Press release

Wiesbaden **5 November 2026**

Aareal Bank leverages its operational strength to set the course for its strategic future

- Strong operational performance, nine-month adjusted operating profit before management actions amounts to €303 million
- Additional loan impairment charges increase resilience and enhance strategic flexibility
- Funding, liquidity and capital positions remain very solid
- Deposits from the housing industry reach record levels again
- New property finance business with favourable risk-return profiles
- Cost/income ratio remains at a healthy 31 per cent
- Adjusted RoE target of around 13 per cent for 2027 confirmed

Aareal Bank took significant steps towards accelerated de-risking during the third quarter of 2026, thus substantially enhancing its strategic flexibility. In light of the Bank's consistently strong operational performance, management decided to recognise additional loan impairment charges of €160 million. Accordingly, **adjusted operating profit** for the first nine months stood at €143 million, compared with €306 million in the same period of the previous year. Without management actions, adjusted operating profit would have been €303 million, almost unchanged from the previous year's level.

"We are encouraged by the strong underlying performance of both our businesses. Against this backdrop, we have made a conscious decision to take an additional loan impairment charge to further de-risk our loan portfolio and create a solid foundation for the years ahead. This gives Aareal Bank greater strategic flexibility and puts us in a strong position to pursue future opportunities – whether through inorganic growth, a sale or a potential IPO."

Dr Christian Ricken, CEO

Through the **additional loan impairment charges**, the Bank is also laying the foundation for returning to normalised risk costs from the fourth quarter of 2026 onwards, despite increased geopolitical and macroeconomic uncertainty. The additional charge does not reflect a deterioration in the current quality of the credit portfolio. The Bank's capital, liquidity and funding positions remain very solid.

Net interest income rose to €722 million in the first nine months of 2026 (9m 2025: €691 million), driven above all by higher deposit volumes and a year-on-year increase in the credit portfolio. Net commission income totalled €-10 million (9m 2025: €4 million).

Nine-month **loan impairment charges** amounted to €365 million. Excluding the additional charge of €160 million the figure stood at €205 million (9m 2025: €190 million).

Aareal Bank resolutely continued its active management of **non-performing loans** (NPLs). The volume of NPLs was €1.2 billion at the end of September. The Bank is still aiming to reduce NPLs to below €1 billion (NPL ratio 3.0 per cent) by the end of the year, bringing them down sustainably to a historically low level. This development demonstrates the strength of the Bank's credit portfolio and the effectiveness of its active risk and portfolio management.

Adjusted administrative expenses remained virtually stable year-on-year at €233 million (9m 2025: €229 million), reflecting both continued effective cost control and the positive impact of efficiency measures. At 31 per cent, the Bank's **cost/income ratio** remained very healthy even by international standards. **Other income statement items** totalled €29 million (9m 2025: €30 million).

Taking tax deductions and interest payable on the AT1 bond into account, **net profit** amounted to €34 million (9m 2025: €173 million). **Adjusted return on equity** stood at 2.0 per cent. Excluding the additional charge, the figure was 8.0 per cent (9m 2025: 8.0 per cent).

Aareal Bank's **capitalisation** remained at a very solid level. The Bank continues to enjoy a comfortable liquidity position and good access to capital markets. Its CET1 ratio (Basel IV fully phased) was 15.4 per cent as at 30 September 2026 (31 Dec 2025: 15.5 per cent). The total capital ratio (Basel IV fully phased) was 21.2 per cent (31 Dec 2025: 21.1 per cent).

Aareal Bank continued its strong **funding activities** on the capital markets during the first nine months of the financial year, successfully placing a total of €2.2 billion. This included three benchmark Pfandbrief transactions with an aggregate volume of around €1.7 billion, among them a pound sterling Pfandbrief issue worth GBP 250 million. In addition, one of the benchmark Pfandbrief issues was placed as a green issue for the first time. The placement of a green senior non-preferred bond with a volume of €300 million was also very successful. With these transactions, the Bank has strengthened its sustainable funding base and consistently pursued its green finance activities.

Liquidity ratios remained very healthy, with LCR at 185 per cent and NSFR at 116 per cent.

Developments by business segment

In the **Banking & Digital Solutions (BDS)** segment, deposits from the housing industry reached a new record of €15.1 billion in September, underlining the strength of BDS's deposit franchise and its importance to the Group's stable funding base.

Together with Aareon, BDS has initiated further projects to integrate the BK01 solution into additional ERP environments used by housing-industry clients. BDS is also actively expanding its partnerships with ERP providers serving the housing industry. These initiatives further strengthen BDS's integrated transaction banking and platform offering for the housing industry.

The total average deposit volume for the first nine months, including retail deposits, amounted to €17.4 billion (9m 2025: €17.1 billion). Segment net interest income increased by 12 per cent to €193 million (9m 2025: €172 million), driven by higher deposit volumes and positive margin development. Fee and commission income increased slightly to €19.7 million (9m 2025: €19.4 million).

Adjusted operating profit rose by 20 per cent to €115 million (9m 2025: €96 million). BDS therefore combines a growing earnings contribution with a strategically important role in the Group's funding and the continued expansion of its integrated transaction banking offering. Following its market entry in the Netherlands, BDS is also establishing a basis for selected growth opportunities beyond its core German market.

In the **Structured Property Financing (SPF)** segment, the Bank maintained a selective approach to its lending activities. The volume of renewals and newly originated loans totalled €6.8 billion during the first nine months (9m 2025: €8.5 billion). The focus of new business activities was on transactions in Europe – outside Germany – that offer attractive returns and conservative loan-to-value ratios.

Financings extended by Aareal Bank during the third quarter included a €173 million green loan to Proprium Capital Partners to refinance two high-quality Purpose-Built Student Accommodation (PBSA) properties in Milan. Together, the buildings have a capacity of just under 1,200 beds and are positioned in the premium segment of the market.

The property financing portfolio was €33.3 billion at the end of the third quarter (31 Dec 2025: €34.4 billion; 30 Sep 2025: €32.9 billion), with portfolio financings accounting for more than

50 per cent. The decline compared with the end of 2025 was due primarily to higher loan repayments.

The Bank consistently continued the strategic repositioning of its US business. The US office portfolio decreased to approximately €2.3 billion, while the total US portfolio was reduced to around €5.6 billion. At the same time, the portfolio structure was further adjusted to focus more on living and hospitality financings.

Outlook

As a result of the management action to recognise additional loan impairment charges, adjusted operating profit for 2026 is expected to be around €240 million. However, excluding these additional charges, the existing full-year guidance of approaching €400 million is retained. Aareal Bank is well positioned for its medium-term strategic development, thanks to its strong operational performance and solid capital, liquidity and funding positions. The Bank affirms its targets for 2027, including an adjusted return on equity of around 13 per cent, based on a standardised CET1 ratio (Basel IV fully phased) of 13.5 per cent.

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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.

Aareal Bank – Key Indicators

	1 Jan-30 Sep 2026	1 Jan-30 Sep 2025
Results		
Adjusted operating profit (€ mn)[1)]	143	306
Operating profit (€ mn)	123	281
Net profit (€ mn)[2)4)]	34	173
Cost/income ratio (%)[3)]	31.4	31.5
Earnings per ordinary share (€)[4)5)]	0.56	2.89
Adjusted RoE after taxes (%)[1)4)6)]	2.0	8.0

	30 Sep 2026	31 Dec 2025
Statement of Financial Position		
Property finance (€ mn)	33,297	34,336
Equity (€ mn)	3,704	3,752
Total assets (€ mn)	47,460	46,853
Regulatory Indicators[7)]		
Basel IV (phase-in)		
Risk-weighted assets (€ bn)	13.7	13.1
Common Equity Tier 1 ratio (CET1 ratio) (%)	20.3	22.2
Tier 1 ratio (T1 ratio) (%)	23.3	25.3
Total capital ratio (TC ratio) (%)	27.9	30.3
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.4	15.5
Employees	**1,180**	**1,167**

[1)] Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring items
[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 items 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 annual results for 2025 less dividends (which have already been distributed) and including the accrual of interest on the AT1 bond.
30 September 2026 (preliminary): including interim profits for 2026 net of expected dividends 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 2026, amounts to 19.8%.
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

€ mn	1 Jan-30 Sep 2026	1 Jan-30 Sep 2025
Net interest income	722	691
Net commission income	-10	4
Loan impairment charges (LICs)[1)]	-365	-190
Administrative expenses (adjusted)[2)]	-233	-229
Other items	29	30
Adjusted operating profit[2)]	**143**	**306**
Non-recurring items	-20	-25
Operating profit	**123**	**281**
Income taxes	-61	-76
Consolidated net income	**62**	**205**
Interest on the AT1 bond	-28	-32
Net profit[3)]	**34**	**173**

[1)] Including credit-related changes in the value of non-performing financial instruments (fvpl) as well as measurement losses from foreclosures. The latter were included for the first time this quarter and prior-year figures were adjusted accordingly.
[2)] Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring items
[3)] Consolidated net income allocated to ordinary shareholders

Segment Results[1)]

	Structured Property Financing		Banking & Digital Solutions		Consolidation/ Reconciliation		Aareal Bank Group	
€ mn	1 Jan – 30 Sep 2026	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2026	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2026	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2026	1 Jan – 30 Sep 2025
Net interest income	529	519	193	172	0	0	722	691
Net commission income	-2	11	-8	-7	0	0	-10	4
Loan impairment charges[2)]	-365	-190	0	0	0	0	-365	-190
Administrative expenses (adjusted)[3)]	-161	-158	-72	-71	0	0	-233	-229
Other items	27	28	2	2	0	0	29	30
Adjusted operating profit[3)]	**28**	**210**	**115**	**96**	**0**	**0**	**143**	**306**
Non-recurring items	-13	-21	-7	-4	0	0	-20	-25
Operating profit	**15**	**189**	**108**	**92**	**0**	**0**	**123**	**281**
Income taxes	-29	-48	-32	-28	0	0	-61	-76
Consolidated net income	**-14**	**141**	**76**	**64**	**0**	**0**	**62**	**205**
Interest on the AT1 bond	-21	-25	-7	-7	0	0	-28	-32
Net profit[4)]	**-35**	**116**	**69**	**57**	**0**	**0**	**34**	**173**

[1)] The previous year's figures were adjusted to reflect the new transfer prices.
[2)] This includes credit-related changes in the value of non-performing financial instruments (fvpl) as well as measurement losses from foreclosures. The latter were included for the first time this quarter and prior-year figures were adjusted accordingly.
[3)] Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring items
[4)] Consolidated net income allocated to ordinary shareholders