the ESRSs, has designated it as entity-specific. To ensure maximum transparency, the information security disclosures made are based on the ESRSs. In derogation of ESRS 1 I 31 b), the disclosures on information security are not based on GRI sector standards or sector-based IFRS materials. GRI 418 covers the protection of customer data, which explicitly does not correspond to the definition of information security. In addition, the SASB industry standard on Software & IT Services was consulted so as to ensure comparability in the case of similar topics. However, the disclosures have not been taken over one-to-one so as to better highlight the nature of the banking sector.

### Material impacts, risks and opportunities for information security and their interaction with strategy and business model

#### SBM-3 ESRS 2 48

Information and communications technology (ICT) risks were identified in the double materiality assessment as being material security risks for Aareal Bank Group from the latter’s perspective, leading to additional internal time and effort later on and resulting in financial losses in the medium to long term. ICT security risks may arise due to unauthorised access to ICT systems and data from within or outside the institution (such as through cyber-attacks). Damage can take the form of additional internal time and effort later on and resulting financial losses in the medium to long term. For example, in relation to the entity-specific topic of information security, substantial losses arising from additional time and effort spent following cyber-attacks are theoretically possible, although the likelihood of major incidents occurring is considered to be relatively low. Resilience against these risks is increased thanks to the information security management system (ISMS) operated by Aareal Bank AG, as described in more detail in the points below.

### Corporate policy on information security

Aareal Bank AG operates its own management system, the ISMS, to maintain and monitor information security. The associated Written Set of Procedural Rules, which applies to Aareal Bank AG (including Aareal Capital Corporation and Aareal Bank Asia Limited), covers information security principles, principles of conduct and the structure of the information security organisation, which serve among other things to avoid ICT security risks. The Chief Information Security Officer (CISO) is responsible for establishing and maintaining the Bank’s internal ISMS.

Aareal Bank AG is supervised by the European Central Bank (ECB). In line with this, Aareal Bank AG defines its ICT security risks using the nomenclature of the European Banking Authority (EBA). This is set out in the EBA/GL/2017/05 Guidelines on ICT Risk Assessment under the Supervisory Review and Evaluation process (SREP) and the EBA/GL/2019/04 Guidelines on ICT and security risk management under the SREP.

The Digital Operational Resilience Act (DORA) has applied directly to Aareal Bank AG since 17 January 2025. Non-EU subsidiaries are not directly covered by DORA, although they are included in the relevant internal processes and controls in those cases in which they perform material ICT services for Aareal Bank AG.

On an international level, the ISO/IEC 27001 standard has become established for implementing ISMSs. It specifies the requirements for setting up, implementing, maintaining and continuously improving ISMSs. Aareal Bank Group therefore also uses the ISO/IEC 27001 standard as the basis for its ISMS in addition to the DORA requirements.

### Information security policies

Overall responsibility for information security lies with the Management Board of Aareal Bank AG. The Management Board delegates the task of establishing and maintaining a DORA-compliant ISMS to the CISO. The CISO is the Information Security Officer and reports regularly, and at least quarterly, to the Chief Risk Officer (CRO).

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The information security organisation (IS-Org.) supports the adherence to and improvement of all information security measures. IS-Org. comes under the authority of the Chief Risk Officer (Management Board, GCRO) and consists of the CISO, their deputy and the staff.

The CISO is responsible for the ISMS and thus for the appropriate handling of cyber risks, among other things. As an element of information risk, cyber risks are a sub-risk type of operational risk. The information security organisation handles information risks in accordance with the risk framework requirements for Aareal Bank Group.

### **Management of impacts, risks and opportunities on information security**

The objective of information risk management is based on Aareal Bank Group's handling of operational risk, which, in summary, determines that appropriate decisions must be taken with regard to avoiding, accepting or transferring risk positions. "Appropriate" here refers to both the need to make commercial sense and the Bank's risk appetite.

An ISMS is operated to protect confidential data and their integrity, authenticity and availability.

The ISMS described serves to protect confidential data and their integrity, authenticity and availability. The Written Set of Procedural Rules on the ISMS sets out a number of measures to maintain information security. The following key principles are applied to protect information security and to achieve the desired level of security. They apply to Aareal Bank AG including Aareal Capital Corporation and Aareal Bank Asia Limited:

- The information, data and systems are constantly reviewed so as to ensure their integrity, authenticity, availability and confidentiality.
- The applicability and effectiveness of security measures are continually reviewed within the framework of the internal control system and the "Three Lines of Defence" (LoD) model.
- All staff are sensitised to the topic of information security and adequately trained. The training is conducted annually with varying focal topics.
- Staff assigned to Aareal Bank AG by a service provider are adequately trained and instructed as appropriate for the area of operation concerned.
- Aareal Bank supports the exchange of information on cyber threats, utilising and fostering this exchange within the scope of its communication channels with the ECB, the Federal Financial Supervisory Authority and the Federal Office for Information Security.

Aareal Bank AG defines information security as a self-contained improvement process, which means that there is no time limit on the use of the measures defined.

Upholding and continuously improving the level of security through consistent planning, implementation, control and monitoring of measures is a self-contained process. The necessary controls are prepared, approved annually by the responsible Management Board member and then implemented. They are then used as the basis for deciding on the appropriateness of taking security measures for the continuous improvement of information security and on sustainable target achievement.

Aareal Bank AG has implemented an appropriate monitoring and management process for the Aareal Bank Group. Information security is monitored by means of regular controls, audits and ad hoc analyses and investigations. The control universe used is the information network, which maps all information assets processing information and requiring protection. The IS-Org. control plan ensures that the requirements set out in the guidelines are appropriately and effectively met. At the same time, it is reviewed whether the first LoD fulfils the required measures effectively and comprehensively. Controls performed by another second LoD function do not belong to the control universe. The results of these controls are put into context and disseminated for Aareal Bank AG in the reporting processes described below. Metrics have been defined for reporting on information security in order to be able to measure whether the actions defined have been achieved.

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### Metrics and targets related to information security

All Aareal Bank AG employees, including Aareal Capital Corporation and Aareal Bank Asia Limited, have to undergo mandatory information security training every year. IS-Org. determines the focus of the training, reviews it annually and updates it. The metric determined here indicates the percentage of all “active” status employees at the time of the evaluation who have successfully completed the training. No review of the percentage going above and beyond internal quality assurance is performed. An annual ratio of at least 95 % successfully completed mandatory training courses has been set as a target. This has been agreed with the Management Board. The ratio in 2025 was 99.8%, meaning that the target was exceeded.

# **Consolidated Financial Statements**



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# Consolidated Financial Statements

## Statement of Comprehensive Income

### Income Statement<sup>1)</sup>

€ mn	Note	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
Interest income from financial instruments (ac and fvoci)		2,129	2,618
Interest income from financial instruments (fvpl)		45	65
Market-driven modification gains		1	2
Interest expenses for financial instruments (ac and fvoci)		-956	-1,372
Interest expenses for financial instruments (fvpl)		-285	-251
Market-driven modification losses		0	-2
<b>Net interest income</b>	33	<b>934</b>	<b>1,060</b>
Loss allowance excluding credit-driven net modification gain or loss		-325	-340
Credit-driven net modification gain or loss		11	-30
<b>Loss allowance</b>	34	<b>-314</b>	<b>-370</b>
Commission income		54	47
Commission expenses		-50	-51
<b>Net commission income</b>	35	<b>4</b>	<b>-4</b>
Net gain or loss on the derecognition of financial assets (ac)		27	31
Net gain or loss on the derecognition of financial liabilities (ac)		1	0
Net gain or loss on the derecognition of financial assets (fvoci)		0	0
<b>Net derecognition gain or loss</b>	36	<b>28</b>	<b>31</b>
Net gain or loss from financial instruments (fvpl)	37	-5	-44
Net gain or loss from hedge accounting	38	-12	3
Net gain or loss from investments accounted for using the equity method	39	4	1
Administrative expenses	40	-347	-377
Net other operating income/expenses	41	4	-6
<b>Operating profit (from continuing operations)</b>		<b>296</b>	<b>294</b>
Income taxes	42	-118	-82
<b>Consolidated net income (from continuing operations)</b>		<b>178</b>	<b>212</b>
Net income from sold operations	43	0	2,062
<b>Consolidated net income</b>		<b>178</b>	<b>2,274</b>
<b>Consolidated net income attributable to:</b>			
Non-controlling interests		0	0
Shareholders of Aareal Bank AG		178	2,274
<b>Consolidated net income</b>		<b>178</b>	<b>2,274</b>

<sup>1)</sup> In accordance with IFRS 5, net income from sold operations (see Note 43 for explanations) is reported separately.

## Statement of Comprehensive Income

### Reconciliation from Consolidated Net Income to Total Comprehensive Income

€ mn	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
<b>Consolidated net income</b>	<b>178</b>	<b>2,274</b>
Items that will not be reclassified subsequently to profit or loss		
<b>Changes in the reserve from remeasurements of defined benefit plans</b>	<b>3</b>	<b>27</b>
Remeasurements of defined benefit plans	5	40
Taxes on remeasurements of defined benefit plans	-2	-13
<b>Changes in the reserve from the measurement of equity instruments (fvoci)</b>	<b>0</b>	<b>0</b>
Gains and losses from equity instruments (fvoci)	0	0
Reclassifications to retained earnings from equity instruments (fvoci)	0	0
Taxes on gains and losses from equity instruments (fvoci)	0	0
Items that are reclassified subsequently to profit or loss		
<b>Changes in the reserve from the measurement of debt instruments (fvoci)</b>	<b>27</b>	<b>-21</b>
Gains and losses from debt instruments (fvoci)	40	-30
Reclassifications to the income statement from debt instruments (fvoci)	0	-1
Taxes on gains and losses from debt instruments (fvoci)	-13	10
<b>Changes in the reserve from foreign currency basis spreads</b>	<b>16</b>	<b>-8</b>
Gains and losses from foreign currency basis spreads	25	-11
Reclassifications to the income statement from foreign currency basis spreads	0	0
Taxes on gains and losses from foreign currency basis spreads	-9	3
<b>Changes in currency translation reserves</b>	<b>-55</b>	<b>21</b>
Gains and losses from translating foreign operations' financial statements	-38	5
Reclassifications to the income statement from translating foreign operations' financial statements	0	9
Taxes on gains and losses arising from translating foreign operations' financial statements	-17	7
<b>Other comprehensive income</b>	<b>-9</b>	<b>19</b>
<b>Total comprehensive income</b>	<b>169</b>	<b>2,293</b>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	-1	6
Shareholders of Aareal Bank AG	170	2,287
<b>Total comprehensive income</b>	<b>169</b>	<b>2,293</b>

## Statement of Financial Position

€ mn	Note	31 Dec 2025	31 Dec 2024
<b>Assets</b>			
<b>Financial assets (ac)</b>	44	<b>39,111</b>	<b>40,428</b>
Cash funds (ac)	11	328	2,605
Loan receivables (ac)	12	33,839	32,611
Money market and capital market receivables (ac)	13	4,876	5,142
Receivables from other transactions (ac)	15	68	70
Loss allowance (ac)	45	-429	-402
<b>Financial assets (fvoci)</b>	46	<b>5,371</b>	<b>4,823</b>
Money market and capital market receivables (fvoci)	13	5,370	4,822
Equity instruments (fvoci)	14	1	1
<b>Financial assets (fvpl)</b>	47	<b>1,619</b>	<b>1,530</b>
Loan receivables (fvpl)	12	324	381
Money market and capital market receivables (fvpl)	13	6	5
Positive market value of designated hedging derivatives (fvpl)	16	452	673
Positive market value of other derivatives (fvpl)	17	837	471
Non-current assets held for sale	28, 48	128	282
Investments accounted for using the equity method	18, 49	74	75
Intangible assets	19, 50	44	45
Property and equipment	20, 51	23	79
Income tax assets	21, 52	39	40
Deferred tax assets	22, 53	216	274
Other assets	23, 54	657	640
<b>Total</b>		<b>46,853</b>	<b>47,814</b>
<b>Equity and liabilities</b>			
<b>Financial liabilities (ac)</b>	55	<b>41,165</b>	<b>39,486</b>
Money market and capital market liabilities (ac)	24	27,169	26,557
Deposits from the housing industry (ac)	25	13,213	12,216
Liabilities from other transactions (ac)	26	60	72
Subordinated liabilities (ac)	27	723	641
<b>Financial liabilities (fvpl)</b>	56	<b>1,705</b>	<b>2,566</b>
Negative market value of designated hedging derivatives (fvpl)	16	988	1,057
Negative market value of other derivatives (fvpl)	17	717	1,509
Non-current liabilities held for sale	57	0	9
Provisions	29, 58	152	159
Income tax liabilities	59	33	91
Deferred tax liabilities	22, 60	1	1
Other liabilities	30, 61	45	42
<b>Equity</b>	31, 62	<b>3,752</b>	<b>5,460</b>
Subscribed capital		180	180
Capital reserves		721	721
Retained earnings		2,548	4,359
AT1 bond		407	300
Other reserves		-129	-121
Non-controlling interests		25	21
<b>Total</b>		<b>46,853</b>	<b>47,814</b>

## Statement of Changes in Equity

	Subscribed capital	Capital reserves	Retained earnings	AT1 bond	Other reserves					Total	Non-controlling interests	Equity
					Reserve from remeasurements of defined benefit plans	Reserve from the measurement of equity instruments (fvoci)	Reserve from the measurement of debt instruments (fvoci)	Reserve from changes in the value of foreign currency basis spreads	Currency translation reserve			
€ mn												
<b>Equity as at 1 January 2025</b>	<b>180</b>	<b>721</b>	<b>4,359</b>	<b>300</b>	<b>-61</b>	<b>-4</b>	<b>-39</b>	<b>-30</b>	<b>13</b>	<b>5,439</b>	<b>21</b>	<b>5,460</b>
Total comprehensive income for the period	0	0	178	0	3	0	27	16	-54	<b>170</b>	-1	<b>169</b>
Consolidated net income	0	0	178	0	0	0	0	0	0	<b>178</b>	0	<b>178</b>
Other comprehensive income	0	0	0	0	3	0	27	16	-54	<b>-8</b>	-1	<b>-9</b>
Payments to non-controlling interests	0	0	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Dividends	0	0	-1,941	0	0	0	0	0	0	<b>-1,941</b>	0	<b>-1,941</b>
AT1 coupon	0	0	-68	0	0	0	0	0	0	<b>-68</b>	0	<b>-68</b>
Increase in AT1 bond	0	0	0	407	0	0	0	0	0	<b>407</b>	0	<b>407</b>
Decrease in AT1 bond	0	0	0	-300	0	0	0	0	0	<b>-300</b>	0	<b>-300</b>
Changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Other changes	0	0	20	0	0	0	0	0	0	<b>20</b>	5	<b>25</b>
<b>Equity as at 31 December 2025</b>	<b>180</b>	<b>721</b>	<b>2,548</b>	<b>407</b>	<b>-58</b>	<b>-4</b>	<b>-12</b>	<b>-14</b>	<b>-41</b>	<b>3,727</b>	<b>25</b>	<b>3,752</b>

	Subscribed capital	Capital reserves	Retained earnings	AT1 bond	Other reserves					Total	Non-controlling interests	Equity
					Reserve from remeasurements of defined benefit plans	Reserve from the measurement of equity instruments (fvoci)	Reserve from the measurement of debt instruments (fvoci)	Reserve from changes in the value of foreign currency basis spreads	Currency translation reserve			
€ mn												
<b>Equity as at 1 January 2024</b>	<b>180</b>	<b>721</b>	<b>2,128</b>	<b>300</b>	<b>-86</b>	<b>-4</b>	<b>-18</b>	<b>-22</b>	<b>-4</b>	<b>3,195</b>	<b>105</b>	<b>3,300</b>
Total comprehensive income for the period	0	0	2,274	0	25	0	-21	-8	17	<b>2,287</b>	6	<b>2,293</b>
Consolidated net income	0	0	2,274	0	0	0	0	0	0	<b>2,274</b>	0	<b>2,274</b>
Other comprehensive income	0	0	0	0	25	0	-21	-8	17	<b>13</b>	6	<b>19</b>
Payments to non-controlling interests	0	0	0	0	0	0	0	0	0	<b>0</b>	-2	<b>-2</b>
Dividends	0	0	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
AT1 coupon	0	0	-33	0	0	0	0	0	0	<b>-33</b>	0	<b>-33</b>
Increase in AT1 bond	0	0	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Decrease in AT1 bond	0	0	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Changes in ownership interests in subsidiaries	0	0	-5	0	0	0	0	0	0	<b>-5</b>	-91	<b>-96</b>
Other changes	0	0	-5	0	0	0	0	0	0	<b>-5</b>	3	<b>-2</b>
<b>Equity as at 31 December 2024</b>	<b>180</b>	<b>721</b>	<b>4,359</b>	<b>300</b>	<b>-61</b>	<b>-4</b>	<b>-39</b>	<b>-30</b>	<b>13</b>	<b>5,439</b>	<b>21</b>	<b>5,460</b>

## Statement of Cash Flows

€ mn	Cash flow 1 Jan – 31 Dec 2025	Cash flow 1 Jan – 31 Dec 2024
<b>Consolidated net income</b>	<b>178</b>	<b>2,274</b>
Additions to and reversals of loss allowances	320	373
Amortisation, depreciation, impairment and write-ups of non-current assets	15	15
Other non-cash changes	-230	-126
Interest expenses/income	-934	-1,060
Income tax expenses/benefit	119	82
Gains/losses on the disposal of non-current assets	0	0
Other adjustments	-144	-47
<b>Adjusted consolidated net income</b>	<b>-676</b>	<b>1,511</b>
Changes in financial assets (ac) (excluding cash funds)	-2,280	-418
Changes in financial assets (fvoci)	-453	-346
Changes in financial assets (fvpl)	160	-123
Changes in non-current assets held for sale	138	97
Changes in other assets	15	-19
Changes in financial liabilities (ac) (excluding subordinated capital)	1,767	35
Changes in financial liabilities (fvpl)	-13	-26
Changes in provisions	-41	-77
Changes in other liabilities	-62	15
Income taxes paid/income tax refunds	-119	-137
Interest received	2,089	2,292
Interest paid	-1,075	-1,276
<b>Cash flow from operating activities</b>	<b>-550</b>	<b>1,528</b>
Proceeds from the disposal of equity instruments and investments accounted for using the equity method	0	0
Proceeds from the disposal of property and equipment and intangible assets	0	2
Payments for the acquisition of property and equipment and intangible assets	-15	-18
Effect of changes in reporting entity structure	144	-98
<b>Cash flow from investing activities</b>	<b>129</b>	<b>-114</b>
Dividends paid and AT1 coupon payments	-2,009	-33
Changes in subordinated liabilities	44	253
Changes due to other financing activities	109	-6
<b>Cash flow from financing activities</b>	<b>-1,856</b>	<b>214</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>2,605</b>	<b>977</b>
Cash flow from operating activities	-550	1,528
Cash flow from investing activities	129	-114
Cash flow from financing activities	-1,856	214
<b>Cash and cash equivalents as at 31 December</b>	<b>328</b>	<b>2,605</b>

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## Notes

### Basis of Accounting

Aareal Bank AG is a public limited company incorporated under German law, with its registered office in Paulinenstrasse 15, 65189 Wiesbaden, Germany. It is the parent company of an international property finance and services group, and registered under no. HRB 13 184 in the Commercial Register at the Wiesbaden local court (Germany). It is owned by Atlantic BidCo GmbH, which in turn is a subsidiary of Atlantic Lux HoldCo S.à r.l.

As a public limited company, Aareal Bank AG has prepared its consolidated financial statements for the financial year ended on 31 December 2025 in accordance with International Financial Reporting Standards (IFRSs) applicable within the European Union (EU) as at the reporting date, in connection with the provisions pursuant to Section 315e of the German Commercial Code (Handels-gesetzbuch – HGB). The reporting currency is the euro (€). In addition, the consolidated financial statements were prepared using the European Single Electronic Format pursuant to Commission Delegated Regulation (EU) No. 2019/815 as amended (i.e. in the XHTML format) and were complemented with tags based on Inline XBRL technology.

The Management Board approved the consolidated financial statements for publication on 24 February 2026; they will be published in the German Company Register (Unternehmensregister).

This report contains rounded numbers, which may result in slight differences when aggregating figures and calculating percentages.

### Accounting Policies

#### (1) Accounting standards

Recognition and measurement within Aareal Bank Group are based on accounting policies applied consistently throughout the Group. The consolidated financial statements are prepared on a going concern basis.

We apply accounting policies – and the presentation of financial statements – consistently, in order to ensure the comparability of financial statements over time.

Information is presented in accordance with the principle of materiality. Minor differences may occur regarding the figures stated, due to rounding.

The Bank observes the general prohibition of setting off assets against liabilities. To the extent that the criteria of IAS 12.74 are met, deferred tax assets and deferred tax liabilities are offset. If the requirements set out in IAS 32.42 are met, financial assets and liabilities are reported on a net basis.

Income and expenses are recognised on an accrual basis and recorded in the income statement in the period to which they relate.

Interest income and expenses are recognised using the effective interest method (financial assets (ac) and (fvoci) as well as financial liabilities (ac)). In the case of impaired receivables, interest income and expenses are recognised only on the basis of the net carrying amount. Interest from derivatives designated for hedge accounting and economic hedging relationships is included in net interest income. Interest from derivative hedging instruments is shown under interest from financial instruments (ac and fvoci), while interest from economic hedging relationships is reported under interest from financial instruments (fvpl). We provide specific information on negative interest from financial assets or positive interest from financial liabilities in the Notes, under net interest income. These assets and liabilities are deposits as well as money market and securities repurchase transactions. The interest benefit from the ECB's Targeted Longer-Term Refinancing Operations (TLTRO) is recognised if there is reasonable certainty that it will be granted.

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Dividend income is recognised when there is a corresponding legal title.

Commission income and expenses include revenue from the provision of services in the ordinary course of business. These services mainly include financings, sector-specific payments processes, digital tenant deposit solutions and investment offerings.

An asset is recognised in the statement of financial position when it is probable that an associated future economic benefit will flow to the Company and the asset can be measured reliably.

A liability is recognised if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when the settlement amount of the liability can be measured with sufficient reliability.

Aareal Bank provides risk information concerning financial instruments both in its Risk Report and in the Notes. For information on credit risks please refer to the presentation of credit default risk related to on-balance-sheet and off-balance-sheet transactions in the Risk Report as part of the Management Report and to Note 67 on credit risks. Further loss allowance scenario analyses are set out in Note 34. Information on interest rate sensitivities (section on interest rate risks) are disclosed in the Risk Report as part of the Management Report, where market price risks are also outlined. The risk-bearing capacity calculation (which is also a part of the Risk Report) aggregates the individual risk contributions of the individual risk types to overall risk, while the liquidity risks section of the Risk Report (as part of the Management Report) provides information on how we manage the liquidity risks related to financial instruments. Note 73 on derivative financial instruments details the cash flows from these instruments, whereas non-derivative financial liabilities are presented in Note 75 “Maturities of financial liabilities”.

## **(2) Management estimates and judgements**

Aareal Bank’s consolidated financial statements permissibly include estimates and assumptions regarding the valuation of assets and liabilities. All estimates and assumptions required for accounting and valuation purposes in accordance with IFRSs are made in line with the respective standard, reviewed on an ongoing basis and based on historical experience and other factors, including planning details and expectations of future events that are probable, based on today’s information, and appear reasonable under the given circumstances.

In particular, the following topics are subject to estimation uncertainty and management judgements:

- the allocation to stages and the determination of loss allowance as part of the IFRS 9 impairment requirements (cf. section Loss allowance in Note (10) Recognition and measurement of financial instruments);
- the definition of business models and classification of financial instruments in accordance with IFRS 9 (cf. section Classification in Note (10) Recognition and measurement of financial instruments);
- the determination of fair values, including the assessment of the existence of an active or inactive market (cf. Note (9) Determination of fair value);
- the calculation of provisions (cf. Note (29) Provisions and Note (58) Provisions);
- the measurement of goodwill (cf. Note (19) Intangible assets and Note (50) Intangible assets);
- the valuation of properties (cf. Note (23) Other assets and Note (54) Other assets);
- the valuation of tax assets and liabilities (cf. Note (21) Tax assets and liabilities and Note (59) Income tax liabilities);
- the recognition and valuation of deferred taxes (cf. Note (22) Deferred tax assets / deferred tax liabilities and Note (53) Deferred tax assets and Note (60) Deferred tax liabilities).

Where there is significant estimation uncertainty, the assumptions made are explained in detail in the notes to the corresponding items.

### (3) Changes in accounting policies

The following financial reporting standards (IASs/IFRSs) were applied for the first time in the reporting period:

- **IAS 21 Lack of Exchangeability**

The amendments to IAS 21 require an entity to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The new and revised standards and interpretations did not have material consequences for the consolidated financial statements of Aareal Bank Group.

Until 31 December 2025, the following financial reporting standards (IASs/IFRSs) and interpretations (IFRICs), which are required to be applied in future financial years, had been published by the International Accounting Standards Board (IASB) and endorsed by the EU Commission:

New International Financial Reporting Standards / Interpretations	Issued	Endorsed	Effective date
IFRS 18 Presentation and Disclosure in Financial Statements	April 2024		Financial years beginning on or after 1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 2024		Financial years beginning on or after 1 January 2027

Revised International Financial Reporting Standards	Issued	Endorsed	Effective date
IFRS 9 Amendments to the Classification and Measurement of Financial Instruments	May 2024	May 2025	Financial years beginning on or after 1 January 2026
Annual Improvements Volume 11	July 2024	July 2025	Financial years beginning on or after 1 January 2026
IFRS 9 Contracts Referencing IFRS 7 Nature-dependent Electricity	December 2024	June 2025	Financial years beginning on or after 1 January 2026
IFRS 19 Amendments to Subsidiaries without Public Accountability: Disclosures	August 2025		Financial years beginning on or after 1 January 2027
IAS 21 Amendments to The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency	November 2025		Financial years beginning on or after 1 January 2027

- **IFRS 18 Presentation and Disclosure in Financial Statements**

The new standard will replace the existing IAS I. IFRS 18 aims to improve the presentation of financial information, enhancing the transparency and comparability of financial statements. This involves fundamental changes to the structure of the statement of profit or loss, including the introduction of additional mandatory defined subtotals in the statement of profit or loss, such as the indication of operating profit. Moreover, income and expenses must be clearly allocated to one of the following five categories: operating, investing, financing, income taxes and discontinued operations (if applicable). Additional requirements apply for companies that provide financing to clients or invest in assets as a main business activity, such as banks and insurance companies. Where senior management uses self-defined performance indicators (that are not governed by other IFRSs) to manage the business, such management-defined performance measures (“MPMs”) will have to be disclosed in the Notes. The new standard will also impact the statement of cash flows: the option to present interest and dividend payments made and received in cash flow from operating activities or in cash flow from investing activities has been abolished. Instead, interest and dividends paid will generally be classified in cash flows from financing activities, and interest and dividends received in cash flows from investing activities.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

IFRS 19 provides for significant relief in disclosure obligations for subsidiaries that are not themselves subject to public accountability and whose parent entity publish their consolidated financial statements in accordance with IFRSs. An entity has no public accountability if it has not issued (and is not in the process of issuing) any exchange-listed debt or equity instruments, and does not hold assets in a fiduciary capacity for a broad group of outsiders. The objective of the new standard is to reduce the effort and cost involved in the preparation of IFRS financial statements for eligible subsidiaries (that are not themselves obliged to prepare financial statements in accordance with IFRSs) while preserving the usefulness of information for users of financial statements.

- **IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments**

The amendments provide more detailed guidance regarding the measurement of financial instruments with environmental, social and governance (ESG)-linked features, observing the SPPI criterion. This facilitates carrying such instruments at amortised cost, provided that cash flows are not materially affected by ESG-linked features. Furthermore, the amendment covers the settlement of liabilities via electronic payment systems.

- **Annual Improvements Volume 11**

Improvements to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

- **IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity**

The IASB has implemented amendments to IFRS 9 and IFRS 7 to clarify the accounting of electricity procurement contracts from renewable energies. The adjustments to IFRS 9 relate to the 'own-use' exemption and the accounting of hedges, including the option of including variable power volumes as hedged items. In IFRS 7, disclosure requirements have been added that require specific information on contracts referencing nature-dependent electricity, such as the type of transactions and the associated risks.

- **IFRS 19 Amendments to Subsidiaries without Public Accountability: Disclosures**

The adjustments to IFRS 19 provide relief for subsidiaries regarding various recent IASB announcements and reflect the IFRS amendments that will enter into force by 1 January 2027, i.e. when IFRS 19 is applicable for the first time.

- **IAS 21 Amendments to The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency**

The amendments include requirements on how enterprises must translate financial statements from a non-hyperinflationary currency into a hyperinflationary currency.

Aareal Bank Group did not opt for early application of these standards in the 2025 financial year, which are required to be applied in future financial years.

Aareal Bank Group is currently reviewing the effects of the application of the new and amended financial reporting standards on the consolidated financial statements.

## **(4) Consolidation**

### **Consolidation principles**

The consolidated financial statements present the parent company, Aareal Bank AG, and the subsidiaries included in the reporting entity structure as a single economic unit. The consolidated financial statements include all subsidiaries which are controlled directly or indirectly. A parent entity controls an investee when it has the power to direct the investee's relevant activities, has an exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of such returns. If control is exercised via voting rights, a parent-subsidiary relationship is deemed to exist if more than half of the voting rights are held directly or indirectly. In cases where voting rights are not conclusive in determining control relationships, other factors are used to assess whether the Group has the power over the company. For this purpose, an assessment is made of the following: purpose and design of an investee, what are the relevant activities of the company, what is the decision-making process in relation to these relevant activities and whether the Group, by virtue of its rights, currently has the ability to direct these relevant activities. In addition, an assessment is required as to whether the Group exercises control as principal or as agent, or whether a

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third party acts as agent for the Group. If the assessment shows that the Group has the sole power over an investee and additionally has the ability to use its power over the investee to affect the amount of the investor's returns, the investee is included in the consolidated financial statements.

Consolidation of a subsidiary begins from the date the Group obtains significant influence (full consolidation). Subsidiaries are deconsolidated when there is no longer the ability to exercise significant influence.

Any non-controlling interests resulting from full consolidation are shown in the statement of financial position, as a separate item of equity. This also applies to a partial disposal without the loss of control over the subsidiary (sale of a non-controlling interest).

Initial consolidation of an entity in the event of an acquisition is based on the purchase method, in accordance with IFRS 3, whereby remeasured amounts must be used when recognising assets and liabilities (including any hidden reserves and hidden encumbrances) of an entity to be consolidated. This may lead to the recognition of new assets and liabilities (including contingent liabilities) that were previously not reported in the statement of financial position of the company to be consolidated. Any excess of acquisition cost over the Group's interest in the fair value of net assets is recognised as (positive) goodwill. Any negative goodwill resulting from this comparison is charged against income.

Intragroup transactions, balances and results of transactions between Group entities are eliminated. Accounting policies applied by subsidiaries were amended for the purpose of preparing consolidated financial statements to the extent required to ensure consistent accounting throughout the Group.

Joint arrangements are defined as contractual arrangements where two or more parties carry out business activities that are subject to joint control. Joint control only exists when the decisions about the relevant activities require unanimous consent of the parties sharing control. In general, a distinction is made between joint operations and joint ventures. The parties to a joint operation that have joint control have the rights to the assets, and the obligations for the liabilities, relating to the arrangement. Assets and obligations, as well as revenue and expenses are carried on a pro-rata basis. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint ventures are measured using the equity method.

Associates are companies in which the Group has an equity interest and may exercise significant influence, without having control. Significant influence is deemed to exist when an investor holds 20%-50% of the voting rights of a company. Associates are also measured using the equity method.

In accordance with the equity method, the Group's share in the profit or loss of associates and joint ventures is recognised in the consolidated income statement from the date of acquisition and is included in the carrying amount of the equity investment, taking into account interim distributions. Further information on investments accounted for using the equity method is included in Note (49).

Associates and joint ventures are no longer accounted for using the equity method from the date when the Group loses significant influence over the company or when joint control ends.

As at the reporting date, the Group was not exposed to material limitations as regards the access to, or use of, assets of the Group and as regards the settlement of liabilities of the Group.

### Reporting entity structure

As at 31 December 2025, the reporting entity structure comprised 44 companies (2024: 52), including Aareal Bank AG as well as 40 (2024: 47) subsidiaries, no joint arrangements (2024: 0) and three associates (2024: four).

Two companies constituted the material removals from the reporting entity structure during the period under review; one company was added.

Within the scope of the sale of its Italian hotel operations to an external investor, Aareal Bank sold 100% of its shares in the two Italian subsidiaries La Sessola S.r.l. and La Sessola Service S.r.l. in April 2025. The sale price amounted to € 132 million.

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Aareal Bank carried out a foreclosure in the USA, acquiring a US property; the RSP Owner LLC property was valued at € 65 million upon acquisition.

There were no other material changes to the reporting entity structure.

Note (93) “List of shareholdings” includes an overview of the Group companies.

## **(5) Currency translation**

Individual line items in the financial statements of each Group entity are measured on the basis of the currency of the primary economic environment the respective entity operates in (“functional currency”).

The consolidated financial statements are prepared in euro, being both the functional and the reporting currency.

Monetary assets and liabilities denominated in a foreign currency, unsettled cash market/spot transactions and non-monetary items measured at fair value are all translated to the functional currency on the basis of the ECB reference rate prevailing on the balance sheet date. Non-monetary items measured at amortised cost are translated using historical rates.

Currency translation adjustments on monetary assets and liabilities must be recognised in income. Depending on the relevant measurement category, currency translation adjustments on non-monetary items are either recognised directly in equity (in the currency translation reserves), or recognised in the income statement (in net gain or loss from transactions measured at fair value).

Financial statements of consolidated subsidiaries, which are presented in a currency other than the euro, are translated at the ECB reference rate prevailing at the reporting date (statement of financial position) and at (monthly) average rates (income statement). Translation differences are recognised in equity, in the currency translation reserves.

## **(6) Revenue recognition**

Aareal Bank Group recognises revenue in both segments. Revenue or other income is recognised when the performance obligation is satisfied which means that the services have been provided, i.e. the customer has obtained control.

Revenue recognition in the banking business mainly refers to the provision of loans, the administration of syndicated loans, payments processes or tenant deposit solutions for the property and energy industries. Aareal Bank Group recognises revenue in the same period in which the services are provided. When contracts comprise various performance obligations, each of the performance obligations are priced separately. Mostly, fixed fees are agreed. Commissions from the lending business mainly arise over a specified period of time, while commissions from other banking business arise mainly at a certain point in time. The customer obtains control over the service while Aareal Bank is providing the service. The agreed transaction price is invoiced to the customer on a pro-rata basis as at the end of an agreed period (normally monthly or quarterly). The Bank recognises the invoiced amount as revenue when it is entitled to a consideration in an amount that directly corresponds to the value of the services already provided. Invoiced amounts are payable immediately in the agreed amounts. Since the service has already been provided at the time the invoice is issued, an unconditional right to consideration arises, and a receivable due from the customer is recorded.

Standardised contracts are concluded within Aareal Bank Group for the vast majority of contracts with customers. This does not involve costs of obtaining a contract. In addition, there are no material amounts of variable consideration for the various services. The customers are not granted significant financing components.

## **(7) Leases**

A lease is a contract or a part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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In accordance with IFRS 16, a lessee has to recognise a liability for lease payments as well as an asset for the right to use the underlying asset during the lease term. The practical relief provided for by the IFRS 16 as regards short-term lease agreements and low-value leased assets is made use of. The lease liabilities include the present value of the lease payments to be made over the lease term. Lease payments may comprise:

- fixed payments less any lease incentives receivable,
- variable lease payments that depend on an index or interest rate,
- amounts expected to be payable under residual value guarantees,
- the exercise price of a purchase option if the exercise of the option is reasonably certain, and
- payments of penalties for terminating the lease if terminating the lease is reasonably certain.

To determine the present value, the lease payments are discounted using the interest rate implicit in the lease. If such rate cannot be determined, discounting is based on Aareal Bank Group's incremental borrowing rate for the corresponding maturity band and the corresponding currency. The lease term is determined as the non-cancellable period of a lease, taking into account both extension options and termination options if it is reasonably certain that such options will be exercised.

The right-of-use asset is measured upon initial measurement at cost which comprises the following amounts:

- the amount of the lease liability,
- any lease payments made to the lessor at or before the commencement date, less any lease incentives received from the lessor,
- any initial direct costs, and
- asset retirement obligations.

These items are re-measured at amortised cost. The right-of-use assets are depreciated on a straight-line basis over the lease term. Aareal Bank Group does not apply the IFRS 16 rules to leases where the Bank acts as the lessee involving intangible assets. If contracts include both lease components and non-lease components, the practical expedient as provided for by the standard not to separate these components is made use of.

Aareal Bank Group also acts as lessor, in which case a distinction has to be made between operating and finance leases. The basis for this classification is the extent to which the risks and rewards incidental to ownership of an underlying asset are attributable to either the lessor or the lessee. If a substantial portion of the risks and rewards remain with the lessor, the lease is classified as an operating lease. Where a substantial portion of the risks and rewards are transferred to the lessee, the lease is classified as a finance lease.

The major rental contracts of Aareal Bank Group as lessor are operating leases and mainly refer to let property. They are reported in the statement of financial position under "Other assets". Lease contracts are entered into individually and include various terms and conditions.

In the case of operating leases, the leased asset continues to be recognised as an asset at amortised cost. The lease payments received are reported in the income statement in "Net other operating income/expenses".

In the case of finance leases, Aareal Bank Group derecognises the carrying amount of the leased asset as at the commencement date and recognises a receivable at an amount equal to the net investment in the lease. Any gains or losses on disposal are recognised in the income statement.

For subsequent measurement, interest income from the lease receivable is recognised and the net investment in the lease is reduced by the lease payments received. Any impairment resulting from these lease receivables are included in the loss allowance in accordance with IFRS 9.

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## **(8) Consolidated statement of cash flows**

Aareal Bank Group's statement of cash flows records cash flows pertaining to the areas of operating activities, investing activities and financing activities for the period under review. The starting point of the consolidated statement of cash flows is the amount of cash and cash equivalents at the start of the reporting period, consisting of cash on hand, balances with central banks as well as public-sector debt instruments and bills of exchange eligible for refinancing at central banks.

Cash flows from operating activities are calculated using the indirect method, i.e. operating profit is adjusted for non-cash earnings components and cash changes in assets and liabilities used in operating activities are included.

Cash flows from investing activities include proceeds from and payments for property and equipment, intangible assets, equity instruments and investments ("effect of changes in reporting entity structure"). The "effect of changes in reporting entity structure" also includes purchases and disposals of foreclosures.

Cash flows from financing activities include cash flows from transactions with providers of equity and subordinated capital.

## **(9) Determination of fair value**

The determination of fair value is governed by IFRS 13 and applies to both financial instruments and non-financial assets or liabilities. In accordance with IFRS 13.9, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction under current market conditions at the measurement date. The determination of the fair value is based on the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Another factor to be taken into account is whether Aareal Bank can enter into a transaction for the relevant asset or liability at the price in that market at the measurement date. The principal market is the market with the greatest volume and the highest level of activity for the asset or liability to which Aareal Bank has access. The most advantageous market is the market that maximises the amount that would be received to sell the asset, or minimises the amount that would be paid to transfer the liability.

Responsibility for the measurement of financial instruments lies with the Risk Controlling division and is made as part of the risk management process. Risk Controlling continually reviews the valuations and inputs and performs the necessary updates. This also includes the review and allocation of financial instruments to the fair value hierarchy. The measurement methodologies are validated on a regular basis by cross-divisional teams.

### **Fair value hierarchy**

In accordance with IFRS 13.72 et seqq., the fair value determination is based on the fair value hierarchy pursuant to which the inputs used are classified into various hierarchy levels on the basis of their respective market proximity and objectivity. The fair value of assets and liabilities is allocated to Level 1 of the fair value hierarchy if it is determined on the basis of unadjusted qualifying prices in active markets for identical assets or liabilities. Fair values determined using inputs other than qualifying prices included within Level 1 that are observable for the financial instrument, either directly or indirectly, are included in Level 2 of the fair value hierarchy. Fair values determined using valuation techniques where one or more material inputs are not based on observable market data are assigned to Level 3 of the fair value hierarchy. The estimation uncertainties as regards fair value measurement increase the higher the level is.

To determine the reclassification of a financial instrument, the level at the beginning of the reporting period is compared with the level at the end of the reporting period, and any changes are disclosed.

### **Measurement methods**

The property and public-sector loans included in loan receivables are measured using the discounted cash flow method for the purpose of the determination of fair value. Discounting of future cash flows of a transaction is based on transaction-specific risk-adjusted interest rates. These are derived on the basis of a virtually risk-free market interest rate for each currency depending on

the relevant term, taking into account add-ons for risks specific to the counterparty as well as credit costs based on the assumption that a regular-way transaction existed when the transaction was entered into. In the case of loans subject to fixed interest rates, the contractually agreed payments are used as future cash flows. The future cash flows for floating-rate loans are derived using the future forward interest rates, taking into account the relevant spread for customer-specific terms and conditions. In the case of defaulted loans, future cash flows are reduced by the expected losses. Debt securities for which no current market price is available in an active market and capital markets liabilities (including subordinated liabilities) and promissory note loans (receivables and liabilities) are measured through an analysis of future payments using the fully-capitalised earnings value approach, where the inputs are based on observable market data to the extent possible. These approaches include the discounted cash flow (DCF) method which is used to determine the present value of contractual cash flows until the expected end of the term. The present value is determined based on the benchmark curve applicable for the relevant market, taking into account mark-ups based on credit quality and liquidity. The valuation model used for options included in the transaction is the commonly used Black-Scholes model or numerical procedures. Money market receivables and liabilities are also measured using the discounted cash flow method.

The fair value of OTC derivatives is determined on the basis of sector-specific standardised measurement models, such as the present value method or option pricing models. These techniques are based on inputs of active markets, such as interest rates, yield curves and credit spreads. Since the derivatives are part of highly effective collateral agreements (Credit Support Annex to the ISDA Master Agreement and Collateral Annex to the German Master Agreement on Financial Derivatives Transactions) which are each subject to a master collateralisation agreement, measurement adjustments to reflect any potential counterparty credit risk or own credit risk (CVA and DVA) are not required for reasons of materiality. Nevertheless, with respect to defaulted property loans, receivables arising from associated derivatives are taken into account in the determination of loss allowances. The Bank uses the overnight interest rate swap curve (OIS curve) for the measurement of derivatives secured by cash collateral.

Amortised cost is an adequate estimate of fair value for cash funds, other loan receivables, deposits from the housing industry and liabilities from other transactions due to the short-term nature of these items.

## **(10) Recognition and measurement of financial instruments**

Pursuant to IAS 32, a financial instrument is any contract that gives rise to a financial asset at one contracting party and a financial liability or equity instrument at another contracting party.

### **Recognition**

Financial instruments (including derivative financial instruments) must be recognised if the reporting entity has become a party to the contractual provisions of such financial instruments. Trade date and settlement date are not the same for regular way purchases and sales of financial assets. Such regular way purchases and sales may be accounted for either at trade date or at settlement date. At Aareal Bank Group, financial instruments (fvpl) are recognised at the trade date, while all other financial instruments are recognised at the settlement date. This does not apply to financial guarantees and irrevocable loan commitments.

Financial instruments have to be derecognised when the contractual rights to the cash flows from the financial asset expire or an entity transfers the financial asset, including substantially all its risks and rewards. The modification of the contractual terms may also result in the derecognition of a financial instrument and the recognition of a new financial instrument.

Where risks and rewards are neither transferred nor retained, the financial asset is derecognised only up to the value of its continuing involvement. The value of the continuing involvement corresponds to the extent to which the Company continues to be exposed to changes in the value of the financial asset. A financial liability is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged.

### **Modification**

As a matter of principle, a modification is defined as any change made to existing terms of a loan agreement or a contractual adjustment during the loan or contract term. This applies regardless of the reasons for the modification (credit-driven or market-driven).

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Contractual adjustments may either lead to the derecognition of the “old” and the recognition of a “new” asset when such adjustments are substantial to the extent that they, in essence, constitute a new asset (hereinafter referred to as “substantial modification”) or to the recalculation of the carrying amount and the recognition of a net modification gain or loss, when such adjustments constitute an adjustment of an existing asset (hereinafter referred to as “non-substantial modification”).

The contractual adjustments subject to modifications may generally be caused by the borrower’s credit quality and solvency (credit-driven modifications) or the granting of more favourable terms and conditions in an existing contract or the adjustment of the framework for financings as a result of changes in the customer’s financing needs (market-driven modifications).

Both substantial and non-substantial modifications have an impact on profit or loss.

The amount of net modification gains or losses arising from non-substantial modifications is determined by the difference of the gross carrying amounts before and after the modification. Net modification gains or losses arising from market-driven modifications are recognised in net interest income, while credit-driven modifications are reported in the loss allowance. Subsequently, the modified carrying amount of the receivable is amortised over the remaining term of the receivable and recorded in net interest income.

In the case of a substantial modification, the old asset has to be derecognised, and a new asset has to be recognised at fair value. In the case of market-driven modifications, the difference of the gross carrying amount to fair value is reported as net derecognition gain or loss after utilisation of the existing loss allowance. The basis for the assessment initially are qualitative criteria such as obligor change or the extension of terms of loans that are not subject to an impaired credit quality. If these criteria do not apply, it is reviewed whether the present value of the newly agreed cash flows discounted with the original effective interest rate deviate by at least 10% from the present value that results from discounting the original cash flows with the original effective interest rate. If this is the case, the matter also qualifies as a substantial modification. The derecognition and new recognition of the loan results in a new significance level being determined for a later migration in Stage 2. Credit-driven modifications in Stage 3 do not lead to derecognition; a loss allowance is recorded in an amount that covers the entire difference between the carrying amount and the fair value.

### Measurement

Upon initial recognition, financial instruments are measured at fair value, for subsequent measurement at ac or fvoci (cf. section Classification), in each case plus any transaction costs.

Subsequent measurement of financial assets is based on the classification of the financial instrument. Depending on the classification, financial assets are measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. Investments in equity instruments are measured at fair value through profit or loss, unless an irrevocable election is made at initial recognition to present subsequent changes in fair value in other comprehensive income. Within Aareal Bank Group, this election is exercised as a rule due to the investment characteristics of the equity instruments.

Financial liabilities are measured at amortised cost.

In addition, financial assets and liabilities may be designated as at fair value through profit or loss if certain prerequisites are met. Aareal Bank Group does not make use of this option.

### Classification

The classification, i.e. the determination of the measurement category of a financial asset, is to be assessed on the basis of two criteria. The objective criterion refers to the contractual design as to whether the payments solely represent payments of interest and principal on the principal amount outstanding (SPPI = solely payments of principal and interest). Relevant criteria were defined that are reviewed at initial recognition. For example, this may be financings with a primary investment risk or contractually agreed payments that depend on the borrower’s economic performance. The subjective classification criterion refers to the business model, i.e. the aim that a company pursues for a group of assets. Both the definition of business models and the allocation of financial instruments and portfolios to said business models are key judgements.

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**Subsequent measurement has to be based on amortised cost (ac)** when the financial instrument is held in order to collect contractual cash flows (business model “Hold”) and additionally the contractual cash flows represent solely payments of principal and interest, i. e. are SPPI compliant. This classification category is used for a large portion of the lending and securities business.

**Subsequent measurement at fair value, with changes in fair value being recognised initially directly in equity and subsequently reclassified to profit or loss (so-called recycling) (fair value through other comprehensive income (fvoci)),** has to be made when financial instruments are SPPI compliant and are held either to collect contractual cash flows or to be sold (business model “Hold & Sell”). This applies to part of the securities business (liquidity reserve).

**Subsequent measurement at fair value, with changes in fair value being recognised through profit or loss (fvpl),** has to be made if the financial instrument is not SPPI compliant or cannot be allocated to one of the two business models mentioned above. The latter is the case for example when there is an intent of selling loans in the near term due to syndication covenants.

### Loss allowance

Loss allowance is based on the internal staging and expected credit loss (ECL/EL) model of Aareal Bank. For this purpose, financial instruments measured at amortised cost and at fair value through other comprehensive income as well as irrevocable loan commitments and financial guarantees are allocated to various stages at both initial recognition and subsequent measurement. The related loss allowances are recognised in the amount of the twelve-month or the lifetime expected credit loss.

**Stage 1:** All financial instruments without impairment trigger are allocated to this stage at initial recognition. Any disposal and addition involving a substantial modification does not result in a change of allocation. If the counterparty credit risk is not significantly increased, the financial instrument has to remain in Stage 1 for subsequent measurement as well. Loss allowances are recognised in the amount of the losses expected from defaults occurring in the following twelve months and interest income is calculated on the basis of the gross carrying amount, applying the effective interest method. Loss allowances have to be recognised on a present value basis.

**Stage 2:** All financial instruments where credit risk has increased significantly since initial recognition are allocated to this stage. The determination of the significance level is a key judgement. Loss allowances are recognised in the amount of the losses expected for the entire remaining term of the instrument and interest income is calculated on the basis of the gross carrying amount, applying the effective interest method. Loss allowances have to be recognised on a present value basis. The significant increase in credit risk for the allocation to Stage 2 is determined using the so-called expected downgrade bank-internal staging model and taking into consideration quantitative and qualitative criteria. These criteria are the client’s credit rating, the intensity of client handling (intensified handling), the existence of forbearance measures and/or payment defaults for more than 30 days. If the significant increase in credit risk no longer applies, the financial instrument is re-transferred to Stage 1. A description of the credit risk methods and systems in place at Aareal Bank AG is presented in the Risk Report as part of the Group Management Report.

**Stage 3:** This stage includes all financial instruments where there is objective evidence of impairment (impairment trigger or credit impaired). Loss allowances are recognised in the amount of the losses of the lifetime expected credit loss, and interest income is calculated on the basis of the net carrying amount (i. e. gross carrying amount less loss allowance) using the effective interest method. The lifetime expected credit loss in Stage 3 is determined as the difference between the gross carrying amount and the present value of expected future cash flows (discounted using the original effective interest). If the impairment triggers no longer apply, the financial instrument is re-transferred to Stage 1 or 2.

**POCI (purchased or originated credit impaired):** This category includes all financial instruments that were subject to an impairment trigger at initial recognition. The loss allowance is recorded in the amount of the lifetime expected credit loss.

The expected credit loss is generally determined by Aareal Bank using a model-based procedure where, depending on the stage, one- or multi-year parameters are used. The calculation of the expected loss in Stage 1 and of lifetime expected credit loss in Stage 2 is based on the one-year or lifetime probability of default (PD), respectively, the loss given default (LGD), the expected exposure at default (EAD), a discount factor (DF) and the expected contractual term. Current and expected country-specific economic conditions such as the GDP, long-term interest rates, property price developments and unemployment rate are included in the LGD by means

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of a scenario-weighted market value forecast, for the purpose of interpreting forward-looking information. This probability-weighted scenario mix reflects uncertainty concerning geopolitical and macroeconomic estimates and supplements our baseline scenario through the addition of divergent developments over an observation period of three years. In addition, the economic outlook is taken into consideration implicitly in the estimation of the future development of the borrowers' financial position and performance and the expected property cash flows and, hence, in the probability of default (PD).

Intensified handling triggers recognition of loss allowance, in the amount of lifetime expected credit loss for the financial instrument concerned (Stage 2). The same applies for financings for which a forbearance measure has been granted.

Model-based calculations of loss allowance may involve specific aspects related to the reporting date which require adjustments to the calculation (post-model adjustments). These may be related to known model weaknesses, technical processing issues or data deficiencies, as well as expert estimates of risks designed to remedy possible gaps in the model. Post-model adjustments – to the extent they were required as at the reporting date – are described in Note (34) on loss allowance.

A period of not more than twelve months is assessed for Stage 1, while the expected contractual term of the financial instrument has to be taken into account for Stages 2 and 3 (and, in addition, the expected term for repayment of the financial instrument in Stage 3).

The expected loss in Stage 3 is usually determined on the basis of individually estimated cash flows (ECF procedure) in three probability-weighted scenarios. The amount of the loss allowance is determined as being the difference between the gross carrying amount of the asset and the present value of the expected future cash flows from realising the collateral provided, discounted using the original effective interest rate applicable at initial recognition. For variable-rate financial instruments, the most recent interest rate fixing is used. Collateral is largely provided in the form of land charges or mortgages; these are measured at fair value of the respective scenario which is generally based on either the income capitalisation approach or the discounted cash flow method. The net carrying amount of the asset therefore corresponds to the present value of the expected future cash flows of the collateral provided.

According to the Bank's criteria for default, a debtor has defaulted if:

- the Bank considers it unlikely that the debtor will settle their liabilities in full without the Bank resorting to measures such as the realisation of collateral and/or
- a material liability of the debtor is more than 90 days past due.

The following criteria are indications that item a. is met and that the debtor is unlikely to settle their liability:

- waiving contractually agreed interest payments;
- specific credit risk adjustments;
- disposal of the liability at a significant credit-induced economic loss;
- crisis-related restructuring where this is likely to lead to a reduction in the debtor's liabilities through a significant waiver or forbearance;
- insolvency filing by the debtor or comparable measures taken against the debtor, preventing or delaying repayment;
- other indications that suggest that it is unlikely that the liabilities will be settled.

When assessing the criteria, the Bank includes other financial indicators such as the debt servicing capacity. Nevertheless, the assessment is subject to estimation uncertainty.

The recovery period begins as soon as the default criteria no longer apply. Where a debtor has fulfilled their interest rate and debt servicing capacity for at least three months and default criteria no longer apply during this time, the debtor is deemed to have recovered. In the event of contractual adjustments due to financial difficulties, the period is extended to 12 months and further criteria

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must be met. In some cases, longer periods apply for regulatory purposes, meaning that there may be differences between the classification for accounting purposes and regulatory classification.

The loss allowance for debt instruments measured at amortised cost is reported in the item “Loss allowance (ac)”, for debt instruments measured at fair value through other comprehensive income in the item “Reserve from the measurement of debt instruments (fvoci)” and for loan commitments and financial guarantees under provisions. Debt instruments reported under POCI are accounted for on a net basis, i.e. without any loss allowance. Changes in loss allowance are reflected by increasing or decreasing the carrying amount through other loss allowance.

If the receivables are not recoverable, the corresponding loss allowance is utilised, and the receivable is written off. Direct write-offs are not made.

The loss allowance for receivables from other transactions is determined using a simplified procedure in the amount of the lifetime expected credit losses.

To the extent that receivables are hedged via the Significant Risk Transfer (SRT), expenses for loss allowance are reduced by any refund claims. The premium for the hedge is recognised in commission expenses.

The Bank does not use the option to recognise certain financial instruments as having a low default risk.

### Hedging relationships

The risk management strategy set out in the Risk Report of the Group Management Report is the basis for the recognition of hedging relationships. At Aareal Bank Group, risks from value fluctuations are hedged in the case of transactions not measured at fair value through profit or loss. In this context, the risks from hedged items are intended to be offset by entering into hedging derivatives where the fair value changes have the opposite direction compared to those of the hedged item. Average prices of the hedges are not relevant for risk management. Hedging relationships are not recorded for transactions that are measured at fair value through profit or loss. The results from economic hedging relationships are offset in net gain or loss from transactions measured at fair value.

Hedge accounting in accordance with IFRS 9 distinguishes various forms of hedging relationships.

Fair value hedges are used to hedge hedged items against fair value changes resulting from changes in interest rates or from changes in interest and exchange rates that are determined accordingly as hedged risk. At Aareal Bank Group, property loans, securities and promissory note loans are typically hedged using interest rate swaps and cross-currency swaps. The derivatives used for hedging are accounted for at fair value through profit or loss. The offsetting fair value changes of the hedged item resulting from the hedged risk are also recognised through profit or loss. The proportion of the fair value changes of the hedged item not attributable to the hedged risk is accounted for in line with the classification of the hedged item. A fully effective hedging relationship results in offsetting measurement results. The hedging relationship may result in adjustments in the carrying amount of the underlying transaction. Such adjustments will only be recognised in income at the end of the transaction term.

Hedges of a net investment in a foreign operation are used to hedge currency risks arising on the translation of the net assets of foreign Group companies. The effective portion of measurement gains or losses from derivative hedging instruments is recognised directly in equity in the currency translation reserve. The ineffective portion of the hedging derivative's fair value changes has to be recognised in the income statement. The gain or loss on the hedging derivative relating to the effective portion of the hedge that has been recognised directly in equity shall be recognised in profit or loss on disposal of the foreign operation. Any translation differences resulting from the translation of the financial statements of a foreign operation with a different functional currency into the Group currency also have to be recognised directly in equity in the currency translation reserve; they will be reclassified to the income statement upon disposal of the foreign operation.

The effectiveness of hedging relationships is reviewed by way of a forward-looking sensitivity analysis regarding the hedged risks. For this purpose, basis point values, i.e. sensitivities of the IFRS carrying amounts of the hedged items and the hedging transactions, are compared. Currency basis spreads are accounted for as hedging costs, with fair value changes of this element recognised in

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other comprehensive income. In the event of any changes to hedging relationships occurring in the course of risk management, the hedge ratio of existing hedges and/or hedged items is adjusted accordingly.

Please also refer to our explanations in Notes (38) and (74).

### **(11) Cash funds**

Cash funds include cash on hand and balances with central banks. Cash funds are exclusively allocated to the measurement category “ac”.

### **(12) Loan receivables**

The item “Loan receivables” comprises property loans, public-sector loans and other loan receivables, including deferred interest. Loan receivables can be allocated to all measurement categories. At present, they are allocated to the ac and fvpl measurement categories. The portion of loan commitments not disbursed is reported as contingent liabilities.

### **(13) Money market and capital market receivables**

The item “Money market and capital market receivables” comprises money market receivables, promissory note loans and debt securities, including deferred interest. Money market and capital market receivables may generally be allocated to all measurement categories.

### **(14) Equity instruments**

This item includes unconsolidated equity instruments. They are allocated to the measurement category “fvoci”.

### **(15) Receivables from other transactions**

The item “Receivables from other transactions” comprises trade receivables and other financial receivables. Receivables from other transactions are exclusively allocated to the measurement category “ac”.

### **(16) Positive market value of designated hedging derivatives/Negative market value of designated hedging derivatives**

The items “Positive market value of designated hedging derivatives” and “Negative market value of designated hedging derivatives” include derivatives with positive or negative market values from fair value hedges and hedges of a net investment in a foreign operation, including deferred interest. Derivatives are exclusively allocated to the measurement category “fvpl”. The basis for the recognition of hedging relationships is described in the chapter “Recognition and measurement of financial instruments” in this section. Effects from the measurement of these derivatives are reported in the item “Net gain or loss from hedge accounting”, together with the effects from the measurement of the transactions.

### **(17) Positive market values of other derivatives/Negative market value of other derivatives**

Derivative financial instruments that are not part of recognised hedging relationships are reported in Aareal Bank Group under positive or negative market values of other derivatives. They are mainly used to hedge economic market price risks. Derivatives are exclusively allocated to the measurement category “fvpl”. Results from the measurement and the termination of the derivatives are reported in the item “Net gain or loss from financial instruments (fvpl)”. Interest received or paid in connection with these derivatives is also recorded generally in the item “Net gain or loss from financial instruments (fvpl)”. Interest received or paid for derivatives

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entered into for hedging purposes which, however, do not meet the hedge accounting criteria, is reported in net interest income. Effects from the measurement of these derivatives are reported in the item “Net gain or loss from financial instruments (fvpl)”, together with the effects from the measurement of the transactions.

### **(18) Investments accounted for using the equity method**

The item “Investments accounted for using the equity method” includes shares in companies where Aareal Bank Group can exercise significant influence (associates) as well as shares in joint ventures.

Investments in associates included in this item are recognised at cost when the significant influence arises, and subsequently carried at amortised cost whereby, in particular, the share of results of operations of any financial year is recognised in income.

The equity method applied to the major associates was based on the most recent available financial statements.

### **(19) Intangible assets**

The item “Intangible assets” consists of proprietary software, goodwill and other intangible assets such as purchased software and licences.

Intangible assets (except goodwill) are carried at cost, less accumulated amortisation and any impairment losses.

Research costs incurred in connection with software development are expensed as they are incurred. Development costs are capitalised from the time when the software development can be regarded as completed from a technical perspective, if the production of the internally developed software is likely to generate an economic benefit and the costs can be reliably determined. They are amortised on a straight-line basis, using an estimated economic life of generally five years. Purchased software is also deemed to have a limited useful life. Amortisation is recognised in administrative expenses.

Goodwill is defined as the excess of the cost of acquisition over the fair value of the Group’s interest in the net assets of an acquired entity, at the time of acquisition (positive difference). Goodwill is carried at historical cost less accumulated impairments. Any negative goodwill arising upon acquisition is immediately recognised in income.

In case the annual impairment test (which must be carried out at least on an annual basis) shows that there are indications of impairment of intangible assets (as set out in IAS 36) and that the recoverable amount is lower than the carrying amount of the asset concerned, the asset is written down through profit or loss, to the estimated recoverable amount.

If it is impossible to estimate the recoverable amount for a specific asset, the recoverable amount of the cash-generating unit that the asset belongs to must be determined. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Aareal Bank Group defines cash-generating units either on the basis of a single subsidiary or on product level. The recoverable amount of an asset or a cash-generating unit is the higher of fair value less costs to sell and value in use. Value in use is the present value of future cash flows expected to arise from the continuing use of an asset or cash-generating unit. Future cash flows are determined based on medium-term projections. The present value of the future cash flows is determined using discount factors which are in line with the risks involved. Accordingly, the recognition of intangible assets and the impairment test are also subject to estimation uncertainties.

### **(20) Property and equipment**

Property and equipment includes owner-occupied land and buildings as well as office furniture and equipment, and their right-of-use assets. Property and equipment is measured at cost, less accumulated depreciation, impairment losses and write-downs. Depreciation, impairment losses and write-downs are reported under administrative expenses, while those of the owner-operated hotel are shown in net other operating income/expenses.

Owner-occupied buildings reported under property and equipment are depreciated on a straight-line basis, over a period of 25 to 50 years. Owner-occupied land is not depreciated. Please refer to the explanations in the Notes on other assets for the accounting method to be applied for land and buildings which are not owner-occupied. Office furniture and equipment items are depreciated using the straight-line method, applying the following periods:

	Depreciation period
<b>Other property and equipment</b>	
IT equipment	3-7 years
Other office furniture and equipment	5-13 years

Tenant improvements are depreciated based on the principles applicable for the relevant building.

For details on recognising impairments as defined in IAS 36, please refer to the explanations in the Note on intangible assets in this section.

Gains and losses upon disposal of property and equipment are recognised in income (in net other operating income/expenses).

The costs to purchase property and equipment in the amount of up to € 250.00 (low-value assets) are expensed as they are incurred.

Any items of property and equipment with a cost of more than € 250.00 net, but not exceeding € 1,000.00, can be combined in a collective account for the year, which is then depreciated on a straight-line basis over a period of five years.

## (21) Income tax assets/income tax liabilities

The measurement of uncertain tax positions is made using the best estimate of the expenditure required to settle the obligation (most likely amount). In contrast, measurement is based on the expected value if this helps to achieve a more precise estimate.

In 2021, the OECD adopted regulations aimed at ensuring effective global minimum taxation levels, and at counteracting aggressive tax arrangements (the so-called Pillar Two rules), which were implemented by the EU in 2022. Germany announced the adoption of the Minimum Taxation Directive Implementation Act (Mindestbesteuerungsrichtlinie-Umsetzungsgesetz – “MinStG”) on 27 December 2023, transposing these international regulations into German law. The rules have been applicable for the first time for financial years beginning after 30 December 2023. As part of a multinational group of companies, Aareal Bank AG has consolidated revenue in excess of € 750 million, which means that minimum taxation rules are applicable to the Group. Based on current information, this will involve business units in 12 countries, bearing in mind that the rules have also been adopted in these countries (with the exception of the US).

However, Aareal Bank AG is not the ultimate parent pursuant to section 4 (3) of the MinStG: this is Atlantic LuxCo S.à r.l.; Atlantic BidCo GmbH is the group responsible entity (“Gruppenträger”) in Germany pursuant to section 3 (3) sentence 2 of the MinStG. Aside from significant implementation costs due to additional tax reporting, no material tax effects or top-up taxes are anticipated since the effective tax rate (considering all tax adjustments) is above 15% in all countries in which the Bank is active. To the extent possible, Aareal Bank will use the transitional provisions and simplification rules provided by sections 79-81, 84-87 and 89 of the MinStG. The Bank has determined that global minimum tax is an income tax. Pursuant to section 274 (3) of the HGB, any differences arising from application of the MinStG (or comparable foreign tax regulations) need not be taken into account when determining deferred taxes.

## (22) Deferred tax assets/deferred tax liabilities

Deferred tax assets are recognised when they are deemed recoverable. The recoverability is assessed using tax planning (internal assessment) on the basis of medium-term Group planning. Accordingly, deferred tax assets are only recognised to the extent that we deem it probable that future taxable profits will be available against which the temporary differences and tax loss carryforwards can be utilised. In this context, the matters underlying the deferred tax items were subjected to a maturity analysis. Deferred taxes

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are calculated on the basis of country- and company-specific tax rates expected to apply at the time of the realisation of temporary differences and set-off against loss carryforwards.

Deferred tax assets and deferred tax liabilities are offset in accordance with IAS 12.74 when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or tax group.

We generally assume that the deferred tax items are of a long-term nature. The remaining maturity or the time of the expected realisation is long-term when there is more than one year between the reporting date and the maturity date.

### **(23) Other assets**

The item “Other assets” includes, amongst other things, properties and contract assets. Properties reported under “Other assets” are intended for disposal. They are measured at the lower of cost or net realisable value, in accordance with IAS 2, and therefore are subject to estimation uncertainties.

The properties are generally valued using the discounted cash flow (DCF) method, based on valuation reports. Within the DCF method, the expected future cash flows of a property are forecast over a period of time and then discounted to the measurement date as the present value. Estimation uncertainties arise from the macroeconomic environment, expected cash flows, property-specific features and capitalisation rates as key valuation parameters. The sensitivity is disclosed in Note (54) Other assets. For the range of potential profits and losses for the next financial year, please refer to the property risk amount in the risk-bearing capacity calculation presented in the Risk Report as part of the Management Report.

### **(24) Money market and capital market liabilities**

The item “Money market and capital market liabilities” comprises money market liabilities, mortgage Pfandbriefe, registered public-sector Pfandbriefe, promissory note loans and other debt securities, including deferred interest. Money market and capital market liabilities are allocated to the measurement category “ac”.

### **(25) Deposits from the housing industry**

The item “Deposits from the housing industry” includes deposits payable on demand and term deposits, including deferred interest. Deposits from the housing industry are allocated to the measurement category “ac”.

### **(26) Liabilities from other transactions**

The item “Liabilities from other transactions” comprises trade payables and other financial liabilities. Liabilities from other transactions are exclusively allocated to the measurement category “ac”.

### **(27) Subordinated liabilities**

Subordinated funds raised do not provide for any early repayment obligation. In the event of liquidation or insolvency, claims on interest and principal from these liabilities are subordinated to the claims of all other creditors, which are not subordinated themselves. Subordinated liabilities are allocated to the measurement category “ac”.

### **(28) Non-current assets held for sale and discontinued operations (IFRS 5)**

Assets or business areas (disposal groups) held for sale are reported under the item “Assets held for sale and discontinued operations (IFRS 5). An asset is classified as “held for sale” and reported in a separate category if its disposal within the next twelve months is

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highly probable. In accordance with IFRS 5, the asset is measured at the lower of carrying value and fair value, except for financial assets covered by IFRS 9 “Financial Instruments”. Income and expenses of a disposal group (for instance, a sold business) are reported separately in the income statement to ensure reporting transparency.

## **(29) Provisions**

The item “Provisions” comprises provisions for pensions and similar obligations, provisions for staff expenses and non-staff operating costs, provisions for risks related to unrecognised items in the lending business, provisions for legal or tax risks, as well as other provisions. Other provisions also include restructuring provisions. Provisions are recognised when there is a present legal or constructive obligation towards third parties as at the reporting date arising from a past event, the outflow of resources to meet this obligation is probable and the amount of the obligation can be reliably estimated. The measurement of provisions is made using the best estimate of the expenditure required to settle the obligation (most likely amount). In the context of acquisitions in accordance with IFRS 3, contingent liabilities were also recognised at their fair value (expected value). These are released when the reasons for their recognition cease to exist.

Measurement is subject to numerous uncertainty factors and often requires significant estimates made by management in relation to various factors. Such estimates may subsequently turn out to be incorrect. The final amount of the liabilities may deviate significantly from the measurement previously made in accounting. For example, the outcome of individual legal proceedings may not be predicted with certainty.

If utilisation from the obligation is not expected in the short term, i.e. within twelve months, the provision will be recognised at present value.

### **Provisions for pensions and similar obligations**

Aareal Bank Group maintains various pension plans as defined in IAS 19. For the purpose of reporting pension obligations, IAS 19 makes a distinction between defined contribution plans and defined benefit plans.

Under defined contribution plans, an enterprise pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions paid to the statutory pension insurance scheme are also classified as defined contribution plans. The contributions paid to a defined contribution plan are recorded as staff expenses.

Defined benefit obligations are all pension obligations that do not meet the criteria of a defined contribution obligation. The amount of obligations usually depends on one or several factors, including age, length of service, and salary.

The Group’s obligations under defined benefit plans are recognised as a provision in the consolidated statement of financial position. These are based on general works agreements on an employee pension scheme, individual agreements with executive staff as well as individual agreements concluded with the members of the Company’s senior management. Projected economic and demographic developments as well as salary trends must be applied to the calculation of the provisions. Calculating the amount of provisions in the Group is based on actuarial opinions which are prepared by external actuaries on the basis of Aareal Bank-specific and Group-wide standardised parameters.

Provisions for pensions and similar obligations under defined benefit plans are determined based on actuarial opinions in accordance with IAS 19 on the basis of the projected unit credit method; the various defined benefit plans are measured separately. The fair value of the plan assets is deducted from the present value of the pension obligation, taking into account, if applicable, the rules for the asset ceiling in relation to a surplus of plan assets over the benefit obligation. The resulting amount represents the net defined benefit liability (provision) or the net defined benefit asset. Net interest expense in the financial year is determined by applying the discount rate calculated at the beginning of the financial year to the net liability calculated as at that date. The discount rate used to determine the present value of the obligation is based on the capital market rate of high quality corporate bonds with comparable maturities at the reporting date. Determination is based on the GlobalRate:Link method by Willis Towers Watson. The data basis consists of corporate bonds recorded by Bloomberg which have a rating of at least “AA” and are denominated in the same currency as

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the underlying pension obligation. The GlobalRate:Link method was refined in the reporting year, effective 31 July 2025, and expanded to include callable corporate bonds with a remaining term of up to one year. The adjustment to the method represents a change in an accounting estimate in accordance with IAS 8.39. The conversion effect amounted to approximately +25 basis points as at 31 December 2025 and led to a reduction in the pension obligation at Group level by approximately € 12.1 million. Actuarial gains and losses (remeasurements), which – in connection with the amount of obligations – arise on changes in expectations regarding life expectancy, occurrence of insured events, pension increases, salary development and discount rate compared to the estimation made at the beginning of the period or compared to the actual trend during the period, are recorded in other comprehensive income in the item “Changes in the reserve from remeasurements of defined benefit plans”. Actuarial gains and losses (remeasurements) recorded in other comprehensive income may not be reclassified subsequently to profit or loss (recycling). Differences between the expected return on plan assets, determined at the beginning of the period using the then applicable discount rate, and the actual return on plan assets (remeasurement) at the end of the period are also recognised in other comprehensive income. Actuarial gains and losses as well as the difference between expected and actual return on plan assets are included in other reserves. They are reported separately in the statement of changes in equity. Thus, the recognition of pension obligations is also based on estimates which are subject to uncertainty.

### Share-based payment

Aareal Bank Group maintains share-based payment plans subject to cash settlement in accordance with IFRS 2. We refer to our comments in Note (84) to the consolidated financial statements, which include a detailed description of the plans and their scope as well as information on the valuation model applied and the effects of share-based payments on the Group’s financial position and performance.

Provisions for obligations arising from share-based remuneration plans are recognised under administrative expenses, in the amount of the fair value of the relevant obligation as at the reporting date.

### (30) Other liabilities

The item “Other liabilities” includes, among other things, contract liabilities, deferred income and liabilities from other taxes.

### (31) Equity

The item “Equity” comprises subscribed capital, capital reserves, retained earnings and other reserves. Other reserves include the reserve from remeasurements of defined benefit plans, the reserves from the measurement of equity and debt instrument at fair value through other comprehensive income, the reserve from changes in the value of foreign currency basis spreads and the currency translation reserve. In addition, the item “Equity” includes non-controlling interests as well as the so-called Additional Tier I bond (AT I bond). The AT I bond is classified as equity since there is neither an obligation to repay the bond nor is there an obligation for ongoing debt service (payment of a dividend). The transaction costs directly attributable to the issue of the AT I bond as well as dividends paid are deducted directly from equity, net of taxes.

### (32) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when due. A guarantor recognises a financial guarantee contract as a liability at the date of addition, using the fair value of the guarantee obligation. The obligation is subsequently measured at the greater of the impaired amount determined via the IFRS 9 impairment method and the original amount which, upon addition, corresponds to the premium, less any accumulated amortisation. Within Aareal Bank Group, financial guarantee contracts are presented based on the present value of the claim resulting from the future premium payments of the holder, and offset with the obligation for the guarantee (net basis).

## Notes to the Statement of Comprehensive Income

### (33) Net interest income

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
Interest income from financial assets (ac and fvoci)	2,129	2,618
Loan receivables	1,896	2,291
Money market and capital market receivables	233	327
Interest income from financial instruments (fvpl)	45	65
Loan receivables	20	37
Other derivatives	25	28
Market-driven modification gains	1	2
<b>Total interest and similar income</b>	<b>2,175</b>	<b>2,685</b>
Interest expenses from financial liabilities (ac)	-956	-1,372
Money market and capital market liabilities	-809	-1,201
Deposits from the housing industry	-106	-145
Liabilities from other transactions	-2	-2
Subordinated liabilities	-39	-24
Interest expenses for financial instruments (fvpl)	-285	-251
Other derivatives	-285	-251
Market-driven modification losses	0	-2
<b>Total interest and similar expenses</b>	<b>-1,241</b>	<b>-1,625</b>
<b>Total</b>	<b>934</b>	<b>1,060</b>

As expected, net interest income decreased year-on-year, to € 934 million (2024: € 1,060 million), mainly as a result of the lower interest rate levels. Historically, however, the net interest income figure remained at a high level, thanks to a year-on-year increase in the credit portfolio size, healthy margins and high average deposit volumes.

### (34) Loss allowance

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
Additions	459	444
Reversals	-118	-99
Recoveries on loans and advances previously written off	-6	-4
Loss allowance – other items	-10	-1
Credit-driven net modification gain or loss	-11	30
<b>Total</b>	<b>314</b>	<b>370</b>

Loss allowance totalled € 314 million (2024: € 370 million), which was largely attributable to individual new loan defaults of US property finance exposures plus expenses of € 55 million for additional loss allowance recognised for stage 1 and 2 exposures (management overlay).

Model-based loss allowance (stages 1 and 2) totalling € 146 million was determined on the basis of the default forecasts using an enhanced rating procedure, for which we also expect final regulatory approval in the first half of 2026. Technical implementation of the new rating model permits the model-based determination of credit ratings using the enhanced rating model. Further develop-

ments based on most recent observations in an environment of higher interest rates were taken into account as at the valuation date. This constitutes a change in accounting estimates in accordance with IAS 8.39. These further developments resulted in an increase in model-based loss allowance of approximately € 45 million.

A post-model adjustment (management overlay) of € 55 million was recognised on top of this. This overlay reflects higher migration risks in the credit portfolio in 2025 compared with the long-term average, driven in particular by the US portfolio. 2025 was an exceptional year in view of the volatile external environment and a number of unusual developments in the credit portfolio, especially in the US business. Given these circumstances and the existing geopolitical volatility, particularly in the US portfolio, an overlay was quantified on the basis of observations of loan defaults during the reporting year, using the commercial property financing credit portfolio as an overall population. A significant amount of the post-model adjustment recognised is attributable to the US portfolio.

The methodology for determining loss allowance is outlined in the chapter “Accounting policies”: Note (10) Recognition and measurement of financial instruments.

The recognition of loss allowance and the collateral values used are based on the evaluation of seven different macroeconomic scenarios, which are given different weightings. The most probable of these is called the “Baseline” scenario and is described in detail in the chapter “Macroeconomic environment”. Adverse scenarios designed to reflect downturns on the financial markets and the escalation of geopolitical and trade conflicts together have an aggregate weight of 28 %.

A stress scenario (based on this year’s ECB stress test) with a 10 % probability is included in the calculations, as well as an ESG scenario, also with a probability of 10 %.

In the following, three major macroeconomic factors are compared in order to classify the evaluated scenarios:

	2025	2026	2027	2028
%				
<b>“Positive” scenario (16 % weight)</b>				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	1.4	1.1	2.1	2.1
USA	2.0	3.1	3.6	2.8
UK	1.4	1.1	1.7	2.1
Unemployment (%)				
Euro zone	6.4	6.3	6.1	5.9
USA	4.3	4.3	3.8	3.7
UK	4.4	4.6	4.4	4.1
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.2	3.3	3.6	3.6
USA	4.3	4.3	4.5	4.6
UK	4.6	4.7	4.5	4.1
Portfolio-weighted property price development (2025 basis = 100 %)	100 %	100 %	102 %	103 %

	2025	2026	2027	2028
%				
<b>“Baseline” scenario (36 % weight)</b>				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	1.4	0.9	1.6	1.7
USA	2.0	2.5	2.4	2.3
UK	1.4	1.0	1.4	1.5
Unemployment (%)				
Euro zone	6.4	6.4	6.3	6.1
USA	4.3	4.4	4.2	4.2
UK	4.4	4.6	4.6	4.4
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.2	3.2	3.3	3.3
USA	4.3	4.1	4.2	4.2
UK	4.6	4.5	4.1	3.8
Portfolio-weighted property price development (2025 basis = 100 %)	100 %	100 %	101 %	103 %

	2025	2026	2027	2028
%				
<b>“Adverse 1” scenario (12 % weight)</b>				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	1.4	0.0	1.1	2.5
USA	2.0	0.8	2.0	3.0
UK	1.4	0.4	0.8	2.2
Unemployment (%)				
Euro zone	6.4	6.6	6.7	6.3
USA	4.3	4.7	4.7	4.3
UK	4.4	4.7	5.0	4.7
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.2	3.0	2.8	2.9
USA	4.3	3.3	3.2	3.6
UK	4.6	4.2	3.6	3.2
Portfolio-weighted property price development (2025 basis = 100 %)	100 %	99 %	100 %	103 %

	2025	2026	2027	2028
%				
<b>“Adverse 2” scenario (8 % weight)</b>				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	1.4	0.4	1.1	1.3
USA	2.0	1.4	2.4	2.8
UK	1.4	0.6	0.8	1.0
Unemployment (%)				
Euro zone	6.4	6.5	6.6	6.5
USA	4.3	4.7	4.4	4.2
UK	4.4	4.7	5.0	5.1
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.2	3.7	3.2	3.0
USA	4.3	4.4	4.0	4.1
UK	4.6	4.9	4.1	3.6
Portfolio-weighted property price development (2025 basis = 100 %)	100 %	99 %	100 %	102 %

	2025	2026	2027	2028
%				
<b>“Adverse 3” scenario (8 % weight)</b>				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	1.4	-0.6	0.5	2.3
USA	2.0	-1.0	-0.5	2.8
UK	1.4	0.0	0.6	1.7
Unemployment (%)				
Euro zone	6.4	6.8	7.0	6.6
USA	4.3	5.3	6.0	5.8
UK	4.4	4.8	5.2	5.0
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.2	3.4	3.2	3.3
USA	4.3	4.3	4.0	4.0
UK	4.6	4.6	4.0	3.6
Portfolio-weighted property price development (2025 basis = 100 %)	100 %	98 %	98 %	100 %

	2025	2026	2027	2028
%				
<b>“ESG” scenario (10 % weight)</b>				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	1.4	0.8	1.2	1.0
USA	2.0	2.1	0.4	-0.4
UK	1.4	0.9	1.2	1.1
Unemployment (%)				
Euro zone	6.4	6.5	6.4	6.3
USA	4.3	4.5	4.7	5.1
UK	4.4	4.6	4.6	4.6
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.2	3.2	3.4	3.7
USA	4.3	4.1	4.3	4.7
UK	4.6	4.5	4.3	4.2
Portfolio-weighted property price development (2025 basis = 100 %)	100 %	100 %	100 %	100 %
%				
<b>“Stress” scenario (10 % weight)</b>				
Gross domestic product (in real terms, year-on-year change in %)				
Euro zone	1.4	-2.3	-4.0	0.0
USA	2.0	-5.1	-2.5	4.3
UK	1.4	-4.5	-4.5	-1.3
Unemployment (%)				
Euro zone	6.4	8.1	10.6	11.9
USA	4.3	8.9	10.0	8.6
UK	4.4	7.2	9.6	10.2
Long-term interest rates (10-year government bonds) (%)				
Euro zone	3.2	4.6	4.5	4.3
USA	4.3	5.7	5.7	5.7
UK	4.6	6.0	5.9	5.7
Portfolio-weighted property price development (2025 basis = 100 %)	100 %	90 %	83 %	82 %

The portfolio-weighted property price development comprises the respective portfolio share for the years analysed, using 2025 as a reference and base year to determine relative changes in property price trends within each scenario.

The Stage 1 and Stage 2 loss allowances in the property finance business are calculated using the probability of default (PD) and the loss given default (LGD) based on models, and materially depend upon the market value of the properties. In this context, the scenarios presented above are taken into account in the LGD calculation using the respective weights. Moreover, economic and inflationary developments in the scenarios are reflected in estimating the probability of default (PD). As part of the assessment of sensitivity, we present the loss allowance for each scenario with a 100 % weight in each case. This calculation includes the so-called quantitative stage transfer to Stage 2 based on the so-called expected downgrade model, but does not include qualitative criteria for a significant increase in credit risk.

**Stage 1 and Stage 2 model-based loss allowance for the property finance business**

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
<b>Scenario-weighted (recognised amount)</b>	<b>143</b>	<b>152</b>
“Positive” scenario (100 %)	117	104
“Baseline” scenario (100 %)	127	111
“Adverse 1” scenario (100 %)	129	115
“Adverse 2” scenario (100 %)	133	118
“Adverse 3” scenario (100 %)	158	113
“ESG” scenario (100 %)	156	0
“Stress” scenario (100 %)	237	309

Assuming a flat increase/decrease in market values by 5 % at year-end and the probabilities of default as at the reporting date, loss allowance would have decreased by around € 6 million or increased by around € 20 million, respectively.

Please also refer to our explanations in Note (67).

**(35) Net commission income**

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
Commission income from		
software-based services	11	11
banking business and other activities	43	36
<b>Total commission income</b>	<b>54</b>	<b>47</b>
Commission expenses for		
purchased services	0	0
banking business and other activities	-50	-51
<b>Total commission expenses</b>	<b>-50</b>	<b>-51</b>
<b>Total</b>	<b>4</b>	<b>-4</b>

Commission income and expenses nearly offset each other during the year, leading to slightly positive net commission income of € 4 million (2024: € -4 million). Commission expenses were predominantly affected by the strategic partnership with Aareon and First Financial Software GmbH, and by the premium payment from the SRT transaction.

The net amount of commission income and commission expenses from financial assets and financial liabilities not measured at fair value through profit or loss amounts to € 7 million (2024: € 2 million).

**(36) Net derecognition gain or loss**

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
<b>Net gain or loss on the derecognition of financial assets (ac)</b>		
Loan receivables	27	29
Money market and capital market receivables	0	2
Other financial assets (ac)	0	0
<b>Net gain or loss on the derecognition of financial liabilities (ac)</b>		
Money market and capital market liabilities	1	0
<b>Net gain or loss on the derecognition of financial assets (fvoci)</b>		
Loan receivables (fvoci)	0	0
Money market and capital market receivables	0	0
<b>Total</b>	<b>28</b>	<b>31</b>

Net derecognition gain of € 28 million (2024: € 31 million) was almost exclusively attributable to positive market-induced effects from early loan repayments, which had also been the nearly exclusive influencing factor in the previous year.

**(37) Net gain or loss from financial instruments (fvpl)**

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
Net gain or loss from loan receivables	-1	-19
Net gain or loss from money market and capital market receivables	0	0
Net gain or loss from other derivatives	1	-26
Currency translation	-5	1
<b>Total</b>	<b>-5</b>	<b>-44</b>

Net gain or loss from financial instruments fvpl of € -5 million (2024: € -44 million) was primarily attributable to the currency translation of financial assets and liabilities (largely versus the US dollar). In the previous year, this figure resulted from negative valuation effects from credit risk-induced valuation losses on property loans, especially in the US. Due to strong market dynamics, negative valuation effects from market developments for currency and interest rate hedging derivatives also played a role.

**(38) Net gain or loss from hedge accounting**

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
Ineffective portion of fair value hedges	-12	3
Ineffective portion of net investment hedges	0	0
<b>Total</b>	<b>-12</b>	<b>3</b>

Please also refer to our explanations in the Notes (10) and (74).

### (39) Net gain or loss from investments accounted for using the equity method

In the past financial year, there was a net gain from investments accounted for using the equity method of € 4 million (2024: € 1 million); this was also in line with the pro-rata results from associates.

### (40) Administrative expenses

€ mn	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
Staff expenses	186	225
Wages and salaries	160	197
Social security contributions	20	19
Pensions	6	9
Other administrative expenses	142	136
Depreciation, amortisation and impairment of property and equipment and intangible assets	19	16
<b>Total</b>	<b>347</b>	<b>377</b>

Administrative expenses declined from € 377 million in the previous year to € 347 million in the year under review, reflecting both our efficient cost management and the ongoing positive impact of our efficiency measures implemented. These efficiency measures as well as investments in IT infrastructure and other significant non-recurring effects totalled around € 30 million for 2025 (2024: around € 34 million).

Staff expenses include contributions to defined contribution plans in the amount of € 8 million (2024: € 7 million).

The total fees charged by the auditors of the consolidated financial statements in the 2025 financial year are reported in “Other administrative expenses” and consist of the following sub-items:

€ 000's	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
Auditing fees	4,434	3,523
Other assurance services	576	640
Tax advisory services	0	0
Other services	152	4
<b>Total</b>	<b>5,162</b>	<b>4,167</b>

The fee for auditing services includes the audit of the annual financial statements of Aareal Bank AG and its subsidiaries, the audit of the consolidated financial statements and the review of the half-year financial report, as well as services provided in the context of a financial statements audit carried out by BaFin. Other assurance services relate to the audit in accordance with the German Securities Trading Act, the comfort letter, the review of the Sustainability Statement and other contractually agreed assurance services. Other services were provided in connection with corporate governance advice, regulatory matters and training.

**(41) Net other operating income/expenses**

	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
€ mn		
Income from properties	30	51
Income from the reversal of provisions	1	3
Income from goods and services	0	0
Other operating income	37	49
<b>Total other operating income</b>	<b>68</b>	<b>103</b>
Expenses for properties	-43	-81
Expenses for other taxes	-11	-10
Other operating expenses	-10	-18
<b>Total other operating expenses</b>	<b>-64</b>	<b>-109</b>
<b>Total</b>	<b>4</b>	<b>-6</b>

Net other operating income/expenses totalled € 4 million (2024: € -6 million). The figure includes non-recurring income resulting from the disposal of our former hotel operations in Italy, plus net other operating income/expenses (and any writedowns) from our foreclosures as well as from further subsidiaries and other entities.

**(42) Income taxes**

	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
€ mn		
Current income taxes	116	137
Deferred taxes	2	-55
<b>Total</b>	<b>118</b>	<b>82</b>

The differences between calculated and reported income taxes are presented in the following reconciliation:

	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
€ mn		
Operating profit (before income taxes)	296	294
Expected tax rate	31.8%	31.3%
<b>Calculated income taxes</b>	<b>94</b>	<b>92</b>
Reconciliation to reported income taxes		
Different foreign tax burden	4	-1
Tax attributable to tax-exempt income	-34	-17
Tax attributable to non-deductible expenses	7	16
Modification to the recognition and measurement of deferred taxes	41	-10
Taxes for previous years	3	2
Effect of changes in tax rates	3	0
Non-controlling interest income	0	0
Other tax effects	0	0
<b>Reported income taxes</b>	<b>118</b>	<b>82</b>
Effective tax rate	40%	28%

The German Act for an Immediate Tax Investment Support Programme to Strengthen Germany as a Business Location (known as the “Growth Booster Act”) provides for certain tax changes: the current corporation tax rate of 15 % (that will continue to apply until the 2027 assessment period) will be reduced by one percentage point in each assessment period, starting in 2028. This means that the tax rate will be 10% starting from the 2032 assessment period (section 23 (1) of the German Corporation Tax Act (amended)).

To determine the effects of this change on the measurement of deferred tax assets and deferred tax liabilities, the Bank has carried out what is termed a “scheduling” in accordance with IAS 12.47, estimating the timing of the reversal of individual temporary differences. The Bank determined a tax rate for both non-current and current deferred tax assets and liabilities and then weighted these two tax rates according to their share in total deferred tax assets. This analysis resulted in a weighted deferred tax rate of 30.6 % (2024: 31.3 %). The changed tax rate has an effect of € 4.5 million, comprising an expense of € 2.9 million recognised in income and a € 1.6 million charge to other comprehensive income. The weighted tax rate will be analysed annually and adjusted if necessary.

### (43) Net income from sold operations (Aareon)<sup>1)</sup>

€ mn	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
Net interest income	0	-44
Loss allowance	0	0
Net commission income	0	280
Net gain or loss from financial instruments (fvpl)	0	0
Administrative expenses	0	237
Net other operating income/expenses	0	2,101
<b>Operating profit</b>	<b>0</b>	<b>2,100</b>
Income taxes	0	38
<b>Net income from sold operations</b>	<b>0</b>	<b>2,062</b>

The item “Net income from sold operations” shown for the previous year (€ 2,062 million) relates to the sale of the Aareon subgroup.

<sup>1)</sup> IFRS 5 requires the separate presentation of net income from sold operations, as well as a breakdown of revenue, expenses, profit or loss and related income taxes, in a separate note to the financial statements.

## Notes to the Statement of Financial Position

### (44) Financial assets (ac)

	31 Dec 2025	31 Dec 2024
€ mn		
<b>Cash funds (ac)</b>	<b>328</b>	<b>2,605</b>
Cash on hand	0	0
Balances with central banks	328	2,605
<b>Loan receivables (ac)</b>	<b>33,839</b>	<b>32,611</b>
Property loans	33,651	32,391
Public-sector loans	162	198
Other loan receivables	26	22
<b>Money market and capital market receivables (ac)</b>	<b>4,876</b>	<b>5,142</b>
Money market receivables	1,055	1,523
Promissory note loans	1,060	1,111
Bonds	2,761	2,508
<b>Receivables from other transactions (ac)</b>	<b>68</b>	<b>70</b>
Trade receivables	10	8
Other financial receivables	58	62
<b>Total</b>	<b>39,111</b>	<b>40,428</b>

### (45) Loss allowance (ac)

31 December 2025

	Stage 1	Stage 2	Stage 3	Receivables from other transactions (ac)	Total loss allowance (ac)
€ mn					
<b>Balance as at 1 January</b>	<b>40</b>	<b>149</b>	<b>210</b>	<b>3</b>	<b>402</b>
Additions	36	115	302	1	454
Utilisation	0	0	-206	0	-206
Reversals	-27	-71	-15	0	-113
Transfer to Stage 1	6	-6	0	0	0
Transfer to Stage 2	-5	10	-5	0	0
Transfer to Stage 3	0	-42	42	0	0
Interest rate effect	0	0	27	0	27
Currency adjustments	-1	-13	-25	-1	-40
Changes in the basis of consolidation	0	0	0	0	0
Transfers	0	0	-95	0	-95
<b>Balance as at 31 December</b>	<b>49</b>	<b>142</b>	<b>235</b>	<b>3</b>	<b>429</b>

The loss allowance for financial assets measured at amortised cost refers to loan receivables, money and capital market receivables as well as receivables from other transactions (largely trade receivables) that are measured at amortised cost.

The methodology for calculating loss allowance is outlined in the chapter “Accounting policies”, Note (9). A detailed breakdown of loss allowance by classes of financial assets is disclosed in Note (66) in the chapter “Notes related to financial instruments”.

**31 December 2024**

	Stage 1	Stage 2	Stage 3	Receivables from other transactions (ac)	Total loss allowance (ac)
€ mn					
<b>Balance as at 1 January</b>	<b>38</b>	<b>83</b>	<b>304</b>	<b>3</b>	<b>428</b>
Additions	21	112	294	2	<b>429</b>
Utilisation	0	0	-305	-1	<b>-306</b>
Reversals	-14	-49	-32	0	<b>-95</b>
Transfer to Stage 1	3	-3	0	0	<b>0</b>
Transfer to Stage 2	-7	14	-7	0	<b>0</b>
Transfer to Stage 3	-2	-11	13	0	<b>0</b>
Interest rate effect	0	0	27	0	<b>27</b>
Currency adjustments	1	3	20	0	<b>24</b>
Changes in the basis of consolidation	0	0	0	0	<b>0</b>
Transfers	0	0	-104	-1	<b>-105</b>
<b>Balance as at 31 December</b>	<b>40</b>	<b>149</b>	<b>210</b>	<b>3</b>	<b>402</b>

**(46) Financial assets (fvoci)**

	31 Dec 2025	31 Dec 2024
€ mn		
<b>Money market and capital market receivables (fvoci)</b>	<b>5,370</b>	<b>4,822</b>
Promissory note loans	0	0
Bonds	5,370	4,822
<b>Equity instruments (fvoci)</b>	<b>1</b>	<b>1</b>
Equities and other non-fixed income securities	0	0
Other investments	1	1
Miscellaneous	0	0
<b>Total</b>	<b>5,371</b>	<b>4,823</b>

**(47) Financial assets (fvpl)**

	31 Dec 2025	31 Dec 2024
€ mn		
<b>Loan receivables (fvpl)</b>	<b>324</b>	<b>381</b>
Property loans	324	381
<b>Money market and capital market receivables (fvpl)</b>	<b>6</b>	<b>5</b>
Fund units	6	5
<b>Positive market value of designated hedging derivatives (fvpl)</b>	<b>452</b>	<b>673</b>
Positive market value of fair value hedges	421	673
Positive market value of net investment hedges	31	0
<b>Positive market value of other derivatives (fvpl)</b>	<b>837</b>	<b>471</b>
Positive market value of economic hedging derivatives	565	153
Positive market value of miscellaneous derivatives	272	318
<b>Total</b>	<b>1,619</b>	<b>1,530</b>

Loan receivables (fvpl) include € 210 million allocated to the residual business model while € 114 million do not fulfil the SPPI criterion.

#### (48) Non-current assets held for sale

A total of € 69 million of non-current assets held for sale relates to two property loans in the USA, which are earmarked for sale in 2026 in order to reduce the NPL portfolio. € 59 million relates to our operating property that is also set to be sold in the course of 2026. The planned sale of the operating property reflects the changed space requirements and the desire for modern forms of use. The building is recognised at its carrying amount as at the reporting date, since its fair value less costs to sell exceeds the carrying amount. Accordingly, no impairment was recognised. Overall, the disposals are expected to realise a substantial amount of hidden reserves. Compared to the previous year, this item decreased primarily due to the sale of our former hotel operations in Italy in the second quarter of 2025.

#### (49) Investments accounted for using the equity method

Aareal Bank holds interests in three associates (2024: four) and no joint venture (2024: nil) that are accounted for using the equity method. The sum total of carrying amounts of the equity investments amounted to € 74 million (2024: € 75 million).

#### (50) Intangible assets

	31 Dec 2025	31 Dec 2024
€ mn		
Goodwill	9	9
Proprietary software	30	31
Other intangible assets	5	5
<b>Total</b>	<b>44</b>	<b>45</b>

Goodwill is entirely attributable to the Banking & Digital Solutions segment.

As part of our regular processes, goodwill is tested for impairment as at 30 September each year within the context of an impairment test for each cash-generating unit (“CGU”). An impairment test is carried out as at the reporting date where a material need for change to the relevant parameters arises by the end of the reporting period. Following the sale of Aareon last year, the Banking & Digital Solutions segment is the only CGU that contains goodwill. The basis for the valuation is the present value of future cash flows (value in use), which are determined using medium-term projections. There is an individual planning of revenue and cost items within the first three to a maximum of six years. The parameters underlying the major assumptions are based on internal and external factors as well as on past experience. The major basis is the previous year’s planning. Revenue projections are largely subject to assumptions in relation to new business, as well as renewals of contracts and follow-up business with existing customers. At the same time, these represent the key sources for estimation uncertainty. Regular sales revenues, such as maintenance and fees from transactions with existing customers, are normally not subject to major estimation uncertainty. The projections for cost of materials are derived from revenue projections. The projections for staff expenses predominantly take into account the number of employees, as well as wage and salary trends. Other costs are projected based on the previous year’s figures, taking into account known one-off effects. Estimation uncertainties in relation to costs arise as a result of unplanned price increases or unforeseeable one-off effects. In principle, estimation uncertainty increases if assumptions are made further into the future. Cash flows beyond the individual planning horizon are usually determined by way of a perpetual annuity.

The present values of future cash flows were determined on the basis of a risk-adequate discount factor of 12.16% after taxes for the Banking & Digital Solutions segment. The discount factor for the segment is calculated based on an underlying risk-free interest rate of 3.25% plus a market risk premium of 6.7%, multiplied with a beta factor of 1.33. In view of the uncertainty surrounding planning beyond the detailed planning phase, the segment’s growth rate is assumed to be 2% based on a cautious view of the market environment. The recoverable amounts show an excess compared to the carrying amounts. No impairment is incurred even if, ceteris paribus, one of the above-mentioned material assumptions were to change significantly (such as a 1% increase in the risk-adequate discount factor or a decrease in the growth rate to 1%).

Other intangible assets, and property and equipment, are tested for impairment if certain events (triggering events) or changed circumstances suggest that an impairment may have been incurred. If a potential impairment is identified (triggering event), an impairment test is conducted on the concerned asset CGU in accordance with IAS 36 and in line with the principles applicable for intangible assets. In the event that an asset is impaired, the remaining useful life will be adapted accordingly, if necessary. If the reasons for a previously recognised impairment no longer apply, the concerned assets are written up through profit or loss; the write-back, however, may not exceed the carrying amount which would have been recognised if no impairment had been incurred in earlier periods.

Intangible assets developed as follows:

	2025				2024			
	Goodwill	Proprietary software	Other intangible assets	Total	Goodwill	Proprietary software	Other intangible assets	Total
€ mn								
<b>Cost</b>								
<b>Balance as at 1 January</b>	<b>13</b>	<b>86</b>	<b>37</b>	<b>136</b>	<b>532</b>	<b>219</b>	<b>224</b>	<b>975</b>
Additions	0	7	2	<b>9</b>	0	19	2	<b>21</b>
Transfers	0	0	0	<b>0</b>	-617	-182	-229	<b>-1,028</b>
Disposals	0	0	-1	<b>-1</b>	0	-1	-7	<b>-8</b>
Changes in the basis of consolidation	0	0	0	<b>0</b>	98	30	47	<b>175</b>
Currency translation differences	0	0	0	<b>0</b>	0	1	0	<b>1</b>
Other	0	0	0	<b>0</b>	0	0	0	<b>0</b>
<b>Balance as at 31 December</b>	<b>13</b>	<b>93</b>	<b>38</b>	<b>144</b>	<b>13</b>	<b>86</b>	<b>37</b>	<b>136</b>
<b>Amortisation and impairment losses</b>								
<b>Balance as at 1 January</b>	<b>-4</b>	<b>-55</b>	<b>-32</b>	<b>-91</b>	<b>-46</b>	<b>-113</b>	<b>-96</b>	<b>-255</b>
Amortisation and impairment losses	0	-8	-2	<b>-10</b>	0	-21	-18	<b>-39</b>
of which: impairment losses	0	0	0	<b>0</b>	0	0	0	<b>0</b>
Write-ups	0	0	0	<b>0</b>	0	0	0	<b>0</b>
Transfers	0	0	0	<b>0</b>	43	93	78	<b>214</b>
Disposals	0	0	1	<b>1</b>	0	1	6	<b>7</b>
Changes in the basis of consolidation	0	0	0	<b>0</b>	-1	-14	-2	<b>-17</b>
Currency translation differences	0	0	0	<b>0</b>	0	-1	0	<b>-1</b>
Other	0	0	0	<b>0</b>	0	0	0	<b>0</b>
<b>Balance as at 31 December</b>	<b>-4</b>	<b>-63</b>	<b>-33</b>	<b>-100</b>	<b>-4</b>	<b>-55</b>	<b>-32</b>	<b>-91</b>
<b>Carrying amount as at 1 January</b>	<b>9</b>	<b>31</b>	<b>5</b>	<b>45</b>	<b>486</b>	<b>106</b>	<b>128</b>	<b>720</b>
<b>Carrying amount as at 31 December</b>	<b>9</b>	<b>30</b>	<b>5</b>	<b>44</b>	<b>9</b>	<b>31</b>	<b>5</b>	<b>45</b>

**(51) Property and equipment**

	31 Dec 2025	31 Dec 2024
€ mn		
Land and buildings and construction in progress	15	70
Office furniture and equipment	8	9
<b>Total</b>	<b>23</b>	<b>79</b>

Property and equipment developed as follows:

	2025			2024		
	Land and buildings and construction in progress	Office furniture and equipment	Total	Land and buildings and construction in progress	Office furniture and equipment	Total
€ mn						
<b>Cost</b>						
<b>Balance as at 1 January</b>	<b>134</b>	<b>38</b>	<b>172</b>	<b>185</b>	<b>80</b>	<b>265</b>
Additions	9	2	11	13	14	27
Transfers	-113	0	-113	-56	-49	-105
Disposals	-8	-2	-10	-9	-8	-17
Changes in the basis of consolidation	3	0	3	0	1	1
Currency translation differences	-1	0	-1	1	0	1
Other	0	0	0	0	0	0
<b>Balance as at 31 December</b>	<b>24</b>	<b>38</b>	<b>62</b>	<b>134</b>	<b>38</b>	<b>172</b>
<b>Amortisation and impairment losses</b>						
<b>Balance as at 1 January</b>	<b>-64</b>	<b>-29</b>	<b>-93</b>	<b>-89</b>	<b>-57</b>	<b>-146</b>
Amortisation and impairment losses	-6	-3	-9	-10	-9	-19
of which: impairment losses	0	0	0	0	0	0
Write-ups	0	0	0	0	0	0
Transfers	53	0	53	34	33	67
Disposals	7	2	9	1	4	5
Changes in the basis of consolidation	0	0	0	0	0	0
Currency translation differences	1	0	1	0	0	0
Other	0	0	0	0	0	0
<b>Balance as at 31 December</b>	<b>-9</b>	<b>-30</b>	<b>-39</b>	<b>-64</b>	<b>-29</b>	<b>-93</b>
<b>Carrying amount as at 1 January</b>	<b>70</b>	<b>9</b>	<b>79</b>	<b>96</b>	<b>23</b>	<b>119</b>
<b>Carrying amount as at 31 December</b>	<b>15</b>	<b>8</b>	<b>23</b>	<b>70</b>	<b>9</b>	<b>79</b>

## (52) Income tax assets

Income tax assets in a total amount of € 39 million as at 31 December 2025 (2024: € 40 million) include € 12 million (2024: € 13 million) expected to be realised after a period of more than twelve months.

## (53) Deferred tax assets

When recognising deferred taxes, claims and liabilities arising vis-à-vis the same tax authority, which may be netted and paid in one amount, were offset in the amount of € 376 million (2024: € 356 million).

Deferred tax assets were recognised in relation to the following items of the statement of financial position:

€ mn	31 Dec 2025	31 Dec 2024
Financial assets (ac)	75	115
Financial assets (fvoci)	32	41
Financial assets (fvpl)	20	17
Non-current assets held for sale and discontinued operations	0	0
Investments accounted for using the equity method	0	0
Investment property	0	0
Intangible assets	0	0
Property and equipment	0	0
Other assets	3	3
Financial liabilities (ac)	7	4
Financial liabilities (fvpl)	264	243
Obligations included in disposal groups held for sale and in discontinued operations	0	0
Provisions	52	66
Other liabilities	1	1
Tax loss carryforwards	138	140
<b>Deferred tax assets</b>	<b>592</b>	<b>630</b>

The Group reported deferred taxes on loss carryforwards of € 138 million as at 31 December 2025 (31 December 2024: € 140 million) for operations or entities that incurred losses in the current or the previous period. € 41 million of these deferred taxes were attributable to foreign permanent establishments (2024: € 37 million). Deferred taxes are recognised based on senior management's assessment that the respective entities are likely to generate taxable income over the planning period (the next five to seven years) against which unused tax losses and deductible temporary differences can be offset. For the purpose of determining the amount of deferred tax assets to be recognised, senior management uses information on historical profitability as well as information on projected profits based on approved business plans. This process also includes an examination as to whether the current management and the present orientation of the business model will in fact lead to planned results being achieved, with any necessary adjustments carried out. In this context, Aareal Capital Corporation, New York, the Bank's subsidiary active on the US market, has fundamentally revised its planning and now envisages lower lending volumes. Senior management has revised projections for future taxable profits on this basis; it calculated and recognised deferred taxes on loss carryforwards in the amount of € 97 million (2024: € 103 million). Based on this planning, senior management considers it likely that the planned taxable profits will be realised in the future, allowing them to be offset against these losses.

The deferred tax assets not recognised or not subject to valuation adjustments amount to € 26 million (2024: € 68 million). No deferred tax assets were recognised on unlimited tax loss carryforwards of € 120 million (2024: € 272 million) since it is not probable that future taxable profit will be available against which the unused tax loss carryforwards can be utilised.

Deferred tax assets in the amount of € 29 million (2024: € 69 million) were recognised directly in equity, under "Other reserves".

**(54) Other assets**

	31 Dec 2025	31 Dec 2024
€ mn		
Properties	568	550
Contract assets	0	0
Miscellaneous	89	90
<b>Total</b>	<b>657</b>	<b>640</b>

The property portfolio was reduced by a total of two properties as at the end of the reporting period. During the course of the year, two properties from an Italian loan exposure and one property from a former Spanish loan exposure were sold, while one property from a US loan exposure was added.

Two US properties with carrying amounts of € 49 million and € 38 million were impaired, reflecting lower expectations for future earnings due to the delayed economic recovery. The impairment charges amounted to approximately € 9 million and € 1 million, respectively.

Besides general economic conditions and property-specific features, the valuation also depends in particular on the capitalisation rates – and hence, on interest rate developments. Assuming the properties have been completed, a 1 % increase in the capitalisation rate would lead to an imputed reduction in the carrying amount of the property portfolio of approximately 13 %. However, this only has an effect where the carrying amount corresponds to the market value.

Costs for value-enhancing measures were capitalised in the reporting year.

The carrying amounts of US properties were also reduced due to exchange rate fluctuations.

**(55) Financial liabilities (ac)**

	31 Dec 2025	31 Dec 2024
€ mn		
<b>Money market and capital market liabilities (ac)</b>	<b>27,169</b>	<b>26,557</b>
Money market liabilities	6,738	5,439
Promissory note loans	2,342	2,617
Mortgage Pfandbriefe	12,843	12,385
Public-sector Pfandbriefe	728	1,011
Other debt securities	4,515	5,104
Other financial liabilities	3	1
<b>Deposits from the housing industry (ac)</b>	<b>13,213</b>	<b>12,216</b>
Payable on demand	9,095	8,365
Term deposits	4,118	3,851
<b>Liabilities from other transactions (ac)</b>	<b>60</b>	<b>72</b>
Trade payables	22	21
Other liabilities	38	51
<b>Subordinated liabilities (ac)</b>	<b>723</b>	<b>641</b>
<b>Total</b>	<b>41,165</b>	<b>39,486</b>

The changes in subordinated liabilities in the amount of € 82 million (2024: € 285 million) consist of € 82 million (2024: € 283 million) related to cash payments of principal as well as an amount of € 0 million (2024: € 2 million) related to non-cash changes in fair value and changes of accrued interest.

**(56) Financial liabilities (fvpl)**

	31 Dec 2025	31 Dec 2024
€ mn		
<b>Negative market value of designated hedging derivatives (fvpl)</b>	<b>988</b>	<b>1,057</b>
Negative market value of fair value hedges	988	1,022
Negative market value of cash flow hedges	0	0
Negative market value of net investment hedges	0	35
<b>Negative market value of other derivatives (fvpl)</b>	<b>717</b>	<b>1,509</b>
Negative market value of economic hedging derivatives	62	667
Negative market value of other derivatives	655	842
<b>Total</b>	<b>1,705</b>	<b>2,566</b>

**(57) Non-current liabilities held for sale**

Aareal Bank does not have any non-current liabilities held for sale following the disposal of its hotel operations in Italy.

**(58) Provisions**

	31 Dec 2025	31 Dec 2024
€ mn		
Provisions for pensions and similar obligations	4	8
Provisions for unrecognised lending business	18	19
Other provisions	130	132
<b>Total</b>	<b>152</b>	<b>159</b>

Changes in the discount rate applicable to pensions require a revaluation of the amount of obligations. This is recognised directly in “Other comprehensive income”, under “Changes in the reserve from defined benefit plans”.

A detailed breakdown of the provisions for unrecognised lending business by classes of financial assets is disclosed in Note (66) in the chapter “Notes related to financial instruments”.

**Provisions for pensions and similar obligations**

The pension obligations result mainly from retirement benefit plans maintained at Aareal Bank AG and Westdeutsche Immobilien Servicing GmbH (former Westlmmo), which are classified as defined benefit plans in accordance with IAS 19. In addition to these, there are also defined contribution plans in accordance with IAS 19, which are not part of the pension obligations.

Aareal Bank contributed assets held to cover existing pension obligations into a Contractual Trust Arrangement (CTA). This is to ensure improved insolvency protection of the pension claims as a result of the limited protection provided by the German Pension Guarantee Association (Pensionsversicherungsverein; PSVaG). For this purpose, a bilateral trust was agreed between Aareal Bank AG (trustor) and Aareal Pensionsverein e.V. as legally independent third party (trustee). The trustee is registered in the Register of Associations at the Wiesbaden District Court.

The trustee holds in trust the special fund for the trustor (administrative trust). Simultaneously, but senior to the administrative trust, the trustee holds the special fund for all beneficiaries on trust to secure the recorded entitlements (security trust).

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The security trust is established in the interest of the beneficiaries by way of a genuine agreement for the benefit of third parties (section 328 (1) of the German Civil Code (Bürgerliches Gesetzbuch – BGB)). On the basis of this security trust, the beneficiaries may request from the trustee that the trustee holds and manages this special fund pursuant to the regulations of this trust agreement for the purpose of securing the recorded entitlements. Upon the occurrence of an insured event, the beneficiaries may, based on the security trust, request from the trustee that the trustee satisfies their recorded entitlements pursuant to the regulations of this trust agreement out of the special fund.

The Bank is the economic beneficiary of the assets. The assets are managed by HSBC INKA in a special fund under German investment law (“Spezialfonds”). Based on an investment guideline, HSBC INKA takes investment decisions for staff pensions. A joint investment committee was established, comprising staff from HSBC INKA and Aareal Bank. The Bank transfers new assets to be invested to Aareal Pensionsverein e.V. on an annual basis, which in turn acquires additional units in the special fund. The fund manager invests interest income during the course of the year.

The Bank has taken out reinsurance policies for a portion of the benefit entitlements of active members of the Management Board and former Management Board members. These policies were also transferred to Aareal Pensionsverein e.V. on a trust basis. The Bank provides corresponding funds for contribution paid to these policies.

Transferring assets to Aareal Pensionsverein e.V. on the one hand secures benefit entitlements and claims under occupational pension schemes, and on the other hand creates plan assets within the meaning of IAS 19 which may be offset with benefit obligations of the trustor.

#### **Brief description of the material pension plans**

##### **DePfa Bank Betriebsvereinbarung dated 14 December 1999 (BV 97)**

BV 97 applies for new joiners since 1 January 1997. The following benefits are granted after a waiting period of five pensionable service years: old-age pension after the statutory retirement age (also after previous disability); early retirement pension; disability pension up to the statutory retirement age; and widow’s and widower’s pension.

The Bank shall grant its employees a basic pension from own contributions and additional benefits in the form of corresponding individual agreements on deferred compensation. The basic pension for the pensionable service period is calculated based on an annual benefit expense of 3.5 % for portions of the pensionable income below the contribution ceiling and 10 % for portions of pensionable income above the contribution ceiling. The employer contributions thus calculated as well as the contributions from deferred compensation are contributed into a CTA at the end of each financial year. The benefit assets, including any allocated surpluses, bear interest at a rate of at least 4 %. The annual benefit payments are calculated based on an annuitisation of the benefit assets upon occurrence of the insured event, using a fixed annuitisation table.

The pensionable service period is deemed to be the period from completing the 20th year of age to completing the 67th year of age. Pensionable income is the gross remuneration received within one year.

Any actuarial deductions upon claiming old-age pensions before reaching the statutory retirement age are taken into account through an annuitisation of the benefit assets. The widow(er)’s pension amounts to 60 % of the employee pension. The Bank increases the current benefit payments annually by 1 %; there is no obligation to provide for an inflation adjustment.

#### **Management Board**

Three of the four active Management Board members receive their benefits based on individual commitments. These individual commitments involve the provision of an annual fixed employer’s contribution which is credited to the personal benefit account. The benefit assets bear interest that corresponds to the capital gains generated in the form of a real or virtual financial investment. The investment is made in form of a real investment as part of the Contractual Trust Agreement (CTA) to the extent that the benefit contribution is paid into the CTA established for the Bank as trust assets. To the extent that the benefit contribution is not paid into the CTA’s trust assets, the investment is made and the capital gains are determined on a virtual basis so that the result of the virtual investment corresponds to the result of the investment as if the investment had been made entirely in form of a real investment. In the case of disability or death, the existing benefit assets are increased by the sum total of the amounts that would have been credited in future (up to a maximum contribution period of five years) for each full calendar year prior to turning 62. The benefit assets

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are generally disbursed in form of a one-off payment; a pension payment is possible upon request. The pension for the surviving dependants amounts to 60 % of the beneficiary's pension entitlement. To the extent that the benefits are paid in form of an annuity, the benefits are increased by 1 % each year.

#### **DePfa Bank Dienstvereinbarung dated 30 December 1955 (DePfa 55)**

DePfa 55 is a pay-related benefit commitment for new entrants before 31 December 1988. It provides for benefit payments after completing the 65th year of age after a waiting period of five service years and benefits paid in case of occupational incapacity (disability) as well as benefits for surviving dependants, each in form of a monthly annuity.

The amount of the entitlement is based on the following increases: 5 % of the last annual salary for the first five service years each, 2 % of the last annual salary for the next 20 service years each, and 1 % of the last annual salary for any following service year, up to a maximum percentage of 75 % of the last annual salary after 35 service years. The widow(er)'s pension amounts to 60 % of the old-age or disability pension. Benefits paid by social security insurance and VBL/Gerling are charged to the benefit entitlements. DePfa 55 does not include any provision allowing for an early payout of old-age pensions or for an adjustment of current benefit payments.

These commitments are based on final salary. The obligation resulting from the respective benefit commitment is therefore very sensitive to unexpected salary changes.

Current benefits are not subject to a fixed adjustment rate; therefore, the adjustment is made pursuant to section 16 of the German Occupational Pensions Act (BetrAVG). Accordingly, an inflation adjustment has to be made every three years given an appropriate economic situation of the Bank. Changes in inflation and, hence, pension increases have an impact on the benefit volume as regards these commitments.

#### **BauBoden agreement dated 1 July 1968 (BauBoden 68)**

This agreement applies to employees after completing their 18th year of age who were employed by the Bank on 1 January 1967 or joined the Bank not later than on 31 December 1983. The following benefits are granted after a waiting period of ten service years: old-age pension after completing the 65th year of age, early old-age pension, (total) occupational incapacity pension as well as widow(er)'s pension.

Benefits consist of an overall pension, comprising the statutory pension insurance scheme, the additional pension insurance scheme at VBL or BVV (which is taken into account), or the group insurance contracts and the bank subsidy. The overall pension amounts to 55 % of the pensionable salary after ten years of service. The overall pension is increased by 1 % of the pensionable salary for any further service year, up to the maximum rate of 75 %. The pensionable salary is the last monthly gross salary received during service.

No actuarial deductions are made upon claiming old-age pensions before completing the 65th year of age. The widow(er)'s pension amounts to 60 % of the bank subsidy. The current pension payments are adjusted pursuant to section 16 of the German Occupational Pensions Act (Betriebsrentengesetz – BetrAVG).

These commitments are based on final salary. The obligation resulting from the respective benefit commitment is therefore very sensitive to unexpected salary changes.

Current benefits are not subject to a fixed adjustment rate; therefore, the adjustment is made pursuant to section 16 of the German Occupational Pensions Act (BetrAVG). Accordingly, an inflation adjustment has to be made every three years given an appropriate economic situation of the Bank. Changes in inflation and, hence, pension increases have an impact on the benefit volume as regards these commitments.

#### **BauBoden agreement dated 12 December 1984 (BauBoden 84) and DePfa Bank pension scheme dated 28 November 1990 (DePfa 90)**

BauBoden 84 applies to employees who joined the Company after 31 December 1983 and have completed their 20th year of age. DePfa 90 applies to employees who joined the Company after 31 December 1988. The following benefits are granted after a waiting period of ten service years: old-age pension and early old-age pension, (total) occupational incapacity pension as well as widow(er)'s pension.

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The benefit entitlements of the employees vest after completing their 65th year of age. The amount of the monthly pension entitlement is calculated for each pensionable service year (up to a maximum of 40 service years) as follows: 0.6 % of pensionable salary up to the contribution ceiling, 2 % of the portion of pensionable salary exceeding the contribution ceiling, with pensionable salary and contribution ceiling being calculated using the average for the last twelve months. Benefits paid by BVV are charged to the benefit entitlements under BauBoden 84.

The Bank does not make any actuarial deductions upon claiming early old-age pensions. The widow(er)'s pension amounts to 60 % of the entitlements to benefit payments. The current pension payments are adjusted pursuant to section 16 of the German Occupational Pensions Act (Betriebsrentengesetz – BetrAVG).

These commitments are based on final salary. The obligation resulting from the respective benefit commitment is therefore very sensitive to unexpected salary changes.

Current benefits are not subject to a fixed adjustment rate; therefore, the adjustment is made pursuant to section 16 of the German Occupational Pensions Act (BetrAVG). Accordingly, an inflation adjustment has to be made every three years given an appropriate economic situation of the Bank. Changes in inflation and, hence, pension increases have an impact on the benefit volume as regards these commitments.

#### **AHB – General works agreement on additional pension benefits (company pension scheme) of former Corealcredit**

The pension benefits to former employees of Allgemeine Hypothekenbank AG, whose employment relationship began prior to 1 January 1994, are governed by the additional benefit arrangement dated 29 August 1995 on the basis of the complementing general works agreement dated 7 March 1995.

This benefit commitment is based on aggregate benefits derived from pension benefits for civil servants. After a waiting period of five years of service, the aggregate benefit rate is 50 % of pensionable income. For each year of service after completing the 37th year of age, the aggregate benefit rate increases by 1 % of pensionable income, up to a maximum 75 % of pensionable income. The entitlement amounts to at least 65 % of pensionable income in the case of (total) occupational incapacity and 75 % of pensionable income in the case of workplace accidents. Pensionable income is the annual income (calculated on the basis of 14 monthly salaries), divided by 12.

The pension benefits of the statutory pension insurance and the BVV, which are based on mandatory contributions, are taken into account in the pension determined as described. To that extent, the benefit obligation directly depends on the development of the level of pensions from the statutory pension insurance on the one hand and from the BVV on the other.

As a result of the German Pension Reform Act of 1992 and the associated cuts in statutory pension insurance, the pension scheme was restructured in 1995. The main pillar of the new structure is the limitation of the Bank's deficiency guarantee for the declining level of statutory pensions due to deduction factors applied at early retirement (Rentenzugangsfaktor) and the lower adjustment of the pension value. Accordingly, the Bank continues to assume the deficiency guarantee on a pro-rata basis for the periods of service until the restructuring on 31 December 1995 in relation to the deduction factors applied at early retirement and for the reduced level of the current pension value (net adjustment factor). The reduction in the level of statutory pensions that occurred during the service periods from the restructuring date until retirement is taken into account at the expense of the beneficiary.

From the start of retirement, the AHB pension is decoupled from the development of the statutory pension and the BVV pension already prior to the restructuring since only the AHB pension is adjusted for inflation on an annual basis.

Accordingly, the obligation for the pension commitment during the qualification period is, on the one hand, directly dependent upon the development of the statutory pension and the BVV pension. On the other hand, it is fully dependent upon salary development for all years of service, even including past service. The volume of the obligation also depends upon the fluctuation of inflation and hence pension increases.

**Rheinboden Hypothekenbank AG – pension scheme in the version dated 1 December 1991 of former Corealcredit**

The former employees of Rheinboden Hypothekenbank AG are entitled to old-age and disability pensions as well as surviving dependant's benefits in accordance with the pension schemes in the version dated 1 December 1991.

The monthly benefits for employees who commenced service prior to 1 October 1978 amount to 5 % of pensionable remuneration (most recent monthly salary based on collective or individual agreements) after ten service years and increase by 0.5 % of pensionable remuneration for each service year, up to 14 % of pensionable remuneration after 15 service years. The monthly benefit entitlement increases by 0.3 % of pensionable remuneration for any additional service years, up to a maximum of 20 %. The BVV benefits are taken into account in such entitlement to the extent that these are based on employer contributions.

The benefits for employees who commenced service after 30 September 1978 amount to 0.15 % of pensionable remuneration up to the contribution ceiling as well as 1.5 % of pensionable remuneration above the contribution ceiling for each year of service between the 25th and 65th year of age. The maximum number of recognisable service years is 35.

The old-age pension under the Rheinboden pension schemes is paid after completing the 65th year of age or upon commencement of old-age pension under the statutory pension insurance scheme (full pension). In case of early retirement, the benefits are subject to deductions of 0.3 % per month of early retirement prior to the age of 65 as a partial compensation for the additional costs associated with early retirement. The surviving dependant's benefits amount to 60 % of the employee's pension entitlement for widow(er)s as well as 15 % for half-orphans and 20 % for orphans, however, in aggregate not exceeding the amount of the employee's pension entitlement.

Supplementary individual contractual arrangements were agreed with individual pensioners and leavers with vested benefits for the purpose of the transition from the old to the new Rheinboden pension scheme and the application of the BVV benefits.

In addition, individual contractual commitments apply to former management board members and general managers – currently pensioners and one leaver with vested benefits.

The adjustment of current pensions on the basis of the Rheinboden commitments is performed on the basis of the inflation allowance set out in section 16 of the BetrAVG, with the exception of a small group of approximately ten pensioners where adjustment is made pursuant to the collective agreement for banks.

**WestImmo – Pension scheme dated 1 October 1995**

The pension scheme dated 1 October 1995 is a defined contribution scheme. The following benefits are paid after a waiting period of five year of service: old-age pension, early old-age pension, (total) occupational incapacity pension as well as widow(er)'s and orphan's pension.

The amount of the old-age pension, the early old-age pension and the (total) occupational incapacity pension is calculated based on the sum of the pension components earned during the pensionable service period. If the pensionable service period exceeds 40 years, the monthly pension is calculated based on the sum of the highest 40 pension components earned during the pensionable service period. The amount of one pension component is derived from multiplying the reference contribution (since 2021: € 311), the personal earnings relation (relation between pensionable income and contribution ceiling of the German statutory pension insurance; earnings components above the contribution ceiling are weighted with a factor of 3.75) and the annuitisation factor in the relevant age pursuant to the annuitisation table. The amount of the early old-age pension is reduced by 0.5 % for each month in which annuity is paid prior to completing the 65th year of age. The widow(er)'s pension entitlement amounts to 60 %.

If necessary, the determination of the amount of pension obligations is based on the following actuarial assumptions applied consistently throughout the Group:

	31 Dec 2025	31 Dec 2024
Calculation method	Projected unit credit method	Projected unit credit method
Calculation basis	“Richttafeln 2018G” mortality tables by K. Heubeck	“Richttafeln 2018G” mortality tables by K. Heubeck
<b>Actuarial assumptions (%)</b>		
Interest rate used for valuation	4.24	3.44
Development of salaries	2.25	2.25
Pension increase	1.70	1.72
Rate of inflation	2.25	2.25
Staff turnover rate	3.00	3.00

Development of net pension liabilities:

	Present value of pension obligations	Fair value of plan assets	Net pension liability
€ mn			
<b>Balance as at 1 January 2025</b>	<b>377</b>	<b>-369</b>	<b>8</b>
<b>Pension expense</b>	<b>17</b>	<b>-12</b>	<b>5</b>
Current service cost	5	0	5
Net interest cost	12	-12	0
<b>Payments</b>	<b>-11</b>	<b>8</b>	<b>-3</b>
Pension benefits paid	-15	14	-1
Employer's contributions	0	-2	-2
Contributions made by beneficiaries of defined benefit plans	4	-4	0
<b>Remeasurements</b>	<b>-43</b>	<b>37</b>	<b>-6</b>
due to experience adjustments	-1	0	-1
due to changes in financial assumptions	-42	0	-42
due to changes in demographic assumptions	0	0	0
Difference between actual return and return calculated using an internal rate of interest (plan assets)	0	37	37
<b>Changes in the basis of consolidation</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31 December 2025</b>	<b>340</b>	<b>-336</b>	<b>4</b>

	Present value of pension obligations	Fair value of plan assets	Net pension liability
€ mn			
<b>Balance as at 1 January 2024</b>	<b>416</b>	<b>-340</b>	<b>76</b>
<b>Pension expense</b>	<b>18</b>	<b>-11</b>	<b>7</b>
Current service cost	6	0	6
Net interest cost	12	-11	1
<b>Payments</b>	<b>-11</b>	<b>-5</b>	<b>-16</b>
Pension benefits paid	-15	3	-12
Employer's contributions	0	-4	-4
Contributions made by beneficiaries of defined benefit plans	4	-4	0
<b>Remeasurements</b>	<b>-15</b>	<b>-15</b>	<b>-30</b>
due to experience adjustments	2	0	2
due to changes in financial assumptions	-17	0	-17
due to changes in demographic assumptions	0	0	0
Difference between actual return and return calculated using an internal rate of interest (plan assets)	0	-15	-15
<b>Changes in the basis of consolidation</b>	<b>-31</b>	<b>2</b>	<b>-29</b>
<b>Balance as at 31 December 2024</b>	<b>377</b>	<b>-369</b>	<b>8</b>

The weighted duration of pension liabilities is 14.6 years as at 31 December 2025 (2024: 15.7 years). The net pension obligation is relatively low due to the high level of funding and the alignment of the plan assets with the pension obligations.

Expected maturities of the defined benefit obligation (DBO):

	31 Dec 2025	31 Dec 2024
€ mn		
Up to 1 year	16	14
Between 1 year and 5 years	66	66
Between 5 years and 10 years	95	92
<b>Total</b>	<b>177</b>	<b>172</b>

Plan contributions in the amount of € 3 million (2025: € 5 million) are expected to be paid in the financial year 2026.

#### Sensitivity of the defined benefit obligation (DBO) compared to the central actuarial assumptions

Based on the qualitative plan description, the valuation parameters significant for calculating the amount of the obligation were derived and corresponding calculations were made as regards sensitivity:

	Defined benefit obligation 2025	Change	Defined benefit obligation 2024	Change
	€ mn	%	€ mn	%
<b>Present value of obligations</b>	<b>340</b>		<b>377</b>	
Interest rate used for valuation				
Increase by 1.0 percentage points	298	-12	326	-14
Decrease by 1.0 percentage points	394	16	442	17
Development of salaries				
Increase by 0.5 percentage points	344	1	382	1
Decrease by 0.5 percentage points	336	-1	373	-1
Pension increase				
Increase by 0.25 percentage points	343	1	381	1
Decrease by 0.25 percentage points	337	-1	373	-1
Life expectancy				
Increase by 1 year	354	4	394	5
Decrease by 1 year	326	-4	360	-5

The sensitivity analysis described takes into account, in each case, the change of an assumption, while the other assumptions remain unchanged compared to the original calculation, i.e. any potential correlation effects between the individual assumptions are not taken into consideration.

Plan assets can be broken down as follows:

	31 Dec 2025	31 Dec 2024
€ mn		
Cash	0	0
Investment funds including derivatives	314	344
Reinsurance	23	25
<b>Total</b>	<b>337</b>	<b>369</b>

Apart from the usual actuarial risks, the risks associated with defined benefit obligations primarily relate to financial risks in connection with plan assets. Amongst others, these may include counterparty credit risks and market price risks. These risks are taken into account in the risk management of Aareal Bank Group. The measurement of investment funds (including derivatives) has to be allocated to Level 2 of the fair value hierarchy.

### Other provisions

Other provisions developed as follows:

	Provisions for staff expenses and non-staff operating costs	Provisions for legal and tax risks	Other provisions	Total
€ mn				
<b>Carrying amount as at 1 January 2025</b>	<b>125</b>	<b>3</b>	<b>4</b>	<b>132</b>
Additions	65	0	1	66
Utilisation	-45	0	-3	-48
Reversals	-15	-1	0	-16
Interest	-1	0	0	-1
Reclassifications	0	0	0	0
Changes in the basis of consolidation	0	0	0	0
Exchange rate fluctuations	-3	0	0	-3
<b>Carrying amount as at 31 December 2025</b>	<b>126</b>	<b>2</b>	<b>2</b>	<b>130</b>

	Provisions for staff expenses and non-staff operating costs	Provisions for legal and tax risks	Other provisions	Total
€ mn				
<b>Carrying amount as at 1 January 2024</b>	<b>101</b>	<b>3</b>	<b>30</b>	<b>134</b>
Additions	108	0	6	114
Utilisation	-38	0	-23	-61
Reversals	-3	0	-2	-5
Interest	0	0	0	0
Reclassifications	-44	0	-7	-51
Changes in the basis of consolidation	0	0	0	0
Exchange rate fluctuations	1	0	0	1
<b>Carrying amount as at 31 December 2024</b>	<b>125</b>	<b>3</b>	<b>4</b>	<b>132</b>

Other provisions of € 130 million include € 48 million expected to be realised after a period exceeding twelve months (2024: € 40 million).

Provisions for staff expenses and non-staff operating costs refer to personnel provisions in the amount of € 98 million (2024: € 100 million) and provisions for non-staff operating costs in the amount of € 29 million (2024: € 24 million). Provisions for staff expenses consist of, among other things, provisions for bonuses (cash and share-based), partial retirement, severance payments and existing working hours accounts. Specifically, these include € 22 million in provisions for severance payments and for partial retirement (2024: € 28 million), which include restructuring provisions in the same amount (2024: € 27 million). These extend into 2027 and will be incurred mainly in 2026. Provisions for non-staff operating expenses mainly include provisions for professional and legal advice.

### (59) Income tax liabilities

Income tax liabilities in a total amount of € 33 million as at 31 December 2025 (2024: € 91 million) include € 0 million (2024: € 5 million) expected to be realised after a period of more than twelve months.

### (60) Deferred tax liabilities

When recognising deferred taxes, claims and liabilities arising vis-à-vis the same tax authority, which may be netted and paid in one amount, were offset in the amount of € 376 million (2024: € 356 million).

Share price losses of approximately € 47 million may arise in connection with a special investment fund which would be taxable upon disposal of that special fund. However, since there are no plans to dispose of this special fund, no deferred tax liabilities need to be recognised.

Deferred tax liabilities were recognised in relation to the following items of the statement of financial position:

€ mn	31 Dec 2025	31 Dec 2024
Financial assets (ac)	109	141
Financial assets (fvoci)	5	5
Financial assets (fvpl)	1	0
Intangible assets	11	12
Property and equipment	0	0
Other assets	9	3
Financial liabilities (ac)	236	188
Provisions	6	8
Other liabilities	0	0
<b>Deferred tax liabilities</b>	<b>377</b>	<b>357</b>

**(61) Other liabilities**

	31 Dec 2025	31 Dec 2024
€ mn		
Lease liabilities	18	12
Deferred income	2	1
Liabilities from other taxes	21	24
Contract liabilities	0	0
Miscellaneous	4	5
<b>Total</b>	<b>45</b>	<b>42</b>

**(62) Equity**

	31 Dec 2025	31 Dec 2024
€ mn		
Subscribed capital	180	180
Capital reserves	721	721
Retained earnings	2,548	4,359
AT1 bond	407	300
Other reserves		
Reserve from remeasurements of defined benefit plans	-58	-61
Reserve from the measurement of equity instruments (fvoci)	-4	-4
Reserve from the measurement of debt instruments (fvoci)	-12	-39
Reserve from foreign currency basis spreads	-14	-30
Currency translation reserves	-41	13
Non-controlling interests	25	21
<b>Total</b>	<b>3,752</b>	<b>5,460</b>

Equity includes the positive net consolidated income for 2025. The year-on-year decrease was due to the fact that in 2024, consolidated net income was strongly influenced by the one-off gain on the disposal of Aareon and the subsequent dividend distribution.

**Subscribed capital**

Aareal Bank AG's subscribed capital amounted to € 180 million as at the reporting date (2024: € 180 million). It is divided into 59,857,221 notional fully-paid no-par value shares ("unit shares") with a notional value of € 3 per share. The shares are registered shares. Each share carries one vote. There are no pre-emptive rights or constraints with respect to dividend payouts.

**Authorised capital**

Aareal Bank has authorised capital pursuant to the resolution by the Annual General Meeting held on 10 August 2023. Accordingly, the Management Board is authorised to increase, on one or more occasions, the Company's registered share capital by up to a maximum total amount of € 89,785,830 via the issuance of new no-par value registered shares for contribution in cash or in kind, subject to the approval of the Supervisory Board (Authorised Capital 2023); this authorisation will expire on 9 August 2028. In the event of a capital increase against cash contributions, the shareholders shall be granted a subscription right, unless the Management Board exercises its authority to exclude shareholder's pre-emptive subscription rights. The Management Board may exclude shareholders' subscription rights, subject to approval by the Supervisory Board and the conditions set out below:

- a) In the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly below the prevailing stock exchange price of the Company's listed shares at the time of the final determination of the issue price.

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However, this authorisation shall be subject to the proviso that the aggregate value of shares issued to the exclusion of shareholders' subscription rights, in accordance with section 203 (1) and (2) and section 186 (3) sentence 4 of the AktG, shall not exceed ten per cent (10 %) of the registered share capital at the time said authorisation comes into effect or – if lower – at the time it is exercised. Any shares that were issued or sold during the term and prior to the exercising of said authorisation, in direct or analogous application of section 186 (3) sentence 4 of the AktG, shall count towards the above threshold of ten per cent (10 %) of the issued share capital. Said ten-per-cent threshold shall also include shares the issuance of which is required under the terms of debt securities with embedded conversion or option rights on shares issued pursuant to section 186 (3) sentence 4 of the AktG (excluding shareholders' subscription rights), which were (or may be) issued during the validity of this authorisation; or

- b) for fractional amounts arising from the determination of the applicable subscription ratio; or
- c) where this is necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds issued (or to be issued) by the Company or its affiliated companies, which subscription rights are required to entitle these holders to the same extent as they would have been entitled to upon exercising their conversion or option rights or upon performance of a conversion obligation, if any, thus protecting such holders against dilution; or
- d) for an amount of up to € 4,000,000, to offer employees (of the Company or its affiliated companies) shares for subscription; or
- e) in the event of a capital increase against contributions in kind for the purpose of acquiring companies, parts thereof or participating interests or any other assets.

The above authorisation for the exclusion of shareholders' subscription rights in the case of capital increases against contributions in cash is limited to a total of 10 % of the share capital; this limit may be exceeded neither at the time said authorisation comes into effect, nor at the time it is exercised. The above-mentioned ten-per-cent threshold shall furthermore include treasury shares which are sold to the exclusion of shareholders' subscription rights during the validity of this authorisation as well as such shares which are issued to service debt securities, provided that the debt securities were issued to the exclusion of shareholders' subscription rights during the validity of this authorisation. When a new authorisation for the exclusion of shareholders' subscription rights is resolved by the Annual General Meeting after the lowering and said new authorisation comes into effect, the upper limit lowered in accordance with the specifications above shall be increased again to the amount permitted by the new authorisation, with a maximum total of 10 % of the registered share capital in accordance with the above specifications.

The authorised capital has not yet been utilised.

### Conditional capital

Based on a resolution passed by the General Meeting on 10 August 2023, the Management Board was authorised to issue, on one or more occasions until 9 August 2028, profit-participation certificates with a limited or unlimited term for contribution in cash or in kind of up to a total of € 1,000,000,000. The profit-participation certificates must be constructed in such a way that the funds paid for them after issuance can be recognised as banking regulatory capital pursuant to the legal regulations applicable as at the time of issuance. Profit-participation certificates and other hybrid promissory note loans to be issued according to this authorisation may provide for conversion rights, entitling or compelling, in accordance with their respective conditions, the holder to purchase Company shares. Conversion rights or obligations may be attached exclusively to no-par value registered shares and are limited to a maximum amount of € 89,785,830 of the Company's share capital. The sum of shares to be issued so as to service conversion or option rights or conversion obligations from profit-participation certificates or hybrid promissory note loans issued pursuant to this authorisation, including shares issued during validity of this authorisation as a result of another authorisation (especially from authorised capital), may not exceed an amount of € 89,785,830 (which equals approx. 50 % of the current share capital). Subject to the approval of the Supervisory Board, the Management Board may exclude shareholders' pre-emptive rights in relation to the profit-participation rights in certain cases.

Accordingly, the share capital is subject to a conditional capital increase not exceeding € 89,785,830 by issuance of up to 29,928,610 new no-par value registered shares ("Conditional Capital 2023"). The conditional capital increase shall be implemented only to the extent that (i) the holders of convertible bonds issued by the Company (or by an enterprise in which the Company either directly or indirectly holds a majority interest) until 9 August 2028 on the basis of the Annual General Meeting's authorisation resolution of

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10 August 2023 exercise their conversion rights from these convertible bonds or (ii) the holders of convertible bonds issued by the Company (or by an enterprise in which the Company either directly or indirectly holds a majority interest) until 9 August 2028 on the basis of the Annual General Meeting's authorisation resolution of 10 August 2023, with such holders being obliged to exercise those rights, fulfil their obligation or (iii) the Company exercises its right of substitution, except where treasury shares are used to service the rights or, in the aforementioned cases (i) and (ii), cash compensation is granted. The new shares shall be entitled to a share in the profits from the beginning of the financial year in which they come into existence through the exercise of conversion rights or the fulfilment of conversion obligations. The Management Board shall be authorised to determine the further details of the conditional capital increase.

To date, the Conditional Capital has not yet been utilised.

### Capital reserves

The capital reserves contain premiums received upon the issuance of shares. Costs incurred within the framework of a capital increase reduce capital reserves.

### Retained earnings

Retained earnings are comprised of statutory reserves (pursuant to section 150 of the AktG) of € 5 million (2024: € 5 million) and of other retained earnings of € 2,543 million (2024: € 4,354 million).

### Additional Tier 1 bond (AT1 notes)

On 13 November 2014, Aareal Bank issued notes in an aggregate nominal amount of € 300 million with a denomination of € 200,000 and an initial coupon of 7.625 % p.a. (AT1 notes – ISIN DE000A1TNDK2), based on the authorisation granted by the Annual General Meeting on 21 May 2014. The notes are classified as Additional Tier I capital for regulatory purposes.

The notes bore interest of 7.625 % p.a. from the interest commencement date to 30 April 2020. The rate of interest for any interest period commencing on or after 30 April 2020 shall be equal to the reference rate (one-year EUR swap rate) determined on the relevant interest determination date plus a spread of 7.18 % p.a.

The notes constitute unsecured and subordinated obligations on the part of the issuer.

Upon the occurrence of a trigger event, the redemption amount and the principal amount of each note shall be reduced by the amount of the relevant write-down. The write-down shall be effected pro rata with all other Additional Tier I instruments within the meaning of the CRR, the terms of which provide for a write-down upon the occurrence of the trigger event. A trigger event occurs if the Common Equity Tier I capital ratio, pursuant to Article 92 (1) (a) CRR or a successor provision, and determined on a consolidated basis, falls below 7.0%. After a write-down has been effected, the principal amount and the redemption amount of each note may be written up, subject to certain conditions, in each of the financial years of the issuer subsequent to such write-down until the full initial principal amount has been reached.

The notes may be redeemed, in whole but not in part, at any time at the option of the issuer, subject to prior consent of the competent supervisory authority, upon not less than 30 and not more than 60 days' prior notice of redemption at their redemption amount (taking into account a potential write-down) together with interest accrued until the redemption date (to the extent that interest payment is not cancelled or ruled out in accordance with the terms and conditions of the notes), when the tax or regulatory reasons set out in the terms and conditions of the notes apply. The issuer may also redeem the notes, in whole but not in part, at any time, subject to the prior consent of the competent supervisory authority, upon not less than 30 days' notice of redemption for the first time with effect as at 30 April 2020 and, thereafter, with effect as at each interest payment date at their redemption amount together with interest (if any) accrued to the redemption date.

Aareal Bank terminated the AT1 notes (ISIN DE000A1TNDK2) on 20 February 2025, effective 30 April 2025, and repaid the notes in full on the effective date.

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On 22 January 2025, Aareal Bank issued notes in an aggregate nominal amount of US\$ 425 million with a denomination of US\$ 200,000 and an initial coupon of 9.875 % p. a. (AT I notes – ISIN XS2971584813), based on the authorisation granted by the Annual General Meeting on 10 August 2023. The notes are classified as Additional Tier I capital for regulatory purposes and have a first call date on 31 July 2030. Unless the notes are terminated at the end of 31 July 2030, the amount of interest payable on the notes for each further interest period is to be determined from the sum of a reference rate (5-year CMT rate, expressed in percentage points p.a.) and a fixed spread of 5.068 % p. a. The purpose of the notes is to further optimise Aareal Bank's capital structure. The notes constitute unsecured and subordinated obligations on the part of the issuer.

If a trigger event occurs (if the CET I ratio falls below a threshold of 5.125 %), the (original) nominal amount of the notes will either be written down or converted into Common Equity Tier I instruments. In the event of a write-down, the redemption amount of the notes will be reduced in line with the write-down ratio (to the current nominal amount), unless the notes are written up (in full) over their term. A shortfall below the threshold value must be assumed in the event that the Common Equity Tier I ratio pursuant to Article 92(1)(a) of the CRR falls below the threshold of 5.125 % set out above, on a stand-alone basis and/or on a (partially) consolidated basis. The notes will only participate in a write-down or conversion into Common Equity Tier I instruments to the extent that is necessary for the Common Equity Tier I ratio to be restored to 5.125 % on a stand-alone and/or (partially) consolidated basis. After a write-down has been effected, the principal amount (and hence the redemption amount) of each note may be written up, subject to certain conditions, in each of Aareal Bank's financial years subsequent to such a write-down until the full initial principal amount has been reached.

The notes do not have a scheduled maturity date. Unless a special event occurs giving the Bank a right to early redemption (i.e. redemption at the option of the issuer, redemption after the occurrence of a regulatory event or a tax event, or redemption due to the low outstanding nominal amount), the notes will only be due for early redemption in the event of the dissolution, insolvency or liquidation of Aareal Bank and in accordance with the relevant requirements of the terms and conditions of the notes. Early redemption in accordance with the special events referred to above is subject to predefined deadlines; the redemption conditions for the notes must otherwise be observed. In addition, there is the option of early repurchase that is also subject to special repurchase conditions. Redemption or repurchase is subject to the approval of the competent supervisory authority and the requirement to provide evidence of sufficient regulatory capital (excluding the bonds to be redeemed or repurchased). Repayment is made at the original nominal amount or at the current nominal amount (in the case of a write-down for which no full write-up has taken place).

## Distributions

The Annual General Meeting held on 7 March 2025 resolved that € 1,941,312,740.00 of the total net retained profit (Bilanzgewinn) of € 2,440,400,000.00 for the 2024 financial year, determined in accordance with German Commercial law, be distributed as dividends and that the residual amount of € 499,087,260.00 be carried forward. The distribution was made shortly afterwards.

The Management Board proposes to the Annual General Meeting that the net retained profit of € 418,030,000.00 for the 2025 financial year, as reported under the German Commercial Code (HGB), be carried forward.

In addition, on 31 July 2026, the Management Board will resolve on a distribution in relation to the AT I instruments, pursuant to the terms and conditions of the notes.

## Notes to Financial Instruments

### (63) Net gains/losses of financial instruments by category

The following overview shows the net gains or net losses from financial instruments in accordance with the classification and measurement categories of financial assets and liabilities (from which the results are generated):

	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
€ mn		
Net gain or loss from financial assets (ac)	-295	-329
Net gain or loss from financial liabilities (ac)	1	0
Net gain or loss from financial assets (fvoci) recognised in other comprehensive income	40	-30
Net gain or loss from financial assets (fvoci) transferred to the income statement	0	1
Net gain or loss from equity instruments (fvoci)	0	0
Net gain or loss from financial instruments (fvpl)	-5	-44
Net gain or loss from financial guarantee contracts and loan commitments	-1	-13

The net results include measurement gains and losses, realised gains/losses on disposal, subsequent recoveries on loans and advances previously written off in relation to all financial instruments of the respective measurement category. The net gain or loss from financial instruments (fvpl) also comprises the net gain or loss from currency translation.

The hedge result from hedged items is aggregated with the hedge result from derivative hedging instruments in one line item, and amounted to € -12 million (2024: € 3 million) in the year under review. Moreover, the change in the reserve from foreign-currency basis spreads amounted to € 25 million (2024: € -11 million).

### (64) Fair value hierarchy in accordance with IFRS 13

The carrying amounts of financial instruments held by Aareal Bank Group which are reported at fair value in the statement of financial position are presented in the following table according to the three-tier fair value hierarchy pursuant to IFRS 13.72 et seq. The presentation is made for each class of financial instrument.

#### 31 December 2025

	Total fair value	Fair value level 1	Fair value level 2	Fair value level 3
€ mn				
<b>Financial assets (fvoci)</b>	<b>5,371</b>	<b>4,755</b>	<b>615</b>	<b>1</b>
Money market and capital market receivables (fvoci)	5,370	4,755	615	0
Equity instruments (fvoci)	1	0	0	1
<b>Financial assets (fvpl)</b>	<b>1,619</b>	<b>1</b>	<b>1,289</b>	<b>329</b>
Loan receivables (fvpl)	324	0	0	324
Money market and capital market receivables (fvpl)	6	1	0	5
Positive market value of designated hedging derivatives (fvpl)	452	0	452	0
Positive market value of other derivatives (fvpl)	837	0	837	0
<b>Financial liabilities (fvpl)</b>	<b>1,705</b>	<b>0</b>	<b>1,705</b>	<b>0</b>
Negative market value of designated hedging derivatives (fvpl)	988	0	988	0
Negative market value of other derivatives (fvpl)	717	0	717	0

As at year-end, € 75 million (2024: € 0 million) in financial assets (fvoci) (money market and capital market receivables (fvoci)) were transferred from Level 1 to Level 2; financial assets (fvoci) of € 21 million were transferred from Level 2 to Level 1 (2024: € 22 million).

### 31 December 2024

	Total fair value	Fair value level 1	Fair value level 2	Fair value level 3
€ mn				
<b>Financial assets (fvoci)</b>	<b>4,823</b>	<b>4,741</b>	<b>81</b>	<b>1</b>
Money market and capital market receivables (fvoci)	4,822	4,741	81	0
Equity instruments (fvoci)	1	0	0	1
<b>Financial assets (fvpl)</b>	<b>1,530</b>	<b>1</b>	<b>1,144</b>	<b>385</b>
Loan receivables (fvpl)	381	0	0	381
Money market and capital market receivables (fvpl)	5	1	0	4
Positive market value of designated hedging derivatives (fvpl)	673	0	673	0
Positive market value of other derivatives (fvpl)	471	0	471	0
<b>Financial liabilities (fvpl)</b>	<b>2,566</b>	<b>0</b>	<b>2,566</b>	<b>0</b>
Negative market value of designated hedging derivatives (fvpl)	1,057	0	1,057	0
Negative market value of other derivatives (fvpl)	1,509	0	1,509	0

The fair values of loan receivables recognised at fair value in the statement of financial position that are assigned to Level 3 of the fair value hierarchy developed as follows during the period under review:

### Loan receivables (fvpl)

	2025	2024
€ mn		
<b>Fair value as at 1 January</b>	<b>381</b>	<b>255</b>
<b>Change in measurement</b>	<b>42</b>	<b>-3</b>
<b>Portfolio changes</b>		
Additions	9	148
Derecognition	108	19
Deferred interest	0	0
<b>Fair value as at 31 December</b>	<b>324</b>	<b>381</b>

Receivables held in the Bank's portfolio contributed € 36 million to the net gain or loss from loan receivables (fvpl) (2024: € -18 million). The net gain or loss from loan receivables (fvpl) is reported in the net gain or loss from financial instruments (fvpl).

Regarding loan receivables (fvpl), the add-ons for risks specific to the counterparty and transaction represent the material input parameter not observable in the market. The relevant add-ons averaged approximately 630 bp. Regarding the non-defaulted loans, increasing/decreasing this parameter by 1 % would lead to a decrease/increase of the fair value by € 4 million (2024: € 4 million). No reclassifications were carried out in the year under review.

The fair values of financial instruments held by Aareal Bank Group which are reported at amortised cost in the statement of financial position are presented in the following table according to the three-tier fair value hierarchy pursuant to IFRS 13.72 et seq. The presentation is made for each class of financial instrument:

**31 December 2025**

	Total fair value	Fair value level 1	Fair value level 2	Fair value level 3
€ mn				
<b>Financial assets (ac)</b>	<b>38,931</b>	<b>2,052</b>	<b>3,056</b>	<b>33,823</b>
Cash funds (ac)	328	0	328	0
Loan receivables (ac)	33,790	0	0	33,790
Money market and capital market receivables (ac)	4,750	2,052	2,695	3
Receivables from other transactions (ac)	63	0	33	30
<b>Financial liabilities (ac)</b>	<b>41,151</b>	<b>12,686</b>	<b>28,330</b>	<b>135</b>
Money market and capital market liabilities (ac)	27,123	12,686	14,341	96
Deposits from the housing industry (ac)	13,213	0	13,213	0
Liabilities from other transactions (ac)	61	0	22	39
Subordinated liabilities (ac)	754	0	754	0

**31 December 2024**

	Total fair value	Fair value level 1	Fair value level 2	Fair value level 3
€ mn				
<b>Financial assets (ac)</b>	<b>40,159</b>	<b>1,920</b>	<b>5,691</b>	<b>32,548</b>
Cash funds (ac)	2,605	0	2,605	0
Loan receivables (ac)	32,516	0	0	32,516
Money market and capital market receivables (ac)	4,973	1,920	3,053	0
Receivables from other transactions (ac)	65	0	33	32
<b>Financial liabilities (ac)</b>	<b>39,252</b>	<b>9,538</b>	<b>29,647</b>	<b>67</b>
Money market and capital market liabilities (ac)	26,315	9,538	16,756	21
Deposits from the housing industry (ac)	12,216	0	12,216	0
Liabilities from other transactions (ac)	71	0	25	46
Subordinated liabilities (ac)	650	0	650	0

**(65) Comparison of carrying amounts and fair values of financial instruments**

The fair values of financial instruments are compared with their carrying amounts (including loss allowance) in the following table. The presentation is made for each class of financial instrument:

	31 Dec 2025 Carrying amount	31 Dec 2025 Fair Value	31 Dec 2024 Carrying amount	31 Dec 2024 Fair Value
€ mn				
<b>Financial assets (ac)</b>	<b>38,682</b>	<b>38,931</b>	<b>40,025</b>	<b>40,159</b>
Cash funds (ac)	328	328	2,605	2,605
Loan receivables (ac)	33,414	33,790	32,213	32,516
Money market and capital market receivables (ac)	4,875	4,750	5,141	4,973
Receivables from other transactions (ac)	65	63	66	65
<b>Financial assets (fvoci)</b>	<b>5,371</b>	<b>5,371</b>	<b>4,823</b>	<b>4,823</b>
Money market and capital market receivables (fvoci)	5,370	5,370	4,822	4,822
Equity instruments (fvoci)	1	1	1	1
<b>Financial assets (fvpl)</b>	<b>1,619</b>	<b>1,619</b>	<b>1,530</b>	<b>1,530</b>
Loan receivables (fvpl)	324	324	381	381
Money market and capital market receivables (fvpl)	6	6	5	5
Positive market value of designated hedging derivatives (fvpl)	452	452	673	673
Positive market value of other derivatives (fvpl)	837	837	471	471
<b>Financial liabilities (ac)</b>	<b>41,165</b>	<b>41,151</b>	<b>39,486</b>	<b>39,252</b>
Money market and capital market liabilities (ac)	27,169	27,123	26,557	26,315
Deposits from the housing industry (ac)	13,213	13,213	12,216	12,216
Liabilities from other transactions (ac)	60	61	72	71
Subordinated liabilities (ac)	723	754	641	650
<b>Financial liabilities (fvpl)</b>	<b>1,705</b>	<b>1,705</b>	<b>2,566</b>	<b>2,566</b>
Negative market value of designated hedging derivatives (fvpl)	988	988	1,057	1,057
Negative market value of other derivatives (fvpl)	717	717	1,509	1,509

**(66) Financial instruments that have not yet been switched to an alternative benchmark rate**

The following table presents the nominal amounts for derivative and non-derivative financial instruments for which no official cessation effective date has been communicated and/or for which no contractual arrangements for transition have been made. Aareal Bank has become an adhering party to the ISDA protocol and is gradually concluding so-called IBOR Supplemental Agreements to the German Master Agreement for Financial Derivatives Transactions (Deutscher Rahmenvertrag für Finanztermingeschäfte) on a bilateral basis with the counterparties. In the case of derivatives, the presentation is made per cash flow leg:

**2025**

	Non-derivative financial assets	Non-derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
€ mn				
EURIBOR <sup>1)</sup>	8,652	254	19,914	24,967
SEK STIBOR <sup>1)</sup>	182	171	582	634
DKK CIBOR <sup>1)</sup>	292	0	229	392
<b>Total</b>	<b>9,126</b>	<b>425</b>	<b>20,725</b>	<b>25,993</b>

<sup>1)</sup> cessation effective date not yet announced

**2024**

€ mn	Non-derivative financial assets	Non-derivative financial liabilities <sup>2)</sup>	Derivative financial assets	Derivative financial liabilities
EURIBOR <sup>1)</sup>	6,786	169	22,656	26,205
SEK STIBOR <sup>1)</sup>	315	6	726	965
DKK CIBOR <sup>1)</sup>	252	0	315	475
NZD BKBM	8	0	0	0
<b>Total</b>	<b>7,361</b>	<b>175</b>	<b>23,697</b>	<b>27,645</b>

<sup>1)</sup> cessation effective date not announced as at year-end closing 2024

<sup>2)</sup> including AT1 bond

The effects of the IBOR reform were analysed and monitored, and any resulting new requirements implemented, as part of a separate project. The transition of collateral agreements and of discounting OTC derivatives was implemented on a case-by-case basis until 2021 in accordance with the bilateral agreements between the counterparties. Any existing hedging relationships did not have to be discontinued.

The necessary adjustments for new business were made to account for the new benchmark interest rates; corresponding transactions were concluded. The adjustments referred to the currencies EUR (€STR), GBP (SONIA), USD (SOFR), CHF (SARON), CAD (CORRA) and JPY (TONA).

The existing transactions will be changed on a currency-by-currency basis. Transactions based on EONIA interest and on CHF, GBP or USD LIBOR, respectively, were modified. This was partly implemented using the practical relief applicable to the accounting treatment for modifications. The modification was made using prevailing market conditions; there were no material effects from transition. Such effects are neither expected from further transition.

The new yield curves were taken into account as part of the risk management strategy and integrated into risk management so that transactions based on new reference interest rates can be appropriately assessed and managed. Apart from the major market price risks (interest rate and basis risks), additional risks such as process, legal and documentation risks were addressed and implemented within the context of the project. Where the discontinuation of reference interest rates required contracts to be modified, such modifications were discussed with clients and contracts adjusted accordingly. Any newly concluded contracts already refer to the new reference interest rates to the extent possible. Any necessary adjustments to processes, the Written Set of Procedural Rules and documentation requirements were developed as part of the project and transferred to line activities.

## **(67) Disclosures on credit risk**

For information on risk management practice and input factors, please refer to the chapter “Credit default risk” in the Risk Report included in the Management Report. The chapter also provides a breakdown of gross carrying amounts of on-balance sheet as well as off-balance sheet credit business, money-market business, and capital markets business, by rating class and loss allowance stages. The definition of the individual stages as well as the methodology for determining loss allowance are outlined in the chapter “Accounting policies”; Note (10) Recognition and measurement of financial instruments.

The following overviews present the loss allowance and the provisions for credit risks per stage and separately by product groups.

## Loss allowance (ac)

2025

	Balance as at 1 Jan	Additions	Utilisation	Reversals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Interest effect	Currency adjustment	Transfers	Balance as at 31 Dec
€ mn											
<b>Stage 1</b>	<b>40</b>	<b>36</b>	<b>0</b>	<b>-27</b>	<b>6</b>	<b>-5</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>49</b>
Loan receivables (ac)	39	36	0	-27	6	-5	0	0	-1	0	48
Money market and capital market receivables (ac)	1	0	0	0	0	0	0	0	0	0	1
<b>Stage 2</b>	<b>149</b>	<b>115</b>	<b>0</b>	<b>-71</b>	<b>-6</b>	<b>10</b>	<b>-42</b>	<b>0</b>	<b>-13</b>	<b>0</b>	<b>142</b>
Loan receivables (ac)	149	115	0	-71	-6	10	-42	0	-13	0	142
Money market and capital market receivables (ac)	0	0	0	0	0	0	0	0	0	0	0
<b>Stage 3</b>	<b>210</b>	<b>302</b>	<b>-206</b>	<b>-15</b>	<b>0</b>	<b>-5</b>	<b>42</b>	<b>27</b>	<b>-25</b>	<b>-95</b>	<b>235</b>
Loan receivables (ac)	210	302	-206	-15	0	-5	42	27	-25	-95	235
<b>Receivables from other transactions (ac)</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>3</b>
<b>Total</b>	<b>402</b>	<b>454</b>	<b>-206</b>	<b>-113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>-40</b>	<b>-95</b>	<b>429</b>

2024

	Balance as at 1 Jan	Additions	Utilisation	Reversals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 2	Interest effect	Currency adjustment	Transfers	Balance as at 31 Dec
€ mn											
<b>Stage 1</b>	<b>38</b>	<b>21</b>	<b>0</b>	<b>-14</b>	<b>3</b>	<b>-7</b>	<b>-2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>40</b>
Loan receivables (ac)	37	21	0	-14	3	-7	-2	0	1	0	39
Money market and capital market receivables (ac)	1	0	0	0	0	0	0	0	0	0	1
<b>Stage 2</b>	<b>83</b>	<b>112</b>	<b>0</b>	<b>-49</b>	<b>-3</b>	<b>14</b>	<b>-11</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>149</b>
Loan receivables (ac)	83	112	0	-49	-3	14	-11	0	3	0	149
Money market and capital market receivables (ac)	0	0	0	0	0	0	0	0	0	0	0
<b>Stage 3</b>	<b>304</b>	<b>294</b>	<b>-305</b>	<b>-32</b>	<b>0</b>	<b>-7</b>	<b>13</b>	<b>27</b>	<b>20</b>	<b>-104</b>	<b>210</b>
Loan receivables (ac)	304	294	-305	-32	0	-7	13	27	20	-104	210
<b>Receivables from other transactions (ac)</b>	<b>3</b>	<b>2</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>3</b>
<b>Total</b>	<b>428</b>	<b>429</b>	<b>-306</b>	<b>-95</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>24</b>	<b>-105</b>	<b>402</b>

The loss allowance for financial assets (ac) is reported in the item “Loss allowance (ac)” on the assets side of the statement of financial position.

## Provisions for unrecognised lending business

### 2025

	Provisions as at 1 Jan	Additions	Utilisation	Reversals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Interest effect	Currency adjustment	Provisions as at 31 Dec
€ mn										
Stage 1	1	6	0	-1	0	0	0	0	0	6
Stage 2	7	1	0	-3	0	0	0	0	0	5
Stage 3	11	0	0	-2	0	0	0	0	-2	7
<b>Total</b>	<b>19</b>	<b>7</b>	<b>0</b>	<b>-6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>18</b>

### 2024

	Provisions as at 1 Jan	Additions	Utilisation	Reversals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Interest effect	Currency adjustment	Provisions as at 31 Dec
€ mn										
Stage 1	2	1	0	-1	0	-1	0	0	0	1
Stage 2	3	4	0	-2	0	1	0	0	1	7
Stage 3	0	10	0	0	0	0	0	0	1	11
<b>Total</b>	<b>5</b>	<b>15</b>	<b>0</b>	<b>-3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>19</b>

The provisions for unrecognised lending business refer to loan commitments and contingent liabilities and are reported on the equity and liabilities side of the statement of financial position under provisions.

No impaired financial assets were recognised for the first time in the 2025 financial year. Assets of € 65 million (2024: € 121 million) were acquired within the context of the realisation of collateral.

Aareal Bank successfully implemented its first Significant Risk Transfer (SRT) in October 2025. This purely synthetic transaction relates to a broadly diversified portfolio of non-impaired European commercial property loans totalling € 2.0 billion, which constitutes a cross-section of the Bank's loan book. A defined portion of the credit risk was transferred as part of a structured two-tranche solution using a funded credit-linked note and an unfunded financial guarantee. The transaction hedges approximately 7% of the credit risk exposure of the € 2.0 billion portfolio. The Bank pays a premium in return that is recognised in commission expenses.

### Credit quality of financial receivables from other transactions

Financial receivables from other transactions are also subject to credit risk. Of the receivables from other transactions in the amount of € 68 million (2024: € 70 million), € 62 million (2024: € 65 million) were neither overdue nor impaired, € 2 million (2024: € 1 million) were overdue but not impaired and € 4 million (2024: € 4 million) were impaired.

**(68) Reconciliation of gross carrying amounts of financial assets**

The following tables show the development of the gross carrying amounts of financial assets that are subject to the impairment rules and to which the loss allowance mentioned above can be attributed.

**Financial assets (ac)****2025**

	Gross carrying amount as at 1 Jan	Additions	Disposals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Impairment and reversals of impairment	Net modification gain or loss	Currency and other changes	Gross carrying amount as at 31 Dec
€ mn										
<b>Loan receivables (ac)</b>	<b>32,771</b>	<b>6,554</b>	<b>-4,274</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-161</b>	<b>12</b>	<b>-1,063</b>	<b>33,839</b>
Stage 1	26,453	6,454	-2,994	923	-1,757	-49	0	0	-565	28,465
Stage 2	5,223	81	-842	-896	1,924	-643	-56	1	-349	4,443
Stage 3	1,095	19	-438	-27	-167	692	-105	11	-149	931
<b>Money market and capital market receivables (ac)</b>	<b>5,154</b>	<b>1,215</b>	<b>-1,396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-97</b>	<b>4,876</b>
Stage 1	5,154	1,215	-1,396	0	-421	0	0	0	-76	4,476
Stage 2	0	0	0	0	421	0	0	0	-21	400
<b>Receivables from other transactions (ac)</b>	<b>70</b>	<b>12</b>	<b>-9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>68</b>
<b>Total</b>	<b>37,995</b>	<b>7,781</b>	<b>-5,679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-161</b>	<b>12</b>	<b>-1,165</b>	<b>38,783</b>

**2024**

	Gross carrying amount as at 1 Jan	Additions	Disposals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Impairment and reversals of impairment	Net modification gain or loss	Currency and other changes	Gross carrying amount as at 31 Dec
€ mn										
<b>Loan receivables (ac)<sup>1)</sup></b>	<b>32,318</b>	<b>5,393</b>	<b>-5,289</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-330</b>	<b>-30</b>	<b>709</b>	<b>32,771</b>
Stage 1	25,352	5,287	-3,505	1,342	-2,392	-109	0	0	478	26,453
Stage 2	5,496	79	-1,264	-1,342	2,658	-549	-78	0	223	5,223
Stage 3	1,470	27	-520	0	-266	658	-252	-30	8	1,095
<b>Money market and capital market receivables (ac)<sup>1)</sup></b>	<b>5,878</b>	<b>1,326</b>	<b>-782</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-51</b>	<b>6,371</b>
Stage 1	5,869	1,326	-781	8	0	0	0	0	-51	6,371
Stage 2	9	0	-1	-8	0	0	0	0	0	0
<b>Receivables from other transactions (ac)</b>	<b>117</b>	<b>80</b>	<b>-68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-59</b>	<b>70</b>
<b>Total</b>	<b>38,313</b>	<b>6,799</b>	<b>-6,139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-330</b>	<b>-30</b>	<b>599</b>	<b>39,212</b>

<sup>1)</sup> Including non-current assets held for sale

## Financial assets (fvoci)

2025

	Gross carrying amount as at 1 Jan	Additions	Disposals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Impairment and reversals of impairment	Net modification gain or loss	Currency and other changes	Gross carrying amount as at 31 Dec
€ mn										
<b>Money market and capital market receivables (fvoci)</b>	<b>4,822</b>	<b>1,021</b>	<b>-506</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>5,370</b>
Stage 1	4,787	1,021	-476	35	-287	0	0	0	32	5,112
Stage 2	35	0	-30	-35	287	0	0	0	1	258
<b>Equity instruments (fvoci)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
Stage 1	1	0	0	0	0	0	0	0	0	1
<b>Total</b>	<b>4,823</b>	<b>1,021</b>	<b>-506</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>5,371</b>

2024

	Gross carrying amount as at 1 Jan	Additions	Disposals	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Impairment and reversals of impairment	Net modification gain or loss	Currency and other changes	Gross carrying amount as at 31 Dec
€ mn										
<b>Money market and capital market receivables (fvoci)</b>	<b>4,401</b>	<b>1,060</b>	<b>-706</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>4,822</b>
Stage 1	4,255	1,060	-706	146	-33	0	0	0	65	4,787
Stage 2	146	0	0	-146	33	0	0	0	2	35
<b>Equity instruments (fvoci)</b>	<b>2</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
Stage 1	2	0	-1	0	0	0	0	0	0	1
<b>Total</b>	<b>4,403</b>	<b>1,060</b>	<b>-707</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>4,823</b>

Please refer to the presentation of the items of the statement of financial position in the section “Notes to the statement of financial position” for information on maximum credit risk exposure of on-balance-sheet financial assets since the carrying amount corresponds to the maximum credit risk exposure of Aareal Bank as at the balance sheet date, for both items that are subject to the impairment rules and for financial assets that are not subject to the impairment rules. The collateral received is described in the Report on the Economic Position and in the Risk Report as part of the Group Management Report.

As at the current reporting date, no receivables from the lending business were written off during the reporting year, while receivables of € 10 million were the subject matter of foreclosure proceedings (2024: € 10 million).

**(69) Modification effects**

If modifications are made to financial assets during the contract term leading to changes in the contractual cash flows and if these changes are not that extensive that the financial asset is derecognised and a new asset is recognised, such modifications are non-substantial modifications. Following a non-substantial modification, the carrying amount of a financial asset is remeasured and a net modification gain or loss is recorded in net interest income or in the loss allowance.

The following table shows the amortised cost before modification of financial assets that were subject to non-substantial modifications in the reporting period as well as the related modification gain or loss.

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
€ mn						
Amortised cost before modification	0	276	469	309	111	371
Net gain or loss on modification	0	1	11	0	0	-30
<b>Amortised cost after modification</b>	<b>0</b>	<b>277</b>	<b>480</b>	<b>309</b>	<b>111</b>	<b>341</b>

During the 2025 financial year, € 117 million in receivables from the lending business were reclassified from Stage 2 or Stage 3 to Stage 1, which had been modified since they were first classified as Stage 2 or Stage 3 receivables (2024: nil).

### (70) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when currently there is a legally enforceable right to set off the recognised amounts, and when the Bank intends either to settle on a net basis – or to realise the asset and settle the liability simultaneously. The following overviews show whether and to what extent financial instruments were actually offset as at the current reporting date. The tables also include disclosures on financial instruments that are part of an enforceable master netting or similar arrangement that do not meet the criteria for offsetting in the statement of financial position.

#### Financial assets

##### 31 December 2025

	Gross carrying amounts of recognised financial assets	Gross carrying amounts of offset amounts	Net carrying amount reported in the statement of financial position	Financial liabilities which were not subject to offsetting	Collateral received	Remaining net amount
€ mn						
Derivatives	1,294	0	1,294	1,219	480	0
Reverse repos	0	0	0	0	0	0
<b>Total</b>	<b>1,294</b>	<b>0</b>	<b>1,294</b>	<b>1,219</b>	<b>480</b>	<b>0</b>

##### 31 December 2024

	Gross carrying amounts of recognised financial assets	Gross carrying amounts of offset amounts	Net carrying amount reported in the statement of financial position	Financial liabilities which were not subject to offsetting	Collateral received	Remaining net amount
€ mn						
Derivatives	1,140	0	1,140	1,055	159	0
Reverse repos	0	0	0	0	0	0
<b>Total</b>	<b>1,140</b>	<b>0</b>	<b>1,140</b>	<b>1,055</b>	<b>159</b>	<b>0</b>

## Financial liabilities

### 31 December 2025

	Gross carrying amounts of recognised financial liabilities	Gross carrying amounts of offset amounts	Net carrying amount reported in the statement of financial position	Financial assets which were not subject to offsetting	Collateral provided	Remaining net amount
€ mn						
Derivatives	1,698	0	1,698	1,219	887	0
Repos <sup>1)</sup>	1,453	0	1,453	1,453	743	0
<b>Total</b>	<b>3,151</b>	<b>0</b>	<b>3,151</b>	<b>2,672</b>	<b>1,630</b>	<b>0</b>

<sup>1)</sup> Own securities in the amount of € 1,072 million not carried on the balance sheet were pledged as collateral, in addition to the collateral shown in the table.

### 31 December 2024

	Gross carrying amounts of recognised financial liabilities	Gross carrying amounts of offset amounts	Net carrying amount reported in the statement of financial position	Financial assets which were not subject to offsetting	Collateral provided	Remaining net amount
€ mn						
Derivatives	2,570	0	2,570	1,055	1,891	0
Repos <sup>1)</sup>	965	0	965	965	675	0
<b>Total</b>	<b>3,535</b>	<b>0</b>	<b>3,535</b>	<b>2,020</b>	<b>2,566</b>	<b>0</b>

<sup>1)</sup> Own securities in the amount of € 610 million not carried on the balance sheet were pledged as collateral, in addition to the collateral shown in the table.

To reduce counterparty risk, Aareal Bank Group concludes standardised master agreements for financial derivatives and securities repurchase agreements, such as the ISDA Master Agreement, the German Master Agreement on Financial Derivatives or the Master Agreement for Securities Repurchase Transactions. In addition, Aareal Bank enters into collateral agreements (Credit Support Annex to the ISDA Master Agreement and Collateral Annex to the German Master Agreement on Financial Derivatives) in which a mutual collateralisation of all claims between the contracting parties is agreed and which include netting arrangements.

The master agreements for financial derivatives used by Aareal Bank include netting arrangements at a single transaction level (so-called “payment netting”), which provide for a netting of payments when both parties need to make payments in the same currency on the same date, as set out in the contract. Aareal Bank does not offset financial derivatives according to the rules related to payment netting, as the transactions are not settled on a net basis. Aareal Bank Group has not entered into arrangements providing for netting of derivatives across several transactions.

For securities repurchase transactions (repo), depending on the counterparty, payment or delivery netting is made. In line with the rules set out in the master agreement for repo transactions, payments or deliveries of securities may be offset when both counterparties have to make payments in the same currency on the same date, or have to deliver securities of the same type. This was not the case as at the reporting date.

## (71) Assets provided or accepted as collateral

### Assets provided as collateral

Aareal Bank Group has provided financial assets as collateral for its liabilities or contingent liabilities. The following overview shows the carrying amount and fair value of the collateral provided and the items of the statement of financial position in which they are reported.

	31 Dec 2025 Carrying amount	31 Dec 2025 Fair value	31 Dec 2024 Carrying amount	31 Dec 2024 Fair value
€ mn				
Loan receivables (ac)	314	320	303	303
Money market and capital market receivables (ac)	1,357	1,354	1,667	1,665
Money market and capital market receivables (fvoci)	257	257	315	315
Receivables from other transactions (ac)	34	34	34	34
<b>Total</b>	<b>1,962</b>	<b>1,965</b>	<b>2,319</b>	<b>2,317</b>

The protection buyer in a securities repurchase transaction has the right to sell or re-pledge any of the financial assets pledged as collateral. There is a fully-collateralised and irrevocable payment obligation in the amount of € 34 million (2024: € 34 million) from the bank levy. This obligation is reported under “Receivables from other transactions (ac)”. In addition, repo transactions entered into were collateralised by repurchased own securities having a nominal volume of € 1,072 million.

### Assets accepted as collateral

Aareal Bank Group accepts financial assets as collateral within the scope of securities repurchase (repo) transactions. These assets may be sold or pledged without the collateral owner being in default. No fixed-income securities were accepted as collateral for repo transactions as at the reporting date (2024: € 0 million).

Collateral is provided and accepted predominantly on the basis of standardised agreements on repo transactions and on the collateralisation of forward transactions.

## (72) Transfer of financial assets without derecognition

Aareal Bank Group sells securities subject to a take-back requirement as borrower within the framework of genuine repurchase agreements. Within the scope of such agreements, securities are transferred to lenders without resulting in the securities being derecognised since Aareal Bank Group retains the substantial risks and rewards from the securities. The risks to which Aareal Bank Group is still exposed comprise the default risk, the interest rate risk and other price risks. The equivalent values received as collateral during the transfer of securities are accounted as money-market receivables or liabilities. Within the context of securities repurchase transactions, the unrestricted title and the unrestricted power of disposition is transferred to the lender upon delivery of the securities. The lender has the right to sell or pledge these securities, however, he is required to retransfer securities of the same type and in the same amount as at the repurchase date.

Securities repurchase transactions with a carrying amount of € 1,453 million (2024: € 965 million) and a fair value of € 1,455 million (2024: € 897 million) were outstanding as at the reporting date. These are recognised as money market and capital market liabilities (ac). For these transactions, securities with a carrying amount of € 467 million (carried as money market and capital market receivables (ac) and (fvoci)) and loans with a carrying amount of € 272 million (carried as loan receivables (ac)) were pledged as collateral.

Furthermore, derivative financial liabilities with a carrying amount of € 1,698 million (2024: € 2,570 million) as at the reporting date were reported as financial liabilities (fvpl). Collateral with a carrying amount of € 887 million was pledged for these transactions (reported as money market and capital market receivables (ac)).

Open market transactions with a nominal amount and fair value of € 1,001 million were also executed, for which collateral in the form of a portfolio of securities and promissory note loans amounting to around € 5 billion was pledged.

### (73) Derivative financial instruments

The following table shows positive and negative market values (including pro-rata interest) of all derivative financial instruments by hedge and risk types:

	31 Dec 2025			31 Dec 2024		
	Nominal amount	Fair value		Nominal amount	Fair value	
		positive	negative		positive	negative
€ mn						
<b>Fair value hedge derivatives</b>	<b>38,749</b>	<b>421</b>	<b>988</b>	<b>40,300</b>	<b>673</b>	<b>1,023</b>
Interest rate risk	38,634	413	988	40,179	670	1,023
Interest rate swaps	38,634	413	988	40,179	670	1,023
Interest rate and currency risk	115	8	0	121	3	0
Cross-currency swaps	115	8	0	121	3	0
<b>Hedge of net investments</b>	<b>483</b>	<b>31</b>	<b>0</b>	<b>882</b>	<b>0</b>	<b>34</b>
Currency risk	483	31	0	882	0	34
Cross-currency swaps	483	31	0	882	0	34
<b>Other derivatives</b>	<b>62,720</b>	<b>837</b>	<b>717</b>	<b>49,634</b>	<b>471</b>	<b>1,509</b>
Interest rate risk	44,860	247	595	34,866	325	842
Interest rate swaps	33,548	230	578	24,929	293	810
Caps, floors	11,312	16	16	9,937	29	29
Other	0	1	1	0	3	3
Interest rate and currency risk	17,860	590	122	14,768	146	667
Spot and forward foreign exchange transactions	2,513	3	12	2,018	11	1
Cross-currency swaps	15,347	587	110	12,750	135	666
<b>Total</b>	<b>101,952</b>	<b>1,289</b>	<b>1,705</b>	<b>90,816</b>	<b>1,144</b>	<b>2,566</b>

Derivatives have been entered into with the following counterparties:

	Fair value as at 31 Dec 2025		Fair value as at 31 Dec 2024	
	positive	negative	positive	negative
€ mn				
OECD banks and central governments	1,256	1,677	1,107	2,518
Companies and private individuals	33	28	37	48
<b>Total</b>	<b>1,289</b>	<b>1,705</b>	<b>1,144</b>	<b>2,566</b>

The following overview shows the cash flows of derivative financial instruments by risk types, based on the contractual maturity. The amounts shown in the table represent the contractually agreed future undiscounted cash flows.

**31 December 2025**

	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
€ mn					
<b>Interest rate risk</b>					
Interest rate swaps					
Cash inflows	467	1,150	3,390	1,768	<b>6,775</b>
Cash outflows	534	1,176	3,712	1,874	<b>7,296</b>
Caps, floors					
Cash inflows	2	4	14	0	<b>20</b>
Cash outflows	2	4	14	0	<b>20</b>
<b>Interest rate and currency risk</b>					
Spot and forward foreign exchange transactions					
Cash inflows	2,135	423	0	0	<b>2,558</b>
Cash outflows	2,143	421	0	0	<b>2,564</b>
Cross-currency swaps					
Cash inflows	626	4,634	11,289	6	<b>16,555</b>
Cash outflows	647	4,608	11,105	0	<b>16,360</b>
<b>Total cash inflows</b>	<b>3,230</b>	<b>6,211</b>	<b>14,693</b>	<b>1,774</b>	<b>25,908</b>
<b>Total cash outflows</b>	<b>3,326</b>	<b>6,209</b>	<b>14,831</b>	<b>1,874</b>	<b>26,240</b>

**31 December 2024**

	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
€ mn					
<b>Interest rate risk</b>					
Interest rate swaps					
Cash inflows	498	1,053	3,086	1,550	<b>6,187</b>
Cash outflows	594	1,085	3,373	1,660	<b>6,712</b>
Caps, floors					
Cash inflows	8	11	17	0	<b>36</b>
Cash outflows	8	11	17	0	<b>36</b>
<b>Interest rate and currency risk</b>					
Spot and forward foreign exchange transactions					
Cash inflows	2,058	0	0	0	<b>2,058</b>
Cash outflows	2,050	0	0	0	<b>2,050</b>
Cross-currency swaps					
Cash inflows	1,278	3,266	9,567	-13	<b>14,098</b>
Cash outflows	1,332	3,634	10,235	0	<b>15,201</b>
<b>Total cash inflows</b>	<b>3,842</b>	<b>4,330</b>	<b>12,670</b>	<b>1,537</b>	<b>22,379</b>
<b>Total cash outflows</b>	<b>3,984</b>	<b>4,730</b>	<b>13,625</b>	<b>1,660</b>	<b>23,999</b>

The procedure for measuring and monitoring liquidity risk is described in the Risk Report, part of the Group Management Report.

**(74) Disclosures on hedging relationships****Disclosures on hedging derivatives**

The following tables show designated hedging derivatives separately for each type of hedging relationship, risk category and product type:

**Positive market value of designated hedging derivatives**

	Carrying amount 31 Dec 2025	Nominal amount 31 Dec 2025	Fair value change 1 Jan - 31 Dec 2025	Carrying amount 31 Dec 2024	Nominal amount 31 Dec 2024	Fair value change 1 Jan - 31 Dec 2024
€ mn						
<b>Fair value hedges</b>						
Interest rate risk						
Interest rate swaps	413	15,862	-208	670	21,269	-91
Interest rate and currency risk						
Cross-currency swaps	8	115	-1	3	121	5
<b>Hedge of net investments</b>						
Currency risk						
Cross-currency swaps	31	456	0	0	0	0
Spot and forward foreign exchange transactions	0	0	0	0	0	0
<b>Total</b>	<b>452</b>	<b>16,433</b>	<b>-209</b>	<b>673</b>	<b>21,390</b>	<b>-86</b>

**Negative market value of designated hedging derivatives**

	Carrying amount 31 Dec 2025	Nominal amount 31 Dec 2025	Fair value change 1 Jan - 31 Dec 2025	Carrying amount 31 Dec 2024	Nominal amount 31 Dec 2024	Fair value change 1 Jan - 31 Dec 2024
€ mn						
<b>Fair value hedges</b>						
Interest rate risk						
Interest rate swaps	988	22,772	50	1,023	18,910	-208
<b>Hedge of net investments</b>						
Currency risk						
Currency swaps	0	27	0	34	882	0
<b>Total</b>	<b>988</b>	<b>22,799</b>	<b>50</b>	<b>1,057</b>	<b>19,792</b>	<b>-208</b>

The following overview presents the nominal amounts of the hedging derivatives by maturities:

### 31 December 2025

	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
€ mn					
<b>Fair value hedges</b>					
Interest rate risk					
Interest rate swaps	2,481	5,861	24,622	5,670	<b>38,634</b>
Interest rate and currency risks					
Cross-currency swaps	0	0	115	0	<b>115</b>
<b>Hedge of net investments</b>					
Currency risk					
Cross-currency swaps	308	175	0	0	<b>483</b>
<b>Total nominal amounts</b>	<b>2,789</b>	<b>6,036</b>	<b>24,737</b>	<b>5,670</b>	<b>39,232</b>

Aareal Bank applies the standard amendments from the first part of the effects of the interest rate benchmark reform (IBOR reform) on financial reporting in the period prior to the replacement of an existing interest rate benchmark. The uncertainties refer to the hedging of changes in fair value from interest rate risk. This applies to variable reference rates with terms of one to six months for the currencies DKK, EUR and SEK. An amount of € 14.9 billion of the total of € 39.2 billion is attributable to benchmark interest rates for which no official cessation effective date has been announced and/or for which no contractual arrangements for transition have yet been made. Aareal Bank still does not expect the changes from the IBOR reform to require the discontinuation of hedging relationships.

### 31 December 2024

	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
€ mn					
<b>Fair value hedges</b>					
Interest rate risk					
Interest rate swaps	2,418	4,751	26,541	6,470	<b>40,180</b>
Interest rate and currency risks					
Cross-currency swaps	0	0	120	0	<b>120</b>
<b>Hedge of net investments</b>					
Currency risk					
Cross-currency swaps	359	75	448	0	<b>882</b>
<b>Total nominal amounts</b>	<b>2,777</b>	<b>4,826</b>	<b>27,109</b>	<b>6,470</b>	<b>41,182</b>

## Disclosures on hedged items

### Hedged items of fair value hedges

The following tables show hedged items and hedge adjustments from discontinued hedging relationships separately for each type of hedging relationship and risk category:

	Active hedging relationships			Discontinued hedging relationships
	Carrying amount 31 Dec 2025	Accumulated hedge adjustment 31 Dec 2025	Change in hedged fair values 1 Jan - 31 Dec 2025	Balance of hedge adjustments 31 Dec 2025
€ mn				
<b>Interest rate risk</b>				
Loan receivables (ac)	7,646	6	33	-15
Money market and capital market receivables (ac)	2,373	47	-39	57
Money market and capital market receivables (fvoci)	5,322	-90	-19	0
Money market and capital market liabilities (ac)	22,077	-600	-210	-168
Subordinated liabilities (ac)	721	-2	-3	0
<b>Interest rate and currency risk</b>				
Money market and capital market receivables (ac)	120	5	1	0

	Active hedging relationships			Discontinued hedging relationships
	Carrying amount 31 Dec 2024	Accumulated hedge adjustment 31 Dec 2024	Change in hedged fair values 1 Jan - 31 Dec 2024	Balance of hedge adjustments 31 Dec 2024
€ mn				
<b>Interest rate risk</b>				
Loan receivables (ac)	9,607	-87	104	-16
Money market and capital market receivables (ac)	2,429	90	0	85
Money market and capital market receivables (fvoci)	4,724	-77	58	0
Money market and capital market liabilities (ac)	22,676	-401	317	-262
Subordinated liabilities (ac)	603	1	6	1
<b>Interest rate and currency risk</b>				
Money market and capital market receivables (ac)	125	4	-6	0

### Hedge of net investments

The change in value of currency-hedged net investments in foreign operations amounted to € 44 million (2024: € -44 million) in the financial year under review. The balance of the hedging reserve (net) stood at € -31 million (2024: € -75 million) at year-end.

### Net gain or loss from hedge accounting

#### Fair value hedges

The net gain or loss from hedge accounting includes the following ineffective portions of fair value hedges by risk categories:

	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
€ mn		
Interest rate risks	-12	4
Interest rate and currency risks	0	0
<b>Total</b>	<b>-12</b>	<b>4</b>

### Hedge of net investments

The ineffective portion of currency-hedged net investments in foreign operations amounted to € 0 million (2024: € 0 million), reported in the item “Net gain or loss from hedge accounting”. As in the previous year, no amounts were reclassified from the reserve for currency-hedged net investments to the income statement.

Reasons for ineffectiveness across all risk and hedge types included mismatches in the term of transactions or payment dates, or diverging market conventions for underlying transactions and related hedges which affect the relevant measurement parameters (e.g. discounting using an OIS rate).

The ineffectiveness results from diverging fair value changes of hedging derivatives and their underlying transactions, which are shown in the tables above. Please also refer to our explanations in Notes (10) and (38).

### (75) Maturities of financial liabilities

The following overview shows the future undiscounted cash flows of non-derivative financial liabilities and of loan commitments.

#### Maturities as at 31 December 2025

	Payable on demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
€ mn						
Money market and capital market liabilities (ac)	832	3,343	4,370	15,368	6,748	30,661
Deposits from the housing industry (ac)	9,133	3,765	231	85	0	13,214
Subordinated liabilities (ac)	0	11	94	285	638	1,028
Financial liabilities from other transactions (ac)	59	0	1	0	0	60
Lease liabilities	0	1	4	8	6	19
Financial guarantees	144	0	0	0	2	146
Loan commitments	1,211	0	0	0	0	1,211

#### Maturities as at 31 December 2024

	Payable on demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
€ mn						
Money market and capital market liabilities (ac)	487	2,766	3,497	16,319	6,762	29,831
Deposits from the housing industry (ac)	8,481	3,500	217	18	0	12,216
Subordinated liabilities (ac)	0	1	50	336	516	903
Financial liabilities from other transactions (ac)	64	0	8	0	0	72
Lease liabilities	0	1	4	8	0	13
Financial guarantees	147	0	0	0	2	149
Loan commitments	1,334	0	0	0	0	1,334

The Risk Report, part of the Group Management Report, includes a detailed description of the liquidity risk associated with financial liabilities.

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## Segment Reporting

### (76) Operating segments of Aareal Bank

Aareal Bank prepares its segment reporting in accordance with IFRS 8 Operating Segments.

In accordance with the “management approach” set out in IFRS 8, the segment report discloses, on a segment-specific basis, financial information which is relevant for internal control of an entity and which is also used by such entity’s management to make decisions on the allocation of resources as well as to measure the financial performance of segments.

Two operating segments were defined within Aareal Bank in line with internal management reporting, based on the organisational structure established according to the various products and services offered.

The **Structured Property Financing segment** comprises the property financing and refinancing activities. In this segment, Aareal Bank facilitates property investments for its domestic and international clients, and is active in Europe, North America and Asia-Pacific. It offers commercial property financing solutions, especially for hotels, alternative living, retail, logistics, offices and residential properties, with a focus on existing buildings. Its particular strength lies in its success in combining local market expertise and specific know-how in these sectors, covering its clients with specialist teams in the Group’s head office. The sector experts work closely with the local teams, ensuring that the full scope of requisite know-how is available for every transaction. This enables Aareal Bank to offer tailor-made financing concepts that meet the special requirements of its national and international clients, and to conclude structured portfolio and cross-border financings.

Aareal Bank is an active issuer of Pfandbriefe, which account for a major share of its long-term funding. Moody’s Aaa rating of the Pfandbriefe confirms the quality of the cover assets pool. To cater to a broad investor base, Aareal Bank uses a wide range of funding tools, including senior preferred and senior non-preferred bonds, as well as promissory notes and bonds. Depending on market conditions, the Bank places large-sized public issues or private placements. In the Banking & Digital Solutions segment, the Bank also generates deposits from the housing industry, which represent a strategically important additional source of funding. Furthermore, it has recourse to institutional money market deposits, and to retail deposits via a trust model.

In the **Banking & Digital Solutions segment**, Aareal Bank Group provides sector-specific payments processes to its clients from the institutional housing industry, the commercial property sector, as well as to the energy and utilities industry. Aareal Bank helps its clients structure their core business processes more efficiently so they are fit for purpose for the long term. It does so in combination with the BK01 software suite provided by First Financial Software GmbH, which facilitates integrated payment flow processing between ERP systems and the Bank’s accounts platform. Aareal Bank, First Financial Software GmbH and Aareon have agreed on a strategic partnership to jointly distribute the BK01 functionality. Wherever the property sector and the energy industry cross over, Aareal Bank and its partners contribute to optimising payments and adjacent processes. Payments processed using BK@1 on Aareal Bank’s accounts platform generate deposits that factor into the Group’s funding. The digital tenant deposit solutions and selected financing products enhance the range of services the B&DS segment offers the German property sector. Aareal Bank’s investment offerings for property and energy industry companies support clients to actively manage their investments and cash.

Income and expenses within Aareal Bank are predominantly attributable to transactions with third parties, and are directly allocated to the responsible business segment. Revenue from transactions between Aareal Bank’s segments was not generated in a significant amount. Therefore, we elected not to distinguish between internal and external revenue in the following disclosures. Administrative expenses not directly attributable to any of the business segments are segmented in line with the internal cost allocation, based on the principle of causation.

The results of the business segments are measured by the operating profit and the return on equity (RoE). RoE, which expresses the Bank’s segment profitability, is calculated as the ratio of the segment’s operating profit (after non-controlling interests and after ATI interest) to the portion of equity allocated to that segment on average. Allocated equity is calculated on the basis of standardised capital requirements pursuant to Basel IV (fully phased) of 13,5 %.

**(77) Segment results<sup>1)</sup>**

	Structured Property Financing		Banking & Digital Solutions		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
€ mn								
Net interest income	688	791	246	269	0	0	934	1,060
Loss allowance	-314	-370	0	0	0	0	-314	-370
Net commission income	6	1	-2	-5	0	0	4	-4
Net derecognition gain or loss	28	31	0	0	0	0	28	31
Net gain or loss from financial instruments (fvpl)	-5	-43	0	-1	0	0	-5	-44
Net gain or loss from hedge accounting	-12	3	0	0	0	0	-12	3
Net gain or loss from investments accounted for using the equity method	0	0	4	1	0	0	4	1
Administrative expenses	-247	-278	-100	-99	0	0	-347	-377
Net other operating income/expenses	5	-5	-1	-1	0	0	4	-6
<b>Operating profit (from continuing operations)</b>	<b>149</b>	<b>130</b>	<b>147</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>296</b>	<b>294</b>
Income taxes	-73	-30	-45	-52	0	0	-118	-82
<b>Net income (from continuing operations)</b>	<b>76</b>	<b>100</b>	<b>102</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>178</b>	<b>212</b>
Net income from sold operations	0	0	0	0	0	2,062	0	2,062
<b>Consolidated net income</b>	<b>76</b>	<b>100</b>	<b>102</b>	<b>112</b>	<b>0</b>	<b>2,062</b>	<b>178</b>	<b>2,274</b>
<b>Consolidated net income attributable to:</b>								
Non-controlling interests	0	0	0	0	0	0	0	0
Shareholders of Aareal Bank AG	76	100	102	112	0	2,062	178	2,274
<b>Consolidated net income</b>	<b>76</b>	<b>100</b>	<b>102</b>	<b>112</b>	<b>0</b>	<b>2,062</b>	<b>178</b>	<b>2,274</b>
Allocated equity <sup>2)</sup>	2,151	1,659	381	411	635	946	3,167	3,016
RoE after taxes (%) <sup>3)</sup>	1.9	4.0	25.1	27.4	0	0	4.3	5.9
Employees (average)	773	800	401	401	0	0	1,174	1,201
Segment assets	32,743	32,775	14,110	13,712	0	1,327	46,853	47,814

<sup>1)</sup> Presentation in line with the structure prescribed by IFRS 5.

<sup>2)</sup> For management purposes, the allocated equity is calculated for all segments on the basis of a standardised capital requirement pursuant to Basel IV (fully phased) of 13.5%.

<sup>3)</sup> The allocation of earnings is based on the assumption that interest payable on the AT1 bond is recognised on an accrual basis.

Commission income from contracts with clients (revenue within the meaning of IFRS 15) is allocated to the segments as follows:

	Structured Property Financing		Banking & Digital Solutions		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
€ mn								
Software-based services	1	0	10	10	0	0	11	10
Banking business and other activities	18	12	25	25	0	0	43	37
<b>Total</b>	<b>19</b>	<b>12</b>	<b>35</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>47</b>

## (78) Breakdown of income and non-current assets by geographical market

The following table provides a breakdown of income by geographical market:

	2025	2024
€ mn		
Germany	696	797
Europe excluding Germany	162	121
North America	94	112
Asia / Pacific	9	13
<b>Total</b>	<b>961</b>	<b>1,043</b>

Income shown includes net interest income (excluding loss allowance), net commission income, net gain or loss on derecognition and net gain or loss from financial instruments (fvpl). The majority of non-current assets is attributable to Germany. Allocation to geographical markets is based on the registered office or domicile of the Group company or branch office.

## Other Notes

### (79) Assets and liabilities in foreign currency

#### Foreign currency assets

	31 Dec 2025	31 Dec 2024
€ mn		
USD	11,236	11,374
GBP	6,535	6,404
CAD	1,162	921
SEK	644	858
CHF	249	260
DKK	327	466
Other	777	1,062
<b>Total</b>	<b>20,930</b>	<b>21,345</b>

**Foreign currency liabilities**

	31 Dec 2025	31 Dec 2024
€ mn		
USD	11,254	11,385
GBP	6,493	6,358
CAD	1,157	915
SEK	641	854
CHF	247	257
DKK	325	466
Other	772	1,057
<b>Total</b>	<b>20,889</b>	<b>21,292</b>

**(80) Subordinated assets**

In the event of insolvency or liquidation of the issuer, subordinated assets are those subordinate to the claims of all other creditors. Subordinated assets amounted to € 150 million in the 2025 financial year (2024: € 119 million).

**(81) Leases****Leases where the Bank acts as the lessee**

The following overview shows the movements in the right-of-use assets from leases where Aareal Bank Group acts as the lessee.

	2025			2024		
	Right-of-use assets in land and buildings	Right-of-use assets in office furniture and equipment	Total	Right-of-use assets in land and buildings	Right-of-use assets in office furniture and equipment	Total
€ mn						
<b>Cost</b>						
<b>Balance as at 1 January</b>	7	2	9	25	5	30
Additions	9	0	9	6	10	16
Transfers	0	0	0	-37	-15	-52
Depreciation, amortisation and impairment losses	-2	-1	-3	21	6	27
Disposals	-1	0	-1	-8	-4	-12
Changes in the basis of consolidation	3	0	3	0	0	0
Currency translation differences	-1	0	-1	0	0	0
<b>Balance as at 31 December</b>	<b>15</b>	<b>1</b>	<b>16</b>	<b>7</b>	<b>2</b>	<b>9</b>

Right-of-use assets are recognised under “Property and equipment”.

Aareal Bank Group primarily rents properties which are, in some cases, subject to longer-term rental agreements with extension options of up to ten years where the exercise is reasonably certain. The leases are not subject to material residual value guarantees.

The entire cash outflows from leases where Aareal Bank Group is the lessee in the current period amount to € 5 million (2024: € 5 million) as at the reporting date.

Expenses and income from Aareal Bank Group include the following amounts from leases with Aareal Bank Group as the lessee:

€ mn	31 Dec 2025	31 Dec 2024
Interest expenses for lease liabilities	1	1
Expenses for short-term leases	2	1

In the 2025 financial year, no material variable lease payments were agreed upon (2024: none).

The future undiscounted cash flows from lease liabilities based on their maturities are disclosed in the Note “Maturities of financial liabilities”.

### Leases where the Bank acts as the lessor

Aareal Bank Group acts as lessor as regards the lease of property. The material rental contracts are classified as operating leases. Properties leased by the Group are reported under the item “Other assets”. Not all properties reported under the item “Other assets” are currently let. The risks of these properties are included in property risk management.

Income from operating leases amounted to € 23 million (2024: € 14 million) in the year under review. It is recognised in the income statement on a straight-line basis over the lease term.

The following overview shows the future undiscounted payments under operating leases based on their maturities where Aareal Bank Group acts as the lessor.

€ mn	31 Dec 2025	31 Dec 2024
Up to 1 year	27	25
Longer than 1 year, and up to 5 years	90	90
Longer than 5 years	44	46
<b>Total minimum lease payments</b>	<b>161</b>	<b>161</b>

### (82) Contingent liabilities and loan commitments

€ mn	31 Dec 2025	31 Dec 2024
Contingent liabilities	146	150
Loan commitments	1,211	1,334
of which: irrevocable	976	1,099

Contingent liabilities include € 33 million in irrevocable payment obligations regarding the bank levy, € 13 million to the compensation scheme of German banks (statutory deposit protection scheme) and € 6 million to the deposit protection fund. During the reporting year, irrevocable payment obligations regarding the bank levy were unchanged against the previous year, those to the compensation scheme of German banks increased by € 1 million. These and the values reported under “Loan commitments” given represent the maximum default risk to which Aareal Bank Group is exposed at the end of the reporting period.

Furthermore, the Bank is involved in legal disputes. Based on a legal analysis, successful outcome of these disputes is more likely than not. Essentially, these are legal disputes with borrowers (or former borrowers) who claim damages against the Bank. These are included in the table above, with a probability-weighted amount of € 33 million (2024: € 32 million), but have not been recognised

as liabilities. The maximum non-probability-weighted default risk – assuming the Bank were to lose all such legal disputes – is estimated in the high double-digit million range. The respective duration of proceedings depends on the complexity of each individual litigation and the legal remedies available in each case. Likewise, the final amount in the event of defeat may vary considerably, depending upon the duration of proceedings and the legal remedies. Refunds of litigation costs are possible.

Tax risks were also included in contingent liabilities in the year under review, at a probability-weighted amount of € 53 million (2024: € 54 million). They result from the diverging assessment of tax matters and potential legal changes. This is offset by opportunities, albeit to a lesser extent. We estimate the maximum tax risk to be in the low triple-digit million range.

Accordingly, the recognition of contingent liabilities is also subject to estimation uncertainties.

### **(83) Regulatory capital and capital management**

As regards meeting minimum capital ratios, Aareal Bank Group has to comply with the capital adequacy requirements set out in the Capital Requirements Regulation (CRR), the Capital Requirements Directive (CRD), the German Banking Act (Kreditwesengesetz – KWG) and the German Solvency Regulation (Solvabilitätsverordnung – SolvV). This requires Aareal Bank to comply with a Total SREP Capital Requirement (TSCR) in 2026 of 10.75 % (2025: 11.00 %) on a consolidated basis (at the level of Aareal Bank AG). This includes the requirement to maintain additional own funds (capital buffer) for risks other than the risk of excessive leverage (Pillar 2 requirements – P2R) of 2.75 % (2025: 3.00 %), which must be maintained in the form of at least 56.25 % Common Equity Tier I (CET1) capital and 75 % Tier I (T1) capital, respectively. The Overall Capital Requirement (OCR) of Aareal Bank in 2026 amounts to 13.99 % (2025: 14.16 – 14.24 %), resulting from the TSCR plus the capital conservation buffer of 2.5 %, the currently applicable countercyclical capital buffer of 0.73 % (2025: 0.65 – 0.73 %), and the sector-specific systemic risk buffer of 0.01 % (2025: 0.02 – 0.01 %). Each of these buffers has to be maintained in the form of Common Equity Tier I capital. Compliance with the capital requirements has to be reported to the competent supervisory authorities on a quarterly basis.

The objectives of capital management are optimising the capital base as well as an efficient capital allocation to the individual business areas in terms of risk and income. Aareal Bank has defined the CET1 ratio (Basel IV (fully phased)) as a key management indicator, subject to further regulatory changes.

Within the context of capital management, projections are made on a regular basis showing the changes of the individual capital components and risk-weighted assets, as well as the resulting capital ratios. This is reported regularly to the Management Board within the framework of management reporting. The strategic allocation of capital to the individual business segments forms part of the Group's annual overall planning process.

### **(84) Disclosures on remuneration**

#### **Management and Supervisory Board**

In the 2025 financial year, the Management Board's total remuneration, excluding benefits from pension commitments, amounted to € 9 million (2024: € 12 million), of which € 5 million (2024: € 7 million) referred to variable components.

Payments to former Management Board members and their surviving dependants totalled € 2 million in 2025 (2024: € 2 million).

The amount of pension obligations to active and former members of the Management Board was € 48 million as at 31 December 2025 (2024: € 52 million). Of that amount, € 5 million (2024: € 5 million) related to members of the Management Board active at the end of the financial year and € 43 million to former members of the Management Board and their surviving dependants (2024: € 47 million).

The total remuneration of members of the Supervisory Board for the 2025 financial year amounted to € 2 million (2024: € 2 million). The remuneration for any financial year shall be due and payable one month after the end of the respective financial year.

## Remuneration for key executives

The definition of executives in key positions within Aareal Bank Group includes members of management or supervisory bodies of Aareal Bank AG.

Total remuneration of executives in key positions is analysed below:

	31 Dec 2025	31 Dec 2024
€ 000's		
Short-term benefits	7,048	7,804
Post-employment benefits	493	1,327
Other long-term benefits	1,330	1,826
Termination benefits	0	5,359
Share-based remuneration	2,925	4,018
<b>Total</b>	<b>11,796</b>	<b>20,334</b>

Post-employment benefits reported comprise service cost resulting from pension provisions for Management Board members who were in active service during the financial year as well as past service cost.

Provisions for pension obligations concerning key executives totalled € 10 million as at 31 December 2025 (2024: € 8 million).

## Disclosures on share-based remuneration

### Share-based remuneration for risk takers

In the case of risk takers whose variable remuneration exceeds an exemption threshold, a portion of the variable remuneration is granted in form of a share-based payment, with the amount of such remuneration upon disbursement depending on the value of one Aareal Bank AG share. In this context, a distinction is made between a share bonus that is immediately due and subject to a holding period (20% to 30% of the variable remuneration) and a deferred share-based payment (also 20% to 30% of the variable remuneration). The deferral period of the deferred share-based payment amounts to four or five years, with disbursement being made annually pro rata temporis, also after a holding period. Disbursement is made via cash settlement. Until the disbursement of the share-based remuneration components, these components are also subject to defined penalty conditions that enable a subsequent reduction up to a full elimination. In addition, share-based payment elements that were granted after 2017, may be reclaimed in certain situations ("clawback").

These rules also apply to the members of the Management Board, with the deferral period amounting to at least five years since the financial year 2018 and the deferred share-based payment amounting to at least 35%. The deferral period is also increased for newly appointed Management Board members for the first year of service to seven years and for the second year of service to six years. The deferral period is five years from the third year of service.

### Valuation model and valuation assumptions

The obligations resulting from share-based payment arrangements as at the balance sheet date correspond to the remuneration granted, discounted to the balance sheet date. The discount period corresponds to the period from the balance sheet date to the earliest exercise or payout date, per plan and per tranche.

### Amount of cash-settled share-based payment transactions

The total amount of outstanding virtual shares in relation to existing share-based payment arrangements changed as follows:

	2025	2024
Quantity (number)		
<b>Balance (outstanding) as at 1 January</b>	<b>618,739</b>	<b>624,735</b>
Granted during the reporting period	835,347	193,087
Expired during the reporting period	0	0
Exercised during the reporting period	208,700	199,083
<b>Balance (outstanding) as at 31 December</b>	<b>1,245,386</b>	<b>618,739</b>
of which: exercisable	0	0

As at the reporting date, the total amount of virtual shares granted during the reporting period amounted to € 16 million (2024: € 9 million). A special dividend was distributed in the 2025 financial year, the effect of which led to an arithmetical reduction in the company value. To neutralise the impact on share-based payments, a value adjustment was effected for vested virtual shares through a corresponding increase in the number of virtual shares. As a result, the total economic value of the remuneration granted remained unchanged despite the special dividend payment.

The virtual shares exercised during the reporting period were converted at a weighted average price of the Aareal Bank AG share of € 41.57 (2024: € 36.30). Since Aareal Bank's delisting on 21 November 2023, the applicable value of one virtual share has been determined by dividing the company value of Aareal Bank Group by the number of real Aareal Bank shares at the relevant point in time. The enterprise value is determined using a valuation of Aareal Bank in accordance with the IDW S1 standard.

### Impact on financial performance

The total amount expensed for share-based payment transactions was € 9 million during the 2025 financial year (2024: € 8 million). The obligation from share-based payment transactions as at 31 December 2025 amounted to € 44 million (2024: € 41 million). It is reported in the statement of financial position in the line item "Provisions".

### (85) Related party disclosures in accordance with IAS 24

The group of related parties of Aareal Bank Group comprises the members of Aareal Bank AG's management or supervisory bodies (cf. the preceding Note), the Managing Directors of Atlantic BidCo GmbH and Atlantic Lux HoldCo S.à r.l., as well as close family members and related companies of these persons. Intra-group receivables and liabilities, as well as consolidated income and expenses, are not shown here.

The following list provides an overview of the balances of existing transactions with related parties:

#### Aareal Bank AG

	31 Dec 2025	31 Dec 2024
€ mn		
Management Board	0.0	0.7
Supervisory Board	0.0	0.4
Other related parties	0.0	0.0
Other related companies	0.0	1.6
<b>Total</b>	<b>0.0</b>	<b>2.7</b>

**Atlantic BidCo GmbH**

	31 Dec 2025	31 Dec 2024
€ mn		
Managing Director	0.0	0.4
Other related parties	0.0	0.0
Other related companies	0.3	1.6
<b>Total</b>	<b>0.3</b>	<b>2.0</b>

**Atlantic Lux HoldCo S.à r.l.**

	31 Dec 2025	31 Dec 2024
€ mn		
Managing Director	0.0	0.0
Other related parties	0.0	0.0
Other related companies	0.9	1.2
<b>Total</b>	<b>0.9</b>	<b>1.2</b>

No new transactions with related parties or related companies occurred during the reporting period. The volume of transactions with related parties or related companies to Aareal Bank AG amounted to € 2 million at the beginning of the reporting period, relating to a perpetual subordinated bond issue that was repaid during the reporting period.

A company related to one of Atlantic BidCo GmbH's Managing Directors holds a debt security of Aareal Bank AG in the amount of € 0.3 million. Since the managing director in question acquired this debt security before he took up the board function, the transaction does not fall under related-party transactions made in the reporting period within the meaning of IAS 24. This is nevertheless disclosed for transparency reasons.

Atlantic Lux HoldCo S.à r.l. refunds costs incurred prior to and after the takeover to Aareal Bank AG. Since the takeover, these were primarily related to the preparation of Atlantic Group's opening balance sheet and subsequently the preparation of further consolidated financial statements. Costs incurred in the 2025 financial year totalled € 0.9 million (2024: € 1.2 million).

There were no further significant transactions within the meaning of IAS 24 in the reporting period.

**(86) Events after the reporting date**

There were no significant events after the reporting date that had a material impact on Aareal Bank Group's financial position and financial performance.

**(87) Contingencies**

By means of a Letter of Comfort in favour of the Monetary Authority of Singapore, Aareal Bank AG has undertaken to ensure that Aareal Bank Asia Ltd. is able to fulfil its obligations at any time.

**(88) Disclosures pursuant to section 160 (1) no. 8 of the AktG**

In accordance with the notification pursuant to section 20 (6) of the AktG dated 11 December 2023, Atlantic BidCo GmbH directly holds more than 50%, and Atlantic Lux HoldCo S.à r.l. indirectly holds more than 50% of shares in Aareal Bank AG. Atlantic BidCo GmbH's holding is attributable to Atlantic Lux HoldCo S.à r.l.

## (89) Statement pursuant to section 312 of the AktG

Aareal Bank AG has prepared a subordinate status report (Abhängigkeitsbericht) in accordance with section 312 of the AktG for the 2025 financial year.

## (90) Employees

The number of Aareal Bank Group employees is shown below:

	31 Dec 2025	Average 1 Jan – 31 Dec 2025 <sup>1)</sup>	31 Dec 2024 <sup>2)</sup>	Average 1 Jan – 31 Dec 2024 <sup>1)</sup>
Salaried employees	1,130	1,136	1,158	1,159
Executives	37	38	40	42
<b>Total</b>	<b>1,167</b>	<b>1,174</b>	<b>1,198</b>	<b>1,201</b>
of which: part-time employees	184	187	192	193

<sup>1)</sup> This number does not include 64 employees of the hotel business (1 January to 31 December 2024: 213 employees).

<sup>2)</sup> This number does not include 57 employees of the hotel business.

## (91) Nature and extent of interests in unconsolidated structured entities

In accordance with IFRS 12.24, the nature and extent of interests in unconsolidated structured entities as well as the nature of, and changes in, the risks associated with such interests have to be disclosed in the consolidated financial statements. An interest in a structured entity arises from a contractual and/or non-contractual involvement which entitles the Group to receive variable returns from the relevant activities of the structured entity. Examples for this are equity or debt instruments of structured entities or the provision of financing, collateral and guarantees to structured entities.

Structured entities are companies where voting rights or similar rights are not the dominant factor to assess control of the company. The relevant activities of structured entities are directed by means of contractual arrangements; any voting rights relate to administrative tasks only. Structured entities are characterised by features or attributes such as restricted activities, a narrow and well-defined objective and/or insufficient equity. In addition, structured entities may relate to financings in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks. Examples of structured entities are securitisation vehicles, asset-backed financings and some investment funds.

Aareal Bank Group interacts with structured entities established by a leased property company. In this context, the Group provides financing to structured entities in the form of loans or guarantees. The leased property company was established by third parties for the financing of particular transactions and has the legal form of a German private limited company with a limited liability company as general partner (GmbH & Co KG). The following table (cf. "Other") shows a strategic investment made by the Group in a European PropTech start-up sponsored by a venture capital fund, with a focus on the property industry. In the year under review and the previous year, Aareal Bank Group did not provide any non-contractual support for unconsolidated structured entities.

To the extent that this is relevant, the following table shows the carrying amounts of assets and liabilities recognised by Aareal Bank Group as at the reporting date as well as the existing off-balance sheet risk exposures that relate to unconsolidated structured entities. The carrying amounts of the assets and off-balance sheet items correspond to the Group's maximum loss exposure from interests in unconsolidated structured entities (without taking into account collateral). The size of the structured entities was determined on the basis of the net fund assets (for other vehicles) and on the basis of total assets for leased property companies.

**31 December 2025**

	Leased property companies	Other	Total
€ mn			
<b>Assets</b>	14	4	18
Loan receivables	14	4	18
<b>Off-balance sheet exposures</b>	–	0	0
Loan commitments and guarantees (nominal value)	–	0	0
<b>Size range of structured units</b>	<b>€ 47 mn</b>	<b>€ 45 mn</b>	

**31 December 2024**

	Leased property companies	Other	Total
€ mn			
<b>Assets</b>	15	4	19
Loan receivables	15	4	19
<b>Off-balance sheet exposures</b>	–	1	1
Loan commitments and guarantees (nominal value)	–	1	1
<b>Size range of structured units</b>	<b>€ 48 mn</b>	<b>€ 43.5 mn</b>	

**(92) Country-by-Country Reporting**

The disclosure requirements refer to information on registered office, revenue, profit or loss, taxes on profit or loss, received government assistance as well as wage and salary earners of Aareal Bank AG, together with its foreign branches and domestic and foreign subsidiaries included in the reporting entity-structure, prior to consolidation.

For this purpose, the Bank's entities – subsidiaries as well as Aareal Bank AG's foreign branches – are allocated to our two business segments, Structured Property Financing and Banking & Digital Solutions.

Aareal Bank defines the entities' operating profit, which is used as a proxy for revenue, as the sum of the following consolidated income statement items (in accordance with IFRSs):

- Net interest income before loss allowance
- Net commission income
- Net derecognition gain or loss
- Net gain or loss from financial instruments (fvpl)
- Net gain or loss from hedge accounting
- Net gain or loss from investments accounted for using the equity method;
- Net other operating income/expenses

Taxes disclosed are tax expenses in accordance with IFRSs.

The number of wage and salary earners relates to average full-time equivalent staff employed during the financial year.

The following overview shows all countries where Aareal Bank AG has offices, including foreign branches and subsidiaries. Please refer to the list of shareholdings as regards the allocation of individual subsidiaries to the relevant country of domicile. Aareal Bank AG's foreign branches are located in France, Ireland, Italy, Poland, Sweden and the UK.

**2025**

	<b>Revenues</b>	<b>Profit/loss before taxes</b>	<b>Taxes on profit or loss</b>	<b>Number of wage and salary earners</b>
	€ mn	€ mn	€ mn	Full-time equivalents
<b>Structured Property Financing segment</b>	<b>710</b>	<b>149</b>	<b>73</b>	<b>878</b>
Germany	430	210	61	772
France	29	24	6	10
UK	8	3	1	10
Ireland	3	3	0	1
Italy	123	78	5	25
Poland	12	9	2	8
Sweden	8	6	1	3
Singapore	8	5	0	8
Spain	-1	-1	0	0
USA	90	-188	-3	41
Consolidation	0	0	0	0
<b>Banking &amp; Digital Solutions segment</b>	<b>247</b>	<b>147</b>	<b>45</b>	<b>159</b>
Germany	247	147	45	159
Consolidation	0	0	0	0
<b>Total</b>	<b>957</b>	<b>296</b>	<b>118</b>	<b>1,037</b>

Government assistance was not received in the 2025 financial year (2024: none).

Aareal Bank Group's return on assets, calculated as the ratio of net profit to total assets, was 0.29% as at the record date.

**2024**

	<b>Revenues</b>	<b>Profit/loss before taxes</b>	<b>Taxes on profit or loss</b>	<b>Number of wage and salary earners</b>
	€ mn	€ mn	€ mn	Full-time equivalents
<b>Structured Property Financing segment</b>	<b>778</b>	<b>130</b>	<b>30</b>	<b>902</b>
Germany	537	190	42	791
France	32	27	7	10
UK	13	9	2	10
Ireland	1	1	0	1
Italy	75	27	-12	26
Poland	11	7	1	8
Sweden	3	2	0	4
Singapore	13	9	2	9
Spain	-2	-2	0	0
USA	95	-140	-12	43
Consolidation	0	0	0	0
<b>Banking &amp; Digital Solutions segment</b>	<b>263</b>	<b>164</b>	<b>52</b>	<b>208</b>
Germany	263	164	52	208
Consolidation	0	0	0	0
<b>Total</b>	<b>1,041</b>	<b>294</b>	<b>82</b>	<b>1,110</b>

**(93) List of shareholdings**

The list of shareholdings is prepared pursuant to section 313 (2) of the HGB. The disclosures in relation to the companies' equity and results are retrieved from the financial statements in accordance with IFRSs. The shares in the capital correspond to the voting rights.

**31 December 2025**

No.	Company name	Registered office	Shareholding	Equity	Results
			%	€ mn	€ mn
1	Aareal Bank AG	Wiesbaden			
<b>I. Fully-consolidated subsidiaries</b>					
2	Aareal Bank Asia Ltd.	Singapore	100.0	SGD 75.1 mn	SGD 6.7 mn <sup>1)</sup>
3	Aareal Capital Corporation	Wilmington	100.0	USD 238.9 mn	USD -200.2 mn <sup>1)</sup>
4	Aareal Gesellschaft für Beteiligungen und Grundbesitz Erste mbH & Co. KG	Wiesbaden	94.9	1.6	0.0 <sup>1)</sup>
5	Aareal Holding Realty LP	Wilmington	100.0	USD 503.4 mn	USD -0.9 mn <sup>1)</sup>
6	Aareal Immobilien Beteiligungen GmbH	Wiesbaden	100.0	665.0	1.2 <sup>3)</sup>
7	Apex Owner NY LLC	Wilmington	100.0	USD 39.0 mn	USD 0.0 <sup>1)</sup>
8	BauGrund Immobilien-Management GmbH (in liquidation)	Bonn	100.0	0.5	0.0 <sup>2)</sup>
9	BVG – Grundstücks- und Verwertungsgesellschaft mit beschränkter Haftung	Wiesbaden	100.0	0.3	0.0 <sup>3)</sup>
10	Cave Nuove S.p.A.	Rome	100.0	-16.3	8.7 <sup>1)</sup>
11	Chronos Beteiligungen GmbH (formerly: Aareal Beteiligungen AG)	Frankfurt	100.0	225.5	0.0 <sup>3)</sup>
12	collect Artificial Intelligence GmbH	Hamburg	100.0	6.6	-0.4 <sup>3)</sup>
13	DBB Inka	Düsseldorf	100.0	107.1	2.0 <sup>1)</sup>
14	Deutsche Bau- und Grundstücks-Aktiengesellschaft (in liquidation)	Bonn	100.0	-0.1	-1.0 <sup>1)</sup>
15	Deutsche Structured Finance GmbH	Wiesbaden	100.0	2.8	-0.2 <sup>1)</sup>
16	Galleria City Holding Company LLC	Wilmington	100.0	USD 159.2 mn	USD -4.4 mn <sup>1)</sup>
17	Galleria City Holding Company Member 2 LLC	Wilmington	100.0	USD 0.0	USD 0.0 <sup>1)</sup>
18	Galleria City Partners LP	Wilmington	95.0	USD 177.9 mn	USD 0.0 <sup>1)</sup>
19	Galleria Manager Realty LLC	Wilmington	100.0	USD 0.0	USD 0.0 <sup>1)</sup>
20	Manager Realty LLC	Wilmington	100.0	USD 0.0	USD 0.0 <sup>1)</sup>
21	Mercadea S.r.l.	Rome	100.0	16.1	0.3 <sup>1)</sup>
22	Met Manager Realty LLC	Wilmington	100.0	USD 0.0	USD 0.0 <sup>1)</sup>
23	Met Tower Owner LLC	Wilmington	100.0	USD 29.0 mn	USD -4.5 mn <sup>1)</sup>
24	Met Tower Venture LP	Wilmington	98.0	USD 114.9 mn	USD 3.1 mn <sup>1)</sup>
25	Northpark Realty LP	Wilmington	100.0	USD 62.2 mn	USD -9.5 mn <sup>1)</sup>
26	Oakland Beneficiary LLC	Wilmington	100.0	USD 0.0	USD 0.0 <sup>1)</sup>
27	Participation Achte Beteiligungs GmbH	Wiesbaden	100.0	4.7	0.0 <sup>3)</sup>
28	Participation Elfte Beteiligungs GmbH	Wiesbaden	100.0	0.0	0.0 <sup>3)</sup>
29	Participation Zehnte Beteiligungs GmbH	Wiesbaden	100.0	20.5	0.0 <sup>3)</sup>
30	Participation Zwölfte Beteiligungs GmbH	Wiesbaden	100.0	0.0	0.0 <sup>3)</sup>
31	plusForta GmbH	Düsseldorf	100.0	0.9	-0.2 <sup>3)</sup>
32	RSP Owner LLC	Wilmington	100.0	USD 76.5 mn	USD 16.5 mn <sup>1)</sup>
33	Summit Holdings NY LLC	Wilmington	100.0	USD 39.0 mn	USD 0.0 <sup>1)</sup>
34	Terrain Beteiligungen GmbH	Wiesbaden	94.0	39.1	-0.3 <sup>1)</sup>

<sup>1)</sup> Preliminary figures as at 31 December 2025; <sup>2)</sup> Equity and results as at 31 December 2024;

<sup>3)</sup> Profit and loss transfer agreement/control and profit transfer agreement; <sup>4)</sup> Equity and results as at 31 December 2023

No.	Company name	Registered office	Shareholding	Equity	Results
			%	€ mn	€ mn
35	Terrain Herzogpark GmbH & Co. KG	Wiesbaden	100.0	21.9	-0.7 <sup>1)</sup>
36	Terrain Management GmbH	Wiesbaden	100.0	2.2	0.0 <sup>1)</sup>
37	Tintoretto Rome S.r.l.	Rome	100.0	48.5	1.3 <sup>1)</sup>
38	Westdeutsche Immobilien Servicing AG	Mainz	100.0	63.1	2.1 <sup>3)</sup>
39	146 Geary CA LLC	Wilmington	100.0	USD 20.1 mn	USD -0.1 mn <sup>1)</sup>
40	220 Post CA LLC	Wilmington	100.0	USD 48.9 mn	USD -0.2 mn <sup>1)</sup>
41	1015 15TH Street DC LLC	Wilmington	100.0	USD 50.9 mn	USD 4.7 mn <sup>1)</sup>
<b>II. Joint arrangements</b>					
–	–	–	–	–	–
<b>III. Associates</b>					
42	DSF PP Justizzentrum Thüringen GmbH & Co. KG	Bremen	48.4	0.2	0.0 <sup>4)</sup>
43	First Financial Software GmbH	Mainz	25.1	9.2	18.5 <sup>1)</sup>
44	Mount Street Group Limited	London	20.0	GBP -4.7 mn	GBP 2.2 mn <sup>2)</sup>
<b>IV. Other enterprises</b>					
45	PropTech1 Fund I GmbH & Co. KG	Berlin	9.6	31.1	-2.4 <sup>2)</sup>

<sup>1)</sup> Preliminary figures as at 31 December 2025; <sup>2)</sup> Equity and results as at 31 December 2024;

<sup>3)</sup> Profit and loss transfer agreement/control and profit transfer agreement; <sup>4)</sup> Equity and results as at 31 December 2023

## (94) Executive Bodies of Aareal Bank AG

### Composition of Supervisory Board's committees

#### Executive and Nomination Committee

Jean Pierre Mustier	Chairman
Barbara Knoflach	Deputy Chairwoman
Hans-Hermann Lotter	
Marika Lulay	
Klaus Novatius	
José Sevilla Álvarez	

#### Remuneration Control Committee

Jean Pierre Mustier	Chairman
Hans-Hermann Lotter	Deputy Chairman
Henning Giesecke	
Petra Heinemann-Specht	
Maximilian Rinke	
Klaus Novatius	

#### Audit Committee

Denis Hall	Chairman
José Sevilla Álvarez	Deputy Chairman
Henning Giesecke	
Petra Heinemann-Specht	
Hans-Hermann Lotter	
Maximilian Rinke	

#### Technology and Innovation Committee

Marika Lulay	Chairwoman
Barbara Knoflach	Deputy Chairwoman
Denis Hall	
Sascha Schmitt	
José Sevilla Álvarez	
Markus Zywitza	

#### Risk Committee

José Sevilla Álvarez	Chairman
Henning Giesecke	Deputy Chairman
Denis Hall	
Petra Heinemann-Specht	
Barbara Knoflach	
Maximilian Rinke	

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## Supervisory Board

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### Jean Pierre Mustier, Chairman of the Supervisory Board

Former CEO of UniCredit S.p.A. and former President of the European Banking Federation

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### Henning Giesecke

Former Chief Risk Officer of UniCredit S.p.A. and UniCredit Bank AG

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### Denis Hall, Chairman of the Audit Committee

Former Chief Risk Officer Global Consumer Banking of GE Capital EMEA

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### Petra Heinemann-Specht\*, Deputy Chairwoman of the Supervisory Board (since 19 March 2025)

Aareal Bank AG

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### Barbara Knoflach, Deputy Chairwoman of the Supervisory Board

Former Global Head of BNP Paribas Real Estate Investment Management and Deputy Chief Executive Officer of BNP Paribas Real Estate S.A.

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### Hans-Hermann Lotter, Deputy Chairman of the Supervisory Board

Self-employed consultant for private equity investments, mergers, takeovers and restructurings

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### Marika Lulay, Chairwoman of the Technology and Innovation Committee

Former Chief Executive Officer and former Managing Director of GFT Technologies SE

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### Klaus Novatius\*<sup>1)</sup>

Aareal Bank AG

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### Maximilian Rinke

Senior Managing Director of Centerbridge Partners L.P.

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### Sascha Schmitt\*

Aareal Bank AG

since 7 March 2025

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### José Sevilla Álvarez, Chairman of the Risk Committee

Former Chief Executive Officer of Bankia S.A.

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### Markus Zywitza\*

Aareal Bank AG

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### Retired members

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### Nicole Schäfer\*

Aareal Bank AG

until 7 March 2025

\* Employee representative member of the Supervisory Board of Aareal Bank AG

<sup>1)</sup> Klaus Novatius was Deputy Chairman of the Supervisory Board until 19 March 2025

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## Management Board

### Dr Christian Ricken, Chairman of the Management Board (CEO)

Banking & Digital Solutions, Chief Operating Office/Chief Technology Office, Corporate Affairs, Human Resources & Communications, Internal Audit, Strategy & Corporate Development, CollectAI, plusForta

(Membership of statutory supervisory bodies or similar bodies of corporations within the meaning of Section 267 (3) of the HGB)

EUWAX AG

Deputy Chairman of the Supervisory Board

### Nina Babic, Member of the Management Board (CRO)

Compliance and Non Financial Risk, Credit Management, Regulatory Affairs, Risk Controlling, USA – Credit Management, USA – Distressed Loans, Workout

(Membership of statutory supervisory bodies or similar bodies of corporations within the meaning of Section 267 (3) of the HGB)

Aareal Capital Corporation (Aareal Bank Group)

Member of the Board of Directors

Volkswagen Financial Services AG

Member of the Supervisory Board

since 1 August 2025

### Andrew Halford, Member of the Management Board (CFO)

Finance, Performance Management, Treasury

since 8 October 2024

(Membership of statutory supervisory bodies or similar bodies of corporations within the meaning of Section 267 (3) of the HGB)

RELX Group PLC

Member of the Board of Directors

since 24 April 2025

### Christof Winkelmann, Member of the Management Board (CMO)

Credit Legal, Euro Hub, Loan Markets & Syndication, Special Property Finance I, Special Property Finance II, USA – Origination, Aareal Bank Asia Ltd., Aareal Capital Corporation

(Membership of statutory supervisory bodies or similar bodies of corporations within the meaning of Section 267 (3) of the HGB)

Aareal Capital Corporation (Aareal Bank Group)

Chairman of the Board of Directors

Wiesbaden, 24 February 2026

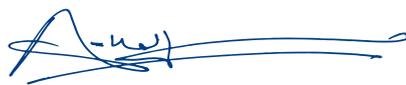
## The Management Board



Dr Christian Ricken



Nina Babic



Andrew Halford



Christof Winkelmann

# **Independent Auditor's Reports**

# Independent Auditor's Reports

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## Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

To Aareal Bank AG, Wiesbaden, Germany

### Audit opinions

We have audited the consolidated financial statements of Aareal Bank AG, Wiesbaden and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2025, and notes to the consolidated financial statements, including significant information on accounting policies. In addition, we have audited the group management report of Aareal Bank AG for the financial year from 1 January to 31 December 2025.

In accordance with the German statutory requirements we have not audited the contents of the elements of the group management report listed in the “Other Information” section of our audit opinion.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as “IFRS Accounting Standards”) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of 31 December 2025, and of its financial performance for the financial year from 1 January to 31 December 2025, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the contents of the elements of the group management report listed in the “Other Information” section.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the group management report.

### Basis for the Opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter the “EU-AR”), taking into account the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report” section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Furthermore, pursuant to Article 10 (2)(f) EU-AR we declare that we have not provided any prohibited non-audit services referred to in Article 5 (1) EU AR. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

### Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are such matters that, in our professional judgement, were the most significant in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2025. These matters were taken into account in connection

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with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

### ■ Measurement of the rescue acquisitions

For information on the accounting policies applied, please refer to Note 23 - Other assets (section Accounting Policies) and to Note 54 – Other assets (section Notes to the Statement of Financial Position).

### RISK FOR THE FINANCIAL STATEMENTS

Property and land from previous loan exposures – known as rescue acquisitions – are recognised under "Other assets" as of 31 December 2025 in the consolidated financial statements of Aareal Bank AG.

Depending on the development status of the rescue acquisitions and property strategy, in line with IFRS there are different classifications of the rescue acquisitions which have significant influence on the subsequent measurement of the rescue acquisitions.

The rescue acquisitions are held in property companies and are intended for sale in the ordinary course of business. The subsequent measurement takes place in line with IAS 2 at the lower of cost and net realisable value. The properties are either residential office or retail properties as well as land for project developments of these property types. In the financial year, the Bank acquired one further rescue acquisitions from an US loan engagement.

In the context of subsequent measurement, the Bank examined the recoverability of the properties and land at each reporting date. In doing so, the Bank mandates external experts and considers their methodology and results. The market values of the properties are derived as the present value of future cash flows (DCF method or residual value method for project developments).

The projections thus integrate assumptions that are subject to uncertainty, e.g. property completion, leasing and marketing.

These assumptions which are subject to estimating uncertainty have a substantial impact on the net realisable value and the fair value of the rescue acquisitions and thus also on the assessment of the recoverability of the carrying amounts of the rescue acquisitions.

For the consolidated financial statements there is the risk that inappropriate subsequent measurement is implemented on the basis of an incorrect classification of the rescue acquisitions. There is also the risk that the calculating methods underlying the appraisals are inappropriate or that as a result of the inappropriate exercise of judgement resulting from the assumptions subject to uncertainty impairment of the rescue acquisitions is not identified or not identified in an appropriate amount.

### OUR AUDIT APPROACH

Based on our risk assessment and the assessment of the error risks, we based our audit opinion on both control-based audit procedures and substantive audit procedures.

Based on our audit we initially examined the classification of the rescue acquisitions in line with IFRS and thus the accuracy of the subsequent measurement.

We also examined the Bank's controls and processes to make a plausibility check on the appraisals obtained in terms of appropriateness.

Furthermore, with the involvement of KPMG real estate experts, we examined selected appraisals, in particular in respect to the following focal points:

- Assessment of the expertise, ability and objectivity the external experts
- Assessment of the general appropriateness of the measurement methods used
- Reasonableness of material assumptions subject to assessment uncertainty used by the experts.

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In addition, we audited whether the management's currently envisaged development plans and assumptions are appropriate and were appropriately integrated into the appraisals.

## OUR CONCLUSIONS

The classification of the bail-out acquisitions is appropriate. The measurement methods used in the appraisals which are subject to assessment uncertainty are appropriate and proper.

### ■ Appropriateness of the Stage 3 loan allowance

The classification of the rescue acquisitions is appropriate. The measurement methods used in the appraisals which are subject to assessment uncertainty are appropriate and proper.

## RISK FOR THE FINANCIAL STATEMENTS

The credit business of Aareal Bank group preponderately comprises large-volume commercial property financing for which the Aareal Bank Group individually calculates the risk provisions. As of 31 December 2025, the Aareal Bank Group recognises impairment on credit receivables of € 429 million. € 235 million of these relate to Stage 3 provisions.

One of the material requirements of IFRS 9 – Financial Instruments is that the measurement of the risk provision generally takes place on the basis of probability-weighted scenarios and thus consequently also for credit-impaired debt instruments (the State 3 provision).

In determining scenarios by number and content, the derivation of expected cash flows in the respective scenario and assessment of the probability judgement is to be exercised to a material extent.

For this reason, it was particularly important for our audit that the number of scenarios observed was consistent with the complexity of situations determining the individual default risks including the dependency on macroeconomic factors. We regarded it as equally important that the selection of the specific scenarios, the assessment of probabilities and the assessment of the expected cash flows in the respective scenarios was verifiable, appropriately substantiated and incontrovertibly implemented.

## OUR AUDIT APPROACH

Based on our risk assessment and the assessment of the error risks, we based our audit opinion on both control-based and substantive audit procedures. The audit procedures we performed thus included the following:

In a first step, we obtained a comprehensive overview on the development of the credit portfolio, the related counterparty default risks and the internal control system in relation to the identification, management, monitoring and recognition of the counterparty default risks in the credit portfolio.

Our audit included structural and functional examinations of the internal control system, in which respect we focussed on the assessment of the internal accounting methodology with reference to the measurement of credit-impaired receivables. For the IT and data processing systems deployed, using our IT specialists we examined the effectiveness of the regulations and procedures relating to a large number of IT applications and which support the effectiveness of the application controls.

On the basis of these findings, in the context of our selection of loan exposures defined on the basis of materiality and risk aspects, we also assessed the appropriateness of the number and contents of the scenarios used and the probabilities assigned to these scenarios. In our audit we took the complexity of the respective financing and the probable determined factors for the development of the exposure and verified if the assumptions underlying the scenarios were consistent with the forecasts on the general macro-economic situation used by Aareal Bank group.

Then we assessed the cash flows derived for the scenarios. In our assessment, depending on the exposure strategy pursued, we included the measurement of collateral. In auditing the recoverability of the underlying collateral, in our assessment we deployed appraisals of independent experts and on the basis of publicly available data assessed whether the assumptions in the appraisals were appropriately derived.

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With the selective involvement of KPMG property experts, we examined selected appraisals, in particular for the following key matters:

- Assessment of the expertise, ability and objectivity the external experts
- Assessment of the general appropriateness of the measurement methods used
- Reasonableness of material assumptions subject to assessment uncertainty used by the experts.

We concluded our audit by verifying the correct calculation of the expected credit loss.

## OUR CONCLUSIONS

With the receivables assigned to Level 3 provisions, we come to the conclusion that the selection of the specific scenarios, the assessment of probabilities and the assessment of the expected cash flows in the respective scenarios, including the dependency on macroeconomic factors, was verifiable, adequately substantiated and incontrovertibly implemented.

## Other Information

The Management Board and/or the Supervisory Board are responsible for the other information. The other information comprises the following non-audited components of the group management report:

- The non-financial group declaration, which is included in the combined non-financial report in the group management report, and
- the group declaration on corporate governance, to which reference is made in the group management report.

Other information also comprises the annual report which we expect to be provided after the date of this auditor's report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on work we have performed before on the basis of the other information obtained before the date of this auditor's report work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Management Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

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In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-AR in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control or on the effectiveness of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- Conclude on the appropriateness of Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or,

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if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for the formation of the audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence and if relevant, the actions taken to eliminate dangers to independence or safeguards put in place to protect against this.

From the matters that we have discussed with those charged with governance, we determine which matters were most important during the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the independent auditor's report, unless laws or other legal provisions preclude their public disclosure.

## Other Legal and Regulatory Requirements

### Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

#### Audit opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „Aareal Bank\_AG\_KA+KLB\_ESEF\_\_2025-12-31.zip“ (SHA256-Hashwert: 0fb1605928c98a0296d2233d7898f99d-3fb82fed996c1444fda181646862e795) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

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In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2025 contained in the “Report on the audit of the consolidated financial statements and the group management report” above, we do not express any audit opinion on the information contained within these renderings or on the other information contained in the file identified above.

### **Basis for the audit opinion**

We conducted our audit on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Audit of the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)). Responsibilities of the Management Board and the Supervisory Board for the ESEF documents

The Management Board of the Company is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Management Board of the Company is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

### **Auditor's Responsibilities for the ESEF documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

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## Other Disclosures in Accordance with Article 10 EU-AR

We were elected by the Annual General Meeting on March 7, 2025 as auditor of the consolidated financial statements. We were engaged by the Supervisory Board on June 25, 2025. We have been the Group auditor of Aareal Bank AG since the 2021 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee according to Article 11 EU-AR (audit report).

## Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be published in company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

## German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Rainer Thiede.

Frankfurt/Main, 27 February 2026

**KPMG AG**

**Wirtschaftsprüfungsgesellschaft**

**(Original German version signed by:)**

**Winner**

**Wirtschaftsprüfer**

**(German Public Auditor)**

**Thiede**

**Wirtschaftsprüfer**

**(German Public Auditor)**

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## Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Non-financial Report<sup>1)</sup>

To the Supervisory Board of Aareal Bank AG, Wiesbaden

### Assurance Conclusion

We have conducted a limited assurance engagement on the combined non-financial report, included in the combined management report, of Aareal Bank AG for the financial year from 1 January to 31 December 2025. The combined non-financial report was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 applying Delegated Regulation (EU) 2026/73 of the European Commission, adopted on 4 July 2025 as well as Sections 315b and 315c of the HGB § 340i Abs. 5 HGB [Handelsgesetzbuch: German Commercial Code] for a consolidated non-financial statement and Sections 289b to 289e of the HGB § 340a Abs. 1a HGB for a non-financial statement of the company.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying combined non-financial report is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852 applying Delegated Regulation (EU) 2026/73 of the European Commission, adopted on 4 July 2025, Sections 315b and 315c HGB § 340i Abs. 5 HGB for a consolidated non-financial statement, Sections 289b to 289e of the HGB § 340a Abs. 1a HGB for a non-financial statement of the company and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- the accompanying combined non-financial report does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the combined non-financial report (the materiality assessment) is not, in all material respects, in accordance with the description set out in the combined non-financial report, or
- the disclosures in section “Disclosures presumed to Article 8 of regulation 2020/852 of the combined non-financial report do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852 applying Delegated Regulation (EU) 2026/73 of the European Commission, adopted on 4 July 2025.

### Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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<sup>1)</sup> The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

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Our responsibilities under ISAE 3000 (Revised) are further described in the section “German Public Auditor’s Responsibilities for the Assurance Engagement on the combined non-financial report”.

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

### **Responsibilities of the Executive Directors and the Supervisory Board for the combined non-financial report**

The executive directors are responsible for the preparation of the combined non-financial report in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a combined non-financial report in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the combined non-financial report) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the combined non-financial report, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the combined non-financial report.

### **Inherent Limitations in preparing the combined non-financial report**

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the combined non-financial report.

### **German Public Auditor’s Responsibilities for the Assurance Engagement on the combined non-financial report**

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the combined non-financial report has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the company’s executive directors, and to issue an assurance report that includes our assurance conclusion on the combined non-financial report.

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As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the combined non-financial report, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined non-financial report.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

### **Summary of the Procedures Performed by the German Public Auditor**

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the combined non-financial report
- inquired of the executive directors and relevant employees involved in the preparation of the combined non-financial report about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined non-financial report, and about the internal controls relating to this process
- evaluated the reporting policies used by the executive directors to prepare the combined non-financial report
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain
- performed analytical procedures and made inquiries in relation to selected information in the combined non-financial report
- considered the presentation of the information in the combined non-financial report
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined non-financial report.

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## Restriction of Use/Clause on General Engagement Term

This assurance report is solely addressed to the Supervisory Board of Aareal Bank AG, Wiesbaden.

The engagement, in the performance of which we have provided the services described above on behalf of Aareal Bank AG, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of 1 January 2024 ([www.kpmg.de/AAB\\_2024](http://www.kpmg.de/AAB_2024)). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations to EUR 4 million specified in item No. 9 included therein) and acknowledges their validity in relation to us.

**Hamburg, 27 February 2026**

**KPMG AG**

**Wirtschaftsprüfungsgesellschaft**

**(Original German version signed by:)**

**Thiede**

**Wirtschaftsprüfer**

**(German Public Auditor)**

**Protze**

**Wirtschaftsprüfer**

**(German Public Auditor)**

# Responsibility Statement

# Responsibility Statement

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To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Wiesbaden, 24 February 2026

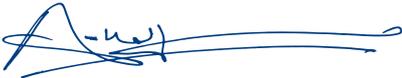
## The Management Board



Dr Christian Ricken



Nina Babic



Andrew Halford



Christof Winkelmann

# Transparency

# Transparency

## Corporate Governance Statement and Corporate Governance Report

### Declaration of Compliance / Voluntary Declaration regarding the German Corporate Governance Code

As a non-listed company, Aareal Bank AG (“Aareal Bank”) is not required to provide a Declaration of Compliance pursuant to section 161 of the German Public Limited Companies Act (Aktiengesetz – “AktG”). However, the Management Board and Supervisory Board have decided to publish a voluntary Declaration of Compliance, declaring that:

Since issuing its last Declaration of Compliance in December 2024, Aareal Bank has complied with the recommendations of the Government Commission “German Corporate Governance Code” (as amended and published in the German Federal Gazette on 27 June 2022) – with the exceptions set out below:

Pursuant to recommendation G. 10 sentence 2, Management Board members may only have access to any long-term variable remuneration components that have been granted after a period of four years. In contrast to the draft version dated 22 May 2019, the Government Commission refrained from defining the term “long-term variable remuneration” in its final version.

According to the definition in the version dated 22 May 2019, typical performance indicators for long-term variable remuneration included “long-term financial success (profitability and growth with multiple-year measurement basis), non-financial success as prerequisite for subsequent financial success [...], implementation of the corporate strategy [etc.]”

Within Aareal Bank’s remuneration system, all targets are derived from the strategy, and target achievement is measured over a period of three years. In line with the definition provided in the draft version dated 22 May 2019, all of Aareal Bank’s variable remuneration would be classified as long-term. Variable remuneration is determined on the basis of a three-year target achievement period. Only 20% is paid out directly and in cash in the year following target achievement. Another 20% is awarded in the form of virtual shares, which are subject to a one-year holding period, and the remaining 60% is paid out in several tranches and over a total period of five years.

This means that a large part of long-term variable remuneration as defined in the draft version of the Code is disbursed after four years at the earliest – and in the case of extended holding periods applicable to new Management Board members, fully disbursed only after up to eight years. However, in the absence of the definition having been adopted, the recommendation is ambiguous, and it is not clear whether Aareal Bank’s remuneration structure meets the Code’s expectations. As a result, and as a precautionary measure, we are declaring a deviation from recommendation G. 10 sentence 2.

Wiesbaden, December 2025

#### The Management Board



Dr Christian Ricken



Nina Babic



Andrew Halford



Christof Winkelmann

#### For the Supervisory Board



Jean Pierre Mustier (Chairman)

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## Corporate Governance at Aareal Bank Group<sup>1)</sup>

Aareal Bank AG is a bank that, by virtue of being classified as “significant”, is supervised directly by the European Central Bank. Even after the takeover by Atlantic BidCo GmbH, Aareal Bank AG remains the parent company of a group of affiliated companies (including Atlantic BidCo GmbH and Atlantic Lux HoldCo S.à r.l.) from a supervisory perspective. The Management Board and the Supervisory Board of Aareal Bank AG observe the specific corporate governance rules applicable against this background and discuss the application of additional standards that are recommended by the German Corporate Governance Code or that comply with international best practice. It is the Management Board’s and the Supervisory Board’s top priority to act in the interests of the Company and to live up to the responsibility owed to employees, clients, shareholders and the public alike.

### Disclosures regarding Corporate Governance Standards

Corporate governance is not only aligned with legal and regulatory provisions but also with a comprehensive set of internal rules and regulations that provide concrete guidance on how the Bank’s business should be conducted and processed, in line with the principles set out in our Code of Conduct. These rules and regulations comprise the Memorandum and Articles of Association, the Rules of Procedure for the Supervisory Board and the Management Board, the strategies, the Risk Appetite Framework, the Internal Governance Policy, the Code of Conduct, the Risk Culture Statements and the Conflicts of Interest Policy; all members of staff have access to the documents through common internal communication channels such as the Bank’s intranet. Memorandum and Articles of Association, Code of Conduct, and Rules of Procedure for the Supervisory Board are also accessible on Aareal Bank AG’s website.

### Aligning with the German Corporate Governance Code’s guiding principle

The Management Board and the Supervisory Board follow their own value structure and that of Aareal Bank, as well as the “reputable businessperson” concept and the German Corporate Governance Code’s principles of good corporate governance.

According to Code recommendation F. 4, companies shall specify, in the Corporate Governance Statement, which Code recommendations were not applicable due to overriding legal stipulations. This applies to Code recommendation D. 4, according to which the Nomination Committee must be composed exclusively of shareholder representatives. The Nomination Committee of a bank is subject to special provisions of the German Banking Act. Pursuant to section 25d (11) of the KWG, the Supervisory Board’s Nomination Committee is required to assume additional tasks that are not supposed to be undertaken by shareholder representatives on the Supervisory Board alone. In line with this, the Executive and Nomination Committee of Aareal Bank AG also includes employee representatives. However, the Committee will ensure that only its shareholder representatives will nominate candidates for election by the Annual General Meeting.

### What sustainability means to us

Actively contributing to sustainable macroeconomic development is a priority for Aareal Bank Group. As a partner to the property industry, the Group consistently aligns its business activities with the requirements of the industry and the expectations of its stakeholders. The Bank pursues an integrated strategic approach that combines environmental, social and governance aspects and firmly anchors them in its business strategy. In line with the expectations of its stakeholder groups – in particular: clients, investors, employees, supervisory authorities and legislators – the Bank has formulated a clear aspiration that serves as a binding framework for guidance.

The Bank’s sustainable actions are based on key principles: these include retaining existing clients over the long term, acquiring new clients, actively contributing to sustainable transformation, ensuring long-term investability, responsible and forward-looking risk management and consistent compliance with regulatory requirements.

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<sup>1)</sup> Unless otherwise defined, Aareal Bank Group’s and Aareal Bank AG’s definition of corporate governance is based on ESRS S1.

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Aareal Bank Group's corporate sustainability strategy is supported by the Group's understanding of sustainable action. This is achieved through integrated and clearly structured sustainability management combining the corporate responsibility principles that are aligned with our objective of doing business sustainably:

- We think in an integrated and forward-looking manner, taking ethical, social and ecological topics into account.
- We analyse trends holistically, evaluate the resulting risks and opportunities, and align our forward-looking sustainability performance accordingly.
- We maintain active dialogue with all relevant stakeholders, providing them with transparent information about how we use their feedback and findings.
- We integrate environmental, social and governance aspects into our decisions and communicate progress and challenges openly and transparently.
- We focus on material topics and strengthen sustainability-related corporate values such as reliability, innovative strength, integrity, transparency, responsible risk management, employer attractiveness and trusting client relationships.

Aareal Bank Group is guided by national and international frameworks. It is committed to initiatives and has joined organisations that represent widely recognised ethical standards and whose values Aareal Bank Group expressly shares. Relevant organisations and conventions include:

- United Nations Global Compact,
- International Labour Organization,
- German Corporate Governance Code,
- Diversity Charter, and
- Work-Care Balance Charter.

Aareal Bank Group has established an ESG Expert Committee comprising ESG experts from all specialist areas relevant to sustainable development. The committee's task is to safeguard the further development and sustainable expansion of the Group's ESG activities. Under the leadership of the Group Sustainability Officer, the committee is closely aligned with Aareal Bank Group's business strategy, supports the entire Management Board on ESG topics and prepares decision-relevant documents for the executive committees. ESG-related regulatory requirements are introduced at an early stage and implemented in a structured manner. Thanks to its cross-disciplinary composition, the ESG Expert Committee ensures that the various stakeholder requirements are comprehensively taken into account.

## Code of Conduct

At Aareal Bank Group, we believe that the principles of integrity and responsible conduct must be observed by everyone, by each member of the Management Board and the Supervisory Board, and by all our employees across the Company, regardless of their role and duties. The Code of Conduct contains binding rules governing the legal and ethical conduct of all employees vis-à-vis clients, business partners, and colleagues. Aareal Bank Group's efforts are also motivated by the desire to affirm and strengthen the confidence that stakeholders – our clients, business partners, investors and staff – place in us ([www.aareal-bank.com/en/footermenu/code-of-conduct](http://www.aareal-bank.com/en/footermenu/code-of-conduct)).

## Conflicts of Interest Policy

Aareal Bank's processes are – and will continue to be – set up in such a way that conflicts of interest cannot occur in the first place. Where they do occur, dealing with them in the right way is critical. A Group-wide policy is in place that sets out the correct way of

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handling conflicts of interest to prevent any adverse consequences for clients, the Bank and its employees, as well as any doubts regarding the integrity of Aareal Bank Group. These rules provide a framework for identifying, documenting and appropriately resolving conflicts of interest. All employees are required to make any conflicts of interest arising within their area of work transparent, and to ensure that any such conflicts are dealt with in accordance with the Policy or any specific provisions that may apply to relevant transactions.

## Principles of diversity

The Management Board and the Supervisory Board are openly committed to diversity across Aareal Bank Group.

Aareal Bank defines diversity as:

- appreciating that every individual is unique, and respecting this uniqueness,
- providing equal opportunities at all levels,
- preventing discrimination of any kind, and
- holding the belief that diversity enriches corporate culture and also represents a success factor in reaching strategic goals.

By committing to these principles, Aareal Bank Group cements its attractiveness as a modern employer, strengthens employee loyalty, increases employee motivation, and ensures that skills and competencies are fostered individually in a way that drives employee performance, while also responding to demographic change and an ageing workforce, taking into account individual circumstances and stages of life.

In order to highlight the significance of diversity and document its important role at Aareal Bank Group, the Bank has signed the Charter of Diversity (an existing initiative launched by the German industry) and introduced its own Diversity Policy.

Aareal Bank AG, including its foreign subsidiaries Aareal Bank Asia Limited and Aareal Capital Corporation, employs staff from over 40 countries. Positions at Aareal Bank's foreign locations are, where possible, primarily filled by local staff. Aareal Bank Group attaches great importance to the equal treatment of women and men, whether in the context of filling vacant positions, continuing professional development or remuneration. Specifically, vacancies below senior executive level are generally published in the form of job advertisements that all members of staff – male or female – can apply for. When setting the remuneration of employees, we do not differentiate by gender but rely exclusively on factors such as qualifications, professional experience or training.

In accordance with statutory requirements, Aareal Bank AG's Management Board sets specific targets plus implementation deadlines for the share of women holding executive positions on the first two management levels below the Management Board. On the first management level below the Management Board, women should hold at least 20.0% of executive positions by 30 June 2027. On 31 December 2025, the share of female managers on this level was 13.8% (2024: 16.1%). On the second management level below the Management Board, women should hold at least 23.0% of executive positions by 30 June 2027. On 31 December 2025, the share of female managers on this level was 24.6% (2024: 23.7%).

Across Aareal Bank Group, the share of women in executive positions stood at 22.2% (2024: 23.8%), while the share at Aareal Bank AG was 21.7% (2024: 22.9%). Women accounted for 41.1% of Aareal Bank Group's entire workforce as at 31 December 2025 (2024: 40.9%) and for 41.5% of Aareal Bank AG's workforce (2024: 41.5%).

In Germany, Aareal Bank AG has appointed Anti-Discrimination Officers who oversee compliance pursuant to the German General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz – "AGG"). In addition, all employees attend AGG training. In the US, the employee manual contains rules designed to avoid harassment at the workplace ("Anti-Harassment Rules").

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## Inclusion

Severely disabled persons made up 4.02 % of Aareal Bank AG's staff base in 2025 (2024: 4.03 %). In the Group's German entities, this employee group is represented by a Disability Representative.

## Working practices of the Management Board and the Supervisory Board

The Management Board is responsible for managing the Company and for its strategic orientation, material transactions and proper organisation. This also includes the implementation of effective monitoring systems. It focuses its business activities on the Company's long-term and sustainable development. Its decisions incorporate the long-term consequences of its actions and are guided by the ethical principles of Aareal Bank Group (see relevant corporate governance principles).

## Supervisory Board

The Supervisory Board uses different instruments to perform its oversight duties. For example, it sets out the reporting requirements of the Management Board in its Rules of Procedure to ensure comprehensive and prompt reporting. These reports include the financial reports prior to publication, the reports of Internal Audit, Risk Controlling and Compliance, as well as the external auditors' reports. The Rules of Procedure also determine the transactions of the Management Board that require Supervisory Board approval.

Furthermore, the Supervisory Board contributes to Aareal Bank Group's sustainable success – in the interest of investors, clients, business partners, staff and the general public – by selecting suitable Management Board members (as set out in the Guidelines for Selecting Members of the Management Board and the Supervisory Board), a Management Board remuneration system aligned with the Company's long-term and sustainable interests, and by the effective supervision of the remuneration system.

The Supervisory Board has established five committees to perform its supervisory duties in an efficient manner: the Executive and Nomination Committee, the Remuneration Control Committee, the Risk Committee, the Audit Committee, and the Technology and Innovation Committee. An overview of the respective committee members can be found in the Notes to the 2025 Annual Report: [www.aareal-bank.com/en/investors-portal/finance-information/financial-reports/archiv/2025/](http://www.aareal-bank.com/en/investors-portal/finance-information/financial-reports/archiv/2025/).

### Executive and Nomination Committee

The Executive and Nomination Committee prepares resolutions to be taken by the Supervisory Board concerning fundamental issues, personnel matters and capital measures. The Committee's areas of responsibility also include assessing corporate governance and preparing the Supervisory Board's personnel decisions – in particular concerning the appointment and removal of Management Board members, and the drafting of individual contracts with Management Board members. The Executive and Nomination Committee compiles profiles defining the requirements for members of the Management Board and the Supervisory Board, considering personal and professional requirements along with its targets for the composition of both bodies, including the diversity concept. In addition, the Committee conducts an evaluation of the Management Board and Supervisory Board at least annually, and determines any further training requirements. Furthermore, the Executive and Nomination Committee resolves decision proposals regarding loans to senior managers and approves the assumption of any sideline activities by Management Board members. It is also responsible for assessing and handling conflicts of interest that arise within the sphere of influence of the Management Board or the Supervisory Board, in line with the Management Board's and Supervisory Board's Conflicts of Interest Policy.

The employee representatives abstain from voting on the Executive and Nomination Committee's resolution regarding the nomination of shareholder representatives for election by the Annual General Meeting.

### Remuneration Control Committee

The Remuneration Control Committee monitors whether the structure of the remuneration systems for Management Board members and employees is appropriate, taking into account the impact of remuneration systems on Aareal Bank's overall risk profile. The

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Remuneration Control Committee prepares corresponding proposals concerning the material performance criteria and targets for determining the Management Board members' variable remuneration. The Remuneration Control Committee takes delivery of the reports prepared by the units specified in the German Regulation on Remuneration in Financial Institutions (Institutsvergütungsverordnung – "InstitutsVergV") (in particular, those submitted by Aareal Bank's Remuneration Officer).

### **Risk Committee**

The Risk Committee monitors Aareal Bank's material risks, comprising financial and non-financial types of risk alike, including IT-related risks. The Committee is also responsible for reviewing the contents of the risk strategies in accordance with the Minimum Requirements for Risk Management in Banks ("MaRisk"), for checking conformity with the business strategy, and preparing the corresponding Supervisory Board resolutions. It furthermore advises the Management Board on how to design an appropriate and effective risk management system, making sure that the Bank's risk-bearing capacity is adequate. To that end, the Committee monitors the Management Board, especially as regards determining risk appetite and the corresponding limits.

### **Audit Committee**

The Audit Committee is responsible for accounting matters, and for auditing the Group and Aareal Bank AG, including risk management. The Committee prepares and conducts the audit of the financial statements and the consolidated financial statements; it also prepares the decisions to be taken by the Supervisory Board on the basis of the Committee's analysis of the external auditors' reports. For this purpose, the Committee reports the results of its analysis and any assessments based on them to the plenary meeting of the Supervisory Board. Preparing the audit of the financial statements also involves preparing to instruct the external auditors (by virtue of the corresponding resolution passed by the Annual General Meeting), verifying the independence of the external auditors, including the approval of permissible non-audit services, negotiating the auditors' fees, determining focal points of the audit, and regularly selecting new external auditors. The Audit Committee also discusses quarterly and half-yearly financial reports with the Management Board and obtains the external auditors' report on their review of the half-yearly report. Furthermore, the Audit Committee is responsible for examining the projections submitted by the Management Board. In addition, Compliance and Internal Audit address their reports to the Committee. Last but not least, the Committee is responsible for monitoring the effectiveness of the internal control and monitoring system.

The Audit Committee comprises at least two financial experts; the person chairing the Committee must be an accounting/financial reporting and auditing expert, whilst another member must be an accounting/financial reporting or an auditing expert.

### **Technology and Innovation Committee**

It is the Technology and Innovation Committee's responsibility to both support Aareal Bank's activities regarding its own technological and IT-related development and to identify and discuss new technological trends on the market, advising Aareal Bank accordingly. The Committee also deals with issues concerning information technology used within Aareal Bank and with any issues related to IT products created and distributed by Aareal Bank AG. As part of these duties, the Committee monitors the implementation of Aareal Bank Group's digitalisation strategy which calls not only for a technical transformation, but also for modern and agile working practices and project methods.

## **Working relationship between the Management Board and Supervisory Board**

The Supervisory Board and the Management Board work together to promote the interests of Aareal Bank as a whole in a relationship founded on trust and constructive criticism. Discussions during meetings are held in an appropriate and target-oriented working atmosphere. Members of the Management Board do not attend those parts of Supervisory Board meetings at which their remuneration, their suitability, their succession, any behaviour that breaches their duties, or conflicts of interest are discussed or decided upon.

Outside meetings, it is mainly the Chairman of the Supervisory Board and the committee chairs that communicate with the competent Management Board members. The Chairman of the Supervisory Board regularly discusses questions regarding the strategy,

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performance, risk situation, risk management, and personnel- and remuneration-related matters with the Chairman of the Management Board. The Chairman of the Risk Committee goes into detail – especially with the Chief Risk Officer – on topics such as the risk situation, risk management, and risk strategies. The Chairman of the Audit Committee regularly exchanges views with the Chief Risk Officer, the Chief Financial Officer and external auditors. Finally, the Chairwoman of the Technology and Innovation Committee keeps in touch with the Chairman of the Management Board outside meetings. The Chairs inform the other Supervisory Board members about the key points of these discussions at the next ordinary Supervisory Board or committee meeting.

## Communications

Aareal Bank Group assigns great importance to comprehensive communication with its stakeholders and has set itself the objective of communicating actively, transparently and openly with all stakeholders, reflecting their interests equally. Likewise, Aareal Bank Group is committed to contributing to political decision-making processes by providing sound professional expertise.

Transparency is core to this task as it is the only way for an open society to communicate in a trusting and constructive manner. Aareal Bank AG is registered in the EU Transparency Register, in the Lobbying Register covering political lobbying vis-à-vis the German parliament (the Bundestag) and the German government, and in the lobbying register of the Hessian state parliament. Aareal Bank AG is also committed to the code of conduct stipulated in the German Lobbying Register Act (Lobbyregistergesetz – “LobbyRG”) and to the political lobbying principles established by the Association of German Banks. Lastly, Aareal Bank Group undertakes in its Code of Conduct to represent interests responsibly based on democratic values.

When Aareal Bank AG was delisted, the Management Board announced its intention to continue focussing on transparent communication and high disclosure standards despite withdrawing from the regulated stock exchange market.

All press releases, ad-hoc disclosures and corporate presentations – along with annual reports, sustainability reports and interim financial information – are published on Aareal Bank’s AG website, where they can be viewed and downloaded at any time. The financial calendar, which contains information about upcoming events, is updated regularly.

Aareal Bank Group publishes details on its financial position and performance four times a year. On these occasions, the Management Board gives a personal account of results at press and analysts’ conferences and issues press releases.

Please refer to Aareal Bank AG’s website for all information: [www.aareal-bank.com/en/investors-portal/](http://www.aareal-bank.com/en/investors-portal/).

## Guidelines for Selecting Members of the Management Board and the Supervisory Board

Aareal Bank’s Supervisory Board is convinced that the Management Board and the Supervisory Board are adequately staffed if all members are in a position to perform their duties (professional qualification), commit the time necessary to perform these and possess the integrity to be guided by the ethical principles of Aareal Bank Group when performing their duties (with respect to personal reliability, including potential conflict of interest and independence aspects). The composition of the Supervisory Board and the Management Board, respectively, shall facilitate, in its entirety, cooperation and the widest possible diversity of opinions and knowledge (diversity concept).

The Supervisory Board has defined concrete requirements and processes to incorporate these criteria when evaluating Management Board and Supervisory Board members, as well as when selecting candidates for appointment to the Management Board, or shareholder representatives to the Supervisory Board. When establishing these processes, it took into account the provisions of the AktG and the KWG, the recommendations of the German Corporate Governance Code, and the regulatory guidelines of the European Central Bank and the European Banking Authority on adequacy and internal governance. Besides the Supervisory Board, the European Central Bank also reviews the suitability of the respective candidates, using what is known as the “fit & proper” approach.

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## Personal reliability

The principles of personal reliability apply equally for all members of the Management Board and the Supervisory Board. The members of the Management Board and the Supervisory Board must demonstrate honesty, integrity and independence of mind. They should live by the ethical principles of Aareal Bank Group, as set out in the Code of Conduct, and dedicate sufficient time to performing their duties. The time commitment of every Management Board and Supervisory Board member is calculated; an annual review reveals whether they are dedicating sufficient time to exercising the mandate. The Supervisory Board takes care to ensure compliance with the requirements for the maximum number of additional offices, pursuant to sections 25c (2) and 25d (3) of the KWG.

## Conflicts of interest in the Management Board

Dr Ricken, Ms Babic, Mr Halford and Mr Winkelmann are subject to a potential conflict of interest due to their investments in the Atlantic Co-Investment Programme. This, however, is immaterial and does not affect their work on the Management Board. Dr Ricken is also subject to various material and immaterial conflicts of interest as a result of his previous position as a member of LBBW's Board of Managing Directors. However, all of these conflicts of interest are temporary and will no longer exist after 30 June 2026. If Aareal Bank's Management Board deals with an issue that presents a conflict of interest for a Management Board member, the Management Board member in question will abstain from any related discussions and from voting on the resolution.

## Independence of Supervisory Board members

Special rules apply to the Supervisory Board over and above the Group-wide Conflicts of Interest Policy. Acting in the interests of the Company means making judgements free from extraneous influence. In line with this, the Supervisory Board attaches particular importance to the handling and disclosure of actual, potential, temporary or permanent conflicts of interest that could, for example, impact the independence of the Supervisory Board.

In the Management Board's and Supervisory Board's Conflicts of Interest Policy, which has been specifically designed for these two bodies, the Supervisory Board has laid down procedures on how to handle conflicts of interest affecting members of the Management Board or the Supervisory Board. In accordance with this Policy, individual Management Board and Supervisory Board members must transparently declare any potential conflicts of interest.

The Supervisory Board has also defined the circumstances under which the independence of shareholder representatives is no longer ensured. At least once a year it carries out a review of whether the independence of individual members is no longer ensured, or may be compromised. The Supervisory Board usually assumes that independence is not ensured in the event of the following circumstances:

- a material, and not just temporary, conflict of interest materialises within the meaning of the Management Board's and Supervisory Board's Conflict of Interest Policy;
- if the member of the Supervisory Board has served on the Supervisory Board or Management Board of Aareal Bank AG for twelve consecutive years or longer;
- if less than five years have elapsed between their service on the management board of an institution included in the scope of prudential consolidation and their membership on Aareal Bank AG's Supervisory Board;
- if less than three years have elapsed between their serving as a senior manager at the top management level below the Management Board at Aareal Bank AG or another entity included in the scope of prudential consolidation and their membership on the Supervisory Board of Aareal Bank AG;
- if the member of the Supervisory Board is a controlling shareholder of Aareal Bank AG, as defined in Article 22 (1) of Directive 2013/34/EU, or if they represent the interests of a controlling shareholder;

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- if the member of the Supervisory Board has a material financial or business relationship with the relevant institution;
  - if the Supervisory Board member is an employee of, or otherwise affiliated with, a controlling shareholder of Aareal Bank AG;
  - if the member of the Supervisory Board has been the owner of a significant professional advisor or external auditor or have themselves been a significant advisor to Aareal Bank AG or any other entities included in the scope of prudential consolidation within a three-year period;
  - if the member of the Supervisory Board is, or was in the previous year, a significant supplier or client of Aareal Bank AG or any other entity included in the scope of prudential consolidation, or had any other material business relationship with, or is a senior executive (leitende(r) Angestellte(r)) of, a significant supplier, client or commercial enterprise that has a significant business relationship, or is otherwise directly or indirectly related to such significant supplier, client or commercial enterprise;
  - if the member of the Supervisory Board receives significant remuneration or other benefits from Aareal Bank AG or another entity included in the scope of prudential consolidation over and above the remuneration for their activities as a member of the Supervisory Board or any remuneration for activities performed in connection with any significant financial or business relationship with Aareal Bank AG; or
  - if the Supervisory Board member is a close relative of a member of the Management Board of Aareal Bank AG or of a management board member or managing director of another entity included in the scope of prudential consolidation.

The Supervisory Board may deviate from this principle if it is determined in a specific individual case that the Supervisory Board member's ability to make objective and balanced judgements and independent decisions is not impaired by the circumstance(s) jeopardising their independence.

Furthermore, all Supervisory Board members are subject to the statutory limitations laid out in section 100 (2) nos. 2 to 4 of the AktG and in section 25d (3) sentence 1 of the KWG. Unlike the criteria listed above, the statutory limitations are mandatory, which means that they prevent the nomination of a potential candidate, or require the resignation of the affected board member.

Effective 31 December 2025, the Supervisory Board believes, reflecting the above definition, that seven of the eight shareholder representatives – specifically, Mr Mustier, Mr Giesecke, Mr Hall, Ms Knoflach, Ms Lulay, Mr Lotter and Mr Sevilla Álvarez – are independent whereas Mr Rinke is not considered independent in line with the above definition due to his position as Senior Managing Director of Centerbridge Partners L.P.

### Professional qualification

Every member of an executive body must possess the knowledge, ability and experience to properly perform their duties. This means that they must at least be able to understand and assess the Company's material business activities and the associated material risks, the control and monitoring system established in this regard, as well as the corresponding accounting and financial reporting systems. This also requires being familiar with the underlying material legal requirements. Each member of the Supervisory Board must be in a position to perform the duties incumbent on the Supervisory Board in its entirety.

When chairing a committee, Supervisory Board members should possess extensive expertise in the topics covered by that committee. The Chairman of the Audit Committee, for example, must be an expert on accounting/financial reporting issues and internal control and risk management systems, while the Chairman of the Risk Committee must be an expert in assessing the efficacy of risk management systems in credit institutions.

Overall, with regard to its collective composition, the Supervisory Board further decided that the following additional expertise be adequately represented:

- Experience in sectors and financial markets which are material to Aareal Bank Group
- Digitalisation and transformation
- Strategic planning
- Design and assessment of risk management systems, internal control systems and corporate governance frameworks
- Accounting/financial reporting and audit matters
- ESG
- M&A

The skills matrix below provides an overview of the implementation status of the collective profile of required skills and expertise as at the 31 December 2025 reporting date:

Member of the Supervisory Board	Material sector and financial markets expertise	Digitalisation and transformation	Strategic planning	Design and assessment of RMS, ICS and CG frameworks	Accounting/ financial reporting and auditing	ESG	M&A
Jean Pierre Mustier	X	X	X	X	X	X	X
Henning Giesecke	X		X	X	X		
Denis Hall	X	X		X	X	X	X
Petra Heinemann-Specht*	X			X			
Barbara Knoflach	X	X	X			X	X
Hans-Hermann Lotter	X		X	X	X		X
Marika Lulay	X	X	X			X	X
Klaus Novatius*	X			X			
Maximilian Rinke	X	X	X	X	X	X	X
Sascha Schmitt*		X					
José Sevilla Álvarez	X		X	X	X		X
Markus Zywitza*		X					

\* Employee representative

The following Audit Committee members are experts in the areas of accounting/financial reporting and auditing: Mr Giesecke, Mr Hall, Mr Sevilla Álvarez and Mr Lotter. Mr Rinke possesses expertise in the area of accounting.

Please refer to Aareal Bank's website for the curricula vitae of the members of the Management Board ([www.aareal-bank.com/en/about-us/company-profile/the-management-board](http://www.aareal-bank.com/en/about-us/company-profile/the-management-board)) and of the Supervisory Board ([www.aareal-bank.com/en/about-us/company-profile/supervisory-board](http://www.aareal-bank.com/en/about-us/company-profile/supervisory-board)).

## Diversity concept

The Management Board and the Supervisory Board aim to ensure that the bodies are as diverse as possible with regard to gender, age, internationality and professional experience. Where there are several equally suitable candidates, these factors are taken into account when making a selection – this is to avoid “herd mentality” and to draw together the broadest possible spectrum of different points of view so that the best decision can be made for Aareal Bank Group. The Management Board ensures that these aspects of diversity are also taken into consideration at the management levels it controls to facilitate succession based on this diversity concept. The Supervisory Board has set objectives for the diversity aspects mentioned above, both for itself and the Management Board, and presents implementation progress annually. It views these objectives as establishing a minimum base level; there is no reason why they cannot be exceeded.

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## Gender diversity

The Supervisory Board sets specific targets – including concrete implementation deadlines – for the share of female members on the Supervisory Board and the Management Board. Likewise, the Management Board defines such targets for the two management levels immediately below the Management Board (refer to the principles of diversity). The target share for female members on the Supervisory Board is 33.0% by 30 June 2027. This share is currently 25.0% (2024: 33.3%). The target share for female members on the Management Board is 25.0% by 30 June 2027. This share is currently 25.0% (2024: 25.0%).

## Age diversity

The Supervisory Board has set out targets for the age structure of the Management Board and the Supervisory Board to safeguard the continuous development of both bodies. At the time of (re)election to the Supervisory Board, candidates should be less than 70 years old. Furthermore, half of the Supervisory Board members should be younger than 60 years. Members of the Management Board should not exceed the upper age limit of 70 years when they are appointed to the Management Board. In addition, the Supervisory Board must ensure that the Management Board is as diverse as possible in terms of its members' age. These targets are currently being met, with the exception of the average age of Supervisory Board members.

## International profile

Given Aareal Bank Group's international business activities, the Supervisory Board has set itself and the Management Board the goal of having the broadest possible international experience; this can be demonstrated by nationality or at least three years of relevant professional experience gained in another country. For the Management Board, the figure is currently 75.0% (2024: 75.0%); for the Supervisory Board, it is 58.3% (2024: 66.7%).

## Diversity of professional skills

The Supervisory Board pursues the objective of maximum professional diversity when selecting the members of the Management Board and the Supervisory Board. However, the demanding professional requirements for members of the management board and the supervisory board of "significant credit institutions" limit the opportunities for achieving this objective: for instance, regulatory rules require that members of the Management Board have extensive experience in the lending business and in risk management. In accordance with section 100 (5) of the AktG, the Management Board members in their entirety must be familiar with the sector in which the Company operates. The Supervisory Board's aim of ensuring that not all members have gained most of their professional experience at a credit institution is currently met.

## Election periods and dates ("staggered board")

To avoid the simultaneous outflow of considerable expertise, the Supervisory Board has set different election dates at which, barring unforeseeable developments, decisions are made about different groups of Supervisory Board members. The terms of office of Mr Giesecke, Ms Knoflach, Ms Lulay, Mr Mustier and Mr Sevilla Álvarez run until the ordinary Annual General Meeting in 2026, and those of Mr Hall, Mr Lotter and Mr Rinke run until the ordinary Annual General Meeting in 2028. The terms of office for employee representatives run for five years, meaning that these Supervisory Board members are in office until the ordinary Annual General Meeting in 2030.

## Regular evaluation of suitability and performance

The Executive and Nomination Committee evaluates the Management Board and Supervisory Board once a year. The evaluation consists of two components: the suitability test and the efficiency test. Within the scope of the evaluation, the Committee checks whether the Management Board and Supervisory Board members possess the necessary personal and professional requirements on the one hand, and the requirements for the collective composition – including collective profile of required skills and expertise and diversity concept – on the other.

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Furthermore, the Executive and Nomination Committee takes the structure, size, composition, and performance of both bodies into consideration, including the results of a benchmark comparison conducted precisely for this reason. The assessment of structure, size, and composition is not restricted to the bodies as such, but also includes the Supervisory Board committees; it comprises an efficiency and effectiveness review of the cooperation within the Supervisory Board, between the committees and the plenary meeting of the Supervisory Board, as well as between the Supervisory Board and the Management Board.

In addition to the regular annual evaluation, event-driven assessments may be conducted should, for example, suspicions arise regarding insufficient individual or collective suitability, or should the adequate composition of the Management Board and/or the Supervisory Board need to be reviewed due to a change in strategy.

### Succession planning

The Executive and Nomination Committee is responsible for the succession planning of the Management Board and the shareholder representatives on the Supervisory Board. The Committee performs an annual review of the established profile of required skills and expertise, and examines whether it is compatible with Aareal Bank Group's business and risk strategies, proposing any necessary adjustments. Furthermore, the Committee reviews, as part of the annual evaluation, whether the current members of the Management Board and the Supervisory Board fulfil the presently applicable criteria, taking the latest amendments into account. If this is not the case, the Committee suggests measures to the Supervisory Board to ensure that all criteria are fulfilled going forward. Such measures may include continuing professional development for individual or multiple Management Board or Supervisory Board members, along with changes in the composition of the Management Board or the Supervisory Board.

The Executive and Nomination Committee also discusses upcoming personnel decisions – such as planned retirements and potential re-appointments – well ahead of time. If the re-appointment of a Management Board or Supervisory Board member is not an option, the Executive and Nomination Committee will concern itself with a suitable successor at least one year in advance.

In the event of upcoming changes to the composition of the Management Board or Supervisory Board, the Executive and Nomination Committee aims to find a successor who fulfils the personal criteria, while at the same time contributing to the achievement of board composition goals. Succession planning for the Management Board is made in close cooperation with the Chairman of the Management Board. The Executive and Nomination Committee considers both internal and external candidates.

Aareal Bank has taken various measures to be able to respond to short-term personnel fluctuations on the Management Board (for example, following resignations for personal reasons), and to identify suitable internal successors. For instance, Aareal Bank Group can provide tailor-made development measures to senior managers in order to ensure that they have the skills and abilities to become a member of the Management Board. This includes, in particular, business development, risk management and accounting/financial reporting know-how as well as leadership skills.

The Supervisory Board aims for every skill required for the activities of the Supervisory Board and its committees to be represented by at least two Supervisory Board members; in the Audit Committee, this is achieved by complying with the recommendations of the German Corporate Governance Code. In addition, every committee comprises more than three members. This ensures that there is a quorum even in the event of short-term changes in the composition of the respective committee.

### Composition of the Management Board and Supervisory Board

The members of the Supervisory Board and its committees, the respective Chairs, and the members of the Management Board and their relevant areas of responsibility are presented in Note (94) of Aareal Bank Group's Annual Report 2025 ("Executive Bodies of Aareal Bank AG.")

The Management Board currently comprises four members. The Supervisory Board appoints one of the members as Chair of the Management Board.

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In accordance with Aareal Bank AG's Memorandum and Articles of Association, the Supervisory Board consists of twelve members. Once elected by the Annual General Meeting, the members of the Supervisory Board elect a Chair and at least one Deputy Chair from amongst them, for the duration of their term of office. At its constituting meeting on 19 March 2025, the Supervisory Board elected Ms Heinemann-Specht as a further Deputy Chairwoman of the Supervisory Board. Eight members are elected by shareholders at the Annual General Meeting; four members are elected by employees, through the Works Council.

The committees comprise six members; temporary exceptions are possible. All Supervisory Board committee Chairs are independent (see "Independence of Supervisory Board members"). To allow information to flow freely, care is taken to ensure that individual Supervisory Board members sit on different committees.

### **Managers' transactions**

In 2025, members of Aareal Bank AG's executive bodies or their related parties did not execute any transactions which required publication in accordance with the requirements of Article 19 of the EU Market Abuse Regulation (596/2014/EU) in conjunction with section 26 of the German Securities Trading Act (Wertpapierhandelsgesetz – "WpHG").

Please refer to Aareal Bank's website at [www.aareal-bank.com/en/about-us/corporate-governance/managers-transactions/](http://www.aareal-bank.com/en/about-us/corporate-governance/managers-transactions/) for past notifications.

### **Accounting policies**

Aareal Bank AG prepares the Group's accounts in line with the International Financial Reporting Standards (IFRSs) as applicable in the European Union. The single-entity financial statements of Aareal Bank AG are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – "HGB"). The Management Board prepares the financial statements and management reports of Aareal Bank AG and Aareal Bank Group. The external auditors submit their report on the audit of the financial statements and the consolidated financial statements to the Supervisory Board, which also monitors their independence. The fees paid to the external auditors are shown in Note (40) of Aareal Bank Group's Annual Report 2025 ("Administrative expenses"). Permissible non-audit services provided by the external auditors must be approved beforehand by the Audit Committee of the Supervisory Board.

KPMG AG Wirtschaftsprüfungsgesellschaft, the auditors of the 2025 financial statements – as elected by the Annual General Meeting 2025 and instructed accordingly by the Supervisory Board – have exercised their audit activities under the management of Messrs Rainer Thiede and Markus Winner.

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## Report of the Supervisory Board of Aareal Bank AG, Wiesbaden

### Dear readers,

Aareal Bank finished the past financial year with a positive performance, despite a volatile environment that was characterised by ongoing geopolitical uncertainty, the situation on the US office property market and other factors. In spite of these changes, Aareal Bank was able to continue its successful business strategy in its segments.

During the financial year under review, the Supervisory Board continually advised, monitored, and supervised the management of Aareal Bank AG. The Management Board informed the Supervisory Board regularly, promptly and comprehensively about all key issues for the Bank. The Management Board reported on the Group's situation, business development, key financial indicators and market developments. Detailed reports and explanations were also submitted to the Supervisory Board regarding the current liquidity status and liquidity management measures taken, and also about the prevailing risk situation, risk control and risk management measures implemented within the Group. The Supervisory Board was also kept regularly informed about compliance within the Company, and was provided with quarterly and annual reports by Internal Audit. It also received comprehensive reports on the development of the business segments and on operational and strategic planning.

The Supervisory Board was involved in all material decisions taken by Aareal Bank. In cases where a Supervisory Board resolution was required, the decision proposals were submitted to the Supervisory Board in due time and informed decisions were taken. In cases where resolutions needed to be passed in periods between scheduled Supervisory Board meetings, such resolutions were passed by way of circulation or via video conferences. In 2025, the Supervisory Board and its committees had the option of holding hybrid meetings. Excluding nine meetings (four plenary meetings, one meeting of the Remuneration Control Committee and four meetings of the Audit Committee), which were held as video conferences, all regular meetings were held as face-to-face meetings.

In periods between scheduled Supervisory Board meetings, the Chief Executive Officer and the Chairman of the Supervisory Board regularly discussed all material developments within the Company and on the markets. Regular discussions were also held between Management Board members and committee Chairs, especially between the Chief Risk Officer and the Chairman of the Risk Committee.

### Activities of the Supervisory Board's Plenary Meeting

Nine plenary meetings of the Supervisory Board were held in the year under review. During these meetings, the Supervisory Board members were provided with reports, documents and oral explanations, all of which were discussed in detail. The plenary meeting's work and reporting focused primarily on economic and market developments – including recent developments on the US market – and on the strategic further development of the Group.

During the plenary meetings of the Supervisory Board, the Management Board regularly reported to the Supervisory Board in detail; these reports also covered the development of the Structured Property Financing and the Banking and Digital Solutions segments. In addition, the Supervisory Board was informed about the business development of the entire Aareal Bank Group and, at regular intervals, about the Bank's liquidity status and the steps taken by the Bank's Treasury division here. The Management Board also reported regularly on the quality of the property financing portfolio against the background of market trends in the various property markets, once again with a particular emphasis on the US portfolio. The regular reports prepared by the control functions – including Risk Controlling, Compliance, Internal Audit, the CISO and the Remuneration Officer – were presented and discussed. Finally, upon request by the Executive and Nomination Committee and the Remuneration Control Committee, the Supervisory Board concerned itself with personnel matters relating to the Management Board – without the members of the Management Board being present.

The main areas covered in the individual meetings are outlined below.

As every year, the Supervisory Board meeting in **March 2025** focused primarily on discussing the financial statements and consolidated financial statements presented for the 2024 financial year and also on the external auditors' report. As well as this, it discussed reports on strategic topics of relevance for 2025, such as future business strategy and opportunities for investment and enhancing

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efficiency. The most recent SREP Notice was discussed as well. The Supervisory Board also looked at the ordinary Annual General Meeting and its resolutions.

In the **May and June 2025** meetings, the Supervisory Board concerned itself with the figures for the first quarter of 2025. The Supervisory Board also examined Aareal Bank Group's strategy and its further development and discussed how efficiency-enhancement measures were being implemented.

In **August 2025**, the Supervisory Board concerned itself with the Bank's figures for the first six months of the financial year. At the **September 2025** meeting, the Supervisory Board discussed strategic issues with the Management Board in addition to the regular reports. Another focal point of this meeting was the implementation of ongoing strategic measures. Personnel matters relating to the Management Board were also reported to the Supervisory Board.

The **November 2025** meetings focused on the SREP Notice for 2025 and the financial figures for the third quarter of 2025.

In addition to the regular reports, the **December 2025** meeting included an overview of planning and of risk parameters in this context. The Supervisory Board also received reports on strategic initiatives. Besides the regular review of the governance documents and the Declaration of Compliance in accordance with the German Corporate Governance Code (GCGC), the annual review of the individual and collective suitability of the Management Board and Supervisory Board members (annual evaluation) was carried out. The Supervisory Board also concerned itself with the remuneration system for the members of the Management Board and with their targets for 2026.

The Chairs of the various Supervisory Board committees reported regularly to the plenary meeting on their work, answering all related questions submitted by the members of the plenary meeting in detail.

When Supervisory Board decisions are being prepared, a routine examination is carried out to determine potential conflicts of interest. These were factored into all decisions made during the financial year under review. Please refer to the "Personnel Matters" section in this report for details on the specific handling of conflicts of interest.

## Activities of Supervisory Board Committees

In order to perform its supervisory duties efficiently, the Supervisory Board has established five committees: the Executive and Nomination Committee, the Risk Committee, the Audit Committee, the Remuneration Control Committee, and the Technology and Innovation Committee.

### Executive and Nomination Committee:

The Executive and Nomination Committee of the Supervisory Board convened for four meetings in the financial year under review. For the most part, this was in order to prepare for the plenary meetings of the Supervisory Board. In the case of topics within its exclusive responsibility, it also convened without the Management Board. These topics included qualification requirements for Management Board and Supervisory Board members, the processes for reviewing these requirements, the targets for the composition of both executive bodies, and the annual evaluation of both the Management Board and the Supervisory Board. In the year under review, the Committee also concerned itself with the Rules of Procedure for the Management Board and the Supervisory Board, along with corporate governance reporting, including the Corporate Governance Statement and Report of the Supervisory Board. Another area of focus was the Supervisory Board's training concept.

Mr Mustier is the Chairman of the Executive and Nomination Committee.

### Risk Committee:

The Risk Committee held four meetings during the financial year under review. It regularly received reports on the Bank's risk situation, which were explained by the Management Board and then discussed with the Committee members. The meetings focused on the

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Bank's strategies and risks, including credit and country risks, market risks, liquidity risks, operational risks, reputational risks and IT risks. The Committee also examined Aareal Bank's risk-bearing capacity and its capital ratios as well as its liquidity status, liquidity management and funding. Other topics included the results of the risk management system review carried out by the external auditors and the main focus of the ECB's supervisory activities during the 2025 financial year. The regulatory reviews and other regulatory publications and amendments were also presented during the meetings, including the preliminary results of the SREP 2025. In addition, all material risks were outlined and discussed, and the risk inventory was presented.

The Management Board submitted detailed reports on the property finance markets and securities portfolios, which were discussed in depth. The Risk Committee also talked about measures for reducing high-risk exposures and was provided with the latest information on recovery planning and other risk management measures. As well as this, all Risk Committee meetings addressed the banking and regulatory environment. Specific meetings focused on current topics such as certain risk types and the performance of all of the Bank's portfolios, and especially critical developments in individual markets. This also included an in-depth analysis of the portfolio of office properties in the US and identifying necessary measures for reducing or restructuring related exposures.

Other topics discussed by the Risk Committee in the financial year under review included the remuneration strategy, which was subjected to a regular review against the background of the Company's risk, capital and liquidity structure. The Risk Committee also took a close look at steering measures for existing pension obligations. In addition, the Committee conducted its scheduled review of the terms and conditions in client business. The Risk Committee further discussed the implementation of regulatory requirements related to the Digital Operational Resilience Act (DORA) during the 2025 financial year. Together with the Technology and Innovation Committee, it also concerned itself with ICT risks at every meeting.

Mr Sevilla Álvarez is the Chairman of the Risk Committee.

### **Audit Committee:**

The Audit Committee held eight meetings during the year under review. In accordance with the requirements of the GCGC, the Audit Committee and Management Board jointly discussed the quarterly results to be published. This was done during its meetings in May, August and November 2025. The meeting in March focused on the figures for the 2024 financial year. The Committee also received the external auditors' report on the audit of the financial statements and consolidated financial statements for the 2024 financial year, and discussed the results with them in detail. The members studied the audit reports in depth and gained a comprehensive understanding of the audit result based on this review and on their direct discussions with the external auditors. In addition, the Committee discussed the measures taken by the Management Board in response to the findings identified by external auditors, Internal Audit and supervisory authorities, and received regular updates on how these measures were being implemented. External auditor representatives attended all meetings, except during agenda items relating to the assessment of the financial statements audit and the Committee's internal deliberations. A regular update on the status of already approved and anticipated non-audit services provided by the external auditors was given at all meetings. The Audit Committee additionally discussed Internal Audit reports and audit planning and also the Compliance Officer's report. As well as this, it addressed the appointment of the external auditors in Poland. In June, the Audit Committee met jointly with the Risk Committee to discuss liquidity KPIs, measures resulting from the 2025 SREP and the current status of the coverage review.

The Audit Committee is chaired by Mr Hall.

### **Remuneration Control Committee:**

The Remuneration Control Committee held five meetings during the year under review. The Remuneration Officer, who attended every meeting, supported the Supervisory Board and the Remuneration Control Committee throughout the entire financial year.

Pursuant to the requirement set out in section 25d (12) of the KWG, which is reflected in the Rules of Procedure of Aareal Bank's Supervisory Board, the Management Board does not attend Remuneration Control Committee meetings on the subject of Management Board remuneration. The Remuneration Control Committee convened four times during the 2025 financial year without any member of the Management Board being present, and held one meeting at which some Management Board members were present for selected agenda items.

During its meetings, the Remuneration Control Committee discussed issues concerning the Bank's remuneration systems and all related matters, fulfilling its original assignment. For this purpose, and to the extent considered necessary, external legal and remuneration advisors were retained to provide support. The Committee supported the plenary meeting of the Supervisory Board in monitoring the inclusion of internal control units and of all other key divisions in designing the remuneration systems, also assessing the effects of the remuneration systems on the Bank's risk, capital and liquidity situation. In addition, the Remuneration Control Committee supported the Supervisory Board in all matters related to the remuneration system for the Management Board, determining Group targets as well as Management Board targets for 2025 and 2026 as well as the degree of target achievement and, in turn, the assessment of variable remuneration for 2024 and 2025. As a rule, the Remuneration Control Committee assisted the Supervisory Board by preparing the corresponding recommendations for resolution.

The Remuneration Control Committee is chaired by Mr Mustier.

### Technology and Innovation Committee:

The Technology and Innovation Committee convened for four meetings during the financial year under review. Its focus in 2025 was on monitoring the steps being taken to resolve audit findings as well as on reorganising the IT infrastructure and the related new IT strategy. The Technology and Innovation Committee also discussed updates to ongoing projects, IT security and IT optimisation, the further development of the digitalisation strategy, market trends and technological advancements. The Committee also convened with the Risk Committee during every meeting to discuss ICT-related risk reporting.

The Technology and Innovation Committee is chaired by Ms Lulay.

### Attendance of Supervisory Board members at plenary and committee meetings:

Where members of the Supervisory Board were unable to attend a meeting, they announced their absence in advance, giving reasons. Attendance of Supervisory Board members at meetings is shown in the table below.

Member of the Supervisory Board	Participation in plenary meetings	Quota	Participation in committee meetings	Quota	Number of meetings attended / number of meetings*
Jean Pierre Mustier	9/9	100 %	9/9	100 %	18/18
Henning Giesecke	9/9	100 %	17/17	100 %	26/26
Denis Hall	9/9	100 %	16/16	100 %	25/25
Petra Heinemann-Specht**	9/9	100 %	17/17	100 %	26/26
Barbara Knoflach	7/9	78 %	12/12	100 %	19/21
Hans-Hermann Lotter	9/9	100 %	17/17	100 %	26/26
Marika Lulay	7/9	78 %	7/8	88 %	14/17
Klaus Novatius**	9/9	100 %	8/9	89 %	17/18
Maximilian Rinke	8/9	89 %	13/17	76 %	21/26
Nicole Schäfer**	1/1	100 %	0/0	100 %	1/1
Sascha Schmitt**	8/8	100 %	4/4	100 %	12/12
José Sevilla Álvarez	9/9	100 %	20/20	100 %	29/29
Markus Zywitza**	8/9	89 %	4/4	100 %	12/13

\* plenary and committee meetings; \*\* Employee representative

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## Financial Statements and Consolidated Financial Statements

The Supervisory Board commissioned KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, who were elected as auditors by the 2025 Annual General Meeting, with the task of auditing the financial statements and the consolidated financial statements. The appointed external auditors submitted a statement regarding their independence to the Supervisory Board, who duly noted it. The Supervisory Board has no reason to doubt the accuracy of this statement of independence. Fulfilling their duties as commissioned by the Supervisory Board, KPMG AG Wirtschaftsprüfungsgesellschaft audited Aareal Bank AG's financial statements prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared in accordance with IFRSs, as well as the Management Report and the Group Management Report. Based on the results of their audit, KPMG AG Wirtschaftsprüfungsgesellschaft issued an unqualified audit opinion for the financial statements and consolidated financial statements. This also applies to the report prepared by the Management Board on the relationships with affiliated companies (Subordinate Status Report) pursuant to section 312 of the AktG, which the external auditors also audited and about which they issued an unqualified audit opinion in accordance with section 313 of the AktG.

All members of the Supervisory Board received the audit reports, including all annexes thereto, in good time before the Supervisory Board meeting during which the financial statements and the consolidated financial statements were discussed. Having examined the documents provided, the Supervisory Board members formed their own judgement of the audit results. The external auditor representatives attended the meeting of the Supervisory Board during which the financial statements and consolidated financial statements were discussed and gave a detailed account of the results of their audit. The representatives of KPMG AG Wirtschaftsprüfungsgesellschaft were then available to the Supervisory Board to answer further questions and to provide additional information. All questions were answered to the satisfaction of the Supervisory Board.

The financial statements and management report of Aareal Bank AG prepared in accordance with the HGB, and the consolidated financial statements as well as the Group Management Report prepared in accordance with IFRSs were examined in detail, as were the audit reports and the Management Board proposal regarding the appropriation of profit. No objections were raised to the audit results. The Supervisory Board approved the audit results at its meeting on 18 March 2026. The Supervisory Board thus confirmed the financial statements of Aareal Bank AG (in accordance with the HGB), and approved the consolidated financial statements (in accordance with IFRSs). The Supervisory Board examined and discussed with the Management Board the proposal regarding the appropriation of profit.

## Non-financial Report

Non-financial reporting was integrated into the Company's Management Report in the previous year. This means that the Supervisory Board's audit activities for non-financial reporting since the 2024 financial year have fallen under the audit activities for financial reporting, which are outlined above.

## Personnel matters

### Supervisory Board:

The following personnel changes were made to the Supervisory Board during the year under review:

Ms Schäfer retired from the Supervisory Board effective 8 March 2025. Mr Sascha Schmitt assumed her position as new employee representative. The Supervisory Board would like to take this opportunity to thank Ms Schäfer for her excellent work and to welcome Mr Schmitt to the Board.

Mr Rinke is subject to a conflict of interest due to his position as Senior Managing Director of Centerbridge Partners L.P. Ms Knoflach and Mr Giesecke are each subject to a potential conflict of interest because business relationships exist between Aareal Bank and companies on whose supervisory boards they hold mandates. In addition, Mr Giesecke, Mr Hall, Ms Knoflach, Mr Lotter and

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Ms Lulay are subject to a potential conflict of interest due to their investments in the Atlantic Co-Investment Programme. This, however, is immaterial and does not affect their work on the Supervisory Board. If Aareal Bank's Supervisory Board deals with an issue that presents a conflict of interest for a Supervisory Board member, the Supervisory Board member in question will abstain from any related discussions and from voting on the resolution.

### **Management Board:**

There were no changes to the Management Board during the 2025 financial year.

### **Training and Continuous Professional Development**

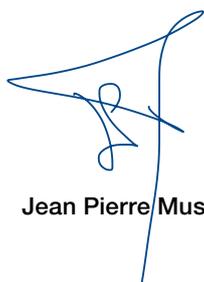
In September 2025, the Executive and Nomination Committee determined the Supervisory Board's training requirements for the following year, based on the Supervisory Board's training concept. These training requirements were prepared by the Executive and Nomination Committee and presented to the Supervisory Board in September 2025 together with a resolution proposal for a specific training concept for the following year.

Furthermore, professional development measures on current topics (or on those considered relevant by the Supervisory Board) took place during Supervisory Board meetings on a regular basis, whether as part of "deep dives" or on the occasion of additional information meetings. Likewise, the external auditors elected by the Annual General Meeting organised training and information events to keep the Supervisory Board informed on relevant developments in the business and regulatory framework for Aareal Bank.

The Supervisory Board would like to thank the Management Board and all of the Group's employees for their hard work and commitment during the 2025 financial year. Thanks to their dedication, motivation and perseverance, they steered the Bank through the many challenges of 2025, enabling it to navigate the ever-evolving demands of international markets. As well as this, they have continued to work under dynamically changing conditions on many projects that are paving the way for key future developments. This illustrates the outstanding team spirit that defines Aareal Bank.

**Wiesbaden, March 2026**

**For the Supervisory Board**

A handwritten signature in blue ink, consisting of a stylized 'J' and 'M' followed by a long vertical line extending downwards.

**Jean Pierre Mustier (Chairman)**

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## Financial Calendar

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7 May 2026	Publication of results as at 31 March 2026
6 August 2026	Publication of results as at 30 June 2026
5 November 2026	Publication of results as at 30 September 2026

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This report is also available in German.



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Group**

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