

## PRESS RELEASE

### Aareal Bank posts strong operating performance in 2025 financial year

- **Adjusted operating profit before management actions of €381 million – within target range**
- **Repositioning of US business: additional charges of €55 million facilitate faster reduction of US office loans**
- **Resultant adjusted operating profit of €326 million at previous year's level**
- **BDS business with significant earnings contribution, total deposit volume increased further to €17.8 billion**
- **New business in property financing at record level of €12.4 billion, loan impairment charges down significantly, non-performing loans (NPLs) reduced to €1.1 billion**
- **Costs reduced by 8 per cent – cost/income ratio at 33 per cent**
- **CET1 ratio increased to 15.5 per cent**
- **Aareal Ambition strategy well on track**
- **Outlook for 2026: adjusted operating profit expected to approach €400 million; NPL portfolio to fall to below €1 billion**
- **RoE target of around 13 per cent in 2027 underpinned by an increased focus on BDS and the repositioning of the US business**

Wiesbaden, 5 March 2026 – Aareal Bank has continued its positive business performance. In the 2025 financial year, **adjusted operating profit before management actions** amounted to €381 million and was within the target range. The additional charges of €55 million from these actions are to support the repositioning of the Bank's US business and to facilitate the faster reduction of US office property loans. The resultant **adjusted operating profit** of €326 million was therefore at the previous year's level (2024: €328 million).

As **CEO Dr Christian Ricken** explains: "We significantly increased our underlying operating results in 2025. Both business segments delivered a strong operating performance. We are now making use of our earnings power to reposition ourselves in the US business. We will remain active there but want to reduce US office property loans faster than originally planned. Instead, we are concentrating on high-quality business opportunities in other markets and segments, such as our European business and our global hotel business. At the same time, we are expediting our growth initiatives in our second business segment Banking & Digital Solutions, where we will foster our internationalisation and tap into new client groups."

At €934 million, **net interest income** remained high in the 2025 financial year thanks to a year-on-year increase in the credit portfolio size, healthy margins and higher deposit volumes. As expected, this fell short of the excellent prior-year figure (2024: €1,060 million) owing to the lower interest rate environment, even though net interest income rose again in the fourth quarter.

Aareal Bank's **loan impairment charges** were down 19 per cent despite incurring the additional US charges, to €322 million (2024: €396 million). In the face of heightened geopolitical and macro-economic uncertainty, Aareal Bank will continue to pursue a cautious and prudent risk policy.

Thanks to its proactive NPL management, the Bank was able to further reduce the volume of **non-performing loans (NPLs)**. This figure declined to €1.1 billion as at 31 December 2025 (31 December 2024: €1.4 billion). This means that Aareal Bank has reduced its NPL portfolio by 29 per cent since 2023. Its existing NPLs are predominantly US office property loans. The additional US charges are primarily designed to help further reduce US office property loans more rapidly: the Bank's NPL portfolio is projected to fall below one billion euros during the current financial year.

Management's continuing focus on costs and the positive effects from efficiency measures within the scope of the Aareal Ambition strategy also paid off. **Adjusted administrative expenses** fell significantly by 8 per cent to €317 million (2024: €343 million). At 33 per cent excluding non-recurring costs, the Bank's cost/income ratio remained very healthy, even by international standards. Non-recurring costs totalled €30 million (2024: €34 million).

Taking tax deductions and interest payable on the AT1 bond into account, **net profit** amounted to €137 million (2024: €179 million). The decline reflects a higher tax rate due to the more conservative planning of the US business, which in turn results in a lower recognition of tax loss carryforwards. Accordingly, **adjusted return on equity** after taxes stood at 4.9 per cent (2024: 6.8 per cent). Before the consequences of the management actions, the figure was 7.5 per cent. Aareal Bank continues to be on track to deliver an adjusted RoE of around 13 per cent by 2027 in its Aareal Ambition strategy, underpinned by an increased focus on BDS and the repositioning of the US business.

Aareal Bank's capitalisation remained at a very solid level: its **Common Equity Tier 1 ratio (Basel IV CET1 ratio fully-phased)** rose to 15.5 per cent (31 December 2024: 15.2 per cent), including the benefit of Aareal Bank's first Significant Risk Transfer (SRT) transaction undertaken in the fourth quarter. The total capital ratio (Basel IV fully-phased) was 21.1 per cent (31 December 2024: 20.1 per cent). Risk-weighted assets (Basel IV fully-phased) declined from €18.9 billion (31 December 2024) to €18.7 billion at the 2025 year-end.

Aareal Bank very successfully implemented its **funding activities**, placing bonds and Pfandbriefe totalling €2.7 billion on the capital markets. This included three benchmark Pfandbrief issues with a total volume of €2 billion and two Pfandbriefe in Swedish krona with an aggregate volume of SEK 1.85 billion. In addition, the Bank successfully replaced its existing €300 million AT1 bond with a new AT1 bond in the amount of US\$ 425 million at the beginning of the year.

**Liquidity ratios** remained at a very robust level, with LCR at 209 per cent and NSFR at 113 per cent.

## **Strong operating performance in both business segments**

In the **Banking & Digital Solutions (BDS)** business segment, the volume of client deposits from the housing industry increased to an average of €14.1 billion in the 2025 financial year (31 December 2024: €13.7 billion), rising for the fifth year in a row and reaching a new record level. Growth continued over the course of the year, with deposits from the housing industry rising to a new high of €14.7 billion in the fourth quarter. The client segment currently comprises more than 4,000 companies from the housing industry managing over nine million residential units, making a significant contribution to consolidated operating profit. Including retail deposits, the total volume stood at an average of €17.8 billion in the fourth quarter.

Because of the higher level of deposits, net interest income totalled €246 million at the end of the year (2024: €269 million), notwithstanding the effects of the significantly lower interest rate levels compared with the previous year. The business segment's adjusted operating profit was €152 million (2024: €164 million).

The segment was further internationalised in line with the Aareal Ambition strategy presented last year. Aareal Bank opened a BDS representative office in Amsterdam, where it assembled an experienced Dutch team. The Bank also launched time value accounts as a new product for the German market. In addition, the Bank stepped up its strategic partnership with Aareon and First Financial Software GmbH. Aareal Bank's payments solution has been integrated into two Aareon ERP systems targeting small and medium-sized property managers. The solution for tenancy bonds distributed digitally by Aareal Bank's subsidiary PlusForta GmbH has also been well received on the market and is now used by over 100,000 private customers.

In the **Structured Property Financing (SPF)** business segment, Aareal Bank boosted new business (including renewals) to a record volume of €12.4 billion (31 December 2024: €10.9 billion), clearly exceeding both the previous year's figure and the original annual forecast of between €9 billion and €10 billion. New business activities were focused on Europe. Newly originated loans accounted for €8.1 billion (31 December 2024: €6.3 billion), with loan-to-value ratios remaining low. Average loan-to-value ratios stood at a conservative 57 per cent (2024: 54 per cent).

Portfolio volume totalled €34.3 billion as at 31 December 2025, exceeding the 2024 year-end figure of €33.5 billion and was still in the target range despite 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 December 2024: 57 per cent), with an average yield on debt of 9.7 per cent (31 December 2024: 9.6 per cent).

Aareal Bank also continued its successful ESG activities in the property financing business. New business included €5.1 billion in green loans – more than 40 per cent. The portfolio of green financings exceeded the 10-billion-euro mark for the first time, with €11.3 billion as at the year-end 2025 (31 December 2024: €7.6 billion).

The business segment's adjusted operating profit rose by 6 per cent to €174 million (2024: €164 million). Declining loss allowance and lower administrative expenses compensated for the expected decline in net interest income due to the lower interest rate environment.

The Aareal Ambition strategy initiatives also progressed according to plan in the SPF business segment. The Bank expanded its range of activities by including the new data centre asset class and also extended its first loan in this growth segment for a property in Frankfurt. Aareal Bank also laid the foundations for further expansion in Asia. Having conducted in-depth market analysis and established suitable product processes, it is now ready to provide financing in Indonesia, Vietnam and Thailand. This business will be managed from the Bank's existing branch in Singapore.

### **Outlook for 2026**

For the 2026 financial year, Aareal Bank expects adjusted operating profit to approach €400 million (excluding costs for efficiency measures, investments in IT infrastructure and other material non-recurring effects) and a corresponding adjusted return on equity after taxes to approach 8 per cent.

For the Banking & Digital Solutions business segment, Aareal Bank anticipates an average total deposit volume of around €17.5 billion. In the Structured Property Financing business segment, the Bank aims to achieve a credit portfolio size of around €34 billion for year-end 2026, subject to exchange rate fluctuations.

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### **About Aareal Bank Group**

Aareal Bank Group, headquartered in Wiesbaden, Germany, is a leading specialist in international property. 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. Aareal Bank Group 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 Group's business

strategy focuses on sustainable business success, with environmental, social and governance (ESG) aspects forming an integral part of this strategy.

Aareal Bank AG comprises the business segments Structured Property Financing and Banking & Digital Solutions. The Structured Property Financing business segment encompasses all of Aareal Bank Group's property financing and funding activities. Here, the Bank assists 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 business segment, Aareal Bank Group serves the needs of 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 – 31 Dec 2025	1 Jan – 31 Dec 2024 <sup>1)</sup>
<b>Results</b>		
Adjusted operating profit (€ mn) <sup>2)</sup>	326	328
Operating profit (€ mn)	296	294
Net profit (€ mn) <sup>3) 5)</sup>	137	179
Cost/income ratio (%) <sup>4)</sup>	32.7	31.4
Earnings per ordinary share (€) <sup>5) 6)</sup>	2.29	3.00
Adjusted RoE after taxes (%) <sup>2) 5)</sup>	4.9	6.8

	31 December 2025	31 December 2024
<b>Statement of Financial Position</b>		
Property finance (€ mn)	34,336	33,471
Equity (€ mn)	3,752	5,460
Total assets (€ mn)	46,853	47,814
<b>Regulatory Indicators<sup>7)</sup></b>		
Basel IV (phase-in)		
Risk-weighted assets (€ bn)	13.1	14.3
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
Employees	1,167	1,198

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

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

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

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

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

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

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

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

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

## Financial Performance

### Group result

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

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

<sup>2)</sup> Including NPLs recognised at fair value through profit or loss

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

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

## Business Segment Results

	Structured Property Financing		Banking & Digital Solutions		Consolidation / Reconciliation		Aareal Bank Group	
	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024	1 Jan – 31 Dec 2025	1 Jan – 31 Dec 2024
€ mn								
Net interest income	688	791	246	269	0	0	934	1,060
Net commission income	6	1	-2	-5	0	0	4	-4
Loan impairment charges	-322	-396	0	0	0	0	-322	-396
Administrative expenses (adjusted)	-222	-244	-95	-99	0	0	-317	-343
Other items	24	12	3	-1	0	0	27	11
<b>Adjusted operating profit</b>	<b>174</b>	<b>164</b>	<b>152</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>326</b>	<b>328</b>
Non-recurring effects	-25	-34	-5	0	0	0	-30	-34
<b>Operating profit</b>	<b>149</b>	<b>130</b>	<b>147</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>296</b>	<b>294</b>
Income taxes	-73	-30	-45	-52	0	0	-118	-82
<b>Consolidated net income (from continuing operations)</b>	<b>76</b>	<b>100</b>	<b>102</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>178</b>	<b>212</b>
Interest on the AT1 bond	-35	-33	-6	0	0	0	-41	-33
<b>Net profit</b>	<b>41</b>	<b>67</b>	<b>96</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>179</b>