

PRESS RELEASE

Aareal Bank continues its strong performance in the first nine months

- **Adjusted operating profit up 15 per cent to €306 million**
- **Net interest income stabilised as expected at €691 million**
- **Loan impairment charges down a third to €190 million**
- **Administrative expenses reduced by 8 per cent**
- **Strong new business of €8.5 billion, healthy margins and conservative LTVs**
- **BDS segment records further increase in deposit volume in third quarter**
- **Very solid capital and liquidity ratios**
- **Outlook for 2025 confirmed**

Wiesbaden, 13 November 2025 – Aareal Bank has continued its positive business performance, posting a marked increase in results for the first nine months of the current financial year. **Adjusted operating profit** was up 15 per cent year on year to €306 million (9m 2024: €266 million), with the third quarter accounting for €83 million (Q3 2024: €81 million). Including non-recurring costs, operating profit rose to €281 million (9m 2024: €261 million), of which €73 million was generated in the period from July to September (Q3 2024: €80 million).

Aareal Bank's CEO **Dr Christian Ricken** said: "Aareal Bank has consistently maintained its strong operating performance. Our two business segments continue to perform very well. At the same time, we were able to significantly reduce costs as well as loan impairment charges. After nine months, we are on track to reach our ambitious targets for the full year."

Despite of the generally lower interest rates, **net interest income** stabilised as expected at €691 million (9m 2024: €792 million), aided by healthy margins and higher average lending volumes. The third quarter accounted for €218 million (Q3 2024: €262 million).

Loan impairment charges declined further to €190 million in the first nine months, down 34 per cent year on year (9m 2024: €288 million). The third-quarter figure was €74 million (Q3 2024: €112 million). In the face of heightened geopolitical and macro-economic uncertainty, Aareal Bank will continue to pursue a cautious and prudent risk policy.

The Bank was also able to further reduce the volume of **non-performing loans (NPLs)**, reflecting its proactive NPL management. This figure declined to €1.2 billion as at 30 September 2025 (31 Dec 2024: €1.4 billion).

Strict cost discipline and positive effects from efficiency measures also had a positive impact. **Adjusted administrative expenses** decreased by 8 per cent to €229 million for the first nine months (9m 2024: €248 million). The figure for the third quarter was €67 million (Q3 2024: €72 million). Non-recurring costs totalled €25 million in the first nine months of the year (9m 2024: €5 million). The Bank's **cost/income ratio** was 32 per cent excluding non-recurring expenses, remaining at an excellent level even by international standards.

Taking tax deductions and interest payable on the AT1 bond into account, **net profit** rose by 7 per cent to €173 million (9m 2024: €161 million). At the same time, **adjusted return on equity** after taxes rose to 8.0 per cent (9M 2024: 7.6 per cent).

Capitalisation remained at a very solid level. The **Basel IV CET1 ratio (fully phased)** rose to 15.5 per cent at the end of September, compared with 15.2 per cent at the end of the previous year. The total capital ratio (Basel IV fully phased) was 21.0 per cent (31 Dec 2024: 20.1 per cent). This year, Aareal Bank replaced the AT1 bond that it issued in 2013 with a new AT1 issue, thereby further strengthening its capital position.

The Bank successfully completed its **first Significant Risk Transfer (SRT)** transaction in October, referencing a €2 billion portfolio of performing European commercial real estate loans. Risk was transferred synthetically. The transaction increases capital efficiency, freeing up equity and helping to drive further growth.

Aareal Bank carried out extensive **funding activities** in the period under review, placing bonds and Pfandbriefe totalling €2.6 billion on the capital markets. In particular, the Bank issued a €500 million Pfandbrief in the third quarter. This means that Aareal Bank has already fulfilled its funding targets for 2025 as a whole.

Liquidity ratios remained at a very healthy level, with LCR amounting to 237 per cent and NSFR to 121 per cent.

Developments by business segment

Strong new business origination in the **Structured Property Financing segment** continued in the third quarter. The volume of renewals and newly originated loans amounted to €8.5 billion, significantly exceeding the previous year's level of €6.6 billion. Newly originated loans accounted for €5.4 billion (9m 2024: €3.3 billion), with healthy margins and low loan-to-value ratios. The average gross margin was 245 basis points, compared with 273 basis points for the first nine months of 2024. Average loan-to-value ratios were at a conservative 56 per cent (9m 2024: 50 per cent).

Aareal Bank's transactions in the third quarter included a €210 million loan to finance Nido Living's Iberia student housing portfolio, which comprises ten student accommodation properties in major university cities in Spain and Portugal. This kind of purpose-built student accommodation (PBSA) – which offers functional living space, with good transport connections and flexible rental models – continues to attract significant investor interest.

Portfolio volume amounted to €32.9 billion as at 30 September 2025, falling slightly below the year-end figure 2024 (31 Dec 2024: €33.5 billion) as a result of the weaker US dollar. Portfolio indicators remained at a conservative risk level – the average loan-to-value ratio in the portfolio was 56 per cent (31 Dec 2024: 57 per cent), with an average yield on debt of 9.8 per cent (31 Dec 2024: 9.6 per cent). The Bank's portfolio of green financings rose to €9.5 billion as at the end of September (31 Dec 2024: €7.6 billion).

The volume of client deposits from the housing and energy industries in the **Banking & Digital Solutions segment** (BDS) averaged €13.9 billion and thus remained at a high level in the first nine months of the year. The average rose to €14.2 billion in the third quarter. Deposits from this client segment, which comprises around 4,000 enterprises managing more than nine million residential units between them, are a key component of Aareal Bank's funding mix. Due to lower interest rates, segment net interest income of €181 million in the first nine months was slightly lower than the previous year's figure (9m 2024: €203 million).

Outlook

Based on its positive business performance for the first nine months of the year, Aareal Bank confirms its targets for the full year.

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About Aareal Bank

Aareal Bank AG, headquartered in Wiesbaden, is a leading international property specialist. The Bank uses its expertise to identify trends, challenges and opportunities at an early stage, and to exploit them for the benefit of its stakeholders. It provides financings, banking services and payments solutions for the property sector and related industries, and is present across three continents, Europe, North America and Asia. Aareal Bank's business strategy focuses on sustainable business success, with environmental, social and governance (ESG) aspects as an integral part of this strategy.

Aareal Bank comprises the business segments Structured Property Financing and Banking & Digital Solutions. The Structured Property Financing segment contains the property financing and funding activities. Here, the Bank supports its clients in making large-volume commercial property investments. The investment properties mostly comprise office buildings, hotels, shopping centres, logistics and residential property, as well as student apartments. In the Banking & Digital Solutions segment, Aareal Bank supports businesses from the housing, property management and energy industries as a digitalisation partner – combining extensive advisory services and product solutions with traditional corporate banking services and deposit-taking.

Aareal Bank – Key Indicators

	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024 ¹⁾
Results		
Adjusted operating profit (€ mn) ²⁾	306	266
Operating profit (€ mn)	281	261
Net profit (€ mn) ^{3) 5)}	173	161
Cost/income ratio (%) ⁴⁾	31.5	30.3
Earning per ordinary share (€) ^{5) 6)}	2.89	2.68
Adjusted RoE after taxes (%) ^{2) 5) 7)}	8.0	7.6
Statement of Financial Position		
Property finance (€ mn)	32,933	33,471
Equity (€ mn)	3,749	5,460
Total assets (€ mn)	47,401	47,814
Regulatory Indicators⁸⁾		
Basel IV (phase-in)		
Risk-weighted assets (€ bn)	12.8	14.3
Common Equity Tier 1 ratio (CET1 ratio) (%)	22.4	20.2
Tier 1 ratio (T1 ratio) (%)	25.6	22.3
Total capital ratio (TC ratio) (%)	30.5	26.6
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.5	15.2
Employees	1,175	1,198

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

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

³⁾ Consolidated net income allocated to ordinary shareholders

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

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

⁶⁾ Without taking into account non-controlling interest income

⁷⁾ On an annualised basis

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

30 September 2025: including interim profits for 2025, deducting a planned dividend in line with the dividend policy and incorporating the accrual of interest payable on the AT1 bond. The CET1 ratio (phase-in), as shown in Aareal Bank's regulatory report as at 30 September 2025, amounts to 22.1 %.

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

Financial Performance

Consolidated net income – Aareal Bank Group

€ mn	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024 ¹⁾
Net interest income	691	792
Net commission income	4	-1
Loan impairment charges ²⁾	-190	-288
Administrative expenses (adjusted) ³⁾	-229	-248
Other items	30	11
Adjusted operating profit³⁾	306	266
Non-recurring effects	-25	-5
Operating profit	281	261
Income taxes	-76	-76
Consolidated net income (from continuing operations)	205	185
Interest on the AT1 bond	-32	-24
Net profit⁴⁾	173	161

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

²⁾ Including NPLs recognised at fair value through profit or loss

³⁾ Adjusted for costs relating to efficiency measures, IT infrastructure investments and other material non-recurring effects

⁴⁾ Consolidated net income allocated to ordinary shareholders

Segment Results

	Structured Property Financing		Banking & Digital Solutions		Consolidation / Reconciliation		Aareal Bank Group	
	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024
€ mn								
Net interest income	510	589	181	203	0	0	691	792
Net commission income	5	2	-1	-3	0	0	4	-1
Loan impairment charges	-190	-288	0	0	0	0	-190	-288
Administrative expenses (adjusted)	-158	-175	-71	-73	0	0	-229	-248
Other items	28	13	2	-2	0	0	30	11
Adjusted operating profit	195	141	111	125	0	0	306	266
Non-recurring effects	-21	-5	-4	0	0	0	-25	-5
Operating profit	174	136	107	125	0	0	281	261
Income taxes	-43	-36	-33	-40	0	0	-76	-76
Consolidated net income (from continuing operations)	131	100	74	85	0	0	205	185
Interest on the AT1 bond	-27	-24	-5	0	0	0	-32	-24
Net profit	104	76	69	85	0	0	173	161