

Declaration of Compliance within the meaning of section 161 of the German Public Limited Companies Act (Aktiengesetz - "AktG")

As at December 2014

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 on 13 May 2013) since the last Declaration of Compliance was issued in April 2014; and will continue to do so, except for the recommendations stated below.

In accordance with section 4.2.3 (2) sentence 6 of the German Corporate Governance Code (the "Code"), the amount of Management Board compensation shall be capped, both overall and for individual compensation components. In December 2014, against the background of changed regulatory requirements, and based upon a proposal by the Remuneration Control Committee, the Supervisory Board approved a new remuneration system for members of the Management Board, with effect from 1 January 2014. The new remuneration system complies with the recommendation in section 4.2.3 (2) sentence 6 of the Code. In this connection, a maximum amount ("cap") was resolved for the variable, performance-related remuneration component of the Management Board – for the 2013 financial year, and for subsequent financial years. As the only exception, no cap applies to virtual shares granted for the 2012 financial year or earlier financial years, or to virtual shares still to be granted under applicable rules governing the deferral of variable remuneration components. However, such virtual shares will be settled and disbursed for the last time in 2018, after expiry of the retention period and any applicable holding or blocking periods, based on the weighted average price (Xetra) of the five exchange trading days following the expiry of the period. All virtual shares that were no longer subject to any holding or blocking period as at 26 March 2014 (and which Management Board members have been free to dispose of, in some cases since the vesting in 2007), were disbursed to the members of the Management Board, under a separate addendum to their contracts,

In accordance with section 4.2.5 (3) sentence 2 of the Code, the remuneration report for financial years commencing after 31 December 2013 shall disclose certain remuneration details, to be presented using the tables prescribed in the appendix to the Code. Aareal Bank uses template no. 1 provided in the Appendix to the Code for the disclosure of Management Board remuneration; the Bank does not, however, use template no. 2. Due to the complexity involved in disclosing remuneration components disbursed, Aareal Bank will first review its disclosure procedures in 2015 before deciding whether to also include a presentation of fixed and variable remuneration disbursed in the Annual Report.

Pursuant to the German Act Implementing EU Directive 2013/36/EU (the "CRD IV Implementation Act"), the Executive and Nomination Committee of Aareal Bank AG's

Supervisory Board is required to assume additional tasks which are not supposed to be prepared by shareholder representatives on the Supervisory Board alone. Hence, the Executive and Nomination Committee is not composed exclusively of shareholder representatives, in contravention of the recommendation in section 5.3.3. of the Code. However, the Committee will ensure that the nomination of candidates for election by the Annual General Meeting will be determined exclusively by shareholder representatives on the Committee.

Wiesbaden, December 2014

The Management Board

Dr Wolf Schumacher Dagmar Knopek Hermann J. Merkens Thomas Ortmanns

For the Supervisory Board

Marija G. Korsch

(Chairman)