Press Call

H1 2025 results

August 07, 2025

Dr Christian Ricken (CEO)
Christof Winkelmann (CMO)

Aareal
YOUR COMPETITIVE ADVANTAGE.

Highlights
Full year outlook re-confirmed

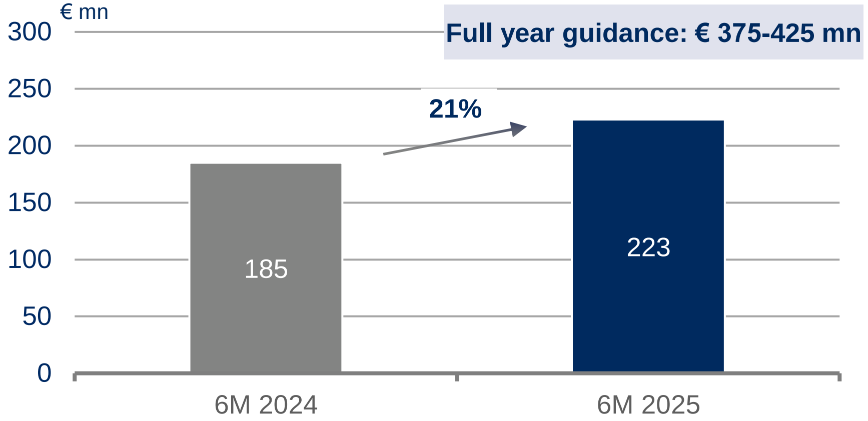
- 21% increase in first half adjusted operating profit to € 223 mn
- No discernible impact from recent market volatility
- New business activity higher than last year
- Impact of lower interest rates in line with expectations
- Loan impairment charges down by a third to € 116 mn
- Adjusted administrative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

Financial Performance – Group Profit & Loss

Adjusted operating profit increased by 21%

Profit & loss (€ mn)	H1 2024[1)]	H1 2025	Δ
Net interest income	530	473	-11%
Net commission income	-2	3	
Loan impairment charges (LICs)[2)]	-176	-116	-34%
Administrative expenses (adjusted)[3)]	-176	-162	-8%
Other components	9	25	
Adjusted operating profit[3)]	**185**	**223**	**21%**
Non-recurring items	-4	-15	
Operating profit	**181**	**208**	**15%**
Income taxes	-53	-52	
Consolidated net income (from continuing operations)	**128**	**156**	**22%**
Interest on AT1 bonds	-16	-23	44%
Net profit[4)]	**112**	**133**	**19%**
Adjusted return on equity (RoE)[3,5)]	**8.0%**	**9.1%**	

Adjusted operating profit (€ mn)



- Impact of lower interest rates in line with expectations
- Loan impairment charges down
- Administrative expenses tightly controlled
- Other components include a positive one-off from successful restructuring of former legacy NPL
- Higher AT1 costs due to overlapping replacement of existing AT1 bond
- Adjusted return on equity increased to 9.1%
- CET1 ratio (fully phased) increased from 15.2% (12/24) to 15.5%

1) The previous year's figures only refer to those activities then presented as continuing operations (excluding non-controlling interests)
2) Including NPLs recognized at fair value through profit and loss
3) Costs relating to efficiency measures, IT infrastructure investments and other material non-recurring effects
4) Consolidated net income allocated to ordinary shareholders
5) Post tax, based on IFRS equity

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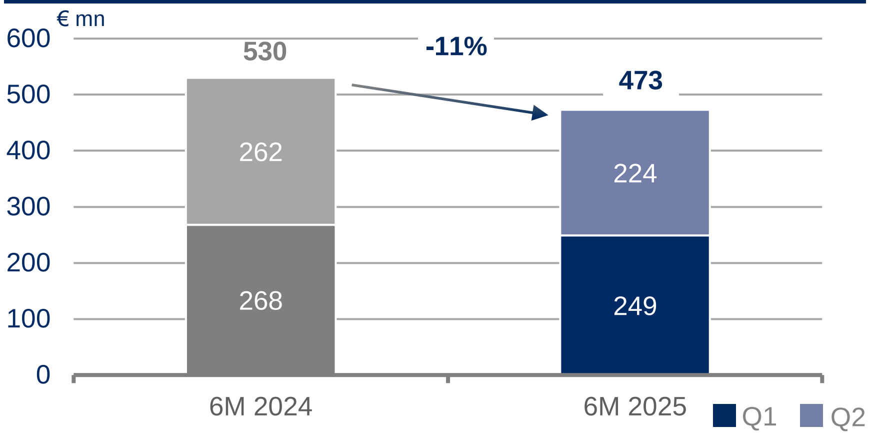
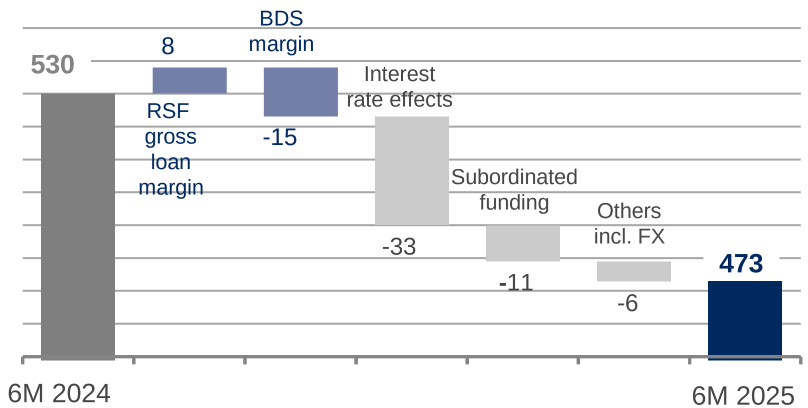
Financial Performance
Impact of lower interest rates in line with expectations

Net interest income



- Expected decrease of net interest income reflects
  - Lower interest rate environment (ESTR H1/24 of 3.9% vs. H1/25 of 2.4%: -1,5%)
  - Proactive strengthening of subordinated debt / capital
  - FX effect mainly in Q2 (€ -7 mn)
- Expected run rate at current level

Net interest income: year on year development

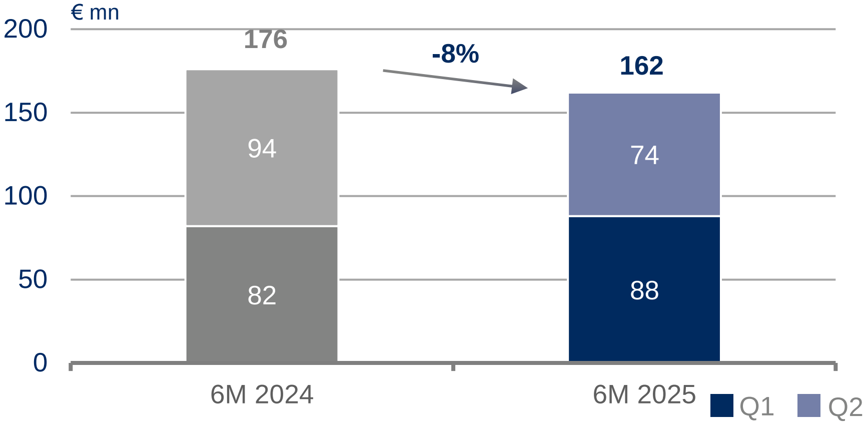


- Continued contribution from underlying loan book growth
- Lower BDS margin from interest rate environment
- Decline in returns on Treasury assets as a consequence of lower market interest rates
- Increased volume of subordinated funding

Financial Performance

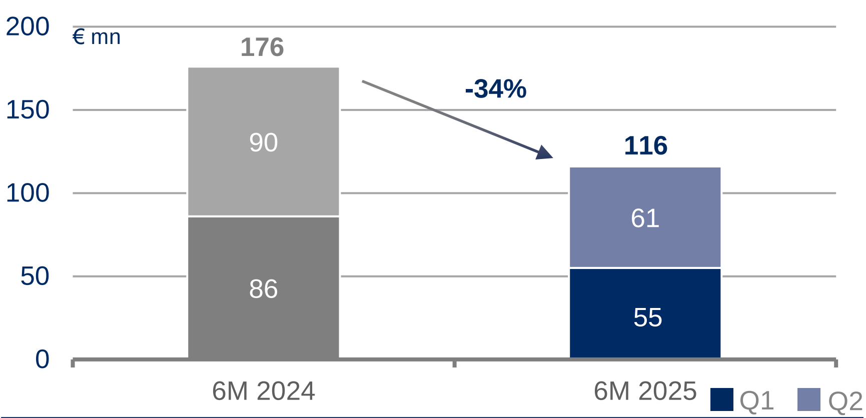
Administrative expenses controlled; Loan impairment charges markedly below previous year

Administrative expenses (adjusted)



- Recent cost efficiency measures now enabling cost reduction
- Adjusted cost-income ratio[1)] at 32%
- € 15 mn of non-recurring costs shown separately (6M/24: € 4 mn)

Loan impairment charges[2)]



Loan impairment charges markedly down year on year

- ~75% of total LICs attributable to US office
- Risk costs for the rest of the portfolio significantly below long-term average
- Management overlays down to € 17 mn (12/24: € 85 mn)
  - € ~40 mn incorporated in underlying provision models
  - € ~20 mn allocated to stage 3 individual exposures
  - Remaining overlay relates to US office market

1) 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
2) Including NPLs recognised at fair value through profit or loss

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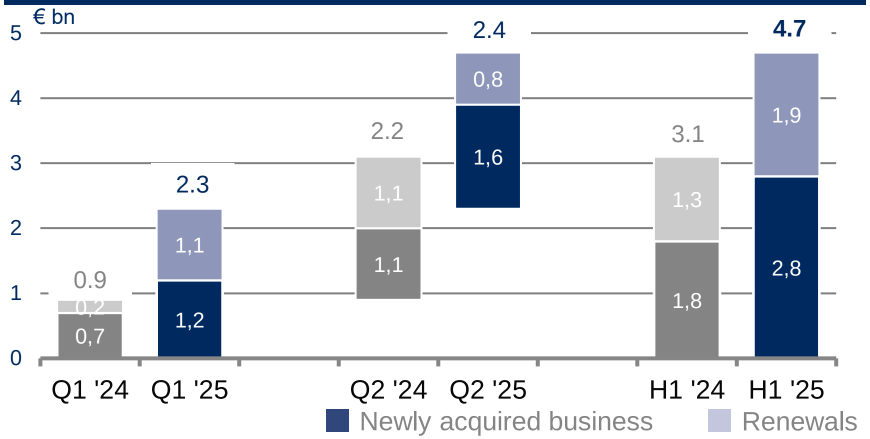
Structured Property Financing

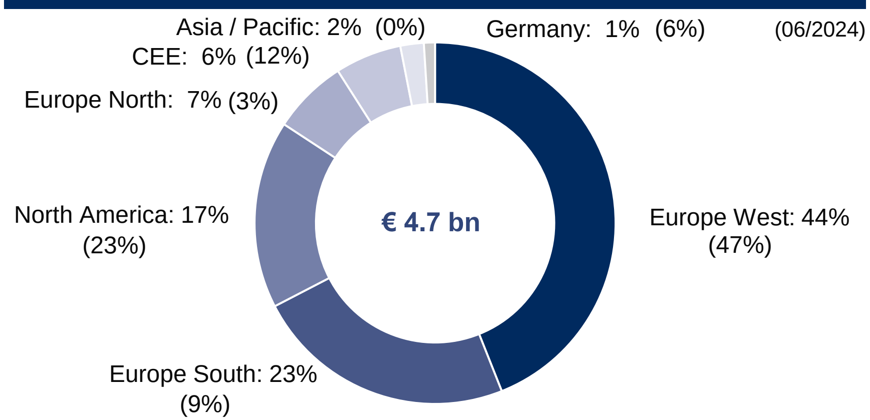
Strong new business generation with good margins and conservative LTVs

New business by quarter

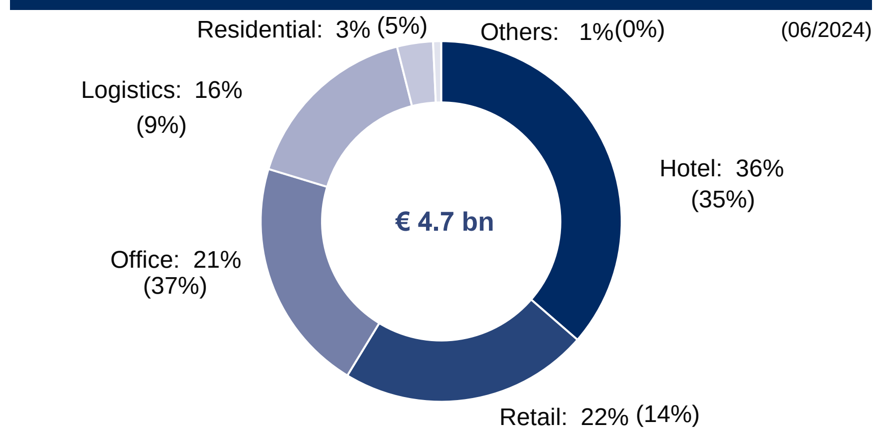


- Growth in North America deliberately reduced; focus on premium assets and long-standing, trusted partners
- Four large sized portfolios financings in Europe South (retail and logistics)
- Selective approach to office financings
- Now executing on Aareal Ambition move into funding Data Centres
- Newly acquired business
  - Conservative average LTV of 55% (6M/24: 46%)
  - Average margin of 251 bps (6M/24: 259 bps)
- New business includes € 1.1 bn green loans[1)]

New business by region



New business by property type

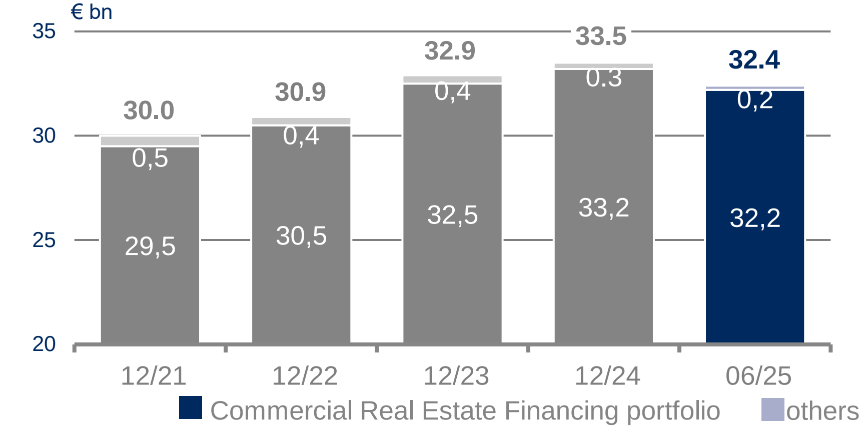


1) Governed by “Green Finance Framework”

Structured Property Financing

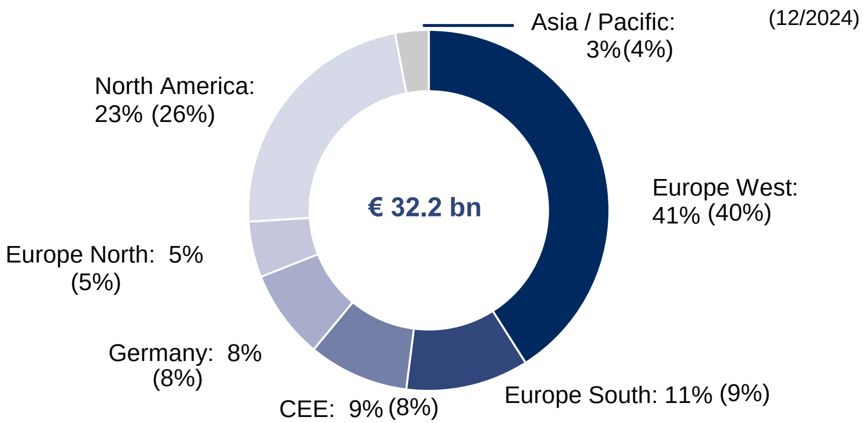
Loan portfolio on track at constant FX

Real Estate Financing Portfolio

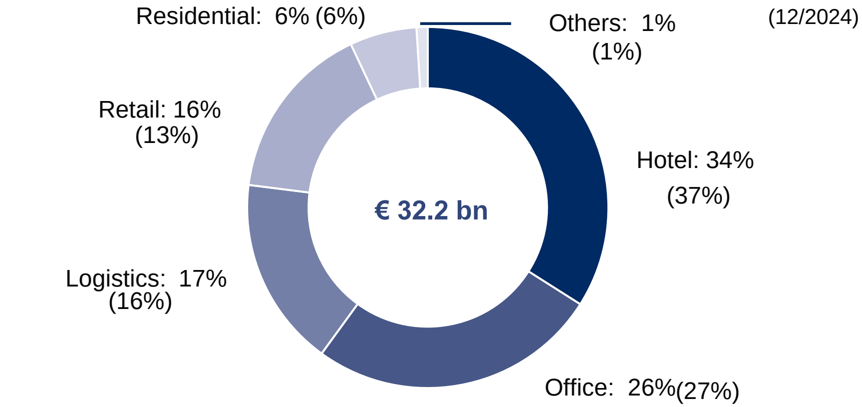


- Underlying loan volumes resilient but adverse foreign exchange effects
- Portfolio highly diversified by region and property type
  - Focus on major global metropolitan areas
  - No new construction financings
  - Limited exposure in Germany (only 8% of portfolio)
  - No exposure to Russia, China, Middle East
- Green loan volume of € 8.5 bn (12/24: € 7.6 bn)
- Financing of refurbishments to foster green transition

Commercial Real Estate Financing Portfolio by region



Commercial Real Estate Financing Portfolio by type



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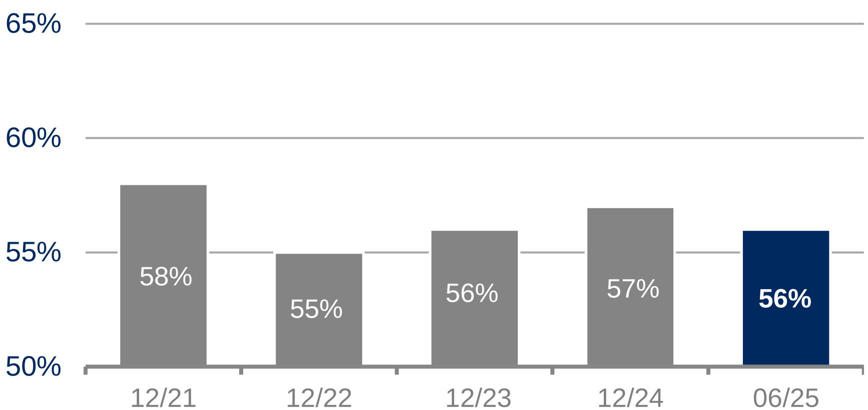
Structured Property Financing
Continuous focus on risk management

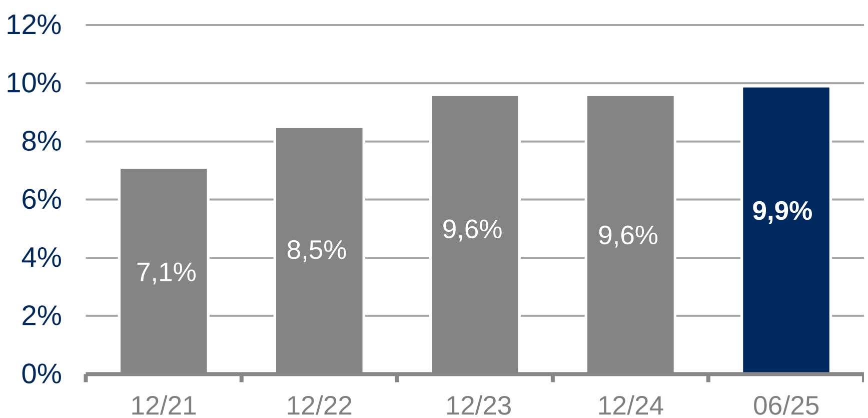
Performing portfolio loan-to-value (LTV)[1)]



Loan-to-value (LTV) by property type

%	12 ’21	12 ’22	12 ’23	12 ’24	06 ’25
Hotel	60	56	54	53	52
Logistics	55	52	55	58	58
Office	58	57	62	64	62
Retail	59	56	58	56	55

Performing portfolio yield-on-debt (YoD)[2)]



Yield-on-debt (YoD) by property type

%	12 ’21	12 ’22	12 ’23	12 ’24	06 ’25
Hotel	5.0	9.0	10.6	10.4	10.8
Logistics	8.7	9.0	9.3	9.4	9.2
Office	7.6	6.9	7.5	7.6	8.0
Retail	9.1	9.8	11.3	12.0	12.0

1) Including undrawn commitments, performing only
2) Performing only

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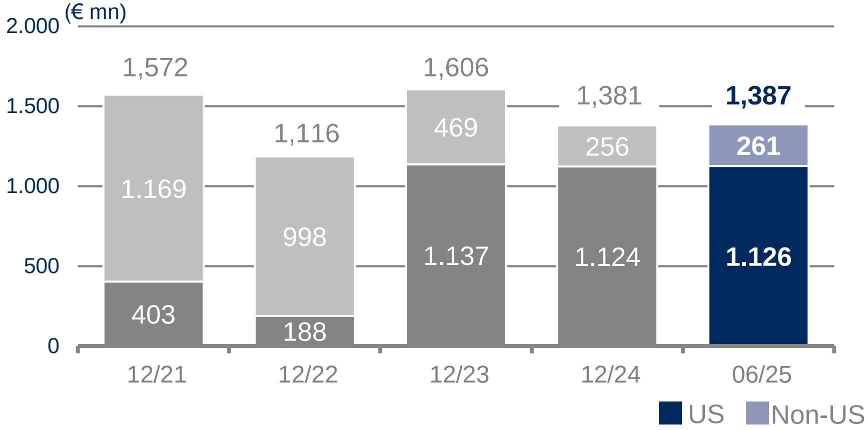
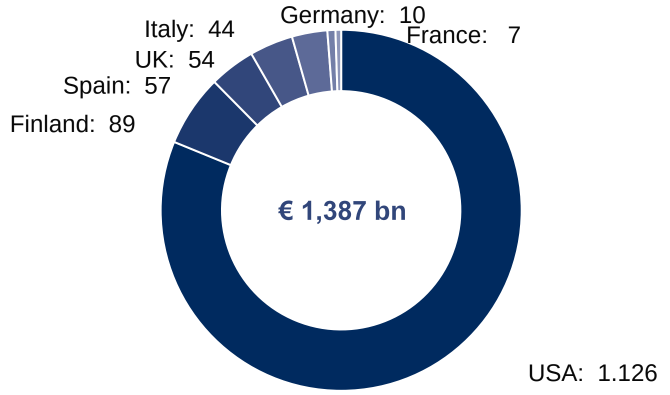
Structured Property Financing
Non-performing loans stable

Non-performing loan development

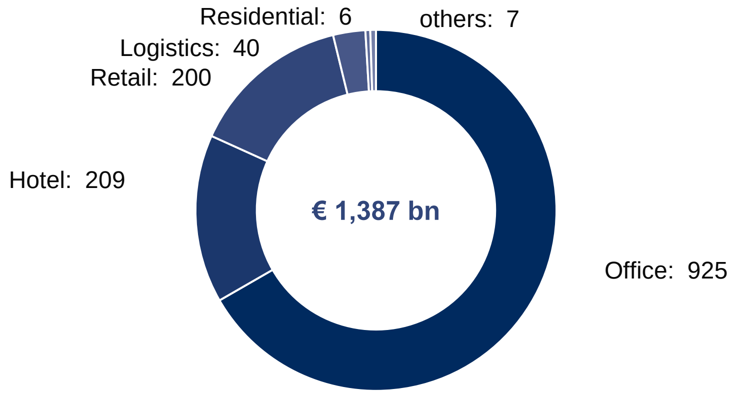


- Active NPL management
- US office market remains challenging, other asset classes and geographies operating normally
- Non-US NPLs represent only ~20% of total NPL volume but represent ~80% of the total portfolio
- Coverage ratio (incl. FVPL) of 28% (12/24: 28%)
- Non-performing exposure ratio acc. to EBA methodology[1)]: 3.3%

Non-performing loans by country



Non-performing loans by property type

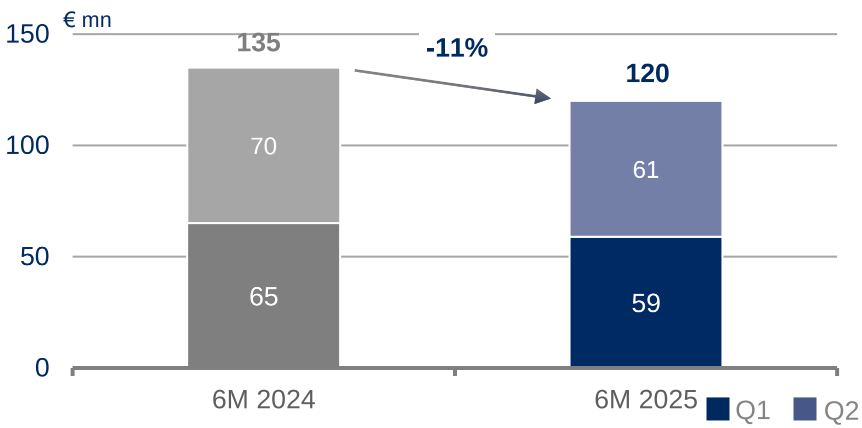


1) NPE ratio according to EBA Risk Dashboard definition

Banking & Digital Solutions

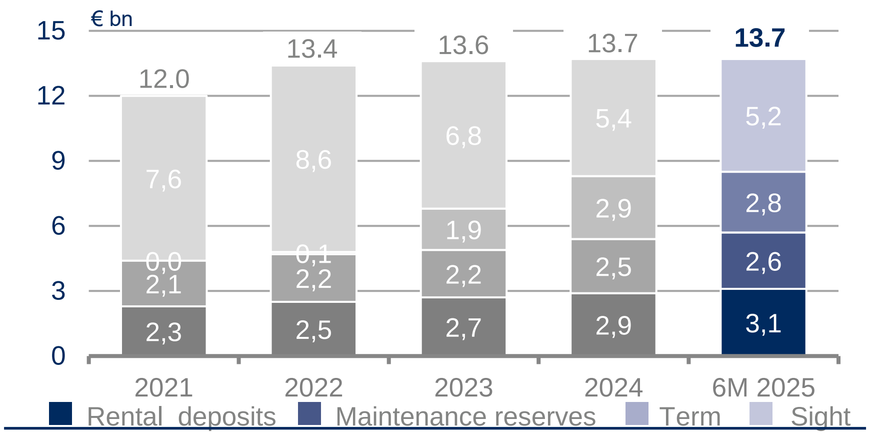
Average deposit volume in Q2 at € 14 bn

Net interest income



- NII reduction mainly due to lower interest rate environment
- Joint Venture with Aareon attracting new clients, further enhancing deposit volumes
- Granular and sticky Housing Industry deposit structure from ~4,000 clients managing more than 9 mn units

Average Housing Industry (BDS) deposits by type[1)]



- Strong deposit volume in 2025
  - Q1/25: € 13.4 bn
  - Q2/25: € 14.0 bn

1) Average on annual

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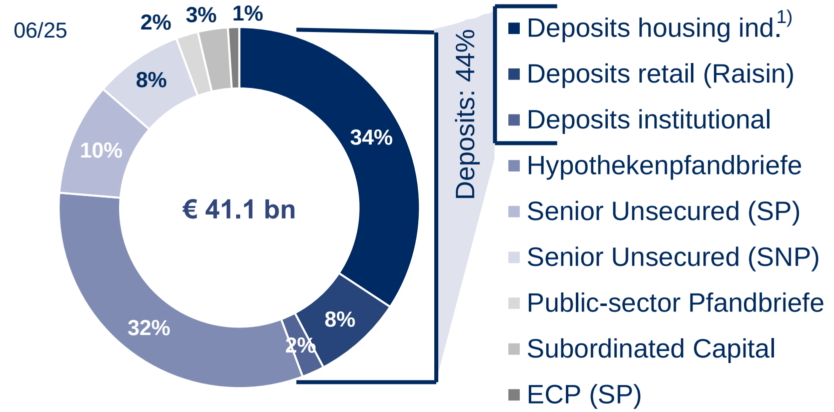
Funding & Liquidity

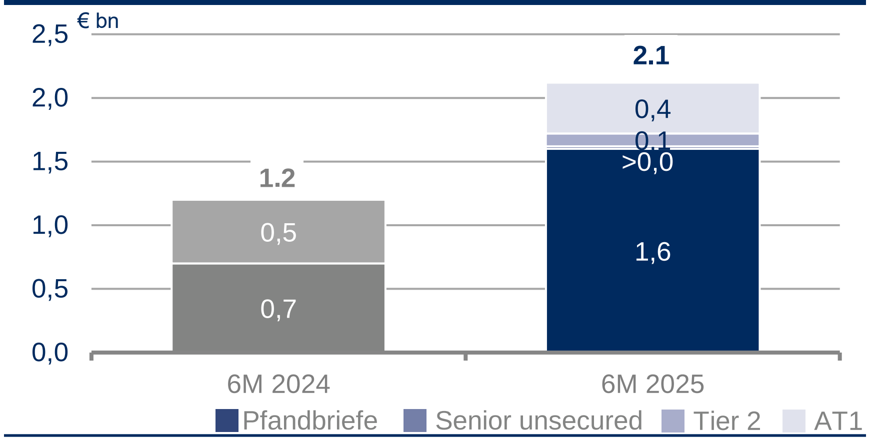
Very comfortable with full year funding plan largely executed

Liability structure



- Very robust liquidity position and ratios
  - NSFR 121%[2)]
  - LCR 262%[1)]
- Duration of liabilities successfully extended; retail deposits with an initial maturity ≥ 2 years
- Total deposits of € ~18 bn

Capital market funding activities



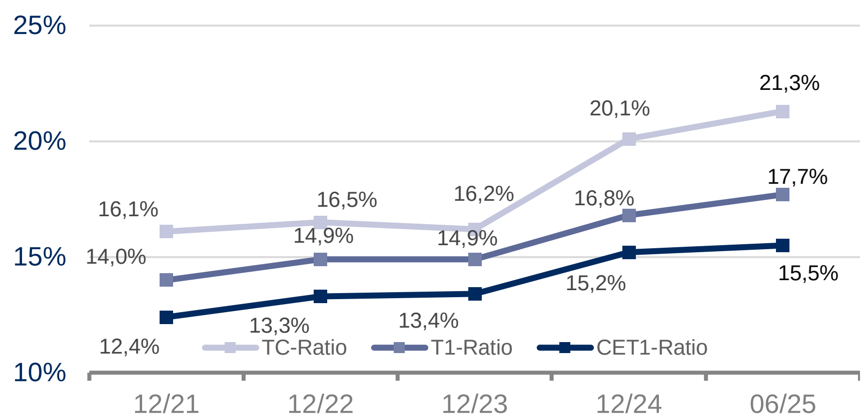
- Full year funding plan largely executed
  - AT1 capital increased net € ~100 mn by replacement of outstanding € 300 mn with new USD 425 mn
  - EUR 100 mn Tier 2
  - EUR 750 mn Pfandbrief benchmark (6.5Y)
  - SEK 750 mn Pfandbrief (first since 2006)
  - EUR 750 mn Pfandbrief benchmark (5.5Y)
- Prefunding considered in H2 subject to market conditions

1) Q2 average
2) As at 30.06.2025

Capital

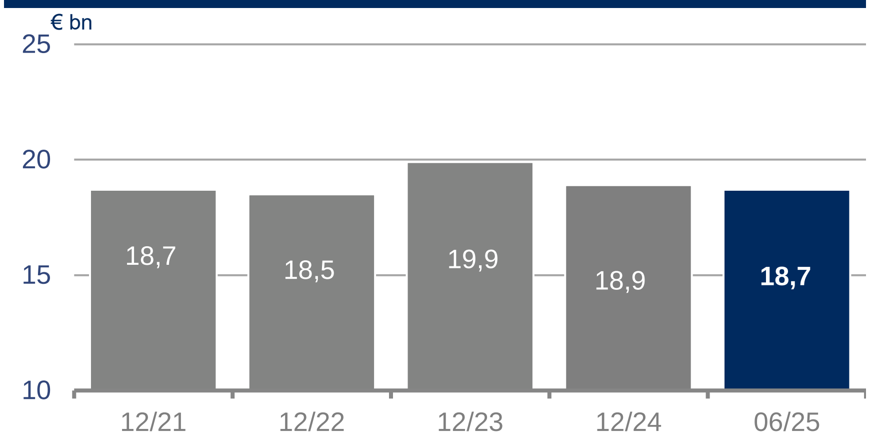
2025 stress test results demonstrate strength of balance sheet

B4 (fully phased) capital ratios

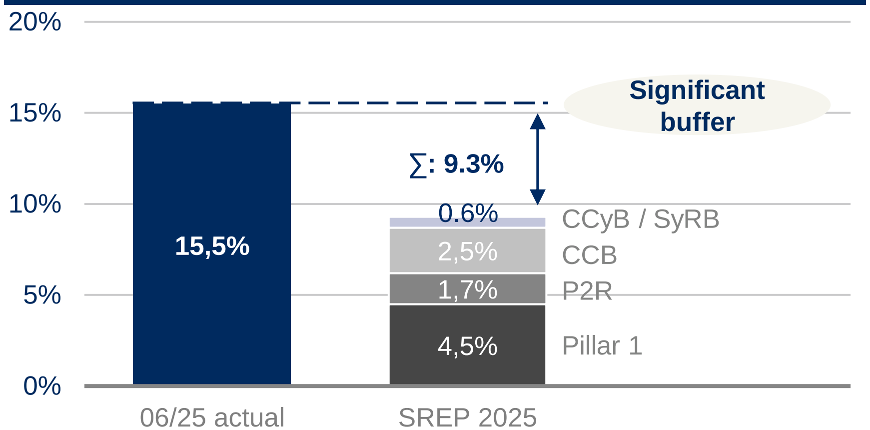


- CET1 ratio[1)] up mainly due to FX-driven RWA reduction
- AT1 and T2 further strengthened
- T1-Leverage ratio at 7.1% (12/24: 6.8%)
- B4 (phase-in) ratios
  - CET1: 21.8% (12/24: 20.2%)
  - Tier 1: 24.8% (12/24: 22.3%)
  - Total capital: 29.9% (12/24: 26.6%)
- Stress test 2025[1)]:
  - CET1 ratio within 11%-14% range
  - CET1 depletion at lower end of bucket 2 (300-599 bps)

B4 (fully phased) RWA



B4 (fully phased) CET1 ratio vs. SREP requirements



1) Fully phased

Aareal AMBITION: Recap

Four strategic targets are the foundation for our growth and efficiency initiatives

Strategic targets

- **Strengthening the core**
- **Expanding beyond**
- **Enhancing efficiency**
- **Maintaining discipline**

We are the leading real estate experts with global reach and local expertise

SPF
Deliver focused growth for on- and off-balance sheet business

BDS
Increase share of wallet and expand into adjacent markets

People
Drive high performance

Infrastructure
Exploit scalability

Risk, funding & capital
Maintain discipline on capital and liquidity ratios

Aareal AMBITION: Update

Implementation of Aareal Ambition strategy on track with key milestones already achieved in H1 2025

SPF	▪ Further expansion of asset classes with first data center financing of € 160 mn provided in July ▪ Attractive margins in our new business – with North America share reduced to 17% – achieved ▪ Execution of revised US strategy: new governance and management team implemented
BDS	▪ Growth of our deposit volume to € 14.0 bn[1)] based on strong market position in Germany ▪ Internationalisation of BDS with market entry into Netherlands well underway ▪ New deposit product "Zeitwertkonten" in Germany introduced
Risk, funding & capital	▪ Proactive credit risk management: positive one-off from restructuring of former legacy NPL ▪ Regulatory capital ratios further strengthened with new issuance of AT1 and Tier 2 ▪ Further initiatives ongoing to optimize liquidity profile and RWAs
Infrastructure	▪ New COO division implemented and new IT strategy well underway ▪ On track to achieve targeted headcount reduction with >60% already accomplished ▪ Operating costs reduced by 8%[2)] despite inflationary pressure

1) Average BDS deposit volume in Q2/2025
2) Adjusted for costs relating to efficiency measures, IT infrastructure investments and other material non-recurring effects

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Outlook 2025
Full year outlook re-confirmed

	METRIC	2024	OUTLOOK 2025
Structured Property Financing	▪ REF Portfolio[2)] ▪ New business	€ 33.5 bn € 10.9 bn	€ 34 - 35 bn € 9 - 10 bn
Banking & Digital Solutions	▪ Deposit volume	€ 13.7 bn	€ 13 - 14 bn
Operating profit		**€ 294 mn**	**€ 375 - 425 mn[1)]**
Return on equity (RoE)[3)]		5.9%	7% - 8%[1)]

1) Adjusted, excl. expected one-off charges of € 20-25 mn in 2025
2) At constant 2024 FX
3) Post tax, based on IFRS equity

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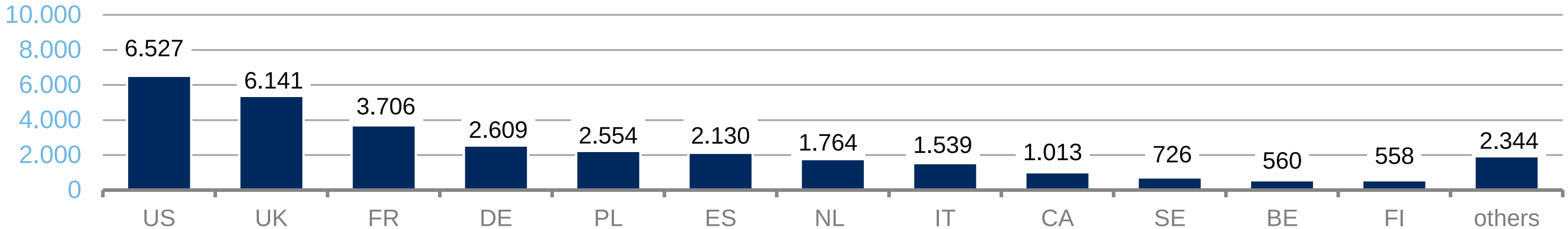
Appendix

Asset Quality

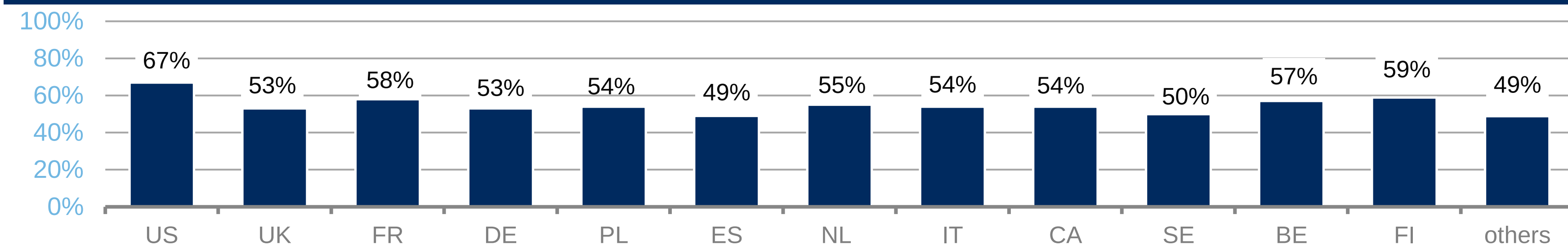
Segment SPF: CREF portfolio by country

€ 32.2 bn well diversified

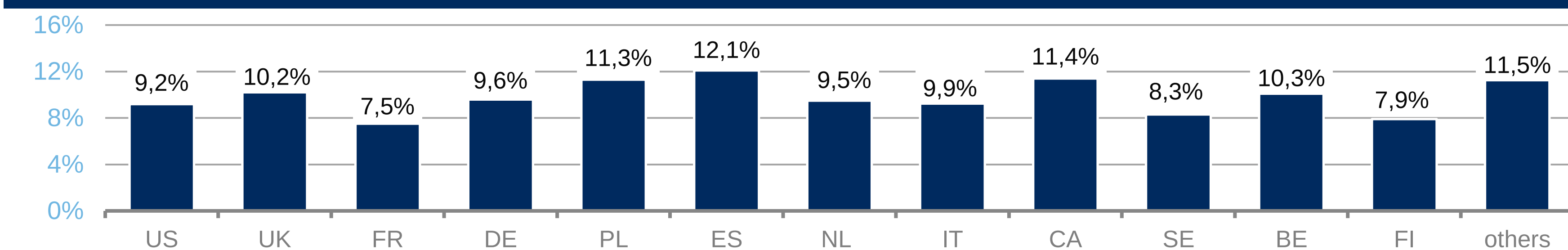
CREF portfolio (€ mn) **€ 32.2 bn** (12/2024: € 33.2 bn)



LTV[1)] **Ø LTV: 56%** (12/2024: 57%)



YoD[2)] **Ø YoD: 9.9%** (12/2024: 9.6%)



Note: others, including countries with a portfolio below € 500 mn
1) Including undrawn commitments, performing only
2) Performing only

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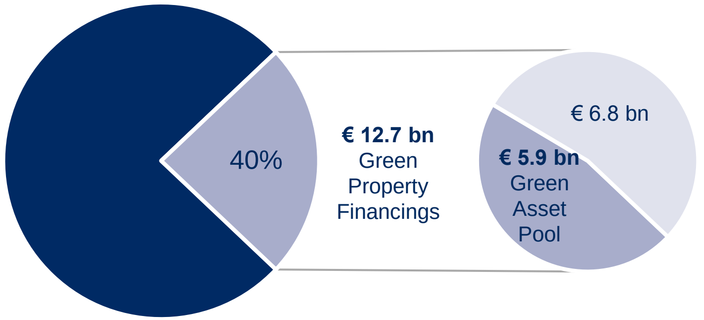
40% of CREF portfolio classified as Green Property Financings

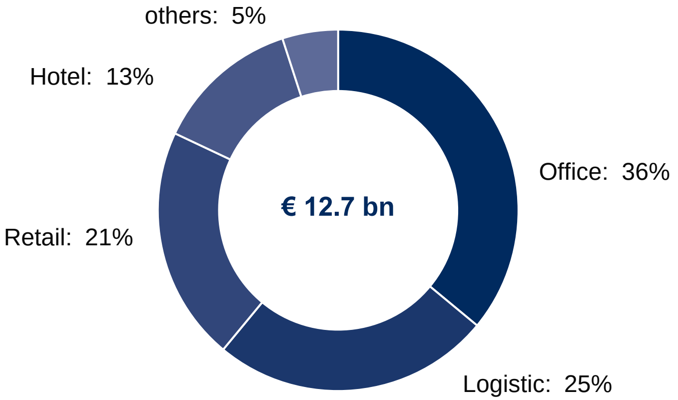
CREF[1] portfolio



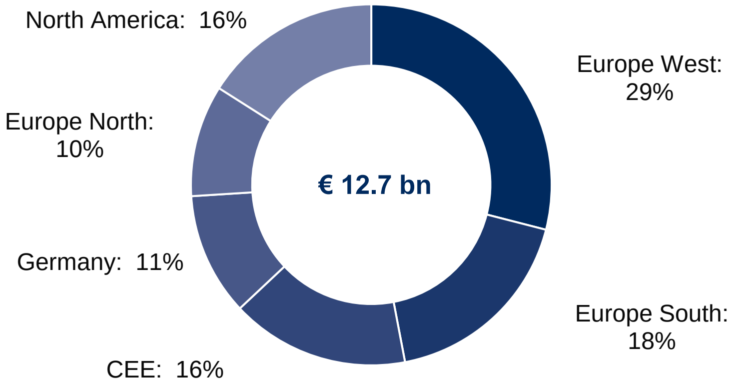
€ 12.7 bn[1] or 40% of total CREF portfolio fulfilling Aareal's Green Finance Framework and are classified as "Green Property Financings", thereof

- € 5.9 bn included in green asset pool for underlying of Green bond issues
- € 6.8 bn green property financings not (yet) included

Green Property Financings[2] by property type



Green Property Financings[2] by region



1) CREF excluding business not directly collateralized by properties
Portfolio data as at 30.06.2025
2) Valid certificate is documented

Appendix

Group Results

Aareal Bank
Financial performance 6M 2025

€ mn	01.01.-30.06.2024[1)]	01.01.-30.06.2025
Net interest income	530	473
Net commission income	-2	3
Loan impairment charges (LICs)[2)]	-176	-116
Administrative expenses (adjusted)[3)]	-176	-162
Other items	9	25
Adjusted operating profit[3)]	**185**	**223**
Non-recurring effects	-4	-15
Operating profit	**181**	**208**
Income taxes	-53	-52
Consolidated net income (from continuing operations)	**128**	**156**
Interest on AT1 bonds	-16	-23
Net profit[4)]	**112**	**133**

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3) Costs for efficiency measures, IT infrastructure investments and other material non-recurring effects
4) Consolidated net income allocated to ordinary shareholders

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Segment results 6M 2025[1)]

€ mn	Structured Property Financing		Banking & Digital Solutions		Consolidation / Reconciliation		Aareal Bank Group	
	01.01.-30.06.2024	01.01.-30.06.2025	01.01.-30.06.2024	01.01.-30.06.2025	01.01.-30.06.2024	01.01.-30.06.2025	01.01.-30.06.2024	01.01.-30.06.2025
Net interest income	395	353	135	120	0	0	530	473
Loss allowance	-163	-112	0	0	0	0	-163	-112
Net commission income	1	4	-3	-1	0	0	-2	3
Net derecognition gain or loss	9	10	0	0	0	0	9	10
Net gain or loss from financial instruments (fvpl)	-28	-5	-1	0	0	0	-29	-5
Net result from hedge accounting	8	-4	0	0	0	0	8	-4
Net gain or loss from investments accounted for using the equity method	0	0	0	2	0	0	0	2
Administrative expenses	-132	-127	-48	-50	0	0	-180	-177
Net other operating income / expenses	9	19	-1	-1	0	0	8	18
Operating profit (from continuing operations)	**99**	**138**	**82**	**70**	**0**	**0**	**181**	**208**
Income taxes	-27	-31	-26	-21	0	0	-53	-52
Consolidated net income (from continuing operations)	**72**	**107**	**56**	**49**	**0**	**0**	**128**	**156**
Net income from sold operations	0	0	0	0	-136	0	-136	0
Consolidated net income	**72**	**107**	**56**	**49**	**-136**	**0**	**-8**	**156**

1) Presentation in line with the structure prescribed by IFRS 5

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Results[1)] - quarter by quarter

€ mn	Structured Property Financing					Banking & Digital Solutions					Consolidation / Reconciliation					Aareal Bank				
	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Net interest income	192	194	202	190	163	70	68	66	59	61	0	0	0	0	0	262	262	268	249	224
Loss allowance	-80	-94	-113	-54	-58	0	0	0	0	0	0	0	0	0	0	-80	-94	-113	-54	-58
Net commission income	2	1	-1	1	3	-2	0	-2	0	-1	0	0	0	0	0	0	1	-3	1	2
Net derecognition gain or loss	6	10	12	4	6	0	0	0	0	0	0	0	0	0	0	6	10	12	4	6
Net gain or loss from financial instruments (fvpl)	-11	-22	7	1	-6	0	0	0	0	0	0	0	0	0	0	-11	-22	7	1	-6
Net result from hedge accounting	0	-6	1	-4	0	0	0	0	0	0	0	0	0	0	0	0	-6	1	-4	0
Net gain or loss from investments accounted for using the equity method	0	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0	1	1	1
Administrative expenses	-72	-48	-98	-70	-57	-24	-25	-26	-25	-25	0	0	0	0	0	-96	-73	-124	95	-82
Net other operating income/expenses	9	2	-16	-3	22	0	0	0	0	-1	0	0	0	0	0	9	2	-16	-3	21
Operating profit (from continuing operations)	**46**	**37**	**-6**	**65**	**73**	**44**	**43**	**39**	**35**	**35**	**0**	**0**	**0**	**0**	**0**	**90**	**80**	**33**	**100**	**108**
Income taxes	-15	-9	6	-17	-14	-14	-14	-12	-10	-11	0	0	0	0	0	-29	-23	-6	-27	-25
Consolidated net income (from continuing operations)	**31**	**28**	**0**	**48**	**59**	**30**	**29**	**27**	**25**	**24**	**0**	**0**	**0**	**0**	**0**	**61**	**57**	**27**	**73**	**83**
Net income from sold operations	0	0	0	0	0	0	0	0	0	0	-142	-25	2,223	0	0	-142	-25	2,223	0	0
Consolidated net income	**31**	**28**	**0**	**48**	**59**	**30**	**29**	**27**	**25**	**24**	**-142**	**-25**	**2,223**	**0**	**0**	**-81**	**32**	**2,250**	**73**	**83**
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	-32	-7	37	0	0	-32	-7	37	0	0
Consolidated net income attributable to shareholders	**31**	**28**	**0**	**48**	**59**	**30**	**29**	**27**	**25**	**24**	**-110**	**-18**	**2,186**	**0**	**0**	**-49**	**39**	**2,213**	**73**	**83**

1) Presentation in line with the structure prescribed by IFRS 5

Appendix

Definitions and contacts

Definitions

New Business	New business = Newly acquired business + renewals
Common Equity Tier 1 ratio	$\frac{\text{CET 1}}{\text{Risk weighted assets}}$
CIR	$\frac{\text{Admin expenses (excluding bank levy/deposit guarantee scheme and one-off costs)}}{\text{Net income}}$
Net income	Net interest income + Net commission income + Net derecognition gain or loss + Net gain or loss from financial instruments (fvpl) + Net gain or loss on hedge accounting + Net gain or loss from investments accounted for using the equity method + Net other operating income / expense
Net stable funding ratio	$\frac{\text{Available stable funding}}{\text{Required stable funding}}$
Liquidity coverage ratio	$\frac{\text{Total stock of high quality liquid assets}}{\text{Net cash outflows under stress}}$
Yield on Debt	$\frac{\text{Net operating income (12-months forward looking) x 100}}{\text{Outstanding incl. prior/pari-passu loans (without developments)}}$
CREF-portfolio	Commercial real estate finance portfolio excl. private client business and WIB's public sector loans
REF-portfolio	Real estate finance portfolio incl. private client business and WIB's public sector loans
Exposure (performing)	Maximum (actual commitment or outstanding)

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