Aareal Bank Group – Interim Financial Information

1 January to 30 September 2025

Aareal

YOUR COMPETITIVE ADVANTAGE.

Key Indicators

	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024[1)]
Results		
Adjusted operating profit (€ mn)[2)]	306	266
Operating profit (€ mn)	281	261
Net profit (€ mn)[3)5)]	173	161
Cost/income ratio (%)[4)]	31.5	30.3
Earnings per ordinary share (€)[5)6)]	2.89	2.68
Adjusted RoE after taxes (%)[2)5)7)]	8.0	7.6

	30 Sep 2025	31 Dec 2024
Statement of Financial Position		
Property finance (€ mn)	32,933	33,471
Equity (€ mn)	3,749	5,460
Total assets (€ mn)	47,401	47,814
Regulatory Indicators[8)]		
Basel IV (phase-in)		
Risk-weighted assets (€ bn)	12.8	14.3
Common Equity Tier 1 ratio (CET1 ratio) (%)	22.4	20.2
Tier 1 ratio (T1 ratio) (%)	25.6	22.3
Total capital ratio (TC ratio) (%)	30.5	26.6
Basel IV (fully phased)		
Common Equity Tier 1 ratio (CET1 ratio) (%)	15.5	15.2
Employees	1,175	1.198

	30 Sep 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	positive	stable
ESG Ratings[9)]		
MSCI	A	A
ISS-ESG	prime (C)	prime (C)
CDP	Management Level C	Management Level B

1) The previous year's figures only refer to those activities then presented as continuing operations (excluding non-controlling interests).
2) Adjusted for costs for efficiency measures, IT infrastructure investments and other material non-recurring effects
3) Consolidated net income allocated to ordinary shareholders
4) 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 dividends (which have already been distributed) and including the accrual of interest on the AT1 bond.
30 September 2025: including interim profits for 2025, deducting a planned dividend in line with the dividend policy and incorporating the accrual of interest payable on the AT1 bond. The CET1 ratio (phase-in), as shown in Aareal Bank's regulatory report as at 30 September 2025, amounts to 22.1 %.
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 inspections.
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

Key Business Developments

Aareal Bank has continued to perform strongly with nine-month adjusted operating profits of € 306 million, which are in line with its full-year guidance of € 375 million to € 425 million, and an adjusted Return on Equity of between 7 % and 8 %. We further refer to our comments in the Report on Forecasts.

The Bank has remained relatively unaffected by the geopolitical events that have impacted the Ukraine and the Middle East and the recent consequences of the changes in US tariff policy. Good progress continues to be made in reducing the exposure to US offices and the performance of the business in the rest of the world has been strong, thus reflecting a slight improvement in sentiment towards the commercial property sector more broadly. By their very nature, however, future macroeconomic and geopolitical uncertainty factors remain difficult to assess.

Our business has performed well in both of our segments.

In view of the new business flows of € 8.5 billion (including renewals) in the Structured Property Financing segment during the first nine months of the year, we are very confident of achieving our full-year target of between € 9 billion and € 10 billion. The credit portfolio stood at € 32.9 billion at the reporting date, which was slightly lower than at the end of 2024 (31 December 2024: € 33.5 billion) due to negative exchange rate effects. Subject to exchange rate fluctuations between the euro and the US dollar, we remain confident that we will achieve a credit portfolio target of between € 34 billion and € 35 billion by the end of 2025. Average deposit volumes of € 13.9 billion in the Banking & Digital Solutions segment were at the upper end of the range projected for the current year, i. e. between € 13 billion and € 14 billion.

Report on the Economic Position

Financial Performance

Consolidated net income – Aareal Bank Group

€ mn	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024[1]
Net interest income	691	792
Net commission income	4	-1
Loan impairment charges[2]	-190	-288
Administrative expenses (adjusted)[3]	-229	-248
Other items	30	11
Adjusted operating profit[3]	**306**	**266**
Non-recurring effects	-25	-5
Operating profit	**281**	**261**
Income taxes	-76	-76
Consolidated net income (from continuing operations)	**205**	**185**
Interest on the AT1 bond	-32	-24
Net profit[4]	**173**	**161**

[1] The previous year's figures only refer to those activities then presented as continuing operations (excluding non-controlling interests)
[2] Including NPLs recognised at fair value through profit or loss
[3] Adjusted for costs relating to efficiency measures, IT infrastructure investments and other material non-recurring effects
[4] Consolidated net income allocated to ordinary shareholders

Adjusted operating profit of € 306 million for the first nine months of the 2025 financial year exceeded the previous year's figure of € 266 million. Here, lower net interest income was more than offset by the positive earnings contributions from lower loan impairment charges, the higher figure for other items and the reduction in adjusted administrative expenses. Operating profit increased to € 281 million (9m 2024: € 261 million) and net profit totalled € 173 million (9m 2024: € 161 million).

As anticipated, net interest income of € 691 million was down significantly compared with the previous year (9m 2024: € 792 million), mainly due to lower interest rates. Nonetheless, net interest income remained high by historical standards owing to healthy margins and a year-on-year increase in the credit portfolio. As well as this, net interest income per quarter has stabilised in the course of the year.

Loan impairment charges for new and existine defaults of € 190 million (including € 7 million for non-performing loans recognised at fair value through profit or loss) were markedly below the previous vear's level of € 288 million and in line with expectations for the full year. The management overlay at the end of the period is € 14 million and relates entirely to the challenges being faced by the US office property markets.

Adjusted administrative expenses were reduced from € 248 million in the previous year to € 229 million this year, reflecting both our efficient cost management and the ongoing positive impact of our efficiency measures. Non-recurring costs in the amount of € 25 million incurred and were adjusted; primarily relating to the implementation of the Aareal Ambition strategy and efficiency measures. At 31.5 % (excluding the bank levy and contributions to the deposit guarantee scheme, as is customary in the banking sector, and also excluding all the aforementioned non-recurring effects), the cost/income ratio remained at a very low level during the first nine months of the 2025 financial year, even by international standards.

Other items totalled € 30 million (9m 2024: € 11 million). The increase is mainly down to the one-off gain resulting from the disposal of our hotel operations in Italy in the second quarter of the year. Other items also comprise current results from our foreclosures as well as from further subsidiaries and other entities.

Overall, adjusted operating profit for the first three quarters of 2025 was € 306 million (9m 2024: € 266 million) and operating profit amounted to € 281 million (9m 2024: € 261 million). Taking into account tax expenses of € 76 million (9m 2024: € 76 million) and the accrual of interest on the AT1 bond, net profit was € 173 million (9m 2024: € 161 million). As a result, adjusted RoE after taxes also increased, from 7.6 % in the corresponding prior-year period to 8.0 % in the first nine months of 2025.

Financial Position – Assets

€ mn	30 Sep 2025	31 Dec 2024
Assets		
Financial assets (ac)	**39,098**	**40,428**
Cash funds (ac)	1,604	2,605
Loan receivables (ac)	32,471	32,611
Money market and capital market receivables (ac)	4,958	5,142
Receivables from other transactions (ac)	65	70
Loss allowance	-379	-402
Financial assets (fvoci)	**5,845**	**4,823**
Money market and capital market receivables (fvoci)	5,843	4,822
Equity instruments (fvoci)	2	1
Financial assets (fvpl)	**1,753**	**1,530**
Loan receivables (fvpl)	328	381
Money market and capital market receivables (fvpl)	6	5
Positive market value of designated hedging derivatives (fvpl)	508	673
Positive market value of other derivatives (fvpl)	911	471
Non-current assets held for sale	38	282
Investments accounted for using the equity method	74	75
Intangible assets	44	45
Property and equipment	76	79
Income tax assets	25	40
Deferred tax assets	219	274
Other assets	608	640
Total	**47,401**	**47,814**

Aareal Bank Group's consolidated total assets of € 47.4 billion were virtually unchanged compared with the previous year-end. The volume of the Group's property financing portfolio declined slightly to € 32.9 billion (31 December 2024: € 33.5 billion). New business originated during the first nine months of 2025 totalled € 8.5 billion and significantly exceeded the previous year's nine-month figure of € 6.6 billion. This included around € 2.3 billion in green financings[1], increasing the portfolio of green financings by € 1.9 billion to € 9.5 billion (31 December 2024: € 7.6 billion).

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

Financial Position – Equity and Liabilities

€ mn	30 Sep 2025	31 Dec 2024
Equity and liabilities		
Financial liabilities (ac)	**41,793**	**39,486**
Money market and capital market liabilities (ac)	27,477	26,557
Deposits from the housing industry (ac)	13,504	12,216
Liabilities from other transactions (ac)	63	72
Subordinated liabilities (ac)	749	641
Financial liabilities (fvpl)	**1,666**	**2,566**
Negative market value of designated hedging derivatives (fvpl)	965	1,057
Negative market value of other derivatives (fvpl)	701	1,509
Non-current liabilities held for sale	0	9
Provisions	142	159
Income tax liabilities	27	91
Deferred tax liabilities	1	1
Other liabilities	23	42
Equity	**3,749**	**5,460**
Subscribed capital	180	180
Capital reserves	721	721
Retained earnings	2,555	4,359
AT1 bond	407	300
Other reserves	-139	-121
Non-controlling interests	25	21
Total	**47,401**	**47,814**

Aareal Bank Group's consolidated total equity and liabilities of € 47.4 billion were virtually unchanged compared with the previous year-end. Deposit volumes from the housing industry remained high, averaging € 13.9 billion in the first nine months of 2025 (9m 2024: € 13.7 billion).

Aareal Bank Group successfully raised approximately € 2.6 billion on the capital markets during the first nine months of 2025, including three benchmark Pfandbrief issues with an aggregate size of € 2.0 billion, a benchmark AT1 transaction in the amount of US$ 425 million and a € 100 million Tier 2 issue.

Report on Forecasts

The very strong business performance in the first nine months of the year is in line with our previously communicated targets. However, the target portfolio size is subject to possible exchange rate fluctuations between the euro and the US dollar.

Segment Results[1)]

€ mn	Structured Property Financing		Banking & Digital Solutions		Consolidation / Reconciliation		Aareal Bank Group	
	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024	1 Jan – 30 Sep 2025	1 Jan – 30 Sep 2024
Net interest income	510	589	181	203	0	0	691	792
Loss allowance	-183	-257	0	0	0	0	-183	-257
Net commission income	5	2	-1	-3	0	0	4	-1
Net derecognition gain or loss	16	19	0	0	0	0	16	19
Net gain or loss from financial instruments (fvpl)	-8	-50	0	-1	0	0	-8	-51
Net gain or loss from hedge accounting	-3	2	0	0	0	0	-3	2
Net gain or loss from investments accounted for using the equity method	0	0	3	0	0	0	3	0
Administrative expenses	-180	-180	-75	-73	0	0	-255	-253
Net other operating income/expenses	17	11	-1	-1	0	0	16	10
Operating profit (from continuing operations)	**174**	**136**	**107**	**125**	**0**	**0**	**281**	**261**
Income taxes	-43	-36	-33	-40	0	0	-76	-76
Consolidated net income (from continuing operations)	**131**	**100**	**74**	**85**	**0**	**0**	**205**	**185**
Net income from sold operations	0	0	0	0	0	-161	0	-161
Consolidated net income	**131**	**100**	**74**	**85**	**0**	**-161**	**205**	**24**
Consolidated net income attributable to								
Non-controlling interests	0	0	0	0	0	-37	0	-37
Shareholders of Aareal Bank AG	131	100	74	85	0	-124	205	61
Consolidated net income	**131**	**100**	**74**	**85**	**0**	**-161**	**205**	**24**
Allocated equity[2)]	2,157	1,668	375	412	650	807	3,182	2,887
RoE after taxes (%)[3)4)]	6.4	6.0	24.8	27.6	0	0	7.2	7.4

[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 (phase-in) of 15 %.
[3)] On an annualised basis
[4)] The allocation of earnings is based on the assumption that interest payable on the AT1 bond is recognised on an accrual basis.

Events after the Reporting Date

In October 2025, Aareal Bank successfully completed its first Significant Risk Transfer (SRT) transaction. The synthetic transfer of € 2 billion in loans to external investors enables Aareal Bank to free up capital in order to invest in new business opportunities. The loan portfolio is of high quality and comprises exclusively performing European commercial real estate.

There were no other material events after the reporting period which would require reporting here.

Financial Calendar

5 March 2026	Results for the 2025 financial year
26 March 2026	Publication of annual report as at 31 December 2025
7 May 2026	Publication of results as at 31 March 2026
6 August 2026	Publication of results as at 30 June 2026
5 November 2026	Publication of results as at 30 September 2026

Imprint

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This report is also available in German.

Aareal Bank Group

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