

Preliminary results for the financial year 2016 (unaudited, in accordance with IFRSs)

	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015	Change
	€ mn	€ mn	%
Net interest income	701	781	-10
Allowance for credit losses	97	128	-24
Net interest income after allowance for credit losses	604	653	-8
Net commission income	193	175	10
Net result on hedge accounting	0	8	
Net trading income/expenses	19	13	46
Results from non-trading assets	67	-17	
Results from investments accounted for using the equity method	0	0	
Administrative expenses	547	553	-1
Net other operating income/expenses	30	41	-27
Negative goodwill from acquisitions	-	150	
Operating result	366	470	-22
Income taxes	132	96	38
Consolidated net income	234	374	-37
Consolidated net income attributable to non-controlling interests	19	19	0
Consolidated net income attributable to shareholders of Aareal Bank AG	215	355	-39
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG	215	355	-39
of which: allocated to ordinary shareholders	199	339	-41
of which: allocated to AT1 investors	16	16	0
Earnings per ordinary share (€) ²⁾	3.33	5.66	-41
Earnings per AT1 unit (€) ³⁾	0.16	0.16	0

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 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.

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 of Aareal Bank Group
Preliminary results for the financial year 2016
(unaudited, in accordance with IFRSs)

	Structured Property Financing		Consulting/ Services		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan 31 Dec 2016	1 Jan 31 Dec 2015	1 Jan 31 Dec 2016	1 Jan 31 Dec 2015	1 Jan 31 Dec 2016	1 Jan 31 Dec 2015	1 Jan 31 Dec 2016	1 Jan 31 Dec 2015

€ mn

Net interest income	716	783	0	0	-15	-2	701	781
Allowance for credit losses	97	128					97	128
Net interest income after allowance for credit losses	619	655	0	0	-15	-2	604	653
Net commission income	10	6	171	169	12	0	193	175
Net result on hedge accounting	0	8					0	8
Net trading income/expenses	19	13	0	0			19	13
Results from non-trading assets	66	-17	1				67	-17
Results from investments accounted for using the equity method		0	0	0			0	0
Administrative expenses	346	359	204	197	-3	-3	547	553
Net other operating income/expenses	27	37	3	5	0	-1	30	41
Negative goodwill from acquisitions		150						150
Operating profit	395	493	-29	-23	0	0	366	470
Income taxes	143	106	-11	-10			132	96
Consolidated net income	252	387	-18	-13	0	0	234	374
Consolidated net income attributable to non-controlling interests	16	16	3	3			19	19
Consolidated net income attributable to shareholders of Aareal Bank AG	236	371	-21	-16	0	0	215	355

Consolidated Income Statement of Aareal Bank Group
Preliminary results for the fourth quarter of 2016 (unaudited, in accordance with IFRSs)

	Q4 2016	Q4 2015	Change
	€ mn	€ mn	%
Net interest income	169	198	-15
Allowance for credit losses	33	42	-21
Net interest income after allowance for credit losses	136	156	-13
Net commission income	56	52	8
Net result on hedge accounting	-4	3	
Net trading income/expenses	-2	5	
Results from non-trading assets	1	-2	
Results from investments accounted for using the equity method	0	0	
Administrative expenses	130	138	-6
Net other operating income/expenses	28	16	75
Negative goodwill from acquisitions			
Operating profit	85	92	-8
Income taxes	44	24	83
Consolidated net income	41	68	-40
Consolidated net income attributable to non-controlling interests	4	4	0
Consolidated net income attributable to shareholders of Aareal Bank AG	37	64	-42
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG	37	64	-42
of which: allocated to ordinary shareholders	33	60	-46
of which: allocated to AT1 investors	4	4	0
Earnings per ordinary share (€) ²⁾	0.55	1.01	-46
Earnings per AT1 unit (€) ³⁾	0.04	0.04	0

- 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 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.
- 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 of Aareal Bank Group
Preliminary results for the fourth quarter of 2016 (unaudited, in accordance with IFRSs)

	Structured Property Financing		Consulting/ Services		Consolidation/ Reconciliation		Aareal Bank Group	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4
	2016	2015	2016	2015	2016	2015	2016	2015
€ mn								
Net interest income	174	199	0	0	-5	-1	169	198
Allowance for credit losses	33	42					33	42
Net interest income after allowance for credit losses	141	157	0	0	-5	-1	136	156
Net commission income	5	2	47	49	4	1	56	52
Net result on hedge accounting	-4	3					-4	3
Net trading income/expenses	-2	5		0			-2	5
Results from non-trading assets	0	-2	1				1	-2
Results from investments accounted for using the equity method			0	0			0	0
Administrative expenses	80	85	51	54	-1	-1	130	138
Net other operating income/expenses	26	14	2	3	0	-1	28	16
Negative goodwill from acquisitions								
Operating profit	86	94	-1	-2	0	0	85	92
Income taxes	45	27	-1	-3			44	24
Consolidated net income	41	67	0	1	0	0	41	68
Consolidated net income attributable to non-controlling interests	3	3	1	1			4	4
Consolidated net income attributable to shareholders of Aareal Bank AG	38	64	-1	0	0	0	37	64