PRESS RELEASE

Following a loss-making year as a result of the pandemic, Aareal Bank anticipates a triple-digit million-euro positive operating result again for 2021

- **Aareal Bank expects to return to profit in the current year, with considerably higher net interest income and net commission income, as well as significantly lower loss allowance**
- **Double-digit negative consolidated operating loss of € 75 million in the 2020 financial year, as announced**
- **Significantly higher loss allowance in 2020 due to Covid-19, thus ensuring comprehensive loss allowance is recognised for all currently identifiable risks**
- **Dividend plans reaffirmed: Subject to approval by the Supervisory Board and a commensurate economic situation, a total dividend distribution of € 1.50 per share is planned in two stages – in a first step, a dividend proposal of € 0.40 per share is intended to be submitted to the Annual General Meeting in May**
- **Further details published on the review of "Aareal Next Level": Additional growth opportunities identified in all three segments, and € 300 million target confirmed for consolidated operating profit in 2023**
- **CFO Marc Hess: "There is no need to reinvent ourselves. We have set out a clear plan showing how we can exploit opportunities in all our segments."**

Wiesbaden, 24 February 2021. Following a loss-making year in 2020 owing to the Covid-19 pandemic, Aareal Bank Group expects to generate a positive consolidated operating profit again – in a triple-digit million-euro range – for 2021. The extent of the turnaround in the operating result will depend primarily on how quickly the anticipated economic recovery gains traction, and how loss allowance develops accordingly. From today's perspective, Aareal Bank expects loss allowance for 2021 to fall significantly from 2020's levels to between € 125 million and € 200 million, but still remaining above the long-term average. Based on a strong operating performance, the Bank is projecting a consolidated operating profit for 2021 in a broad range of € 100 million to € 175 million, taking into account the uncertainties that currently prevail.

The Company concluded the previous financial year 2020 with a consolidated operating loss in a double-digit million euro amount, as announced. On a preliminary, unaudited basis, it amounted to minus € 75 million (2019: € 248 million). After taxes, non-controlling interest income and AT1 costs, consolidated net income allocated to ordinary shareholders was minus € 90 million (2019: € 145 million). Earnings per share declined to minus € 1.50 (2019: € 2.42). In the context of the financial results, it must be taken into consideration that the net gain of approximately € 180 million from the sale of the minority stake in Aareon has not been recognised in income but directly in equity.

The annual loss for 2020 is largely attributable to significantly higher loss allowance of € 344 million (2019: € 90 million), with the fourth quarter alone accounting for € 177 million. Based on the extended and further tightened global lockdown measures and the resulting deteriorated economic outlook, the Bank generally classified as stage 2 all loans for which liquidity support measures were granted, as already communicated on 17 January 2021 –

thus recognising loss allowance for default risks which are possible but have not yet materialised. In addition, stage 3 allowance for loans which are potentially or actually non-performing was also raised. Overall, the Bank has thus comprehensively taken account of the recent intensification of the pandemic.

Chief Financial Officer Marc Hess commented: "In our financial statements for 2020, we have comprehensively dealt with all the Covid-19 risks that are evident today, having already made important adjustments to our loan portfolio as part of the successful de-risking exercise over recent years. We are therefore now looking beyond the current crisis and believe we are well positioned for the economic recovery phase that we expect to materialise and be gradually reinforced this year. This affords us the opportunity to continue to consistently exploit the opportunities that arise in a changed environment."

Aareal Bank Group set this course already in the second half of 2020 and, among other things, expanded its loan portfolio to the upper end of the target range of € 26 billion to € 28 billion – adhering to its risk standards, and continuing to achieve margins for new business originated that exceed expectations. At € 7.2 billion, attractive opportunities were exploited so that the volume of new business was close to that of the previous year (€ 7.7 billion), despite the pandemic – largely thanks to strong performance during the second half of the year. IT subsidiary Aareon also demonstrated its growth potential and resilience to a crisis in the year under review with renewed growth in sales revenue.

Against the background of the successful performance of its operating business, the Group's sound prospects for the future and its solid capital resources, Aareal Bank affirms its intention to distribute dividends totalling € 1.50 per share in 2021 for the 2020 financial year, in two stages. The Management Board intends to propose to the Annual General Meeting on 18 May 2021 to distribute a dividend of € 0.40 per share. This is in line with the requirements published by the European Central Bank (ECB) on 15 December 2020. Depending on further economic developments, regulatory requirements, the Bank's capital position and its risk situation, an extraordinary Annual General Meeting, which could possibly take place during the fourth quarter of 2021, could then decide on the intended remaining payout of € 1.10 per share. Aareal Bank has taken the intended payout – totalling approximately € 90 million – into account as a deduction from regulatory capital as at 31 December 2020, as already communicated.

Strategic review: profitable growth opportunities in all segments

The Management Board's fundamental confidence is supported by the 360-degree review of the "Aareal Next Level" strategic framework, which has meanwhile been concluded. The Company already published the first cornerstones on 17 January 2021.

The essential results were confirmed as the project continued: firstly, the strategy and business model remain viable in a normalised environment, once the pandemic has been overcome. However, adjustments will be made in order to fully exploit the opportunities that arise, and to further enhance efficiency. Secondly, adjusting the strategy will allow the Bank to generate consolidated operating profit in the range of € 300 million – excluding any potential acquisitions – as early as 2023, provided the pandemic has been fully overcome by then and the risk situation has returned to normal. Assuming a CET1 reference ratio of around 15 per cent (Basel IV, phased-in, revised IRBA) which would exceed the market average, this translates into a return on equity (RoE) after taxes of approximately 8 per cent (both for the Group and for the Bank), in line with the cost of capital.

The Company sees opportunities for profitable growth in all three segments:
In the **Structured Property Financing** segment, the controlled expansion of the portfolio volume – adopting a flexible approach with regard to countries, asset classes and financial structures – is aimed at making better use of the existing platform. A figure of around € 29 billion is targeted for the end of 2021 and of approximately € 30 billion for the end of 2022 – with positive effects for net interest income, which is expected to rise sharply already in the current year. For the post-Covid period, Aareal Bank anticipates enhanced opportunities for high-margin business whilst maintaining its conservative risk standards.

In the **Consulting/Services Bank** segment, Aareal Bank intends in particular to extend the 'equity-light' business and therefore increase net commission income, which is set to double to approximately € 50 million by 2025. Aareal Bank intends to achieve this mainly by expanding the product range, in particular in the digital arena, and through further strategic partnerships. Following the strategic review, the Bank also wants to continue with its deposit-taking business, with a volume projected to remain above € 11 billion over the medium term. Deposits not only represent a stable, attractive additional source of funding, but also offer considerable potential for increasing income in case of a turnaround in interest rates – which, however, the Bank does not anticipate during the planning period. In order to highlight the new ambition of the segment, it will be renamed "Banking & Digital Solutions" with effect from 1 January 2021.

The Bank aims to further strengthen the market position of its successful IT subsidiary **Aareon** in the coming years as a leading software company for the European property industry, and to significantly increase the value and earnings contribution for the Group and its shareholders. Together with its partner Advent International, which acquired a minority stake in Aareon in August 2020, the Bank intends to further intensify the company's pace of growth, organically as well as through new, digital products and solutions in particular, and through greater up- and cross-selling in the existing client base. It is also planning further related acquisitions. Previously, Aareon had targeted a doubling of adjusted EBITDA to a level of € 110 million by 2025: based on the value creation programme jointly developed with Advent, Aareon now aims to increase that figure to around € 135 million. This projection does not include any positive contributions from potential acquisitions, for which Aareon has secured a debt facility of up to € 250 million.

Besides the growth initiatives for the three segments, Aareal Bank Group will use additional levers to sustainably raise its profitability, including an optimisation of the funding mix and the capital structure – whereby the repayment of € 300 million Tier II capital, recently approved by the regulatory authorities and set to be completed during the first quarter of 2021, will contribute to the latter. In addition, numerous measures are being implemented to enhance the efficiency of the organisational structure, processes and infrastructure. As an example, the "IT Next Level" initiative will further reduce complexity in the IT infrastructure, expanding cloud-based applications. In addition, the Group plans to streamline management structures across divisions.

All of the measures combined are projected to lead to a cost/income ratio below 40 per cent in the Bank's Structured Property Financing segment by 2023, which is in line with a best-in-class ratio on an international level as well. Aareal Bank has budgeted total expenses of around € 10 million in its banking business for implementing the strategic adjustments in the years 2021 to 2023; these are however offset by one-off income in a similar magnitude. Aareon expects expenses of approximately € 8 million in 2021 for implementing its value creation programme.

CFO Marc Hess commented on the strategy update: "There is no need to reinvent ourselves. We have set out a clear plan showing how we can exploit opportunities for profitable growth in all our segments, whilst enhancing our efficiency. This will not only allow us to substantially increase our results – also compared to pre-corona times – whilst continuing to adhere to our strict risk standards. In this way, we will also be able to free up capital for the purposes of active capital management, or for selected acquisitions. All of this will be supported by additional measures to enhance cost efficiency, and by focusing our business even more strongly on ESG criteria, for which – as providers of long-term finance – we are predestined to fulfil. In the years to come, Aareal Bank Group will thus not only become stronger and more profitable than we are today, but more sustainable too."

Financial year 2020: robust operating performance in all segments

At € 512 million, net interest income in the 2020 financial year was down on the previous year's figure (€ 533 million), due to a decline in the loan and securities portfolio during the year, which is attributable in particular to the de-risking measures taken in 2019. At the end of the year, however, the figure rose again in line with portfolio growth. It also includes € 11 million in pro rata interest benefit from the ECB's Targeted Longer-Term Refinancing Operations (TLTRO 3) programme.

Loss allowance amounted to € 344 million and was therefore significantly higher than the previous year's figure of € 90 million, largely because of the adverse economic effects related to the Covid-19 pandemic. This is also attributable to the measures already described, which were taken in conjunction with the recent intensification of the pandemic.

Net commission income increased to € 234 million (2019: € 229 million) on the back of the higher sales revenue at Aareon and in the Consulting/Services Bank segment. The net derecognition gain of € 28 million (2019: € 64 million) primarily resulted from market-driven effects of early loan repayments. The previous year included positive non-recurring effects from adjustments to the Treasury portfolio.

The net result from financial instruments (fvpl) was also burdened by Covid-19; including net gains or losses from hedge accounting, it totalled € -26 million (2019: € -3 million). The decline was largely due to credit-risk induced measurement losses of defaulted property loans, which are reflected in the net gain or loss from financial instruments (fvpl).

Administrative expenses declined to € 469 million (2019: € 488 million) in spite of rising expenses in connection with Aareon's growth, also due to cost savings incurred in connection with the Covid-19 pandemic. The previous year's figure still included running costs and integration expenses incurred in conjunction with the integration of Düsselhyp.

Net other operating income/expenses of € -11 million (2019: € 2 million) was burdened by value adjustments on properties held by the Bank, as a result of Covid-19.

All in all, the consolidated operating loss for the 2020 financial year totalled € 75 million, after a profit of € 248 million in 2019. Taking into consideration € 6 million in income from income taxes and non-controlling interest income of € 5 million, consolidated net income attributable to shareholders of Aareal Bank AG amounted to € -74 million (2019: € 161 million). Assuming the pro rata temporis accrual of net interest payments on the AT1 bond, consolidated net income allocated to ordinary shareholders stood at € -90 million (2019: € 145 million). Earnings per ordinary share amounted to € -1.50 (2019: € 2.42).

In the **Structured Property Financing segment**, Aareal Bank originated new business of € 7.2 billion (2019: € 7.7 billion) in an environment influenced by the pandemic with considerable uncertainties. The volume of new business was thus within the original target range of € 7 billion to € 8 billion, despite the adverse circumstances. Averaging around 220 basis points, the average target margin of 180 to 190 basis points for the full-year 2020 (before currency effects) was significantly exceeded. This underlines Aareal Bank's ability to allocate new business flexibly to attractive markets, whilst meeting high quality standards at the same time: the average loan-to-value ratios (LTVs) in new business remained at a good level of 58 per cent (Q4 2020: 56 per cent). At 36.1% (2019: 49.5%), offices accounted for the largest share of new business, followed by logistics properties at 26.5%, whose share of new business increased appreciably year-on-year (2019: 9.9%).

The portfolio volume increased to € 27.8 billion (2019: € 26.7 billion) thanks to the successful new business activities. It was thus at the upper end of the projected target corridor of € 26 billion to € 28 billion, as expected and despite currency effects. The average loan-to-value ratios of the loans in the portfolio only rose to 60% (2019: 57%), despite comprehensive revaluations. Operating loss in the Structured Property Financing segment amounted to € 99 million (2019: operating profit of € 276 million).

In the **Consulting/Services Bank segment**, the volume of deposits from the housing industry remained high in the 2020 financial year, where it averaged € 11.0 billion (2019: € 10.7 billion). The entire deposit-taking structure improved further. Rental deposits, which remained very stable, rose to over € 2 billion. Net interest income in the segment increased last year to € 39 million (2019: € -15 million), mainly due to changed modelling and adjusted transfer pricing, which reflects the great importance of the deposits as a stable source of funding for the Bank. Net commission income was successfully increased during the financial year under review, from € 23 million to € 26 million. At the same time, additional business opportunities were tapped in the past financial year, for example through the joint venture with ista ("objego") and a series of new products successfully launched on the market, such as Aareal Meter, Aareal Exchange and Payment Platform and Aareal Connected Payments.

All in all, the Consulting/Services Bank segment registered an operating loss of € -3 million (2019: € -65 million), because of the persistent burdens posed by the prevailing low interest rate environment. However, the segment result turned out to be significantly better than expected, owing to higher short-term interest rates and cost-savings made in conjunction with the Covid-19 pandemic.

The **Aareon segment** once again recorded higher sales revenue, thus demonstrating its strong market position and resilience during the financial year under review. Despite Covid-19, sales revenue generated by Aareal Bank's subsidiary rose by 2 per cent during the 2020 financial year to € 258 million (2019: € 252 million). Momentum in the digital business remained particularly high, with growth of 19 per cent. This means that Aareon remained the key driver for higher consolidated net commission income. Overall, the Covid-19-related charges were lower than originally expected. The sale of the 30% minority stake in Aareon to Advent International was successfully concluded in October 2020. Aareon acquired London-based Arthur Online Ltd in December 2020 – the first acquisition jointly executed with Advent International. At € 62 million, Aareon's results (in terms of adjusted EBITDA) were close to the previous year's level of € 64 million, despite the burdens from Covid-19 and stepped-up planned investments for the future.

Successful funding activities – solid capitalisation

Aareal Bank Group's funding activities on the capital market were successful during the 2020 financial year, maintaining both a strong liquidity position and well diversified sources of funding. It succeeded in raising a total of € 2.1 billion in medium- and long-term funds during the financial year under review. € 0.5 billion was raised through Pfandbriefe, and € 1.6 billion by means of bonds (€ 1.4 billion in senior preferred and € 0.2 billion in senior non-preferred issues). Capitalising on the very attractive funding terms, Aareal Bank participated in the ECB's Targeted Longer-Term Refinancing Operations (TLTRO 3) programme in the second quarter of 2020, raising € 4.3 billion under the programme.

Aareal Bank continues to enjoy a very solid capital base. Despite a higher portfolio volume and burdens from Covid-19 pandemic effects, the common equity tier 1 (CET1) ratio is comfortable by international standards at 18.8 per cent (31 December 2020: 19.6 per cent). The targeted dividend payments have already been deducted. The total capital ratio stood at 28.0 per cent (31 December 2019: 29.9 per cent). The CET1 ratio, determined on the basis of the Basel Committee's final framework – the Basel IV phased-in ratio – was 17.3 per cent (31 December 2019: 17.1 per cent).

Notes on the preliminary income statement for the fourth quarter of 2020

According to the preliminary, unaudited figures, net interest income in the final quarter of 2020 amounted to € 139 million (Q4 2019: € 130 million), after € 128 million in the previous quarter. As expected, this represents a significant increase, particularly due to portfolio growth and TLTRO effects.

At € 9 million, the net derecognition gain fell significantly below the same quarter of the previous year (Q4 2019: € 22 million). The result is largely attributable to effects from early loan repayments. The previous year's figure included positive non-recurring income of around € 10 million from adjustments made to the Treasury portfolio.

Loss allowance amounted to € 177 million during the fourth quarter (Q4 2019: € 35 million) and was thus considerably higher than in the same quarter of the previous year due to the pandemic as communicated. Net commission income of € 66 million slightly exceeded the previous year's figure (Q4 2019: € 65 million). Consolidated administrative expenses amounted to € 117 million during the fourth quarter (Q4 2019: € 118 million).

On balance, the consolidated operating loss for the fourth quarter amounted to € -99 million (Q4 2019: profit of € 62 million). Taking € 13 million in income from income taxes into account, consolidated net income was € -86 million. After deduction of € 3 million in non-controlling interest income, and assumed pro-rata net interest payable on the AT1 bond of € 4 million, consolidated net income allocated to ordinary shareholders of Aareal Bank AG amounted to € -93 million (Q4 2019: € 38 million).

Outlook: Return to profit expected for 2021

Besides the strategic measures and initiatives within the framework of "Aareal Next Level", Aareal Bank Group's focus in the 2021 financial year will be on coping with the impact of the Covid-19 pandemic in the best way possible – together with its clients. In this context, it will be crucial how quickly the emerging recovery of the real economy will gain momentum. Aareal Bank Group continues to anticipate a 'swoosh-shaped' trend and anticipates a marked recovery during this year and the next.

Based on this assumption and current insights, Aareal Bank Group expects a clearly positive consolidated operating profit in a range of between € 100 million and € 175 million for 2021 as a whole (2020: € -75 million), despite high loss allowance. Earnings per share (EpS) is therefore expected to be in the region between € 0.70 and € 1.50 (2020: € -1.50). Naturally, in the current environment, this forecast is subject to significant uncertainty, especially with regard to the assumed duration and intensity of the crisis, the pace of recovery and the associated effects on the clients, as well as prevailing uncertainty concerning regulatory and accounting provisions, and the possibility that individual loan defaults cannot be reliably predicted. Effects from a potential, selective continuation of accelerated de-risking activities are not included either.

Income is expected to rise significantly over the previous year. Net interest income is expected to rise to between € 550 million and € 580 million (2020: € 512 million), reflecting the higher (and further growing) loan portfolio. Net commission income is likely to rise further, thanks in particular to Aareon's growth, to between € 250 million and € 270 million (2020: € 234 million). Based on the assumed 'swoosh' scenario, Aareal Bank forecasts a loss allowance in a range of between € 125 million and € 200 million (2020: € 344 million). However, this item is subject to considerably higher uncertainty than usual, due to the Covid-19 pandemic. Administrative expenses should amount to between € 520 million and € 540 million (2020: € 469 million). Besides the non-recurrence of the previous year's cost savings due to Covid-19, this reflects the planned growth of Aareon and the initiatives launched on the basis of the strategic review.

In the Structured Property Financing segment, a portfolio size of around € 29 billion is envisaged by the end of the year, market conditions permitting and subject to exchange rate fluctuations. Aareal Bank plans new business volume of € 7 billion to € 8 billion on this basis. For the Banking & Digital Solutions (previously: Consulting/Services Bank) segment, Aareal Bank assumes further slight growth in net commission income (2020: € 26 million) and expects an average deposit volume from the housing industry of around € 11 billion. Aareon expects a marked increase in sales revenue in the region of € 276 to € 280 million for the current year (2020: € 258 million). Adjusted EBITDA is likely to further increase to between € 63 million and € 65 million (2020: € 62 million). This forecast does not include any effects from future M&A transactions.

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About Aareal Bank Group:

Aareal Bank Group, headquartered in Wiesbaden, is a leading international property specialist. It provides smart financings, software products, and digital solutions for the property sector and related industries, and is present across three continents: Europe, North America and Asia/Pacific. Aareal Bank AG, whose shares are included in Deutsche Börse's MDAX index, is the Group's parent entity. It manages the various entities organised in the Group's three business segments: Structured Property Financing, Banking & Digital Solutions, and Aareon. The Structured Property Financing segment encompasses all of Aareal Bank Group's property financing and funding activities. Here, the Bank supports its clients in making large-volume commercial property investments. The investment properties mostly comprise office buildings, hotels, shopping centres, logistics and residential property, as well as student apartments. In the Banking & Digital Solutions segment, Aareal Bank Group supports businesses from the housing, property management and energy industries as a digitalisation partner – combining extensive advisory services and product solutions with traditional corporate banking services and deposit-taking. Its subsidiary Aareon, the leading supplier of ERP software and digital solutions for the European property sector and their partners, represents the third business segment. Aareon offers reliable, pioneering solutions in the fields of consulting, software and services to optimise IT-supported business processes, and to extend business models. The Aareon Smart World digital platform links businesses from the housing industry and related sectors with customers, staff and business partners, as well as connecting technical devices in apartments and buildings.

Aareal
YOUR COMPETITIVE ADVANTAGE.

Consolidated Income Statement of Aareal Bank Group
Preliminary results for the financial year 2020
(unaudited, in accordance with IFRSs)

	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	Change
	€ mn	€ mn	%
Net interest income	512	533	-4
Loss allowance	344	90	282
Net commission income	234	229	2
Net derecognition gain or loss	28	64	-56
Net gain or loss from financial instruments (fvpl)	-32	1	
Net gain or loss from hedge accounting	6	-4	-250
Net gain or loss from investments accounted for using the equity method	1	1	0
Administrative expenses	469	488	-4
Net other operating income/expenses	-11	2	
Operating profit	**-75**	**248**	**-130**
Income taxes	-6	85	-107
Consolidated net income	**-69**	**163**	**-142**
Consolidated net income attributable to non-controlling interests	5	2	150
Consolidated net income attributable to shareholders of Aareal Bank AG	-74	161	-146
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG [1)]	-74	161	-146
of which: allocated to ordinary shareholders	-90	145	-162
of which: allocated to AT1 investors	16	16	
Earnings per ordinary share (€)	-1.50	2.42	-162
Earnings per AT1 unit (€)	0.16	0.16	

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

Consolidated Income Statement of Aareal Bank Group
Preliminary results for the fourth quarter of 2020
(in accordance with IFRSs)

	Quarter 4 2020	Quarter 4 2019	Change
	€ mn	€ mn	%
Net interest income	139	130	7
Loss allowance	177	35	406
Net commission income	66	65	2
Net derecognition gain or loss	9	22	-59
Net gain or loss from financial instruments (fvpl)	-21	-4	425
Net gain or loss from hedge accounting	2	0	
Net gain or loss from investments accounted for using the equity method	1	1	0
Administrative expenses	117	118	-1
Net other operating income/expenses	-1	1	-200
Operating profit	**-99**	**62**	**-260**
Income taxes	-13	20	-165
Consolidated net income	**-86**	**42**	**-305**
Consolidated net income attributable to non-controlling interests	3	0	
Consolidated net income attributable to shareholders of Aareal Bank AG	-89	42	-312
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG [1)]	-89	42	-312
of which: allocated to ordinary shareholders	-93	38	-345
of which: allocated to AT1 investors	4	4	
Earnings per ordinary share (€)	-1.56	0.62	-352
Earnings per AT1 unit (€)	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.

Aareal
YOUR COMPETITIVE ADVANTAGE.

Segment Results of Aareal Bank Group
Preliminary results for the 2020 financial year
(unaudited, in accordance with IFRSs)

€ mn	Structured Property Financing		Consulting / Services Bank		Aareon		Consolidation / Reconciliation		Aareal Bank Group	
	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Net interest income	474	549	39	-15	-1	-1	0	0	512	533
Loss allowance	344	90	0	0	0	0			344	90
Net commission income	8	10	26	23	213	208	-13	-12	234	229
Net derecognition gain or loss	28	64							28	64
Net gain or loss from financial instruments (fvpl)	-32	1	0		0	0			-32	1
Net gain or loss from hedge accounting	6	-4							6	-4
Net gain or loss from investments accounted for using the equity method	2	1			-1	0			1	1
Administrative expenses	227	254	68	73	188	173	-14	-12	469	488
Net other operating income/expenses	-14	-1	0	0	4	3	-1	0	-11	2
Operating profit	**-99**	**276**	**-3**	**-65**	**27**	**37**	**0**	**0**	**-75**	**248**
Income taxes	-14	95	-1	-21	9	11			-6	85
Consolidated net income	**-85**	**181**	**-2**	**-44**	**18**	**26**	**0**	**0**	**-69**	**163**
Consolidated net income attributable to non-controlling interests	0	0	0	0	5	2			5	2
Consolidated net income attributable to shareholders of Aareal Bank AG	-85	181	-2	-44	13	24	0	0	-74	161

Segment Results of Aareal Bank Group
Preliminary results for the fourth quarter of 2020
(unaudited, in accordance with IFRSs)

	Structured Property Financing		Consulting / Services Bank		Aareon		Consolidation / Reconciliation		Aareal Bank Group	
	Quarter 4 2020	Quarter 4 2019	Quarter 4 2020	Quarter 4 2019	Quarter 4 2020	Quarter 4 2019	Quarter 4 2020	Quarter 4 2019	Quarter 4 2020	Quarter 4 2019
€ mn										
Net interest income	129	135	10	-5	0	0	0	0	139	130
Loss allowance	177	35	0	0	0	0			177	35
Net commission income	4	4	8	6	58	58	-4	-3	66	65
Net derecognition gain or loss	9	22							9	22
Net gain or loss from financial instruments (fvpl)	-21	-4			0	0			-21	-4
Net gain or loss from hedge accounting	2	0							2	0
Net gain or loss from investments accounted for using the equity method	2	1			-1	0			1	1
Administrative expenses	54	59	18	16	50	46	-5	-3	117	118
Net other operating income/expenses	-3	-1	0	1	3	1	-1	0	-1	1
Operating profit	**-109**	**63**	**0**	**-14**	**10**	**13**	**0**	**0**	**-99**	**62**
Income taxes	-18	21	1	-4	4	3			-13	20
Consolidated net income	-91	42	-1	-10	6	10	0	0	-86	42
Consolidated net income attributable to non-controlling interests	0	0	0	0	3	0			3	0
Consolidated net income attributable to shareholders of Aareal Bank AG	-91	42	-1	-10	3	10	0	0	-89	42