

**Annual Financial
Statements
and Management
Report 2025
of Aareal Bank AG**

Contents

Management Report	3
Fundamental Information about the Group.....	3
Report on the Economic Position.....	7
Our Employees	23
Risk Report.....	24
Accounting-related ICS and RMS	48
Report on Expected Developments and Opportunities	51
Corporate Governance Statement	60
Statement pursuant to section 312 of the AktG.....	60
Combined Sustainability Statement	60
Annual Financial Statements	61
Income Statement of Aareal Bank AG for the period from 1 January to 31 December 2025.....	61
Balance Sheet of Aareal Bank AG as at 31 December 2025	62
Notes	64
Basis of Accounting	64
Accounting and Valuation Policies.....	64
Notes to the Income Statement	70
Notes to the Balance Sheet.....	72
Other Disclosures	90
Independent Auditor’s Report	109
Responsibility Statement	118
Report on Remuneration Transparency	119

Management Report

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.

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**
 - Adjusted¹⁾ operating profit
 - Adjusted¹⁾ return on equity (RoE)²⁾
 - Common Equity Tier I ratio (CETI ratio) – Basel IV (fully phased)
- **Structured Property Financing segment**
 - New business³⁾
 - Aareal Bank Group's credit portfolio
- **Banking & Digital Solutions segment**
 - Average deposit volume from the housing industry

The preservation of capital and the ability to distribute dividends are additional financial performance indicators applicable to Aareal Bank AG.

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.

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

²⁾ 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

³⁾ New business = newly-originated loans plus renewals

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

Aareal Bank AG is the parent company of Aareal Bank Group. Aareal Bank AG has entered into profit and loss transfer agreements, or control and profit transfer agreements, with numerous Group entities. The economic situation of these entities is thus reflected in Aareal Bank AG. Moreover, the funding of Aareal Bank Group is managed centrally by Aareal Bank AG. Against this background, sector-specific and business developments are reported at Group and segment level, while the section on financial position and financial performance describes Aareal Bank AG as an individual entity.

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 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 2024. 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 ¹⁾	2024 ²⁾
%		
Europe		
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
Other European countries		
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
North America		
Canada	1.7	2.0
USA	2.2	2.8
Asia/Pacific		
Australia	1.9	1.0
Maldives	4.4	3.2

¹⁾ Preliminary figures; ²⁾ 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.

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%.

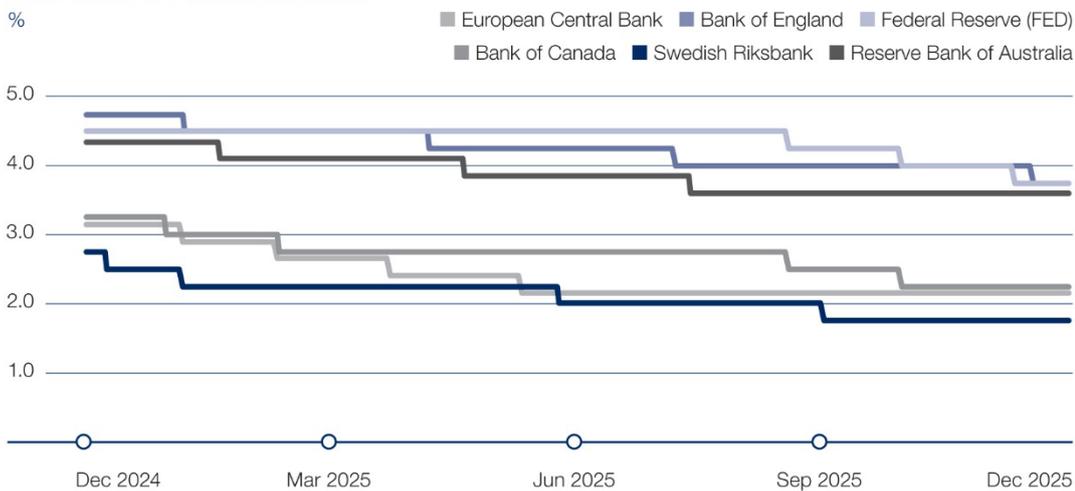
Short-term interest rates in the euro area at the end of 2025 were below the level seen at the end of 2024. The same applied to the Australian dollar, pound sterling, the US dollar, the Swedish krona and the Canadian dollar. Long-term interest rates presented a mixed picture during the year. Interest 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 2025¹⁾



¹⁾ 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 of 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.

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.

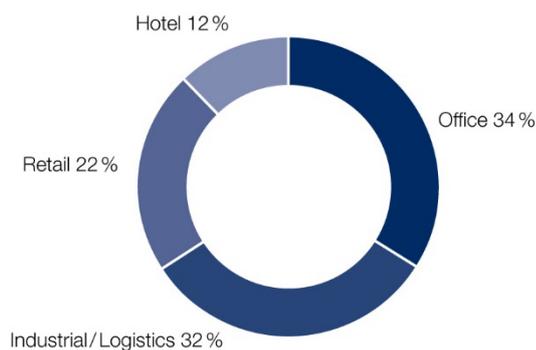
Global transaction volumes for 2025 as a whole exceeded the previous year's level (+9%), albeit with differences between the individual regions. While volumes in North America saw a significant 19% year-on-year increase, transaction activity stagnated in Europe

(-1%) and the Asia-Pacific region (+2%). All property types¹⁾ 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.

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.

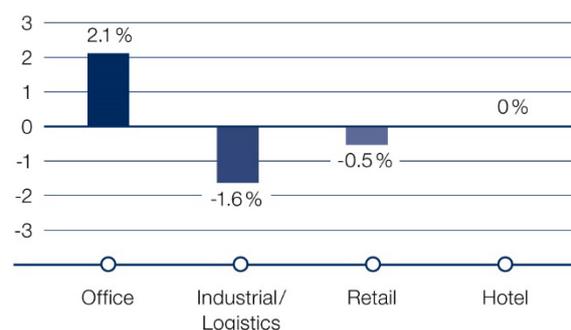
Share of transaction volume observed worldwide in 2025

in %



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 share²⁾ 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

¹⁾ Property types are office, logistics, retail and hotel properties.

²⁾ 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.

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 business¹⁾ 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 in the full year; the portfolio volume of green financings rose by a total of €3.7 billion to approximately €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%).²⁾

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.

¹⁾ New business, excluding former WestImmo's private client business and local authority lending business

²⁾ 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.

New business¹⁾ 2025

by region | by type of property (%)



* Incl. Germany

¹⁾ New business, excluding former WestImmo's private client business and local authority lending business

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 rose 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. 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 PensExpert 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

Aareal Bank AG's financial performance is shown below:

	2025	2024
€ mn		
Net interest income	804.3	886.5
Current income	4.9	4.5
Net commission income	-15.5	-26.0
Administrative expenses (including amortisation/depreciation and write-downs of intangible and tangible fixed assets)	-313.0	-366.4
Net other operating income/expenses	-8.9	1.0
Operating results before loan loss provisions	471.8	499.6
Balance of provisions for loan losses and the result from securities held as liquidity reserve	-9.3	-149.1
Net other income and expenses	-390.6	1,784.2
Earnings before taxes	71.9	2,134.7
Income taxes	-153.0	-146.6
Net income/loss	-81.1	1,988.1
Profit carried forward from the previous year	499.1	452.3
Net retained profit	418.0	2,440.4

A demanding and challenging market environment continued to weigh on Aareal Bank AG and the Bank closed the 2025 financial year with an operating profit (excluding loss allowance) of €471.8 million (2024: €499.6 million).

Net interest income of €804.3 million decreased by €82.2 million year-on-year, 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. Interest income from lending and money-market transactions fell by €281.9 million year-on-year, while interest income from securities rose by €42.3 million. Interest expenses were down by €157.4 million.

Current income of €4.9 million generated during the year under review (2024: €4.5 million) was attributable to investments.

Net commission income of €-15.5 million increased by €10.5 million year-on-year, largely due to higher income in the lending business and lower expenses for agency services provided by subsidiaries.

Administrative expenses (including depreciation, amortisation and write-downs of intangible assets and tangible fixed assets) of €313.0 million were significantly lower (€-53.4 million) than in the previous year. The 2025 financial year benefited from a decrease in pension expenses and from the fact that one-off expenses had been incurred from the sale of Aareon and efficiency measures implemented in 2025.

Net other operating income/expenses went down by €9.9 million year-on-year, to €-8.9 million due, among other things, to a sharp decline in income from plan assets used for pension obligations.

The balance of provisions for loan losses and the result from securities held as liquidity reserve amounted to €-9.3 million (2024: €-149.1 million). This figure includes expenditure for specific and general loan loss provisions, amortisation and depreciation. Loan impairment charges (LICs) for new and existing defaults exceeded expectations for the full year due to significant additional loss allowance recognised in the fourth quarter, based on a resolution by the Management Board. 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. Securities held as liquidity reserve were revalued strictly at the lower of cost or market; the item also includes capital gains and losses realised on this portfolio.

Net other income and expenses amounting to €-390.6 million (2024: €1,784.2 million) was attributable in particular to write-downs on the stake in Aareal Capital Corporation (€384.6 million; reported under interests in affiliated companies). A profit incurred from the sale of Aareon was recognised in the previous year. Furthermore, the net figure comprises the results and revaluation of subsidiaries, as well as the results from investment securities and non-income taxes.

Taking into account a net income tax liability of €153.0 million (2024: €146.6 million), the Bank posted net loss for the year of €81.1 million (2024: net profit of 1,988.1 million). The effective tax rate for the 2025 financial year rose significantly year-on-year, reflecting non-deductible expenses and the high tax-free income incurred in 2024. Including the profit carried forward from the previous year of €499.1 million (2024: €452.3 million), this leads to net retained profit of €418.0 million (2024: €2,440.4 million).

Based on this net retained profit, Aareal Bank AG achieved its target of being able to distribute dividends. Likewise, the Bank achieved its target of preserving capital.

The following section presents the key financial performance indicators for 2025 financial year in accordance with IFRSs. Adjusted consolidated operating profit of €326 million (in accordance with IFRSs) was on the previous year's level (€328 million). Adjustments include expenses for efficiency measures implemented within the Bank, IT infrastructure investments and other material non-recurring effects and totalled approximately €30 million in 2025. Besides adjustments and the consolidation of subsidiaries at Group level, material differences to the Bank's operating profit in accordance with the HGB are especially due to said write-downs on the stake held in Aareal Capital Corporation, New York. Conversely, adjusted consolidated operating profit includes higher loss allowance for the portfolio of this subsidiary.

This was negatively impacted by €55 million in additional loss allowance recognised during the year to address the persistently high level of economic and geopolitical tensions and uncertainties. Excluding this loss allowance, the Group annual result would have been in the communicated range of €375 million to €425 million.

At €34.3 billion and €12.4 billion, the Bank (over-)achieved its credit portfolio and new business targets over the course of the 2025 financial year. The average deposit volume from the housing industry generated in the Banking & Digital Solutions segment of €14.1 billion also overachieved the target of €13 billion to €14 billion.

Adjusted Group RoE after taxes fell to 4.9% and was significantly lower than in 2024 (6.8%) as well as below our communicated forecast (7% to 8%).

Financial position – assets and liabilities

At €51.8 billion, Aareal Bank AG's total assets as at 31 December 2025 remained largely stable (31 December 2024: €51.5 billion).

Net assets are dominated by the property financing business and securities investments.

The book value of debt and other fixed-income securities increased by €1.8 billion to €13.1 billion as at 31 December 2025 (31 December 2024: €11.3 billion). The portfolio comprises three asset classes: public-sector borrowers, covered bonds and Pfandbriefe, and bank bonds.

Structure of the property financing portfolio

The volume of Aareal Bank AG's property financing portfolio stood at €31.3 billion as at 31 December 2025, an increase of 4.5% compared to the year-end 2024 figure of €30.0 billion.

As at 31 December 2025, the volume of Aareal Bank Group's property financing portfolio¹⁾ stood at €34.1 billion (2024: €33.2 billion). Including former WestImmo's private client business and local authority lending business (which are being run down), the portfolio volume amounted to €34.3 billion (2024: €33.5 billion). This means that we reached our target portfolio size of between €34 billion and €35 billion at year-end.

Aareal Bank AG's property financing portfolio comprises financings of office, residential and retail properties, as well as logistics properties, hotel properties and other financings; the portfolio is distributed across the regions of Europe, North America and Asia/Pacific.

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

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 portfolio²⁾ 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 rating³⁾, 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)).

Financial position – liquidity

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.

As at 31 December 2025, Aareal Bank had €13.2 billion at its disposal in deposits generated from the business with the housing industry (31 December 2024: €12.2 billion). 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.

¹⁾ Excluding former WestImmo's private client business and local authority lending business

²⁾ Excluding repurchased own bonds

³⁾ The rating details are based on the composite ratings.

Long-term funding and equity

Funding structure

Aareal Bank AG's funding structure is characterised by a high share in long-term funding. This encompasses registered and bearer Pfandbriefe, promissory note loans, medium-term notes, other bonds and subordinated issues. The latter include subordinated liabilities and regulatory Additional Tier 1 instruments.

The long-term refinancing portfolio totalled €26.3 billion as at 31 December 2025 (31 December 2024: €25.9 billion), comprising €18.0 billion (2024: €16.9 billion) in Mortgage Pfandbriefe and Public Sector Pfandbriefe, €7.7 billion (2024: €8.5 billion) in unsecured funding, €0.2 billion (2024: €0.2 billion) in subordinated funding, and €0.4 billion (2024: €0.3 billion) in Additional Tier 1 capital.

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.

Equity

Aareal Bank AG's total equity as disclosed in the statement of financial position amounted to €2,265.6 million as at 31 December 2025 (2024: 4,288.0 million). The year-on-year decrease was due to the fact that in 2024, equity and net retained profit were strongly influenced by the one-off gain on the disposal of Aareon and the subsequent dividend distribution.

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 indicators¹⁾

	31 Dec 2025	31 Dec 2024
€ mn		
Basel IV (phase-in)		
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
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.5	15.2

¹⁾ 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 capital¹⁾

	31 Dec 2025	31 Dec 2024
€ mn		
Common Equity Tier 1 (CET1) capital		
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
Total Common Equity Tier 1 (CET1) capital	2,899	2,877
AT1 bond	407	300
Sum total of Additional Tier 1 (AT1) capital	407	300
Sum total of Tier 1 capital (T1)	3,306	3,177
Tier 2 (T2) capital		
Subordinated liabilities	600	548
Other	57	68
Sum total of Tier 2 capital (T2)	657	616
Total capital (TC)	3,963	3,793

¹⁾ 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 (RWAs)

	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 ¹⁾	141	11	0	0
Securitisation	279	22	0	0
Market risk ²⁾	0	0	0	0
Operational risk	1,783	143	1,614	129
Total	13,083	1,047	14,268	1,141

¹⁾ 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.

²⁾ 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 statement on the Bank's position

Business in 2025 was characterised by good operating performance. Adjusted consolidated operating profit (in accordance with IFRSs) was in line with the previous year; without the additional loss allowance recognised in the fourth quarter for stage 1 and 2 exposures, it would have matched the communicated earnings guidance. This loss allowance was recognised in order to address existing risks in the US property market in particular. 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 the Bank's separate financial statements, write-downs on the stake in Aareal Capital Corporation, New York, the Bank's subsidiary for the US market, had a significant impact on annual results.

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 in both segments.

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.

Net retained profit reported in the Bank's separate financial statements 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.

Employee data as at 31 December 2025

	31 Dec 2025	31 Dec 2024	Change
Number of employees of Aareal Bank AG	1,047	1,073	-2.4%
Years of service	12.2 years	11.9 years	0.3 years
Staff turnover rate	4.9%	4.9%	0.3 percentage points

Risk Report

Aareal Bank AG is the parent company of Aareal Bank Group. As Aareal Bank AG has entered into profit and loss transfer agreements, or control and profit transfer agreements, with numerous Group entities, the economic risks of these entities are reflected in Aareal Bank AG's risk profile. Moreover, the funding of Aareal Bank Group is managed centrally by Aareal Bank AG. The parent company therefore monitors and manages the Group's risks, based on uniform, Group-wide policies. Against this background, the risk report provided below outlines the risk management system at Group level.

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
Overall responsibility: Management Board and Supervisory Board of Aareal Bank AG		
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
Pensions risk	Asset-Liability Committee	Risk Controlling
Market risks	Treasury, Asset-Liability Committee	Risk Controlling
Operational risks	Process owners	Non-Financial Risks
Investment risks	Group Strategy	Risk Controlling Finance & Controlling Controlling bodies
Property risks	Workout	Risk Controlling
Business and strategic risks	Group Strategy	Risk Controlling
Liquidity risks	Treasury	Risk Controlling
Process-independent monitoring: Internal Audit		

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).

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.

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.

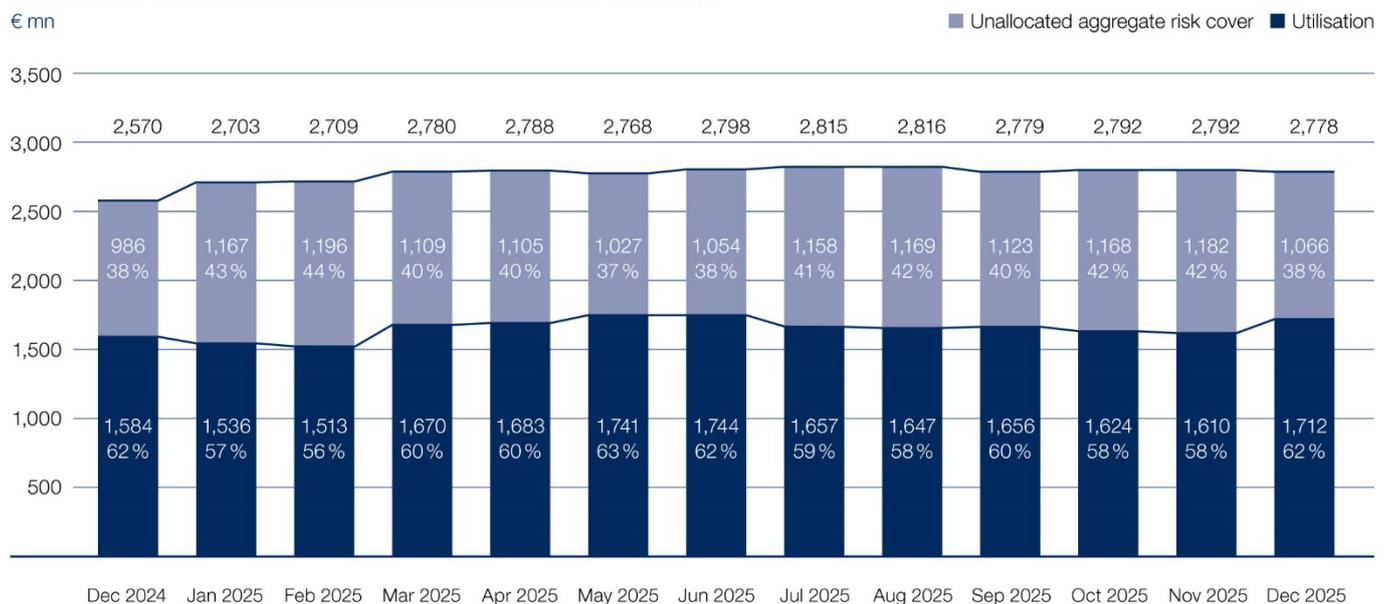
Looking at correlation effects between material types of risk within the framework of the economic ICAAP perspective, Aareal Bank Group has prudently decided to aggregate risk levels, i.e. accordingly, no risk-mitigating correlation effects are being taken into account. Where we measure risks on the 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
Aggregate risk cover	2,778	2,570
Utilisation of aggregate risk cover		
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
Total utilisation	1,712	1,584
Utilisation (% of aggregate risk cover)	62%	62%

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-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 (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 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.

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.

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.

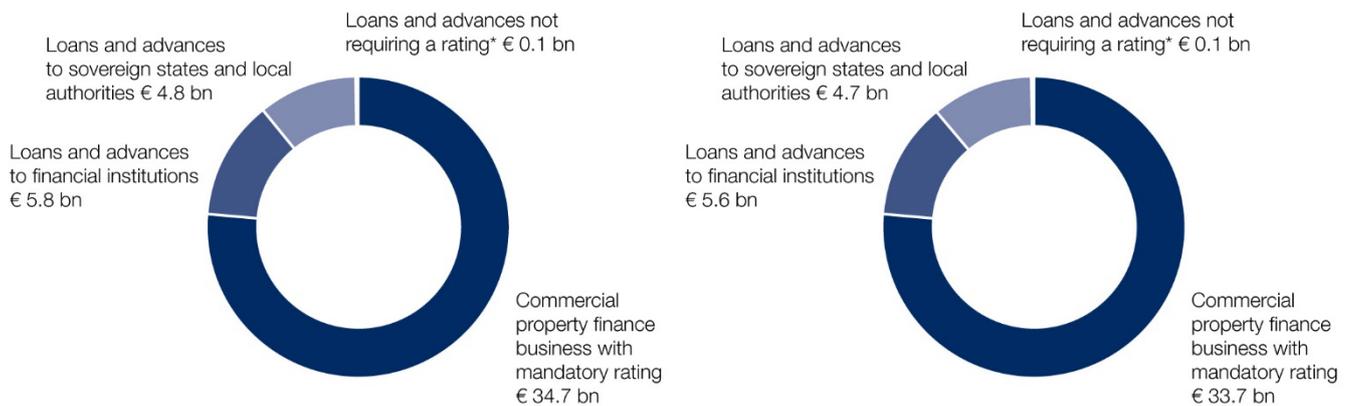
In light of geopolitical and macroeconomic uncertainty, special attention is being paid to economic forecasts. In this ongoing review, we also rely on projections published by the ECB in addition to those issued by our usual data providers.

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 ¹⁾	fvpl ²⁾	Total	Stage 1	Stage 2	Stage 3 ¹⁾	fvpl ²⁾	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
Total	28,240	4,358	929	324	33,851	26,101	5,081	1,115	381	32,678

¹⁾ Including non-current assets held for sale

²⁾ 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 ¹⁾	fvpl ²⁾	Total	Stage 1	Stage 2	Stage 3 ¹⁾	fvpl ²⁾	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
Total	750	97	16	20	883	705	211	48	44	1,008

¹⁾ Including non-current assets held for sale

²⁾ 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 ¹⁾	Total	Stage 1	Stage 2	Stage 3	fvpl ¹⁾	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
Total	5,761	0	0	0	5,761	5,524	35	0	0	5,559

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

¹⁾ 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.

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 derivatives¹⁾ and master agreements for securities repurchase transactions (repos)²⁾ 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

¹⁾ 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”).

²⁾ 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”).

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 seqq.) 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.

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

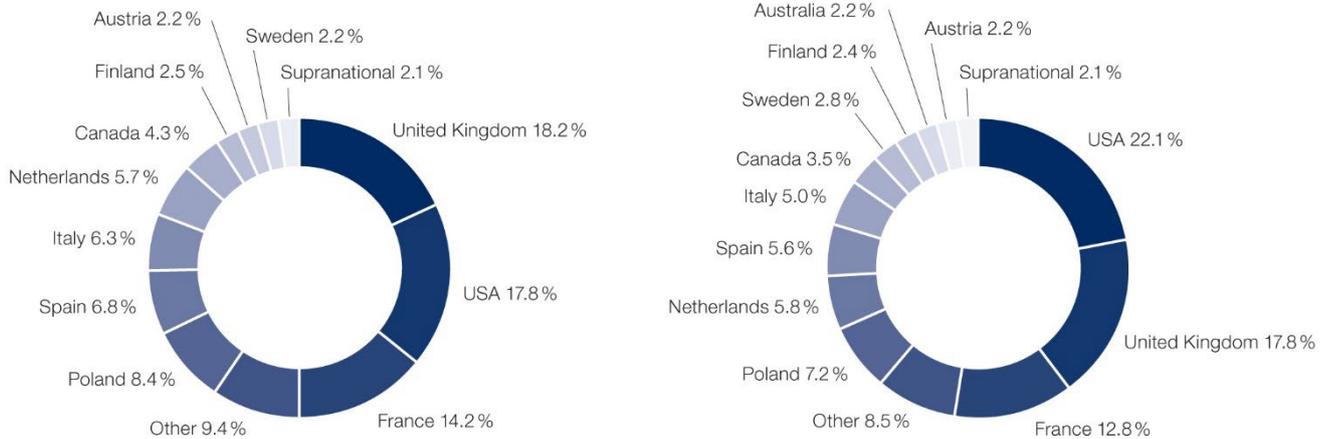
Our comprehensive approach to risk management also includes measuring and monitoring country risk exposure. When defining country risk, Aareal Bank considers – in addition to the risk of sovereign default or default of state entities – the risk that a counterparty could, despite being willing and able 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

%

31 Dec 2025 | 31 Dec 2024



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.

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 subjected 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%.

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

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%.

	31 Dec 2025	31 Dec 2024
€ mn		
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
Tier 1 capital in accordance with Basel III	3,296	3,037

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.

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 days¹⁾. The loss potential is determined by applying a 99.9% confidence interval.

Backtesting

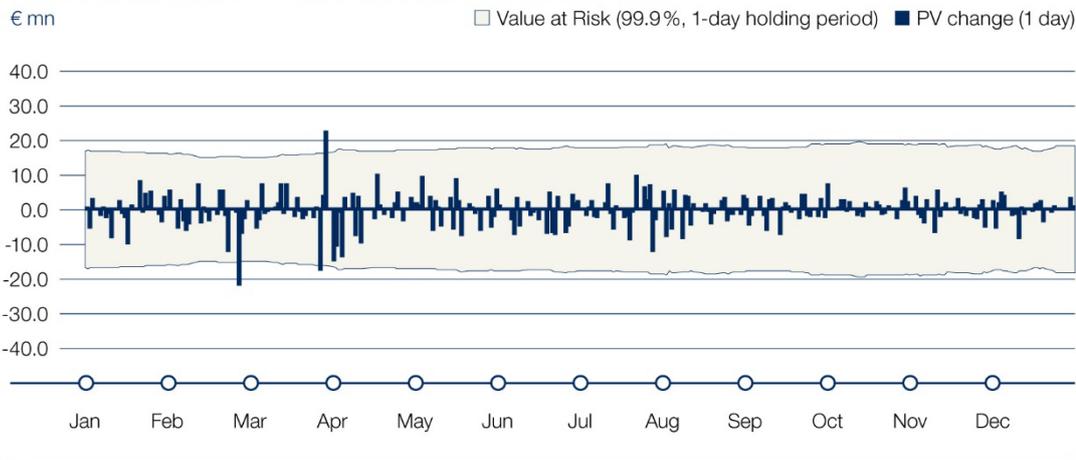
The quality of forecasts made using statistical models is checked through a monthly backtesting process. This method is referred to as binomial test, whereby daily profits and losses from market fluctuations are compared with the upper projected loss limit (VaR) forecast on the previous day (known as "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.

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

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.

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.

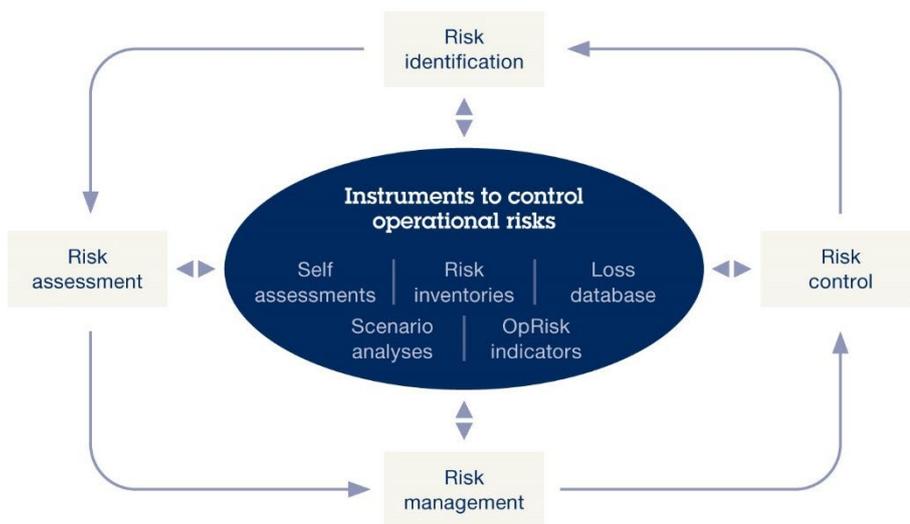
Data is collected on a decentralised basis and all of the Group's material operational risks are compiled centrally.

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 1.

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.

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.

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

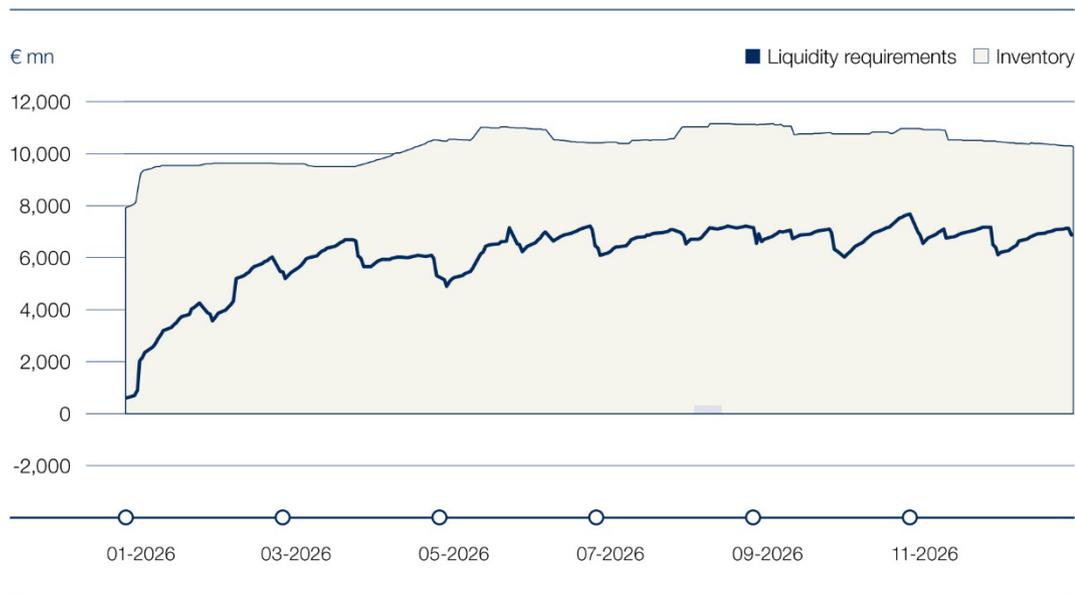
We also employ stress tests and scenario analyses to assess the impact of sudden stress events on the Bank's liquidity situation. The various standardised scenarios used – which include historic, idiosyncratic, market-wide and combined scenarios – are evaluated on the basis of the liquidity run-off profile.

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" ("Ttl") 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 refinancing 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.

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 macroeconomic 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 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 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 Perform-

mance 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 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 macro-economic 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.

Aareal Bank AG is the parent company of Aareal Bank Group. Aareal Bank AG has entered into profit and loss transfer agreements, or control and profit transfer agreements, with numerous Group entities. The expected developments of these entities are thus reflected in Aareal Bank AG. Moreover, management of Aareal Bank Group is centralised in Aareal Bank AG, based on uniform KPIs. Against this background, both the forecast for sector-specific and business developments, and the outline of opportunities, are made at Group and segment level.

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 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 place 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 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
%				
“Baseline” scenario				
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. Average inflation in the UK is expected to remain above the BoE’s target value, 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 pronounced 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.

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 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. 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 institution-specific and/or increased capital requirements. 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 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 become more difficult to refinance 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 development 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 new tenant requirements may leave the market for good, which in turn 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 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 underperformance 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.

With structural demand drivers still in place, assessments of logistics properties remain positive, 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.

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

Key targets of Aareal Bank AG are to preserve and increase capital. These are being taken into account for Group planning purposes, and are also set to be achieved in 2026. Management of Aareal Bank Group is centralised in Aareal Bank AG, based on uniform KPIs. Accordingly, the following statements refer to Group planning in accordance with IFRSs.

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 macro-economic uncertainty 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 adjusted¹⁾ operating profit of €400 million and an adjusted¹⁾ return on equity (RoE)²⁾ 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.

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

²⁾ 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

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%.

Taking into account the effects of adjustments, consolidation effects and the non-recurrence of the significant write-down on interests in affiliated companies in the reporting year as well as other reconciliation effects, the Bank expects a positive result for 2026 in accordance with German commercial law.

Corporate Governance Statement

The Corporate Governance Statement pursuant to section 289f (4) of the HGB is publicly available on the Company's website (<https://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.

Combined Sustainability Statement

As the Group's parent entity, Aareal Bank AG prepares a Sustainability Report at Group level. We therefore refer to the Combined Sustainability Statement included in the Group Management Report.

Annual Financial Statements

Income Statement of Aareal Bank AG for the period from 1 January to 31 December 2025

€ mn	2025	2024
Expenses		
Interest expenses	1,350.5	1,507.9
Commission expenses	59.9	65.4
General administrative expenses		
a) Staff expenses		
aa) Wages and salaries	150.7	169.9
ab) Social security contributions, pensions and other employee benefits	14.7	25.5
	165.4	195.4
including for pensions	-3.2	[8.8]
b) Other administrative expenses	138.9	164.2
	304.3	359.6
Amortisation/depreciation and write-downs of intangible and tangible fixed assets	8.7	6.8
Other operating expenses	30.6	45.6
Write-downs and valuation allowances of receivables and specific securities, as well as additions to loan loss provisions	9.3	149.1
Amortisation and write-downs on participations, investments in affiliated companies, and investment securities	401.1	-
Expenses for assumption of losses	2.1	13.4
Income taxes	153.0	146.6
Other taxes not reported under other operating expenses	6.1	3.7
Net income/loss	-	1,988.1
Total expenses	2,325.6	4,286.2
Net income/loss	-81.1	1,988.1
Profit carried forward from the previous year	499.1	452.3
Net retained profit	418.0	2,440.4

€ mn	2025	2024
Income		
Interest income from		
a) Lending and money-market transactions	1,839.2	2,121.1
b) Fixed-income securities and debt register claims	315.6	273.3
	2,154.8	2,394.4
Current income from		
Participating interests	4.9	4.5
	4.9	4.5
Income from profit pools, profit transfer agreements or partial profit transfer agreements	18.7	9.9
Commission income	44.4	39.4
Income from write-ups on equity investments, interests in affiliated companies, and securities held as fixed assets	-	1,791.4
Other operating income	21.7	46.6
Net loss	81.1	-
Total income	2,325.6	4,286.2

Balance Sheet of Aareal Bank AG as at 31 December 2025

€ mn	2025	2024
Assets		
Cash funds		
a) Cash on hand	0.0	0.0
b) Balances with central banks	109.2	116.4
of which: with Deutsche Bundesbank	109.2	[116.4]
	109.2	116.4
Receivables from banks		
Other receivables	1,871.7	4,695.1
	1,871.7	4,695.1
including: payable on demand	1,185.7	[3,878.2]
Receivables from customers		
a) Mortgage loans	30,430.2	28,830.3
b) Loans to local authorities	1,096.3	1,128.0
c) Other receivables	2,741.9	2,884.2
	34,268.4	32,842.5
Debt and other fixed-income securities		
a) Bonds and debt securities		
aa) Public-sector issuers	4,692.6	3,874.2
including: securities eligible as collateral with Deutsche Bundesbank	4,310.7	[3,554.6]
ab) Other issuers	3,438.6	3,405.8
including: securities eligible as collateral with Deutsche Bundesbank	3,438.6	[3,295.5]
	8,131.2	7,280.0
b) Own bonds issued	4,982.1	4,030.2
Nominal amount:	4,962.9	[4,013.6]
	13,113.3	11,310.2
Equities and other non-fixed income securities	107.1	104.7
Participating interests	6.5	7.1
Interests in affiliated companies	968.7	1,406.1
including: interests in banks	9.9	[10.6]
Trust assets	17.6	19.9
of which: trustee loans	17.6	[19.9]
Intangible assets		
a) Internally generated industrial property rights and similar rights and assets	25.5	26.6
b) Purchased concessions, industrial property rights and similar rights and assets, as well as licences in such rights and assets	2.8	1.6
	28.3	28.2
Tangible fixed assets	6.7	6.0
Other assets	675.4	212.0
Prepaid expenses		
a) From new issues and lending	162.7	163.1
b) Other	77.9	97.9
	240.6	261.0
Deferred tax assets	428.9	476.1
Total assets	51,842.4	51,485.3

		2025	2024
€ mn			
Equity and liabilities			
Liabilities to banks			
a) Outstanding registered Mortgage Pfandbriefe	383.0		390.0
b) Outstanding registered public-sector Pfandbriefe	62.4		97.5
c) Other liabilities	6,946.8		5,722.0
		7,392.2	6,209.5
including: payable on demand	761.4		[699.8]
Liabilities to customers			
a) Outstanding registered Mortgage Pfandbriefe	1,453.6		1,686.3
b) Outstanding registered public-sector Pfandbriefe	620.0		845.3
c) Other liabilities	17,078.0		15,946.0
		19,151.6	18,477.6
including: payable on demand	9,689.1		[8,887.4]
Certificated liabilities			
Bonds issued			
a) Mortgage Pfandbriefe	15,519.7		13,867.1
b) Other debt securities	5,664.7		6,282.4
		21,184.4	20,149.5
Trust liabilities		17.6	19.9
of which: trustee loans	17.6		[19.9]
Other liabilities		84.0	702.5
Prepaid expenses			
a) From new issues and lending	130.2		133.0
b) Other	97.3		105.1
		227.5	238.1
Provisions			
A) Provisions for pensions and similar obligations	108.8		88.3
b) Tax provisions	8.9		55.8
c) Other provisions	129.4		124.6
		247.1	268.7
Subordinated liabilities		728.1	642.1
including: maturing within two years	67.0		[84.5]
Additional Tier 1 capital instruments		376.7	321.8
Fund for general banking risks		167.6	167.6
Equity			
a) Subscribed capital	179.6		179.6
b) Capital reserve	727.8		727.8
c) Retained earnings			
ca) Legal reserve	4.5		4.5
cb) Other retained earnings	935.7		935.7
	940.2		940.2
d) Net retained profit	418.0		2,440.4
		2,265.6	4,288.0
Total equity and liabilities		51,842.4	51,485.3

		2025	2024
€ mn			
Contingent liabilities			
Liabilities from guarantees and indemnity agreements	8.7		10.5
		8.7	10.5
Other commitments			
Irrevocable loan commitments	1,007.4		1,149.2
		1,007.4	1,149.2

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).

The financial statements of Aareal Bank AG for the financial year ended on 31 December 2025 were prepared in accordance with the provisions – as applicable at the reporting date – of the German Commercial Code (Handelsgesetzbuch – “HGB”), the supplementary regulations of the German Public Limited Companies Act (Aktiengesetz – “AktG”), the German Accounting Directive for Banks and Financial Services Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – “RechKredV”) and the German Pfandbrief Act (Pfandbriefgesetz – “PfandBG”). The measurement of assets and liabilities assumes the Company’s ability to continue as a going concern. The reporting currency is the euro (€). In addition, the annual 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).

The Management Board approved the annual financial statements for publication on 24 February 2026; they will be published in the German company Register (Unternehmensregister), alongside the consolidated financial statements.

Accounting and Valuation Policies

(1) Cash funds

Cash funds include cash on hand and balances with central banks. Cash funds are accounted for at the notional amount.

(2) Receivables

Receivables from banks and customers are carried at amortised cost, including deferred interest. Premiums and discounts are shown under deferred items, in accordance with section 340e (2) of the HGB. Credit risks are accounted for by setting aside provisions in the amount of the expected loss, using prudent estimates. The proceeds from realisation are determined on the basis of the expected value of various possible scenarios. In compliance with the requirements set out in Accounting Practice Statement IDW RS BFA 7, the portfolio-based valuation allowances are calculated using a formula-based procedure based on the following Basel III parameters used in the Advanced IRB Approach: expected loss given default (LGD) and probability of default (PD). With regard to exposures that were subject to a significant increase in default risk since the grant date, lifetime expected losses are recorded rather than the 12-month expected loss.

Loss allowances are based on the internal staging and expected credit loss (ECL/EL) model of Aareal Bank AG. For this purpose, financial instruments as well as 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 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 for 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. Any disposal and addition involving a substantial modification does not result in a change of allocation. 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 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 lifetime expected credit loss, applying 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.

EL is generally determined by Aareal Bank AG 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 forecast 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, unemployment rate and property price developments are included in the LGD by means of a scenario-weighted market value forecast. This probability-weighted scenario mix reflects geopolitical and macro-economic uncertainty 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 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 (stage 1 and 2) loss allowance was determined using an enhanced rating procedure, based on default forecasts. Technical implementation of the new rating model permits the model-based determination of credit ratings using the enhanced rating model. Further developments based on most recent observations in an environment of higher interest rates were taken into account as at the valuation date. These further developments resulted in an increase in model-based loss allowance of approximately €39.0 million.

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.

A post-model adjustment of €23.1 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 macroeconomic and political environment and a higher number of default-driven migrations 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 the previous year's observations of loan defaults in the volatile environment, 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.

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 carrying amount of the asset and the present value of the expected future cash flows, discounted using the original effective interest rate applicable at initial recognition or after the most recent interest rate adjustment in the case of variable-rate financial instruments (taking into account cash flows from realisation of collateral provided). 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. Impairment triggers are strong indications for a decline of the borrower's credit quality, arrears, external expert opinions as well as further indications that not all interest and principal payments can be made as contractually agreed.

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 derecognised.

(3) Securities

Bonds and other fixed-income securities, as well as equities and other non-fixed income securities held as current assets, are measured strictly at the lower of cost or market value, as prescribed for current assets (strenges Niederwertprinzip). Aareal Bank AG's current assets presently are composed exclusively of securities of the liquidity reserve. Bonds and other fixed-income securities that are intended to be held permanently, are carried at the lower of cost or market value; the carrying amount needs to be written down to the lower market value only if the impairment is permanent (*gemildertes Niederwertprinzip*). Where the reasons for the write-down no longer apply, write-ups are made in accordance with section 253 (5) of the HGB.

(4) Trading portfolio

The Bank held no financial instruments for trading as at the balance sheet date. The Bank-internal criteria for the inclusion of financial instruments into the trading portfolio were not changed during the reporting year.

(5) Hedging relationships

The Bank establishes hedging relationships within the meaning of section 254 of the HGB. Accordingly, fixed-income securities of the liquidity reserve in the amount of €5,510.5 million (2024: €4,870.5 million) are hedged against changes in value attributable to interest rate risk by means of interest rate hedges with a nominal amount of €4,726.0 million (2024: €4,863.6 million), on the basis of so-called "micro hedges". In this context, the underlying transaction and the hedge generally are acquired within the framework of so-called "asset swap packages", i.e. they are so-called "perfect hedges" where all value-affecting factors between the hedged portion of the underlying transaction substantially correspond to the hedging portion of the hedge. The prospective effectiveness of the hedging relationship, which refers to the period until the security's final maturity, is proven, based on a sensitivity analysis in conjunction with the so-called "Critical Terms Match Method".

The Bank continues to establish hedging relationships between repurchased own bonds in a nominal amount of €4,982.1 million (2024: €4,030.2 million) and the corresponding securitised liabilities.

This is presented in the financial statements using the so-called "Net Hedge Presentation Method" (Einfrierungsmethode). Under this method, the cumulative change in the value of the underlying transaction is determined on the basis of the hedged risk, and compared to the changes in the value of the hedge. The hedged risk amounts to €-86.3 million (2024: €-74.6 million) and corresponds to the cumulative increase of the fair value of assets since inception of the hedging relationship. This net increase is not shown in the income statement on a net basis, after including hedge transactions. Any previously existing ineffectiveness based on the hedged risk is reflected in a provision for hedging relationships. The changes in value attributable to the hedged risk are reflected on a portfolio basis, in the form of a write-down on the security concerned.

(6) Fair value measurement of interest rate instruments of the banking book

In addition, the Bank uses derivative financial instruments of the banking book (non-trading book), above all interest rate swaps, for the purpose of controlling interest rate risk (interest spread risk) as part of the overall management of the Bank. In accordance with the HGB, these instruments represent “pending transactions” which are not recognised on the balance sheet. They form a “hedging relationship”, together with the recognised interest-bearing assets and liabilities of the banking book. In accordance with IDW RS BFA 3, this hedging relationship has to be reviewed as to whether losses are anticipated, taking into account expected expenses required for funding, risk management and administration in relation to managing the banking book. Currently, the Bank has two equally suitable methods available to determine provisions for anticipated losses: the P&L based approach referring to certain time periods, and the (static) present value method. The Bank uses the present value method. Under this method, a provision has to be recognised when the book value of the banking book exceeds the present value of the banking book, i.e. if there are net unrealised losses in the banking book. The present value is derived from the cash flows of the financial instruments included in the banking book, discounted to the balance sheet date. Potential future risk costs are considered by adjusting the applicable interest rate used for the discounting of cash flows. The administrative expenses relating to the banking book are derived from cost accounting and deducted on a lump-sum basis. No provision for anticipated losses had been recognised as at the balance sheet date, since the present value of the banking book is higher than the book value as at 31 December 2025.

(7) Derivatives

Derivative financial instruments are considered pending transactions, and are therefore generally not recorded in the balance sheet.

Exchange-traded derivatives are measured at their quoted market price. The market price of over-the-counter (OTC) derivatives is determined using standard valuation models commonly accepted in the financial industry, such as the present value technique and option pricing models.

Acquired as well as issued structured products are generally accounted for as groups of uniform assets and liabilities in accordance with IDW RS HFA 22.

(8) Participating interests, interests in affiliated companies, intangible assets and tangible assets

Participating interests and interests in affiliated companies are stated at cost or, in case of a presumably permanent impairment, at the lower fair value in accordance with section 253 (3) sentence 5 of the HGB (*gemildertes Niederstwertprinzip*).

Tangible assets and purchased intangible assets are stated at cost less depreciation/amortisation. Write-downs are required in the event of impairments in value deemed to be other than temporary.

Office furniture and equipment items are depreciated using the straight-line method, applying the following depreciation periods:

	Depreciation period
Office furniture and equipment	
IT equipment	3 to 5 years
Other office furniture and equipment	5 to 13 years
Tenant's improvements	10 years

Intangible assets comprise purchased as well as self-developed software, which is amortised over a useful life of three to five years.

The option to capitalise internally generated intangible assets pursuant to section 248 (2) of the HGB was exercised. Pursuant to section 255 (2) sentence 3 of the HGB, the calculation of manufacturing costs incorporates general administrative costs as well as expenses for social facilities provided by the Company, voluntary social benefits, and company retirement provisions. Internally generated intangible assets are amortised on a straight-line basis over a period of five years from the date they are ready for operation.

Where the reasons for the write-down no longer apply, write-ups are recognised for participating interests, interests in affiliated companies, intangible assets and tangible assets in accordance with section 253 (5) of the HGB. To the extent that land and buildings were acquired to salvage loans, and have been in the possession of the Bank for more than five years, these are reported under tangible fixed assets. Additions of low-value commercial goods (*“geringwertige Wirtschaftsgüter”*) of not more than € 250 are recognised through profit or loss.

The option to disclose a net amount, pursuant to section 340c (2) of the HGB, has been exercised.

(9) Trust assets and trust liabilities

These balance sheet items include assets and liabilities that the Bank holds on its own behalf, but for the account of third parties. These items are measured at amortised cost.

(10) Prepaid expenses and deferred income

Prepaid expenses and deferred income represent expenditures and proceeds prior to the reporting date in accordance with section 250 (1) and (2) of the HGB to the extent that they constitute expenses or income, respectively, for a particular period after the reporting date.

Furthermore, prepaid expenses pursuant to section 250 (3) of the HGB comprise differences where the settlement amount of a liability exceeds its issue amount. Such differences will be amortised by way of scheduled annual depreciation or amortisation.

Pursuant to section 340e (2) of the HGB; the Bank recognises in prepaid expenses upfront payments from derivatives as well as any premiums and discounts on registered bonds, claims under promissory note loans, issued bonds and other loans as well as fee portions with interest-paying characteristics, which have been amortised over the relevant terms.

(11) Other assets

Other assets are reported at nominal amount. In case of reduced recoverability, impairment losses down to the lower of the exchange or market price, or the expected value, are recorded pursuant to section 253 (4) of the HGB.

(12) Income tax assets / income tax liabilities

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.

(13) Deferred taxes

If there are differences between the book value of assets, liabilities, deferred income and prepaid expenses and their related tax bases which are expected to be reversed in later financial years, any resulting net tax burden is recognised as a deferred tax liability and any resulting net tax benefit is recognised as a deferred tax asset, in accordance with section 274 of the HGB. Tax loss carryforwards are taken into account in the calculation of deferred tax assets, based on the level of the potential losses to be offset within the next five years. Deferred taxes are measured using the company- and country-specific tax rates expected to apply at the time of the realisation of temporary differences and the offsetting of loss carryforwards. The Bank reports deferred taxes on a net basis.

(14) Liabilities

Liabilities are shown on the balance sheet at the settlement amount. The difference between the settlement amount and the lower initial book value of liabilities is recognised under deferred items, and amortised over the term of the liability.

(15) Provisions

Provisions are recognised in the amount of the required settlement amount, as determined based on prudent commercial judgement. Pursuant to section 253 (2) sentence 1 of the HGB, provisions with a remaining term of more than one year have to be discounted using the average market interest rate applicable for their remaining term; the average market interest rate for provisions for retirement benefit obligations is based on the rates of the past ten years, while that for other provisions is based on the rates of the past seven years.

Provisions for pensions and similar obligations are determined based on actuarial principles. Provisions for pensions are recognised at the settlement amount taking into account future wage, salary and pension trends and applying the average market interest rate applicable for an assumed remaining term of 15 years as disclosed by Deutsche Bundesbank, except where the applicable remaining term of the respective pension plan is shorter. In accordance with section 240 (2) of the HGB, pension obligations are generally determined based on inventory records established as at the balance sheet date. Pursuant to section 241 (3) of the HGB, the relevant group of eligible persons may also be recorded as at a date within the last three months prior to, or within the first two months after, the balance sheet date, provided that the pension obligations may be measured properly as at the balance sheet date. This is ensured by using forecast interest rates. Reference is made to the Notes to the balance sheet.

Provisions for taxes and other provisions have been set aside for existing legal or constructive obligations in the settlement amount, as required by prudent commercial judgement.

Other provisions amounting to €129.4 million (2024: €124.6 million) mainly include provisions for personnel matters (especially for variable remuneration and partial retirement) and other non-staff expenses.

Restructuring provisions totalled €18.7 million at the 2025 year-end (2024: €21.7 million).

(16) Additional Tier 1 capital instruments

The instruments issued are classified as liabilities and are recognised at their settlement amount. The interest expense is accrued in the amount of the expected payments.

(17) Fund for general banking risks

The fund for general banking risks was recognised in accordance with section 340g of the HGB and is intended as a protection against general banking risks to the extent that this is necessary based on prudent business judgement given the specific risks of the business activities of banks.

Expenses for additions to this special item or income from the reversal of the special item were not incurred in the year under review.

(18) Currency translation

Currency translation complies with the principles set out in sections 256a and 340h of the HGB.

Assets and liabilities denominated in foreign currency as well as pending spot transactions are translated using the middle spot rate (ECB reference middle rate) applicable on the recognition date.

Assets and liabilities denominated in foreign currency or forward foreign exchange transactions are classified as specific cover and are measured at the middle spot rate (ECB reference middle rate) on the balance sheet date. Income and expenses from currency translations are recognised through profit or loss under other operating income and expenses.

The Bank decomposes foreign exchange forward transactions which are used to hedge interest-bearing balance sheet items into an agreed spot base and the swap rate, recognising a deferred asset or liability equivalent to the net aggregate difference between the spot base and the same currency's exchange rates prevailing on the reporting date. Forward premiums or discounts are amortised in net interest income over the term of the transaction.

Notes to the Income Statement

(19) Income by geographical segment

The aggregate of (i) interest income, (ii) current income on equities and other non-fixed income securities, and on participating interests and interests in affiliated companies, (iii) commission income and (iv) other operating income is broken down by the following regions, in accordance with section 34 of the RechKredV.

	2025	2024
€ mn		
Germany	386.6	525.3
Rest of Europe	1,309.2	1,258.9
North America	453.1	580.0
Asia/Pacific	76.9	120.7
Total	2,225.8	2,484.9

(20) Administration and intermediation services rendered to third parties

The following administration and intermediation services were rendered to third parties Administration and intermediation of loans and trust assets.

(21) Other operating income and expenses

Other operating income totals €21.7 million (2024: €46.6 million) and comprises income from the reversal of provisions in the amount of €16.6 million (2024: €6.2 million) as well as income under agency contracts for subsidiaries in the amount of €3.7 million (2024: €2.9 million).

Other operating expenses of €30.6 million (2024: €45.6 million) include the effects on income in the amount of €29.1 million (2024: income of €14.7 million) from plan assets used for pension obligations, after offsetting with expenses from the unwinding of discounts pursuant to section 246 (2) sentence 2 of the HGB. This item also includes €0.3 million in income from foreign currency translation (2024: €18.2 million).

(22) Income taxes

The net income tax position amounts to expenses of €153.0 million (2024: expenses of €146.6 million), of which expenses of €89.1 million (2024: €149.9 million) included in current taxes were payable in Germany: this figure comprises €47.7 million (2024: €75.2 million) in corporation tax and solidarity surcharge and €48.8 million (2024: €73.4 million) in trade tax payable for the current year, as well as €7.4 million in tax income for previous years (2024: income of €1.3 million). The net income tax position also includes €52.0 million in expenses (2024: income of €5.1 million) from the reduction of German deferred tax assets as well as €11.9 million in expenses (2024: expenses of €1.8 million) for the Bank's foreign branch offices.

The tax reconciliation is used to determine why the tax expense (current taxes and deferred taxes) reported in the income statement differs from the expense calculated using the expected tax rate. The expected tax rate of 31.8% (2024: 31.3%), including a weighted trade tax rate of assessment of 458%, comprises trade taxes (16.0%), corporation taxes (15.0%) and the solidarity surcharge (0.8%; 5.5% of corporation tax).

€ mn	2025	2024
Operating profit (before income taxes)	71.9	2,134.7
Expected income tax expenses; tax rate: 31.8% (2024: 31.3%)	23.0	668.2
Reconciliation		
Different foreign tax burden	-3.6	-3.1
Tax attributable to tax-exempt income	-9.4	-524.1
Tax attributable to non-deductible expenses	136.2	7.9
Remeasurement of deferred taxes	-5.0	-10.0
Prior-period actual taxes	3.4	7.7
Effect of changes in tax rates	9.2	0.0
Other tax effects	-0.8	0.0
Reported income tax expenses	153.0	146.6
Effective tax rate (%)	212.5	6.9

(23) Prohibition of distribution

A total amount of €454.4 million (2024: €502.7 million) in profits is subject to a prohibition of distribution, pursuant to section 268 (8) of the HGB, of which €428.9 million (2024: €476.1 million) is attributable to the balance resulting from recognised deferred tax assets and recognised deferred tax liabilities. A prohibition of distribution applies to a net amount of €0.0 million (2024: €0.0 million) (after fair-value netting of assets), pursuant to section 246 (2) sentence 2 of the HGB. Moreover, a prohibition of distribution pursuant to section 248 (2) sentence 1 of the HGB is included for internally generated intangible assets in the amount of €25.5 million (2024: €26.6 million).

The amount determined pursuant to section 253 (6) sentence 1 of the HGB regarding the difference between (a) the amount to be recognised for pension provisions according to the average market interest rate of the previous ten financial years and (b) the amount to be recognised for pension provisions according to the average market interest rate of the previous seven financial years amounted to €-10.9 million (2024: €-4.3 million).

This means that the prohibition of distribution pursuant to HGB regulations totalled €454.4 million during the year under review (2024: €502.7 million).

Notes to the Balance Sheet

(24) Securities negotiable at a stock exchange

The following table is a breakdown of securities negotiable at a stock exchange included in the balance sheet line items, including accrued interest.

Hedging relationships as defined by section 254 of the HGB have been created with respect to negotiable securities in an aggregate amount of €10,492.6 million (2024: €8,900.7 million).

Bonds and debt securities, including own bonds, of €13,113.3 million (2024: €11,310.2 million) (including accrued interest) reported under debt and other fixed-income securities comprise €381.9 million (2024: €429.8 million) in securities which are not eligible as collateral with Deutsche Bundesbank. Of that amount, €355.6 million (2024: €220.7 million) relate to sovereign foreign-currency bonds, which are eligible for securities lending.

The total amount of securities negotiable at a stock exchange reported in the balance sheet item „Interests in affiliated companies“ consists of interests in Westdeutsche Immobilien Servicing AG

	31 Dec 2025		31 Dec 2024	
	Listed	Unlisted	Listed	Unlisted
€ mn				
Debt and other fixed-income securities	13,042.8	70.5	11,310.2	0.0
Equities and other non-fixed income securities	0.0	0.0	0.0	0.0
Participating interests	0.0	0.0	0.0	0.0
Interests in affiliated companies	0.0	7.0	0.0	12.2

(25) Investment fund units

The following table is an analysis of investment fund assets, where more than 10% of the fund units are held.

	31 Dec 2025		31 Dec 2024	
	Book value	Market value	Book value	Market value
€ mn				
DBB INKA	107.1	107.1	104.7	104.7
Aareal Altersvorsorge BV 97	270.0	270.0	295.2	295.2
Total	377.1	377.1	399.9	399.9

DBB INKA is an investment fund as defined under German law (Sondervermögen) which invests in assets permitted under the German Investment Act (Investmentgesetz – “InvG”), observing the principle of risk diversification. The right to redeem fund units on a daily basis is unrestricted. The fund holdings are reported in equities and other non-fixed-income securities.

Aareal Altersvorsorge BV 97 is an investment fund as defined under German law (Sondervermögen), which invests in assets permitted under the fund’s investment policy, observing the principle of risk diversification. This investment fund is protected from access by all creditors, and is only intended to settle liabilities from retirement benefit obligations vis-à-vis employees. The plan assets are offset against pension obligations and reported in provisions for pensions and similar obligations.

The value of investment fund units as defined by sections 168 and 278 of the German Capital Investment Act (Kapitalanlagegesetzbuch – “KAGB”) was €377.1 million (2024: €399.9 million). Like in the previous year, distributions made under the funds amounted to €0.0 million in the 2025 financial year.

(26) Movements in fixed assets

The changes in fixed assets are presented in the fixed assets development schedule shown below.

The values shown for debt and other fixed-income securities include additions and disposals, as well as changes in inventory due to the amortisation of premiums and discounts (excluding accrued interest).

	Debt and other fixed-income securities	Participating interests	Interests in affiliated companies	Intangible assets	Tangible fixed assets	
					Office furniture and equipment	Land and buildings
€ mn						
Cost						
As at 1 Jan 2025	2,374.6	12.5	1,466.1	62.3	32.1	0.0
Additions	577.2	0.0	65.6	7.7	1.8	0.0
Disposals	364.3	0.2	138.6	1.4	0.8	0.0
Changes in inventory/transfers	0.0	0.0	0.0	0.0	0.0	0.0
As at 31 Dec 2025	2,587.5	12.3	1,393.1	68.6	33.1	0.0
Depreciation and amortisation						
As at 1 Jan 2025	0.0	5.4	60.0	34.1	26.1	0.0
Additions	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and amortisation	0.0	0.0	0.0	7.6	1.1	0.0
Write-downs	0.0	0.4	400.7	0.0	0.0	0.0
Disposals	0.0	0.0	36.3	1.4	0.8	0.0
Transfers	0.0	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0	0.0
As at 31 Dec 2025	0.0	5.8	424.4	40.3	26.4	0.0
Book value as at 31 Dec 2025	2,587.5	6.5	968.7	28.3	6.7	0.0
Book value as at 31 Dec 2024	2,374.6	7.1	1,406.1	28.2	6.0	0.0

As at 31 December 2025, the securities held as fixed assets largely included securities issued by South- and West European debtors. The following performance was recognised:

	31 Dec 2025		31 Dec 2024	
	Book value	Market value	Book value	Market value
€ mn				
Bank bonds	0.0	0.0	0.0	0.0
Covered bonds	386.6	384.0	355.2	353.9
Public-sector issuers	2,200.9	2,206.4	2,019.4	2,020.8
Total	2,587.5	2,590.4	2,374.6	2,374.7

Securities with a nominal amount of €2,554.4 million (2024: €2,340.3 million) were not measured at the lower of cost or market. For several securities, the book value in the amount of €1,550.5 million (2024: €1,340.5 million) exceeds the market value of €1,482.8 million (2024: €1,259.2 million).

An examination of cost vs. market values as at 31 December 2025 did not indicate any impairments (2024: €0.0 million), in line with the moderate lower of cost or market principle in accordance with section 253 (3) sentence 5 of the HGB. This is due to the fact that no credit-induced impairments were identified for the securities concerned and an individual impairment test did not reveal any need for impairment.

The option to aggregate non-trading assets, pursuant to section 34 (3) of the RechKredV, has been exercised.

The Bank has rented the majority of business land and buildings used for its business operations from one of its subsidiaries.

(27) Subordinated assets

The following items comprise subordinated assets in the amount shown:

	31 Dec 2025	31 Dec 2024
€ mn		
Receivables from banks	0.0	0.0
Receivables from customers	102.2	41.5
Bonds and other fixed-income securities	53.7	0.0
Equities and other non-fixed-income securities	0.0	0.0
Other assets	0.0	0.0

(28) Disclosures on receivables from and liabilities to affiliated companies and enterprises with a participatory interest

	2025				2024			
	Affiliated companies		Enterprises with a participatory interest		Affiliated companies		Enterprises with a participatory interest	
	Certificated	Not certificated	Certificated	Not certificated	Certificated	Not certificated	Certificated	Not certificated
€ mn								
Receivables from banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables from customers	0.0	2,780.4	0.0	0.0	0.0	3,007.2	0.0	0.0
Debt and other fixed-income securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to banks	0.0	36.2	0.0	0.0	0.0	34.5	0.0	0.0
Liabilities to customers	0.0	683.3	0.0	0.0	0.0	409.9	0.0	0.7
Securitised liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subordinated liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Transactions with related parties are generally carried out on an arm's length basis.

No loans were extended to members of executive bodies of Aareal Bank.

(29) Trust business

	31 Dec 2025	31 Dec 2024
€ mn		
Trust assets		
Receivables from banks	0.0	0.0
Receivables from customers	17.6	19.9
Equities and other non-fixed income securities	0.0	0.0
Total trust assets	17.6	19.9

	31 Dec 2025	31 Dec 2024
Trust liabilities		
Liabilities to banks	0.3	0.4
Liabilities to customers	17.3	19.5
Total trust liabilities	17.6	19.9

(30) Other assets

Other assets include, in particular, receivables from the asset item recognised from currency translation (€582.8 million), tax receivables (€36.0 million), and receivables from profit and loss transfer agreements (€18.7 million). Other assets also include receivables totalling €33.7 million from the collateralisation (including pro-rata interest) of irrevocable payment obligations from the bank levy.

In 2024, other assets included receivables from the asset item recognised from currency translation (€127.7 million), tax receivables (€39.4 million), and receivables under profit and loss transfer agreements (€9.9 million). Other assets also include receivables totalling €34.1 million from the collateralisation (including pro-rata interest) of irrevocable payment obligations from the bank levy.

(31) Prepaid expenses

Prepaid expenses in the amount of €240.6 million (2024: €261.0 million) primarily include €3.0 million (2024: €0.4 million) in premiums on originated loans, in accordance with section 340e (2) sentence 3 of the HGB, and €159.7 million (2024: €162.7 million) in discounts on bonds issued and borrowings in accordance with section 250 (3) of the HGB. The item also includes €65.3 million (2024: €83.6 million) from upfront payments/option premiums in connection with derivatives.

Deferred income of €227.5 million (2024: €238.1 million) refers to upfront payments/option premiums in connection with derivatives (€97.3 million; 2024: €105.1 million), to issuing discounts of Pfandbriefe in the amount of €23.9 million (2024: €27.1 million), to €0.0 million (2024: €1.3 million) in discounts on originated loans, in accordance with section 340e (2) sentence 2 of the HGB, and to fee portions with interest-paying characteristics in the amount of €105.8 million (2024: €103.9 million).

(32) Deferred taxes

As at 31 December 2025, the Bank's deferred tax assets exceeded its deferred tax liabilities by €428.9 million (2024: €476.1 million). Deferred taxes are recorded in the amount of the assumed tax burden or relief in coming financial years, and are measured using the company- and country-specific tax rates expected to apply at the time of the realisation of temporary differences and the offsetting of loss carryforwards.

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", 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 effect of the changed tax rate was an expense of €9.2 million. The weighted tax rate will be analysed annually and adjusted if necessary.

Deferred tax assets were largely recognised for valuation differences for receivables from customers compared to their tax base, provisions for impending losses from executory contracts, as required under German commercial law, prepaid expenses for collected

loan fees as well as on provisions for pensions. Deferred tax assets in the amount of €41.4 million (2024: €36.7 million) were recognised for loss carryforwards, relating exclusively to foreign permanent establishments of Aareal Bank AG.

Deferred tax liabilities were attributable to the split-off portfolios of former WestImmo (€3.6 million; 2024: €4.8 million) and former Corealcredit Bank AG (€3.0 million; 2024: €3.5 million). In addition, deferred tax liabilities in the amount of €8.6 million were recognised for valuation differences for software compared to the tax base. As in the previous year, all deferred tax liabilities were offset against deferred tax assets.

	31 Dec 2025	31 Dec 2024	Change in the year under review
€ mn			
Deferred tax assets	428.9	476.1	47.2
Deferred tax liabilities	0.0	0.0	0.0
Total	428.9	476.1	47.2

(33) Other liabilities

Other liabilities mainly comprise €18.9 million in trade payables, €6.9 million in liabilities recognised from currency translation, as well as €30.1 million in liabilities from the adjustment item reflecting the split-off of Düsseldorf's banking operations. In addition, €1.3 million in liabilities from profit and loss transfer agreements and tax liabilities of €17.7 million are reported under this item.

In the previous year, other liabilities mainly comprised €19.5 million in trade payables, €606.7 million in liabilities recognised from currency translation, as well as €36.5 million in liabilities from the adjustment item due to the split-off of the banking operations of Düsseldorf. In addition, €11.2 million in liabilities from profit and loss transfer agreements and tax liabilities of €19.4 million were recognised.

(34) Provisions for pensions

The values determined in the actuarial pension report are based on the following methods and assumptions. In this context, the collection of personnel data and the determination of the forecast interest rate were made as at 1 October 2025 (cut-off date), not as at the balance sheet date:

	31 Dec 2025	31 Dec 2024
Actuarial method applied:	Projected unit credit method	Projected unit credit method
Fundamental assumptions for calculation:		
Discount rate in %	2.06	1.90
Reference period for discount rate	10 years	10 years
Fluctuation (%)	3.00	3.00
Expected wage and salary increases in %	2.25	2.25
Adjustments of current pension payments (%)	1.00 or 2.25	1.00 or 2.25
Mortality tables used	"Richttafeln 2018G" mortality tables by K. Heubeck	"Richttafeln 2018G" mortality tables by K. Heubeck

The effect from the changes in the discount rate as at the end of the financial year compared to the discount rate as at the beginning of the financial year is recognised in staff expenses.

The fair value changes of the plan assets are shown together with the current income from plan assets under other operating income and expenses.

Assets which are held exclusively for the purpose of fulfilling pension obligations are netted against provisions for pensions, within the framework of a Contractual Trust Agreement (CTA) where the trustee is acting on behalf of both parties (in the capacity of an administrative trustee and security trustee).

	31 Dec 2025	31 Dec 2024
€ mn		
Pension obligation	408.7	414.7
Fair value of plan assets	299.9	326.4
Cost of plan assets	333.8	339.1
Provisions for pensions and similar obligations	108.8	88.3

The plan assets comprise the following items, all of which are exclusively reserved to meet Aareal Bank AG's pension obligations vis-à-vis its active and retired employees in Germany.

Fund units are recognised at fair value, resulting from the exchange prices and market values of the assets.

	31 Dec 2025	31 Dec 2024
€ mn		
Fund units	270.0	295.2
Reinsurance cover	29.9	31.2
Fair value of plan assets	299.9	326.4

The following table shows the income and expenses in relation to pension obligations and the associated plan assets that were off-set and recognised in the income statement.

	31 Dec 2025	31 Dec 2024
€ mn		
Interest cost on pension obligations	7.8	7.3
Income from plan assets	-20.8	22.5
Net interest expense	28.6	-15.2

(35) Subordinated liabilities

Outstanding subordinated liabilities of Tier 2 capital are not subject to any prerequisites for the conversion into equity capital or into another type of debt.

Subordinated funds raised do not provide for any early repayment obligation for Aareal Bank AG. In the event of liquidation or insolvency, claims on interest and principal from these liabilities are subordinated to the claims of all other creditors of Aareal Bank AG, which are not themselves subordinated. This also applies to those subordinated funds raised that are not specified in detail.

Aareal Bank AG had two (2024: one) subordinated liabilities totalling €500.0 million (2024: €400.0 million) as at the reporting date. These bear fixed interest rates of 5.625% p.a. and 5.750% p.a. and are due on 12 December 2034 and 7 May 2035 respectively.

Interest expenses for all subordinated liabilities totalled €38.6 million (2024: €19.1 million), including an amount of €10.4 million (2024: €6.9 million) for accrued interest payments not yet due.

(36) Additional Tier 1 capital instruments

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 1 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 1 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 1 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.

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. (AT1 notes – ISIN XS2971584813), based on the authorisation granted by the Annual General Meeting on 10 August 2023. The notes are classified as Additional Tier 1 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 CET1 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 1 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 1 ratio pursuant to Arti-

cle 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 1 instruments to the extent that is necessary for the Common Equity Tier 1 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).

Interest expenses for debt securities totalled €41.4 million (2024: €32.6 million), including an amount of €15.0 million (2024: €21.8 million) for accrued interest payments not yet due.

(37) Equity

Equity changed as follows:

	Subscribed capital	Capital reserve	Retained earnings		Net retained profit (Bilanz-gewinn)	Total equity
			Legal reserve	Other retained earnings		
€ mn						
As at 1 Jan 2025	179.6	727.8	4.5	935.7	2,440.4	4,288.0
Dividends distributed in 2025	0.0	0.0	0.0	0.0	-1,941.3	-1,941.3
Net loss for 2025	0.0	0.0	0.0	0.0	-81.1	-81.1
As at 31 Dec 2025	179.6	727.8	4.5	935.7	418.0	2,265.6

The Bank 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 can only be determined at Group level. As a result, regulatory details no longer need to be disclosed at a single-entity level in this context.

Subscribed capital

Subscribed capital amounts to €179.6 million (2024: €179.6 million) and is divided into 59,857,221 (2024: 59,857,221) bearer shares with a proportionate share in the nominal share capital of €3.00 per share.

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 09 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. 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 after the reduction and said new authorisation comes into effect, the upper limit, reduced in accordance with the above-mentioned requirements, shall be increased again to the amount permitted by the new authorisation, with a maximum total of 10% of the share capital in accordance with the above-mentioned requirements.

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 09 August 2028 on the basis of the Annual General Meeting's authorisation resolution of 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 09 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.

(38) Contingent liabilities and other commitments

The Bank has off-balance contingent liabilities and irrevocable loan commitments. During the term of these obligations, the Bank regularly reviews whether any losses can be expected from the utilisation of such contingent liabilities. This assessment is primarily made due to the credit risk analysis. Any losses that can be expected according to this analysis are recognised in the balance sheet as provisions, and are no longer disclosed as contingent liabilities or other liabilities.

Contingent liabilities result from guarantees and indemnity agreements, of which €4.7 million (2024: €7.0 million) are granted to domestic borrowers and €4.0 million (2024: €3.5 million) to foreign borrowers.

Liabilities did not have to be recognised for obligations from indemnity agreements vis-à-vis third parties and other obligations, which were entered into in favour of affiliated companies, as the underlying liabilities are likely to be fulfilled by the affiliated companies. Therefore, we do not expect any utilisation in this regard.

Irrevocable loan commitments are made up of credit and loan commitments, of which €122.4 million (2024: €146.5 million) are granted to domestic borrowers and €885.0 million (2024: €1,002.7 million) to foreign borrowers. Loan commitments to affiliated companies amount to €125.1 million (2024: €285.4 million).

(39) Unrecognised transactions and other obligations

Aareal Bank AG is the lessee mainly of operating leases. Rental and lease contracts relate to the buildings of the Bank's head office in Wiesbaden used for the Bank's operations, and of the foreign branch offices and representative offices as well as to the vehicle fleet and certain operating and office equipment. In all cases, the contracts are so-called operating leases which are not recognised in the financial statements of the Bank. The key benefit of such contracts is a lower amount of capital lock-up compared to an acquisition, and the elimination of realisation risk. At the moment, there are no indications that risks may result from the lease term.

Disclosures on repurchase agreements and derivatives are presented below in the Notes.

The probability-weighted amount of legal disputes is €26.5 million (2024: €31.9 million). Based on a legal analysis, successful outcome of these disputes is more likely than not, and therefore, no liabilities are recognised in the financial statements.

Tax risks resulting from diverging assessments of tax matters and potential legal changes amount to €51.4 million (2024: €44.9 million) on a probability-weighted basis.

There are irrevocable payment obligations from the bank levy, the contributions to the compensation scheme of German banks (statutory deposit protection scheme), and the contribution to the deposit protection fund. These payment obligations are either cash-collateralised, or securities were pledged as collateral. Irrevocable payment obligations increased by €0.9 million in the 2025 financial year and relate exclusively to the compensation scheme of German banks. As at 31 December 2025, the irrevocable payment obligations amount to €51.8 million, of which €33.0 million is attributable to the bank levy, €13.0 million to the compensation scheme of German banks and €5.8 million to the contribution to the deposit protection fund. Cash collateral is reported under other assets, while the securities pledged as collateral are reported under bonds and other fixed-income securities.

(40) Maturity groupings

€ mn	31 Dec 2025	31 Dec 2024
Receivables from banks	1,871.7	4,695.1
With a residual term of		
Payable on demand	1,185.7	3,878.2
Up to 3 months	58.9	157.5
Between 3 months and 1 year	0.0	0.0
Between 1 year and 5 years	0.0	25.0
More than five years	0.0	0.0
Pro rata interest	627.1	634.4
Receivables from customers	34,268.4	32,842.5
With a residual term of		
Payable on demand	202.7	109.0
Up to 3 months	453.1	853.8
Between 3 months and 1 year	3,812.1	3,837.0
Between 1 year and 5 years	26,870.8	25,276.9
More than five years	2,712.7	2,544.9
Pro rata interest	217.0	220.9
Debt and other fixed-income securities maturing in the following year (nominal amount)	804.2	454.7
Liabilities to banks	7,392.2	6,209.5
With a residual term of		
Payable on demand	761.4	699.8
Up to 3 months	1,616.2	1,008.9
Between 3 months and 1 year	939.2	954.8
Between 1 year and 5 years	2,679.0	2,343.0
More than five years	662.9	401.9
Pro rata interest	733.5	801.1
Liabilities to customers	19,151.6	18,477.6
With a residual term of		
Payable on demand	9,689.1	8,887.4
Up to 3 months	4,439.3	4,216.5
Between 3 months and 1 year	822.7	783.2
Between 1 year and 5 years	1,012.8	1,298.3
More than five years	3,091.6	3,177.8
Pro rata interest	96.1	114.4
Bonds issued maturing in the following year (nominal amount)	3,582.3	2,752.0

(41) Shareholdings

The list of shareholdings is prepared pursuant to section 285 no. 11 of the HGB. The disclosures in relation to the companies' equity and results are retrieved from the financial statements in accordance with IFRSs.

No.	Company name	Registered office	Shareholding	Equity	Results
			%	€ mn	€ mn
1	Aareal Bank Asia Ltd.	Singapore	100.0	SGD 75.1 mn	SGD 6.7 mn ¹⁾
2	Aareal Capital Corporation	Wilmington	100.0	USD 238.9 mn	USD -200.2 mn ¹⁾
3	Aareal Gesellschaft für Beteiligungen und Grundbesitz Erste mbH & Co. KG	Wiesbaden	94.9	1.6	0.0 ¹⁾
4	Aareal Holding Realty LP	Wilmington	100.0	USD 503.4 mn	USD -0.9 mn ¹⁾
5	Aareal Immobilien Beteiligungen GmbH	Wiesbaden	100.0	665.0	1.2 ³⁾
6	Apex Owner NY LLC	Wilmington	100.0	USD 39.0 mn	USD 0.0 ¹⁾
7	BauGrund Immobilien-Management GmbH (in liquidation)	Bonn	100.0	0.5	0.0 ²⁾
8	BVG - Grundstücks- und Verwertungsgesellschaft mit beschränkter Haftung	Wiesbaden	100.0	0.3	0.0 ³⁾
9	Cave Nuove S.p.A.	Rome	100.0	-16.3	8.7 ¹⁾
10	Chronos Beteiligungen GmbH (formerly: Aareal Beteiligungen AG)	Frankfurt	100.0	225.5	0.0 ³⁾
11	collect Artificial Intelligence GmbH	Hamburg	100.0	6.6	-0.4 ³⁾
12	CredaRate	Cologne	12.9	4.1	0.5 ²⁾
13	Deutsche Bau- und Grundstücks-Aktiengesellschaft (in liquidation)	Bonn	100.0	-0.1	-1.0 ¹⁾
14	Deutsche Structured Finance GmbH	Wiesbaden	100.0	2.8	-0.2 ¹⁾
15	DSF PP Justizzentrum Thüringen GmbH & Co. KG	Bremen	48.4	0.2	0.0 ⁴⁾
16	First Financial Software GmbH	Mainz	25.1	9.2	18.5 ¹⁾
17	Galleria City Holding Company LLC	Wilmington	100.0	USD 159.2 mn	USD -4.4 mn ¹⁾
18	Galleria City Holding Company Member 2 LLC	Wilmington	100.0	USD 0.0	USD 0.0 ¹⁾
19	Galleria City Partners LP	Wilmington	95.0	USD 177.9 mn	USD 0.0 ¹⁾
20	Galleria Manager Realty LLC	Wilmington	100.0	USD 0.0	USD 0.0 ¹⁾
21	Manager Realty LLC	Wilmington	100.0	USD 0.0	USD 0.0 ¹⁾

¹⁾ Figures as at 31 December 2025

²⁾ Equity and results as at 31 December 2024

³⁾ Profit and loss transfer agreement / control and profit transfer agreement

⁴⁾ Equity and results as at 31 December 2023

No.	Company name	Registered office	Shareholding %	Equity € mn	Results € mn
22	Mercadea S.r.l.	Rome	100.0	16.1	0.3 ¹⁾
23	Met Manager Realty LLC	Wilmington	100.0	USD 0.0	USD 0.0 ¹⁾
24	Met Tower Owner LLC	Wilmington	100.0	USD 29.0 mn	USD -4.5 mn ¹⁾
25	Met Tower Venture LP	Wilmington	98.0	USD 114.9 mn	USD 3.1 mn ¹⁾
26	Mount Street Group Limited	London	20.0	GBP -4.7 mn	GBP 2.2 mn ²⁾
27	Northpark Realty LP	Wilmington	100.0	USD 62.2 mn	USD -9.5 mn ¹⁾
28	Oakland Beneficiary LLC	Wilmington	100.0	USD 0.0	USD 0.0 ¹⁾
29	Participation Achte Beteiligungs GmbH	Wiesbaden	100.0	4.7	0.0 ³⁾
30	Participation Elfte Beteiligungs GmbH	Wiesbaden	100.0	0.0	0.0 ³⁾
31	Participation Zehnte Beteiligungs GmbH	Wiesbaden	100.0	20.5	0.0 ³⁾
32	Participation Zwölfte Beteiligungs GmbH	Wiesbaden	100.0	0.0	0.0 ³⁾
33	plusForta GmbH	Dusseldorf	100.0	0.9	-0.2 ³⁾
34	PropTech1 Fund I GmbH & Co. KG	Berlin	9.6	31.1	-2.4 ²⁾
35	RSP Owner LLC	Wilmington	100.0	USD 76.5 mn	USD 16.5 mn ¹⁾
36	Summit Holdings NY LLC	Wilmington	100.0	USD 39.0 mn	USD 0.0 ¹⁾
37	Terrain Beteiligungen GmbH	Wiesbaden	94.0	39.1	-0.3 ¹⁾
38	Terrain Herzogpark GmbH & Co. KG	Wiesbaden	100.0	21.9	-0.7 ¹⁾
39	Terrain Management GmbH	Wiesbaden	100.0	2.2	0.0 ¹⁾
40	Tintoretto Rome S.r.l.	Rome	100.0	48.5	1.3 ¹⁾
41	Westdeutsche Immobilien Servicing AG	Mainz	100.0	63.1	2.1 ³⁾
42	146 Geary CA LLC	Wilmington	100.0	USD 20.1 mn	USD -0.1 mn ¹⁾
43	220 Post CA LLC	Wilmington	100.0	USD 48.9 mn	USD -0.2 mn ¹⁾
44	1015 15TH Street DC LLC	Wilmington	100.0	USD 50.9 mn	USD 4.7 mn ¹⁾

¹⁾ Figures as at 31 December 2025

²⁾ Equity and results as at 31 December 2024

³⁾ Profit and loss transfer agreement / control and profit transfer agreement

⁴⁾ Equity and results as at 31 December 2023

(42) Assets pledged as collateral

Assets in the amount stated were pledged for the following liabilities:

€ mn	31 Dec 2025	31 Dec 2024
Liabilities to banks	2,989.8	2,904.4
Liabilities to customers	4.9	6.7
Total	2,994.7	2,911.1

Cash collateral in the amount of €33.7 million (including pro-rata interest; 2024: €34.1 million) has been pledged for the irrevocable payment obligations from the bank levy. The Bank also pledged securities in the amount of €24.1 million (2024: €23.1 million) as collateral for the contributions to the compensation scheme of German banks (statutory deposit protection scheme) and to the deposit protection fund.

Open market transactions in the amount 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.

(43) Repurchase agreements

As at 31 December 2025, bonds in a volume of €1,547.6 million were used as part of repurchase agreements (2024: €1,007.7 million).

(44) Assets and liabilities in foreign currencies

The aggregate equivalent amount of assets denominated in foreign currencies was €17,359.0 million (2024: €19,145.2 million) at the balance sheet date, while liabilities totalled €2,060.8 million (2024: €3,647.1 million). Foreign currency balances are partly offset by equivalent foreign exchange forwards and currency swaps.

(45) Forward transactions

The following forward transactions had been entered into as at 31 December 2025:

- Transactions based on interest rates: interest rate swaps, caps, floors, swaptions
- Transactions based on exchange rates: forward foreign exchange transactions, cross-currency swaps

Interest-rate based transactions and cross-currency swaps are primarily used to hedge against interest rate and exchange rate fluctuations. Forward foreign exchange transactions are almost exclusively used for the purposes of funding hedges.

Remaining terms and future cash flows of derivatives are broken down in the following table:

31 Dec 2025

	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
€ mn					
Interest rate instruments					
Interest rate swaps					
Cash inflows	471.3	1,164.8	3,416.6	1,768.2	6,820.9
Cash outflows	538.4	1,189.6	3,734.9	1,874.2	7,337.1
Caps, floors					
Cash inflows	1.5	3.9	13.5	0.0	18.9
Cash outflows	1.5	3.9	13.5	0.0	18.9
Currency-related instruments					
Spot and forward foreign exchange trans- actions					
Cash inflows	2,135.2	423.4	0.0	0.0	2,558.6
Cash outflows	2,142.9	420.7	0.0	0.0	2,563.6
Cross-currency swaps					
Cash inflows	626.1	4,633.7	11,289.5	6.4	16,555.7
Cash outflows	646.7	4,607.6	11,104.5	0.0	16,358.8
Total cash inflows	3,234.1	6,225.8	14,719.6	1,774.6	25,954.1
Total cash outflows	3,329.5	6,221.8	14,852.9	1,874.2	26,278.4

31 December 2024

	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
€ mn					
Interest rate instruments					
Interest rate swaps					
Cash inflows	504.3	1,071.2	3,144.9	1,549.8	6,270.2
Cash outflows	600.8	1,104.8	3,431.9	1,660.4	6,797.9
Caps, floors					
Cash inflows	7.7	11.4	17.3	0.0	36.4
Cash outflows	7.7	11.4	17.3	0.0	36.4
Currency-related instruments					
Spot and forward foreign exchange trans- actions					
Cash inflows	2,058.0	0.0	0.0	0.0	2,058.0
Cash outflows	2,050.2	0.0	0.0	0.0	2,050.2
Cross-currency swaps					
Cash inflows	1,277.8	3,266.4	9,567.2	0.0	14,111.4
Cash outflows	1,331.9	3,633.8	10,234.9	13.3	15,213.9
Total cash inflows	3,847.8	4,349.0	12,729.4	1,549.8	22,476.0
Total cash outflows	3,990.6	4,750.0	13,684.1	1,673.7	24,098.4

The following overview shows positive and negative market values, aggregated by product level (without taking collateral or netting agreements into account): Unless a quoted market price is available, derivatives are measured using generally accepted methods on the basis of current market parameters (yield curves, volatility factors etc.). Methods used include standard methods and models such as discounted cash flow analyses and option pricing models. Structured products are measured after they have been split into their individual components. Fair values including accrued interest are given for derivative financial instruments not recognised at fair value.

	31 Dec 2025			31 Dec 2024	
	Nominal amount	Market value		Market value	
€ mn		Positive	Negative	Positive	Negative
Interest rate instruments	84,003.3	666.1	1,583.1	997.0	1,869.6
OTC products					
Interest rate swaps	72,691.6	648.7	1,565.7	964.4	1,837.0
Caps, floors	11,311.7	17.4	17.4	32.6	32.6
Currency-related instruments	18,458.5	628.7	121.8	148.0	701.3
OTC products					
Spot and forward foreign exchange transactions	2,558.6	3.1	11.4	11.0	1.5
Cross-currency swaps	15,899.9	625.6	110.4	137.0	699.8
Total	102,461.8	1,294.8	1,704.9	1,145.0	2,570.9

The year-on-year net change in market values is attributable to exchange rate developments, in addition to the changes in interest rates. Currency hedges are largely used to hedge foreign exchange risk in the lending business.

Derivatives have been entered into with the following counterparties:

	Market value as at 31 Dec 2025		Market value as at 31 Dec 2024	
	Positive	Negative	Positive	Negative
€ mn				
OECD public-sector authorities	0.0	0.0	0.0	0.0
OECD banks	1,255.7	1,672.1	1,106.8	2,512.2
Non-OECD banks	0.0	0.0	0.0	0.0
Companies and private individuals	39.1	32.8	38.2	58.7
Total	1,294.8	1,704.9	1,145.0	2,570.9

Other Disclosures

(46) Declaration pursuant to section 28 of the German Pfandbrief Act (Pfandbriefgesetz – “PfandBG”)

Public-sector lending

Total volume of outstanding public-sector Pfandbriefe and of the related cover assets in terms of nominal value and present value (section 28 (1) sentence 1 nos. 1 and 3 of the PfandBG):

31 Dec 2025

	Cover assets pool	Pfandbriefe outstanding ¹⁾	Excess cover	Statutory excess cover ²⁾	Contractual-excess cover	Voluntary excess cover ³⁾
€ mn						
Nominal value	770.7	665.5	105.2	28.2	0.0	77.0
of which: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Present value	862.1	736.9	125.2	14.7	0.0	110.5
of which: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Risk-adjusted net present value⁴⁾	815.3	712.0	103.3	0.0	0.0	0.0

31 December 2024

	Cover assets pool	Pfandbriefe outstanding ¹⁾	Excess cover	Statutory excess cover ²⁾	Contractual-excess cover	Voluntary excess cover ³⁾
€ mn						
Nominal value	1,144.4	921.3	223.1	39.3	0.0	183.8
of which: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Present value	1,305.6	1,023.1	282.5	20.5	0.0	262.0
of which: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Risk-adjusted net present value⁴⁾	1,223.2	990.1	233.1	0.0	0.0	0.0

¹⁾ Of which transferred to own holdings: €0.0 million (2024: €0.0 million)

²⁾ Statutory excess cover based on

* nominal amount: aggregate of nominal-value excess cover in accordance with section 4 (2) of the PfandBG and the nominal value of present-value excess cover in accordance with section 4 (1) of the PfandBG

* present value: present value of excess cover in accordance with section 4 (1) of the PfandBG

³⁾ Voluntary excess cover: residual amount, depending upon statutory and contractual excess cover; present value includes present value of nominal-value excess cover in accordance with section 4 (2) of the PfandBG

⁴⁾ Dynamic method pursuant to section 5 of the PfandBarwertV/static method pursuant to section 6 of the PfandBarwertV

Maturity structure of outstanding public-sector Pfandbriefe and fixed-interest periods of the related cover assets (section 28 (1) sentence 1 nos. 4 and 5 of the PfandBG):

	31 Dec 2025			31 Dec 2024		
	Cover assets pool	Pfandbriefe outstanding ¹⁾	Pfandbriefe outstanding, extension of maturity (12 months) ^{1) 2)}	Cover assets pool	Pfandbriefe outstanding ¹⁾	Pfandbriefe outstanding, extension of maturity (12 months) ^{1) 2)}
€ mn						
Up to 6 months	10.2	26.3	0.0	15.3	113.5	0.0
Between 6 months and 12 months	84.6	88.4	0.0	25.3	142.4	0.0
Between 12 months and 18 months	12.4	48.0	26.3	71.2	26.2	113.5
Between 18 months and 2 years	19.0	148.8	88.4	54.6	88.4	142.4
Between 2 years and 3 years	110.6	81.0	196.8	39.3	196.8	114.5
Between 3 years and 4 years	19.6	24.8	81.0	154.6	81.0	196.8
Between 4 years and 5 years	21.8	6.7	24.8	14.6	24.8	81.0
Between 5 years and 10 years	367.0	238.4	202.8	248.4	202.8	149.9
More than 10 years	125.5	3.0	45.4	521.0	45.4	123.1
Total	770.7	665.4	665.5	1,144.3	921.3	921.2

¹⁾ Of which transferred to own holdings: €0.0 million (2024: €0.0 million)

²⁾ Effects of an extension of maturity on the maturity structure of the Pfandbriefe/extension scenario: 12 months. This represents a very unlikely scenario which could only materialise once a cover pool administrator is appointed.

Breakdown of assets used as cover for public-sector Pfandbriefe (based on their nominal value) by their amount (section 28 (3) sentence 1 of the PfandBG):

	2025	2024
€ mn		
Amount classes		
Up to €10 million	79.7	92.8
More than €10 million and up to €100 million	382.9	362.1
More than €100 million	308.1	689.5
Total	770.7	1,144.4

31 Dec 2024

	Claims pursuant to section 20 (2) sentence 1 nos. 3 a) to c) of the PfandBG		Claims pursuant to section 20 (2) sentence 1 no. 4 of the PfandBG		Claims pursuant to section 20 (2) sentence 1 no. 2 of the PfandBG		Total
	Total	of which: covered bonds pursuant to Art. 129 of EU Regulation No. 575/2013	Total	of which: covered bonds pursuant to Art. 129 of EU Regulation No. 575/2013	Total	of which: covered bonds pursuant to Art. 129 of EU Regulation No. 575/2013	
€ mn							
Countries							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Additional key figures for outstanding Pfandbriefe and related cover assets:

		2025	2024
Outstanding Pfandbriefe	€ mn	665.5	921.3
of which: share of fixed-income Pfandbriefe	%	96.2	97.3
of which: transferred to own holdings	€ mn	0.0	0.0
Cover assets pool	€ mn	770.7	1,144.4
of which: total volume of claims pursuant to section 20 (1) and (2) of the PfandBG that exceed the limits set out in section 20 (3) of the PfandBG	€ mn	0.0	0.0
of which: total volume of claims above the percentages set out in section 20 (2) no. 2 of the PfandBG	€ mn	0.0	0.0
of which: total volume of claims above the percentages set out in section 20 (2) no. 3 of the PfandBG	€ mn	0.0	0.0
of which: share of fixed-income cover assets	%	93.1	94.9
of which: share attributable to obligors for which a default is considered to have occurred in accordance with Article 178 (1) of the CRR	€ mn	0.0	0.0

Net present value pursuant to section 6 of the German Regulation of the Net Present Value of Pfandbriefe (Pfandbrief-Barwertverordnung) per foreign currency:

	2025	2024
Balance of assets and liabilities in € mn per currency		
AUD	0.0	0.0
CAD	0.0	0.0
CHF	0.0	0.0
DKK	0.0	0.0
GBP	0.0	0.0
SEK	0.0	0.0
USD	0.0	0.0

		2025	2024
Liquidity ratios			
Greatest calculated negative total in the next 180 days within the meaning of section 4 (1a) sentence 3 of the PfandBG (liquidity requirements)	€ mn	16.6	99.2
Day on which the greatest negative total is calculated	Day	159	176
Total of cover assets that meet the requirements of section 4 (1a) sentence 3 of the PfandBG (liquidity coverage)	€ mn	65.8	145.8
Derivative ratios			
Share of derivative transactions included in the cover assets pools			
in accordance with section 20 (2) sentence 1 no. 1 of the PfandBG (credit quality step 3)	%	0.0	0.0
in accordance with section 20 (2) sentence 1 no. 2 of the PfandBG (credit quality step 2)	%	0.0	0.0
in accordance with section 20 (2) sentence 1 no. 3c of the PfandBG (credit quality step 1)	%	0.0	0.0
Share of derivative transactions in the liabilities to be covered			
in accordance with section 20 (2) sentence 1 no. 1 of the PfandBG (credit quality step 3)	%	0.0	0.0
in accordance with section 20 (2) sentence 1 no. 2 of the PfandBG (credit quality step 2)	%	0.0	0.0
in accordance with section 20 (2) sentence 1 no. 3c of the PfandBG (credit quality step 1)	%	0.0	0.0

There were no such payment arrears of 90 days or more in the reporting period, nor in the comparable period of the previous year.

No registered public-sector Pfandbriefe were surrendered to lenders as collateral for borrowings (2024: none).

Information on the extension of Pfandbriefe maturity

Requirements for extending the maturity of the Pfandbriefe

The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity (avoidance of insolvency), the Pfandbrief bank with limited business activity is not overindebted (no existing overindebtedness) and there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension (positive forecast in relation to meeting its liabilities). For further information, also see section 30 (2b) of the PfandBG.

Authorisations of the cover pool administrator as regards the extension of the Pfandbriefe's maturity

The cover pool administrator may extend the maturity date of principal payments when the relevant prerequisites in accordance with section 30 (2b) of the PfandBG are met. The period of extension, which may not exceed a period of twelve months, is determined by the cover pool administrator as required.

The cover pool administrator may extend the maturity dates of interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides to implement such an extension, the existence of the prerequisites set out in section 30 (2b) of the PfandBG shall be irrefutably presumed. Any such extension has to be taken into account in the maximum period of extension of twelve months.

The cover pool administrator may only exercise their authority uniformly for all Pfandbriefe of an issuance. In this case, maturity dates may be extended either in full or pro rata. The cover pool administrator has to extend the maturity date of a particular Pfandbrief issue such that the original order of servicing Pfandbriefe which could be bypassed as a result of such extension is not changed (prohibition of bypassing). This may lead to the requirement to extend the maturities of issues with later maturity dates in order to comply with the prohibition of bypassing. For further information, also see section 30 (2a) and (2b) of the PfandBG.

List of International Securities Identification Numbers (ISIN) of the International Organisation for Standardisation by types of Pfandbriefe pursuant to section 28 (1) sentence 1 no. 2 of the PfandBG

Public-sector Pfandbriefe

ISIN 31 Dec 2025		ISIN 31 Dec 2024	
DE0002023017	DE0003153292	DE0002023017	DE0003153292
DE0003153037	DE0003153417	DE0003153037	DE0003153417
DE0003153078	DE0003153458	DE0003153078	DE0003153458
DE0003153201	DE0003153532	DE0003153201	DE0003153532
DE0003153219	DE0003158887	DE0003153219	DE0003158887
DE0003153268	DE0003159992	DE0003153268	DE0003159992
DE0003153276		DE0003153276	

Mortgage lending

Total volume of outstanding Pfandbriefe and of the related cover assets in terms of nominal value and present value (section 28 (1) sentence 1 nos. 1 and 3 of the PfandBG):

31 Dec 2025

	Cover assets pool	Pfandbriefe outstanding ¹⁾	Excess cover	Statutory excess cover ²⁾	Contractual-excess cover	Voluntary excess cover ³⁾
€ mn						
Nominal value	19,424.6	17,195.0	2,229.6	705.7	0.0	1,523.9
of which: derivatives	0.5	5.9	0.0	0.0	0.0	0.0
Present value	20,554.8	17,413.1	3,141.8	348.3	0.0	2,793.5
of which: derivatives	156.7	0.0	0.0	0.0	0.0	0.0
Risk-adjusted net present value⁴⁾	20,764.4	17,983.3	2,781.1	0.0	0.0	0.0

¹⁾ Of which transferred to own holdings: €4,139.0 million (2024: €2,667.8 million)

²⁾ Statutory excess cover based on

* nominal amount: aggregate of nominal-value excess cover in accordance with section 4 (2) of the PfandBG and the nominal value of present-value excess cover in accordance with section 4 (1) of the PfandBG

* present value: present value of excess cover in accordance with section 4 (1) of the PfandBG

³⁾ Voluntary excess cover: residual amount, depending upon statutory and contractual excess cover; present value includes present value of nominal-value excess cover in accordance with section 4 (2) of the PfandBG

⁴⁾ Dynamic method pursuant to section 5 of the PfandBarwertV/static method pursuant to section 6 of the PfandBarwertV

31 December 2024

	Cover assets pool	Pfandbriefe outstanding ¹⁾	Excess cover	Statutory excess cover ²⁾	Contractual-excess cover	Voluntary excess cover ³⁾
€ mn						
Nominal value	17,203.5	15,449.1	1,754.4	629.9	0.0	1,124.5
of which: derivatives	0.0	180.3	0.0	0.0	0.0	0.0
Present value	18,014.4	15,588.9	2,425.5	311.8	0.0	2,113.8
of which: derivatives	0.0	180.3	0.0	0.0	0.0	0.0
Risk-adjusted net present value⁴⁾	18,272.4	16,271.1	2,001.3	0.0	0.0	0.0

¹⁾ Of which transferred to own holdings: €4,139.0 million (2024: €2,667.8 million)

²⁾ Statutory excess cover based on

* nominal amount: aggregate of nominal-value excess cover in accordance with section 4 (2) of the PfandBG and the nominal value of present-value excess cover in accordance with section 4 (1) of the PfandBG

* present value: present value of excess cover in accordance with section 4 (1) of the PfandBG

³⁾ Voluntary excess cover: residual amount, depending upon statutory and contractual excess cover; present value includes present value of nominal-value excess cover in accordance with section 4 (2) of the PfandBG

⁴⁾ Dynamic method pursuant to section 5 of the PfandBarwertV/static method pursuant to section 6 of the PfandBarwertV

Maturity structure of outstanding mortgage Pfandbriefe and fixed-interest periods of the related cover assets (section 28 (1) sentence 1 nos. 4 and 5 of the PfandBG):

	31 Dec 2025			31 Dec 2024		
	Cover assets pool	Pfandbriefe outstanding ¹⁾	Pfandbriefe outstanding, extension of maturity (12 months) ^{1) 2)}	Cover assets pool	Pfandbriefe outstanding ¹⁾	Pfandbriefe outstanding, extension of maturity (12 months) ^{1) 2)}
€ mn						
Up to 6 months	1,867.4	1,507.1	0.0	1,743.0	1,245.2	0.0
Between 6 months and 12 months	2,462.8	564.4	0.0	2,050.3	688.2	0.0
Between 12 months and 18 months	1,866.5	535.8	1,507.1	1,352.4	1,515.9	1,245.2
Between 18 months and 2 years	1,684.8	1,723.0	564.4	2,232.8	548.0	688.2
Between 2 years and 3 years	4,441.9	2,808.0	2,258.9	3,136.3	2,007.7	2,063.9
Between 3 years and 4 years	3,476.8	2,568.2	2,808.0	3,908.4	2,868.1	2,007.7
Between 4 years and 5 years	2,886.7	2,526.7	2,568.2	1,551.6	2,558.1	2,868.1
Between 5 years and 10 years	686.0	4,037.0	6,561.6	1,166.9	3,254.3	5,724.1
More than 10 years	51.8	924.8	926.8	61.8	763.7	852.0
Total	19,424.7	17,195.0	17,195.0	17,203.5	15,449.2	15,449.2

¹⁾ Of which transferred to own holdings: €4,139.0 million (2024: €2,667.8 million)

²⁾ Effects of an extension of maturity on the maturity structure of the Pfandbriefe/extension scenario: 12 months. This represents a very unlikely scenario which could only materialise once a cover pool administrator is appointed.

Breakdown of assets used as cover (based on their nominal value) by tranches (section 28 (2) sentence 1 no. 1a of the PfandBG)

	2025	2024
€ mn		
Amount classes		
Up to €300 thousand	75.4	103.7
Between € 300 thousand and € 1 million	57.6	65.0
Between €1 million and €10 million	1,776.1	1,545.2
More than €10 million	16,166.0	14,557.6
Total	18,075.1	16,271.5

Additional cover assets pursuant to section 28 (1) sentence 1 nos. 8, 9 and 10 of the PfandBG:

31 Dec 2025

	Claims pursuant to section 19 (1) sentence 1 nos. 2a) and b) of the PfandBG		Claims pursuant to section 19 (1) sentence 1 nos. 3 a) to c) of the PfandBG		Claims pursuant to section 19 (1) sentence 1 no. 4 of the PfandBG	Total
	Total	of which: covered bonds pursuant to Art. 129 of EU Regulation No. 575/2013	Total	of which: covered bonds pursuant to Art. 129 of EU Regulation No. 575/2013		
€ mn						
Countries						
Denmark	0.0	0.0	21.5	21.5	19.7	41.2
Germany	0.0	0.0	10.0	10.0	951.5	961.5
EU institutions	0.0	0.0	0.0	0.0	197.0	197.0
Austria	0.0	0.0	69.4	69.4	50.0	119.4
Canada	0.0	0.0	0.0	0.0	30.0	30.0
Total	0.0	0.0	100.9	100.9	1,248.2	1,349.1

31 Dec 2024

	Claims pursuant to section 19 (1) sentence 1 nos. 2a) and b) of the PfandBG		Claims pursuant to section 19 (1) sentence 1 nos. 3 a) to c) of the PfandBG		Claims pursuant to section 19 (1) sentence 1 no. 4 of the PfandBG	Total
	Total	of which: covered bonds pursuant to Art. 129 of EU Regulation No. 575/2013	Total	of which: covered bonds pursuant to Art. 129 of EU Regulation No. 575/2013		
€ mn						
Countries						
Denmark	0.0	0.0	21.5	21.5	39.7	61.2
Germany	0.0	0.0	73.0	21.0	551.5	624.5
EU institutions	0.0	0.0	0.0	0.0	127.0	127.0
Austria	0.0	0.0	69.4	69.4	50.0	119.4
Canada	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	163.9	111.9	768.2	932.1

Additional key figures for outstanding Pfandbriefe and related cover assets:

		2025	2024
Outstanding Pfandbriefe	€ mn	17,195.0	15,449.1
of which: share of fixed-income Pfandbriefe	%	59.8	67.9
of which: transferred to own holdings	€ mn	4,139.0	2,677.8
Cover assets pool	€ mn	19,424.6	17,203.5
of which: total volume of claims above the limits set out in section 13 (1) of the PfandBG	€ mn	0.0	0.0
of which: total volume of values above the limits set out in section 19 (1) sentence 7 of the PfandBG	€ mn	0.0	0.0
of which: total volume of claims above the percentages set out in section 19 (1) no. 2 of the PfandBG	€ mn	0.0	0.0
of which: total volume of claims above the percentages set out in section 19 (1) no. 3 of the PfandBG	€ mn	0.0	0.0
of which: total volume of claims above the percentages set out in section 19 (1) no. 4 of the PfandBG	€ mn	0.0	0.0
of which: share of fixed-income cover assets	%	54.3	54.2
of which: share attributable to obligors for which a default is considered to have occurred in accordance with Article 178 (1) of the CRR	%	0.0	0.0
Volume-weighted average age of receivables (seasoning)	Years	4.8	5.0
Weighted average mortgage lending value ratio, based on mortgage lending value	%	57.2	56.0
Weighted average mortgage lending value ratio, based on market value	%	34.6	34.9

Net present value pursuant to section 6 of the German Regulation of the Net Present Value of Pfandbriefe (Pfandbrief-Barwertverordnung) per foreign currency:

		2025	2024
Balance of assets and liabilities in € mn per currency			
AUD		159.8	14.0
CAD		217.3	226.7
CHF		169.6	73.2
DKK		204.0	195.9
GBP		826.1	986.3
SEK		-3.4	109.8
USD		-63.4	-235.3
		2025	2024
Liquidity ratios			
Greatest calculated negative total in the next 180 days within the meaning of section 4 (1a) sentence 3 of the PfandBG (liquidity requirements)	€ mn	1,057.1	502.0
Day on which the greatest negative total is calculated	Day	139	50
Total of cover assets that meet the requirements of section 4 (1a) sentence 3 of the PfandBG (liquidity coverage)	€ mn	1,284.7	877.1

		2025	2024
Derivative ratios			
Share of derivative transactions included in the cover assets pools			
in accordance with section 19 (1) sentence 1 no. 1 of the PfandBG (credit quality step 3)	%	0.0	0.0
in accordance with section 19 (1) sentence 1 no. 2c of the PfandBG (credit quality step 2)	%	0.0	0.0
in accordance with section 19 (1) sentence 1 no. 3d of the PfandBG (credit quality step 1)	%	0.0	0.0
Share of derivative transactions in the liabilities to be covered			
in accordance with section 19 (1) sentence 1 no. 1 of the PfandBG (credit quality step 3)	%	0.0	0.0
in accordance with section 19 (1) sentence 1 no. 2c of the PfandBG (credit quality step 2)	%	0.0	0.9
in accordance with section 19 (1) sentence 1 no. 3d of the PfandBG (credit quality step 1)	%	0.0	0.3

Information on the extension of Pfandbriefe maturity

Requirements for extending the maturity of the Pfandbriefe

The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity (avoidance of insolvency), the Pfandbrief bank with limited business activity is not overindebted (no existing overindebtedness) and there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension (positive forecast in relation to meeting its liabilities). For further information, also see section 30 (2b) of the PfandBG.

Authorisations of the cover pool administrator as regards the extension of the Pfandbriefe's maturity

The cover pool administrator may extend the maturity date of principal payments when the relevant prerequisites in accordance with section 30 (2b) of the PfandBG are met. The period of extension, which may not exceed a period of twelve months, is determined by the cover pool administrator as required.

The cover pool administrator may extend the maturity dates of interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides to implement such an extension, the existence of the prerequisites set out in section 30 (2b) of the PfandBG shall be irrefutably presumed. Any such extension has to be taken into account in the maximum period of extension of twelve months.

The cover pool administrator may only exercise their authority uniformly for all Pfandbriefe of an issuance. In this case, maturity dates may be extended either in full or pro rata. The cover pool administrator has to extend the maturity date of a particular Pfandbrief issue such that the original order of servicing Pfandbriefe which could be bypassed as a result of such extension is not changed (prohibition of bypassing). This may lead to the requirement to extend the maturities of issues with later maturity dates in order to comply with the prohibition of bypassing. For further information, also see section 30 (2a) and (2b) of the PfandBG.

List of International Securities Identification Numbers (ISIN) of the International Organisation for Standardisation by types of Pfandbriefe pursuant to section 28 (1) sentence 1 no. 2 of the PfandBG

Mortgage Pfandbriefe

ISIN 31 Dec 2025				ISIN 31 Dec 2024			
DE000AAR0256	DE000A2E4DA4	DE0003150199	DE0003150629	DE0002020013	DE0003150496	DE000A289L70	DE000AAR0314
DE000AAR0272	DE000A2E4DC0	DE0003150207	DE0003150645	DE0002020021	DE0003150512	DE000A289L96	DE000AAR0330
DE000AAR0280	DE000A289L70	DE0003150231	DE0003150652	DE0002020047	DE0003150520	DE000A289MA4	DE000AAR0348
DE000AAR0306	DE000A289L96	DE0003150256	DE0003150678	DE0002020138	DE0003150538	DE000A289MB2	DE000AAR0363
DE000AAR0314	DE000A289MA4	DE0003150363	DE0003150686	DE0002020211	DE0003150561	DE000A289MC0	DE000AAR0371
DE000AAR0330	DE000A289MB2	DE0003150389	DE0003150694	DE0003150074	DE0003150579	DE000A289MG1	DE000AAR0389
DE000AAR0348	DE000A289MU2	DE0003150405	DE0003150728	DE0003150165	DE0003150587	DE000A289MH9	DE000AAR0397
DE000AAR0363	DE000A289MV0	DE0003150421	DE0003150744	DE0003150173	DE0003150595	DE000A289ML1	DE000AAR0405
DE000AAR0371	DE000A4MS0T5	DE0003150439	DE0003150850	DE0003150181	DE0003150611	DE000A289MU2	DE000AAR0421
DE000AAR0389	DE000A4MS0U3	DE0003150447	DE0003150918	DE0003150199	DE0003150629	DE000A289MV0	DE000AAR0447
DE000AAR0397	DE000A4MS0W9	DE0003150462	DE0003151684	DE0003150207	DE0003150645	DE000A2E4C43	XS1092160461
DE000AAR0405	DE000A4MS0X7	DE0003150470	XS1092160461	DE0003150231	DE0003150652	DE000A2E4C76	XS2297684842
DE000AAR0421	DE000A4MS0Y5	DE0003150488	XS2872750562	DE0003150256	DE0003150678	DE000A2E4CE8	XS2337339977
DE000AAR0447	DE0002020013	DE0003150496	XS2941482486	DE0003150363	DE0003150686	DE000A2E4CT6	XS2872750562
DE000AAR0454	DE0002020021	DE0003150512	XS2985302285	DE0003150389	DE0003150694	DE000A2E4CU4	XS2941482486
DE000AAR0462	DE0002020047	DE0003150520	XS3224652209	DE0003150405	DE0003150728	DE000A2E4DA4	
DE000AAR0470	DE0002020138	DE0003150538		DE0003150421	DE0003150744	DE000A2E4DC0	
DE000A2E4CE8	DE0002020211	DE0003150561		DE0003150439	DE0003150850	DE000AAR0215	
DE000A2E4CT6	DE0003150074	DE0003150579		DE0003150447	DE0003150918	DE000AAR0256	
DE000A2E4CU4	DE0003150165	DE0003150587		DE0003150462	DE0003151684	DE000AAR0272	
DE000A2E4C43	DE0003150173	DE0003150595		DE0003150470	DE000A1CR5Q6	DE000AAR0280	
DE000A2E4C76	DE0003150181	DE0003150611		DE0003150488	DE000A289L62	DE000AAR0306	

Distribution of the amounts measured at nominal value and used to cover mortgage Pfandbriefe by countries in which the real property collateral is located (section 28 (2), sentence 1 no. 1b,c of the PfandBG):

31 Dec 2025

	Commercial property							Residential property					Total cover assets pool	
	Build- ing plots only	New build- ings not yet yielding returns	Office buildings	Retail	Industrial	Other	Total	Build- ing plots only	New build- ings not yet yielding returns	Con- do- min- iums	One- and two- family homes	Multi- family homes		Total
€ mn														
Australia	0.0	0.0	0.0	0.0	32.3	114.2	146.5	0.0	0.0	0.0	0.0	121.9	121.9	268.4
Belgium	0.0	0.0	170.1	0.0	1.8	93.5	265.4	0.0	0.0	0.0	0.0	0.0	0.0	265.4
Denmark	0.0	0.0	0.0	0.0	19.1	190.4	209.5	0.0	0.0	0.0	0.0	0.0	0.0	209.5
Germany	6.8	0.0	165.3	348.4	533.4	287.7	1,341.6	0.1	0.0	7.2	34.4	395.4	437.1	1,778.7
Finland	0.0	0.0	94.9	330.3	23.5	0.0	448.7	0.0	0.0	0.0	0.0	45.7	45.7	494.4
France	0.0	359.2	691.9	182.0	308.8	454.2	1,996.1	0.0	0.0	0.0	0.0	100.0	100.0	2,096.1
UK	0.0	200.4	860.8	380.6	365.9	1,217.4	3,025.1	0.0	0.0	0.0	0.0	585.0	585.0	3,610.1
Ireland	0.0	0.0	0.0	0.0	0.0	87.2	87.2	0.0	0.0	0.0	0.0	0.0	0.0	87.2
Italy	0.0	1.5	235.4	396.5	172.1	166.6	972.1	0.0	0.0	0.0	0.0	18.0	18.0	990.1
Canada	0.0	0.0	0.0	6.5	0.0	541.9	548.4	0.0	0.0	0.0	0.0	0.0	0.0	548.4
Luxembourg	0.0	0.0	52.6	0.0	0.0	4.5	57.1	0.0	0.0	0.0	0.0	0.0	0.0	57.1
Netherlands	0.0	0.0	0.0	0.0	310.6	732.4	1,043.0	0.0	0.0	0.0	0.0	0.0	0.0	1,043.0
Austria	0.0	0.0	0.0	119.7	5.2	14.7	139.6	0.0	0.0	0.0	0.0	0.0	0.0	139.6
Poland	0.0	49.7	499.6	390.7	883.6	0.0	1,823.6	0.0	0.0	0.0	0.0	0.0	0.0	1,823.6
Sweden	0.0	0.0	279.3	0.0	57.3	0.0	336.6	0.0	0.0	0.0	0.0	0.0	0.0	336.6
Switzerland	0.0	0.0	2.1	0.0	0.0	161.0	163.1	0.0	0.0	0.0	0.0	0.0	0.0	163.1
Spain	0.0	0.0	5.6	1,089.9	259.6	152.4	1,507.5	0.0	0.0	0.0	0.0	267.0	267.0	1,774.5
Czech Republic	0.0	0.0	0.0	0.0	89.7	21.0	110.7	0.0	0.0	0.0	0.0	0.0	0.0	110.7
US	0.0	35.2	891.6	275.8	35.8	833.9	2,072.3	0.0	0.0	0.0	0.0	206.5	206.5	2,278.8
Total	6.8	646.0	3,949.2	3,520.4	3,098.7	5,073.0	16,294.1	0.1	0.0	7.2	34.4	1,739.5	1,781.2	18,075.3

31 December 2024

Previous year figures pursuant to section 28 (5) of the PfandBG

€ mn	Commercial property						Residential property					Total cover as-sets pool		
	Build- ing plots only	New build- ings not yet yielding returns	Office buildings	Retail	Industrial	Other	Total	Build- ing plots only	New build- ings not yet yielding returns	Con- do- min- iums	One- and two- family homes		Multi- family homes	Total
Australia	0.0	0.0	0.0	0.0	34.0	212.3	246.3	0.0	0.0	0.0	0.0	110.5	110.5	356.8
Belgium	0.0	0.0	157.8	66.5	1.8	93.5	319.6	0.0	0.0	0.0	0.0	0.0	0.0	319.6
Denmark	0.0	0.0	0.0	0.0	0.0	195.3	195.3	0.0	0.0	0.0	0.0	0.0	0.0	195.3
Germany	0.0	0.0	164.1	180.2	301.6	186.8	832.7	0.3	0.0	10.0	48.2	370.0	428.5	1,261.2
Finland	0.0	0.0	94.9	184.2	23.5	0.0	302.6	0.0	0.0	0.0	0.0	14.6	14.6	317.2
France	0.0	252.7	794.3	159.7	195.3	337.8	1,739.8	0.0	0.0	0.0	0.0	14.8	14.8	1,754.6
UK	0.0	141.1	721.6	188.2	486.0	1,247.9	2,784.8	0.0	0.0	0.0	0.0	574.6	574.6	3,359.4
Ireland	0.0	0.0	0.0	0.0	0.0	82.1	82.1	0.0	0.0	0.0	0.0	0.0	0.0	82.1
Italy	0.0	0.0	175.2	341.0	22.1	48.3	586.6	0.0	0.0	0.0	0.0	18.0	18.0	604.6
Canada	0.0	0.0	0.0	0.0	0.0	358.4	358.4	0.0	0.0	0.0	0.0	0.0	0.0	358.4
Luxembourg	0.0	0.0	52.6	0.0	0.0	4.5	57.1	0.0	0.0	0.0	0.0	0.0	0.0	57.1
Netherlands	0.0	0.0	3.8	0.0	321.1	692.2	1,017.1	0.0	0.0	0.0	0.0	0.0	0.0	1,017.1
Austria	0.0	0.0	0.0	119.7	5.2	53.1	178.0	0.0	0.0	0.0	0.0	0.0	0.0	178.0
Poland	0.0	0.0	494.4	346.9	693.0	0.0	1,534.3	0.0	0.0	0.0	0.0	0.0	0.0	1,534.3
Sweden	0.0	0.0	246.2	97.6	125.5	0.0	469.3	0.0	0.0	0.0	0.0	0.0	0.0	469.3
Switzerland	0.0	0.0	2.1	0.0	0.0	159.1	161.2	0.0	0.0	0.0	0.0	0.0	0.0	161.2
Spain	0.0	0.0	4.0	754.5	170.0	152.8	1,081.3	0.0	0.0	0.0	0.0	143.1	143.1	1,224.4
Czech Republic	0.0	0.0	0.0	0.0	89.7	12.9	102.6	0.0	0.0	0.0	0.0	0.0	0.0	102.6
US	0.0	34.9	1,491.1	211.6	40.5	998.8	2,776.9	0.0	0.0	0.0	0.0	141.1	141.1	2,918.0
Total	0.0	428.7	4,402.1	2,650.1	2,509.3	4,835.8	14,826.0	0.3	0.0	10.0	48.2	1,386.7	1,445.2	16,271.2

Arrears from mortgage loans used to cover mortgage Pfandbriefe
(section 28 (2) sentence 1 no. 2 of the PfandBG)

€ mn	2025		2024	
	Aggregate payments which are at least 90 days overdue	Total volume of these receivables, to the extent that the relevant amount overdue is not less than 5% of the receivable	Aggregate payments which are at least 90 days overdue	Total volume of these receivables, to the extent that the relevant amount overdue is not less than 5% of the receivable
Belgium	0.0	0.0	0.0	0.0
Denmark	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0
Estonia	0.0	0.0	0.0	0.0
Finland	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0
UK	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0
Canada	0.0	0.0	0.0	0.0
Luxembourg	0.0	0.0	0.0	0.0
Netherlands	0.0	0.0	0.0	0.0
Austria	0.0	0.0	0.0	0.0
Poland	0.0	0.0	0.0	0.0
Sweden	0.0	0.0	0.0	0.0
Switzerland	0.0	0.0	0.0	0.0
Spain	0.0	0.0	0.0	0.0
Czech Republic	0.0	0.0	0.0	0.0
Hungary	0.0	0.0	0.0	0.0
US	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

No registered mortgage Pfandbriefe were surrendered to lenders as collateral for borrowings (2024: none).

Additional disclosures on mortgage receivables (section 28 (2), sentence 1 no. 5 of the PfandBG):

		2025		2024	
		Commercial property	Residential property	Commercial property	Residential property
Forced sales pending	Number	0	9	0	12
of which forced administrations pending	Number	0	0	0	0
Forced administrations pending	Number	0	0	0	0
Forced sales executed	Number	0	4	0	7
Purchases of properties to prevent losses (foreclosed assets)	Number	0	0	0	0
Total amount of arrears on interest payable	€ mn	0.9	0.0	0.2	0.0

(47) 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.

(48) 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.

(49) Remuneration disclosures

Management and Supervisory Board

In the financial year 2025, the Management Board's total remuneration, excluding benefits from pension commitments, amounted to €9.4 million (2024: €11.7 million), of which €5.3 million (2024: €7.3 million) referred to variable components. A total of 105,357 virtual shares were granted to active members of the Management Board in the 2025 financial year, having a fair value of €2.5 million at the grant date. Payments to former Management Board members and their surviving dependants totalled €2.4 million in 2025 (2024: €2.4 million).

The amount of pension obligations to active and former members of the Management Board was €64.1 million as at 31 December 2025 (2024: €64.7 million). Of that amount, €7.2 million (2024: €6.8 million) related to members of the Management Board active at the end of the financial year and €56.9 million to former members of the Management Board and their surviving dependants (2024: €57.9 million).

The total remuneration of members of the Supervisory Board for the 2025 financial year amounted to €2.0 million (2024: €2.0 million). The remuneration for any financial year is due and payable one month after the end of the respective financial year.

(50) Employees

The average staffing level is shown below:

	1 Jan - 31 Dec 2025	1 Jan - 31 Dec 2024
Yearly average		
Salaried employees	1,022	1,036
Executives	30	30
Total	1,052	1,066
of which: part-time employees	175	182

(51) Auditors' fees

Regarding the fees paid to external auditors of Aareal Bank AG, please refer to the Notes to the consolidated financial statements, where individual services provided to Aareal Bank AG and its subsidiaries are outlined as follows:

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 related 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.

(52) Disclosures pursuant to section 160 (1) no. 8 of the AktG

In accordance with the notification pursuant to section 20 (6) of the German Public Limited Companies Act (Aktiengesetz – “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.

(53) 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.

(54) Proposal on the appropriation of profits

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.

(55) 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	

Supervisory Board

Jean Pierre Mustier, Chairman of the Supervisory Board

Former CEO of UniCredit S.p.A. and former President of the European Banking Federation

Henning Giesecke

Former Chief Risk Officer of UniCredit S.p.A. and UniCredit Bank AG

Denis Hall, Chairman of the Audit Committee

Former Chief Risk Officer Global Consumer Banking of GE Capital EMEA

Petra Heinemann-Specht*, Deputy Chairwoman of the Supervisory Board (since 19 March 2025)

Aareal Bank AG

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.

Hans-Hermann Lotter, Deputy Chairman of the Supervisory Board

Self-employed consultant for private equity investments, mergers, takeovers and restructurings

Marika Lulay, Chairwoman of the Technology and Innovation Committee

Former Chief Executive Officer and former Managing Director of GFT Technologies SE

Klaus Novatius*¹⁾

Aareal Bank AG

Maximilian Rinke

Senior Managing Director of Centerbridge Partners L.P.

Sascha Schmitt*

Aareal Bank AG

since 7 March 2025

José Sevilla Álvarez, Chairman of the Risk Committee

Former Chief Executive Officer of Bankia S.A.

Markus Zywitza*

Aareal Bank AG

* Employee representative member of the Supervisory Board of Aareal Bank AG

¹⁾ Klaus Novatius was Deputy Chairman of the Supervisory Board until 19 March 2025

Retired members

Nicole Schäfer*

Aareal Bank AG

until 7 March 2025

* Employee representative member of the Supervisory Board of Aareal Bank AG

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

(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 Report

To Aareal Bank AG, Wiesbaden, Germany

Report on the Audit of the Annual Financial Statements and the Management Report

Audit opinions

We have audited the annual financial statements of Aareal Bank AG, Wiesbaden, which comprise the balance sheet as at 31 December 2025, and the income statement for the financial year from 1 January to 31 December 2025, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the 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 did not audit the contents of the components of the management report referred to in the notes to the audit opinion.

The management report contains references not required by law. In accordance with the requirements of German law, we did not audit the contents of the references named in the notes to the auditor's opinion and the information relating to references.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material aspects, with the requirements of German commercial law applicable to institutes and in compliance with German Legally Required Accounting Principles give a true and fair view of the assets, liabilities and financial position of the Company as of 31 December 2025 and its financial performance for the financial year from 1 January to 31 December 2025 and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the contents of the components of the management report stated in the notes to the audit opinion. The management report contains references not required by law. Our audit opinion does not cover the references named in the notes to the audit opinion and information relating to the references.

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 annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter the "EU Audit Regulation"), taking into account the German Generally Accepted Standards for Financial Statement Audits 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 Annual Financial Statements and of the Management Report“ section of our auditor’s report. We are independent of the Company 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. In addition, in accordance with Article 10 (2)(f) EU Audit Regulation we declare that we have not provided any non-audit services prohibited under Article 5 (1) EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are such matters that, in our professional judgement, were the most significant in our audit of the annual financial statements for the financial year from 1 January to 31 December 2025. These matters were addressed in connection with our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

■ Recoverability of the rescue acquisitions

For information on the applied accounting policies, please refer to the Recognition and measurement policies – (8) Participation interests, interests in affiliated companies, intangible assets and tangible assets section in the notes to the financial statements.

THE FINANCIAL STATEMENT RISK

In the annual financial statements of Aareal Bank AG as at 31 December 2025 indirectly property and land from previous loan exposures – so-called “rescue acquisitions” – were recognised under “Interests in affiliated companies”.

The rescue acquisitions are held in property companies and, are intended for sale in the ordinary course of business. 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, which was recognized at a value of EUR 65.2 million at the time of acquisition.

At each reporting date, the Bank examines the recoverability of the properties and land held in the property companies and thus the recoverability of the shares held. In doing so, the Bank mandates external experts and considers their procedure 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 planning calculations thus integrate assumptions subject to uncertainty, e.g. property completion, leasing and marketing.

These assumptions which are subject to estimating uncertainty have a substantial impact on the market value and thus also on the assessment of the recoverability of the carrying amounts of the property companies held.

There is also the risk for the annual financial statements that the calculation 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 at an appropriate level.

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 examined the Bank's controls and processes to check the plausibility of the appraisals obtained in terms of appropriateness.

Furthermore, with the involvement of KPMG property 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.

In addition, we audited whether the management's currently envisaged development plans and assumptions are appropriate and were appropriately integrated into the appraisals.

OUR OBSERVATIONS

The measurement methods used in the appraisals which are subject to assessment uncertainty are appropriate and proper.

■ Loans – specific valuation allowances

For information on the accounting policies the Bank applies, please refer to the Recognition and measurement policies – (2) Receivables section in the notes to the financial statements

THE FINANCIAL STATEMENT RISK

Aareal Bank AG's lending business largely comprises large-scale commercial property financings. Aareal Bank AG recognised material specific valuation allowances on credit receivables. In general, the risk provision is measured on the basis of probability-weighted scenarios.

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.

It was therefore of particular importance 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 macroeconomic situation used by Aareal Bank AG.

Then we assessed the cash flows derived for the scenarios. In our assessment, depending on the exposure strategy pursued by Aareal Bank, 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.

With the selective involvement of KPMG real estate 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 OBSERVATIONS

In determining the specific valuation allowances for credit-impaired receivables, 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 non-audited components of the management report listed in the appendix to the auditor's 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 annual financial statements, the disclosures in the management report audited for content or our auditor's report thereon.

Our opinions on the annual financial statements and on the 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 annual financial statements, with the 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, 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 Annual Financial Statements and the Management Report

The Management Board is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutes, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the Management Board is responsible for such internal control as it in accordance with German Legally Required Accounting Principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the Management Board is responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the Management Board is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 Audit Regulation and 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 annual financial statements and this 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 annual financial statements and of the 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 the 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 Company'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 annual financial statements and in the management report or, 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the 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 also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that can reasonably be thought to bear on our independence and, where applicable, the actions taken to eliminate dangers to independence or safeguards put in place to protect against this.

From the matters communicated with those charged with governance, we determine those matters that were of most significance during the audit of the annual financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation preclude public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Audit on the Electronic Rendering of the Annual Financial Statements and the 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 annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file „Aareal Bank_AG_JA+LB_ESEF-2025-12-31.zip“ (SHA256- Hashwert: 46381ebb03b253c78cd011b63aaef902b40d98093779e9e3133ae5204d2fd79c) 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 annual financial statements and the 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.

In our opinion, the rendering of the annual financial statements and the 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 annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2025 contained in the "Report on the Audit of the Annual Financial Statements and the 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 Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's Management Board is responsible for such internal control that it has 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 at 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 annual financial statements and the audited management report.

Other disclosures in accordance with Article 10 EU Audit Regulation

We were elected by the Annual General Meeting on March 7, 2025 as auditor of the annual financial statements. We were engaged by the Supervisory Board on June 25, 2025. We have been the statutory 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 Audit Regulation (audit report).

In addition to the audit of the financial statements, we have provided the following services for the audited company and its subsidiaries, which are not disclosed in the financial statements or management report of the audited company:

KPMG AG WPG audited the annual and consolidated financial statements and the (consolidated) management report of Aareal Bank AG and performed various audits of the annual financial statements of subsidiaries, the review of the half-yearly financial report, the audit in accordance with the Securities Trading Act, and the audit of the sustainability statement. In addition, services were provided in connection with a balance sheet audit by BaFin, other contractually agreed assurance services, consulting on corporate governance and regulatory matters, training, and a comfort letter was issued. Details of the auditor's fees are included in the consolidated financial statements of Aareal Bank AG. Publication here is waived on the basis of the exemption clause for consolidated financial statements in section 285 no. 17 HGB.

Other matter – Use of the Auditor’s Report

Our auditor’s report must always be read together with the audited annual financial statements and the audited management report as well as the examined ESEF documents. The annual financial statements and management report converted to the ESEF format – including the versions to be published in the company register – are merely electronic renderings of the audited annual financial statements and the audited 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 am Main, February 27, 2026

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Winner
Wirtschaftsprüfer
[German Public Auditor]

Thiede
Wirtschaftsprüfer
[German Public Auditor]

Appendix to the Independent Auditor’s Report: Unaudited components of the management report

We did not audit the following components of the management report:

- The corporate government statement referred to in the management report,
- the combined non-financial report integrated to in the management report and
- details on key employee indicators (in the “Our employees” section, table of HR data in the management report).

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Wiesbaden, 24 February 2026

The Management Board



Dr. Christian Ricken



Nina Babic



Andrew Halford



Christof Winkelmann

Report on Remuneration Transparency

In accordance with section 21 of the German Act to Encourage Transparency of Remuneration Structures (Entgelttransparenzgesetz – “EntgTranspG”), Aareal Bank AG has been required to prepare a report on equal treatment and equal remuneration. For the purpose of ensuring maximum transparency, Aareal Bank AG prepares the report on an annual basis and thus exceeds the legal requirements set out in section 22 of the EntgTranspG.

1. Measures to promote the equal treatment of women, and the impact of such measures

Gender equality has been Aareal Bank AG’s declared goal for many years. The Bank attaches great importance to the equal treatment of women and men, whether in the context of filling vacant positions, with regard to professional development within the Company, or in terms of remuneration.

Skills and experience are the only relevant criteria when filling vacant positions. Within the scope of staffing procedures, all vacancies below executive staff level – both managerial and expert functions – are advertised internally so that all employees are given equal opportunities in the application procedure. The same applies to all positions for tariff employees.

All employees are offered a wide array of training measures for developing their skills. The decisive factor is that all employees – both men and women – are able to fulfil their tasks and have the know-how required. No distinction is made between female and male employees when it comes to participating in such training measures. Employees, regardless of their gender, take part in all necessary seminars to the same extent. To support all employees in striking a better work-life balance, the Bank offers all employees a broad range of family-friendly support services. These include, for example, the support of childcare, parent-child workrooms, helping to find service providers for private childcare, childcare during holidays offered by the city of Wiesbaden, and also the option of working remotely or flexible working hours.

2. Measures to ensure equal pay for women and men

The Bank also deliberately tries to ensure that men and women are treated equally in terms of remuneration. The decisive criteria in this context are that they have the same areas of activity with the same scope of responsibility in the respective positions, and also provide the same performance in the sense of achieving the target agreed upon in advance on an annual basis. The determination of the fixed remuneration of female and male employees is based on the collective agreement applicable for the private banking sector for non-exempt employees. For exempt employees, the determination is based on the provisions of a works agreement in relation to fixed remuneration and positions, pursuant to which fixed remuneration ranges are allocated to the individual expert or managerial positions. Similarly, the variable remuneration components are defined on the basis of a corresponding works agreement or remuneration policy. Within the scope of their co-determination rights, the employee representative bodies review whether these provisions are complied with for both men and women. These rules lead to a remuneration structure that is not only transparent but also ensures equal remuneration of women and men. The Bank also regularly participates in analyses on the remuneration structures of German banks to ensure that this structure is also reviewed externally.

In order to continue to fulfil its responsibility as a fair and attractive employer in the future, the Bank will continue to review the gender pay gap issue in cooperation with external consultants.

	Men			Women			Total
	Part time	Full time	Total	Part time	Full time	Total	
Ø 2021	31.8	478.3	510.1	147.0	221.9	368.9	879.0
Ø 2022	32.4	479.6	512.0	135.3	239.9	375.2	887.2
Ø 2023	32.3	496.0	528.3	139.1	263.4	402.5	930.8
Ø 2024	39.4	547.6	587.0	142.4	275.3	417.7	1,004.7
Ø 2025	35.0	551.1	586.1	140.3	273.8	414.1	1,000.2

Imprint

Contents:

Aareal Bank AG

Treasury – Debt Investor Relations

Paulinenstrasse 15 · 65189 Wiesbaden, Germany

Phone: +49 611 348 3009

Fax: +49 611 348 2637

www.aareal-bank.com

This report is also available in German.



Aareal Bank

Aareal
YOUR COMPETITIVE ADVANTAGE.