

Declaration of Compliance / Voluntary Declaration regarding German Corporate Governance Code

As a non-listed company Aareal Bank AG is not required to provide a declaration of compliance in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz) The Management Board and Supervisory Board have however decided to provide a declaration of compliance on a voluntary basis and therefore declare as follows:

Since the last declaration of compliance issued in December 2022, Aareal Bank AG has complied and is complying with the recommendations of the "Government Commission German Corporate Governance Code" as amended and published in the German Federal Gazette on 27 June 2022 – except for the restrictions set out below:

1. Pursuant to recommendation G. 10 sentence 2, Management Board members shall have access to granted long-term variable remuneration components only after a period of four years. In contrast to the draft version dated 22 May 2019, the Government Commission refrained from defining the term 'long-term variable remuneration' in its final version.

According to the definition in the version dated 22 May 2019, typical performance indicators for long-term variable remuneration were, inter alia, "long-term financial success (profitability and growth with multiple-year measurement basis), non-financial success as prerequisite for subsequent financial success [...], implementation of the corporate strategy [etc.]".

Within Aareal Bank's remuneration system, all targets are derived from the strategy. Target achievement is determined over a three-year period. In line with the above definition provided in the draft version dated 22 May 2019, Aareal Bank's entire variable remuneration would classify as long-term. On the basis of the three-year target determination the variable remuneration is calculated, of which only 20% is paid out directly in the year following target achievement. The remaining 80% is paid out in several tranches and over a total period of six years.

This means that long-term variable remuneration is, for the most part, paid out at the earliest after four years and is paid out fully only after nine years, thus complying with the Code's draft version. However, in the absence of the definition having been adopted – and the associated imprecise recommendation – it is not clear whether Aareal Bank's remuneration structure meets the Code expectations. As a result, and as a precautionary measure, we declare a

deviation from recommendation G. 10 sentence 2.

2. According to recommendation D. 3 sentence 5, the Chairman of the Supervisory Board shall not chair the Audit Committee. Prof. Dr Hermann Wagner has been the Chairman of the Supervisory Board since 23 November 2021. On account of his many years as an auditor and tax advisor, as well as his extensive experience as Chairman of Aareal Bank's Audit Committee, he continues to serve as Chairman of the Audit Committee, thereby complying with the statutory provision of section 25d (9) sentence 2 of the KWG, according to which the Chairman of the Audit Committee must be an accounting/financial reporting and auditing expert. The Supervisory Board decided on 10 August 2023 to elect Mr Jean-Pierre Mustier as Chairman of the Supervisory Board as soon as the ECB has adopted its decision regarding Mr Mustier's "fit & proper" assessment and as soon as Prof. Wagner has resigned from his office as Chairman of the Supervisory Board. As soon as this has occurred, recommendation D. 3 sentence 5 will be followed.

Wiesbaden, December 2023

The Management Board

Jochen Klösges

Nina Babic

Marc Hess

Christof Winkelmann

For the Supervisory Board

Prof. Dr. Hermann Wagner
(Chairman)