Aareal Bank Group – Interim Financial Information
1 January to
31 March 2025

Aareal
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Key Indicators

	1 Jan – 31 Mar 2025	1 Jan – 31 Mar 2024[1)]
Results		
Adjusted operating profit (€ mn)[2)]	107	93
Operating profit (€ mn)	100	91
Net profit (€ mn)[3)]	60	59
Cost/income ratio (%)[4)]	35.0	31.3
(Net) earnings per ordinary share (€)[5)6)]	1.00	0.98
Adjusted RoE after taxes (%)[2)5)7)]	8.2	8.2

	31 Mar 2025	31 Dec 2024
Statement of Financial Position		
Property finance (€ mn)	33,033	33,471
Equity (€ mn)	3,844	5,460
Total assets (€ mn)	46,138	47,814
Regulatory indicators[8)]		
Basel IV (phase-in)		
Risk-weighted assets (€ bn)	14.0	14.3
Common Equity Tier 1 ratio (CET1 ratio) (%)	20.6	20.2
Tier 1 ratio (T1 ratio) (%)	23.5	22.3
Total capital ratio (TC ratio) (%)	28.5	26.6
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.3	15.2
Employees	1,179	1,198

	31 Mar 2025	31 Dec 2024
Moody's		
Issuer rating	Baa1	Baa1
Senior Preferred	Baa1	Baa1
Senior Non-Preferred	Baa3	Baa3
Bank deposit rating	Baa1	Baa1
Outlook	stable	stable
Mortgage Pfandbrief Rating	Aaa	Aaa
Fitch Ratings		
Issuer default rating	BBB	BBB
Senior Preferred	BBB+	BBB+
Senior Non-Preferred	BBB	BBB
Deposit ratings	BBB+	BBB+
Outlook	stable	stable
ESG-Ratings[9)]		
MSCI	A	A
ISS-ESG	prime (C)	prime (C)
CDP	Management Level B	Management Level B

1) The previous year's figures only refer to those activities then presented as continuing operations (excl. non-controlling interests)
2) Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects
3) Previously: consolidated net income allocated to ordinary shareholders
4) Structured Property Financing and Banking & Digital Solutions segments: 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.
5) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.
6) Without taking into account non-controlling interest income
7) On an annualised basis
8) 31 December 2024: including annual results for 2024 less a dividend (which has already been distributed) and including pro rata temporis accrual of interest on the AT1 bond. 31 March 2025 (provisional; the submission deadline for the regulatory report was postponed to 30 June 2025): Including interim results for 2025 less a proposed dividend and including pro rata temporis accrual of interest on the AT1 bond. The CET1 ratio, as shown in Aareal Bank's regulatory report as at 31 March 2025, amounts to 19.9 %, reflecting the fact that, on that date, the Bank had not yet submitted an application for inclusion of profits to the ECB.
The SREP recommendations concerning the NPL inventory were taken into account, as well as the ECB's NPL guidelines for regulatory capital requirements for new NPLs and an additional voluntary and preventive capital deduction for regulatory uncertainties from ECB tests.
9) Please refer to our website (www.aareal-bank.com/en/responsibility/reporting-on-our-progress/) for more details.

This report contains rounded numbers, which may result in slight differences when aggregating figures and calculating percentages.

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Business Development

Highlights of Business Developments during the first Quarter

Aareal Bank Group posted a successful start to the 2025 financial year, thus laying the foundation for achieving adjusted consolidated operating profit in the previously communicated range of between € 375 million and € 425 million. We refer to our comments in the Report on Expected Developments.

Nonetheless, the commercial property market environment remains challenging. The impact of the recently increased geopolitical and macroeconomic uncertainty remains difficult to assess.

Our business has performed well in both of our segments.

New business in Structured Property Financing was up year on year, thanks to the lightening up of the markets in the first quarter of 2025. The credit portfolio stood at € 33.0 billion at the reporting date, slightly lower than at the end of 2024 (€ 33.5 billion) due to exchange rate effects. Average deposit volumes of € 13.4 billion in the Banking & Digital Solutions segment were within the expected range of between € 13 billion and € 14 billion.

Report on the Economic Position

Financial Performance

€ mn	1 Jan – 31 Mar 2025	1 Jan – 31 Mar 2024[1]
Net interest income	249	268
Net commission income	1	-2
Loan impairment charges (LICs)[2]	-55	-86
Administrative expenses (adjusted)[3]	-88	-82
Other items	0	-5
Adjusted operating profit[3]	**107**	**93**
Non-recurring effects	-7	-2
Operating profit	**100**	**91**
Income taxes	-27	-24
Interest on the AT1 bond	-13	-8
Net profit[4]	**60**	**59**

[1] The previous year's figures only refer to those activities then presented as continuing operations (excl. non-controlling interests)
[2] Incl. items recognised at fair value through profit and loss
[3] Costs for efficiency measures, IT infrastructure investments and other material non-recurring effects
[4] Previously: consolidated net income allocated to ordinary shareholders

Operating profit in the first quarter of the financial year totalled € 100 million. The year-on-year increase (Q1 2024: € 91 million) was mainly due to significantly lower loss allowance in conjunction with the earnings performance remaining positive. Adjusted operating profit rose to € 107 million (Q1 2024: € 93 million) while net profit totalled € 60 million (Q1 2024: € 59 million).

Net interest income remained high at € 249 million, thanks to healthy margins and a year-on-year increase in the credit portfolio. However, it fell short of the previous year's figure of € 268 million on account of lower interest rate levels and due to effects of pro-actively strengthening our Tier 2 and Senior Non Preferred position.

Loan impairment charges (LICs) of € 55 million were significantly lower than in the previous year (Q1 2024: € 86 million) and within the range anticipated for the year as a whole. This also includes a € 9 million increase in the management overlay during the first quarter, bringing total LICs to € 94 million.

Due to higher project costs, adjusted administrative expenses increased slightly to € 88 million (Q1 2024: € 82 million). Adjustments of approximately € 7 million included costs for efficiency measures implemented within the Bank, IT infrastructure investments and other material non-recurring effects. At 35.0 % (excluding the bank levy and contributions to the deposit guarantee scheme, as is customary in the banking sector, and also excluding said non-recurring effects), the cost/income ratio remained at a very low – and therefore very positive – level during the quarter under review, even by international standards.

Other items totalled € 0 million (Q1 2024: € -5 million).

All in all, operating profit for the quarter under review was € 100 million (Q1 2024: € 91 million) and adjusted operating profit amounted to € 107 million (Q1 2024: € 93 million). Taking tax expenses of € 27 million (Q1 2024: € 24 million) and the pro rata temporis accrual of interest on the AT1 bond into account, net profit was € 60 million (Q1 2024: € 59 million). Adjusted return on equity after tax was stable at 8.2 % (Q1 2024: 8.2 %) as the increase in adjusted operating profit was mainly compensated by higher AT1 cost and increased equity.

Financial Position – Assets

€ mn	31 Mar 2025	31 Dec 2024
Assets		
Financial assets (ac)	**38,933**	**40,428**
Cash funds (ac)	1,555	2,605
Loan receivables (ac)	32,298	32,611
Money market and capital market receivables (ac)	5,012	5,142
Receivables from other transactions (ac)	68	70
Loss allowance (ac)	-411	-402
Financial assets (fvoci)	**4,797**	**4,823**
Money market and capital market receivables (fvoci)	4,796	4,822
Equity instruments (fvoci)	1	1
Financial assets (fvpl)	**1,429**	**1,530**
Loan receivables (fvpl)	375	381
Money market and capital market receivables (fvpl)	5	5
Positive market value of designated hedging derivatives (fvpl)	603	673
Positive market value of other derivatives (fvpl)	446	471
Non-current assets held for sale	265	282
Investments accounted for using the equity method	77	75
Intangible assets	43	45
Property and equipment	77	79
Income tax assets	39	40
Deferred tax assets	261	274
Other assets	628	640
Total	**46,138**	**47,814**

Aareal Bank Group's consolidated total assets of € 46.1 billion were down slightly from the previous year-end, reflecting lower cash funds as a consequence of dividend distribution.

The volume of Aareal Bank Group's property financing portfolio amounted to € 33.0 billion (31 December 2024: € 33.5 billion). New business originated during the first quarter of 2025 totalled € 2.3 billion, clearly outperforming the previous year's figure (Q1 2024: € 0.9 billion). The total figure comprised approximately € 661 million in green financings[1]. Non-current assets held for sale are attributable to our hotel operations in Italy and to three property loans (two in the US and one in Finland). Our hotel operations are set to be sold in the second quarter.

Financial Position – Equity and Liabilities

€ mn	31 Mar 2025	31 Dec 2024
Equity and liabilities		
Financial liabilities (ac)	**39,873**	**39,486**
Money market and capital market liabilities (ac)	26,310	26,557
Deposits from the housing industry (ac)	12,756	12,216
Liabilities from other transactions (ac)	60	72
Subordinated liabilities (ac)	747	641
Financial liabilities (fvpl)	**2,158**	**2,566**
Negative market value of designated hedging derivatives (fvpl)	1,043	1,057
Negative market value of other derivatives (fvpl)	1,115	1,509
Non-current liabilities held for sale	10	9
Provisions	160	159
Income tax liabilities	67	91
Deferred tax liabilities	1	1
Other liabilities	25	42
Equity	**3,844**	**5,460**
Subscribed capital	180	180
Capital reserves	721	721
Retained earnings	2,474	4,359
AT1 bond	575	300
Other reserves	-126	-121
Non-controlling interests	20	21
Total	**46,138**	**47,814**

Aareal Bank Group's consolidated total liabilities of € 46.1 billion were down slightly from the previous year-end, reflecting lower retained earnings as a consequence of dividend distribution. The average volume of deposits from the housing industry – € 13.4 billion in the first quarter of 2025 – was within the anticipated range of between € 13 billion and € 14 billion (full year 2024: € 13.7 billion).

Aareal Bank Group successfully raised approximately € 1.4 billion on the capital markets during the first quarter of 2025, including a € 750 million benchmark Pfandbrief and a benchmark AT1 transaction in the amount of US$ 425 million. Private placements amounted to around € 200 million, including € 18 million in senior issues and a € 100 million Tier 2 issue.

[1] 'Green' financings meet the high energy efficiency requirements of the Aareal Green Finance Framework, and the client undertakes to comply with these throughout the term of the loan.

Report on Forecasts

The solid performance in the first quarter is fully in line with our previously communicated outlook for the full year, albeit the implications of the recent heightened market volatility will take some time to become apparent.

Events after the Reporting Date

There were no material events after the reporting period which would have to be reported here.

Segment Results[1)]

	Structured Property Financing		Banking & Digital Solutions		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan – 31 Mar 2025	1 Jan – 31 Mar 2024	1 Jan – 31 Mar 2025	1 Jan – 31 Mar 2024	1 Jan – 31 Mar 2025	1 Jan – 31 Mar 2024	1 Jan – 31 Mar 2025	1 Jan – 31 Mar 2024
€ mn								
Net interest income	190	203	59	65	0	0	249	268
Loss allowance	-54	-83	0	0			-54	-83
Net commission income	1	-1	0	-1	0	0	1	-2
Net derecognition gain or loss	4	3					4	3
Net gain or loss from financial instruments (fvpl)	1	-17	0	-1			1	-18
Net gain or loss from hedge accounting	-4	8					-4	8
Net gain or loss from investments accounted for using the equity method			1				1	
Administrative expenses	-70	-60	-25	-24	0		-95	-84
Net other operating income/expenses	-3	0	0	-1	0	0	-3	-1
Operating profit	**65**	**53**	**35**	**38**	**0**	**0**	**100**	**91**
Income taxes	-17	-12	-10	-12			-27	-24
Consolidated net income before sold operations	**48**	**41**	**25**	**26**	**0**	**0**	**73**	**67**
Net income from sold operations						6		6
Consolidated net income	**48**	**41**	**25**	**26**	**0**	**6**	**73**	**73**
Consolidated net income attributable to non-controlling interests	0	0	0	0		2	0	2
Consolidated net income attributable to shareholders of Aareal Bank AG	48	41	25	26	0	4	73	71
Allocated equity[2)]	2,184	1,567	363	416	639	932	3,186	2,915
RoE after taxes (%)[3)4)]	6.5	8.4	26.9	24.9			7.5	8.1

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

2) 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%.

3) The allocation of earnings is based on the assumption that interest payable on the AT1 bond is recognised on an accrual basis.

4) On an annualised basis

Financial Calendar

7 August 2025	Publication of results as at 30 June 2025
13 November 2025	Publication of results as at 30 September 2025

Imprint

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This report is also available in German language.
The German version shall be authoritative.

Aareal Bank Group

05/2025

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