

Aareal Bank Group – Key Indicators

	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
Results		
Operating profit (€ mn)	186	199
Consolidated net income (€ mn)	121	131
Consolidated net income allocated to ordinary shareholders (€ mn) ¹⁾	107	117
Cost/income ratio (%) ²⁾	42.2	41.8
Earnings per ordinary share (€) ¹⁾	1.80	1.97
RoE before taxes (%) ^{1) 3)}	8.7	9.7
RoE after taxes (%) ^{1) 3)}	5.6	6.3

	30 Sep 2019	31 Dec 2018
Statement of Financial Position		
Property finance (€ mn) ⁴⁾	27,139	26,395
Equity (€ mn)	2,817	2,928
Total assets (€ mn)	43,155	42,687
Regulatory Indicators ⁵⁾		
Risk-weighted assets (€ mn)	12,656	13,039
Common Equity Tier 1 ratio (CET1 ratio) (%)	17.1	17.2
Tier 1 ratio (T1 ratio) (%)	19.5	19.5
Total capital ratio (TC ratio) (%)	26.7	26.2
Common Equity Tier 1 ratio (CET1 ratio) (%) – Basel IV (estimated) ⁶⁾	12.6	13.2
Employees	2,816	2,748

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⁾ Structured Property Financing segment only

³⁾ On an annualised basis

⁴⁾ Excluding € 0.5 billion in private client business (31 December 2018: € 0.6 billion) and € 0.4 billion in local authority lending business by the former Westdeutsche ImmobilienBank AG (WestImmo) (31 December 2018: € 0.5 billion)

⁵⁾ When calculating own funds as at 30 September 2019, interim profits were taken into account, deducting the pro-rata dividend in line with the dividend policy, and incorporating the pro-rata accrual of net interest payable on the AT1 bond. Moreover, the expected relevant impact of the TRIM exercise on commercial property financings, and of the SREP recommendations concerning the NPL inventory as well as the ECB's NPL guidelines for exposures newly classified as NPLs, were taken into account for determining regulatory indicators.

⁶⁾ Underlying estimate, given a 72.5% output floor based on the final Basel Committee framework dated 7 December 2017. The calculation of the material impact upon Aareal Bank is subject to the outstanding EU implementation as well as the implementation of additional regulatory requirements (CRR II, EBA requirements etc.).

Consolidated income statement for the first nine months of 2019 (in accordance with IFRSs)

	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018	Change
	€ mn	€ mn	%
Net interest income	403	400	1
Loss allowance	55	33	67
Net commission income	164	152	8
Net derecognition gain or loss	42	16	163
Net gain or loss from financial instruments (fvpl)	5	-1	-600
Net gain or loss from hedge accounting	-4	-2	100
Net gain or loss from investments in companies accounted for using the equity method	0	-	
Administrative expenses	370	344	8
Net other operating income/expenses	1	11	-91
Negative goodwill from acquisitions	-	-	
Operating profit	186	199	-7
Income taxes	65	68	-4
Consolidated net income	121	131	-8
Consolidated net income attributable to non-controlling interests	2	2	0
Consolidated net income attributable to shareholders of Aareal Bank AG	119	129	-8
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	119	129	-8
of which: allocated to ordinary shareholders	107	117	-9
of which: allocated to AT1 investors	12	12	
Earnings per ordinary share (in €) ²⁾	1.80	1.97	-9
Earnings per AT1 unit (in €) ³⁾	0.12	0.12	

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⁾ Earnings per ordinary share are determined by dividing the earnings allocated 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.

³⁾ Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of € 3 each) are determined by dividing the earnings allocated 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 for the third quarter of 2019 (in accordance with IFRSs)

	Q3 2019	Q3 2018	Change
	€ mn	€ mn	%
Net interest income	134	131	2
Loss allowance	27	14	93
Net commission income	54	51	6
Net derecognition gain or loss	15	5	200
Net gain or loss from financial instruments (fvpl)	5	0	
Net gain or loss from hedge accounting	-3	1	-400
Net gain or loss from investments in companies accounted for using the equity method	0	-	
Administrative expenses	114	107	7
Net other operating income/expenses	0	3	-100
Negative goodwill from acquisitions	-	-	
Operating profit	64	70	-9
Income taxes	24	24	0
Consolidated net income	40	46	-13
Consolidated net income attributable to non-controlling interests	1	1	0
Consolidated net income attributable to shareholders of Aareal Bank AG	39	45	-13
Earnings per share (Eps)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	39	45	-13
of which: allocated to ordinary shareholders	35	41	-15
of which: allocated to AT1 investors	4	4	
Earnings per ordinary share (in €) ²⁾	0.60	0.70	-14
Earnings per AT1 unit (in €) ³⁾	0.04	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⁾ Earnings per ordinary share are determined by dividing the earnings allocated 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.

³⁾ Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of € 3 each) are determined by dividing the earnings allocated 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 results for the first nine months of 2019 (in accordance with IFRS)

	Structured Property Financing		Consulting/Services		Consolidation/Reconciliation		Aareal Bank Group	
	1 Jan-30 Sep 2019	1 Jan-30 Sep 2018	1 Jan-30 Sep 2019	1 Jan-30 Sep 2018	1 Jan-30 Sep 2019	1 Jan-30 Sep 2018	1 Jan-30 Sep 2019	1 Jan-30 Sep 2018
€ mn								
Net interest income ¹⁾	414	409	-11	-9	0	0	403	400
Loss allowance	55	33	0	0			55	33
Net commission income ¹⁾	6	6	163	150	-5	-4	164	152
Net derecognition gain or loss	42	16					42	16
Net gain or loss from financial instruments (fvpl)	5	-1					5	-1
Net gain or loss from hedge accounting	-4	-2					-4	-2
Net gain or loss from investments accounted for using the equity method			0				0	
Administrative expenses	195	182	180	166	-5	-4	370	344
Net other operating income/expenses	0	9	1	2	0	0	1	11
Negative goodwill from acquisitions								
Operating profit	213	222	-27	-23	0	0	186	199
Income taxes	74	77	-9	-9			65	68
Consolidated net income	139	145	-18	-14	0	0	121	131
Consolidated net income attributable to non-controlling interests	0	0	2	2			2	2
Consolidated net income attributable to shareholders of Aareal BankAG	139	145	-20	-16	0	0	119	129
Allocated equity ²⁾	2,131	2,045	205	177	225	263	2,561	2,485
Cost/income ratio (%)	42.2	41.8	117.4	115.3			60.5	59.7
RoE before taxes (%) ^{2) 3) 4)}	12.2	13.3	-18.5	-18.2			8.7	9.7

¹⁾ As of this reporting year, interest from housing industry deposits is shown in net interest income of the Consulting/Services segment (previously included in net commission income). The previous year's figures were adjusted accordingly.

²⁾ Equity allocated to the Structured Property Financing segment for the same period of the previous year was adjusted to bring it into line with Basel IV; RoE before taxes was thus also changed accordingly.

³⁾ On an annualised basis

⁴⁾ The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.

Segment results for the third quarter of 2019 (in accordance with IFRSs)

	Structured Property Financing		Consulting/Services		Consolidation / Reconciliation		Aareal Bank Group	
	3rd quarter 2019	3rd quarter 2018	3rd quarter 2019	3rd quarter 2018	3rd quarter 2019	3rd quarter 2018	3rd quarter 2019	3rd quarter 2018
€ mn								
Net interest income ¹⁾	138	134	-4	-3	0	0	134	131
Loss allowance	27	14	0	0			27	14
Net commission income ¹⁾	2	2	54	51	-2	-2	54	51
Net derecognition gain or loss	15	5					15	5
Net gain or loss from financial instruments (fvpl)	5	0					5	0
Net gain or loss from hedge accounting	-3	1					-3	1
Net gain or loss from investments in companies accounted for using the equity method			0				0	
Administrative expenses	55	53	61	56	-2	-2	114	107
Net other operating income/expenses	-1	2	1	1	0	0	0	3
Negative goodwill from acquisitions								
Operating profit	74	77	-10	-7	0	0	64	70
Income taxes	27	27	-3	-3			24	24
Consolidated net income	47	50	-7	-4	0	0	40	46
Consolidated net income attributable to non-controlling interests	0	0	1	1			1	1
Consolidated net income attributable to shareholders of Aareal Bank AG	47	50	-8	-5	0	0	39	45

¹⁾ As of this reporting year, interest from housing industry deposits is shown in net interest income of the Consulting/Services segment (previously included in net commission income). The previous year's figures were adjusted accordingly.