

Regulatory Disclosure Report for H1 2025 of Atlantic Group

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Preface

Atlantic BidCo GmbH's voluntary public takeover offer for Aareal Bank AG was closed in June 2023. Accordingly, the Regulatory Disclosure Report has had to be prepared at the level of Atlantic Lux HoldCo Group ("Atlantic Group") since 30 June 2023. The Group's parent institution, which is required to consolidate Group information in accordance with Article 11 of Regulation (EU) 575/2013 (Capital Requirements Regulation – CRR), is Aareal Bank AG, having its registered office in Wiesbaden, Germany (LEI code EZKODONU5TYHW4PP1R34).

Since Atlantic Group is managed entirely at the level of Aareal Bank AG, Atlantic Group and Aareal Bank Group have the same risk profile. Apart from holding Aareal Bank AG shares via its subsidiary Atlantic BidCo GmbH, Atlantic Group has no other operating business.

Regulatory indicators and further information on Aareal Bank Group are available in Aareal Bank Group's interim report on the second quarter of 2025 and in the presentation to the Analyst Conference Call on the results of the second quarter of 2025, which is available for download from Aareal Bank's website.

This Regulatory Disclosure Report outlines the business policy standards and facts that are relevant for assessing the situation at Group level from a regulatory perspective. Besides providing a qualified description of the manner in which risks are identified, evaluated, weighted and reviewed, the Regulatory Disclosure Report also contains detailed quantitative statements about the sizes of the individual areas.

The Regulatory Disclosure Report implements the requirements in accordance with part 8 of the CRR. The existing disclosure requirements are specified by Commission Implementing Regulation (EU) 2024/3172, published by the European Commission in November 2024.

Atlantic Group is classified as a significant institution within the scope of the Single Supervisory Mechanism (SSM) and is therefore subject to direct supervision by the European Central Bank (ECB).

Due to its total assets of more than € 30 billion, Atlantic Group is classified as a large institution in accordance with Article 4 No. 146 lit. d) of the CRR.

Summary

The disclosure tables have been derived from regulatory reports, applying the allocation rules published by the European Banking Authority (EBA) in accordance with Art. 434 (1) of the CRR.

Minor differences may occur regarding the figures stated, due to rounding. Aareal Bank AG fulfils the requirements set out in Article 4 No. 136 of the CRR for classification as a significant subsidiary of Atlantic Group. Given that Aareal Bank AG is relieved from application of regulatory requirements on a standalone basis, applying a waiver under section 2a (1) sentence 1 of the German Banking Act (Kreditwesengesetz – "KWG") in conjunction with Article 7 (1) and (2) of the CRR, only the disclosure requirements regarding liquidity apply on a single-institution basis.

The Regulatory Disclosure Report is prepared in accordance with internal provisions and procedures applicable within Aareal Bank AG, stipulated in writing in order to fulfil disclosure requirements.

In line with the requirements of Article 431 (3) of the CRR, Aareal Bank AG has created formal procedures for Atlantic Group through disclosure guidelines, which ensure that the disclosure requirements are met. The disclosure guidelines contain rules on:

- the scope and content of the disclosure requirements,
- the principles of disclosure, in particular on appropriateness, structure of the report, locations, reporting date and frequency,
- determining the materiality, confidential information and trade secrets,

- responsibilities and organisational units involved,
- the structure of the disclosure process,
- the data sources and relevant IT systems and
- the review of the disclosure procedure.

The specific structure and implementation of the disclosure requirements is described in detail in the supplementary documents.

Aareal Bank has implemented comprehensive control mechanisms as part of the disclosure process, which are used to review the disclosed data for completeness, accuracy, and appropriateness. These control activities associated with the disclosure process are an integral component of Aareal Bank's Internal Control System (ICS). Besides the ongoing control in the course of the creation process, the control activities include an annual, central review of the following aspects:

- appropriateness of the details,
- content-related design of the disclosures,
- frequency of the disclosures,
- new regulatory requirements and adjustments.

The Regulatory Disclosure Report and the disclosure guidelines are approved by the Management Board of Aareal Bank AG. In addition, the Regulatory Disclosure Report is also subject to an approval process by Atlantic Lux HoldCo S.à r.l. as the ultimate Group parent.

In addition, compliance with the disclosure requirements is regularly reviewed by Aareal Bank AG's Internal Audit division.

Overall, the Regulatory Disclosure Report is subject to control mechanisms comparable to those used in the management report for financial reporting.

In accordance with the legal requirements, the Regulatory Disclosure Report does not require a qualified audit opinion and is therefore not audited.

The Regulatory Disclosure Report is published pursuant to Article 434 (1) of the CRR on the Aareal Bank AG website, under the menu item "Investor Relations".

Aareal Bank AG publishes the Regulatory Disclosure Report on a quarterly basis. The scope of information to be disclosed as at the respective reporting dates is based on the requirements set out in Article 433a of the CRR.

For the reasons mentioned therein, Aareal Bank AG does not disclose the tables listed in the overview as at 30 June 2025.

	Reasons
EU CR7: IRB approach – Effect on the Risk Weighted Exposure amounts of credit derivatives used as CRM techniques	The Bank held no credit derivatives that can be used for collateralisation purposes as at the reporting date.
EU CR10.1 to EU CR10.4: Specialised lending exposures and equity exposures	The specialised lendings held in the portfolio as at the reporting date are not assigned any regulatory risk weights prescribed in accordance with Article 153 (5) of the CRR.
EU CCR6: Credit derivatives exposures	The Bank held no credit derivatives as at the reporting date.
EU CCR7: RWA flow statements of CCR exposures under the IMM	For the purpose of regulatory reporting, the equivalent value of derivatives and the related counterparty credit risk are determined according to the standardised approach pursuant to Articles 274 et seqq. of the CRR (SA-CCR).
EU SEC1: Securitisation exposures in the non-trading book	The Bank held no securitisation exposures as at the reporting date.
EU SEC2: Securitisation exposures in the trading book	The Bank held no securitisation exposures as at the reporting date.

	Reasons
EU SEC3: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor	The Bank held no securitisation exposures as at the reporting date.
EU SEC4: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor	The Bank held no securitisation exposures as at the reporting date.
EU SEC5: Exposures securitised by the institution – Exposures in default and specific credit risk adjustments	The Bank held no securitisation exposures as at the reporting date.
ESG-Tabelle 4: Banking book – Indicators of potential climate change transition risk: Exposures to top 20 carbon-emitting companies	The Bank held no exposures to counterparties that are among the top 20 carbon-emitting companies in the world as at the reporting date.
ESG-Tabelle 6: Summary of key performance indicators (KPIs) on Taxonomy-aligned exposures	The Bank follows the EBA recommendation published in a no-action letter dated 6 August 2025 not to disclose ESG table 6 as at the reporting date.
ESG-Tabelle 7: Mitigating actions: Assets for the calculation of GAR	The Bank follows the EBA recommendation published in a no-action letter dated 6 August 2025 not to disclose ESG table 7 as at the reporting date.
ESG-Tabelle 8: GAR (%)	The Bank follows the EBA recommendation published in a no-action letter dated 6 August 2025 not to disclose ESG table 8 as at the reporting date.
ESG-Tabelle 9.1: Mitigating actions: Assets for the calculation of BTAR	The Bank follows the EBA recommendation published in a no-action letter dated 6 August 2025 not to disclose ESG table 9.1 as at the reporting date.
ESG-Tabelle 9.2: BTAR in %	The Bank follows the EBA recommendation published in a no-action letter dated 6 August 2025 not to disclose ESG table 9.2 as at the reporting date.
ESG-Tabelle 9.3: Summary table – BTAR in %	The Bank follows the EBA recommendation published in a no-action letter dated 6 August 2025 not to disclose ESG table 9.3 as at the reporting date.
ESG-Tabelle 10: Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852	The Bank follows the EBA recommendation published in a no-action letter dated 6 August 2025 not to disclose ESG table 10 as at the reporting date.
EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	The NPL ratio was below 5 % as at the reporting date and as at the three last quarterly reporting dates.
EU CQ2: Quality of forbearance	The NPL ratio was below 5 % as at the reporting date and as at the three last quarterly reporting dates.
EU CQ6: Collateral valuation – loans and advances	The NPL ratio was below 5 % as at the reporting date and as at the three last quarterly reporting dates.
EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown	The NPL ratio was below 5 % as at the reporting date and as at the three last quarterly reporting dates.

Overview of Regulatory Key Metrics

Table EU KM1 provides an overview of the regulatory key metrics in accordance with Article 447 of the CRR. The overview also includes the additional regulatory capital required for Atlantic Group under the Supervisory Review and Evaluation Process (SREP).

EU KM1: Key metrics

	a	b	c	d	e
	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
€ mn					
Available own funds					
1 Common Equity Tier 1 (CET1) capital	2,921	2,797	2,892	2,469	2,652
2 Tier 1 (T1) capital	3,328	3,204	3,192	2,756	2,938
3 Own funds	4,006	3,905	3,808	3,363	3,166
Risk-weighted exposure amounts					
4 Risk weighted exposure amounts (RWAs)	13,313	13,605	14,268	14,783	13,919
4a Total risk exposure (unfloored)	13,313	13,605	–	–	–
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (CET1 ratio)	21.94 ¹⁾	20.56	20.27	16.70	19.05
5b Common Equity Tier 1 ratio considering unfloored TREA (%)	21.94	20.56	–	–	–
6 Tier 1 ratio (T1 ratio)	24.99	23.55	22.37	18.64	21.11
6b Tier 1 ratio considering unfloored TREA (%)	24.99	23.55	–	–	–
7 Total capital ratio (TC ratio)	30.09	28.70	26.69	22.75	22.74
7b Total capital ratio considering unfloored TREA (%)	30.09	28.70	–	–	–
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7d Additional own funds requirements to address risks other than the risk of excessive leverage	3.00	3.00	3.00	3.00	3.00
EU 7e of which: to be made up of CET1 capital	1.69	1.69	1.69	1.69	1.69
EU 7f of which: to be made up of Tier 1 capital	2.25	2.25	2.25	2.25	2.25
EU 7g Total SREP own funds requirements	11.00	11.00	11.00	11.00	11.00
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer	2.50	2.50	2.50	2.50	2.50
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State	–	–	–	–	–
9 Institution-specific countercyclical capital buffer	0.65	0.65	0.59	0.65	0.59
EU 9a Systemic risk buffer	0.01	0.01	0.02	0.02	0.02
10 Global Systemically Important Institution buffer	–	–	–	–	–
EU 10a Other Systemically Important Institution buffer	–	–	–	–	–
11 Combined buffer requirement	3.15	3.16	3.11	3.17	3.12
EU 11a Overall capital requirements	14.15	14.16	14.11	14.17	14.12
12 CET1 available after meeting the total SREP own funds requirements	15.75	14.37	14.08	10.39	11.74

¹⁾ Aareal Bank Group's CET1 ratio as communicated in Aareal Bank Group's interim report II/2025 and during the conference call on 7 August 2025 amounts to 21.8% (including the interim result for 2025, deducting a planned dividend and incorporating the pro rata accrual of interest payable on the AT1 bond).

		a	b	c	d	e
		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
€ mn						
Leverage Ratio						
13	Total exposure measure	46,230	45,183	46,683	44,860	44,152
14	Leverage Ratio (%)	7.20	7.09	6.84	6.14	6.65
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage	–	–	–	–	–
EU 14b	of which: to be made up of CET1 capital	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements	3.00	3.00	3.00	3.00	3.00
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement	–	–	–	–	–
EU 14e	Overall leverage ratio requirement	3.00	3.00	3.00	3.00	3.00
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (weighted value – average)	7,624	7,401	7,605	7,493	7,383
EU 16a	Cash outflows – total weighted value	4,059	4,119	4,289	4,409	4,436
EU 16b	Cash inflows – total weighted value	943	1,032	983	1,013	877
16	Total net cash outflows (adjusted value)	3,116	3,087	3,306	3,396	3,559
17	Liquidity coverage ratio (LCR) (%)	245.70	241.46	234.96	225.68	210.61
Net Stable Funding Ratio						
18	Total available stable funding	35,623	34,897	35,193	34,473	34,214
19	Total required stable funding	28,882	29,693	29,971	28,166	28,232
20	NSFR (%)	123.34	117.53	117.43	122.39	121.19

Development of key metrics

Capital ratios and RWAs

Compared to the previous disclosure date of 31 March 2025, the capital ratios reported to the supervisory authorities (CET1, T1 and TC ratio) increased by 1.40 percentage points on average. This increase was due to higher regulatory capital (€ +101 million) and lower RWAs (€ -292 million).

Irrespective of increased new business originated in the Structured Property Financing segment, the RWA decrease was mainly a result of changes in the credit quality of the existing commercial property finance portfolio and currency effects which reduced the Exposure at Default (EaD).

The increase in regulatory capital was largely due to a € 124 million increase in CET1 capital which in turn primarily reflected the non-deduction of (gross) additions to loss allowance during the year (€ +85 million) as a result of the approved application for inclusion of profits (€ +54 million). This was offset by an increased deduction item, deferred tax assets dependant on future profitability (€ -11 million) and a change in the OCI (€ -30 million).

Tier 2 (T2) capital was reduced by € 23 million compared to the previous quarter, as the valuation adjustment excess (also referred to as “IRB excess”), determined in accordance with Article 62 lit. d) of the CRR, is included as a component of Tier 2 capital.

Leverage Ratio

Compared to 31 March 2025, the Leverage Ratio increased by 0.11 percentage points, due to the € 1,048 million increase in the total exposure measure and a simultaneous € 124 million increase in Tier I capital. The main driver for the increase in the total exposure measure was the rise in cash funds measured at amortised cost.

Liquidity Coverage Ratio

Atlantic Group's Liquidity Coverage Ratio (LCR), as reported to the supervisory authorities, increased compared to 31 March 2025 (211.23 %), reaching 240.71 % as at the reporting date. This development was driven by an increase in high-quality liquid assets (HQLAs; € +2,498 million) that was disproportionate compared to the increase in net cash outflows (€ +634 million).

The significant HQLA increase is mainly due to new issuance (€ +745 million), HQLA-eligible securities released from pledging (€ +919 million) and securities purchases (€ +763 million).

The quarter-on-quarter increase in net cash outflows was mainly due to maturing own bonds.

Since the disclosure of key LCR parameters is based on the weighted and unweighted averages of the past 12 reporting dates of the respective quarter, the changes outlined above do not have the same effect upon quarter-on-quarter changes as shown in Tables EU KMI and EU LIQ I.

Net Stable Funding Ratio

Compared to 31 March 2025, the Net Stable Funding Ratio (NSFR) increased by 5.82 percentage points to 123.34 %, reflecting a € 811 million decline in required stable funding (RSF) and an increase in available stable funding (ASF) in the amount of € 726 million.

The decline in RSF was due in particular to a lower credit portfolio.

The increase in ASF largely resulted from higher deposit volumes from housing industry clients (€ +140 million), higher retail deposits (€ +90 million) and a longer-term refinancing operation (€ +430 million).

Regulatory Capital

Atlantic Group has to comply with the capital adequacy requirements set out in the Capital Requirements Regulation (CRR), the Capital Requirements Directive (CRD IV), the German Banking Act (Kreditwesengesetz – "KWG") and the German Solvency Regulation (Solvabilitätsverordnung – "SolvV").

Following these regulations, institutions and companies operating in the financial sector must calculate their existing regulatory capital on a regular basis, and present these detailed results thereon to the supervisory authorities on specific dates.

Strict regulatory criteria are applied to the availability and sustainability of the qualifying capital when calculating regulatory capital. These provisions are not consistent with the recognition rules for the financial statements.

While the acquisition method in accordance with IFRS 3 is applied for accounting purposes, regulatory capital is calculated based on the aggregation method stipulated in section 10a (5) of the KWG. Additional differences arise from diverging scopes of consolidation, as well as from regulatory adjustments taken into account when determining regulatory capital.

Regulatory capital is based on the items reported in the statement of financial position in accordance with IFRSs.

The disclosures in this report are based on the binding provisions for the implementation of disclosure requirements set out in Article 4 of Commission Implementing Regulation 2024/3172/EU, in the interests of comparability and increased transparency pursuant to Article 437 of the CRR.

The disclosure requirements pursuant to Article 437a of the CRR are not relevant for Atlantic Group, since Aareal Bank AG, as the Group's parent institution, has been categorised as a resolution unit, but is neither a Global Systemically Important Institution (Article 92a (1) of the CRR) nor a significant subsidiary of a Global Systemically Important Institution outside the EU.

Composition of regulatory own funds

Within the scope of the ECB's Supervisory Review and Evaluation Process (SREP), Aareal Bank has to meet total SREP capital requirements (TSCR) of 11.00 %, also on a consolidated basis at the level of Atlantic Lux HoldCo S.à r.l. (Atlantic Group) in 2025.

This includes the requirement to maintain additional own funds (capital buffer) for risks other than the risk of excessive leverage (Pillar 2 requirements – P2R) of 3.00 %, which must be maintained in the form of at least 56.25 % Common Equity Tier I (CET1) capital and 75 % Tier I (T1) capital, respectively. Taking into account the capital conservation buffer of 2.50 %, the applicable counter-cyclical capital buffer of 0.65 % and the sectoral systemic risk buffer of 0.01 %, Atlantic Group's Overall Capital Requirement (OCR) as at 30 June 2025 amounts to 14.15 %.

The average total capital ratio (TC ratio) over the current reporting date and the four last quarters amounts to 26.20 %. The comparison to the TSCR demonstrates that Atlantic Group is well capitalised to cover its risks.

The following table EU CC1 serves to fulfil the disclosure requirements set out in Article 437 lit. (a) and (d) of the CRR. The components of Common Equity Tier I, Additional Tier I and Tier 2 capital are described in the section following this table.

In order to reconcile the regulatory own funds with the balance sheet figures disclosed in column b of table EU CC2, column b references the relevant balance sheet line item.

EU CC1: Composition of regulatory own funds

	a	b
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
€ mn		
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1 Capital instruments and the related share premium accounts	1,584	A, B
of which: nominal capital	43	A
of which: capital reserves	1,541	B
2 Retained earnings	1,741	C
3 Accumulated other comprehensive income (and other reserves)	-153	D
EU-3a Funds for general banking risk	–	–
4 Amount of qualifying items referred to in Article 484 (3) of the CRR and the related share premium accounts subject to phase-out from CET1	–	–
5 Minority interests (amount allowed in consolidated CET1)	–	–
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	54	E
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	3,226	–
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7 Additional value adjustments (negative amount)	-2	F
8 Intangible assets (net of related tax liability) (negative amount)	-40	G
9 –	–	–
10 Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where the conditions of Article 38 (3) of the CRR are met) (negative amount)	-94	H

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
€ mn			
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	–	–
12	Negative amounts resulting from the calculation of expected loss amounts	–	–
13	Increase in equity resulting from securitised assets (negative amount)	–	–
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–	–
15	Defined-benefit pension fund assets (negative amount)	–	–
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	–	–
17	Direct, indirect and synthetic holdings of Common Equity Tier 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	–
18	Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities in which the institution does not have a significant investment (amount above 10 % threshold and net of eligible short positions) (negative amount)	–	–
19	Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities in which the institution has a significant investment (amount above 10 % threshold and net of eligible short positions) (negative amount)	–	–
20	–	–	–
EU-20a	Exposure amount of the following items which qualify for a risk weight of 1,250 %, where the institution opts for the deduction alternative	–	–
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	–	–
EU-20c	of which: securitisation positions (negative amount)	–	–
EU-20d	of which: free deliveries (negative amount)	–	–
21	Deferred tax assets arising from temporary differences (amount exceeding the 10 % threshold, net of related tax liability where the conditions in Article 38 (3) of the CRR are met) (negative amount)	–	–
22	Amount exceeding the 17.65 % threshold (negative amount)	–	–
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	–	–
24	–	–	–
25	of which: deferred tax assets arising from temporary differences	–	–
EU-25a	Losses for the current financial year (negative amount)	–	–
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	–	–
26	–	–	–
27	Qualifying Additional Tier 1 deductions that exceed the AT1 items of the institution (negative amount)	–	–
27a	Other regulatory adjustments	-169	–
28	Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	-306	–
29	Common Equity Tier 1 (CET1) capital	2,921	–
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	407	I
31	of which: classified as equity under applicable accounting standards	407	I
32	of which: classified as liabilities under applicable accounting standards	–	–

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
€ mn			
33	Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase-out from Additional Tier 1 (AT1) capital	–	–
EU-33a	Amount of qualifying items referred to in Article 494a (1) of the CRR subject to phase-out from Additional Tier 1 (AT1) capital	–	–
EU-33b	Amount of qualifying items referred to in Article 494b (1) CRR subject to phase-out from Additional Tier 1 (AT1) capital	–	–
34	Qualifying Tier 1 instruments included in consolidated Additional Tier 1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	–	–
35	of which: instruments issued by subsidiaries subject to phase-out	–	–
36	Additional Tier 1 (AT1) capital before regulatory adjustments	407	–
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own Additional Tier 1 instruments (negative amount)	–	–
38	Direct, indirect and synthetic holdings of the Additional Tier 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	–
39	Direct, indirect and synthetic holdings by the institution of Additional Tier 1 instruments of financial sector entities in which the institution does not have a significant investment (amount above 10% threshold and net of eligible short positions) (negative amount)	–	–
40	Direct, indirect and synthetic holdings by the institution of Additional Tier 1 instruments of financial sector entities in which the institution has a significant investment (net of eligible short positions) (negative amount)	–	–
41	–	–	–
42	Qualifying Tier 2 deductions that exceed the Tier 2 items of the institution (negative amount)	–	–
42a	Other regulatory adjustments to Additional Tier 1 (AT1) capital	–	–
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	–	–
44	Additional Tier 1 (AT1) capital	407	–
45	Tier 1 capital (T1 = CET1 + AT1)	3,328	–
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	637	J
47	Amount of qualifying items referred to in Article 484 (5) of the CRR and the related share premium accounts subject to phase-out from Tier 2 as described in Article 486 (4) of the CRR	–	–
EU-47a	Amount of qualifying items referred to in Article 494a (2) of the CRR subject to phase-out from Tier 2	–	–
EU-47b	Amount of qualifying items referred to in Article 494b (2) of the CRR subject to phase-out from Tier 2	–	–
48	Qualifying own funds instruments included in consolidated Tier 2 capital (including minority interests and Additional Tier 1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	–	–
49	of which: instruments issued by subsidiaries subject to phase-out	–	–
50	Credit risk adjustments	42	–
51	Tier 2 (T2) capital before regulatory adjustments	679	–

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		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
€ mn			
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own Tier 2 instruments and subordinated loans (negative amount)	–	–
53	Direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	–
54	Direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	–	–
54a	–	–	–
55	Direct, indirect and synthetic holdings by the institution of the Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	–
56	–	–	–
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	–	–
EU-56b	Other regulatory adjustments to Tier 2 capital	–	–
57	Total regulatory adjustments to Tier 2 (T2) capital	–	–
58	Tier 2 (T2) capital	679	–
59	Own funds (TC = T1 + T2)	4,006	–
60	Total risk-weighted assets	13,313	–
Capital ratios and requirements including buffers (%)			
61	CET1 ratio	21.94	–
62	Tier 1 ratio	24.99	–
63	Total capital ratio	30.09	–
64	Institution CET1 overall capital requirements	9.34	–
65	of which: capital conservation buffer requirement	2.50	–
66	of which: countercyclical capital buffer requirement	0.65	–
67	of which: systemic risk buffer requirement	0.01	–
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	–	–
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.69	–
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	15.75	–
Amounts below thresholds for deductions (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	5	–
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65 % threshold and net of eligible short positions)	44	–
74	–	–	–
75	Deferred tax assets arising from temporary differences (amount below 17.65 % threshold, net of related tax liability where the conditions in Article 38 (3) of the CRR are met)	153	–

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
€ mn			
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in Tier 2 in respect of exposures subject to standardised approach (prior to the application of the cap)	–	–
77	Cap on inclusion of credit risk adjustments in Tier 2 under standardised approach	22	–
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	42	–
79	Cap on inclusion of credit risk adjustments in Tier 2 under internal ratings-based approach	57	–
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	–	–
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	–
82	Current cap on Additional Tier 1 capital instruments subject to phase-out arrangements	–	–
83	Amount excluded from Additional Tier 1 capital due to cap (excess over cap after redemptions and maturities)	–	–
84	Current cap on Tier 2 instruments subject to phase-out arrangements	–	–
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	–	–

Common Equity Tier 1 capital

Atlantic Group's Common Equity Tier 1 (CET1) capital (€ 2,921 million) is generally limited to the items and capital instruments listed under Article 26 of the CRR, whereby the latter must meet the requirements of Article 28 of the CRR. The CET1 is composed as follows:

- subscribed capital and capital reserves,
- eligible retained earnings,
- accumulated other comprehensive income and
- regulatory adjustments.

Atlantic Lux HoldCo S.à r.l.'s subscribed capital amounted to € 43 million as at 30 June 2025.

The capital reserve of € 1,541 million consists of contributions made by Atlantic BidCo GmbH's investors.

Retained earnings – excluding the interim result recognised in CET1 capital – totalled € 1,741 million.

Accumulated other comprehensive income (€ -153 million) contains other reserves recognised in equity, in which the following effects are recognised directly:

- reserve from remeasurements of defined benefit plans (€ -67 million),
- reserve from the measurement of equity instruments fvoci (€ -4 million),
- reserve from the measurement of debt instruments fvoci (€ -24 million),
- other recyclable and non-recyclable reserves from companies accounted for using the equity method (€ 2 million),
- reserve from changes in the value of foreign currency basis spreads (€ -19 million), and
- currency translation reserve (€ -41 million).

The regulatory adjustments reduce the CET1 amount to € 306 million. Specifically, the following deductions were made:

- **Additional value adjustments to assets and liabilities at fair value in accordance with Article 34 of the CRR in conjunction with Article 105 of the CRR (€ -2 million)**

In accordance with Article 34 of the CRR in conjunction with the requirements for prudent valuation under Article 105 of the CRR, those additional value adjustments that are required to adjust the fair value to the prudent valuation are to be deducted from CET1.

As the line items at fair value amount to less than € 15 billion, the simplified approach pursuant to Article 4 of Commission Delegated Regulation (EU) No. 2016/101 applies.

- **Intangible assets as defined in Article 37 of the CRR (€ -40 million)**

The amount comprises purchased and self-developed software classified as intangible assets. The regulatory technical standard EBA/RTS/2020/07 on the regulatory treatment of software assets is not applied.

- **Deferred tax assets dependant on future profitability (€ -94 million)**

The only deferred tax assets considered are those that do not result from temporary differences (net of related tax liability).

- **Other regulatory adjustments (€ -169 million)**

- **Deductions pursuant to Article 3 of the CRR (€ -108 million)**

Among other things, this includes an additional voluntary and preventive capital deduction for regulatory uncertainties in connection with ECB reviews in the amount of € 30 million. This deduction item also accounts for the expectations defined by regulatory and legislative authorities regarding provisioning for non-performing exposures (“prudential provisioning”).

- **Deductions pursuant to Article 36 (1) lit. a) and m) of the CRR (€ -9 million)**

- **Other deductions from CET1 (€ -51 million)**

Aareal Bank holds irrevocable payment obligations to deposit guarantee schemes and resolution funds, for which assets were encumbered or cash collateral provided. The fact that the encumbered assets or the cash collateral provided cannot be used to cover potential current losses is taken into account by deducting them from CET1.

Additional Tier 1 capital

Additional Tier 1 (AT1) capital comprises a € 407 million Additional Tier 1 (AT1) bond (ISIN XS2971584813). Regulatory adjustments pursuant to Article 56 et seqq. of the CRR were not made.

The AT1 bond was issued in January 2025, in the form of perpetual subordinated notes with a total nominal amount of USD 425 million, a denomination of USD 200,000 and an initial interest rate of 9.875 % p.a.

Further information on the conditions of the AT1 bond can be found in the “Terms and Conditions of Issue” published on Aareal Bank AG’s website.

Tier 2 capital

Aareal Bank’s Tier 2 capital of € 679 million largely consists of subordinated promissory notes (€ 90 million) and subordinated bearer debt securities (€ 547 million), which are allocated to the measurement category “amortised costs”. In the event of liquidation or insolvency, claims on interest and principal from these liabilities are subordinated to the claims of the other creditors, which are not subordinated themselves.

In accordance with Article 64 (2) of the CRR, the IFRS carrying amount (instead of the nominal amount) on the first day of the final five-year period is used to calculate the eligible amount for the amortisation of Tier 2 instruments in the last five years of their

contractual maturity. The IFRS carrying amount is also used for Tier 2 instruments with a residual maturity of more than five years, to ensure consistency in the measurement basis for all Tier 2 instruments.

The valuation adjustment excess (€ 42 million) determined in accordance with Article 62 lit. d) of the CRR within the scope of the comparison of value adjustments pursuant to Article 159 of the CRR is another component of Tier 2 capital.

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

To fulfil the disclosure requirements in accordance with Article 437 lit. a) of the CRR, the equity items of table EU CC I are clearly allocated to the line items contained in the following table via column c. The granularity of the line items disclosed corresponds to the statement of financial position in Aareal Bank Group's interim report.

Atlantic Group's parent company, Atlantic Lux HoldCo S.à r.l., is not obliged to prepare a half-yearly financial report, which is why column a remains blank.

EU CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	a	b	c
	Balance sheet as at 30 June 2025		
	as in the published interim report	under regulatory scope of consolidation	Reference
€ mn			
Assets			
Financial assets (ac)	–	39,124	
Cash funds (ac)	–	2,320	
Loan receivables (ac)	–	31,826	
Money market and capital market receivables (ac)	–	4,796	
Receivables from other transactions (ac)	–	182	
Loss allowance (ac)	–	-423	
Financial assets (fvoci)	–	5,655	
Money market and capital market receivables (fvoci)	–	5,653	F
Equity instruments (fvoci)	–	1	F
Financial assets (fvpl)	–	1,933	
Loan receivables (fvpl)	–	358	F
Money market and capital market receivables (fvpl)	–	110	F
Positive market value of designated hedging derivatives (fvpl)	–	581	
Positive market value of other derivatives (fvpl)	–	884	
Non-current assets held for sale	–	24	
Investments accounted for using the equity method	–	242	
Intangible assets	–	27	G
Property and equipment	–	77	
Income tax assets	–	25	
Deferred tax assets	–	241	H
Other assets	–	583	
Total assets	–	47,508	

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	Balance sheet as at 30 June 2025		
	a as in the published interim report	b under regulatory scope of consolidation	c Reference
€ mn			
Equity and liabilities			
Financial liabilities (ac)	–	41,680	
Money market and capital market liabilities (ac)	–	27,941	
Deposits from the housing industry (ac)	–	12,939	
Liabilities from other transactions (ac)	–	49	
Subordinated liabilities (ac)	–	751	J
Financial liabilities (fvpl)	–	1,864	
Negative market value of designated hedging derivatives (fvpl)	–	1,000	F
Negative market value of other derivatives (fvpl)	–	864	F
Non-current liabilities held for sale	–	–	
Provisions	–	148	
Income tax liabilities	–	64	
Deferred tax liabilities	–	1	
Other liabilities	–	23	
Equity	–	3,729	
Subscribed capital	–	43	A
Capital reserves	–	1,541	B
Retained earnings	–	1,865	C, E
AT1 bond	–	407	I
Other reserves	–	-153	D
Non-controlling interests	–	26	
Total liabilities	–	47,508	

Risk-weighted assets and regulatory capital requirements

The following table EU OVI, disclosed in accordance with Article 438 lit. d) of the CRR, presents the risk-weighted exposure amounts (RWAs or TREA) and regulatory capital requirements by relevant risk category.

As at 30 June 2025, no risks associated with outstanding delivery as part of counterparty risks had to be taken into account when determining counterparty usage limits.

Based on the calculation approaches under the A-IRBA, F-IRBA and CRSA, the following RWAs and capital requirements were determined as at the reporting date for the types of risk that are relevant for regulatory purposes.

EU OV1: Overview of risk-weighted assets (RWAs)

	a	b	c
	30 Jun 2025	RWAs 31 Mar 2025	Regulatory capital requirements 30 Jun 2025
€ mn			
1 Credit risk (excluding counterparty credit risk)	10,918	11,377	873
2 of which: Credit Risk Standard Approach (CRSA)	1,600	1,447	128
3 of which: foundation IRB Approach (F-IRBA)	28	39	2
4 of which: slotting approach	–	–	–
EU 4a of which: equity exposures under the simple risk-weighted approach	–	–	–
5 of which: advanced IRB approach (A-IRBA)	9,290	9,892	743
6 Counterparty credit risk	350	284	28
7 of which: standardised approach	275	244	22
8 of which: internal model method (IMM)	–	–	–
EU 8a of which: exposures to a CCP	3	4	0
9 of which: other CCR	71	36	6
10 Credit valuation adjustment risk – CVA risk	163	157	13
EU 10a of which: standardised approach (SA)	–	–	–
EU 10b of which: foundation approach (F-BA and R-BA)	163	157	13
EU 10c of which: simplified approach	–	–	–
15 Settlement risk	–	–	–
16 Securitisation exposures in the banking book (after the cap)	–	–	–
17 of which: SEC-IRBA	–	–	–
18 of which: SEC-ERBA (including IAA)	–	–	–
19 of which: SEC-SA	–	–	–
EU 19a of which: 1,250% / deduction	–	–	–
20 Position, foreign exchange and commodity risks (market risk)	95	–	8
21 of which: alternative standardised approach (A-SA)	–	–	–
EU 21a of which: simplified standardised approach (S-SA)	95	–	8
22 of which: Alternative internal model approach (A-IMA)	–	–	–
EU 22a Large exposures	–	–	–
23 Reclassifications between trading and non-trading books	–	–	–
24 Operational risk	1,787	1,787	143
EU 24a Exposures to crypto-assets	–	–	–
25 Amounts below the thresholds for deduction (subject to 250 % risk weight)	381	466	31
26 Output floor applied (%)	50,00	50,00	
27 Floor adjustment (before application of transitional cap)	–	–	
28 Floor adjustment (after application of transitional cap)	–	–	
29 Total	13,313	13,605	1,065

Table EU CR10.5 below shows the equity investments treated under the CSRA. The table only lists equity investments with a 250 % risk weighting because Atlantic Group applies Art. 133 (3) of the CRR.

In the following table EU CR10.5, the equity investments reported under the A-IRBA and previously disclosed on a consolidated level – for which the simple risk-weighted approach is used exclusively pursuant to Article 155 (2) of the CRR – are disclosed separately according to the risk exposures determined in the Regulation.

The specialised lendings held in the portfolio as at the current disclosure date are not assigned any regulatory risk weights prescribed in accordance with Article 153 (5) of the CRR. Therefore, the tables EU CR10.1 to EU CR10.4 are not disclosed.

EU CR10.5: Equity exposures

Regulatory categories	a	b	c	d	e	f
	Equity exposures under the simple risk-weighted approach					
	On-balance sheet exposures	Off-balance sheet exposures	Risk weight	Exposure at Default	RWAs	Expected loss amount
	€ mn	€ mn	%	€ mn	€ mn	€ mn
Total	222	–	250	222	554	–

The RWAs set out in table EU OVI for the market risks under the standardised approach are also disclosed in table EU MRI for the various market risk positions in accordance with Article 92 (3) lit. b) and c) of the CRR.

EU MRI: Market risk under the standardised approach

	a
	RWAs
€ mn	
Outright products	
1 Interest rate risk (general and specific)	–
2 Equity risk (general and specific)	–
3 Foreign exchange risk	95
4 Commodity risk	–
Options	
5 Simplified approach	–
6 Delta-plus approach	–
7 Scenario approach	–
8 Securitisation (specific risk)	–
9 Total	95

Output Floor

Row 28 of table EU OVI (page 17) shows that the output floor had no impact on the applicable Total Risk Exposure Amount (TREA) as at the reporting date because the RWAs determined using internal models and considering the partial-use method as per Article 150 of the CRR (U-TREA) are higher than the 50 %-weighted RWAs determined exclusively according to standardised approaches (output floor).

The following two tables serve to fulfil the disclosure requirements set out in Article 438 lit. (d) and (da) of the CRR.

Table EU CMS1 compares RWAs determined using internal models with RWAs determined using standardised calculation approaches, broken down by risk categories. While column a discloses the RWAs of the commercial property finance portfolio treated under the IRB approaches, column b contains the RWAs for exposures calculated using standardised approaches.

Column c summarises the RWAs reported in columns a and b, with the figure disclosed in row 8 corresponding to the RWAs before adjustment of the output floor (U-TREA).

Columns d and EU d show the RWAs of all exposures calculated exclusively according to standardised approaches (referred to as S-TREA). In line with the provisions stipulated, column EU d takes account of the transitional arrangements pursuant to Article 465 of the CRR, where column d does not. Because Aareal Bank does not apply these transitional arrangements, the RWAs reported in the two columns do not differ from each other.

The RWAs disclosed in row 8 of table EU CMS1 in column EU d are used to calculate the output floor.

EU CMS1: Comparison of modelled and standardised risk-weighted exposure amounts at risk level

	a	b	c	d	EU d
	RWAs for modelled approaches that banks have supervisory approval to use	RWAs for portfolios where standardised approaches are used	Total actual RWAs (a + b)	RWAs calculated using full standardised approach	RWAs that is the base of the output floor
€ mn					
1 Credit risk (excluding counterparty credit risk)	9,319	1,600	10,918	23,453	23,453
2 Counterparty credit risk (CCR)	177	173	350	270	270
3 Credit valuation adjustment		163	163	163	163
4 Securitisation exposures in the banking book	–	–	–	–	–
5 Market risk	–	95	95	95	95
6 Operational risk		1,787	1,787	1,787	1,787
7 Other risk weighted exposure amounts		–	–	–	–
8 Total	9,495	3,818	13,313	25,768	25,768

Column a of table EU CMS2 below lists the RWAs for the credit risk (excluding counterparty credit risk) determined using internal models, broken down by the exposure classes set out in Article 112 of the CRR. Column b lists the RWAs for the portfolio treated under IRBA using the Credit Risk Standard Approach (CRSA).

Columns a and b show that larger part of the commercial property finance portfolio treated in IRBA is allocated to the CSRA exposure class “secured by mortgages on immovable properties and ADC exposures in SA” (row EU 7a).

The actual RWAs disclosed in column c of table EU CMS2 include both IRBA and CSRA exposures.

EU CMS2: Comparison of modelled and standardised risk-weighted exposure amounts for credit risk at asset class level

		a	b	c	d	EU d
		RWAs for modelled approaches that institutions have supervisory approval to use	Risk weighted exposure amounts (RWAs)			RWAs that is the base of the output floor
			RWAs for column (a) if re-computed using the standardised approach	Total actual RWAs	RWAs calculated using full standardised approach	
€ mn						
1	Central governments and central banks	–	–	37	37	37
EU 1a	Regional governments or local authorities	–	–	386	386	386
EU 1b	Public-sector entities	–	–	1	1	1
EU 1c	Categorised as Multilateral Development Banks in SA	–	–	–	–	–
EU 1d	Categorised as international organisations in SA	–	–	–	–	–
2	Institutions	–	–	124	124	124
3	Equity ¹⁾	–	–	554	554	554
5	Corporates	335	76	406	147	147
5.1	of which: F-IRB is applied ²⁾	28	41	–	41	41
5.2	of which: A-IRB is applied ²⁾	8,512	21,034	–	21,034	21,034
EU 5a	of which: Corporates – General	335	76	406	147	147
EU 5b	of which: Corporates – Specialised lending	–	–	–	–	–
EU 5c	of which: Corporates – Purchased receivables	–	–	–	–	–
6	Retail	–	–	1	1	1
6.1	of which: Retail – Qualifying revolving	–	–	–	–	–
EU 6.1a	of which: Retail – Purchased receivables	–	–	–	–	–
EU 6.1b	of which: Retail – Other	–	–	–	–	–
6.2	of which: Retail – Secured by residential real estate	–	–	99	–	–
EU 7a	Categorised as secured by mortgages on immovable properties and ADC exposures in SA	7,190	19,157	7,309	19,276	19,276
EU 7b	Collective investment undertakings (CIU)	–	–	31	31	31
EU 7c	Categorised as exposures in default in SA	1,015	1,842	1,018	1,845	1,845
EU 7d	Categorised as subordinated debt exposures in SA	–	–	–	–	–
EU 7e	Categorised as covered bonds in SA	–	–	272	272	272
EU 7f	Categorised as claims on institutions and corporates with a short-term credit assessment in SA	–	–	–	–	–
8	Other non-credit obligation assets	778	778	778	778	778
9	Total	9,319	21,853	10,918	23,453	23,453

¹⁾ Line 3 (Equity) includes equity investments treated under the CRSA.

²⁾ Columns b, d and EU d are populated primarily based on EBA mapping in accordance with Art. 434 (1) of the CRR, which is used to derive the amounts to be disclosed from regulatory reports. For this reason, the sum of the two items does not correspond to the amount shown in line 5, as lines 5.1 and 5.2 also include exposures collateralised by immovable property and defaulted exposures, which are reported based on the CRSA exposure classes in the lines EU 7a and EU 7c.

Minimum Requirements for Own Funds and Eligible Liabilities

Compliance with Minimum Requirements for Own Funds and Eligible Liabilities (MREL) is aimed at ensuring sufficient loss-absorbing and recapitalisation capacity. A key element in achieving this is the bail-in, i.e. the participation of a credit institution's shareholders and creditors in covering its losses and in its recapitalisation. As a prerequisite, sufficient capital instruments and liabilities must be available for a bail-in. To safeguard capacities, the competent resolution authority defines the institution-specific minimum requirements.

Aareal Bank pursues a resolution strategy that is based on a Single Point of Entry (SPE).

MREL disclosure requirements are based on Article 45i(3) of the Directive 2014/59/EU (Bank Recovery and Resolution Directive (BRRD)) in conjunction with Article 10 et seqq. and Annex V of Implementing Regulation (EU) No. 2021/763. As Atlantic Lux HoldCo S.à r.l. has not been categorised as a resolution unit, MREL disclosure is made at Aareal Bank Group level (resolution group) and Aareal Bank AG (resolution unit). Aareal Bank AG is not classified as a Global Systemically Important Institution (G-SII). Accordingly, the additional disclosure requirements for G-SII are waived. Therefore, only the table EU KM2 is disclosed below. The lines and columns contained in these tables that relate to G-SII-relevant information are not taken into account.

Table EU KM2 provides an overview of the key metrics included in the calculation of MREL as at the reporting date. In addition to own funds (Tier I capital, Additional Tier I capital and Tier 2 capital) and eligible liabilities, these include Aareal Bank Group's risk-weighted exposure amounts (RWA) and the total exposure measure (Leverage Ratio exposure – "LRE"). The own funds do not match the values shown in table EU KM1, as the key metrics in table EU KM1 relate to Atlantic Group.

EU KM2: Key metrics – MREL

		a
		Minimum requirement for own funds and eligible liabilities (MREL)
		30 Jun 2025
€ mn		
Own funds and eligible liabilities, ratios and components		
1	Regulatory capital and eligible liabilities	9,309
EU-1a	of which: own funds and subordinated liabilities	6,489
2	Risk-weighted exposure amounts (Risk-weighted assets, RWAs) of the resolution group	13,301
3	Own funds and eligible liabilities as a percentage of RWAs	69.99 %
EU-3a	of which: own funds and subordinated liabilities	48.79 %
4	Total exposure measure of the resolution group	46,190
5	Own funds and eligible liabilities as a percentage of total exposure measure	20.15 %
EU-5a	of which: own funds or subordinated liabilities	14.05 %
6a	Does the subordination exemption in Article 72b (4) of Regulation (EU) No 575/2013 apply? (5 % exemption)	
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b (3) of Regulation (EU) No 575/2013 is applied (max. 3.5 % exemption)	
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)	
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of RWAs	24.41 %
EU-8	of which: to be met with own funds or subordinated liabilities	24.41 %
EU-9	MREL expressed as a percentage of the total exposure measure	8.03 %
EU-10	of which: to be met with own funds or subordinated liabilities	8.03 %

Aareal Bank Group has to fulfil a minimum MREL requirement of 24.41 % for RWAs and of 8.03 % for the total exposure measure (LRE), which takes into account a combined buffer requirement (CBR) of 3.15 %. As at 30 June 2025, the MREL ratio was at 69.99 % of RWAs and at 20.15 % of LRE. This comfortably meets the MREL requirements as of the reporting date.

Countercyclical Capital Buffer

The countercyclical capital buffer (CCyB) is a macroprudential tool used by banking supervisors to counteract the risk of excessive credit growth in the banking sector and to contribute building up an additional capital buffer to provide for hard times. The purpose of the capital buffer is to increase the loss-absorbing capacity of banks throughout the credit cycle. The value for the CCyB usually amounts to between 0 and 2.5 %; it is determined on a quarterly basis by the national supervisory authority of the respective country, based on a variety of economic factors, in particular the ratio of lending volumes to gross domestic product.

The institution-specific countercyclical capital buffer is calculated as the weighted average of the countercyclical capital buffers applicable to the countries where the respective institution is exposed to significant credit risks. The institution is obliged to maintain this weighted average as a percentage of risk-weighted assets (RWAs) in the form of Common Equity Tier I capital. Significant credit risk exposures are defined in section 36 of the German Solvency Regulation (Solvabilitätsverordnung – “SolvV”) and comprise exposures to corporate and private clients.

The following two disclosure tables are based on the requirements set out in Article 5 of Commission Implementing Regulation (EU) 2024/3172 dated 29 November 2024.

EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

	a General credit risk exposures		c Relevant credit exposures – Market risk		e	f
	Exposure value under the Credit Risk Standard Approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures under the standardised approach	Value of trading book exposures for internal models	Securitisation exposures – Exposure value in the banking book	Total risk exposure amount
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
010 Breakdown by country						
Australia	–	462	–	–	–	462
Belgium	16	573	–	–	–	589
Denmark	164	308	–	–	–	472
Germany	1,455	3,535	–	–	–	4,990
Finland	72	562	–	–	–	634
France	495	3,735	–	–	–	4,229
UK	39	6,211	–	–	–	6,250
Ireland	1	161	–	–	–	162
Italy	135	1,556	–	–	–	1,690
Jersey	–	12	–	–	–	12
Canada	–	1,021	–	–	–	1,021
Luxembourg	0	131	–	–	–	131
Maldives	0	402	–	–	–	403
New Zealand	–	30	–	–	–	30
Netherlands	226	1,822	–	–	–	2,048
Norway	185	–	–	–	–	185
Austria	181	338	–	–	–	519

	a		b		c		d		e	f
	General credit risk exposures		Relevant credit exposures – Market risk		Sum of long and short positions of trading book exposures under the standardised approach		Value of trading book exposures for internal models		Securitisation exposures – Exposure value in the banking book	Total risk exposure amount
	Exposure value under the Credit Risk Standard Approach	Exposure value under the IRB approach	Exposure value under the Credit Risk Standard Approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures under the standardised approach	Sum of long and short positions of trading book exposures under the standardised approach	Value of trading book exposures for internal models	Value of trading book exposures for internal models	Securitisation exposures – Exposure value in the banking book	Total risk exposure amount
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Poland	0	2,575	–	–	–	–	–	–	–	2,575
Portugal	119	–	–	–	–	–	–	–	–	119
Sweden	153	729	–	–	–	–	–	–	–	882
Switzerland	–	246	–	–	–	–	–	–	–	246
Spain	77	2,157	–	–	–	–	–	–	–	2,234
Czech Republic	–	220	–	–	–	–	–	–	–	220
Turkey	–	49	–	–	–	–	–	–	–	49
Hungary	–	9	–	–	–	–	–	–	–	9
USA	0	6,608	–	–	–	–	–	–	–	6,609
020 Total	3,319	33,454	–	–	–	–	–	–	–	36,773

	g	h	i	j	k	l	m
	Relevant credit risk exposures – Credit risk	Own funds requirements			Risk-weighted exposure amounts	Own funds requirements weights	Counter-cyclical capital buffer rate
	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation exposures in the banking book	Total				
	€ mn	€ mn	€ mn	€ mn	€ mn	%	%
010 Breakdown by country							
Australia	8	–	–	8	104	0.99	1.00
Belgium	9	–	–	9	111	1.05	1.00
Denmark	5	–	–	5	62	0.59	2.50
Germany	189	–	–	189	2,359	22.36	0.75
Finland	9	–	–	9	108	1.03	–
France	72	–	–	72	896	8.50	1.00
UK	102	–	–	102	1,279	12.12	2.00
Ireland	4	–	–	4	49	0.46	1.50
Italy	37	–	–	37	457	4.33	–
Jersey	2	–	–	2	20	0.19	–
Canada	20	–	–	20	249	2.36	–
Luxembourg	2	–	–	2	26	0.25	0.50
Maldives	8	–	–	8	99	0.94	–
New Zealand	1	–	–	1	8	0.08	–
Netherlands	33	–	–	33	414	3.93	2.00
Norway	2	–	–	2	19	0.18	2.50
Austria	7	–	–	7	88	0.84	–
Poland	53	–	–	53	668	6.33	–
Portugal	1	–	–	1	12	0.11	–
Sweden	9	–	–	9	117	1.11	2.00
Switzerland	2	–	–	2	28	0.27	–
Spain	42	–	–	42	531	5.03	–

	g	h	i	j	k	l	m
	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation exposures in the banking book	Total	Risk-weighted exposure amounts	Own funds requirements weights	Counter-cyclical capital buffer rate
	€ mn	€ mn	€ mn	€ mn	€ mn	%	%
Czech Republic	3	–	–	3	37	0.36	1.25
Turkey	2	–	–	2	22	0.21	–
Hungary	0	–	–	0	2	0.02	0.50
USA	223	–	–	223	2,784	26.39	–
020 Total	844	–	–	844	10,551	100.00	

EU CCyB2: Amount of institution-specific countercyclical capital buffer

	a
€ mn	
010 Total risk exposure amount	13,313
020 Institution-specific countercyclical capital buffer rate	0.65 %
030 Institution-specific countercyclical capital buffer requirement	86

Credit Risks and Quantitative Information on Credit Risk Mitigation

Aareal Bank defines credit risk – or counterparty credit risk – as the risk of losses being incurred due to (i) a deterioration in a business partner's credit quality; (ii) a business partner defaulting on contractual obligations; (iii) collateral being impaired; or (iv) a risk arising upon realisation of collateral. Both credit business and trading activities may be subject to counterparty credit risk. Counterparty credit risk exposure from trading activities may refer to risk exposure vis-à-vis counterparties or issuers. Aareal Bank defines country risk and the risk from the NPL inventory as forms of counterparty credit risk as well.

The following chapters are limited to purely quantitative information on credit risk, with different levels of detail.

Credit quality of exposures

In the following tables, the breakdown of exposures and the related loss allowances required by Article 442 lit. c) – g) of the CRR, as submitted to banking supervisors in the context of the Financial Reporting framework (FINREP), are disclosed with different levels of detail. In this context, exposures resulting from counterparty credit risk exposures are not taken into account; these are disclosed separately in this report.

Aareal Bank believes that the impairment triggers provided as examples in IFRS 9 and the reasons for default set out in Article 178 of the CRR are identical in substance and can thus be applied interchangeably. Consequently, at the time of default, the risk exposure affected is allocated to Stage 3 within the loss allowance process in accordance with Article 178 of the CRR and is considered to be defaulted, and hence non-performing, for both regulatory and accounting purposes.

According to the EBA guidelines on the application of the definition of default under Article 178 of the CRR (EBA/GL/2016/07), a default can be omitted, amongst other criteria, especially after a certain grace period (3 months or 12 months). This means that even if the economic reasons for a default no longer apply (and the exposures are no longer allocated to Stage 3), the financial instruments continue to be recorded as defaulted or non-performing during the grace period for supervisory purposes.

For financial instruments of the category “measured at fair value through profit or loss (fvpl)”, the default of a borrower does not lead to the recognition of loss allowance in Stage 3, but to a corresponding credit-induced fair value adjustment.

In the absence of any other reasons for default, all liabilities of a borrower that are up to 90 days past due are deemed overdue, but not defaulted.

The following information is based on the requirements set out in Annex I of Commission Implementing Regulation (EU) 2024/3172 on the disclosure of non-performing and forborne exposures.

The NPL ratio determined in accordance with Article 9 (2) and (3) of the Commission Implementing Regulation mentioned above amounts to 4.4 % as at 30 June 2025. Since the NPL ratio had already fallen below 5 % as at the three previous quarterly reporting dates, the tables EU CQ2, EU CQ6, EU CQ8, and EU CR2a are not disclosed in accordance with Article 9 (5) of the Commission Implementing Regulation.

Table EU CQ1 provides information on the gross carrying amount of forborne exposures (i.e. exposures with forbearance measures), and on the coverage of existing risks through loss allowance as well as collateral received. In this context, the measurement of collateral received differs from the current market value of such collateral, due to the fact that a different internal realisation rate is being applied, depending on the type of property and the country where the property is located; and reflecting a cap on any collateral at the carrying amount.

EU CQ1: Credit quality of forborne exposures

	a Gross carrying amount/nominal amount of exposures with forbearance measures				e Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		g Collateral received and financial guarantees received on forborne exposures	
	Performing forborne exposures	b Non-performing forborne exposures		d of which: impaired	On performing forborne exposures	On non-performing forborne exposures	h of which: collateral and financial guarantees received on non-performing exposures with forbearance measures	
		of which: defaulted						
€ mn								
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	3,353	852	852	730	-59	-174	3,901	620
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	8	8	7	-	-2	7	7
060 Non-financial corporations	3,353	844	844	723	-59	-173	3,894	613
070 Households	-	-	-	-	-	-	-	-
080 Debt securities	-	-	-	-	-	-	-	-
090 Loan commitments given	66	56	56	54	3	9	37	10
100 Total	3,419	907	907	783	-62	-183	3,938	630

Table EU CR1 does not take into account financial assets held for trading. In addition to the disclosures on non-performing exposures, this table also discloses loss allowances and provisions attributable to performing exposures.

Besides information on accumulated impairment for non-performing exposures, columns j to l also require disclosure of negative changes in fair value due to credit risk. The limitation to negative changes in a borrower's credit risk is due to such negative changes being de facto equivalent to an impairment implied by fair value, whereby no impairment is recognised for assets carried at fair value through profit and loss. Accordingly, the gross carrying amount of these exposures was increased by the fair value change induced by credit quality.

In addition, columns n and o specify the collateral (property, financial collateral, deposits held with third-party institutions) and financial guarantees (as defined by the CRR) which Aareal Bank has received for the exposures analysed. However, the respective values are capped at the carrying amount of the respective exposure.

EU CR1: Performing and non-performing exposures and related provisions

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-offs	Collateral and financial guarantees received	
	Performing exposures		Non-performing exposures				Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					On performing exposures	On non-performing exposures
		of which: Stage 1	of which: Stage 2		of which: Stage 2	of which: Stage 3		of which: Stage 1	of which: Stage 2		of which: Stage 2	of which: Stage 3			
€ mn															
005 Cash balances at central banks and other demand deposits	3,372	3,372	–	–	–	–	0	0	–	–	–	–	–	–	–
010 Loans and advances	31,803	27,203	4,506	1,477	255	1,174	-119	-42	-77	-318	-8	-294	-135	29,811	1,028
020 Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
030 General governments	1,305	1,305	0	–	–	–	0	0	–	–	–	–	–	3	–
040 Credit institutions	48	48	–	–	–	–	0	0	–	–	–	–	–	–	–
050 Other financial corporations	1,215	1,186	29	8	–	7	-3	-3	0	-2	–	-1	-3	1,189	7
060 Non-financial corporations	29,133	24,662	4,378	1,466	255	1,165	-117	-40	-77	-316	-8	-292	-132	28,541	1,020
070 of which: SMEs	21,851	18,422	3,335	1,466	255	1,165	-92	-25	-67	-316	-8	-292	-132	21,526	1,020
080 Households	101	2	99	3	–	3	0	–	0	-1	–	-1	0	79	1
090 Debt securities	8,267	7,407	860	–	–	–	-1	-1	-1	–	–	–	–	–	–
100 Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110 General governments	3,324	2,500	824	–	–	–	-1	0	-1	–	–	–	–	–	–
120 Credit institutions	4,396	4,360	36	–	–	–	-1	0	0	–	–	–	–	–	–
130 Other financial corporations	547	547	–	–	–	–	0	0	–	–	–	–	–	–	–
140 Non-financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150 Off-balance sheet exposures	1,114	973	141	84	7	77	6	1	5	9	0	9		361	22
160 Central banks	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170 General governments	5	5	0	–	–	–	0	–	0	–	–	–		–	–
180 Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–		–	–
190 Other financial corporations	15	15	–	–	–	–	0	0	–	–	–	–		6	–
200 Non-financial corporations	1,094	953	141	84	7	77	6	1	5	9	0	9		356	22
210 Households	0	0	0	–	–	–	0	–	0	–	–	–		–	–
220 Total	44,556	38,955	5,507	1,561	262	1,252	-127	-44	-83	-327	-9	-302	-135	30,172	1,050

Table EU CRI-A provides an overview of the net carrying amounts of loans and advances previously disclosed in table EU CRI as well as debt securities, broken down by remaining term to maturity. The remaining term to maturity is determined on the basis of the contractually agreed term of the exposure. Column a comprises exposures due on demand.

EU CRI-A: Maturity of exposures

		a	b	c		d	e	f
		Net carrying amount						
		On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total	
€ mn								
1	Loans and advances	449	4,432	24,975	2,962	24	32,843	
2	Debt securities	–	421	4,363	3,481	–	8,266	
3	Total	449	4,854	29,338	6,443	24	41,108	

In line with table EU CRI, table EU CQ4 does not take financial assets held for trading into account either. In addition to the disclosures on non-performing exposures, this table also discloses loss allowances and provisions attributable to performing exposures. The information is broken down by relevant countries. In this context, a country with an exposure of at least € 300 million is considered relevant. The allocation is based on the borrower's country of domicile. When determining the materiality threshold, care is taken to ensure that the aggregate gross carrying amount of all major countries equals at least 95 % of all on- and off-balance sheet exposures. Exposures to supranational organisations are included in the "Other countries" line irrespective of their gross carrying amount.¹⁾

EU CQ4: Credit quality of non-performing exposures by geography

	a	b	c	d	e	f	g
	Gross carrying / nominal amount	of which: non-performing	of which: defaulted	of which: subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
€ mn							
010 On-balance sheet exposures	41,547	1,477	1,477	41,406	-423		-16
020 Australia	462	–	–	462	-2		–
030 Belgium	394	–	–	394	0		–
040 Denmark	554	–	–	554	0		–
050 Germany	5,974	11	11	5,973	-9		-1
060 Finland	760	–	–	760	-1		–
070 France	4,181	127	127	4,181	-17		–
080 UK	3,452	54	54	3,448	-29		-2
090 Italy	2,171	44	44	2,167	-5		0
100 Jersey	1,867	–	–	1,867	-3		–
110 Canada	1,452	–	–	1,452	-1		–
120 Luxembourg	2,578	–	–	2,578	-4		–
130 Maldives	359	–	–	359	-2		–
140 Netherlands	2,596	–	–	2,596	-3		–
150 Austria	821	–	–	821	0		–
160 Poland	2,550	–	–	2,550	-5		–

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¹⁾ The following countries are categorised as non-material: Czech Republic, Gibraltar, Guernsey, Hungary, Ireland, Japan, Norway, New Zealand, Portugal, Slovenia, Switzerland, Turkey and the British Virgin Islands.

	a	b	c	d	e	f	g
	Gross carrying/nominal amount			of which: subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing	of which: defaulted				
€ mn							
170 Sweden	774	–	–	774	-1		–
180 Spain	2,294	57	57	2,294	-26		–
190 USA	6,408	1,185	1,185	6,276	-310		-13
200 Other countries	1,898	–	–	1,898	-2		–
210 Off-balance sheet exposures	1,198	84	84			15	
220 Australia	–	–	–			–	
230 Belgium	25	–	–			0	
240 Denmark	10	–	–			0	
250 Germany	367	–	–			0	
260 Finland	7	–	–			0	
270 France	166	–	–			2	
280 UK	159	0	0			0	
290 Italy	76	–	–			0	
300 Jersey	–	–	–			–	
310 Canada	2	–	–			0	
320 Luxembourg	49	–	–			0	
330 Maldives	3	–	–			0	
340 Netherlands	75	–	–			0	
350 Austria	–	–	–			–	
360 Poland	31	–	–			0	
370 Sweden	9	–	–			0	
380 Spain	44	–	–			0	
390 USA	175	84	84			12	
400 Other countries	–	–	–			–	
410 Total	42,745	1,561	1,561	41,406	-423	15	-16

In accordance with Annex I of the Commission Implementing Regulation, table EU CQ5 only shows exposures to non-financial corporations.

The presentation by sector of economic activity corresponds to the differentiation by NACE codes in the context of the Financial Reporting framework (FINREP).

Since the Group's business is focused on commercial property financing, the real estate activities sector is by far the most relevant industry.

EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

	a	b	c	d	e	f
		Gross carrying amount			Accumulated	Accumulated negative
		of which: non-performing	of which: defaulted	of which: loans and advances subject to impairment	impairment	changes in fair value due to credit risk on non-performing exposures
€ mn						
010 Agriculture, forestry and fishing	–	–	–	–	–	–
020 Mining and quarrying	–	–	–	–	–	–
030 Manufacturing	–	–	–	–	–	–
040 Electricity, gas, steam and air conditioning supply	–	–	–	–	–	–
050 Water supply	1	–	–	1	–	–
060 Construction	40	40	40	40	-1	–
070 Trading	–	–	–	–	–	–
080 Transport and storage	–	–	–	–	–	–
090 Accommodation and food service activities	1,401	0	0	1,401	-3	–
100 Information and communication	0	–	–	0	–	–
110 Financial and insurance activities	–	–	–	–	–	–
120 Real estate activities	29,089	1,426	1,426	28,949	-411	-15
130 Professional, scientific and technical activities	49	–	–	49	-1	–
140 Administrative and support service activities	–	–	–	–	–	–
150 Public administration and defence; compulsory social security	–	–	–	–	–	–
160 Education	–	–	–	–	–	–
170 Health and social services	–	–	–	–	–	–
180 Arts, entertainment and recreation	0	–	–	0	–	–
190 Other services	19	–	–	19	0	–
200 Total	30,599	1,466	1,466	30,459	-417	-15

Given that Aareal Bank Group generally pursues the strategy of preventing any further losses from a loan exposure, some of the properties disclosed in table EU CQ7 are subject to re-positioning and further development and may thus be held for several years. Hence, fair value (as well as amortised cost) can be increased by value-enhancing measures. The table below does not provide any such information.

EU CQ7: Collateral obtained by taking possession and execution processes

	a	b
	Total collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
€ mn		
010 Collateral obtained by taking possession classified as PP&E	–	–
020 Collateral obtained by taking possession other than that classified as PP&E	470	-33
030 Residential immovable property	0	–
040 Commercial immovable property	470	-33
050 Movable property (auto, shipping, etc.)	–	–
060 Equity and debt instruments	–	–
070 Other collateral	–	–
080 Total	470	-33

Table EU CR2 outlines the changes within the portfolio of nonperforming exposures during the half-year under review. Besides new defaulted loans and advances (shown in line 020), the gross carrying amounts of exposures removed from the nonperforming portfolio are broken down further below by reason of the outflow:

EU CR2: Changes in the stock of non-performing loans and advances

	a
	Gross carrying amount
€ mn	
010 Initial stock of non-performing loans and advances as at 1 January 2025	1,261
020 Inflows to nonperforming portfolios	593
030 Outflows from nonperforming portfolios	-377
040 Outflows due to write-offs	-7
050 Outflow due to other situations	-370
060 Final stock of non-performing loans and advances as at 30 June 2025	1,477

Credit risk mitigation

Collateral in the total amount of € 30,839 million was applied within the scope of credit risk mitigation. This figure comprises no financial collateral included for derivatives transactions.

The following table shows all collateral eligible to collateralise loans and advances as well as debt securities. The respective values are capped at the carrying amount of the respective exposure. The real property liens relevant for Aareal Bank as an international property specialist are disclosed in column c along with the financial collateral, whereas warranties (financial guarantees) are disclosed under column d. Credit derivatives which may be used for collateralisation purposes are currently not held. Therefore, table EU CR7 (IRB approach – Effect on the Risk Weighted Exposure amounts of credit derivatives used as CRM techniques) is not disclosed.

In addition to the eligible collateral and secured exposures (column b), column a discloses the amount of all generally unsecured exposures.

EU CR3: Overview of credit risk mitigation techniques

	a	b	c	d	e
	Exposures unsecured	Exposures secured	of which: exposures secured by collateral	of which: exposures secured by financial guarantees	of which: exposures secured by credit derivatives
€ mn					
1 Loans and advances	5,376	30,839	30,828	11	–
2 Debt securities	8,266	–	–	–	
3 Total	13,642	30,839	30,828	11	–
4 of which: non-performing exposures	132	1,028	1,028	–	–
EU-5 of which: defaulted	132	1,028			

As defaulted exposures are considered non-performing, the net carrying amount reported in line EU-5 is equivalent to the amount shown in line 4. This is further described in the chapter “Credit quality of exposures” in this Disclosure Report (page 24).

The disclosure table EU CR7-A is limited to the presentation of the collateral considered for the commercial property lending portfolio subject to the Advanced IRBA. This collateral is shown for each IRBA collateral as a percentage of the respective IRBA exposure.

The relevant types of collateral are considered within the scope of the LGD estimation in accordance with Article 181 (1) lit. e) and f) of the CRR.

Column m generally remains blank, as no substitution is made within the scope of the collateralisation of exposures treated in IRBA by guarantees. If the guarantor's rating is better than the borrower's rating, the guarantor's rating reduces the LGD.

EU CR7-A: A-IRB approach – Disclosure of the extent of the use of CRM techniques

A-IRBA exposure class	a	Credit risk mitigation techniques					
		b	c	Funded Credit Protection (FCP)		f	g
				Part of exposures covered by Immovable property collateral	Part of exposures covered by Receivables		
	€ mn	%	%	%	%	%	%
5 Corporates	32,492	0.43	97.10	96.88	–	0.21	0.00
5.1 of which: Corporates – General	4,814	0.02	91.11	90.09	–	1.02	–
5.2 of which: Corporates – Specialised lending	27,678	0.51	98.14	98.07	–	0.07	0.00
7 Total	32,492	0.43	97.10	96.88	–	0.21	0.00

A-IRBA exposure class	h	i	j	k	l	m		n
	Credit risk mitigation techniques					Credit risk mitigation methods in the calculation of RWAs		
	Funded Credit Protection (FCP)			Unfunded Credit Protection (UFCP)				
	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party	Part of exposures covered by Guarantees	Part of exposures covered by Credit derivatives	RWA without substitution effects (reduction effects only)	RWA with substitution effects (both reduction and substitution effects)	
	%	%	%	%	%	€ mn	€ mn	
5 Corporates	0.00	–	–	0.03	–	–	8,512	
5.1 of which: Corporates – General	–	–	–	0.19	–	–	1,403	
5.2 of which: Corporates – Specialised lending	0.00	–	–	–	–	–	7,109	
7 Total	0.00	–	–	0.03	–	–	8,512	

8,512

1,403

7,109

8,512

EU CR7-A: F-IRB approach – Disclosure of the extent of the use of CRM techniques

F-IRBA exposure class	a	Credit risk mitigation techniques					
		b	c	Funded Credit Protection (FCP)		f	g
				Part of exposures covered by Immovable property collateral	Part of exposures covered by Receivables		
	€ mn	%	%	%	%	%	%
5 Corporates	72	–	53.96	53.96	–	–	–
5.1 of which: Corporates – General	72	–	53.96	53.96	–	–	–
5.2 of which: Corporates – Specialised lending	–	–	–	–	–	–	–
7 Total	72	–	53.96	53.96	–	–	–

F-IRBA exposure class	h	i	j	k	l	m	n
	Credit risk mitigation techniques					Credit risk mitigation methods in the calculation of RWAs	
	Funded Credit Protection (FCP)			Unfunded Credit Protection (UFCP)		RWA without substitution effects (reduction effects only)	RWA with substitution effects (both reduction and substitution effects)
	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party	Part of exposures covered by Guarantees	Part of exposures covered by Credit derivatives		
	%	%	%	%	%	€ mn	€ mn
5 Corporates	–	–	–	–	–	–	28
5.1 of which: Corporates – General	–	–	–	–	–	–	28
5.2 of which: Corporates – Specialised lending	–	–	–	–	–	–	–
7 Total	–	–	–	–	–	–	28

Credit Risk Standard Approach

Identical types of collateral respond differently, depending on what transactions they can be offset against.

This is due to the composition of the CRSA exposure amount as well as the exposure categories for undrawn credit facilities and other off-balance sheet transactions (Article III of the CRR in conjunction with Annex I of the CRR). The credit conversion factors assigned to each exposure category ensure that lower regulatory capital requirements are calculated for loan commitments and other off-balance sheet transactions than for on-balance sheet receivables.

Cash deposits as financial collateral and warranties within the meaning of the CRR can be distinguished in terms of how they mitigate credit risk:

- Financial collateral reduces the assessment basis to which the credit conversion factor is applied. The risk weight impacts the exposure amount.
- Warranties do not impact the assessment basis, but the risk weighting. A loan collateralised through a warranty is taken into account, with the warranty amount to be included and the risk weight of the guarantor in the guarantor's exposure class.

The following table shows CRSA exposure amounts both before and after mitigating credit risk, shown separately as on- and off-balance sheet exposures. In addition, risk-weighted assets (RWAs) are disclosed for each exposure class.

EU CR4: Credit Risk Standard Approach – credit risk exposure and credit risk mitigation effects

Exposure classes		a		b		c		d		e		f	
		Exposures before CCF		Exposures post CCF and post CRM		RWAs and RWA density							
		On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWA density						
		€ mn	€ mn	€ mn	€ mn	€ mn	%						
1	Central governments or central banks	3,574	–	3,877	–	37	0.95						
2	Non-central government public-sector entities	4,425	5	4,341	1	387	8.93						
EU 2a	Regional governments or local authorities	2,496	–	2,496	–	386	15.47						
EU 2b	Public-sector entities	1,929	5	1,844	1	1	0.06						
3	Multilateral development banks	230	–	230	–	–	–						
EU 3a	International organisations	592	–	592	–	–	–						
4	Institutions	620	–	479	–	124	25.97						
5	Covered bonds	2,718	–	2,718	–	272	10.00						
6	Corporates	85	75	69	18	72	82.43						
6.1	of which: Specialised lending	–	–	–	–	–	–						
7	Subordinated debt exposures and equity	283	–	222	–	554	250.00						
EU 7a	Subordinated debt exposures	62	–	–	–	–	–						
EU 7b	Equity	222	–	222	–	554	250.00						
8	Retail	1	0	1	0	1	100.00						
9	Secured by mortgages on immovable property and ADC exposures	160	1	160	0	118	73.80						
9.1	Secured by mortgages on residential immovable property – non-IPRE	144	1	144	0	107	73.94						
9.2	Secured by mortgages on residential immovable property – IPRE	5	–	5	–	1	16.69						
9.3	Secured by mortgages on commercial immovable property – non-IPRE	0	–	0	–	0	100.00						
9.4	Secured by mortgages on commercial immovable property – IPRE	11	–	11	–	11	99.90						
9.5	Acquisition, development and construction (ADC)	–	–	–	–	–	–						
10	Exposures in default	2	–	2	–	3	132.82						
EU 10a	Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–						
EU 10b	Collective investment undertakings (CIU)	48	–	48	–	31	65.27						
EU 10c	Other items	–	–	–	–	–	–						
12	Total	12,739	81	12,739	19	1,600	12.54						

Table EU CR5 shows the exposure amount after mitigating credit risk and after taking into consideration the credit conversion factors of all exposures to which the CRSA is applied, for each exposure class and broken down according to risk weight pursuant to Article 114 et seqq. of the CRR. The exposures disclosed in column q are exposures for which no external rating is used to derive the risk weight.

EU CR5: Credit Risk Standard Approach

Exposure classes		a	b	c	d	e	f	Risk weight							
		0 %	2 %	4 %	10 %	20 %	30 %	35 %	40 %	45 %	50 %	60 %	70 %	75 %	80 %
€ mn															
1	Central governments or central banks	3,692	–	–	–	185	–	–	–	–	–	–	–	–	–
2	Non-central government public-sector entities	4,158	–	–	–	30	–	–	–	–	–	–	–	–	–
EU 2a	Regional governments or local authorities	2,319	–	–	–	24	–	–	–	–	–	–	–	–	–
EU 2b	Public-sector entities	1,839	–	–	–	6	–	–	–	–	–	–	–	–	–
3	Multilateral development banks	230	–	–	–	–	–	–	–	–	–	–	–	–	–
EU 3a	International organisations	592	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Institutions	–	–	–	–	400	62	–	–	–	0	–	–	–	–
5	Covered bonds	–	–	–	2,718	–	–	–	–	–	–	–	–	–	–
6	Corporates	–	–	–	–	–	–	–	–	–	27	–	–	–	–
6.1	of which: Specialised lending	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Subordinated debt exposures and equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–
EU 7a	Subordinated debt exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–
EU 7b	Equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Retail exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Secured by mortgages on immovable property and ADC exposures	–	–	–	–	51	–	–	–	–	–	5	–	–	–
9.1	Secured by mortgages on residential immovable property – non-IPRE	–	–	–	–	45	–	–	–	–	–	–	–	–	–
9.1.1	without loan splitting	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9.1.2	with loan splitting (collateralised exposures)	–	–	–	–	45	–	–	–	–	–	–	–	–	–
9.1.3	with loan splitting (uncollateralised)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9.2	Secured by mortgages on residential immovable property – IPRE	–	–	–	–	5	–	–	–	–	–	–	–	–	–
9.3	Secured by mortgages on commercial immovable property – non-IPRE	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9.3.1	without loan splitting	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9.3.2	with loan splitting (collateralised exposures)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9.3.3	with loan splitting (uncollateralised)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9.4	Secured by mortgages on commercial immovable property – IPRE	–	–	–	–	–	–	–	–	–	–	5	–	–	–
9.5	Acquisition, development and construction (ADC)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Exposures in default	–	–	–	–	–	–	–	–	–	–	–	–	–	–
EU 10a	Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–
EU 10b	Collective investment undertakings (CIU)	15	–	–	–	–	28	–	–	–	–	–	–	–	–
EU 10c	Other items	–	–	–	–	–	–	–	–	–	–	–	–	–	–
EU 11c Total		8,688	–	–	2,718	666	90	–	–	–	27	5	–	–	–

Exposure classes		Risk weight													
		90 %	100%	105 %	110 %	130 %	150 %	250 %	370 %	400 %	1,250 %	Others	Total	of which: unrated	
€ mn															
1	Central governments or central banks	–	–	–	–	–	–	–	–	–	–	–	3,877	–	
2	Non-central government public-sector entities	–	–	–	–	–	–	153	–	–	–	–	4,341	0	
EU 2a	Regional governments or local authorities	–	–	–	–	–	–	153	–	–	–	–	2,496	–	
EU 2b	Public-sector entities	–	–	–	–	–	–	–	–	–	–	–	1,845	0	
3	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	230	55	
EU 3a	International organisations	–	–	–	–	–	–	–	–	–	–	–	592	33	
4	Institutions	–	–	–	–	–	17	–	–	–	–	–	479	17	
5	Covered bonds	–	–	–	–	–	–	–	–	–	–	–	2,718	–	
6	Corporates	–	60	–	–	–	–	–	–	–	–	–	87	60	
6.1	of which: Specialised lending	–	–	–	–	–	–	–	–	–	–	–	–	–	
7	Subordinated debt exposures and equity	–	–	–	–	–	–	222	–	–	–	–	222	222	
EU 7a	Subordinated debt exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	
EU 7b	Equity	–	–	–	–	–	–	222	–	–	–	–	222	222	
8	Retail exposures	–	1	–	–	–	–	–	–	–	–	–	1	1	
9	Secured by mortgages on immovable property and ADC exposures	–	99	–	–	–	5	–	–	–	–	–	160	160	
9.1	Secured by mortgages on residential immovable property – non-IPRE	–	99	–	–	–	–	–	–	–	–	–	144	144	
9.1.1	without loan splitting	–	99	–	–	–	–	–	–	–	–	–	99	99	
9.1.2	with loan splitting (collateralised exposures)	–	–	–	–	–	–	–	–	–	–	–	45	45	
9.1.3	with loan splitting (uncollateralised)	–	0	–	–	–	–	–	–	–	–	–	0	0	
9.2	Secured by mortgages on residential immovable property – IPRE	–	–	–	–	–	–	–	–	–	–	–	5	5	
9.3	Secured by mortgages on commercial immovable property – non-IPRE	–	0	–	–	–	–	–	–	–	–	–	0	0	
9.3.1	without loan splitting	–	0	–	–	–	–	–	–	–	–	–	0	0	
9.3.2	with loan splitting (collateralised exposures)	–	–	–	–	–	–	–	–	–	–	–	–	–	
9.3.3	with loan splitting (uncollateralised)	–	–	–	–	–	–	–	–	–	–	–	–	–	
9.4	Secured by mortgages on commercial immovable property – IPRE	–	–	–	–	–	5	–	–	–	–	–	11	11	
9.5	Acquisition, development and construction (ADC)	–	–	–	–	–	–	–	–	–	–	–	–	–	
10	Exposures in default	–	1	–	–	–	1	–	–	–	–	–	2	2	
EU 10a	Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	
EU 10b	Collective investment undertakings (CIU)	–	–	–	–	–	–	4	–	–	1	–	48	5	
EU 10c	Other items	–	–	–	–	–	–	–	–	–	–	–	–	–	
EU 11c Total		–	161	–	–	–	24	378	–	–	1	–	12,758	557	

IRB approaches

Table EU CR6, to be published on a half-yearly basis, discloses Aareal Bank Group's property financing portfolio (treated under the F-IRBA and A-IRBA), broken down by clearly-defined PD ranges. Expected loss (EL) is also reported per PD range, thus also ensuring a statement concerning the collateral quality.

Exposures subject to counterparty credit risk pursuant to Article 271 et seqq. of the CRR and treated under the IRBA are not covered in the statements. They are disclosed in table EU CCR4 in the chapter "Counterparty Credit Risk".

The amount to be disclosed in columns a and b corresponds to the exposure value determined in accordance with Article 166 (1) to (7) of the CRR, in each case not taking into account the general and specific credit risk adjustments depicted in column l.

Aareal Bank Group holds no purchased corporate receivables in its portfolio which is why table EU CR6 discloses only the "Corporates – General" and "Corporates – Specialised lending" exposure classes. Contrary to Implementing Regulation (EU) 2021/637, which Aareal Bank Group had to base its disclosures on until 31 December 2024, exposures to corporates – SMEs do not have to be disclosed separately anymore; instead they are included in the "Corporates – General" exposure class.

EU CR6: Advanced IRB approach – Credit risk exposures by exposure class and PD range

A-IRBA exposure class		a	b	c	d	e	f
	PD range	On-balance	Off-balance-sheet exposures pre-CCF	Average CCF	Exposure post CRM and post CCF	Average PD	Number of obligors
	%	€ mn	€ mn	%	€ mn	%	
Corporates – General	0.00 to < 0.15	13	2	47.19	13	0.13	4
	0.00 to < 0.10	–	–	–	–	–	–
	0.10 to < 0.15	13	2	47.19	13	0.13	4
	0.15 to < 0.25	389	29	94.97	417	0.22	26
	0.25 to < 0.50	394	74	100.00	469	0.39	32
	0.50 to < 0.75	404	49	73.24	440	0.63	30
	0.75 to < 2.50	3,345	92	63.95	3,403	1.32	115
	0.75 to < 1.75	2,659	83	65.07	2,713	1.14	97
	1.75 to < 2.50	685	9	53.49	690	2.04	18
	2.50 to < 10.00	49	15	100.00	64	4.35	2
	2.50 to < 5.00	49	15	100.00	64	4.35	2
	5.00 to < 10.00	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–
	10.00 to < 20.00	–	–	–	–	–	–
	20.00 to < 30.00	–	–	–	–	–	–
	30.00 to < 100.00	–	–	–	–	–	–
	100.00 (Default)	8	–	–	8	100.00	2
	Subtotal	4,601	262	81.35	4,814	1.26	211

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A-IRBA exposure class	PD range	a	b	c	d	e	f
		On-balance	Off-balance-sheet exposures pre-CCF	Average CCF	Exposure post CRM and post CCF	Average PD	Number of obligors
	%	€ mn	€ mn	%	€ mn	%	
Corporates – Specialised lending	0,00 to < 0,15	249	–	–	249	0.13	5
	0,00 to < 0,10	–	–	–	–	–	–
	0,10 to < 0,15	249	–	–	249	0.13	5
	0,15 to < 0,25	588	–	–	588	0.22	8
	0,25 to < 0,50	2,666	39	40.00	2,681	0.39	78
	0,50 to < 0,75	3,564	27	40.00	3,575	0.63	93
	0,75 to < 2,50	16,184	428	40.00	16,355	1.35	355
	0,75 to < 1,75	12,588	286	40.00	12,702	1.16	310
	1,75 to < 2,50	3,596	142	40.00	3,653	2.04	45
	2,50 to < 10,00	2,349	184	40.00	2,423	3.92	46
	2,50 to < 5,00	2,020	119	40.00	2,067	3.37	40
	5,00 to < 10,00	329	65	40.00	355	7.13	6
	10,00 to < 100,00	137	–	–	137	10.69	2
	10,00 to < 20,00	137	–	–	137	10.69	2
	20,00 to < 30,00	–	–	–	–	–	–
	30,00 to < 100,00	–	–	–	–	–	–
	100,00 (Default)	1,637	79	40.00	1,669	100.00	27
	Subtotal	27,374	758	40.00	27,678	7.35	614
	Total	31,975	1,020	50.61	32,492		824

A-IRBA exposure class	PD range	g	h	i	j	k	l
		Average LGD	Average	Risk-weighted assets (RWAs)	RWA density	Expected loss amount (EL)	Value adjustments and provisions
	%	%	Years	€ mn	%	€ mn	€ mn
Corporates – General	0.00 to < 0.15	23.53	2.5	2	11.70	0	0
	0.00 to < 0.10	–	–	–	–	–	–
	0.10 to < 0.15	23.53	2.5	2	11.70	0	0
	0.15 to < 0.25	46.89	2.6	147	35.27	0	0
	0.25 to < 0.50	34.09	2.6	207	44.25	1	0
	0.50 to < 0.75	22.80	2.4	122	27.77	1	-1
	0.75 to < 2.50	14.05	2.8	864	25.39	6	-7
	0.75 to < 1.75	14.74	2.8	700	25.81	5	-5
	1.75 to < 2.50	11.33	2.6	164	23.74	2	-2
	2.50 to < 10.00	38.32	2.3	59	91.57	1	-1
	2.50 to < 5.00	38.32	2.3	59	91.57	1	-1
	5.00 to < 10.00	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–
	10.00 to < 20.00	–	–	–	–	–	–
	20.00 to < 30.00	–	–	–	–	–	–
	30.00 to < 100.00	–	–	–	–	–	–
	100.00 (Default)	117.72	–	2	28.63	9	-4
	Subtotal	20.15	2.7	1,403	29.15	18	-14

A-IRBA exposure class		g	h	i	j	k	l
	PD range	Average LGD	Average	Risk-weighted assets (RWAs)	RWA density	Expected loss amount (EL)	Value adjustments and provisions
	%	%	Years	€ mn	%	€ mn	€ mn
Corporates – Specialised lending	0.00 to < 0.15	10.00	3.9	22	8.87	0	0
	0.00 to < 0.10	–	–	–	–	–	–
	0.10 to < 0.15	10.00	3.9	22	8.87	0	0
	0.15 to < 0.25	10.00	2.4	48	8.18	0	0
	0.25 to < 0.50	13.08	2.9	391	14.60	1	-1
	0.50 to < 0.75	12.54	2.3	573	16.02	3	-3
	0.75 to < 2.50	13.11	2.8	3,875	23.69	30	-53
	0.75 to < 1.75	12.76	2.8	2,771	21.82	19	-27
	1.75 to < 2.50	14.30	2.7	1,104	30.23	11	-26
	2.50 to < 10.00	20.94	2.5	1,064	43.90	20	-68
	2.50 to < 5.00	21.86	2.5	925	44.75	16	-58
	5.00 to < 10.00	15.60	2.3	138	38.98	4	-9
	10.00 to < 100.00	29.55	1.0	122	88.98	4	-1
	10.00 to < 20.00	29.55	1.0	122	88.98	4	-1
	20.00 to < 30.00	–	–	–	–	–	–
	30.00 to < 100.00	–	–	–	–	–	–
	100.00 (Default)	30.09	–	1,013	60.70	421	-401
	Subtotal	14.73	2.5	7,109	25.68	479	-526
	Total		2.5	8,512	26.20	497	-540

EU CR6: Foundation IRB approach – Credit risk exposures by exposure class and PD range

F-IRBA exposure class		a	b	c	d	e	f
	PD range	On-balance	Off-balance-sheet	Average CCF	Exposure post CRM and post CCF	Average PD	Number of obligors
	%	€ mn	€ mn	%	€ mn	%	
Corporates – General	0.00 to < 0.15	–	–	–	–	–	–
	0.00 to < 0.10	–	–	–	–	–	–
	0.10 to < 0.15	–	–	–	–	–	–
	0.15 to < 0.25	17	–	–	17	0.22	1
	0.25 to < 0.50	21	44	29.77	34	0.39	2
	0.50 to < 0.75	–	25	40.00	10	0.63	1
	0.75 to < 2.50	8	38	10.00	11	1.47	3
	0.75 to < 1.75	8	20	10.00	10	1.36	2
	1.75 to < 2.50	–	18	10.00	2	2.04	1
	2.50 to < 10.00	–	–	–	–	–	–
	2.50 to < 5.00	–	–	–	–	–	–
	5.00 to < 10.00	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–
	10.00 to < 20.00	–	–	–	–	–	–
	20.00 to < 30.00	–	–	–	–	–	–
	30.00 to < 100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–
	Subtotal	45	107	25.14	72	0.55	7
	Total	45	107	25.14	72		7

F-IRBA exposure class							
		g	h	i	j	k	l
	PD range	Average LGD	Average term	Risk-weighted assets (RWAs)	RWA density	Expected loss amount (EL)	Value adjustments and provisions
	%	%	Years	€ mn	%	€ mn	€ mn
Corporates – General	0.00 to < 0.15	–	–	–	–	–	–
	0.00 to < 0.10	–	–	–	–	–	–
	0.10 to < 0.15	–	–	–	–	–	–
	0.15 to < 0.25	20.00	2.5	3	17.70	0	0
	0.25 to < 0.50	24.61	2.5	11	33.79	0	0
	0.50 to < 0.75	40.00	2.5	7	68.35	0	–
	0.75 to < 2.50	26.68	2.5	7	62.53	0	0
	0.75 to < 1.75	24.18	2.5	5	54.98	0	0
	1.75 to < 2.50	40.00	2.5	2	102.67	0	–
	2.50 to < 10.00	–	–	–	–	–	–
	2.50 to < 5.00	–	–	–	–	–	–
	5.00 to < 10.00	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–
	10.00 to < 20.00	–	–	–	–	–	–
	20.00 to < 30.00	–	–	–	–	–	–
	30.00 to < 100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–
	Subtotal	26.01	2.5	28	39.42	0	0
	Total		2.5	28	39.42	0	0

Table EU CR8 below provides an overview of the RWA changes and the associated causes to be analysed since 31 March 2025.

The starting and end balances represent the sums of figures disclosed in lines 3 and 5 of table EU OVI for the respective reporting date. IRBA exposures subject to counterparty credit risk were not taken into account for this purpose.

EU CR8: RWA flow statements of credit risk exposures under the IRB approach

		a
		RWAs
€ mn		
1	RWAs as at 31 March 2025	9,930
2	Asset size	230
3	Asset quality	-481
4	Model updates	–
5	Methodology and policy	–
6	Acquisitions and disposals	–
7	Foreign exchange movements	-230
8	Other	-130
9	RWAs as at 30 June 2025	9,319

Besides exposures from new business originated, the changes reported in line 2 also include RWA changes from existing exposures – where we also include other non-credit related assets, except for changes purely related to exchange rate fluctuations, which are presented separately in line 7. Moreover, this line also includes the RWA shift due to the change in the inventory of non-performing loans.

The amounts shown in line 3 include, among others, changes resulting from changed borrower probabilities of default (PD) or changes in expected loss given default (LGD).

Line 4 did not show any changes during the quarter under review; this is due to the fact that no new models for estimating risk parameters were implemented, nor were any adjustments made to internal models already approved.

Line 5 only requires disclosure of changes resulting from a changed RWA calculation methodology – for example, where exposures previously subject to the CSRA are being included under the Advanced IRB Approach. No such changes applied as at the reporting date.

Line 6 does generally no longer show any RWA change resulting from the purchase or sale of equity investments outside the regulatory scope of consolidation. In the context of the first-time CRR III application, these investments are exclusively presented under the CSRA.

The RWA effect from the regulatory deconsolidation of three companies is disclosed in line 8. The deconsolidation results from the sale of the property and equipment connected to these companies and categorised as non-credit related assets.

Environmental, Social and Governance Risks

In the following chapters, Aareal Bank discloses the information on environmental, social and governance risks required by Article 449a of the Capital Requirements Regulation (CRR). The more detailed requirements are based on Article 22 of Commission Implementing Regulation (EU) 2024/3172. This sets out both the qualitative requirements for the three risk dimensions and a total of 10 tables for disclosing quantitative information on climate risks; the publication of these has been staggered, however. Aareal Bank has complied with the recommendation published by the EBA in its no-action letter of 6 August 2025 not to disclose ESG templates 6 to 10 and column c of ESG template 1 as at the reporting date.

Qualitative information on ESG risks

ESG risks are defined as events or circumstances related to environmental (E), social (S) or governance (G) matters, the occurrence of which could adversely impact the Bank's assets, liabilities, financial position and financial performance, or its reputation. We identified the following ESG risk factors as being relevant for Aareal Bank Group: physical climate risks and climate transition risks, environmental resources, governance aspects relating to sustainability management, information policy and public relations, data protection and information security, and changing stakeholder requirements. These impact our credit risk, property risk, business risk, liquidity risk and operational risk.

Business strategy and processes

The subject area of ESG is considered to be not only a risk but also an opportunity. Environmental, social and governance aspects are core elements of the Group's business strategy, underscoring the importance of sustainable development.

Aareal Bank Group plays an important part in supporting the transformation of the economy, both in the financial sector and in the property industry. Banks play a key role in promoting and implementing sustainable development by providing financing and through their associated steering function. In addition, the property industry represents a significant lever for achieving the climate goals set out in the Paris Agreement, since the building sector accounts for a significant proportion of global energy consumption and resulting greenhouse gas emissions.

Aareal Bank Group accompanies and supports the sustainable transformation of the economy and society by adopting a systematic approach to sustainability. Taking a strategic approach to sustainability, we want to do our bit to help meet the international climate protection goals such as those set out in the Paris Agreement on Climate Change and the United Nations' Sustainable Development Goals (SDGs). Another focal point is the establishment of ESG principles as a permanent part of our decision-making processes.

ESG criteria play an increasingly important role not only in lending but also in attracting funding, in our investment portfolio, and in our digital product portfolio. Above and beyond this, Aareal Bank considers the inclusion of ESG risks to be a fundamental necessity for ensuring its long-term business success. In this context, we use compliance with the ESG criteria that have been classified as relevant to our business as a tool for assessing properties' sustainable intrinsic value. In our investment portfolio, we apply these criteria both out of ethical conviction and from a risk perspective, so as to avoid any losses in value as far as possible. At the same time, enhancing ESG transparency when valuing the properties we finance serves as a basis for providing additional support for international climate protection efforts. In addition, our funding activities and securities business can have an active impact on the market. As in the past, the Commercial Property Finance segment's business strategy focuses on the controlled, risk-conscious expansion of its portfolio volume within its target range, taking ESG requirements into account and adopting a flexible approach with regard to countries, property types and funding structures.

We are already helping transition to a lower-emissions economy today with each energy-efficient property and each refurbishment project that we finance.

During the period under review, Aareal Bank further advanced its ESG target agenda and updated its medium-term ESG targets for the core business with a horizon until 2026. It continued to pursue its existing targets and is either on track to reach them or has already done so. In addition, it will continue to successively expand its ESG-compliant business in the coming years. In 2024, Aareal Bank exceeded its target volume of €1.5 billion in additional green loans under its 2023 Green Finance Framework. Aareal Bank concluded new green financing business of around €1.1 billion up to the end of June 2025, while the green financing portfolio grew by a total of €0.9 billion to approximately €8.5 billion. It should be noted that changes to the portfolio volume can also result from existing clients issuing required undertakings and related certificates for the first time, or from other financings losing their status as green instruments. These green loans meet the minimum requirements set out in the "Aareal Green Finance Framework" and the client undertakes to meet these requirements throughout the term of the loan. The criteria for classification as a green building comprise the EU Taxonomy criteria, an above-average sustainability rating by recognised rating agencies or compliance with energy efficiency criteria. Aareal Bank is aiming to achieve a green loan volume in the range of €7–8 billion, and for green loans to account for one-third of its new business, by 2027. As regards the equity and liabilities side of its balance sheet, the Bank has set itself the goal of further improving its green funding base by effectively deploying the funds in its green asset pool for green funding activities. It reached its 2024 target of an additional €0.5 billion of green long-term funding activities by issuing its first green senior non-preferred bond. The Bank is planning additional green funding activities in the amount of €0.5 billion in 2025 as well.

As a signatory of the Partnership for Carbon Accounting Financials (PCAF)'s Commitment Letter, we published our first PCAF Report in December 2024, creating transparency regarding the financed carbon emissions in our commercial property lending portfolio.

In addition, Aareal Bank published its Green Bond Allocation & Impact Report for 2023, which caters in particular to the greater importance attached to climate action by ESG-focused investors.

Conserving resources is environmental protection and part of our corporate philosophy. Continuously cutting energy usage and avoiding carbon emissions also play an important role in our internal planning and optimisation measures. Unavoidable emissions for 2024 were offset, and offsetting of the corresponding emissions for the 2025 financial year was planned and budgeted, so as to reach the ultimate goal of achieving climate neutrality in operations by avoidance, reduction and finally offsetting, as set out in our business strategy.

The products and services in our Banking & Digital Solutions segment raise our clients' environmental awareness and offer digital solutions that actively and measurably help cut energy usage and carbon emissions, and hence reduce negative environmental impacts, for example through more efficient, low-paper processes and less kilometres travelled.

Integration of sustainability into the organisational structure

An overarching governance model was implemented to ensure end-to-end management of all sustainability aspects, covering both the Sales units and Credit Management divisions and individual corporate functions.

As a matter of principle, the Management Board is responsible for including sustainability risks in the business and risk strategy and for risk governance. The internal supervisory bodies that monitor risks (e.g. the Supervisory Board and its Risk Committee) play a central role in ensuring that sustainability risks are adequately taken into account at the Company.

The full Management Board and the Supervisory Board address the strategic positioning on ESG issues, integrating ESG into processes and structures, and the Group-wide management of sustainability activities in the course of the regular Management Board and Supervisory Board meetings.

Aareal Bank Group's sustainability management activities are directed by Aareal Bank AG. The Group Sustainability Officer is responsible for centrally coordinating sustainability management activities, and reports directly to the Chairman of Aareal Bank AG's Management Board, who has overall responsibility for Aareal Bank Group's sustainability strategy. ESG-related topics and questions are also regularly addressed and discussed in Management Board and Supervisory Board meetings.

ESG & Innovation organisational unit serves as the central contact point for internal and external stakeholders when it comes to Group-wide sustainability activities, and ensures that Aareal Bank Group's sustainability credentials are presented transparently outside the Group in its reporting for clients, investors and other stakeholder groups. ESG & Innovation also represents Aareal Bank Group in expert committees and working groups. The unit is assigned to the Strategy & Corporate Development division, reflecting the increasing strategic importance of ESG to Aareal Bank Group's sustainable corporate success. It is assisted in its work by experts from a number of other departments within Aareal Bank AG. Group-wide sustainability activities are coordinated on the one hand via the ESG Expert Committee, which generally meets every month under ESG & Innovation's leadership, and via the Green Finance Committee on the other.

ESG risk governance, which forms part of the overarching governance model, is integrated with Aareal Bank's existing risk governance. The identification, assessment, management and monitoring of ESG risks is appropriately implemented and organised across the risk management cycle as part of the Three Lines of Defence (3LoD) model. This governance framework ensures that the issues are included in the relevant committee structures and that risk-relevant ESG aspects are embedded in the organisation. Aareal Bank's business/sales units (as the first LoD) are responsible for identifying and managing ESG risks, taking into account the requirements specified by the second LoD.

As the second, central line of defence, the Non Financial Risks and Risk Control divisions ensure that ESG risks are appropriately taken into account and integrated throughout the risk management cycle. This comprises specifying methods for identifying and assessing ESG risks and including them in risk reporting. ESG risks are included in risk management using the existing risk types. The second LoD is also represented by a compliance function, which assumes a control function in relation to ESG risks with regard to compliance with material legal and internal regulations.

AUDIT acts as the third LoD, ensuring an independent and objective review of the risk management framework. This includes a review of the adequacy and effectiveness of ESG risk management arrangements, the specific implementation of the risk strategy and risk appetite related to ESG risks, and internal policies, procedures and responsibilities for ESG risks.

As an integral part of internal reporting, ESG risks are presented and monitored transparently on a continuous basis. The main topics covered apart from the results of the stress test analyses are operational risks particularly associated with ESG issues, ensuring portfolio transparency (green buildings) and monitoring the use of the proceeds for the green bonds that have been issued.

Since all material ESG risks can be allocated to financial and non-financial risks, we refer to the chapters of the Disclosure Report for 2024 detailing the management of the risk types concerned with respect to the reporting lines and reporting frequency of ESG risks.

Management of ESG risks

The topic of sustainability in its various facets is considered a relevant driver with a significant influence on the Bank's overall risk profile.

The individual sustainability risks and factors impact existing financial and non-financial risk types and are managed as an integral part of these. The relevant ESG risks are quantified using a variety of scenarios in the stress test calculation. The key bases for managing

ESG risks are the Minimum Requirements for Risk Management and the supervisory expectations set out in the ECB Guide on climate-related and environmental risks and the EBA Guidelines on loan origination and monitoring.

A structured identification and inventory of ESG risks is performed as part of the regular risk inventory so as to develop an understanding of sustainability risks, including physical climate risks and climate transition risks, their characteristics and possible impacts on the Bank's business and risk situation. A structured process is used to assess the impact of potential ESG factors on Aareal Bank. These factors are not confined to climate-related risks alone, but also encompass environmental risks and the social and governance areas. The Risk Management Committee (RiskMCo), the Management Board and the Supervisory Board (Risk Committee) are involved in the risk inventory process.

The impact of the ESG risk factors on Aareal Bank is determined for the short-term (up to 1 year), medium-term (1–5 years) and long-term (> 5 years) perspectives.

The physical climate risks were identified as being relevant for the short-term horizon. In addition, climate transition risks, environmental resources and governance factors such as sustainability management, the information policy and public relations, data protection and information security, and changes in stakeholder requirements were identified as being ESG-relevant in the medium to long term.

After the relevant ESG factors were identified, a structured assessment of the effect of these risk factors on the financial and non-financial risk types via the various transmission channels is performed.

The risk types classified as ESG-relevant during the risk identification process serve as the basis for assessment and – where possible – measurement within the risk type, as well as for adequate qualitative and quantitative management, monitoring and limit setting. Risk indicators and limits for climate and environmental risks have been implemented for this. At the same time, the management and monitoring of ESG risks is being continuously progressed and refined.

With regard to financial risk and, within this, in relation to credit risk in particular, acute and chronic physical risks and transition risks relating to the transition to a lower-carbon and more sustainable economy exhibit relevant impact correlations. The main transmission channel for the environmental and climate factors are the collateralised properties in the loan exposures. These are exposed to physical climate and environmental risks due to their location. Extreme weather events can damage buildings and hence negatively impact their market value. In addition, they can lead to damage to buildings' surroundings and hence substantially impair their use, resulting in loss of rental income or lost cash flows in the wider sense of the word. Buildings account for a large proportion of global energy consumption and resulting greenhouse gas emissions. Consequently, they are particularly affected by increases in carbon prices and by refurbishment costs. Future carbon costs and expenditure on energy efficiency improvements could negatively impact market values and hence affect credit risk profiles for financing.

Similar interdependencies also exist in relation to properties that we own ourselves, the risks for which are included in the property risk category. In contrast to credit risk, however, changes in the value of these properties impact the balance sheet directly.

In the case of liquidity risk, transitional measures or physical events can lead to outflows of capital. Potential mechanisms are e.g. liquidity outflows due to housing associations having to rebuild or restore properties in an area that has been hit by a natural disaster. In addition, liquidity outflows are possible as a result of an increase in the number of energy efficiency improvement projects performed.

In terms of market risk, repeated assessments performed when adding assets during the risk inventory process yielded no relevant interdependencies with ESG factors.

In the case of non-financial risks, transition risks impact aspects of legal risk, especially via changes in the political, legal or regulatory framework regarding the transition to a lower-carbon and more sustainable economy. They can therefore arise from violations of statutory or regulatory provisions and requirements related to sustainability, such as measures to increase energy efficiency and reduce energy costs or the disclosure of sustainability-related information in the course of non-financial reporting, and can take the form of corresponding fines, penalties or other sanctions imposed by authorities that impact the institution's financial position, financial performance and cash flows.

The same applies to reputational risks, which may also arise from changes in statutory and regulatory provisions and requirements in connection with sustainability and which may take the form of corresponding communications costs, such as in relation to the sustainability strategy and the associated impact on the value of the “Aareal” brand.

The relevant short-term ESG factors identified are linked in particular to Aareal Bank’s planning horizon, average loan terms and the analysis of risk-bearing capacity, and are integrated in the ICAAP/limit system. Since institutions’ climate-related and environmental risks are primarily expected to materialise in the medium to long term, the long-term perspective adopts a forward-looking approach and is particularly relevant for designing scenario and stress tests. The inclusion of ESG risks in the methodology for stress testing is part of the comprehensive monitoring and management of sustainability risks.

This means that Aareal Bank’s risk management operations take ESG risk factors into account across the entire risk management cycle by identifying (inventory), assessing, measuring and managing risks and by including them in the ICAAP economic and normative perspectives. In addition to the key performance indicators specified in the business strategy, quantitative key risk indicators have been defined for ESG-relevant risk types, ensuring comprehensive, effective ESG risk management. These are measurable and, where appropriate, linked to risk limits, tolerances or thresholds.

ESG scoring model

Aareal Bank has worked together with CredaRate Solution GmbH and other partner banks to develop and implement an ESG scoring model for assessing the risks to which loan receivables are exposed. This provides a score for each property and corporate that is then aggregated at partner level, and that reflects the risk and the impact associated with the environmental, social and governance dimensions. Scoring must be performed for the first time when the new business is originated and at least once a year thereafter, as in the case for credit quality assessment. This ensures that the portfolio is evaluated on a regular basis. Going forward, the goal is to use ESG scoring as a risk/portfolio management tool when making lending decisions, and so to supplement the classic risk models with sustainability factors. The update to the credit risk strategy as at 31 March 2025 will for the first time introduce requirements for new business (initial lending/increases) that build on the results of the ESG scoring process. The focus is on the environmental risk score at partner level.

Stricter lending criteria are applied to all scores in the two weakest categories, F and G. For example, potential insurance deductibles are taken into account when determining the loan-to-value (LtV) ratio and higher minimum debt service coverage ratios (DSCRs) are required in a standardised adverse scenario.

Inclusion of ESG components in the variable remuneration system

The variable remuneration for the Management Board also includes sustainability targets, which are based on a sustainability-related remuneration policy.

One of the Group targets in the remuneration systems is ESG-related, reflecting the growing importance of ESG/sustainability-related matters. The target setting system also provides for at least one ESG-related strategic target for the members of the Management Board. As a consequence, 10 % of the variable remuneration for Management Board members directly depends upon them achieving ESG-related targets.

In line with section 25d (7) sentence 2 (12) of the German Banking Act (Kreditwesengesetz KWG), Aareal Bank AG’s Supervisory Board has established a Remuneration Control Committee, which advises and supports the Supervisory Board in its tasks, which include appropriately structuring the remuneration systems for the Management Board and employees.

The remuneration systems and the underlying remuneration inputs for the Management Board and employees are reviewed for appropriateness at least once a year. The review is performed with the assistance of Human Resources & Communications, the Remuneration Officer and the control units.

Additional information on ESG target achievement and on how ESG components are included in the variable remuneration system is provided in the separate regulatory Remuneration Report pursuant to sections 16 and 27 (1) sentence 3 of the German Regulation

on Remuneration in Financial Institutions (Institutsvergütungsverordnung – InstitutsVergV) in conjunction with Article 450 of the Capital Requirements Regulation (CRR). This will be published in the same section of Aareal Bank AG's website as this Regulatory Disclosure Report.

Climate and environmental risks

Definition

Climate risks comprise all risks resulting from, or caused or exacerbated by, climate change and are broken down into physical climate risks and climate transition risks.

Physical climate risks are direct effects of climate change that are triggered by ongoing global warming and the increasing destruction of the environment. These climate change risks result directly from the consequences of changes in the climate such as a rise in global average temperatures, more frequent natural disasters and extreme weather events such as flooding, heat waves/droughts, storms and hail. Physical climate risks can also have indirect consequences (ranging from, for example, the collapse of supply chains and the abandonment of water-intensive business activities through to climate-related migration).

Climate transition risks are risks caused to institutions as a direct or indirect consequence of the process of becoming a less carbon-intensive and more ecologically sustainable economy. They comprise changes in the political, legal and regulatory framework conditions and technological developments, and/or a change in investor behaviour.

Environmental risks comprise all risks caused by the destruction of the environment (e.g. in the form of air and water pollution, the pollution of land surfaces, water stress, loss of biodiversity, deforestation and resource consumption) and can also be broken down into physical and environmental transition risks. Environmental transition risks, like climate transition risks, are adjustment processes that are triggered, for example, by policymakers, technology or market participants in order to counter the destruction of the environment.

Management of climate and environmental risks

In Structured Property Financing, credit risk is the main risk type associated with climate transition risks and physical climate risks. Aareal Bank measures these risks by performing a number of different annual ESG and climate stress tests to assess the impact of sustainability matters on the ICAAP's economic perspective. The ICAAP is the process used to implement the internal capital adequacy concept. The process also involves examining what impacts different scenarios have on the Bank's internal capital.

Aareal Bank AG takes the economic impact of climate-related and environmental risks into account in its economic management buffer. Quantification is based on the expected and unexpected losses from the "Orderly" transition stress test scenario for climate-related and environmental risks (see the section entitled "Stress testing"). Within the Orderly transition scenario (the NGFS "Net Zero 2050" scenario), amounts are derived for credit risk, property risk and business risk – the risk types identified during the risk inventory as being material for ESG.

The capital deduction determined for the ICAAP economic perspective (using the management buffer described above) is also taken into consideration via the ESG view when calculating the normative management buffer. This involves examining the potential impacts on regulatory capital of the economic ESG risk impacts mentioned above. The associated effect is then included as one of the inputs influencing the derivation of the normative management buffer.

ESG risks are included in the liquidity risk on the basis of an expert-based observation, analysis and assessment of ESG-specific scenarios. The analyses start with the ESG factors classified as relevant for liquidity risk: "physical climate risks", "climate transition risks – regulations", "climate transition risks – investor conduct" and "data protection". These factors were used as the basis for preparing scenarios analysing how they might impact liquidity risk. The analyses show that no additional liquidity buffers need to be maintained for ESG risks at present. The net cash outflows potentially resulting from ESG factors, or any potential reduction of liquidity buffers due to these factors, are already adequately taken into consideration either via the conservative methods in the risk model or in the stress tests used.

Risk inventory

Aareal Bank AG's risk inventory regularly (at least annually) identifies all relevant, material risk types as the basis for managing them. The sustainability risks (or ESG risks) are a sub-aspect of the familiar risk types and are compiled using a structured questionnaire. The following bodies are involved in the risk inventory process: the RiskMCo, the Management Board and the Supervisory Board (Risk Committee). The result of the annual risk inventory prioritises the sustainability risks by identifying those ESG aspects that are expected to have a material influence on Aareal Bank Group. These are integrated in the monitoring and management of the relevant financial and non-financial risks.

The results of the ESG risk inventory are presented to the Management Board and Supervisory Board once a year.

Stress testing

Prior to the stress test, a qualitative risk inventory is performed to analyse transition and physical factors, and their impact on the risks faced by the Bank. The upstream portion of the value chain and downstream parts above and beyond property finance did not fall within the scope of the climate stress test in the reporting year.

The scope of the transition stress tests covers both the properties owned by the Bank itself and those contained in its commercial real estate financing portfolio (property and credit risks). This allows us to take into account not only the perspective of our own business activities but also and above all that part of our downstream value chain relating to the properties financed by the Bank. Future events such as higher carbon prices or energy efficiency improvements are included in the transition stress test. A transition stress reflecting possible transition scenarios (and especially the NGFS Orderly and Disorderly scenarios) is calculated for all properties. The carbon costs for the individual scenarios are supplied by the NGFS. The carbon emission and energy consumption values form part of the CredaRate ESG score. The Bank's stress test uses the difference in the costs for the Delayed Transition (Disorderly) and Net Zero 2050 (Orderly) scenarios to the Current Policies scenario in its stress scenarios, on the assumption that the current carbon price (Current Policies) is already factored in to the fair values. The conservative assumption made is that the carbon costs will be borne in their entirety by the owners. The "Delayed Transition (Disorderly)" scenario assumes that the rise in carbon costs occurs five years earlier than in the original NGFS scenario. The scenarios considered assume that global warming will reach 1.5 degrees Celsius but that it will not exceed this figure, or will only do so to a limited extent (see the NGFS). The transition scenario takes changes in carbon prices for the next 20 years plus energy efficiency improvements into account. These are considered to be given in the scenario and are reflected in the current fair value using a discounted cash flow method.

The physical stress test only takes acute scenarios with a time horizon of less than one year into account. The risk value calculated when evaluating the results of the stress test does not include protective measures or insurance. In a next step, the properties affected are reviewed by Cover Management to determine whether insurance or other protective measures such as dykes exist. The physical events with the greatest potential impact that were identified were scenarios for a flood, a storm and a drought. The hazard for each building is determined using data supplied by an external provider and the impact on the property value is calculated using a loss function. The losses per individual property are aggregated into clusters with a radius of 30 km and the three clusters with the largest cluster losses are reviewed within the Bank to determine whether the protection for the properties offered by insurance and/or other measures is sufficient.

Climate transition risks were identified as a relevant risk factor in the case of business risk. These climate transition risks are quantified by checking whether the properties in the portfolio comply with the Paris-aligned climate pathway. Any properties that are not aligned with the climate pathway are analysed to determine whether they can bear the cost of the necessary refurbishments themselves or whether additional finance would be needed. In the latter case, a decline in the margin during the refurbishment period is assumed when calculating the risk. In this context it is assumed that it will be possible to generate higher cash flows, and hence realise a higher margin, following the refurbishment.

In another scenario, the Bank looks not only at the impact on capital in transition climate scenarios but also at the impact on liquidity. This is done by simulating cash outflows at housing associations due to the need for energy efficiency improvements. Conservative assumptions were adopted for the scenario. The ESG and climate scenarios look at the Bank's economic perspective and serve to preserve its capital in the long term.

In addition, the impacts on operational risk and reputational risk of the “Delayed Transition (Disorderly)” scenario are assessed.

The hypothetical “Societal Change” ESG scenario is based on the possibility of sustainability-related societal changes impacting the Bank’s business environment, and focuses in particular on incorporating the impacts of societal changes on the world of work and travel behaviour, and on credit risk and operational risk, plus necessary investments and accompanying losses.

The results of the most recent stress test as at 31 December 2024 show once again that the impacts of the transition climate stress scenarios are moderate compared to the other stress scenarios (e.g. the historical financial crisis in 2008). The uncertainty factors that are taken into account are write-downs of building values due to carbon levies and potential energy efficiency improvements. The physical stress scenario – which includes the impacts of physical damage on the buildings (losses in fair value and/or rental income) as uncertainty factors – also shows that, given current assumptions, a physical scenario would have a minor impact due to the fact that physical risks are managed using insurance.

The ICAAP management buffer comprises the contributions to climate transition risk for the relevant risk types (business risk, property risk and credit risk). The amount for the management buffer is derived from the consideration that this scenario includes costs for climate-related transition risks not yet considered in the risk parameters for individual exposures. Items that contribute positively to business risk are not taken into consideration any further in relation to credit risk, so as to avoid overlaps between credit risk and business risk items. The risk contributions for property risk and business risk are added together without taking diversification effects into account. Credit risk is based on the changes in the VaR¹⁾ under the Orderly scenario compared to the basic scenario for all risks that do not contribute to business risk.

Data infrastructure

Aareal Bank has created a data infrastructure to capture information on energy efficiency, green building certificates and energy efficiency improvements in its systems. Once again, progress was made with data gathering, capture and validation for our global portfolio in the reporting period. The data enable us to calculate a number of sustainability-related KPIs for our lending business. In the future, we aim to go into greater detail and expand this to capture its carbon impact (Scope 3 emissions). We worked together with external property and data specialists to develop a calculation model for this that aims to use the available information to produce a robust, maximally comparable calculation of the carbon footprint of the buildings in the Bank’s commercial property financing portfolio. This model serves as the basis for establishing a structured process for using heterogeneous data of varying quality to calculate financed carbon emissions. We finance properties of lasting value that live up to our strict quality requirements. When performing property valuations, we not only focus on the buildings’ fair values but also determine the mortgage lending value and use a lifecycle analysis that includes environmental aspects such as the buildings’ technical, functional and environmental quality as standard components. We also always take marketability and third-party usability into account when looking at sustainable property use. Comprehensive, full management and monitoring of ESG risks depends crucially both on the risk-type-specific treatment of ESG risks and on the development and implementation of Bank-wide indicators and KPIs for ESG aspects, in line with the prescribed business strategy.

Current and future investments to reach environmental objectives

Since 2021, the Bank has offered green loans (as defined in its Green Finance Framework – Lending). These are designed to support its clients in achieving their business goals and hence to promote the property industry’s contribution to greater sustainability. We have defined environmental sustainability criteria for commercial property based on our valuation expertise, our many years of experience, our property market knowledge, and existing market standards such as the Loan Market Association’s Green Loan Principles. These criteria form the basis for our Green Finance Framework – Lending. Qualification criteria for green loans include not only compliance with minimum energy efficiency standards and the existence of certain high-quality building certificates but also building requirements that meet the strict standards set out in the EU Taxonomy. This definition was developed together with internal experts with the goal of applying it around the world. A second-party opinion by Sustainalytics GmbH (Sustainalytics) reviewed the framework developed in this way for its ambition, market conformity and the suitability of the qualification criteria, and rated it as “credible and impactful”. This third-party certified model serves as the basis for extending green loans and hence is successively aligning the Bank’s credit portfolio with sustainability criteria. We also received a second party opinion from Sustainalytics for our green

¹⁾ Comprising expected losses (EL) and unexpected losses (UL)

definition (an Aareal-specific definition of “green” for (a) buildings and (b) building energy efficiency improvements), underscoring Aareal Bank’s credible and robust approach to sustainability.

This green funding offering supplements our green lending activities, allowing ESG-conscious clients to be offered products in both the asset and the liability areas of the business during the reporting period. The suitability criteria for liability-side products and their classification as “green” have been designed in a similar way to the existing “Green Finance Framework – Lending”. The resulting “Green Finance Framework – Liabilities” was also subjected to a second party opinion review by Sustainalytics and was classified as “market-conforming, credible and impactful”. At the same time as the first green funding products were introduced, the Green Finance Committee (GFC) was established to manage and monitor the green asset pool.

An annual issuer-based ESG screening of the Bank’s Treasury portfolio is performed, allowing it to be analysed and assessed from an ESG perspective. Among other things, social criteria such as the freedom of the press and the Corruption Index are taken into account here.

Social risks

Definition

Social risks refer to issues such as occupational health and safety, employment law standards and working environment, diversity and social involvement. Social risks are also identified by negative effects on stakeholders of the company.

Social aspects include e.g. human rights abuses, income disparity and discrimination.

Management of social risks

Social risk factors are not expected to materially impact Aareal Bank’s financial and non-financial risk types in the short-, medium- or long-term time horizons. This assessment is regularly reviewed as part of the materiality assessment.

Aareal Bank AG’s Structured Property Financing segment primarily provides finance for completed buildings. The focus on hotels, alternative living (student housing, micro living, etc.), retail properties, logistics facilities, office buildings and residential property means that our portfolio does not contain any potentially controversial industrial plant or other properties that might be considered problematic. Aareal Bank Group has further reduced its risk by restricting certain business activities and does not actively do business in the following sectors: shell banks, correspondent banks, the nuclear industry, arms production, raw materials extraction, red light business/adult entertainment, drugs and cash payment services. Additional detailed rules have been set out as part of the anti-financial crime strategy. Consequently, many typical sector-specific social risks are relatively unimportant for us.

Other social aspects have been embedded as integral components of operational risk and are managed using the various tools used in operational risk control. In particular, human resources risk scenarios are used.

Strategy & Corporate Development directly incorporates ESG topics, and hence social matters as well, in its development and management of the business strategy, and the Management Board also includes them in its business decisions.

We take the following social aspects of properties into account during valuations performed in connection with lending decisions:

- Functional quality, e.g. ease of access and transportation links, building accessibility and barrier-free design;
- Life-cycle quality, e.g. as demonstrated by opportunities for the flexible use of properties, the ability to relet them, third-party usability and appropriate expenditure on value preservation measures.
- Sociocultural quality, e.g. high-quality architecture, the quality of town planning and potential tenants.

We consider respect for human rights to be an inalienable part of our responsibility as a global enterprise. This is why we have undertaken not only to strictly comply with all applicable legal requirements but also to uphold human rights within our sphere of influence.

Breaches of human rights – including along our value chain – must be prevented above all for humanitarian reasons. Above and beyond this, though, any infringements could have far-reaching economic consequences for the Group. Reputational damage and financial penalties can lead to long-term risks for the company involved that should not be underestimated. Managing these risks comprehensively and responsibly is a particularly important task. This is why we have established guidelines and mandatory codes of conduct that apply throughout the Group, so as to uphold and strengthen human rights in our international business to the best of our ability.

Contractual rules relating to the Code of Conduct for Suppliers and Business Partners, which underscore the obligation to comply with certain standards, were introduced in Purchasing and Procurement in order to combat the risk of human rights violations among suppliers. The Code of Conduct is mandatory and forms the basis for the business relationships between Group companies and suppliers/service providers. It ensures on the one hand that the Bank's business partners respect human rights, while on the other it protects the Bank against potential risks arising from failures to comply with environmental or social standards in the supply chain that would reflect negatively on Aareal Bank Group.

New regulatory requirements that could lead to obligations for the Bank with respect to the observance of human rights in the Group are reviewed regularly for their relevance and for any need to take action. These include, for example, the revised EBA Guidelines on internal governance. In addition, the Bank tracks new laws, identifying potential implications for Aareal Bank Group at an early stage.

At the level of the workforce, complying with the German General Equal Treatment Act (Allgemeines Gleichstellungsgesetz – AGG) and the ban on discrimination (e.g. treating staff differently on the basis of diversity aspects, or inappropriate or unfair remuneration) is a key issue. Unethical behaviour of this kind would damage teamwork and hence results, lead to inefficient working processes, demotivate talented employees and cause economic damage as a result.

Our Code of Conduct for employees summarises the values and convictions that make us – Aareal Bank Group – what we are. Its principles are designed to ensure a culture of integrity and mutual trust throughout the Group. In line with this, the Code of Conduct covers the topics of equal opportunities and diversity, fairness and protecting human rights, among other things. It is a matter of course for us that we respect and comply with the laws and regulations of the countries in which we operate and that we respect human rights, focusing in particular on the abolition of all forms of forced and child labour. The Management Board has expressly undertaken to respect human rights in this Code of Conduct, which applies to the entire Group, and to observe the principles of diversity and equal treatment. The Bank's reporting on its respect for human rights is used to inform the Management Board of the measures implemented, their effectiveness, any infringements and the actions taken to penalise them. The Code of Conduct is based on the requirements of the EBA Guidelines on internal governance and international industry standards such as the Universal Declaration of Human Rights, the conventions drawn up by the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the UN Global Compact's Ten Principles.

The non-financial reporting reports annually on employee-related and social matters, and on human rights observance, among other things. This also includes how social risks are dealt with in Aareal Bank Group's operating and business environment. In addition, relevant topics relating to social risks are regularly discussed at Management Board and top management level in a number of different bodies.

The workers' representative body responsible exercises its right of co-determination in the case of appointments at our German offices. We also report annually on the proportion of women in management positions and in the workforce throughout the world. We define „women in management“ as all female non-pay scale employees at the Company who exercise a professional management role or who have the right to issue instructions to employees.

As part of the Bank's comprehensive sustainability risk monitoring and management activities, our stress test scenarios take not only climate and environmental risks but also changes in the world of work and in travel patterns into account. An analysis of social change performed in this context also focuses increasingly on social and governance risks, and assesses their impact on both financial and non-financial risks.

Governance risks

Definition

Governance risks are defined as the risks resulting from (un-)sustainable corporate governance. The focus here is on business ethics, on complying with data protection requirements and on an appropriate sustainability-related information policy and public relations.

Management of governance risks

The sustainable corporate governance factors mentioned can have a financial impact in the medium to long term, especially in relation to operational or reputational risks. Like social risks, these aspects are an integral part of the operational risk methodologies, with risk management mainly being centred on reputational, legal and ICT risks.

Other ways in which Aareal Bank Group manages its risks are by defining permissible transactions (e.g. by choosing not to do business with correspondent banks, specifying permissible sectors, etc.) and by not doing business in areas or sectors that are not permitted. Qualitative standards represent the operational guide rails for managing risks. When defining these qualitative guide rails, the Bank relies for guidance in particular on the Wolfsberg Questionnaire (the international correspondent bank standard), which is also disclosed to business partners. Aareal Bank Group has also restricted certain business activities in order to further reduce risks. For example, the Wolfsberg Questionnaire lists other transactions that are only permitted at the Bank following a case-by-case decision by the Management Board.

We expect our business partners to act in a similarly responsible manner with respect to governance risks. Increased caution is required in the case of business partners who are the subject of current proceedings for fraud, bribery, corruption, environmental crime, etc., and mandatory regular negative news screening is performed. In addition, business partners undertake to observe Aareal Bank Group's Code of Conduct. This mandatory policy forms the basis for the business relationships between Group companies and suppliers/service providers. It ensures on the one hand that our business partners respect human rights, while on the other it protects us against potential risks in the supply chain arising from failures to comply with environmental or social standards that would reflect negatively on Aareal Bank Group. New suppliers and service providers with an order volume in excess of € 100,000 are checked using commercial credit agency reports. Primary suppliers are examined regularly using a supplier evaluation system that assesses their reliability and compliance with the terms and conditions of their contracts, among other things. If functions (particularly material ones) are outsourced, the division performing the outsourcing must ensure the service provider's suitability using a selection and assessment procedure, and must review this regularly. Factors that must be examined during due diligence are defined in detail in Group-wide procedural guidelines. Additional requirements apply when outsourcing material functions.

At Group level, the Framework Directive on Preventing Corruption and the Procedural Guidelines on the Prevention of White-collar Crime serve as the basis for raising awareness among our employees and as the benchmark for acting correctly. They are supplemented by fraud prevention measures and by Aareal Bank AG's whistleblowing procedures, which serve to prevent corruption risks, and by a Conflict of Interest Policy that generally sets out how conflicts of interest are to be dealt with. The goal is to help avoid and manage any conflicts of interest as far as possible.

In addition, employees receive training on the Company's compliance and fraud prevention requirements and on the potential consequences of any breaches. More specifically, the training courses designed to raise employee awareness of compliance requirements comprise individual modules on general compliance requirements, on the Code of Conduct, on preventing money laundering and terrorist financing, and on preventing corruption and fraud. A confidential (and anonymous) whistle-blowing channel also exists that can be used to report suspected breaches of the rules, fraudulent behaviour or white-collar crime. This guarantees the employee reporting the issue confidentiality and protection. Employees can use this voluntary, confidential reporting system to raise concerns online or by phone – including anonymously, if desired.

Quantitative information on ESG risks

Table I below discloses the gross carrying amounts for the loans and advances, debt securities and equity instruments to non-financial corporations, broken down by the industries involved. It does not include financial assets belonging to the “held for trading” category. The contractually agreed maturities were used for the additional presentation of the exposures by their remaining terms to maturity.

The presentation by industry corresponds to the classification by NACE codes used in FINREP.

As the Group’s business is focused on commercial property financing, the real estate activities sector is by far the most relevant industry. We make use of the option set out in Article 25 (1) of Commission Implementing Regulation (EU) 2024/3172 and disclose only those industries relevant to us, not altering the numbering of rows.

Column b comprises exposures to non-financial corporations that are excluded from the EU Paris-aligned Benchmarks pursuant to Article 12 (1) points d) to g) and Article 12 (2) of Commission Delegated Regulation (EU) 2020/1818 (“Minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks”). As at the reporting date, there were no exposures to companies that were classified, based on their sector keys, as “excluded from the EU Paris-aligned Benchmarks”.

Columns f to h are to be used to disclose information on risk provisions and provisions relating to non-performing and performing exposures.

Information on greenhouse gas emissions is disclosed in columns i to k. The Scope 1 and Scope 2 emissions financed by Aareal Bank and contained in the Bank’s commercial property finance portfolio are collected at the level of the counterparty concerned (in this context the financed building) using the global Partnership for Carbon Accounting Financials (PCAF) Standard. PCAF is a global initiative of financial institutions that work together to develop and implement a harmonised approach to assessing and disclosing the carbon emissions associated with loans and investments.

Under the PCAF Standard, financed carbon emissions are attributed to financial institutions on the basis of agreed, consistent carbon accounting rules. The Standard does this by requiring the carbon emissions associated with loans and investments to be accounted for and disclosed annually at a fixed point in time, in line with the financial accounting periods. By signing the PCAF Commitment Letter, Aareal Bank has made a voluntary statement committing to account for and disclose the greenhouse gas emissions associated with its lending activities using the PCAF as a basis.

Collection of the carbon data disclosed in this report was already closely modelled on the requirements of the PCAF Standard. A significant proportion of the carbon data were provided by the counterparty (almost entirely in the form of European energy performance certificates); in addition, a fallback procedure was used to close data gaps by consulting science-based databases such as the PCAF European building emissions factor database and the U.S. Building Performance Database (BPD). Approximations were made with the help of a variety of building-specific specifications such as the asset class, geographical location and energy efficiency.

Given the widespread lack of a centralised pool of building-specific Scope 3 emissions data and the difficulties that financial institutions have in accessing such data, Aareal Bank relied on scientific studies when collecting the data and calculated a mean value suitable for the specific finance portfolio in question. This approach also enables Scope 3 emissions resulting, for example, from the building’s construction, maintenance and demolition to be broken down annually across the building’s typical useful life.

ESG table 1: Indicators of potential climate change transition risk:
Credit quality of exposures by sector, emissions and residual maturity

		a	b	c	d	e	f	g	h
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			of which: exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12 (1), lit. d) to g) and Article 12 (2) of Commission Delegated Regulation (EU) 2020/1818	of which: environmentally sustainable	of which: Stage 2	of which: non-performing		of which: Stage 2	of which: non-performing
		€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
1	Exposures towards sectors that highly contribute to climate change	30,531	-	-	4,584	1,466	-415	-84	-300
9	C – Manufacturing	-	-	-	-	-	-	-	-
30	C.30 – Manufacture of other transport equipment	-	-	-	-	-	-	-	-
39	E – Water supply: sewerage, waste management and remediation activities	1	-	-	-	-	-	-	-
40	F – Construction	40	-	-	-	40	-1	-	-1
41	F.41 – Construction of buildings	40	-	-	-	40	-1	-	-1
44	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-
45	H – Transportation and storage	-	-	-	-	-	-	-	-
49	H.52 – Warehousing and support activities for transportation	-	-	-	-	-	-	-	-
51	I – Accommodation and food service activities	1,401	-	-	262	0	-3	-2	0
52	L – Real estate activities	29,089	-	-	4,321	1,426	-411	-82	-299
53	Exposures towards sectors other than those that highly contribute to climate change	73	-	-	49	-	-1	-1	-
54	K – Financial and insurance activities ¹⁾	-	-	-	-	-	-	-	-
55	Exposures to other sectors (NACE codes J, M-U)	73	-	-	49	-	-1	-1	-
56	Total	30,604	-	-	4,633	1,466	-417	-85	-300

¹⁾ Q&A 2022_6600 states that the EBA is of the opinion that row 54 also requires disclosure of exposures to financial counterparties from NACE sector K. In Aareal Bank's view, EBA Q&As serve to clarify questions of interpretation. It is our understanding that Commission Implementing Regulation (EU) 2022/2453 clearly states that only exposures to non-financial corporations are to be included in ESG table 1. Consequently, in the current case application of the EBA Q&A would lead to a failure to comply with the legal framework. Aareal Bank has addressed this inconsistency by not including financial corporations, given the unambiguous formulation contained in Commission Implementing Regulation (EU) 2022/2453. Examples of non-financial corporations belonging to sector K include investment companies that are also non-financial corporations. The Bank did not have any exposures to such counterparties in its portfolio as at 30 June 2025.

	i		j	k	l	m	n	o	p
	GHG financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty)		of which: Scope 3 financed emissions						
	t CO ₂ e thousands	t CO ₂ e thousands		%	€ mn	€ mn	€ mn	€ mn	
1 Exposures towards sectors that highly contribute to climate change	680	110		41.38	28,939	1,369	109	114	3
9 C – Manufacturing	–	–		–	–	–	–	–	–
30 C.30 – Manufacture of other transport equipment	–	–		–	–	–	–	–	–
39 E – Water supply: sewerage, waste management and remediation activities	0	0		–	0	1	–	–	7
40 F – Construction	5	2		–	40	–	–	–	–
41 F.41 – Construction of buildings	5	2		–	40	–	–	–	–
44 G – Wholesale and retail trade; repair of motor vehicles and motorcycles	–	–		–	–	–	–	–	–
45 H – Transportation and storage	–	–		–	–	–	–	–	–
49 H.52 – Warehousing and support activities for transportation	–	–		–	–	–	–	–	–
51 I – Accommodation and food service activities	15	2		32.92	1,347	53	–	–	2
52 L – Real estate activities	660	106		41.85	27,551	1,314	109	114	3
53 Exposures towards sectors other than those that highly contribute to climate change					73	0	–	–	–
54 K – Financial and insurance activities¹⁾					–	–	–	–	–
55 Exposures to other sectors (NACE codes J, M-U)					73	0	–	–	–
56 Total	680	110		41.28	29,011	1,369	109	114	3

¹⁾ Q&A 2022_6600 states that the EBA is of the opinion that row 54 also requires disclosure of exposures to financial counterparties from NACE sector K. In Aareal Bank's view, EBA Q&As serve to clarify questions of interpretation. It is our understanding that Commission Implementing Regulation (EU) 2022/2453 clearly states that only exposures to non-financial corporations are to be included in ESG table 1. Consequently, in the current case application of the EBA Q&A would lead to a failure to comply with the legal framework. Aareal Bank has addressed this inconsistency by not including financial corporations, given the unambiguous formulation contained in Commission Implementing Regulation (EU) 2022/2453. Examples of non-financial corporations belonging to sector K include investment companies that are also non-financial corporations. The Bank did not have any exposures to such counterparties in its portfolio as at 30 June 2025.

Table 2 presents the gross carrying amount of loans collateralised by commercial and residential immovable property and the gross carrying amount of repossessed real estate collateral, broken down into fixed energy efficiency level categories (in kWh/m²) and by energy performance certificate (EPC) labels.

The gross carrying amount of loan finance with multiple real estate collaterals is broken down to the energy efficiency levels and EPC labels using the ratio of an individual property's mortgage lending value to the total mortgage lending value for all properties. In exceptional cases, the market price of a building is used as the starting point for the breakdown.

Column o is used to enter real estate loans for which the properties serving as collateral do not have an EPC label. Column p shows the proportion of the real estate loans without EPC labels disclosed in column o for which the Bank has estimated the energy performance score (EPS) for the real estate collateral. It should be noted here that, in line with EBA Q&A 2022_6625, the EPS is only considered to be “not estimated” in the case of properties for which an EPC label was available. Nevertheless, the Bank has EPCs or similar certificates for some of these properties that document the energy efficiency level in kWh/m² but to which no EPC labels have been assigned. This means that the proportion of exposures for which estimates rather than real data actually had to be used is smaller than the figure shown in column p. This procedure also applies to the exposures reported in rows 5 and 10.

The energy efficiency levels for the real estate collateral that were actually based on estimates were determined using the PCAF Standard. Estimates were based on the location and type of the financed properties. They were performed for all properties for which this is appropriate. This covers all property types with the exception of undeveloped land.

Since Aareal Bank generally pursues the strategy of preventing any further losses from loan exposures, the properties disclosed in rows 4 and 9 are in some cases being repositioned and upgraded, and may be held for several years.

ESG table 2: Indicators of potential climate change transition risk:
Loans collateralised by immovable property – Energy efficiency of the collateral

[illegible]

ESG table 3 basically aims to give an overview of efforts to reduce greenhouse gas emissions in the building sector so as to reach the climate action goals set out in the Paris Agreement on climate change, taking into account the alignment metrics for the Net Zero Emissions by 2050 (NZE2050) scenario defined by the International Energy Agency (IEA). The focus is restricted to loans and advances, debt securities and equity instruments relating to non-financial corporations in the banking book.

Aareal Bank's portfolio does not contain any exposures to companies active in the sectors specified in rows 1 to 8 pursuant to Commission Implementing Regulation (EU) 2022/2453. Its business model means that the commercial property finance sector is decisive. Under NACE Rev. 2.1, this is represented by NACE sectors F, I, M, N and T, with NACE sector M being particularly significant, as it accounts for approximately 95 % of the gross carrying amount of the above-mentioned NACE sectors.

**ESG table 3: Indicators of potential climate change transition risk:
Alignment metrics**

	b NACE sectors	c Portfolio gross carry- ing amount	d Alignment metric	e Year of reference	f Distance to IEA NZE2050 ¹⁾	g Target (year of reference + 3 years)
		€ mn	kg CO ₂ /m ²		%	kg CO ₂ /m ²
9 Commercial property financing	68	29,211	51.07	2024	146.92	51.07

¹⁾ Distance to NZE2050 scenario for 2030

The Bank is currently working on a transition plan, which involves specifying a decarbonisation pathway and the corresponding targets for its portfolio. This development work is expected to continue into the second half of 2025. Consequently, the information given on the alignment metrics, the distance to the IEA decarbonisation pathway for 2030 (column f) and the target for 2027 (column g) is only preliminary and may change in subsequent Disclosure Reports.

The alignment metric considered suitable for the commercial property finance is kg CO₂/m², which has also become established in the sector. The Carbon Risk Real Estate Monitor (CCREM) was chosen for the commercial real estate lending portfolio instead of the IEA NZE2050 decarbonisation pathway, since this permits a more granular breakdown of property types and country combinations.

No target can be set at present since Aareal Bank has not yet chosen a decarbonisation pathway; however, the aim is to maintain the current value of portfolio at a minimum. Equally, the target for the green loan volume of € 6-7 billion cannot currently be measured in terms of carbon reductions. Consequently, the current value of the portfolio has been given as the target for 2027.

ESG table 4 is used to disclose exposures to counterparties among the top 20 carbon emitting companies in the world. The portfolio of loans and advances, debt securities and equity instruments was reviewed using current data from the Carbon Majors Database (Launch Report, April 2024).

As at the reporting date under review, Aareal Bank's portfolio did not contain any exposures to counterparties among the top 20 carbon-emitting companies in the world.

ESG table 5 provides a summary of exposures subject to acute and chronic physical climate risks. Physical climate risks are considered to be acute if they arise as a result of extreme events such as drought, floods or storms. If they result from gradual changes (such as rising temperatures, rising sea levels, water stress, loss of biodiversity, changes in land use, habitat loss or resource scarcity), they are classified as chronic.

For the sake of transparency, we have restricted our presentation of geographical areas impacted by physical climate risks due to climate change to a breakdown of exposures at the "EU" and "non-EU" levels.

In the case of the commercial real estate lending portfolio, the information on physical climate risks is supplied by an external data provider in the form of risk scores. These depict vulnerabilities to natural hazards in relation to a vulnerability scale and also supply additional information from which vulnerabilities can be derived. Information about both current and future vulnerabilities associated with the location, among other things, is taken into account when determining the risk scores. A conservative methodology has been adopted to establish properties' physical vulnerability that also includes risks that do not directly lead to damage to the building concerned (e.g. drought). The methodology used to establish physical vulnerability to natural hazards will be examined this year together with the external data provider and will then be adapted on the basis of the results of this investigation.

Column b contains the gross carrying amount of all exposures required to be included by Annex II of Commission Implementing Regulation (EU) 2022/2453, regardless of whether these are subject to physical climate risks or not. By contrast, the information on maturity buckets and risk provisions contained in the following columns is restricted to those exposures that are subject to acute and/or physical climate risk.

Whereas the exposures that have to be disclosed by sector of economic activity are restricted to exposures to non-financial corporations, the information given in rows 10 and 11 also includes loans to other counterparties that are collateralised by residential or commercial immovable property.

ESG table 5: Indicators of potential climate change physical risks:
Exposures subject to physical risk (EU)

	b	c	d	e	f	g	h	i
	Gross carrying amount							
	of which: exposures sensitive to impact from climate change physical events							
	Breakdown by maturity bucket					Average weighted maturity	of which: exposures sensitive to impact from chronic climate change events	of which: exposures sensitive to impact from acute climate change events
	≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	≥ 20 years				
€ mn								
1 A – Agriculture, forestry and fishing	–	–	–	–	–	–	–	–
2 B – Mining and quarrying	–	–	–	–	–	–	–	–
3 C – Manufacturing	–	–	–	–	–	–	–	–
4 D – Electricity, gas, steam and air conditioning supply	–	–	–	–	–	–	–	–
5 E – Water supply; sewerage, waste management and remediation activities	1	–	–	–	–	–	–	–
6 F – Construction	40	40	–	–	–	–	–	–
7 G – Wholesale and retail trade; repair of motor vehicles and motorcycles	–	–	–	–	–	–	–	–
8 H – Transportation and storage	–	–	–	–	–	–	–	–
9 L – Real estate activities	15,627	12,111	890	70	28	3	2,511	5,921
10 Loans collateralised by residential immovable property	807	382	58	69	27	6	130	219
11 Loans collateralised by commercial immovable property	15,948	12,943	885	2	1	3	2,416	6,079
12 Repossessed collaterals	140	–	–	–	38	–	–	38
13 Other relevant sectors	282	161	49	–	–	4	–	147

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	j	k	l	m	n	o
	Gross carrying amount					
	of which: exposures sensitive to impact from climate change physical events					
	of which: exposures sensitive to impact both from chronic and acute climate change events	of which: Stage 2	of which: non-performing	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	of which: Stage 2	of which: non-performing
€ mn						
1 A – Agriculture, forestry and fishing	–	–	–	–	–	–
2 B – Mining and quarrying	–	–	–	–	–	–
3 C – Manufacturing	–	–	–	–	–	–
4 D – Electricity, gas, steam and air conditioning supply	–	–	–	–	–	–
5 E – Water supply; sewerage, waste management and remediation activities	–	–	–	–	–	–
6 F – Construction	40	–	40	-1	–	-1
7 G – Wholesale and retail trade; repair of motor vehicles and motorcycles	–	–	–	–	–	–
8 H – Transportation and storage	–	–	–	–	–	–
9 L – Real estate activities	4,667	1,205	180	-51	-11	-25
10 Loans collateralised by residential immovable property	187	10	4	0	0	0
11 Loans collateralised by commercial immovable property	5,335	1,227	224	-56	-11	-28
12 Repossessed collateral	–	–	–	-2	–	–
13 Other relevant sectors	41	10	–	0	0	–

ESG table 5: Indicators of potential climate change physical risks:
Exposures subject to physical risk (non-EU)

	b	c	d	e	f	g	h	i
	Gross carrying amount							
	of which: exposures sensitive to impact from climate change physical events							
	Breakdown by maturity bucket					Average weighted maturity	of which: exposures sensitive to impact from chronic climate change events	of which: exposures sensitive to impact from acute climate change events
	≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	≥ 20 years				
€ mn								
1 A – Agriculture, forestry and fishing	–	–	–	–	–	–	–	–
2 B – Mining and quarrying	–	–	–	–	–	–	–	–
3 C – Manufacturing	–	–	–	–	–	–	–	–
4 D – Electricity, gas, steam and air conditioning supply	–	–	–	–	–	–	–	–
5 E – Water supply; sewerage, waste management and remediation activities	–	–	–	–	–	–	–	–
6 F – Construction	–	–	–	–	–	–	–	–
7 G – Wholesale and retail trade; repair of motor vehicles and motorcycles	–	–	–	–	–	–	–	–

	b	c	d	e	f	g	h	i
	Gross carrying amount							
	of which: exposures sensitive to impact from climate change physical events							
	Breakdown by maturity bucket				Average weighted maturity	of which: exposures sensitive to impact from chronic climate change events	of which: exposures sensitive to impact from acute climate change events	
	≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	≥ 20 years				
€ mn								
8 H – Transportation and storage	–	–	–	–	–	–	–	–
9 L – Real estate activities	13,462	7,966	131	–	–	3	810	2,103
10 Loans collateralised by residential immovable property	1,234	625	28	–	–	2	63	136
11 Loans collateralised by commercial immovable property	13,420	8,225	103	–	–	2	806	2,445
12 Repossessed collateral	364	–	–	–	364	–	–	–
13 Other relevant sectors	1,192	905	–	–	–	1	108	447

	j	k	l	m	n	o
	Gross carrying amount					
	of which: exposures sensitive to impact from climate change physical events					
	of which: exposures sensitive to impact both from chronic and acute climate change events	of which: Stage 2	of which: non-performing	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
					of which: Stage 2	of which: non-performing
€ mn						
1 A – Agriculture, forestry and fishing	–	–	–	–	–	–
2 B – Mining and quarrying	–	–	–	–	–	–
3 C – Manufacturing	–	–	–	–	–	–
4 D – Electricity, gas, steam and air conditioning supply	–	–	–	–	–	–
5 E – Water supply; sewerage, waste management and remediation activities	–	–	–	–	–	–
6 F – Construction	–	–	–	–	–	–
7 G – Wholesale and retail trade; repair of motor vehicles and motorcycles	–	–	–	–	–	–
8 H – Transportation and storage	–	–	–	–	–	–
9 L – Real estate activities	5,184	2,652	1,002	-268	-66	-201
10 Loans collateralised by residential immovable property	454	181	24	-1	-1	–
11 Loans collateralised by commercial immovable property	5,077	2,719	976	-267	-67	-199
12 Repossessed collateral	306	–	–	-31	–	–
13 Other relevant sectors	350	297	–	-3	-3	–

Counterparty Credit Risk

Counterparty credit risk results from derivatives and securities financing transactions, the risk being that the transaction's counterparty defaults – in which case the transaction cannot be settled as intended.

Derivatives are defined for regulatory purposes as "...unconditional forward transactions or option contracts (including financial contracts for differences) that are structured as a purchase, exchange or other acquisition of an underlying instrument, whose value is determined by reference to the underlying instrument and whose value may change in future for at least one counterparty due to future settlement" (section 19 (1a) of the KWG).

The derivatives positions have substantially been entered into in order to hedge interest rate and currency risk exposure, and for funding purposes.

For the purpose of regulatory reporting, the equivalent value of derivatives and the related counterparty credit risk are determined according to the standardised approach for measuring counterparty credit risk (SA-CCR) (Article 274 et seqq. of the CRR). For this reason, disclosure of table EU CCR7 (RWA flow statements of credit risk exposures, the counterparty credit risks of which are measured taking the internal model method into consideration) is not required.

Similarly, as Aareal Bank AG currently does not hold any credit derivatives, disclosure of the information under Article 439 lit. j) of the CRR in table EU CCR6 is not required either.

Aareal Bank AG enters into repo transactions both on a bilateral basis and via Eurex Clearing AG as a central counterparty. For repo transactions, payment or delivery netting is agreed upon on a single transaction level, depending on the counterparty. Master agreements for repo transactions generally contain provisions on close-out netting. Aareal Bank AG does not use the option permitted by regulatory authorities to reduce capital requirements for repo transactions.

Pursuant to Article 439 of the CRR, institutions shall disclose details on the methods of calculating the exposure value, and on the methods to include financial collateral for securities financing transactions (SFTs), as set out in table EU CCR1. However, this excludes trades concluded with a central counterparty (CCP) or CCP-related transactions, as well as capital requirements for credit valuation adjustment (CVA). These transactions are analysed in the following tables.

EU CCR1: Analysis of CCR exposures by approach

	a	b	c	d	e	f	g	h
	Replace- ment cost	Potential future exposure	Effective expected posi- tive exposure (EEPE)	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWAs
€ mn								
EU-1 EU – Original exposure method (for derivatives)	–	–		1.4	–	–	–	–
EU-2 EU – Simplified SA-CCR (for derivatives)	–	–		1.4	–	–	–	–
1 SA-CCR (for derivatives)	65	256		1.4	1,812	450	450	276
2 IMM (for derivatives and SFTs)			–	1.4	–	–	–	–
2a of which: securities financing transactions netting sets			–		–	–	–	–
2b of which: derivatives and long settlement transactions netting sets			–		–	–	–	–
2c of which: from contractual cross- product netting sets			–		–	–	–	–

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		a	b	c	d	e	f	g	h
		Replace- ment cost	Potential future exposure	Effective expected posi- tive exposure (EEPE)	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWAs
€ mn									
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					1,390	221	221	71
5	VaR for SFTs					-	-	-	-
6	Total					3,201	671	671	347

Table EU CCR8 discloses the exposure value and risk-weighted exposure (RWA) for exposures to central counterparties. As at the reporting date, Eurex Clearing AG (in short: Eurex) and LCH Limited (which are both qualified counterparties) acted as central counterparties to Aareal Bank. There were no exposures to non-qualified CCPs as at the reporting date of 30 June 2025. In accordance with Article 306 (2) of the CRR, for the purpose of solvency reporting, an exposure value of zero is assigned to initial margin pledged to Eurex and LCH Limited.

EU CCR8: Exposures to CCPs

	a	b
	EAD	RWAs
€ mn		
1 Exposures to QCCPs (total)		3
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	204	0
3 (i) OTC derivatives	20	0
4 ii) Exchange-traded derivatives	-	-
5 iii) SFTs	184	0
6 iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	96	
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	14	3
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)		-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which:	-	-
13 (i) OTC derivatives	-	-
14 ii) Exchange-traded derivatives	-	-
15 iii) SFTs	-	-
16 iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

Table EU CCR3 discloses the exposure amount after mitigating credit risk of all counterparty credit risk exposures to which the CRSA is applied, by analogy with table EU CR5 for each exposure class, and broken down according to risk weight pursuant to Article 114 et seqq. of the CRR.

EU CCR3: Credit Risk Standard Approach – CCR exposures by regulatory exposure class and risk weights

Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l
	Risk weight											
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total
€ mn												
1 Central governments or central banks	23	–	–	–	–	–	–	–	–	–	–	23
2 Regional governments or local authorities	–	–	–	–	–	–	–	–	–	–	–	–
3 Public-sector entities	–	–	–	–	–	–	–	–	–	–	–	–
4 Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–
5 International organisations	–	–	–	–	–	–	–	–	–	–	–	–
6 Institutions	–	23	–	–	0	72	–	–	–	–	–	94
7 Corporates	–	–	–	–	–	3	–	0	–	–	–	3
8 Retail	–	–	–	–	–	–	–	–	–	–	–	–
9 Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
10 Other exposures	–	–	–	–	–	–	–	–	–	–	–	–
11 Total	23	23	–	–	0	75	–	0	–	–	–	120

The following table EU CCR4 shows the derivative exposures exclusively treated in the A-IRBA – by analogy with the table EU CR6 within clearly-defined PD classes. The IRBA exposures classified as specialised lending as at the reporting date do not comprise any derivative exposures.

Certain derivatives fulfil the conditions set out in Article 274 (5) of the CRR; as a result, they are shown with a zero risk exposure value.

The derivatives held by Aareal Bank Group, and entered into with internally rated property clients whose share in EaD after mitigating the credit risk of the entire A-IRBA client portfolio is below 1 %, are mainly used to hedge interest rate and currency risks. As the available collateral is fully considered within the scope of determining the LGD of the respective property financing, a default LGD of 90 % is used for calculating the expected loss.

EU CCR4: IRB approach – CCR exposures by exposure class and PD scale

A-IRBA exposure class	PD scale	a	b	c	d	e	f	g
		Exposure value	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
	%	€ mn	%		%	Years	€ mn	%
Corporates – General	0.00 to < 0.15	–	–	–	–	–	–	–
	0.15 to < 0.25	–	–	–	–	–	–	–
	0.25 to < 0.50	6	0.39	2	90.00	4.0	7	122.11
	0.50 to < 0.75	9	0.63	5	90.00	2.0	12	137.08
	0.75 to < 2.50	94	1.63	27	90.00	3.0	157	166.99
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.0 (Default)	–	–	–	–	–	–	–
	Subtotal	109	1.48	34	90.00	3.0	177	162.16
	Total	109	1.48	34	90.00	3.0	177	162.16

Pursuant to Article 439 lit. e) of the CRR, Atlantic Group is obliged to disclose information on collateral received or posted in table EU CCR5. For this purpose, this collateral must be broken down by type of financial instrument, and by segregated and non-segregated collateral. Collateral is deemed to be segregated if client assets are bankruptcy-remote as defined in Article 300 No. 1 of the CRR.

EU CCR5: Composition of collateral for CCR exposures

	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
€ mn								
1 Cash – domestic currency	–	445	1	909	–	–	–	–
2 Cash – other currencies	10	32	15	2	–	–	–	–
3 Domestic sovereign debt	–	–	–	–	–	–	–	–
4 Other sovereign debt	–	–	96	–	–	–	–	17
5 Government agency debt	–	–	–	–	–	–	–	68
6 Corporate bonds	–	–	–	–	–	–	–	–
7 Equity securities	–	–	–	–	–	–	–	–
8 Other collateral	–	–	–	–	–	–	–	1,305
9 Total	10	476	113	911	–	–	–	1,390

As we currently do not hold any credit derivatives, disclosure of the information required under Article 439 lit. j) of the CRR in table EU CCR6 is not included.

Liquidity Risk

Liquidity risk in the narrower sense is defined as the risk that payment obligations cannot be met in full or on time. Liquidity risk management within Aareal Bank Group ensures that sufficient cash and cash equivalents are held to honour any payment obligations at any future point in time. The risk management processes have been designed to cover not only the liquidity risk in the narrower sense (insolvency risk), but also market liquidity risk and refinancing risk, including cost risk which is measured and limited accordingly as a component of the IRRBB.

As a significant subsidiary of Atlantic Group, Aareal Bank AG is not exempt from meeting liquidity requirements on a stand-alone basis under Article 8 of the CRR, and is obliged to disclose its liquidity requirements at single-entity level.

The statements below comprise information to be disclosed on the Liquidity Coverage Ratio (LCR) and on the Net Stable Funding Ratio (NSFR) in accordance with Article 451a (2) and (3) of the CRR.

Liquidity Coverage Ratio

The LCR helps to measure whether the liquidity buffer of an institution is high enough. Pursuant to Article 412 (1) of the CRR, the Liquidity Coverage Ratio is calculated as the ratio of the liquidity buffer relative to net outflows during a stress phase of 30 calendar days. The LCR must amount to at least 100 %.

The calculation of the LCR is based on the market values of liquid assets and cash flows from all asset and liability items.

The following table is based on the requirements set out in Annex I of Commission Implementing Regulation (EU) 2024/3172 on the disclosure of the Liquidity Coverage Ratio. Quantitative details are disclosed using the weighted and unweighted average values of the last 12 reporting days of the respective quarter.

The table EU LIQ I contains all positions that Aareal Bank, as managing entity of Atlantic Group, deems relevant for its liquidity profile.

EU LIQ1: Quantitative information on LCR (Atlantic Group)

Scope of consolidation		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
€ mn									
EU 1a	Quarter ending on	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					7,624	7,401	7,605	7,493
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	6,707	6,661	6,616	6,549	391	369	347	337
3	Stable deposits	5,948	6,121	6,284	6,299	297	306	314	315
4	Unsecured wholesale funding	719	496	287	211	94	63	33	22
5	Less stable deposits	6,612	6,595	6,709	6,964	2,658	2,653	2,756	2,884
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	3,404	3,392	3,327	3,303	798	794	778	773
7	Non-operational deposits (all counterparties)	2,874	2,911	3,095	3,407	1,526	1,567	1,691	1,858
8	Unsecured debt	334	291	287	254	334	291	287	254
9	Secured wholesale funding					9	16	26	35
10	Additional requirements	1,665	1,760	1,886	1,936	684	765	873	878
11	Outflows related to derivative exposures and other collateral requirements	569	655	698	697	527	617	668	670
12	Outflows related to loss of funding on debt products	43	30	83	81	43	30	83	81
13	Credit and liquidity facilities	1,052	1,075	1,106	1,158	114	118	122	127
14	Other contractual funding obligations	179	184	186	206	153	159	164	184
15	Other contingent funding obligations	1,235	1,181	1,050	839	163	157	124	92
16	Total cash outflows					4,059	4,119	4,289	4,409
Cash inflows									
17	Secured lending (e.g. reverse repos)	–	–	–	127	–	–	–	9
18	Inflows from fully performing exposures	1,055	1,191	1,195	1,214	710	794	804	809
19	Other cash inflows	233	239	179	195	233	239	179	195
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
EU-19b	(Excess inflows from a related specialised credit institution)					–	–	–	–
20	Total cash inflows	1,288	1,430	1,374	1,536	943	1,032	983	1,013
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90 % cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75 % cap	1,288	1,430	1,374	1,536	943	1,032	983	1,013
						Total adjusted value			
EU-21	Liquidity buffer					7,624	7,401	7,605	7,493
22	Total net cash outflows					3,116	3,087	3,306	3,396
23	Liquidity Coverage Ratio (%)					245.70	241.46	234.96	225.68

EU LIQ1: Quantitative information on LCR (Aareal Bank AG)

Scope of consolidation		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
€m									
EU 1a	Quarter ending on	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					7,625	7,402	7,605	7,494
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	6,707	6,661	6,616	6,549	391	369	347	337
3	Stable deposits	5,948	6,121	6,284	6,299	297	306	314	315
4	Unsecured wholesale funding	719	496	287	211	94	63	33	22
5	Less stable deposits	6,837	6,854	7,039	7,387	2,867	2,892	3,063	3,282
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	3,404	3,392	3,327	3,303	798	794	778	773
7	Non-operational deposits (all counterparties)	3,099	3,171	3,424	3,830	1,735	1,806	1,998	2,255
8	Unsecured debt	334	291	287	254	334	291	287	254
9	Secured wholesale funding					9	16	26	35
10	Additional requirements	1,745	1,874	1,974	1,982	929	1,037	1,106	1,056
11	Outflows related to derivative exposures and other collateral requirements	572	657	699	699	529	619	669	671
12	Outflows related to loss of funding on debt products	43	30	83	81	43	30	83	81
13	Credit and liquidity facilities	1,131	1,186	1,192	1,202	357	388	354	303
14	Other contractual funding obligations	174	176	177	197	153	159	164	184
15	Other contingent funding obligations	1,197	1,137	1,003	809	159	152	120	89
16	Total cash outflows					4,509	4,625	4,824	4,982
Cash inflows									
17	Secured lending (e.g. reverse repos)	–	–	–	127	–	–	–	9
18	Inflows from fully performing exposures	902	1,017	1,018	1,064	577	643	654	688
19	Other cash inflows	235	240	178	193	235	240	178	193
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
EU-19b	(Excess inflows from a related specialised credit institution)					–	–	–	–
20	Total cash inflows	1,137	1,257	1,196	1,384	812	883	832	890
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90 % cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75 % cap	1,137	1,257	1,196	1,384	812	883	832	890
						Total adjusted value			
EU-21	Liquidity buffer					7,625	7,402	7,605	7,494
22	Total net cash outflows					3,697	3,743	3,992	4,092
23	Liquidity Coverage Ratio (%)					206.43	198.95	193.46	186.04

A large portion of securities held in the Treasury portfolio serve as the Bank's liquidity reserve, both from an economic and a normative perspective. 89 % of the Treasury portfolio fulfils the criteria for inclusion as high-quality liquid assets (HQLA); high quality and value stability play a decisive role in this respect.

The HQLA predominantly comprise the asset class "public-sector borrowers" and deposits with central banks. Key drivers impacting LCR results are largely related to changes in our asset portfolio, as well as outflows connected with housing industry business.

Evolution of Aareal Bank AG's Liquidity Coverage Ratio

Aareal Bank AG's LCR, as reported to the supervisory authorities, increased compared to 31 March 2025 (179.95 %), reaching 217.24 % as at the reporting date. This development was driven by an increase in high-quality liquid assets (HQLA; € +2,498 million) that was disproportionate compared to the increase in net cash outflows (€ +486 million).

The significant HQLA increase is mainly due to an own new issuance (€ +745 million), HQLA-eligible securities released from pledging (€ +919 million) and securities purchases (€ +763 million).

The quarter-on-quarter increase in net cash outflows was mainly due to maturing own bonds.

Since the disclosure of key LCR parameters is based on the weighted and unweighted averages of the past 12 reporting dates of the respective quarter, the drivers outlined above do not have the same effect upon quarter-on-quarter changes as shown in table EU LIQ I.

Concentration of funding sources

In addition to the issuance of Pfandbriefe, which make up a significant share of its long-term funding, Aareal Bank uses a wide range of other refinancing tools, including senior preferred and senior non-preferred bonds, as well as other promissory notes and bonds. Depending on market conditions, the Bank places large-sized public issues or private placements. In the Banking & Digital Solutions segment, the Bank also generates deposits from the housing industry, which represent a strategically important additional source of funding. Furthermore, it has recourse to institutional money market investor deposits.

Diversifying the Bank's funding profile by type of investor, and by product, represents a key aspect to Aareal Bank's approach to liquidity risk management. Besides the pure measurement of risk indicators, the concentrations of funding sources are also monitored. For this purpose, the percentage share of the ten largest counterparties and/or positions in relation to the total portfolio is determined.

A limit is set for each indicator in order to restrict the dependencies upon individual positions or counterparties.

Currency mismatches in the Liquidity Coverage Ratio

Pursuant to Article 415 (2) of the CRR, Atlantic Group and Aareal Bank AG have no significant foreign currency exposure in their portfolios. As at the reporting date of 30 June 2025, Atlantic Group's largest foreign currency portfolio in GBP amounts to 1.81 % of total liabilities. At Aareal Bank AG, the largest foreign currency portfolio is the USD portfolio, accounting for 2.46 %. We monitor the portfolio as to the existence of significant foreign currency exposures on a regular basis.

Derivatives positions and potential hedging requests

Pursuant to Article 423 (3) of the CRR, an additional liquidity outflow is to be provided for collateral which is required due to the impact of unfavourable market conditions on derivatives and financing transactions as well as on other contracts. The aim is to consider additional outflows from collateral potentially arising in an unfavourable market environment. The additional outflow is determined as per the historical look-back approach (HLBA) both at Atlantic Group and Aareal Bank AG level. The LCR calculation for Atlantic Group includes the largest absolute collateral net flow within a period of 30 days which occurred since the Group's foundation (maximum period of 24 months; the same period is used to calculate Aareal Bank AG's LCR). As at the reporting date, the annual average of additional liquidity requirements stood at € 455 million for both Atlantic Group and Aareal Bank AG.

Net Stable Funding Ratio

As opposed to the LCR, the focus of the NSFR – to be disclosed as at the reporting date – is exclusively on holdings of assets and liabilities as well as on off-balance sheet items (contingent liabilities). The fundamental idea of the NSFR is that the repayment

structure of an institution's asset and liability items should largely correspond to each other so that the institution is able to refinance less liquid asset items using the respective non-current liabilities, even under stress conditions.

To calculate the NSFR, the available stable funding (ASF) is set in relation to the required stable funding (RSF).

In addition to liquid assets, the LCR only includes items that are due within 30 days, while the NSFR comprises all of the institution's balance sheet holdings according to their remaining term. In contrast to the LCR, which is based on the market values of liquid assets and cash flows from all asset and liability items, the NSFR calculation uses the balance sheet as a reference and is therefore generally based on the carrying amounts.

In accordance with Article 451 a (3) lit. a) of the CRR, the quarter-end figures shall be published for each quarter of the relevant disclosure period. As a large institution, Aareal Bank is bound to disclose its NSFR information on a semi-annual basis. Therefore, in principle, the Bank shall publish its figures for the respective current disclosure date as well as for the previous quarter.

The following table EU LIQ2 generally discloses the carrying amount as the unweighted value by residual maturity (columns a to d). However, derivatives at fair value are excluded from this. The weighted value of stable funding disclosed in column e is the product of the unweighted value and the factors defined in the CRR for individual asset and liability items.

The available stable funding items disclosed in column a ("no maturity") are either unlimited or have no maturity specifications.

EU LIQ2: Net Stable Funding Ratio of Atlantic Group as at 30 June 2025

	Unweighted value by residual maturity				e Weighted value
	a No maturity	b < 6 months	c 6 months to < 1 year	d ≥ 1 year	
€ mn					
Available stable funding (ASF) Items					
1 Capital items and instruments	3,461	1	12	714	4,175
2 Own funds	3,461	1	12	666	4,127
3 Other capital instruments		–	–	48	48
4 Retail deposits		6,832	0	1	6,434
5 Stable deposits		5,695	0	0	5,411
6 Less stable deposits		1,137	–	0	1,024
7 Wholesale funding		10,410	3,553	19,625	24,902
8 Operational deposits		3,547	–	–	251
9 Other wholesale funding		6,863	3,553	19,625	24,650
10 Interdependent liabilities		–	–	–	–
11 Other liabilities	–	480	10	107	112
12 NSFR derivative liabilities	–				
13 All other liabilities and capital instruments not included in the above categories		480	10	107	112
14 Total available stable funding (ASF)					35,623

	a	b	c	d	e
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Unweighted value by residual maturity					
€ mn					
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					518
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool		26	254	15,451	13,371
16 Deposits held at other financial institutions for operational purposes		–	–	–	–
17 Performing loans and securities		2,484	2,000	11,877	12,149
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0 % haircut		–	–	–	–
19 Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions		268	170	418	530
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,140	1,825	10,846	11,511
21 with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		5	47	568	717
22 Performing residential mortgages, of which:		77	5	487	–
23 with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		67	3	423	–
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		–	–	127	108
25 Interdependent assets		–	–	–	–
26 Other assets	–	1,619	79	1,929	2,570
27 Physically traded commodities				–	–
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	114	97
29 NSFR derivative assets		16			16
30 NSFR derivative liabilities before deduction of variation margin posted		901			45
31 All other assets not included in the above categories		702	79	1,815	2,412
32 Off-balance sheet items		395	84	1,907	274
33 Total RSF					28,882
34 Net Stable Funding Ratio (%)					123.34

EU LIQ2: Net Stable Funding Ratio of Atlantic Group as at 31 March 2025

	Unweighted value by residual maturity				Weighted value
	a No maturity	b < 6 months	c 6 months to < 1 year	d ≥ 1 year	
€ mn					
Available stable funding (ASF) Items					
1 Capital items and instruments	3,347	1	3	780	4,127
2 Own funds	3,347	1	3	697	4,044
3 Other capital instruments		–	–	83	83
4 Retail deposits		6,681	1	0	6,294
5 Stable deposits		5,602	0	0	5,323
6 Less stable deposits		1,079	0	0	971
7 Wholesale funding		10,372	2,397	19,352	23,995
8 Operational deposits		3,649	–	–	272
9 Other wholesale funding		6,723	2,397	19,352	23,723
10 Interdependent liabilities		–	–	–	–
11 Other liabilities	37	427	11	476	481
12 NSFR derivative liabilities	37				
13 All other liabilities and capital instruments not included in the above categories		427	11	476	481
14 Total available stable funding (ASF)					34,897
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					482
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool		20	751	15,377	13,726
16 Deposits held at other financial institutions for operational purposes		–	–	–	–
17 Performing loans and securities		2,174	1,505	12,931	12,663
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		–	–	–	–
19 Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions		201	45	409	451
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,910	1,438	11,899	12,103
21 with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		51	8	599	742
22 Performing residential mortgages, of which:		64	22	497	–
23 with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		53	21	423	–
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		–	–	126	108
25 Interdependent assets		–	–	–	–

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		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
€ mn						
26	Other assets	–	1,769	55	2,104	2,583
27	Physically traded commodities				–	–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	132	112
29	NSFR derivative assets		–			–
30	NSFR derivative liabilities before deduction of variation margin posted		1,184			59
31	All other assets not included in the above categories		585	55	1,972	2,411
32	Off-balance sheet items		102	54	2,030	239
33	Total RSF					29,693
34	Net Stable Funding Ratio (%)					117.53

EU LIQ2: Net Stable Funding Ratio of Aareal Bank AG as at 30 June 2025

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
€ mn						
Available stable funding (ASF) Items						
1	Capital items and instruments	2,254	1	11	726	2,980
2	Own funds	2,254	1	11	651	2,905
3	Other capital instruments		–	–	75	75
4	Retail deposits		6,832	0	1	6,434
5	Stable deposits		5,695	0	0	5,411
6	Less stable deposits		1,137	–	0	1,024
7	Wholesale funding		10,652	3,619	25,098	30,422
8	Operational deposits		3,547	–	–	251
9	Other wholesale funding		7,105	3,619	25,098	30,171
10	Interdependent liabilities		–	–	–	–
11	Other liabilities	–	2,340	128	121	185
12	NSFR derivative liabilities	–				
13	All other liabilities and capital instruments not included in the above categories		2,340	128	121	185
14	Total available stable funding (ASF)					40,021
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					521
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool			38	209	15,478	13,366
16	Deposits held at other financial institutions for operational purposes		–	–	–	–

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
€ mn						
17	Performing loans and securities		2,244	1,843	17,909	17,757
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0 % haircut		–	–	–	–
19	Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions		190	169	2,903	3,007
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,947	1,659	9,176	9,806
21	with a risk weight of less than or equal to 35 % under the Basel II Standardised Approach for credit risk		5	48	522	590
22	Performing residential mortgages, of which:		48	5	335	–
23	with a risk weight of less than or equal to 35 % under the Basel II Standardised Approach for credit risk		37	3	297	–
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		59	10	5,495	4,945
25	Interdependent assets		–	–	–	–
26	Other assets	–	1,523	131	2,134	2,765
27	Physically traded commodities				–	–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	103	87
29	NSFR derivative assets		24			24
30	NSFR derivative liabilities before deduction of variation margin posted		903			45
31	All other assets not included in the above categories		596	131	2,032	2,608
32	Off-balance sheet items		495	79	1,786	223
33	Total RSF					34,632
34	Net Stable Funding Ratio (%)					115.56

EU LIQ2: Net Stable Funding Ratio of Aareal Bank AG as at 31 March 2025

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
€ mn						
Available stable funding (ASF) Items						
1	Capital items and instruments	2,331	1	3	787	3,118
2	Own funds	2,331	1	3	689	3,021
3	Other capital instruments		–	–	98	98
4	Retail deposits		6,681	1	0	6,295
5	Stable deposits		5,602	0	0	5,323
6	Less stable deposits		1,079	0	0	972

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
€ mn						
7	Wholesale funding		10,818	2,437	23,977	28,653
8	Operational deposits		3,648	–	–	272
9	Other wholesale funding		7,169	2,437	23,977	28,382
10	Interdependent liabilities		–	–	–	–
11	Other liabilities	40	2,260	16	477	484
12	NSFR derivative liabilities	40				
13	All other liabilities and capital instruments not included in the above categories		2,260	16	477	484
14	Total available stable funding (ASF)					38,551
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					487
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool						
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities		1,947	1,445	18,058	17,560
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0 % haircut		–	–	–	–
19	Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions		105	44	3,101	3,133
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,751	1,369	10,055	10,338
21	with a risk weight of less than or equal to 35 % under the Basel II Standardised Approach for credit risk		51	8	533	509
22	Performing residential mortgages, of which:		31	22	338	–
23	with a risk weight of less than or equal to 35 % under the Basel II Standardised Approach for credit risk		3	18	171	–
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		59	10	4,565	4,089
25	Interdependent assets		–	–	–	–
26	Other assets	–	1,612	153	2,040	2,515
27	Physically traded commodities				–	–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	121	103
29	NSFR derivative assets		–			–
30	NSFR derivative liabilities before deduction of variation margin posted		1,186			59
31	All other assets not included in the above categories		426	153	1,919	2,353
32	Off-balance sheet items		390	75	1,843	186
33	Total RSF					34,504
34	Net Stable Funding Ratio (%)					111.73

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is defined as the risk exposure of instruments held in the banking book which are sensitive to changes in interest rates, caused by yield curve shifts.

Specifically, for Aareal Bank this includes:

- risks arising from maturity transformation in the event of yield curve shifts (gap risk),
- risks from cash flows which are sensitive to interest rates, in terms of spreads to the general yield curve (basis risk); and
- risks from explicit and implied options (option risk).

Risks from changes in Aareal Bank's specific funding spreads (funding risk) are accounted for as part of market risk.

The following table is based on the requirements set out in Article 19 of Commission Implementing Regulation (EU) 2024/3172. In accordance with these requirements, present value changes and net interest income are disclosed in this table in case of a change in the yield curves for the interest rate shock scenarios presented in EBA/GL/2022/14 (Guidelines on the management of interest rate risk and credit spread risk arising from non-trading book activities).

Table EU IRRBB1 includes information on interest rate risk in the banking book as reported to the supervisory authorities by Atlantic Group.

EU IRRBB1: Interest rate risk in the banking book

	a Changes of EVE		c Changes of NII	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
€ mn				
1 Parallel up	-44	-23	31	53
2 Parallel down	57	25	-73	-137
3 Steepener	-4	2		
4 Flatteners	-5	-15		
5 Short rates up	-27	-27		
6 Short rates down	25	12		

The change in economic value of equity (EVE) corresponds to the present value change resulting from a change in interest rates in relation to all non-trading book positions sensitive to interest rates, assuming that these positions will expire at a later date.

The change in EVE compared to 31 December 2024 mainly results from the active management of exposures.

The earnings risk is measured as part of regulatory reporting based on changes in net interest income over the next twelve months, resulting from a parallel shift of the yield curve in a constant balance sheet view. The behaviour of clients and competitors assumed in such a scenario is based on models reflecting an idealisation.

The key driver for the scenario effects under the NII perspective is the excess of floating-rate financial assets, which can largely be interpreted as an implicit investment of equity. The asymmetry of the reported changes in NII in the two scenarios results from regulatory requirements regarding the aggregation of currency-specific effects, according to which positive changes are only taken into account on a pro-rata basis.

The decrease compared with the reporting date of 31 December 2024 results in particular from the investment of the purchase price payment from the Aareon sale assumed at the time in accordance with the constant balance sheet view.

Leverage Ratio

The Bank manages the risk of excessive leverage on a quarterly basis, within the scope of forecasting own funds. For this purpose, both Tier I capital and total assets are forecast for the year-end dates of the current and the two following years, after the end of each quarter. In this context, the minimum 3 % Leverage Ratio, as set out in Article 92 (1) lit. d) of the CRR, must be complied with at any time. The information is then submitted to senior management.

The Leverage Ratio to be disclosed is determined, taking into account the regulatory scope of consolidation, based on the requirements set out in the CRR.

The following disclosure tables are based on the requirements set out in Implementing Regulation (EU) 2024/3172.

EU LR1: Summary reconciliation of accounting assets and leverage ratio exposures

		a Applicable amount
€ mn		
1	Total assets as per published financial statements	47,321
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	186
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	–
4	Adjustment for temporary exemption of exposures to central banks (if applicable)	–
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with Article 429a (1) lit. i) of the CRR	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	–
7	Adjustment for eligible cash pooling transactions	–
8	Adjustments for derivative financial instruments	-984
9	Adjustment for securities financing transactions (SFTs)	103
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	404
11	Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	–
EU-11a	Adjustment for exposures exempted from the total exposure measure in accordance with Article 429a (1) lit. c) of the CRR	–
EU-11b	Adjustment for exposures exempted from the total exposure measure in accordance with Article 429a (1) lit. j) of the CRR	–
12	Other adjustments	-800
13	Total exposure measure	46,230

EU LR2: Leverage Ratio common disclosure

		CRR leverage ratio exposures	
		30 Jun 2025	31 Dec 2024
€ mn			
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	46,309	47,091
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-920	-1,329
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	–	–
5	(General credit risk adjustments to on-balance sheet items)	–	–
6	(Asset amounts deducted in determining Tier 1 capital)	-144	-154
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	45,245	45,608

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		CRR leverage ratio exposures	
		30 Jun 2025	31 Dec 2024
€ mn			
Derivative exposures			
8	Replacement cost associated with all derivatives transactions under SA-CCR (i.e. net of eligible cash variation margin)	93	68
EU-8a	Derogation for derivatives: Replacement costs contributions under the simplified standardised approach	–	–
9	Add-on amounts for potential future exposure value associated with SA-CCR derivatives transactions	386	407
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	–	–
EU-9b	Exposure determined under Original Exposure Method	–	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	–	–
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	–	–
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	–	–
11	Adjusted effective notional amount of written credit derivatives	–	–
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–
13	Total derivatives exposures	478	475
SFT exposures			
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	–	–
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–
16	Counterparty credit risk exposure for SFT assets	103	57
EU-16a	Derogation for SFTs: Counterparty credit risk exposure pursuant to Article 429e (5) and Article 222 of the CRR	–	–
17	Agent transaction exposures	–	–
EU-17a	(Exempted CCP leg of client-cleared SFT exposures)	–	–
18	Total SFT exposures	103	57
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	1,208	1,365
20	(Adjustments for conversion to credit equivalent amounts)	-804	-821
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	–	–
22	Total other off-balance sheet exposures	404	544
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with Article 429a (1) lit. c) of the CRR)	–	–
EU-22b	(Excluded exposures of public development banks (or units) – public-sector investments)	–	–
EU-22c	(Excluded exposures of public development banks (or units) – public-sector investments)	–	–
EU-22d	(Excluded exposures of public development banks (or units) – promotional loans)	–	–
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	–	–
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	–	–
EU-22g	(Excluded excess collateral deposited at triparty agents)	–	–
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with Article 429a (1) lit. o) of the CRR)	–	–
EU-22i	(Excluded CSD related services of designated institutions in accordance with Article 429a (1) lit. p) of the CRR)	–	–
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	–	–
EU-22k	Total exempted exposures	–	–
Tier 1 capital and total exposure measure			
23	Tier 1 capital	3,328	3,192
24	Total exposure measure	46,230	46,683
Leverage Ratio			
25	Leverage Ratio (%)	7.20	6.84
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.20	6.84
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.20	6.84

		CRR leverage ratio exposures	
		30 Jun 2025	31 Dec 2024
€ mn			
26	Regulatory minimum leverage ratio requirement (%)	3.00	3.00
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–
EU-26b	of which: to be made up of CET1 capital	–	–
27	Leverage ratio buffer requirement (%)	–	–
EU-27a	Overall leverage ratio requirement (%)	3.00	3.00
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully implemented	Fully implemented
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0	1
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	46,230	46,684
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	46,230	46,684
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.20	6.84
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.20	6.84

The following table provides a breakdown of on-balance sheet risk exposures (excluding derivatives, securities financing transactions, and exempted risk exposures).

EU LR3: Split-up of on-balance sheet exposures

		a
		CRR leverage ratio exposures
€ mn		
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	45,389
EU-2	Trading book exposures	–
EU-3	Banking book exposures, of which:	45,389
EU-4	Exposures in the form of covered bonds	2,718
EU-5	Exposures treated as sovereigns	8,731
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	90
EU-7	Exposures to institutions	627
EU-8	Exposures secured by mortgages on immovable properties	29,578
EU-9	Retail exposures	1
EU-10	Exposures to corporates	800
EU-11	Exposures in default	1,265
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	1,577

Imprint

Contents:

Aareal Bank AG, Investor Relations,
Regulatory Affairs – Regulatory Reporting

Layout/Design:

S/COMPANY · Die Markenagentur GmbH, Fulda

This report is also available in German language.



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