

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

As at December 2018

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

Since the last Declaration of Compliance was issued in December 2017 Aareal Bank AG has complied with the recommendations of the Government Commission "German Corporate Governance Code" (in the version published by the federal gazette on April 24th 2017) and will continue to do so, with the exception of the two following reservations:

Pursuant to section 25(d) of the German Banking Act (Kreditwesengesetz, KWG), 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 also includes employee representative members, 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.

For the last time, the Aareal Bank has to declare its non-compliance with section 4.2.3 (2) sentence 6 of the German Corporate Governance Code (the "Code"). According to this recommendation the amount of Management Board compensation shall be capped, both overall and for individual compensation components. In March 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. However, such virtual shares were 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.

Wiesbaden, December 2018

**The Management Board**

Hermann Merkens	Marc Heß	Dagmar Knopek
Christiane Kunisch-Wolff	Thomas Ortmanns	Christof Winkelmann

**For the Supervisory Board**

Marija Korsch  
(Chairman)