Floor Research

Aareal Bank

Issuer View • 01 September 2025

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Ratings

Aareal Bank AG

	Rating	Outlook
Fitch	BBB	Stable
Moody's	Baa1	Stable
S&P	-	-

Homepage

www.aareal-bank.com

Aareal Bank (Aareal), headquartered in Wiesbaden, is the parent company of Aareal Bank Group and an international provider of financing and payment solutions for the commercial real estate sector and related industries. Following the successful squeeze-out of the minority shareholders in favour of the main shareholder, Aareal Bank has been wholly owned by Atlantic BidCo GmbH since the end of October 2024. In October 2024, the bank completed the sale of its software subsidiary and former Aareon business unit. Following the sale of Aareon, the Bank will only report in the two operating segments "Structured Property Financing" (H1/2025: 66.3% of operating profit; SPF) and "Banking & Digital Solutions" (33.7%; BDS). The SPF segment is focused on the financing of commercial real estate and the refinancing of the Group, while in the BDS segment the bank offers its customers a bundled package of advisory services on digitalization, corporate banking and deposit business. Geographically, the commercial real estate portfolio focuses on the regions of Western Europe (FY/2024: 41%), North America (23%), Southern Europe (11%), Central and Central Europe (9%) and Germany (8%). In terms of property type, the majority was accounted for by hotels (34%), offices (26%) and logistics properties (17%). Aareal's funding mix consists mainly of customer deposits (H1/2025: 44%) and Mortgage Pfandbriefe (33%). In addition to covered bonds, the bank also issues unsecured bonds on the capital market. Under its Green Finance Framework, Aareal is active on the market as an issuer of green bonds.

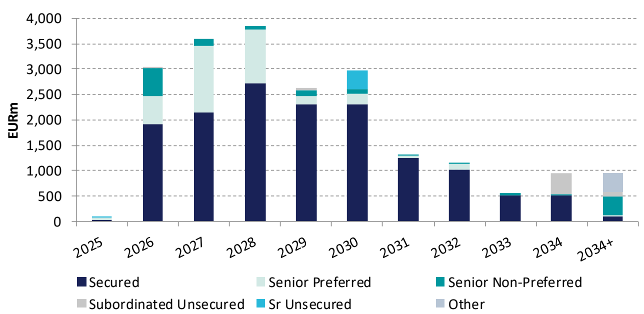
Balance Sheet

(EURm)	2023Y	2024Y	2025H1
Net Loans to Customers	32,050	32,594	31,760
Total Securities	11,928	11,180	12,133
Total Deposits	12,669	12,216	12,804
Tier 1 Common Capital	2,661	2,877	2,895
Total Assets	46,833	47,814	47,281
Total Risk-weighted Assets	13,720	14,268	13,301

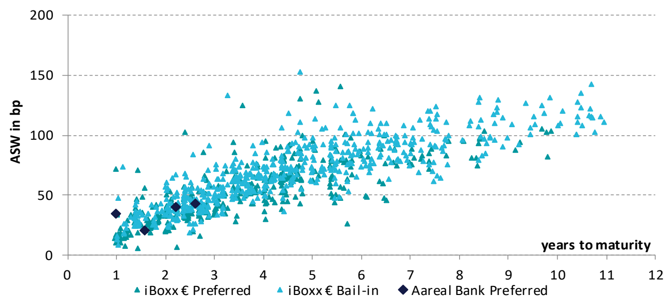
Income Statement

(EURm)	2023Y	2024Y	2025H1
Net Interest Income	1,014	1,060	473
Net Fee & Commission Inc.	39	-4	3
Net Trading Income	-47	-10	1
Operating Expense	341	343	162
Credit Commit. Impairment	441	370	112
Pre-tax Profit	221	294	208

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2023Y	2024Y	2025H1
Net Interest Margin	2.17	2.36	2.08
ROAE	1.45	63.40	7.40
Cost-to-Income	34.00	32.95	32.60
Core Tier 1 Ratio	19.40	20.16	21.77

	2023Y	2024Y	2025H1
Liquidity Coverage Ratio	-	230.00	262.00
IFRS Tier 1 Leverage Ratio	6.13	6.36	6.38
NPL/ Loans at Amortised Cost	5.05	4.29	4.42
Reserves/Loans at Amort. Cost	1.32	1.22	1.33

As of: 01.09.2025; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Capitalization
- Liquidity
- Deposit base

Risks / Weaknesses

- Concentration on CRE segment
- Profitability
- Asset quality

Covered Bonds

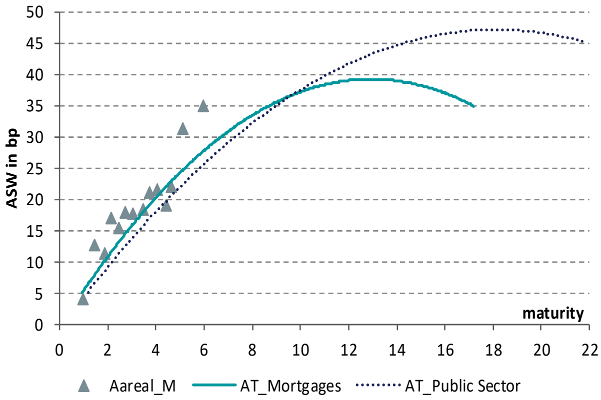
Mortgage and public sector secured cover pool

Aareal Bank operates both a programme for the issuance of mortgage Pfandbriefe and one for the issuance of public sector Pfandbriefe. At the end of June 2025, the mortgage programme had outstanding bonds with a volume of EUR 15.9bn. Publicly backed bonds accounted for EUR 808m, with none of the issues being issued in the benchmark size. The overcollateralisation ratios were 12.0% (Mortgage Pfandbriefe) and 24.4% (Public Sector Pfandbriefe) on the same reporting date. In the August composition of the iBoxx EUR Covered, Aareal Bank is represented by 14 Mortgage Pfandbriefe in the EUR benchmark format. The total outstanding volume here totals EUR 8.5bn. In addition, the issuer has two benchmark issues which, due to their remaining maturity, (<1 year) are no longer included in the iBoxx EUR Covered.

Programme data

30 June 2025	Mortgage	Public Sector
Covered bonds outstanding	EUR 15,947m	EUR 808m
Cover pool volume	EUR 17,866m	EUR 1,005m
Current OC (nominal / legal)	12.0% / 2.0%	24.4% / 2.0%
Type primary cover	91.3% Commercial	60.5% Regional auth.
Main country	21.0% UK	75.6% Germany
Number of loans / exposures	2,514	115
Share top 10 exposures	15.3%	75.8%
NPL	0.0%	0.0%
Fixed interest (Cover Pool / CBs)	50.7% / 65.2%	94.5% / 96.9%
WAL (Cover Pool / CBs)	2.5y / 3.9y	6.4y / 3.7y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -	- / - / -

Spread overview (BMK) – Germany



Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Mortgage pool with a predominantly commercial character

The mortgage cover pool consists of 95.9% primary cover assets. Of these, 91.3% of the primary cover pool volume is attributable to commercial cover assets. The type of use of commercial cover assets is mainly in the areas of office buildings (27.0%) and industrial buildings (20.2%), with the largest share (30.3%) being accounted for by the "other buildings" category. Looking at the geographical concentration of commercial assets, it can be seen that 19.4% of the assets can be attributed to the United Kingdom. Other significant shares are accounted for by the USA (13.9%) and France (12.0%). The average LTV ratio determined on the basis of the loan-to-value ratio was given as 55.6% as of 30 June 2025. The cover pool of the Bank's Public Sector Pfandbrief Programme consists exclusively of primary cover. Of these, 60.5% are claims against regional authorities, followed by claims against central governments (19.9%) and claims against local authorities (18.0%). The share of German debtors in the cover pool is 75.6%, followed by Austria (22.4%). Both cover pools do not include non-performing loans.

Rating and regulatory treatment

While Aareal Bank's Mortgage Pfandbrief programme has been awarded the top rating of Aaa by Moody's, there is no rating for the programme for the issuance of public Pfandbriefe. In our opinion, Mortgage Pfandbriefe in Aareal Bank's EUR benchmark format can be used as Level 1 assets in the context of LCR management. In addition, all of the issuer's Pfandbriefe benefit from a risk weight of 10% in accordance with the CRR due to their rating and are also eligible for ECB repo. Pfandbriefe issued by the issuer from 08 July 2022 onwards may bear the label "European Covered Bond (Premium)".

Appendix
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