Regulatory Disclosure Report for Q1 2025

of Atlantic Group

Aareal

YOUR COMPETITIVE ADVANTAGE.

Regulatory Disclosure Report for Q1 2025

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 financial information for the first quarter of 2025 and in the presentation to the Analyst Conference Call on the results of the first quarter of 2025, which is available for download from Aareal Bank's website.

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).

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.

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. The scope of the information that has to be disclosed on a quarterly basis is therefore based on the requirements of Article 433a (1) lit. c) of the CRR.

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.

As the equivalent value of derivatives and the related counterparty credit risk for the purpose of regulatory reporting are determined exclusively according to the standardised approach for measuring counterparty credit risk (SA-CCR) (Article 274 et seqq. of the CRR), 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.

Likewise, tables EU MR2-B (RWA flow statements of market risk under the internal model approach) and EU CVA4 (RWA flow statements of credit valuation adjustment risk under the Standardised Approach) were not taken into account, due to the fact that the Bank does not use internal models for the calculation of regulatory capital requirements for market risk and the standard approach pursuant to Article 383 of the CRR to determine RWAs for CVA risk is not being applied either.

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.

The Regulatory Disclosure Report is 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.

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

Basel 4-related Changes

With the entry into force of Regulation (EU) 2024/1623 at the end of June 2024, Regulation (EU) No. 575/2013 (CRR) was amended, in particular with regard to credit risk, credit valuation adjustment (CVA) risk, operational risk and the output floor. These amendments are to be applied from 1 January 2025 onwards.

The following overview presents the key changes.

Credit risk

Exposures discussed in the CRSA that are collateralised by immovable property are split into two categories: income producing real estate (IPRE), where loan repayments depend on cash flows generated by the residential or commercial immovable property financed, and non-income producing real estate (non-IPRE). Risk weights are determined through approaches that are more sensitive to risk than the methods applied so far (loan splitting vs. exposure to value). The loan-splitting can be used in particular if the hard test in the country where the property is located is deemed to be fulfilled; failing that, the exposure-to-value method is applied.

The property value (a newly-defined value for real property that must be determined using sufficiently conservative valuation criteria and must not exceed the property's market value) is decisive for the purposes of loan splitting and the exposure-to-value calculation.

Receivables related to companies and special purpose entities for land acquisition, development and construction (ADC exposures) are analysed separately under the CRSA. These exposures are given a risk weight of 150 %. They are of minor relevance to Aareal Bank.

The weighting of credit conversion factors (CCF) depends on the classification of the underlying off-balance sheet risk exposures. CCFs determined under the Credit Risk Standard Approach (CRSA) must also be used in the Foundation IRB approach (FIRBA) and in the Advanced IRB Approach (AIRBA).

The equity investments reported under the AIRBA with a risk weight of 370 % through 31 December 2024 are exclusively reported under the CRSA with a risk weight of 250 %.

Input floors have been established for assessing the risk parameters used in the internal models. While these input floors refer to the borrowers' probability of default (PD) and the loss given default (LGD) under the AIRBA, they refer only to PD under the FIRBA.

Exposures relating to financial sector entities or large companies (except specialised lending) must be treated under the FIRBA, requiring LGD values prescribed by regulators to be used. Pursuant to Article 142 (1) (5a) of the CRR, "large corporate" means any corporate undertaking having consolidated annual sales of more than € 500 million or belonging to a group where the total annual sales for the consolidated group is more than € 500 million.

Subordinated risk exposures that fall under Article 128 of the CRR and are not deducted from regulatory capital are assigned a risk weight of 150 % and reported in a CRSA exposure class of their own.

For exposures to unrated institutions, the risk weight is no longer extrapolated from the external rating of the country of domicile. Instead, a C rating is generally assumed for these exposures.

When external credit ratings are used, they must be subject to internal due diligence in accordance with Article 79 of the CRD. If the internal credit quality assessment is more conservative than the external rating, the risk weight must be increased by at least one rating grade.

Output floor

In addition to the standard approach, banks can use internal models to calculate risk-weighted exposure amounts (RWAs). Using internal estimates of risk parameters results in lower regulatory capital requirements than using standardised approaches. The output floor introduced under CRR III is intended to reduce the divergence in RWAs – and therefore in regulatory capital requirements – between the two measurement approaches.

In 2025, the output floor will be set at 50 % of the RWAs calculated exclusively under the standardised approach for credit risk (Standardised Total Risk Exposure Amount – S-TREA). The floor will increase gradually over a five-year transitional phase to reach 72.5 % of the S-TREA as of 1 January 2030.

According to Article 92 (3) of the CRR, the applicable Total Risk Exposure Amount (TREA) for regulatory capital requirements is the higher of the RWAs calculated using internal models (Unfloored Total Risk Exposure Amount – U-TREA) and the S-TREA weighted by the relevant factor for the given year.

Moreover, the TREA is capped at 125 % of the U-TREA until 31 December 2029.

CVA risk

Aareal Bank uses a reduced basic approach under Article 384 of the CRR that does not include any hedges for calculating the regulatory capital requirements for credit valuation adjustment (CVA) risks. This approach is based on the standard method in use until the end of last year.

Operational risk

Regulators now only permit a single method for determining operational risk, whereby regulatory capital requirements for operational risk are determined using the business indicator component as defined in Article 313 et seqq. of the CRR. The business indicator is calculated using three components: the interest, leases and dividend component, the services component and the financial component.

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).

As at the reporting date, the output floor had no impact on the RWAs applicable for regulatory capital requirements, and hence on the capital ratios, because the RWAs determined using internal models and considering the partial-use method as per Article 150 of the CRR (Unfloored TREA – “U-TREA”) are higher than the 50 %-weighted RWAs determined exclusively according to standardised approaches (output floor).

EU KM1: Key metrics

€ mn		a 31 Mar 2025	b 31 Dec 2024	c 30 Sep 2024	d 30 Jun 2024	e 31 Mar 2024
	Available own funds					
1	Common Equity Tier 1 (CET1) capital	2,797	2,892	2,469	2,652	2,518
2	Tier 1 (T1) capital	3,204	3,192	2,756	2,938	2,804
3	Own funds	3,905	3,808	3,363	3,166	3,042
	Risk-weighted exposure amounts					
4	Risk-weighted exposure amounts (RWAs)	13,605	14,268	14,783	13,919	13,788
4a	Total risk exposure (unfloored)	13,605	–	–	–	–
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (CET1 ratio)	20.56	20.27	16.70	19.05	18.26
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	20.56	–	–	–	–
6	Tier 1 ratio (T1 ratio)	23.55	22.37	18.64	21.11	20.34
6b	Tier 1 ratio considering unfloored TREA (%)	23.55	–	–	–	–
7	Total capital ratio (TC ratio)	28.70	26.69	22.75	22.74	22.06
7b	Total capital ratio considering unfloored TREA (%)	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	0.59	0.65	0.59	0.54
EU 9a	Systemic risk buffer	0.01	0.02	0.02	0.02	0.02
10	Global Systemically Important Institution buffer	–	–	–	–	–
EU 10a	Other Systemically Important Institution buffer	–	–	–	–	–
11	Combined buffer requirement	3.16	3.11	3.17	3.12	3.06
EU 11a	Overall capital requirements	14.16	14.11	14.17	14.12	14.06
12	CET1 available after meeting the total SREP own funds requirements	14.37	14.08	10.39	11.74	11.06
	Leverage Ratio					
13	Total exposure measure	45,183	46,683	44,860	44,152	45,459
14	Leverage Ratio (%)	7.09	6.84	6.14	6.65	6.17

>

€ mn		a 31 Mar 2025	b 31 Dec 2024	c 30 Sep 2024	d 30 Jun 2024	e 31 Mar 2024
	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)	7,401	7,605	7,493	7,383	7,344
EU 16a	Cash outflows – total weighted value	4,119	4,289	4,409	4,436	4,489
EU 16b	Cash inflows – total weighted value	1,032	983	1,013	877	816
16	Total net cash outflows (adjusted value)	3,087	3,306	3,396	3,559	3,673
17	Liquidity coverage ratio (LCR) (%)	241.46	234.96	225.68	210.61	200.78
	Net Stable Funding Ratio					
18	Total available stable funding	34,897	35,193	34,473	34,214	33,200
19	Total required stable funding	29,693	29,971	28,166	28,232	28,433
20	NSFR (%)	117.53	117.43	122.39	121.19	116.76

Development of key metrics

Capital ratios and RWAs

Compared to the previous disclosure date of 31 December 2024, the capital ratios reported to the supervisory authorities (CET1, T1 and TC ratio) increased by 1.16 percentage points on average. This development was due to the € 663 million decline in RWAs and a € 97 million increase in regulatory capital.

The RWAs were calculated in accordance with CRR III, which has been applicable since 1 January 2025. The resulting key changes are explained in the chapter “Basel 4-based changes”. The Basel 4 requirements applicable to commercial property lending and equity exposures were already fully taken into account in the RWA calculation as of 31 December 2024.

The RWAs calculated under the credit risk standard approach declined by approximately € 32 million compared to the previous quarter. One contributing factor was the movement of the USD reference exchange rate in the first quarter of 2025.

In accordance with the RWA comparison set out in Article 92 (3) of the CRR, the RWAs calculated using internal models (U-TREA) were used for determining regulatory capital requirements.

The increase in regulatory capital was primarily due to the increase in Tier 2 (T2) capital following the issue of a subordinated debt security with a total nominal amount of € 100 million and a € 107 million increase in Additional Tier 1 (AT1) capital following the issue of perpetual subordinated notes with a total nominal amount of USD 425 million in January, which was made in connection with the redemption of the AT1 bond issued in 2014 with a nominal amount of € 300 million (ISIN: DE000A1TNDK2). This was offset by a € 95 million decline in CET1 capital, primarily due to a change in the OCI (€ -5 million) as well as the deduction of (gross) additions to loss allowance during the year (€ -85 million).

Leverage Ratio

Compared to 31 December 2024, the Leverage Ratio increased to 7.09 %, which was due to the € 1,500 million decrease in the total exposure measure and a € 12 million increase in Tier 1 capital. The main driver for the decline in the total exposure measure was the decrease in the cash reserve measured at amortised cost.

Liquidity Coverage Ratio

Atlantic Group's Liquidity Coverage Ratio (LCR), as reported to the supervisory authorities, increased compared to 31 December 2024 (206.91 %), reaching 211.23 % as at the reporting date. This development was driven by an increase in high-quality liquid assets (HQLAs; up € 1,062 million) while net cash outflows showed a lower-than-proportionate increase of €445 million.

The increase in HQLAs was mainly attributable to the € 478 million rise in housing sector and other deposits as well as capital increases (€ 400 million in AT1 capital and € 100 million in Tier 2 capital).

The main drivers of the quarter-on-quarter increase in net cash outflows were maturing own issues and the volume of non-operational deposits.

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 tables EU KM1 and EU LIQ1.

Net Stable Funding Ratio

Compared to 31 December 2024, the Net Stable Funding Ratio (NSFR) only increased marginally to 117.53 %, reflecting a € 278 million decline in Required Stable Funding (RSF) and a simultaneous decrease in Available Stable Funding (ASF) in the amount of € 296 million.

RSF decreased in particular due to a € 64 million decline in loans and a lower inventory of non-performing loans (€ -188 million).

The decrease in ASF was primarily driven by a € 534 million increase in regulatory capital and the reclassification of registered securities and covered bonds into shorter residual maturity bands (€ -384 million).

Risk-weighted Assets and Regulatory Capital Requirements

The following table EU OV1, disclosed in accordance with Article 438 lit. d) of the CRR, presents the risk-weighted exposure amounts (RWA, or TREA) and regulatory capital requirements by relevant risk category.

As at 31 March 2025, no risks associated with outstanding delivery as part of counterparty risks had to be taken into account when determining counterparty usage limits.

Due to the first-time application of CRR III as of 1 January 2025 and the associated changes in the calculation of regulatory capital requirements, a comparison of the RWAs with the previous quarter's figures would not be appropriate.

Based on the calculation approaches under the AIRBA, FIRBA 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
		RWAs		Regulatory capital requirements
€ mn		31 Mar 2025	31 Dec 2024	31 Mar 2025
1	**Credit risk (excluding counterparty credit risk)**	**11,377**	**12,214**	**910**
2	of which: Credit Risk Standard Approach (CRSA)	1,447	1,087	116
3	of which: Foundation IRB Approach (FIRB)	39	–	3
4	of which: slotting approach	–	–	–
EU 4a	of which: equity exposures under the simple risk-weighted approach	–	450	–
5	of which: advanced IRB (AIRB) approach	9,892	10,677	791
6	**Counterparty credit risk**	**284**	**325**	**23**
7	of which: standardised approach	244	273	20
8	of which: internal model method (IMM)	–	–	–
EU 8a	of which: exposures to a CCP	4	3	0
9	of which: other CCR	36	49	3
10	**Credit valuation adjustment risk – CVA risk**[1]	**157**	**118**	**13**
EU 10a	of which: standardised approach (SA)	–	–	–
EU 10b	of which: foundation approach (F-BA and R-BA)	157	118	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 approach	–	–	–
18	of which: SEC-ERBA (including IAA)	–	–	–
19	of which: SEC-SA approach	–	–	–
EU 19a	of which: 1,250 % / deduction	–	–	–
20	**Position, foreign exchange and commodity risks (market risk)**	**–**	**–**	**–**
21	of which: alternative standardised approach (A-SA)	–	–	–
EU 21a	of which: simplified standardised approach (S-SA)	–	–	–
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**	**1,611**	**143**
EU 24a	**Exposures to crypto-assets**	**–**	**–**	**–**
25	**Amounts below the thresholds for deduction (subject to 250 % risk weight)**	**466**	**523**	**37**
26	**Output floor applied (%)**	**50**	**–**	
27	**Floor adjustment (before application of transitional cap)**	**–**	**–**	
28	**Floor adjustment (after application of transitional cap)**	**–**	**–**	
29	Total	13,605	14,268	1,088

[1] CVA risk is presented as a separate risk type upon first-time application of the CRR III. To ensure comparability, RWAs disclosed under counterparty credit risk as at 31 December 2024 are shown in line EU 10b in the table above.

In accordance with Annex I of Commission Implementing Regulation (EU) 2024/3172, the disclosure of RWAs of deferred tax assets in line 25 is only for information, since they are already reflected in line 2 of the disclosure table.

Regarding the causes of RWA changes during the first quarter of 2025, reference is made to the explanations in the previous chapter “Overview of regulatory key metrics”.

Output Floor

Row 28 of table EU OV1 (page 9) shows that the output floor had no impact on the RWAs applicable for regulatory capital requirements 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 applying the output floor (U-TREA).

Columns d and EU d show the RWAs of all exposures calculated 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, whereas column d does not. Because Aareal Bank does not apply these transitional arrangements, the RWAs reported in the two columns are identical.

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)	9,930	1,447	11,377	23,813	23,813
2	Counterparty credit risk	156	128	284	212	212
3	Credit valuation adjustment		157	157	157	157
4	Securitisation exposures in the banking book	–	–	–	–	–
5	Market risk	–	–	–	–	–
6	Operational risk		1,787	1,787	1,787	1,787
7	Other risk weighted exposure amounts		–	–	–	–
8	**Total**	**10,087**	**3,519**	**13,605**	**25,970**	**25,970**

Column a of table EU CMS2 below lists the RWAs for 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 the IRBA using the Credit Risk Standard Approach (CRSA).

Columns a and b show that larger part of the commercial property finance portfolio treated under the 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
		Risk-weighted exposure amounts (RWAs)				
		RWAs for modelled approaches that institutions have supervisory approval to use	RWAs for column (a) if recomputed using the standardised approach	Total actual RWAs	RWAs calculated using full standardised approach	RWAs that is the base of the output floor
€ mn						
1	**Central governments and central banks**	**–**	**–**	**37**	**37**	**37**
EU 1a	**Regional governments or local authorities**	**–**	**–**	**471**	**471**	**471**
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**	**–**	**–**	**110**	**110**	**110**
3	**Equity**[1]	**–**	**–**	**317**	**317**	**317**
5	**Corporates**	**398**	**85**	**468**	**155**	**155**
5.1	of which: F-IRB is applied[2]	39	50	39	50	50
5.2	of which: A-IRB is applied[2]	9,073	21,497	9,073	21,497	21,497
EU 5a	of which: Corporates – General	398	85	468	155	155
EU 5b	of which: Corporates – Specialised lending	–	–	–	–	–
EU 5c	of which: Corporates – Purchased receivables	–	–	–	–	–
6	**Retail**	**–**	**–**	**2**	**2**	**2**
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	–	–	108	–	–
EU 7a	**Categorised as secured by mortgages on immovable properties and ADC exposures in SA**	**8,098**	**19,956**	**8,263**	**20,120**	**20,120**
EU 7b	**Collective investment undertakings (CIU)**	**–**	**–**	**32**	**32**	**32**
EU 7c	**Categorised as exposures in default in SA**	**615**	**1,506**	**618**	**1,509**	**1,509**
EU 7d	**Categorised as subordinated debt exposures in SA**	**–**	**–**	**–**	**–**	**–**
EU 7e	**Categorised as covered bonds in SA**	**–**	**–**	**241**	**241**	**241**
EU 7f	**Categorised as claims on institutions and corporates with a short-term credit assessment in SA**	**–**	**–**	**–**	**–**	**–**
8	**Other non-credit obligation assets**	**819**	**819**	**819**	**819**	**819**
9	Total	9,930	22,366	11,377	23,813	23,813

[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.

RWA Developments for IRBA Exposures

The table EU CR8 provides an overview of the RWA changes and the associated causes to be analysed since 31 December 2024.

The starting and end balances represent the sums of figures disclosed in lines 3 or EU 4a and 5 of table EU OV1 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

€ mn		a RWAs
1	**RWAs as at 31 December 2024**	**11,127**
2	Asset size	-40
3	Asset quality	-472
4	Model updates	112
5	Methodology and policy	-639
6	Acquisitions and disposals	–
7	Foreign exchange movements	-159
8	Other	0
9	**RWAs as at 31 March 2025**	**9,930**

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 changes resulting from changed borrower probabilities of default (PD) or changes in expected loss given default (LGD).

The RWA effect disclosed in line 4 results from the conservative adjustment of borrower probabilities of default.

Line 5 shows RWA changes resulting from the initial application of the Basel 4 framework in relation to credit risks. Investments previously treated under the AIRBA have been exclusively treated under the CRSA since 1 January 2025. Moreover, the introduction of input floors for estimating the risk parameters used in the internal models and regulatory LGD values prescribed for IRBA exposures to large companies affect the risk-weighted exposure amounts determined under the IRBA.

Line 6 does not show any changes, due to the fact that the Group did not acquire any new investments (or disposed of any existing investments) outside the regulatory scope of consolidation, which need to be included as RWAs in the reporting pursuant to sections 10 and 10a of the KWG.

Line 8 shows the RWA change attributable to an immaterial fact that cannot be assigned to the categories listed above.

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.

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 fulfil its Liquidity Coverage Ratio disclosure requirements at a single-entity level.

The table EU LIQ1 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	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 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)**					**7,401**	**7,605**	**7,493**	**7,383**
Cash outflows									
2	**Retail deposits and deposits from small business customers, of which:**	**6,661**	**6,616**	**6,549**	**6,481**	**369**	**347**	**337**	**334**
3	Stable deposits	6,121	6,284	6,299	6,238	306	314	315	312
4	Less stable deposits	496	287	211	208	63	33	22	22
5	**Unsecured wholesale funding**	**6,595**	**6,709**	**6,964**	**7,081**	**2,653**	**2,756**	**2,884**	**2,929**
6	Operational deposits (all counter-parties) and deposits in networks of cooperative banks	3,392	3,327	3,303	3,247	794	778	773	760
7	Non-operational deposits (all counterparties)	2,911	3,095	3,407	3,581	1,567	1,691	1,858	1,916
8	Unsecured debt	291	287	254	253	291	287	254	253
9	**Secured wholesale funding**					**16**	**26**	**35**	**51**
10	**Additional requirements**	**1,760**	**1,886**	**1,936**	**1,930**	**765**	**873**	**878**	**892**
11	Outflows related to derivative exposures and other collateral requirements	655	698	697	683	617	668	670	662
12	Outflows related to loss of funding on debt products	30	83	81	96	30	83	81	96
13	Credit and liquidity facilities	1,075	1,106	1,158	1,151	118	122	127	135

>

Scope of consolidation		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
€ mn									
14	**Other contractual funding obligations**	**184**	**186**	**206**	**177**	**159**	**164**	**184**	**154**
15	**Other contingent funding obligations**	**1,181**	**1,050**	**839**	**899**	**157**	**124**	**92**	**77**
16	**Total cash outflows**					**4,119**	**4,289**	**4,409**	**4,436**
Cash inflows									
17	Secured lending (e. g. reverse repos)	–	–	127	127	–	–	9	9
18	Inflows from fully performing exposures	1,191	1,195	1,214	1,021	794	804	809	716
19	Other cash inflows	239	179	195	152	239	179	195	152
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**	**1,430**	**1,374**	**1,536**	**1,300**	**1,032**	**983**	**1,013**	**877**
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90 % cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75 % cap	1,430	1,374	1,536	1,300	1,032	983	1,013	877
						Total adjusted value			
EU-21	**Liquidity buffer**					**7,401**	**7,605**	**7,493**	**7,383**
22	**Total net cash outflows**					**3,087**	**3,306**	**3,396**	**3,559**
23	**Liquidity Coverage Ratio (%)**					**241.46**	**234.96**	**225.68**	**210.61**

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)			
€ mn									
EU 1a	Quarter ending on	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 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)**					**7,402**	**7,605**	**7,494**	**7,383**
Cash outflows									
2	**Retail deposits and deposits from small business customers, of which:**	**6,661**	**6,616**	**6,549**	**6,481**	**369**	**347**	**337**	**334**
3	Stable deposits	6,121	6,284	6,299	6,238	306	314	315	312
4	Less stable deposits	496	287	211	208	63	33	22	22
5	**Unsecured wholesale funding**	**6,854**	**7,039**	**7,387**	**7,539**	**2,892**	**3,063**	**3,282**	**3,360**
6	Operational deposits (all counter-parties) and deposits in networks of cooperative banks	3,392	3,327	3,303	3,247	794	778	773	760

Scope of consolidation		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
€ mn									
7	Non-operational deposits (all counterparties)	3,171	3,424	3,830	4,040	1,806	1,998	2,255	2,347
8	Unsecured debt	291	287	254	252	291	287	254	252
9	**Secured wholesale funding**					**16**	**26**	**35**	**51**
10	**Additional requirements**	**1,874**	**1,974**	**1,982**	**1,970**	**1,037**	**1,106**	**1,056**	**1,051**
11	Outflows related to derivative exposures and other collateral requirements	657	699	699	686	619	669	671	663
12	Outflows related to loss of funding on debt products	30	83	81	96	30	83	81	96
13	Credit and liquidity facilities	1,186	1,192	1,202	1,188	388	354	303	292
14	**Other contractual funding obligations**	**176**	**177**	**197**	**169**	**159**	**164**	**184**	**154**
15	**Other contingent funding obligations**	**1,137**	**1,003**	**809**	**880**	**152**	**120**	**89**	**75**
16	**Total cash outflows**					**4,625**	**4,824**	**4,982**	**5,024**
Cash inflows									
17	Secured lending (e.g. reverse repos)	–	–	127	127	–	–	9	9
18	Inflows from fully performing exposures	1,017	1,018	1,064	877	643	654	688	608
19	Other cash inflows	240	178	193	150	240	178	193	150
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**	**1,257**	**1,196**	**1,384**	**1,154**	**883**	**832**	**890**	**766**
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90 % cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75 % cap	1,257	1,196	1,384	1,154	883	832	890	766
						Total adjusted value			
EU-21	**Liquidity buffer**					**7,402**	**7,605**	**7,494**	**7,383**
22	**Total net cash outflows**					**3,743**	**3,992**	**4,092**	**4,257**
23	**Liquidity Coverage Ratio (%)**					**198.95**	**193.46**	**186.04**	**174.78**

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. 87 % 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 over time

Aareal Bank AG's LCR, as reported to the supervisory authorities, increased compared to 31 December 2024 (170.97 %), reaching 179.95 % as at the reporting date. This was due to a € 1,062 million increase in HQLAs and a lower-than-proportionate increase in net cash outflows (€ +418 million).

The increase in HQLAs was mainly attributable to the € 478 million rise in housing sector and other deposits as well as capital increases (€ 400 million in AT1 capital and € 100 million in Tier 2 capital).

The main drivers of the quarter-on-quarter increase in net cash outflows were maturing own issues and the volume of non-operational deposits.

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 LIQ1.

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 and to retail 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 31 March 2025, Atlantic Group's largest foreign currency portfolio in GBP amounts to 2.29 % of total liabilities. At Aareal Bank AG, the largest foreign currency portfolio is the USD portfolio, accounting for 2.62 %. 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 € 545 million for both Atlantic Group and Aareal Bank AG.

Imprint

Contents:
Aareal Bank AG
Layout:
S/COMPANY · Die Markenagentur GmbH

Aareal Bank AG
Regulatory Affairs
Paulinenstrasse 15 · 65189 Wiesbaden, Germany
Phone: +49 611 348 3009
Fax: +49 611 348 2637

www.aareal-bank.com

This report is also available in German language.

Aareal Bank Group

07/2025

Aareal

YOUR COMPETITIVE ADVANTAGE.