

Aareal Bank Group – Key Indicators

	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
Results		
Operating profit (€ mn)	24	186
Consolidated net income (€ mn)	17	121
Consolidated net income allocated to ordinary shareholders (€ mn) ¹⁾	3	107
Cost/income ratio (%) ²⁾	56.1	53.7
Earnings per ordinary share (€) ¹⁾	0.06	1.80
RoE before taxes (%) ^{1) 3) 4)}	0.3	9.0
RoE after taxes (%) ^{1) 3) 4)}	0.2	5.8

	30 Sep 2020	31 Dec 2019
Statement of Financial Position		
Property finance (€ mn) ⁵⁾	26,053	25,882
Equity (€ mn)	2,843	2,861
Total assets (€ mn)	44,480	41,137
Regulatory Indicators ⁶⁾		
Risk-weighted assets (€ mn) ⁷⁾	11,320	11,195
Common Equity Tier 1 ratio (CET1 ratio) (%)	20.4	19.6
Tier 1 ratio (T1 ratio) (%)	23.1	22.3
Total capital ratio (TC ratio) (%)	30.3	29.9
Common Equity Tier 1 ratio (CET1 ratio) (%) – Basel IV (estimate) – ⁸⁾	13.9	13.5
Employees	2,971	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.

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

The SREP recommendations concerning the NPL inventory and the ECB's NPL guidelines for exposures newly classified as NPLs, as well as the "CRR Quick fix" as of 30 September 2020, were taken into account. The CET1 ratio, as shown in Aareal Bank's regulatory report as at 30 September 2020, was 19.8 %, reflecting the fact that on that date the Bank had not submitted an application for inclusion of profits to the ECB.

⁷⁾ Due to the impact of Covid-19, at the time of preparing this report, it was not always possible to obtain new appraisals where there were indications for a fluctuation in value. Given the model employed, it was not possible to incorporate anticipated rating changes within the scope of the management overlay for calculating RWAs as at 30 September 2020.

⁸⁾ 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 2020 (in accordance with IFRSs)

	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019	Change
	€ mn	€ mn	%
Net interest income	373	403	-7
Loss allowance	167	55	204
Net commission income	168	164	2
Net derecognition gain or loss	19	42	-55
Net gain or loss from financial instruments (fvpl)	-11	5	-320
Net gain or loss from hedge accounting	4	-4	-200
Net gain or loss from investments accounted for using the equity method	0	0	0
Administrative expenses	352	370	-5
Net other operating income/expenses	-10	1	
Operating profit	24	186	-87
Income taxes	7	65	-89
Consolidated net income	17	121	-86
Consolidated net income attributable to non-controlling interests	2	2	0
Consolidated net income attributable to shareholders of Aareal Bank AG	15	119	-87
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	15	119	-87
of which: allocated to ordinary shareholders	3	107	-97
of which: allocated to AT1 investors	12	12	
Earnings per ordinary share (€) ²⁾	0.06	1.80	-97
Earnings per AT1 unit (€) 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 2020 (in accordance with IFRSs)

	Quarter 3 2020	Quarter 3 2019	Change
	€ mn	€ mn	%
Net interest income	128	134	-4
Loss allowance	61	27	126
Net commission income	57	54	6
Net derecognition gain or loss	3	15	-80
Net gain or loss from financial instruments (fvpl)	-4	5	-180
Net gain or loss from hedge accounting	2	-3	-167
Net gain or loss from investments accounted for using the equity method	0	0	0
Administrative expenses	114	114	0
Net other operating income/expenses	0	0	0
Operating profit	11	64	-83
Income taxes	10	24	-58
Consolidated net income	1	40	-98
Consolidated net income attributable to non-controlling interests	1	1	0
Consolidated net income attributable to shareholders of Aareal Bank AG	0	39	-100
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	0	39	-100
of which: allocated to ordinary shareholders	-4	35	-111
of which: allocated to AT1 investors	4	4	
Earnings per ordinary share (in €) ²⁾	-0.05	0.60	-108
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 2020 (in accordance with IFRS)

	Structured Property Financing		Consulting / Services Bank		Aareon		Consolidation / Reconciliation		Aareal Bank Group	
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019
€ mn										
Net interest income	345	414	29	-10	-1	-1	0	0	373	403
Loss allowance	167	55			0	0			167	55
Net commission income	4	6	18	17	155	150	-9	-9	168	164
Net derecognition gain or loss	19	42							19	42
Net gain or loss from financial instruments (fvpl)	-11	5	0		0				-11	5
Net gain or loss from hedge accounting	4	-4							4	-4
Net gain or loss from investments accounted for using the equity method					0	0			0	0
Administrative expenses	173	195	50	57	138	127	-9	-9	352	370
Net other operating income/expenses	-11	0	0	-1	1	2	0	0	-10	1
Operating profit	10	213	-3	-51	17	24	0	0	24	186
Income taxes	4	74	-2	-17	5	8			7	65
Consolidated net income	6	139	-1	-34	12	16	0	0	17	121
Consolidated net income attributable to non-controlling interests	0	0	0	0	2	2			2	2
Consolidated net income attributable to shareholders of Aareal Bank AG	6	139	-1	-34	10	14	0	0	15	119
Allocated equity ¹⁾	1,817	1,895	194	194	42	42	450	352	2,503	2,483
RoE before taxes (%) ^{2) 3)}	-0.5	13.8	-1.8	-34.8	47.0	69.5			0.3	9.0

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 reported equity as disclosed in the statement of financial position amounts to € 195 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 for the third quarter of 2020 (in accordance with IFRSs)

	Structured Property Financing		Consulting / Services Bank		Aareon		Consolidation / Reconciliation		Aareal Bank Group	
	Quarter 3 2020	Quarter 3 2019	Quarter 3 2020	Quarter 3 2019	Quarter 3 2020	Quarter 3 2019	Quarter 3 2020	Quarter 3 2019	Quarter 3 2020	Quarter 3 2019
€ mn										
Net interest income	119	138	9	-4	0	0	0	0	128	134
Loss allowance	61	27			0	0			61	27
Net commission income	1	2	6	7	53	49	-3	-4	57	54
Net derecognition gain or loss	3	15							3	15
Net gain or loss from financial instruments (fvpl)	-4	5			0				-4	5
Net gain or loss from hedge accounting	2	-3							2	-3
Net gain or loss from investments accounted for using the equity method					0	0			0	0
Administrative expenses	56	55	15	20	46	43	-3	-4	114	114
Net other operating income/expenses	0	-1	0	0	0	1	0	0	0	0
Operating profit	4	74	0	-17	7	7	0	0	11	64
Income taxes	9	27	-1	-6	2	3			10	24
Consolidated net income	-5	47	1	-11	5	4	0	0	1	40
Consolidated net income attributable to non-controlling interests	0	0	0	0	1	1			1	1
Consolidated net income attributable to shareholders of Aareal Bank AG	-5	47	1	-11	4	3	0	0	0	39