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## **APOLLO COMMERCIAL REAL ESTATE FINANCE, INC. REPORTS FOURTH QUARTER AND FULL YEAR 2016 FINANCIAL RESULTS**

New York, NY, February 27, 2017 – Apollo Commercial Real Estate Finance, Inc. (the “Company” or “ARI”) (NYSE:ARI) today reported financial results for the quarter and full year ended December 31, 2016.

### **Fourth Quarter 2016 Highlights**

- Reported net income available to common stockholders of \$49.7 million, or \$0.60 per diluted share of common stock, for the three months ended December 31, 2016, as compared to net income available to common stockholders of \$21.4 million, or \$0.32 per diluted share of common stock, for the three months ended December 31, 2015;
- Reported Operating Earnings (a non-GAAP financial measure defined below) of \$41.0 million, or \$0.49 per diluted share of common stock, for the three months ended December 31, 2016, as compared to Operating Earnings of \$32.4 million, or \$0.48 per diluted share of common stock, for the three months ended December 31, 2015;
- Generated \$53.6 million of net interest income during the quarter from the Company’s \$3.1 billion commercial real estate debt portfolio, which had a levered weighted average underwritten internal rate of return (“IRR”)<sup>(1)</sup> of approximately 13.8% at December 31, 2016;
- Completed \$547.5 million of commercial real estate debt investments and funded an additional \$28.1 million for previously closed loans;
- Completed an underwritten public offering of 10.5 million shares of common stock, raising net proceeds of \$177.8 million; and
- Declared a \$0.46 dividend per share of common stock for the three months ended December 31, 2016.

### **2016 Highlights**

- Reported net income available to common stockholders of \$127.6 million, or \$1.74 per diluted share of common stock, for the twelve months ended December 31, 2016, as compared to net income available to common stockholders of \$91.4 million, or \$1.54 per diluted share of common stock, for the twelve months ended December 31, 2015;
- Reported Operating Earnings of \$137.0 million or \$1.87 per diluted share of common stock for the twelve months ended December 31, 2016 as compared to Operating Earnings of \$112.7 million or \$1.90 per diluted share of common stock for the twelve months ended December 31, 2015;
- Completed \$1.2 billion of commercial real estate debt investments and funded an additional \$141.9 million for previously closed loans;
- Completed the acquisition of Apollo Residential Mortgage, Inc. (“AMTG”) and subsequently sold all of AMTG’s assets, realizing net proceeds of approximately \$421 million; and
- Declared dividends per share of common stock totaling \$1.84 during the twelve months ended December 31, 2016.

“We are extremely proud of ARI’s financial performance in 2016, a year in which the Company committed to and funded approximately \$1.4 billion of commercial real estate loans and grew its equity market capitalization to over \$2.0 billion,” said Stuart Rothstein, Chief Executive Officer and President of ARI. “The Company has had a solid start to the year, with over \$194 million of new loans closed to date and a robust investment pipeline. We believe ARI’s balance sheet is strong, the credit quality of the Company’s investment portfolio is stable and ARI is well positioned for continued success in 2017.”

#### Fourth Quarter and Full Year 2016 Operating Results

The Company reported net income available to common stockholders of \$49.7 million, or \$0.60 per diluted share of common stock, for the three months ended December 31, 2016 as compared to net income available to common stockholders of \$21.4 million, or \$0.32 per diluted share of common stock, for the three months ended December 31, 2015. Operating Earnings were \$41.0 million, or \$0.49 per diluted share of common stock, for the three months ended December 31, 2016 as compared to Operating Earnings of \$32.4 million, or \$0.48 per diluted share of common stock, for the three months ended December 31, 2015.

The Company reported net income available to common stockholders of \$127.6 million, or \$1.74 per diluted share of common stock, for the twelve months ended December 31, 2016, as compared to net income available to common stockholders of \$91.4 million, or \$1.54 per diluted share of common stock, for the twelve months ended December 31, 2015.

The Company reported Operating Earnings of \$137.0 million, or \$1.87 per diluted share of common stock, for the twelve months ended December 31, 2016. Excluding expenses associated with the acquisition of AMTG in 2016, which totaled approximately \$11.4 million, the Company reported Operating Earnings of \$148.3 million, or \$2.02 per diluted share of common stock, as compared to Operating Earnings of \$112.7 million, or \$1.90 per diluted share of common stock, for the twelve months ended December 31, 2015.

#### Fourth Quarter 2016 Investment Activity

New Investments – During the fourth quarter, ARI closed the following commercial real estate debt investments:

- \$330.0 million of first mortgage loans (\$295.3 million of which were funded during the quarter), which were underwritten to generate a levered weighted average IRR<sup>(1)</sup> of approximately 14.7%; and
- \$217.4 million of subordinate loans (\$217.4 million of which were funded at closing), which were underwritten to generate a weighted average IRR<sup>(1)</sup> of approximately 13.1%.

Funding of Previously Closed Loans – During the fourth quarter, ARI funded approximately \$28.1 million for previously closed loans.

Loan Repayments – During the fourth quarter, ARI received approximately \$130.5 million from loan repayments.

#### Quarter End Commercial Real Estate Debt Portfolio Summary

The following table sets forth certain information regarding the Company's commercial real estate debt portfolio at December 31, 2016 (\$ amounts in thousands):

| Description                      | Amortized Cost | Weighted Average Yield | Debt        | Cost of Funds | Equity at Cost <sup>(2)</sup> | Current Weighted Average Underwritten IRR <sup>(1)</sup> | Fully-Levered Weighted Average Underwritten IRR <sup>(1)(3)</sup> |
|----------------------------------|----------------|------------------------|-------------|---------------|-------------------------------|----------------------------------------------------------|-------------------------------------------------------------------|
| First mortgage loans             | \$1,641,856    | 8.1%                   | \$ 835,464  | 3.0%          | \$ 806,392                    | 12.8%                                                    | 15.4%                                                             |
| Subordinate loans <sup>(4)</sup> | 1,112,609      | 13.2                   | -           | n/a           | 1,112,609                     | 13.2                                                     | 13.2                                                              |
| CMBS                             | 368,247        | 6.0                    | 311,102     | 3.3           | 119,602                       | 8.4                                                      | 8.4                                                               |
| Total/Weighted Average           | \$3,122,712    | 9.7%                   | \$1,146,566 | 3.0%          | \$2,038,603                   | 12.8%                                                    | 13.8%                                                             |

Please see chart footnotes at the end of the press release.

#### Loan-to-Value

At December 31, 2016, the Company's commercial real estate loan portfolio, which includes CMBS, held-to-maturity, had a weighted average loan-to-value ("LTV") of 63%. Within the commercial real estate loan portfolio, the first mortgage loans had a weighted average LTV of 62% and the subordinate loans (including CMBS, held-to-maturity) had a weighted average LTV of 64%.

## **Book Value**

The Company's book value per share of common stock was \$16.12 at December 31, 2016, an increase of 1.1% as compared to book value per share of common stock of \$15.94 at September 30, 2016.

## **Subsequent Events**

The following events occurred subsequent to quarter end:

### New Investments

ARI closed a \$60.0 million first mortgage loan secured by a recently renovated 250-key hotel located on South Beach in Miami, FL. The floating rate loan has a three-year initial term with two one-year extension options and an appraised LTV of approximately 41%.

ARI closed a \$57.0 million first mortgage loan secured by a recently renovated 917-key hotel located in downtown St. Louis, MO. The floating rate loan has a two-year initial term with three one-year extension options and an appraised LTV of approximately 61%.

ARI closed a \$42.5 million mezzanine loan for a mixed-use property comprising a 1.3 million square foot office tower, a 400-key hotel and a parking garage in downtown Cleveland, OH. The mezzanine loan is part of a \$262.5 million financing which consists of a \$220.0 million first mortgage loan and ARI's \$42.5 million mezzanine loan. The fixed rate loan has a ten-year term, with two years of interest only payments followed by eight years of amortization, and an appraised LTV of approximately 72%.

ARI closed a \$34.0 million (\$30.8 million of which was funded at closing) first mortgage loan secured by a 15,895 square foot retail condominium located on South Beach in Miami, FL. The floating rate loan has an eighteen-month initial term with two twelve-month extension options and an appraised LTV of approximately 59%.

Funding of Previously Closed Loans –ARI funded approximately \$67.7 million for previously closed loans.

Loan Repayments – ARI received approximately \$41.5 million from loan repayments.

## **Operating Earnings**

Operating Earnings is a non-GAAP financial measure that is defined by the Company as net income available to common stockholders, computed in accordance with GAAP, adjusted for (i) equity-based compensation expense (a portion of which may become cash-based upon final vesting and settlement of awards should the holder elect net share settlement to satisfy income tax withholding); (ii) any unrealized gains or losses or other non-cash items included in net income available to common stockholders; (iii) unrealized income from unconsolidated joint ventures; (iv) foreign currency gains/(losses) other than realized gains/(losses) related to interest income; (v) the non-cash amortization expense related to the reclassification of a portion of the convertible senior notes to stockholders' equity in accordance with GAAP; and (vi) provision for loan losses. Operating Earnings may also be adjusted to exclude certain other non-cash items, as determined by the Company's Manager and approved by a majority of the Company's independent directors.

In order to evaluate the effective yield of the portfolio, the Company uses Operating Earnings to reflect the net investment income of the Company's portfolio as adjusted to include the net interest expense related to the Company's derivative instruments. Operating Earnings allows the Company to isolate the net interest expense associated with the Company's swaps in order to monitor and project the Company's full cost of borrowings. The Company also believes that investors use Operating Earnings or a comparable supplemental performance measure to evaluate and compare the performance of the Company and its peers and, as such, the Company believes that the disclosure of Operating Earnings is useful to its investors.

A significant limitation associated with Operating Earnings as a measure of the Company's financial performance over any period is that it excludes net realized and unrealized gains (losses) from investments. In addition, the Company's presentation of Operating Earnings may not be comparable to similarly-titled measures of other companies, who may use different calculations. As a result, Operating Earnings should not be considered as a

substitute for the Company's GAAP net income as a measure of its financial performance or any measure of its liquidity under GAAP.

Beginning with the quarter ended September 30, 2016, the Company slightly modified its definition of Operating Earnings to include realized gains/(losses) on currency swaps related to interest income on investments denominated in a currency other than U.S. dollars. The Company believes that including the effects of realized gains/(losses) on currency swaps related to interest income more accurately reflects the Company's investment income for a particular period and will allow investors to more easily compare its operating results over various periods. The effects of such unrealized gains/(losses) in prior periods were not material to the Company's financial results. The Company intends to apply this modified definition for Operating Earnings for all future periods.

#### Reconciliation of Operating Earnings to Net Income Available to Common Stockholders

The tables below reconcile Operating Earnings and Operating Earnings per share of common stock with net income available to common stockholders and net income available to common stockholders per share of common stock for the three and twelve months ended December 31, 2016 and December 31, 2015 (\$ amounts in thousands, except per share data):

|                                                                                | Three Months<br>Ended<br>December 31,<br>2016 | Earnings Per<br>Share<br>(Diluted) | Three Months<br>Ended<br>December 31,<br>2015 | Earnings<br>Per Share<br>(Diluted) |
|--------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------|-----------------------------------------------|------------------------------------|
| <b>Operating Earnings:</b>                                                     |                                               |                                    |                                               |                                    |
| Net income available to common stockholders                                    | \$ 49,716                                     | \$ 0.60                            | \$ 21,379                                     | \$ 0.32                            |
| Adjustments:                                                                   |                                               |                                    |                                               |                                    |
| Equity-based compensation expense                                              | 1,655                                         | 0.02                               | 1,693                                         | 0.02                               |
| Unrealized (gain)/loss on securities                                           | (10,502)                                      | (0.13)                             | 11,618                                        | 0.17                               |
| Unrealized (gain) on derivative instruments                                    | (8,329)                                       | (0.10)                             | (3,054)                                       | (0.05)                             |
| Foreign currency loss, net                                                     | 7,519                                         | 0.09                               | 3,121                                         | 0.05                               |
| Amortization of convertible senior notes<br>related to equity reclassification | 599                                           | 0.01                               | 564                                           | 0.01                               |
| (Income)/loss from unconsolidated joint<br>venture                             | 303                                           | -                                  | (2,969)                                       | (0.04)                             |
| Total adjustments:                                                             | (8,754)                                       | (0.11)                             | 10,973                                        | 0.16                               |
| Operating Earnings                                                             | <u>\$ 40,962</u>                              | <u>\$ 0.49</u>                     | <u>\$ 32,352</u>                              | <u>0.48</u>                        |
| Basic weighted average shares of<br>common stock outstanding:                  | 82,670,237                                    |                                    | 67,146,882                                    |                                    |
| Diluted weighted average shares of<br>common stock outstanding:                | 83,548,823                                    |                                    | 67,754,673                                    |                                    |

|                                                                             | Twelve Months<br>Ended<br>December 31,<br>2016 |         | Twelve Months<br>Ended<br>December 31,<br>2015 |         |
|-----------------------------------------------------------------------------|------------------------------------------------|---------|------------------------------------------------|---------|
|                                                                             | Earnings Per<br>Share<br>(Diluted)             |         | Earnings<br>Per Share<br>(Diluted)             |         |
| <b>Operating Earnings:</b>                                                  |                                                |         |                                                |         |
| Net income available to common stockholders                                 | \$ 127,581                                     | \$ 1.74 | \$ 91,372                                      | \$ 1.54 |
| Adjustments:                                                                |                                                |         |                                                |         |
| Equity-based compensation expense                                           | 7,090                                          | 0.10    | 4,387                                          | 0.08    |
| Unrealized loss on securities                                               | 26,099                                         | 0.36    | 17,408                                         | 0.29    |
| Provision for loan losses                                                   | 15,000                                         | 0.20    | -                                              | -       |
| Unrealized (gain)/loss on derivative instruments                            | (31,160)                                       | (0.42)  | (4,106)                                        | (0.07)  |
| Foreign currency loss, net                                                  | 29,937                                         | 0.41    | 4,894                                          | 0.08    |
| Bargain purchase gain                                                       | (40,021)                                       | (0.55)  | -                                              | -       |
| Amortization of convertible senior notes related to equity reclassification | 2,344                                          | 0.03    | 2,206                                          | 0.04    |
| (Income)/loss from unconsolidated joint venture                             | 96                                             | -       | (3,464)                                        | (0.06)  |
| Total adjustments:                                                          | 9,385                                          | 0.13    | 21,325                                         | 0.36    |
| Operating Earnings                                                          | \$ 136,966                                     | \$ 1.87 | \$ 112,697                                     | \$ 1.90 |
| Merger-related expenses                                                     | 11,350                                         | 0.15    | -                                              | -       |
| Operating Earnings excluding merger-related expenses                        | \$ 148,316                                     | \$ 2.02 | \$ 112,697                                     | \$ 1.90 |
| Basic weighted average shares of common stock outstanding:                  | 72,371,374                                     |         | 58,674,046                                     |         |
| Diluted weighted average shares of common stock outstanding:                | 73,305,101                                     |         | 59,273,280                                     |         |

#### Teleconference Details:

The Company will host a conference call to discuss its financial results on Tuesday, February 28, 2017 at 10:00 a.m. Eastern Time. Members of the public who are interested in participating in the Company's fourth quarter 2016 earnings teleconference call should dial from the U.S., (877) 331-6553, or from outside the U.S., (760) 666-3769, shortly before 10:00 a.m. and reference the Apollo Commercial Real Estate Finance, Inc. Teleconference Call (number 62051221). Please note the teleconference call will be available for replay beginning at 1:00 p.m. on Tuesday, February 28, 2017 and ending at midnight on Tuesday, March 7, 2017. To access the replay, callers from the U.S. should dial (855) 859-2056 and callers from outside the U.S. should dial (404) 537-3406, and enter conference identification number 62051221.

#### Webcast:

The conference call will also be available on the Company's website at [www.apolloreit.com](http://www.apolloreit.com). To listen to a live broadcast, please go to the site at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software. A replay of the call will also be available for 30 days on the Company's website.

#### Supplemental Information

The Company provides supplemental financial information to offer more transparency into its results and make its reporting more informative and easier to follow. The supplemental financial information is available in the investor relations section of the Company's website at [www.apolloreit.com](http://www.apolloreit.com).

#### About Apollo Commercial Real Estate Finance, Inc.

Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI) is a real estate investment trust that primarily originates, acquires, invests in and manages performing commercial real estate mortgage loans, subordinate financings, CMBS and other commercial real estate-related debt investments. The Company is externally managed and advised by ACREFI Management, LLC, a Delaware limited liability company and an indirect subsidiary of Apollo Global

Management, LLC, a leading global alternative investment manager with approximately \$191.7 billion of assets under management as of December 31, 2016.

Additional information can be found on the Company's website at [www.apollorreit.com](http://www.apollorreit.com).

### **Dividend Reinvestment Plan**

The Company adopted a Direct Stock Purchase and Dividend Reinvestment Plan (the "Plan"). The Plan provides new investors and existing holders of the Company's common stock with a convenient and economical method to purchase shares of its common stock. By participating in the Plan, participants may purchase additional shares of the Company's common stock by reinvesting some or all of the cash dividends received on their shares of the Company's common stock. In addition, the Plan permits participants to make optional cash investments of up to \$10,000 per month, and, with the Company's prior approval, optional cash investments in excess of \$10,000 per month, for the purchase of additional shares of the Company's common stock.

The Plan is administered by a division of Wells Fargo Bank, N.A. ("Wells"). Stockholders and other persons may obtain a copy of the Plan prospectus and an enrollment form by contacting Wells at (800) 468-9716 or (651) 450-4064, if outside the United States, or visiting Wells' website at [www.shareowneronline.com](http://www.shareowneronline.com).

This communication does not constitute an offer to sell or the solicitation of an offer to buy securities.

### **Forward-Looking Statements**

Certain statements contained in this press release constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond the Company's control. These forward-looking statements include information about possible or assumed future results of the Company's business, financial condition, liquidity, results of operations, plans and objectives. When used in this release, the words believe, expect, anticipate, estimate, plan, continue, intend, should, may or similar expressions, are intended to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking: the return on equity; the yield on investments; the ability to borrow to finance assets; the Company's ability to deploy the proceeds of its capital raises or acquire its target assets; and risks associated with investing in real estate assets, including changes in business conditions and the general economy. For a further list and description of such risks and uncertainties, see the reports filed by the Company with the Securities and Exchange Commission. The forward-looking statements, and other risks, uncertainties and factors are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. Forward-looking statements are not predictions of future events. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### **Footnotes (\$ in thousands):**

(1) Internal rate of return ("IRR") is the annualized effective compounded return rate that accounts for the time-value of money and represents the rate of return on an investment over a holding period expressed as a percentage of the investment. It is the discount rate that makes the net present value of all cash outflows (the costs of investment) equal to the net present value of cash inflows (returns on investment). It is derived from the negative and positive cash flows resulting from or produced by each transaction (or for a transaction involving more than one investment, cash flows resulting from or produced by each of the investments), whether positive, such as investment returns, or negative, such as transaction expenses or other costs of investment, taking into account the dates on which such cash flows occurred or are expected to occur, and compounding interest accordingly. The underwritten IRR for the investments shown in the above table reflect the returns underwritten by the Manager, taking into account leverage and calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assuming that extension options are exercised and that the cost of borrowings remains constant over the remaining term. With respect to certain loans, the underwritten IRR calculation assumes certain estimates with respect to the timing and magnitude of future fundings for the remaining commitments and associated loan repayments, and assumes no defaults. IRR is the annualized effective compounded return rate that accounts for the time-value of money and represents the rate of return on an investment over a holding period expressed as a percentage of the investment. It is the discount rate that makes the net present value of all cash outflows (the costs of investment) equal to the net present value of cash inflows (returns on investment). It is derived from the negative and positive cash flows resulting from or produced by each transaction (or for a transaction involving more than one investment, cash flows resulting from or produced by each of the investments), whether positive, such as investment returns, or negative, such as transaction expenses or other costs of investment, taking into account the dates on which such cash flows occurred or are expected to occur, and compounding interest accordingly. There can be no assurance that the actual IRRs will equal the underwritten IRRs shown in the table. See "Item 1A – Risk Factors -- The Company may not achieve its underwritten internal rate of return on its investments which may lead to future returns that may be significantly lower than anticipated" in the

Company's Annual Report for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments shown in the table or elsewhere in the Company's Annual Report over time.

(2) CMBS includes \$62,457 of restricted cash related to the Company's repurchase facilities with UBS AG and Deutsche Bank.

(3) The Company's ability to achieve the underwritten levered weighted average IRR depends upon the availability of the JPMorgan Facility or any replacement facility with similar terms with regard to its portfolio of first mortgage loans. Without such availability, the levered weighted average underwritten IRR will be lower than the amount shown above.

(4) Subordinate loans also include CMBS (held-to-maturity), which are net of a participation sold during June 2014. The Company presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At December 31, 2016, the Company presented the participation sold with a carrying amount of \$84,979.

**Apollo Commercial Real Estate Finance, Inc. and Consolidated Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(in thousands—except share and per share data)

|                                                                                                                                                       | December 31, 2016   | December 31, 2015   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Assets:</b>                                                                                                                                        |                     |                     |
| Cash                                                                                                                                                  | \$ 200,996          | \$ 67,415           |
| Restricted cash                                                                                                                                       | 62,457              | 30,127              |
| Securities, at estimated fair value                                                                                                                   | 331,076             | 493,149             |
| Securities, held-to-maturity                                                                                                                          | 146,352             | 153,193             |
| Commercial mortgage loans, held for investment                                                                                                        | 1,641,856           | 994,301             |
| Subordinate loans, held for investment                                                                                                                | 1,051,236           | 931,351             |
| Investment in unconsolidated joint venture                                                                                                            | 22,103              | 22,583              |
| Derivative assets                                                                                                                                     | 5,906               | 3,327               |
| Interest receivable                                                                                                                                   | 19,281              | 16,908              |
| Other assets                                                                                                                                          | 1,714               | 236                 |
| <b>Total Assets</b>                                                                                                                                   | <b>\$3,482,977</b>  | <b>\$ 2,712,590</b> |
| <b>Liabilities and Stockholders' Equity</b>                                                                                                           |                     |                     |
| <b>Liabilities:</b>                                                                                                                                   |                     |                     |
| Borrowings under repurchase agreements (net of deferred financing costs of \$6,763 and \$7,353 in 2016 and 2015, respectively)                        | \$ 1,139,803        | \$ 918,421          |
| Convertible senior notes, net                                                                                                                         | 249,994             | 248,173             |
| Participations sold                                                                                                                                   | 84,979              | 118,201             |
| Accounts payable and accrued expenses                                                                                                                 | 17,681              | 9,246               |
| Payable to related party                                                                                                                              | 7,015               | 5,297               |
| Dividends payable                                                                                                                                     | 51,278              | 37,828              |
| <b>Total Liabilities</b>                                                                                                                              | <b>1,550,750</b>    | <b>1,337,166</b>    |
| <b>Stockholders' Equity:</b>                                                                                                                          |                     |                     |
| Preferred stock, \$0.01 par value, 50,000,000 shares authorized:                                                                                      |                     |                     |
| Series A Preferred stock, 3,450,000 shares issued and outstanding (\$86,250 aggregate liquidation preference) in 2016 and 2015                        | 35                  | 35                  |
| Series B Preferred stock, 8,000,000 shares issued and outstanding (\$200,000 aggregate liquidation preference) in 2016 and 2015                       | 80                  | 80                  |
| Series C Preferred stock, 6,900,000 shares issued and outstanding (\$172,500 aggregate liquidation preference) in 2016                                | 69                  | -                   |
| Common stock, \$0.01 par value, 450,000,000 shares authorized, 91,422,676 and 67,195,252 shares issued and outstanding in 2016 and 2015, respectively | 914                 | 672                 |
| Additional paid-in-capital                                                                                                                            | 1,983,010           | 1,410,138           |
| Retained earnings (accumulated deficit)                                                                                                               | (48,070)            | (32,328)            |
| Accumulated other comprehensive loss                                                                                                                  | (3,811)             | (3,173)             |
| <b>Total Stockholders' Equity</b>                                                                                                                     | <b>1,932,227</b>    | <b>1,375,424</b>    |
| <b>Total Liabilities and Stockholders' Equity</b>                                                                                                     | <b>\$ 3,482,977</b> | <b>\$ 2,712,590</b> |

**Apollo Commercial Real Estate Finance, Inc. and Consolidated Subsidiaries**  
**Condensed Consolidated Statement of Operations**  
(in thousands—except share and per share data)

|                                                                                                                                                       | Three months ended<br>December 31, |            | Twelve months ended<br>December 31, |            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------|-------------------------------------|------------|
|                                                                                                                                                       | 2016                               | 2015       | 2016                                | 2015       |
| Net interest income:                                                                                                                                  |                                    |            |                                     |            |
| Interest income from securities                                                                                                                       | \$ 3,901                           | \$ 8,343   | \$ 27,586                           | \$ 33,188  |
| Interest income from securities, held to maturity                                                                                                     | 2,872                              | 2,704      | 11,469                              | 12,054     |
| Interest income from commercial mortgage loans                                                                                                        | 30,200                             | 18,846     | 102,927                             | 56,092     |
| Interest income from subordinate loans                                                                                                                | 32,746                             | 25,623     | 122,394                             | 90,830     |
| Interest expense                                                                                                                                      | (16,139)                           | (12,275)   | (63,759)                            | (48,861)   |
| Net interest income                                                                                                                                   | 53,580                             | 43,241     | 200,617                             | 143,303    |
| Operating expenses:                                                                                                                                   |                                    |            |                                     |            |
| General and administrative expenses (includes \$1,655 and \$7,090 of equity-based compensation in 2016 and \$1,693 and \$4,387 in 2015, respectively) | (3,527)                            | (2,979)    | (24,983)                            | (9,492)    |
| Management fees to related party                                                                                                                      | (7,015)                            | (5,294)    | (23,388)                            | (16,619)   |
| Total operating expenses                                                                                                                              | (10,542)                           | (8,273)    | (48,371)                            | (26,111)   |
| Income/(loss) from unconsolidated joint venture                                                                                                       | (303)                              | 2,972      | (96)                                | 3,464      |
| Other income                                                                                                                                          | 760                                | 983        | 1,094                               | 1,239      |
| Provision for loan losses                                                                                                                             | -                                  | -          | (15,000)                            | -          |
| Realized gain/(loss) on sale of assets                                                                                                                | 4,059                              | -          | 3,834                               | (443)      |
| Unrealized gain/(loss) on securities                                                                                                                  | 10,502                             | (11,618)   | (26,099)                            | (17,408)   |
| Foreign currency loss                                                                                                                                 | (7,359)                            | (3,121)    | (29,284)                            | (4,894)    |
| Bargain purchase gain                                                                                                                                 | -                                  | -          | 40,021                              | -          |
| Gain/(loss) on derivative instruments (includes unrealized gains/(losses) of \$877 and \$2,608 in 2016 and \$3,081 and \$(1,063) in 2015)             | 8,329                              | 3,054      | 31,160                              | 4,106      |
| Net income                                                                                                                                            | 59,026                             | 27,238     | 157,876                             | 103,256    |
| Preferred dividend                                                                                                                                    | (9,310)                            | (5,860)    | (30,295)                            | (11,884)   |
| Net income available to common stockholders                                                                                                           | \$ 49,716                          | \$ 21,378  | \$ 127,581                          | \$ 91,372  |
| Basic and diluted net income per share of common stock                                                                                                |                                    |            |                                     |            |
|                                                                                                                                                       | \$ 0.60                            | \$ 0.32    | \$ 1.74                             | \$ 1.54    |
| Basic weighted average shares of common stock outstanding                                                                                             |                                    |            |                                     |            |
|                                                                                                                                                       | 82,670,237                         | 67,146,882 | 72,371,374                          | 58,674,046 |
| Diluted weighted average shares of common stock outstanding                                                                                           |                                    |            |                                     |            |
|                                                                                                                                                       | 83,548,823                         | 67,754,673 | 73,305,101                          | 59,273,280 |
| Dividend declared per share of common stock                                                                                                           |                                    |            |                                     |            |
|                                                                                                                                                       | \$ 0.46                            | \$ 0.46    | \$ 1.84                             | \$ 1.78    |