

## PRESS RELEASE

### **Aareal Bank continues its de-risking programme with another marked reduction in Italian credit risk**

Wiesbaden, 31 July 2020 – Notwithstanding the challenges the COVID-19 pandemic has posed to market conditions, Aareal Bank continues to successfully execute on its accelerated de-risking programme by further reducing Italian non-performing loans (NPL). In July, approx. € 140 million in loans and advances were sold to investors. This transaction reduced the Bank's Italian NPL volume to less than € 500 million, i.e. by more than half compared to mid-2019. As for its total NPL volume, Aareal Bank has brought it down to less than € 1 billion, thus reducing it by almost half within one year. The Bank's NPL ratio has fallen below 4 per cent.

This new de-risking transaction generated approximately € 10 million in expenses, which were recognised in income for the second quarter. In spite of this additional non-recurring burden on income, Aareal Bank Group expects to post a slightly positive result for the second quarter. The Bank will publish its quarterly results on 13 August.

CEO Hermann J. Merkens explained: "In a time of great uncertainty on the property and capital markets, we once again managed to significantly reduce our Italian credit risk exposure, at reasonable expense. In the remaining course of the year, we want to continue reducing risk exposures in this manner, provided that opportunities arise which are economically viable. The successful de-risking is one of the factors that allows us to weather the current crisis."

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#### **Aareal Bank Group**

Aareal Bank Group, headquartered in Wiesbaden, is a leading international property specialist. It provides smart financings, software products, and digital solutions for the property sector and related industries, and is present across three continents: Europe, North America and Asia/Pacific. Aareal Bank AG, whose shares are included in Deutsche Börse's MDAX index, is the Group's parent entity. It manages the various entities organised in the Group's three business segments: Structured Property Financing, Consulting/Services Bank, and Aareon. The Structured Property Financing segment encompasses all of Aareal Bank Group's 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 Consulting/Services Bank segment, Aareal Bank Group 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. Subsidiary Aareon, a leading European consultancy and IT systems house for the property industry and its partners in the digital age, forms the third business segment. Aareon offers reliable, pioneering solutions in the fields of consulting, software and services to optimise IT-supported business processes, and to extend business models. The Aareon Smart World digital platform links businesses from the housing industry

and related sectors with customers, staff and business partners, as well as connecting technical devices in apartments and buildings.