

Declaration of Compliance in Accordance with Section 161 of the German Public Limited Companies Act (Aktiengesetz - "AktG")

As at December 2021

The Management Board and Supervisory Board of Aareal Bank AG declare, in accordance with section 161 of the AktG, that:

Aareal Bank AG has complied with the recommendations of the Government Commission "German Corporate Governance Code" (as amended and published in the German Federal Gazette on 20 March 2020) – except for the restriction set out below – since the last Declaration of Compliance was issued in June 2021:

1. According to recommendation B. 3, the first-time appointment of Management Board members shall be for a period of not more than three years. The Supervisory Board of Aareal Bank AG generally considers this provision to reflect good corporate governance. When appointing the new Chairman of the Management Board, Mr Jochen Klösger, the Bank's Supervisory Board has deviated from this recommendation as an exception. Mr Klösger was appointed Chairman of the Management Board for a period of five years, by way of a Supervisory Board resolution dated 15 June 2021. Owing to Mr Klösger's considerable professional experience, both in the property financing business and in banking operations, a shortening of the term of office was deemed unnecessary. By appointing him for five years, Aareal Bank ensures continuity and stability with respect to this position.
2. 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 and measured over a period of three years. In line with the definition provided in the draft version dated 22 May 2019, Aareal Bank's entire variable remuneration would classify as long-term. A notional amount is determined based on the three-year period for calculating the targets; only 20% of this is paid out directly. The remaining 80% is paid out in different tranches over a total of six years.

This means that most of the long-term variable remuneration is accessible at the earliest after four years and at the latest 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.

3. According to recommendation D.4 sentence 2, the Chairman of the Supervisory Board should not chair the Audit Committee. On 23 November 2021, the Supervisory Board of Aareal Bank elected Professor Dr Hermann Wagner to succeed Ms Korsch as Chairman after she had resigned from her office with immediate effect. Professor Dr. Wagner has presided over the Audit Committee since his appointment as member of the Supervisory Board in 2015. Due to his long career as a German chartered accountant and tax consultant and his long experience as Chairman of the Audit Committee, Prof. Dr Hermann Wagner will continue to hold this office. Aareal Bank will therefore diverge from this recommendation.

Wiesbaden, December 2021

The Management Board

Jochen Klösges

Marc Heß

Christiane Kunisch-Wolff

Christof Winkelmann

For the Supervisory Board

Prof. Dr. Hermann Wagner
(Chairman)