

Aareal Bank Group – Key Indicators

	1 Jan-30 Jun 2020	1 Jan-30 Jun 2019
Results		
Operating profit (€ mn)	13	122
Consolidated net income (€ mn)	16	81
Consolidated net income allocated to ordinary shareholders (€ mn) ¹⁾	7	72
Cost/income ratio (%) ²⁾	58.6	56.9
Earnings per ordinary share (€) ¹⁾	0.11	1.20
RoE before taxes (%) ^{1) 3) 4)}	0.0	8.8
RoE after taxes (%) ^{1) 3) 4)}	0.5	5.7
	30/06/2020	31 Dec 2019
Statement of Financial Position		
Property finance (€ mn) ⁵⁾	25,571	25,882
Equity (€ mn)	2,847	2,861
Total assets (€ mn)	45,322	41,137
Regulatory Indicators⁶⁾		
Risk-weighted assets (€ mn)	11,702	11,195
Common Equity Tier 1 ratio (CET1 ratio) (%)	19.8	19.6
Tier 1 ratio (T1 ratio) (%)	22.4	22.3
Total capital ratio (TC ratio) (%)	29.5	29.9
Common Equity Tier 1 ratio (CET1 ratio) (%) – Basel IV (estimate) – ⁷⁾	14.2	13.5
Employees	2,903	2,788

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 and Consulting/Services Bank (formerly: Bank division Housing Industry) segments, in line with the strategic development; the previous year's figure was adjusted accordingly.

³⁾ On an annualised basis

⁴⁾ "Other reserves" were included in equity, in line with the further development of segment reporting; the previous year's figure was adjusted accordingly.

⁵⁾ Excluding €0.4 billion in private client business (31 December 2019: €0.4 billion) and €0.3 billion in local authority lending business by the former Westdeutsche ImmobilienBank AG (WestImmo) (31 December 2019: €0.4 billion)

⁶⁾ 31 December 2019: excluding dividends for 2019 (in line with original proposal for appropriation of profits) and incorporating the pro rata accrual of net interest payable on the AT1 bond
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30 June 2020: including dividends for 2019 from the original proposal for the appropriation of profits and including interim profits for 2020, 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.

The expected relevant impact of the TRIM exercise on commercial property financings, of the SREP recommendations concerning the NPL stock as well as the ECB's NPL guidelines for exposures newly classified as NPLs, were taken into account.

⁷⁾ 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 half-year (according to IFRSs)

	1 Jan-30 Jun 2020	1 Jan-30 Jun 2019	Change
	€ mn	€ mn	%
Net interest income	245	269	-9
Loss allowance	106	28	279
Net commission income	111	110	1
Net derecognition gain or loss	16	27	-41
Net gain or loss from financial instruments (fvpl)	-7	0	
Net gain or loss from hedge accounting	2	-1	-300
Net gain or loss from investments accounted for using the equity method	0	0	
Administrative expenses	238	256	-7
Net other operating income/expenses	-10	1	
Operating profit	13	122	-89
Income taxes	-3	41	-107
Consolidated net income	16	81	-80
Consolidated net income attributable to non-controlling interests	1	1	0
Consolidated net income attributable to shareholders of Aareal Bank AG	15	80	-81
Earnings per share (Eps)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	15	80	-81
of which: allocated to ordinary shareholders	7	72	-90
of which: allocated to AT1 investors	8	8	
Earnings per ordinary share (€) ²⁾	0.11	1.20	-91
Earnings per AT1 unit (€) ³⁾	0.08	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⁾ 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 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 for the second quarter of (in accordance with IFRSs)

	Quarter 2 2020	Quarter 2 2019	Change
	€ mn	€ mn	%
Net interest income	122	134	-9
Loss allowance	48	23	109
Net commission income	54	57	-5
Net derecognition gain or loss	9	11	-18
Net gain or loss from financial instruments (fvpl)	-17	-6	183
Net gain or loss from hedge accounting	1	-1	-200
Net gain or loss from investments accounted for using the equity method	0	-	
Administrative expenses	109	112	-3
Net other operating income/expenses	-10	1	
Operating profit	2	61	-97
Income taxes	-7	20	-135
Consolidated net income	9	41	-78
Consolidated net income attributable to non-controlling interests	0	0	0
Consolidated net income attributable to shareholders of Aareal Bank AG	9	41	-78
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	9	41	-78
of which: allocated to ordinary shareholders	5	37	-86
of which: allocated to AT1 investors	4	4	
Earnings per ordinary share (in €) ²⁾	0.07	0.61	-89
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 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 results for the first half-year (according to IFRSs)

	Structured Property Financing		Consulting/ Services Bank		Aareon		Consolidation / Reconciliation		Aareal Bank Group	
	1 Jan– 30 Jun 2020	1 Jan– 30 Jun 2019	1 Jan– 30 Jun 2020	1 Jan– 30 Jun 2019	1 Jan– 30 Jun 2020	1 Jan– 30 Jun 2019	1 Jan– 30 Jun 2020	1 Jan– 30 Jun 2019	1 Jan– 30 Jun 2020	1 Jan– 30 Jun 2019
€ mn										
Net interest income	226	276	20	-6	-1	-1	0	0	245	269
Loss allowance	106	28			0	0			106	28
Net commission income	3	4	12	10	102	101	-6	-5	111	110
Net derecognition gain or loss	16	27							16	27
Net gain or loss from financial instruments (fvpl)	-7	0	0		0				-7	0
Net gain or loss from hedge accounting	2	-1							2	-1
Net gain or loss from investments accounted for using the equity method					0	0			0	0
Administrative expenses	117	140	35	37	92	84	-6	-5	238	256
Net other operating income/expenses	-11	1	0	-1	1	1	0	0	-10	1
Operating profit	6	139	-3	-34	10	17	0	0	13	122
Income taxes	-5	47	-1	-11	3	5			-3	41
Consolidated net income	11	92	-2	-23	7	12	0	0	16	81
Consolidated net income attributable to non-controlling interests	0	0	0	0	1	1			1	1
Consolidated net income attributable to shareholders of Aareal BankAG	11	92	-2	-23	6	11	0	0	15	80
Allocated equity ¹⁾	1,809	1,878	194	194	42	42	466	389	2,511	2,503
RoE before taxes (%) ^{2) 3)}	-0.7	13.6	-2.8	-34.6	43.4	73.3			0.0	8.8

¹⁾ For management purposes, the calculation of allocated equity was changed for all segments, applying the regulatory calculation method. Reported equity on the statement of financial position differs from this. Aareon's total equity as disclosed in the statement of financial position amounts to €192 million. Other reserves are now also included when calculating allocated equity at Group level. RoE before taxes is thus also changed accordingly. The previous year's figures were adjusted accordingly.

²⁾ On an annualised basis

³⁾ 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 from the second quarter
(in accordance with IFRSs)**

	Structured Property Financing		Consulting/ Services Bank		Aareon		Consolidation / Reconciliation		Aareal Bank Group	
	Quarter 2 2020	Quarter 2 2019	Quarter 2 2020	Quarter 2 2019	Quarter 2 2020	Quarter 2 2019	Quarter 2 2020	Quarter 2 2019	Quarter 2 2020	Quarter 2 2019
€ mn										
Net interest income	113	138	10	-3	-1	-1	0	0	122	134
Loss allowance	48	23			0	0			48	23
Net commission income	1	2	7	6	49	52	-3	-3	54	57
Net derecognition gain or loss	9	11							9	11
Net gain or loss from financial instruments (fvpl)	-17	-6	0		0				-17	-6
Net gain or loss from hedge accounting	1	-1							1	-1
Net gain or loss from investments accounted for using the equity method					0				0	
Administrative expenses	49	53	17	19	46	43	-3	-3	109	112
Net other operating income/expenses	-11	1	0	-1	1	1	0	0	-10	1
Operating profit	-1	69	0	-17	3	9	0	0	2	61
Income taxes	-8	23	0	-6	1	3			-7	20
Consolidated net income	7	46	0	-11	2	6	0	0	9	41
Consolidated net income attributable to non-controlling interests	0	0	0	0	0	0			0	0
Consolidated net income attributable to shareholders of Aareal BankAG	7	46	0	-11	2	6	0	0	9	41