

**Aareal Bank Group – Key Indicators**

	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2017
Results		
Operating profit (€ mn)	199	262
Consolidated net income (€ mn)	131	165
Consolidated net income allocated to ordinary shareholders (€ mn) ¹⁾	117	147
Cost/income ratio (%) ²⁾	41.8	41.1
Earnings per ordinary share (€) ¹⁾	1.97	2.46
RoE before taxes (%) ^{1) 3)}	9.7	12.6
RoE after taxes (%) ^{1) 3)}	6.3	7.8

	30 Sep 2018	31 Dec 2017
Statement of financial position		
Property finance (€ mn) ⁴⁾	25,126	25,088
Equity (€ mn)	2,853	2,924
Total assets (€ mn)	40,269	41,908
Regulatory indicators		
Risk-weighted assets (€ mn)	10,063	11,785
Common Equity Tier 1 ratio (CET1 ratio) (%)	20.8	19.6
Tier 1 ratio (T1 ratio) (%)	23.8	22.1
Total capital ratio (TC ratio) (%)	32.6	30.0
Common Equity Tier 1 ratio (CET1 ratio) (%) – Basel IV (estimated) ⁵⁾ –	13.4	13.4
Employees	2,775	2,800

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 € 0.6 billion in private client business (31 December 2017: € 0.8 billion) and € 0.5 billion in local authority lending business by the former Westdeutsche ImmobilienBank AG (WestImmo) (31 December 2017: € 0.5 billion)

5) Underlying RWA 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, TRIM, etc.).

Consolidated Income Statement for the first nine months of 2018 (in accordance with IFRSs)

	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2017 ¹⁾	Change
	€ mn	€ mn	%
Net interest income	400	449	-11
Loss allowance	33	53	-38
Net commission income	152	145	5
Net derecognition gain or loss	16	37	-57
Net gain or loss from financial instruments (fvpl)	-1	13	
Net gain or loss from hedge accounting	-2	-5	
Net gain or loss from investments accounted for using the equity method	-	-	
Administrative expenses	344	388	-11
Net other operating income/expenses	11	64	-83
Operating profit	199	262	-24
Income taxes	68	97	-30
Consolidated net income	131	165	-21
Consolidated net income attributable to non-controlling interests	2	6	-67
Consolidated net income attributable to shareholders of Aareal Bank AG	129	159	-19
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG 2)	129	159	-19
of which: allocated to ordinary shareholders	117	147	-20
of which: allocated to AT1 investors	12	12	0
Earnings per ordinary share (in €) ³⁾	1.97	2.46	-20
Earnings per AT1 unit (€) ⁴⁾	0.12	0.12	0

1) Comparative amounts reclassified according to the new classification format

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

3) 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.

4) 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 third quarter of 2018 (in accordance with IFRSs)

	Q3 2018	Q3 2017 ¹⁾	Change
	€ mn	€ mn	%
Net interest income	131	144	-9
Loss allowance	14	26	-46
Net commission income	51	48	6
Net derecognition gain or loss	5	20	-75
Net gain or loss from financial instruments (fvpl)	0	10	
Net gain or loss from hedge accounting	1	1	0
Net gain or loss from investments accounted for using the equity method	-	-	
Administrative expenses	107	120	-11
Net other operating income/expenses	3	5	-40
Operating profit	70	82	-15
Income taxes	24	31	-23
Consolidated net income	46	51	-10
Consolidated net income attributable to non-controlling interests	1	0	
Consolidated net income attributable to shareholders of Aareal Bank AG	45	51	-12
Earnings per share (Eps)			
Consolidated net income attributable to shareholders of Aareal Bank AG 2)	45	51	-12
of which: allocated to ordinary shareholders	41	47	-13
of which: allocated to AT1 investors	4	4	0
Earnings per ordinary share (in €) ³⁾	0.70	0.78	-9
Earnings per AT1 unit (€) ⁴⁾	0.04	0.04	0

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

3) 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.

4) 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 nine months of 2018 (in accordance with IFRSs)

	Structured Property Financing		Consulting/ Services		Consolidation/ Reconciliation		Aareal Bank Group	
	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2017 ¹⁾	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2017	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2017	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2017 ¹⁾
€ mn								
Net interest income	409	457	0	0	-9	-8	400	449
Loss allowance	33	53	0				33	53
Net commission income	6	4	141	136	5	5	152	145
Net derecognition gain or loss	16	37					16	37
Net gain or loss from financial instruments (fvpl)	-1	13					-1	13
Net gain or loss from hedge accounting	-2	-5					-2	-5
Net gain or loss from investments accounted for using the equity method								
Administrative expenses	182	234	166	157	-4	-3	344	388
Net other operating income/expenses	9	62	2	2	0	0	11	64
Operating profit	222	281	-23	-19	0	0	199	262
Income taxes	77	104	-9	-7			68	97
Consolidated net income	145	177	-14	-12	0	0	131	165
Consolidated net income attributable to non-controlling interests	0	4	2	2			2	6
Consolidated net income attributable to shareholders of Aareal Bank AG	145	173	-16	-14	0	0	129	159
Allocated equity	1,735	1,772	177	155	573	592	2,485	2,519
Cost/income ratio (%)	41.8	41.1	115.3	114.2			59.7	55.2
RoE before taxes (%) ^{2) 3)}	15.7	19.6	-18.2	-18.3			9.7	12.6

1) Comparative amounts reclassified according to the new classification format

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 2018 (in accordance with IFRSs)

	Structured Property Financing		Consulting/ Services		Consolidation/ Reconciliation		Aareal Bank Group	
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3
	2018	2017 ¹⁾	2018	2017	2018	2017	2018	2017 ¹⁾
€ mn								
Net interest income	134	147	0	0	-3	-3	131	144
Loss allowance	14	26	0				14	26
Net commission income	2	1	48	45	1	2	51	48
Net derecognition gain or loss	5	20					5	20
Net gain or loss from financial instruments (fvpl)	0	10					0	10
Net gain or loss from hedge accounting	1	1					1	1
Net gain or loss from investments accounted for using the equity method								
Administrative expenses	53	68	56	53	-2	-1	107	120
Net other operating income/expenses	2	4	1	1	0	0	3	5
Operating profit	77	89	-7	-7	0	0	70	82
Income taxes	27	34	-3	-3			24	31
Consolidated net income	50	55	-4	-4	0	0	46	51
Consolidated net income attributable to non-controlling interests	0	0	1	0			1	0
Consolidated net income attributable to shareholders of Aareal Bank AG	50	55	-5	-4	0	0	45	51
Allocated equity	1,735	1,772	177	155	573	592	2,485	2,519
Cost/income ratio (%)	36.9	37.2	113.2	117.0			55.9	52.8
RoE before taxes (%) ^{2) 3)}	16.3	18.8	-15.8	-20.2			10.3	12.0

1) Comparative amounts reclassified according to the new classification format

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.