Press release

Wiesbaden **6 August 2026**

Aareal Bank well on track at half-year

- Adjusted operating profit of € 208 million
- Increased net interest income driven by loan and deposit growth
- Loan impairment charges in line with expectations
- Efficient cost management and very low cost/income ratio
- Deposits from housing industry exceed €15 billion for first time
- Strong new property finance business generated in the first half-year
- Very solid capital and liquidity ratios
- Aareal Ambition strategy proceeding according to plan

Aareal Bank closed the first half of the year with an **adjusted operating profit** of €208 million (H1 2025: €223 million), a healthy result. Operating profit including non-recurring costs for efficiency measures and IT infrastructure investments amounted to €199 million (H1 2025: €208 million).

> *"Our results for the first six months demonstrate the strength of our balanced business model with two successful client segments. New property finance business as well as deposits from the housing industry performed very well indeed."*
>
> ***Dr Christian Ricken, CEO***

Net interest income was €474 million (H1 2025: €473 million) and rose even though interest rates were lower year-on-year. This can be attributed to the increase in the credit portfolio size, and also to the Bank's significantly higher average deposit volumes.

At €127 million (H1 2025: €116 million), **loan impairment charges** were in line with expectations for the year as a whole. Even though the environment remained challenging and fraught with geopolitical tensions, the global economy as a whole proved to be resilient in the first half of the year. Aareal Bank expects the broader geopolitical and macroeconomic outlook to remain somewhat volatile.

Aareal Bank adhered to its active **non-performing loan (NPL)** management approach, achieving a virtually unchanged volume despite the strained market environment (30 Jun 2026: €1.17 billion; 31 Dec 2025: €1.15 billion). Aareal Bank is still aiming to reduce its NPL volume to less than one billion euros by the end of 2026.

Adjusted administrative expenses declined from €162 million in the first half of 2025 to €155 million in the period under review, which is due to consistently efficient cost management and to positive effects from efficiency measures. Non-recurring costs totalled €9 million in the first half of the year (H1 2025: €15 million). At 31 per cent (excluding non-recurring expenses), the Bank's **cost/income ratio** remained at a very healthy level even by international standards.

Other items, which include effects from valuation changes and repayments, showed a net result of €23 million (H1 2025: €25 million). The previous year's result included a one-off gain of around €20 million from the successful restructuring of a legacy NPL exposure.

Taking tax deductions and the interest payable on the AT1 bond into account, **net profit** amounted to €126 million (H1 2025: €133 million). **Adjusted return on equity** after taxes stood at 8.3 per cent (H1 2025: 9.1 per cent).

Capitalisation remained at a very solid level. The **Common Equity Tier 1 ratio** (Basel IV CET1 ratio, fully phased) was 15.6 per cent as at 30 June 2026 (31 Dec 2025: 15.5 per cent). The total capital ratio (Basel IV fully phased) was 21.1 per cent (31 Dec 2025: 21.1 per cent).

Aareal Bank continued its **funding activities** on the capital markets in the first half of the year, successfully placing a total of €1.7 billion. Notable transactions included three benchmark Pfandbrief issues, including the Bank's first Green Pfandbrief with a volume of €625 million. **Liquidity ratios** remained very healthy, with LCR at 201 per cent and NSFR at 115 per cent.

Developments by business segment

In the **Banking & Digital Solutions (BDS)** segment, the volume of client deposits from the housing and energy industries continued to grow in line with the Aareal Ambition strategy, exceeding the €15 billion threshold for the first time in June. Average deposit volumes grew to €14.8 billion in the second quarter (Q2 2025: €14.0 billion), averaging €14.7 billion for the first half of the year (H1 2025: €13.7 billion). Including retail deposits, total average deposit volumes for the first half of the year stood at €17.5 billion (H1 2025: €17.1 billion).

The strong deposit-taking business reinforces Aareal Bank’s funding base. In addition, BDS is increasingly proving to be a key source of earnings and a stable mainstay for the Group. Even though interest rates were generally lower in the first half of the year, segment net interest income increased by 10 per cent to €125 million (H1 2025: €114 million) as a result of higher average deposit volumes.

BDS is continuing the internationalisation drive announced as part of the Aareal Ambition strategy, tapping into additional growth opportunities beyond its core German market. Having entered the Dutch market, the Bank was able to acquire its first clients there.

In the **Structured Property Finance (SPF) segment**, new business and the portfolio developed in line with the strategy. The volume of renewals and newly originated loans totalled €4.7 billion in the first half of the year (H1 2025: €4.7 billion). New business activities focused on cross border portfolios and hospitality. Newly originated loans accounted for €2.9 billion (H1 2025: €2.8 billion), with margins remaining healthy and loan-to-value ratios low. The average gross margin was 242 basis points, compared with 234 basis points for the 2025 financial year, while average loan-to-value ratios were at a conservative 55 per cent (FY 2025: 57 per cent). New loans extended in the first half of the year were originated almost exclusively in Europe while business in the US was limited to renewals.

The portfolio volume was €34.4 billion as at 30 June 2026 (31 Dec 2025: €34.3 billion; 30 Jun 2025: €32.4 billion), matching the year-end target level of around €34 billion. Portfolio indicators remained at a conservative risk level – the average loan-to-value ratio in the portfolio was 56 per cent (31 Dec 2025: 56 per cent), with an average yield on debt of 9.9 per cent (31 Dec 2025: 9.7 per cent). The volume of US business was further reduced as planned. The appointment of Caroline Mahl Patel as CEO of the Bank’s US subsidiary Aareal Capital Corporation has helped to expedite the structural reorganisation of the US portfolio with a greater focus on residential and hospitality financings.

Key transactions in the second quarter included a pan-European hotel portfolio owned by Pandox AB with a value of €406 million, comprising 13 hotel properties with over 3,400 rooms in Amsterdam, Vienna, Brussels, Munich, Hamburg, Frankfurt, Cologne and Salzburg. Parts of the financing were structured as a green loan.

Outlook

Aareal Bank aims to maintain the business momentum to achieve its full-year targets. By their very nature, however, future macroeconomic and geopolitical uncertainty factors remain difficult to assess.

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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 forming 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 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 segment, Aareal Bank 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.

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Aareal Bank – Key Indicators

	1 Jan-30 Jun 2026	1 Jan-30 Jun 2025
Results		
Adjusted operating profit (€ mn)[1]	208	223
Operating profit (€ mn)	199	208
Net profit (€ mn)[2][4]	126	133
Cost/income ratio (%) [3]	31.4	32.0
Earnings per ordinary share (€)[4][5]	2.12	2.23
Adjusted RoE after taxes (%)[1] [4] [6]	8.3	9.1

	30 Jun 2026	31 Dec 2025
Statement of Financial Position		
Property finance (€ mn)	34,414	34,336
Equity (€ mn)	3,824	3,752
Total assets (€ mn)	48,550	46,853
Regulatory Indicators[7]		
Basel IV (phase-in)		
Risk-weighted assets (€ bn)	14.2	13.1
Common Equity Tier 1 ratio (CET1 ratio) (%)	20.8	22.2
Tier 1 ratio (T1 ratio) (%)	23.7	25.3
Total capital ratio (TC ratio) (%)	28.3	30.3
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.6	15.5
Employees	**1,169**	**1,167**

[1] Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects
[2] Consolidated net income allocated to ordinary shareholders
[3] 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.
[4] The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.
[5] Without taking into account non-controlling interest income
[6] On an annualised basis
[7] 31 December 2025: including profits for 2025 less dividends (which have already been distributed) and including accrual of interest on the AT1 bond.
30 June 2026 (preliminary): including interim profits for 2026, deducting a planned dividend in line with the dividend policy and incorporating 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.

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Financial Performance

€ mn	1 Jan-30 Jun 2026	1 Jan-30 Jun 2025
Net interest income	474	473
Net commission income	-7	3
Loan impairment charges (LICs)[1]	-127	-116
Administrative expenses (adjusted)[2]	-155	-162
Other items	23	25
Adjusted operating profit[2]	**208**	**223**
Non-recurring effects	-9	-15
Operating profit	**199**	**208**
Income taxes	-54	-52
Consolidated net income	**145**	**156**
Interest on the AT1 bond	-19	-23
Net profit[3]	**126**	**133**

[1] Including credit-related changes in the value of non-performing financial instruments (fvpl)
[2] Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects
[3] Consolidated net income allocated to ordinary shareholders

Segment Results[1]

€ mn	Structured Property Financing		Banking & Digital Solutions		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan – 30 Jun 2026	1 Jan – 30 Jun 2025	1 Jan – 30 Jun 2026	1 Jan – 30 Jun 2025	1 Jan – 30 Jun 2026	1 Jan – 30 Jun 2025	1 Jan – 30 Jun 2026	1 Jan – 30 Jun 2025
Net interest income	349	359	125	114	0	0	474	473
Net commission income	-1	8	-6	-5	0	0	-7	3
Loan impairment charges	-127	-116	0	0	0	0	-127	-116
Administrative expenses (adjusted)	-105	-114	-50	-48	0	0	-155	-162
Other items	21	24	2	1	0	0	23	25
Adjusted operating profit	**137**	**161**	**71**	**62**	**0**	**0**	**208**	**223**
Non-recurring effects	-5	-13	-4	-2	0	0	-9	-15
Operating profit	**132**	**148**	**67**	**60**	**0**	**0**	**199**	**208**
Income taxes	-33	-34	-21	-18	0	0	-54	-52
Consolidated net income	**99**	**114**	**46**	**42**	**0**	**0**	**145**	**156**
Interest on the AT1 bond	-15	-18	-4	-5	0	0	-19	-23
Net profit	**84**	**96**	**42**	**37**	**0**	**0**	**126**	**133**

[1] The previous year's figures were adjusted to reflect the new transfer prices.