

Aareal Bank Group – Key Indicators

	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014
	€ mn	€ mn
Results		
Operating profit (€ mn)	300	284
Consolidated net income (€ mn)	254	243
Consolidated net income attributable to ordinary shareholders (€ mn) ¹⁾	236	223
Cost / income ratio (%) ²⁾	45.3	36.9
Earnings per ordinary share (€) ¹⁾	3.95	3.74
RoE before taxes (%) ¹⁾³⁾	24.6	25.3
RoE after taxes (%) ¹⁾³⁾	20.8	21.6

	30 Jun 2015	31 Dec 2014
Statement of financial position		
Property finance (€ mn)	33,051	28,987
of which: international (€ mn)	26,567	22,894
Equity (€ mn)	2,949	2,723
Total assets (€ mn)	55,497	49,557
Regulatory indicators		
Risk-weighted assets (€ mn) ⁴⁾	17,717	15,492
Common Equity Tier 1 ratio (CET1 ratio) (%)	12.5	13.6
Tier 1 ratio (T1 ratio) (%)	15.8	17.7
Total capital ratio (TC ratio) (%)	22.0	24.7
Common Equity Tier 1 ratio (CET1 ratio) (%) – fully phased –	11.8	12.9
Employees	2,802	2,548
Ratings		
Fitch Ratings, London		
long-term ⁵⁾	BBB+ (outlook: stabil)	A - (outlook: negative)
short-term ⁵⁾	F2	F1
Fitch Pfandbrief ratings	AAA	AAA
oekom	prime	prime

1) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis. SoFFin's silent participation was repaid on 30 October 2014. To facilitate comparison, and for the purposes of economic analysis, net interest paid on the SoFFin silent participation (in the amount of € 10 million) was deducted from the calculation of EpS attributable to ordinary shareholders and RoE as at 30 June 2014. Likewise, the SoFFin silent participation (in the amount of € 300 million) was deducted from equity used to calculate RoE.

2) Structured Property Financing segment only

3) On an annualised basis.

4) Excluding € 1.6 billion in retail business and € 0.8 billion in local authority lending business by Westdeutsche ImmobilienBank AG (WestImmo).

5) As expected, rating agency Fitch Ratings ("Fitch") downgraded the Issuer Default Ratings of numerous banks around the world on 19 May 2015, against the background of the lower willingness of many countries to support banks in the event of a crisis and the regulatory measures introduced in this context, such as the EU Single Resolution Mechanism. Within the scope of this measure, Aareal Bank AG's Issuer Default Rating was changed from A- (with a negative outlook) to BBB+ (with a stable outlook). The Bank's short-term Issuer Rating was adjusted from F1 to F2. Fitch had raised Aareal Bank AG's stand-alone Viability Rating from bbb to bbb+ on 24 February 2015, citing the Bank's robust development throughout the financial markets crisis and the continuous strengthening of its capital base, amongst other factors.

Consolidated Income Statement (in accordance with IFRSs) for the first half of 2015

	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014	Change
	€ mn	€ mn	%
Net interest income	369	313	18
Allowance for credit losses	49	69	-29
Net interest income after allowance for credit losses	320	244	31
Net commission income	83	79	5
Net result on hedge accounting	8	3	167
Net trading income / expenses	-5	4	
Results from non-trading assets	-2	0	
Results from investments accounted for using the equity method	0	-	
Administrative expenses	268	216	24
Net other operating income / expenses	10	16	-38
Negative goodwill from acquisitions	154	154	0
Operating profit	300	284	6
Income taxes	46	41	12
Consolidated net income	254	243	5
Consolidated net income attributable to non-controlling interests	10	10	0
Consolidated net income attributable to shareholders of Aareal Bank AG	244	233	5
Earnings per share (Eps) ¹⁾			
Consolidated net income attributable to shareholders of Aareal Bank AG	244	223	9
of which: attributable to ordinary shareholders ²⁾	236	223	6
of which: attributable to AT1 investors	8	-	
Basic earnings per ordinary share (in €) ^{2) 3)}	3.95	3.74	6
Basic earnings per AT1 unit (in €) ⁴⁾	0.08	-	

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

2) SoFFin's silent participation was repaid on 30 October 2014. To facilitate comparison, and for the purposes of economic analysis, net interest payable on the SoFFin silent participation was deducted when determining the comparative figure as at 30 June 2014 (€ 10 million) in the RoE calculation.

3) Earnings per ordinary share are determined by dividing the earnings attributable to ordinary shareholders of Aareal Bank AG by the weighted average of ordinary shares outstanding during the financial year (59,857,221 shares). Basic earnings per ordinary share correspond to diluted earnings per ordinary share.

4) Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of € 3 each) are determined by dividing the earnings attributable to AT1 investors by the weighted average of AT1 units outstanding during the financial year. Earnings per AT1 unit (basic) correspond to (diluted) earnings per AT1 unit.

Consolidated Income Statement (in accordance with IFRSs) for the second quarter of 2015

	Quarter 2 2015	Quarter 2 2014	Change
	€ mn	€ mn	%
Net interest income	191	169	13
Allowance for credit losses	31	32	-3
Net interest income after allowance for credit losses	160	137	17
Net commission income	42	39	8
Net result on hedge accounting	-3	1	-400
Net trading income / expenses	2	2	0
Results from non-trading assets	1	0	
Results from investments accounted for using the equity method	0		
Administrative expenses	136	114	19
Net other operating income / expenses	13	0	
Negative goodwill from acquisitions	154		
Operating profit	233	65	258
Income taxes	24	21	14
Consolidated net income	209	44	375
Consolidated net income attributable to non-controlling interests	5	5	0
Consolidated net income attributable to shareholders of Aareal Bank AG	204	39	423
Earnings per share (Eps) ¹⁾			
Consolidated net income attributable to shareholders of Aareal Bank AG	204	34	500
of which: attributable to ordinary shareholders ²⁾	200	34	488
of which: attributable to AT1 investors	4	-	
Basic earnings per ordinary share (in €) ^{2) 3)}	3.35	0.58	478
Basic earnings per AT1 unit (in €) ⁴⁾	0.04	-	

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

2) SoFFin's silent participation was repaid on 30 October 2014. To facilitate comparison, and for the purposes of economic analysis, net interest payable on the SoFFin silent participation was deducted when determining the comparative figure as at 30 June 2014 (€ 5 million) in the RoE calculation.

3) Earnings per ordinary share are determined by dividing the earnings attributable to ordinary shareholders of Aareal Bank AG by the weighted average of ordinary shares outstanding during the financial year (59,857,221 shares). Basic earnings per ordinary share correspond to diluted earnings per ordinary share.

4) Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of € 3 each) are determined by dividing the earnings attributable to AT1 investors by the weighted average of AT1 units outstanding during the financial year. Earnings per AT1 unit (basic) correspond to (diluted) earnings per AT1 unit.

Segment reporting for the first half of 2015
(in accordance with IFRSs)

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014
€ mn								
Net interest income	370	311	0	0	-1	2	369	313
Allowance for credit losses	49	69					49	69
Net interest income after allowance for credit losses	321	242	0	0	-1	2	320	244
Net commission income	2	2	81	80	0	-3	83	79
Net result on hedge accounting	8	3					8	3
Net trading income / expenses	-5	4					-5	4
Results from non-trading assets	-2	0					-2	0
Results from investments accounted for using the equity method			0				0	
Administrative expenses	173	124	96	93	-1	-1	268	216
Net other operating income / expenses	9	15	1	1	0	0	10	16
Negative goodwill from acquisitions	154	154					154	154
Operating profit	314	296	-14	-12	0	0	300	284
Income taxes	50	45	-4	-4			46	41
Consolidated net income	264	251	-10	-8	0	0	254	243
Consolidated net income attributable to non-controlling interests	8	8	2	2			10	10
Consolidated net income attributable to shareholders of Aareal Bank AG	256	243	-12	-10	0	0	244	233
Allocated equity	1,593	1,302	124	108	553	657	2,270	2,067
Cost / income ratio in %	45.3	36.9	117.6	115.0			57.9	52.0
RoE before taxes in % ^{1) 2)}	37.0	42.2	-26.2	-25.7			24.6	25.3

1) On an annualised basis.

2) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis. SoFFin's silent participation was repaid on 30 October 2014. To facilitate comparison, and for the purposes of economic analysis, net interest payable on the SoFFin silent participation (€ 10 million) was deducted when determining the comparative figure as at 30 June 2014 in the RoE calculation. Likewise, the SoFFin silent participation (€ 300 million) was deducted from equity used when calculating RoE.

Segment results for the second quarter of 2015 (in accordance with IFRSs)

	Structured Property Financing		Consulting / Services		Consolidation / Reconciliation		Aareal Bank Group	
	Quarter 2 2015	Quarter 2 2015	Quarter 2 2015	Quarter 2 2015	Quarter 2 2015	Quarter 2 2015	Quarter 2 2015	Quarter 2 2015
€ mn								
Net interest income	192	168	0	0	-1	1	191	169
Allowance for credit losses	31	32					31	32
Net interest income after allowance for credit losses	161	136	0	0	-1	1	160	137
Net commission income	2	1	40	40		-2	42	39
Net result on hedge accounting	-3	1					-3	1
Net trading income / expenses	2	2					2	2
Results from non-trading assets	1	0					1	0
Results from investments accounted for using the equity method			0				0	
Administrative expenses	89	68	48	47	-1	-1	136	114
Net other operating income / expenses	12	-1	1	1	0	0	13	0
Negative goodwill from acquisitions	154						154	
Operating profit	240	71	-7	-6	0	0	233	65
Income taxes	26	23	-2	-2			24	21
Consolidated net income	214	48	-5	-4	0	0	209	44
Consolidated net income attributable to non-controlling interests	4	4	1	1			5	5
Consolidated net income attributable to shareholders of Aareal Bank AG	210	44	-6	-5	0	0	204	39
Allocated equity	1,593	1,302	124	108	553	657	2,270	2,067
Cost / income ratio in %	42.7	39.4	117.5	115.3			55.2	54.0
RoE before taxes in % ^{1) 2)}	57.9	18.5	-26.1	-26.0			39.2	10.3

1) On an annualised basis.

2) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis. SoFFin's silent participation was repaid on 30 October 2014. To facilitate comparison, and for the purposes of economic analysis, net interest payable on the SoFFin silent participation (€ 5 million) was deducted when determining the comparative figure for the second quarter in the RoE calculation. Likewise, the SoFFin silent participation (€ 300 million) was deducted from equity used when calculating RoE.