

## PRESS RELEASE

### Aareal Bank increases adjusted operating profit by more than 20 per cent in the first half of 2025

- 21 per cent increase in first-half adjusted operating profit to €223 million
- No discernible impact from recent market volatility
- New business activity higher than last year
- Impact of lower interest rates in line with expectations
- Loan impairment charges down a third to €116 million
- Administrative expenses reduced by 8 per cent, 'best in class' cost/income ratio
- Strong growth in BDS deposit volumes to €14.0 billion in Q2
- Very robust capital and liquidity ratios
- Adjusted return on equity increased from 8.0 per cent to 9.1 per cent
- Aareal Ambition strategy actively being implemented

Wiesbaden, 7 August 2025 – Aareal Bank strongly increased its **adjusted operating profit** in the first half of 2025 in a volatile and challenging market environment: it was up 21 per cent year on year, to €223 million (H1 2024: €185 million), of which €116 million was generated in the second quarter (Q2 2024: €93 million). Including non-recurring costs, operating profit rose to €208 million (H1 2024: €181 million), with €108 million generated in the period from April to June (Q2 2024: €90 million).

Aareal Bank's CEO **Dr Christian Ricken** said: "Our excellent figures show that Aareal Bank is going from strength to strength, with a strong performance by its entire team. We are well on the way to achieving our ambitious full-year targets." Commenting on the Bank's strategic development, Ricken said: "We started implementing our Aareal Ambition strategy very quickly at the start of the year. Specifically, this included gaining exposure to data centres as a new asset class and establishing a centralised unit for IT and Operations. We are making even faster progress than expected in bringing about our planned cost reductions."

Due to the lower interest rate environment and the Bank's increased funding activities, **net interest income** declined as expected – from €530 million in the first half of 2024 to €473 million – albeit remaining on a solid level thanks to healthy margins and year-on-year growth in the average lending volume. Net interest income in the second quarter totalled €224 million (Q2 2024: €262 million). Aareal Bank is confident that net interest income per quarter will remain at current levels through the rest of the year.

**Loan impairment charges** were down both year on year and quarter on quarter. While loan impairment charges decreased by 34 per cent to €116 million in the first half of the year (H1 2024: €176 million), the figure for the second quarter was €61 million (Q2 2024: €90 million). Aareal Bank continues to apply a conservative risk policy particularly during this period of heightened geopolitical and macroeconomic uncertainty.

Consistent with its long-term strategy the Bank continues to proactively manage its **non-performing loans (NPL)** which were €1.4 billion at 30 June 2025 (31 December 2024: €1.4 billion).

**Adjusted administrative expenses** were reduced by 8 per cent to €162 million (H1 2024: €176 million) on the back of strong cost discipline and positive effects from efficiency measures. €74 million of these expenses were incurred in the second quarter (Q2 2024: €92 million). Non-recurring costs totalled €15 million in the first half of the year (H1 2024: €4 million). At 32 per cent (excluding non-recurring effects), the Bank's **cost/income ratio** was very healthy even by international standards.

**Net profit** after tax deductions and interest payable on the AT1 bond increased significantly to €133 million in the first half of the year (H1 2024: €112 million) and to €73 million in the second quarter (Q2 2024: €54 million). At the same time, **adjusted return on equity** after taxes rose to 9.1 per cent (H1 2024: 8.0 per cent).

Capitalisation remained at a very solid level. The **Basel IV CET1 ratio (fully-phased)** rose to 15.5 per cent from 15.2 per cent at the end of the previous year. The Basel IV CET1 ratio (phase-in) stood at 21.8 per cent at the end of the first six months (31 Dec 2024: 20.2 per cent). The Total Capital Ratio (Basel IV phase-in) was 29.9 per cent (31 Dec 2024: 26.6 per cent). Aareal Bank successfully replaced its existing AT1 bond (issued in 2013) with a new AT1 bond during the first half of the year.

The Bank carried out extensive **funding activities** in the period under review, placing bonds and Pfandbriefe totalling €2.1 billion on the capital markets. With that, Aareal Bank has already largely executed its funding plan for 2025. **Liquidity ratios** were on a very healthy level, with LCR amounting to 262 per cent and NSFR to 121 per cent.

### **Developments by business segment**

In the **Structured Property Financing segment**, the new business performance was very favourable during the first half of the year. Following a strong start to the year, new business continued to perform well in the second quarter. The volume of renewals and newly originated loans amounted to €4.7 billion, significantly exceeding the previous year's level of €3.1 billion. This means that Aareal Bank is well on track to achieve its new business target of €9 billion to €10 billion for the full year. Newly originated loans accounted for €2.8 billion, with healthy margins and low loan-to-value ratios. The average gross margin totalled 251 basis points (H1 2024: 259 basis points) while average loan-to-value ratios were at a conservative 55 per cent (H1 2024: 46 per cent).

Portfolio volume amounted to €32.4 billion as at 30 June 2025, falling slightly below the year-end figure 2024 (31 Dec 2024: €33.5 billion) as a result of the weaker US dollar. At constant foreign exchange rates, the Bank continues to expect a portfolio volume of between €34 billion and €35 billion as at year-end 2025. Portfolio indicators remained on a cautious risk level – the average loan-to-value ratio in the portfolio amounted to 56 per cent

(31 Dec 2024: 57 per cent), with average yield on debt at 9.9 per cent (31 Dec 2024: 9.6 per cent).

Aareal Bank has added data centres as a new asset class in its financing portfolio. The first financing of €160 million is for a data centre near Frankfurt.

The volume of client deposits from the housing and energy industries in the **Banking & Digital Solutions segment** (BDS) averaged €13.7 billion over the first half of the year and thus remained at a high level. Average deposit volumes grew to €14.0 billion in the second quarter. Deposits from this client segment, which comprises around 4,000 enterprises managing more than nine million residential units between them, are a key component of Aareal Bank's funding mix. Due to the generally lower interest rate levels, segment net interest income totalled €120 million in the first half of the year (H1 2024: €135 million).

Finally, the BDS segment has also launched a new product for the German market – the time value accounts – and continued to internationalise its business activities, as announced with the Aareal Ambition strategy. Aareal Bank is set to enter the Dutch market in this segment in the second half of 2025.

## Outlook

Aareal Bank has had a good start to the year and is reconfirming its full-year guidance.

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### **About Aareal Bank**

Aareal Bank AG, headquartered in Wiesbaden, is a leading international property specialist. The Bank uses its expertise to identify trends, challenges and opportunities at an early stage, and to exploit them for the benefit of its stakeholders. It provides financings, banking services and payments solutions for the property sector and related industries, and is present across three continents, Europe, North America and Asia. Aareal Bank's business strategy focuses on sustainable business success, with environmental, social and governance (ESG) aspects as an integral part of this strategy.

Aareal Bank comprises the business segments Structured Property Financing and Banking & Digital Solutions. The Structured Property Financing segment contains the property financing and funding activities. Here, the Bank supports its clients in making large-volume commercial property investments. The investment properties mostly comprise office buildings, hotels, shopping centres, logistics and residential property, as well as student apartments. In the Banking & Digital Solutions segment, Aareal Bank supports businesses from the housing, property management and energy industries as a digitalisation partner – combining extensive advisory services and product solutions with traditional corporate banking services and deposit-taking.

## Aareal Bank – Key Indicators

	1 Jan-30 Jun 2025	1 Jan-30 Jun 2024 <sup>1)</sup>
<b>Results</b>		
Adjusted operating profit (€ mn) <sup>2)</sup>	223	185
Operating profit (€ mn)	208	181
Net profit (€ mn) <sup>3)5)</sup>	133	112
Cost/income ratio (%) <sup>4)</sup>	32.0	32.3
Earnings per ordinary share (€) <sup>5)6)</sup>	2.23	1.88
Adjusted RoE after taxes (%) <sup>2) 5) 7)</sup>	9.1	8.0

	30 June 2025	31 Dec 2024
<b>Statement of Financial Position</b>		
Property finance (€ mn)	32,430	33,471
Equity (€ mn)	3,717	5,460
Total assets (€ mn)	47,281	47,814
<b>Regulatory indicators<sup>8)</sup></b>		
Basel IV (phase-in)		
Risk-weighted assets (€ bn)	13.3	14.3
Common Equity Tier 1 ratio (CET1 ratio) (%)	21.8	20.2
Tier 1 ratio (T1 ratio) (%)	24.8	22.3
Total capital ratio (TC ratio) (%)	29.9	26.6
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.5	15.2
<b>Employees</b>	1,172	1,198

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

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

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

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

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

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

<sup>7)</sup> On an annualised basis

<sup>8)</sup> 31 December 2024: including annual results for 2024 less dividends (which have already been distributed) and including pro rata temporis accrual of interest on the AT1 bond.  
30 June 2025 (preliminary): including interim profits for 2025, deducting a planned dividend in line with the dividend policy and incorporating the pro rata accrual of interest payable on the AT1 bond.  
The SREP recommendations concerning the non-performing loans (NPL) inventory were taken into account, as well as the ECB's NPL guidelines for the regulatory capital for new NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB tests.

## Financial performance

### Consolidated net income – Aareal Bank Group

€ mn	1 Jan-30 Jun 2025	1 Jan-30 Jun 2024 <sup>1)</sup>
Net interest income	473	530
Net commission income	3	-2
Loan impairment charges (LICs) <sup>2)</sup>	-116	-176
Administrative expenses (adjusted) <sup>3)</sup>	-162	-176
Other items	25	9
<b>Adjusted operating profit<sup>3)</sup></b>	<b>223</b>	<b>185</b>
Non-recurring effects	-15	-4
<b>Operating profit</b>	<b>208</b>	<b>181</b>
Income taxes	-52	-53
<b>Consolidated net income (from continuing operations)</b>	<b>156</b>	<b>128</b>
Interest on AT1 bonds	-23	-16
<b>Net profit<sup>4)</sup></b>	<b>133</b>	<b>112</b>

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

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

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

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

## Segment results<sup>1)</sup>

	Structured Property Financing		Banking & Digital Solutions		Consolidation / Reconciliation		Aareal Bank Group	
	1 Jan-30 Jun 2025	1 Jan-30 Jun 2024	1 Jan-30 Jun 2025	1 Jan-30 Jun 2024	1 Jan-30 Jun 2025	1 Jan-30 Jun 2024	1 Jan-30 Jun 2025	1 Jan-30 Jun 2024
€ mn								
Net interest income	353	395	120	135	0	0	473	530
Loss allowance	-112	-163	0	0	0	0	-112	-163
Net commission income	4	1	-1	-3	0	0	3	-2
Net derecognition gain or loss	10	9	0	0	0	0	10	9
Net gain or loss from financial instruments (fvpl)	-5	-28	0	-1	0	0	-5	-29
Net gain or loss from hedge accounting	-4	8	0	0	0	0	-4	8
Net gain or loss from investments accounted for using the equity method	0	0	2	0	0	0	2	0
Administrative expenses	-127	-132	-50	-48	0	0	-177	-180
Net other operating income/expenses	19	9	-1	-1	0	0	18	8
<b>Operating profit (from continuing operations)</b>	<b>138</b>	<b>99</b>	<b>70</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>208</b>	<b>181</b>
Income taxes	-31	-27	-21	-26	0	0	-52	-53
<b>Consolidated net income (from continuing operations)</b>	<b>107</b>	<b>72</b>	<b>49</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>156</b>	<b>128</b>
Net income from sold operations	0	0	0	0	0	-136	0	-136
<b>Consolidated net income</b>	<b>107</b>	<b>72</b>	<b>49</b>	<b>56</b>	<b>0</b>	<b>-136</b>	<b>156</b>	<b>-8</b>
Consolidated net income attributable to non-controlling interests	0	0	0	0	0	-30	0	-30
Consolidated net income attributable to shareholders of Aareal Bank AG	107	72	49	56	0	-106	156	22
Allocated equity <sup>2)</sup>	2,177	1,632	371	415	633	830	3,181	2,877
RoE after taxes (%) <sup>3) 4)</sup>	8.1	7.0	24.3	26.9	0	0	8.4	7.8
<b>Employees (average)</b>	<b>779</b>	<b>816</b>	<b>399</b>	<b>385</b>			<b>1,178</b>	<b>1,201</b>
<b>Segment results</b>	<b>33,529</b>	<b>31,128</b>	<b>13,752</b>	<b>13,843</b>	<b>0</b>	<b>1,318</b>	<b>47,281</b>	<b>46,289</b>

<sup>1)</sup> Presentation in line with the structure prescribed by IFRS 5.

<sup>2)</sup> For management purposes, the allocated equity is calculated for both segments on the basis of a standardised capital requirement pursuant to Basel IV (fully phased) of 13.5 %.

<sup>3)</sup> On an annualised basis

<sup>4)</sup> The allocation of earnings is based on the assumption that interest payable on the AT1 bond is recognised on an accrual basis.