

Corporate Governance Statement pursuant to section 289a of the HGB

Declaration of Compliance in Accordance with Section 161 of the AktG

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 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, 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 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" dated 28 August 2013), 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.

Wiesbaden, December 2014

The Management Board



Dr Wolf Schumacher



Hermann J. Merkens



Dagmar Knopek



Thomas Ortmanns

The Supervisory Board



Marija G. Korsch (Chairman)

Corporate Governance Report

Responsible and transparent corporate governance is of great importance to Aareal Bank AG, and is considered the essence of prudent commercial conduct by both the Management Board and the Supervisory Board. Accordingly, Aareal Bank welcomes and supports the objectives and purposes of the German Corporate Governance Code, and regularly observes the amendments and extensions of the guidelines adopted by the German Government Commission on Corporate Governance.

The Supervisory Board discusses these amendments; together with the Management Board, the Supervisory Board determines to what extent Aareal Bank AG complies with – or diverges from – the recommendations of the German Corporate Governance Code. Accordingly, the Bank's Memorandum and Articles of Association, as well as the internal rules of procedure for the Management Board and the Supervisory Board, are reviewed regarding compliance, and amended as necessary. Our annual Declaration of Compliance gives information on the extent to which the Bank complies with recommendations. The Declaration of Compliance is adopted by the Management Board and the Supervisory Board, and then published on the Bank's website, where Declarations issued in past years are also archived.

Code of Conduct

We believe that the principles of integrity and responsible conduct must be observed by all our employees across the enterprise, regardless of their functions and duties. Our internal Code of Conduct is an integral part of responsible corporate governance. The Code of Conduct contains binding rules governing the legal and ethical conduct of employees vis-à-vis clients, business partners, and colleagues. Aareal Bank's efforts in this context are also motivated by the desire to affirm and further strengthen the confidence placed by stakeholders – our clients, investors, and staff.

Recommendations of the German Corporate Governance Code

During 2014, the German Corporate Governance Code, as amended on 13 May 2013, was applicable. Aareal Bank's Management Board and Supervisory Board issued and signed their most recent Declaration of Compliance pursuant to section 161 of the German Public Limited Companies Act (AktG) on 4 December 2014. The Declaration was published on the Bank's website, and is included in this annual report as part of the Corporate Governance Statement.

In accordance with this Declaration, Aareal Bank AG complies with the Code, subject to the following restrictions:

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 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, 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 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" dated 28 August 2013), 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.

The Management Board

The Management Board is responsible for managing the Company. In doing so, it is obliged to act in the best interests of the Company and undertakes to increase its sustainable enterprise value. The Management Board ensures that all provisions of law are complied with, and endeavours to achieve their compliance throughout Group companies. The Management Board develops the company strategy, coordinates it with the Supervisory Board,

and ensures its implementation. The Management Board ensures appropriate and sustainable risk management and risk control throughout the Company. The Management Board cooperates on the basis of trust with Aareal Bank AG's other executive bodies, and with employee representatives.

There were no conflicts of interest affecting members of the Management Board within the meaning of the Corporate Governance Code in the 2014 financial year.

Diversity

During 2013, the Management Board made an express commitment to diversity in Aareal Bank Group, and published it on the Internet and Intranet. Aareal Bank defines diversity as:

- An appreciation for the uniqueness of every individual and respect for their differences
- Equal opportunities at all levels
- The prevention of discrimination of any kind
- The belief that diversity enriches corporate culture and also represents a success factor in reaching strategic goals

The goals are:

- To promote Aareal Bank Group's image as a modern employer
- To strengthen employee commitment and increase employee motivation
- To ensure skills and competencies are fostered individually, in a way that promotes employee performance
- To react to demographic change and an ageing workforce, and to take into account individual circumstances and stages of life

Aareal Bank Group currently employs people from more than 27 different countries. When filling positions abroad, the Bank takes care to predominantly appoint local staff.

The share of female employees in Aareal Bank Group was 45.9 % in the 2014 financial year, with women currently accounting for 25.0 % of ex-

cutive positions at Aareal Bank AG. In Aareon AG, the share of female employees was 32.4 %, with 19.2 % holding executive positions.

Since the appointment of Mrs Knopek as a regular member of the Management Board, the share of female Management Board members is 25 %.

In Germany, the share of employees with a severe disability amounted to 3.5 % in 2014. This employee group is represented in the Group's German entities by a disability representative.

Equal treatment

Aareal Bank Group attaches great importance to the equal treatment of women and men, whether in the context of filling vacant positions, with regard to continuous professional development, or in terms of remuneration. Specifically, any vacancies below senior executive level are generally published throughout the Company, in the form of job advertisements that all members of staff – male or female – may apply for. When setting the remuneration of employees, we do not differentiate by gender but rely exclusively on aspects such as qualification, professional experience or training.

Likewise, qualification is the decisive criterion for the appointment of employees to positions; this is examined regularly by employee representative bodies, within the scope of their co-determination rights. The principle that qualifications and international experience are the primary criteria for choosing a candidate also applies for the Management Board.

In accordance with the German General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz – "AGG"), Aareal Bank and Aareon have AGG Officers in Germany. Special AGG-related training measures are carried out for all employees. In the US, the employee manual contains rules designed to avoid harassment at the workplace ("Anti-Harassment Rules").

Supervisory Board

The task of the Supervisory Board is to regularly advise and supervise the Management Board in the management of the Company. It is involved in decision-making that is of fundamental importance to the Company, and cooperates closely and on the basis of trust with the Management Board.

The Supervisory Board has created committees for its work. Responsibility for individual duties has been delegated to these committees. The members of the Supervisory Board and their functions in the Supervisory Board's committees are outlined in the "Description of Management Board and Supervisory Board work processes", and in the List of Offices Held, both of which form part of this annual report. The Supervisory Board reports on its duties and the events of the 2014 financial year in its report.

The option of preparing meetings separately with shareholder representatives and employee representatives is used by the Supervisory Board in exceptional cases only. However, some of the meetings have been prepared separately in 2014. Several meetings without employee representatives were held (Executive and Nomination Committee preparing the election of shareholder representatives for 2015). In accordance with the provisions of the KWG, three Supervisory Board meetings were held without the Management Board as well as eight Supervisory Board meetings with limited presence of the Management Board during the discussion of selected agenda items.

In line with section 5.2 of the Code, the Chairman of the Supervisory Board does not chair the Audit Committee: this position is held by Joachim Neupel, an experienced public auditor and tax advisor.

The members of the Supervisory Board have declared in writing that no conflicts of interest pursuant to section 5.5.2 of the Corporate Governance Code arose during the financial year under review.

The Supervisory Board regularly reviews the efficiency of its own activities, using a proprietary questionnaire. External consultants have been

involved in the expansion of this questionnaire in order to fulfil the new legal requirements according to section 25d (11) of the KWG. In line with these requirements, the Executive and Nomination Committee is in charge of the preparation and execution of the efficiency review. The results of this review serve to further improve the work carried out by the Supervisory Board as well as enhancing the cooperation between the Supervisory Board and Management Board. The Chairman of the Supervisory Board presented the results of the efficiency review for the year 2014 in the meeting on 4 December 2014, and discussed these with the members in detail. No measures to enhance efficiency were required.

The Supervisory Board has the required knowledge, skills, and professional expertise to properly perform its duties. In accordance with section 5.4.5 of the Code, the Supervisory Board members regularly attend professional development measures, and are supported to this effect by the Company.

The Report of the Supervisory Board provides a detailed review of the activities of the Supervisory Board and its Committees.

Guidelines regarding the composition of the Supervisory Board (shareholder representatives)

Key factors taken into account for nomination to the Supervisory Board are the professional aptitude and the experience of candidates – also in relation to the Group’s international activities. The Supervisory Board of Aareal Bank AG believes that it is sufficiently independent. Within the framework of actual decisions concerning potential members, the Supervisory Board of Aareal Bank AG assesses the independence of the respective candidate, duly taking that independence into account.

Any individual whose circumstances may give rise to conflicts of interest cannot be considered as candidates. At the time of election to the Supervisory Board, candidates should generally be less than 70 years old.

The Supervisory Board endeavours to increase the share of women amongst its members to at least 30 %. Given that the last regular Supervisory Board elections took place in 2010, the earliest time that this objective may be taken into account, in principle, will be the next regular Supervisory Board elections, to be held in the year 2015. With the appointment of Ms Korsch as Chairman of the Supervisory Board, Aareal Bank’s Supervisory Board achieved a 12.5 % share of female shareholder representatives in 2012. Following the retirement of Mr Hans Reich from the Supervisory Board, and the subsequent search for a successor, Mr Richard Peters was elected as a member. For this reason, taking the requirements for the members of the Supervisory Board into account, it was not possible to further increase the proportion of female members in the year 2014.

Furthermore, the objective for the composition of the shareholder representatives to the Supervisory Board was set at a minimum of 50 % of independent Supervisory Board members, as defined by section 5.4.2 of the German Corporate Governance Code, to be achieved by 2015.

As at December 2014, all shareholder representatives on the Supervisory Board must be classified as independent, in the sense of section 5.4.2 of the Code.

Purchase or sale of the Company’s shares

In 2014, members of the Company’s executive bodies carried out one transaction involving the Company’s shares, which was published, inter alia, on the website of Aareal Bank AG in accordance with section 15a of the WpHG. At the end of the financial year, aggregate shareholdings of members of executive bodies in the Company’s shares were less than 1 % of the issued share capital of Aareal Bank AG.

Transactions with related parties

Related party transactions are detailed in the notes to the financial statements.

Accounting policies

Aareal Bank AG prepares the Group's accounts in accordance with International Financial Reporting Standards (IFRSs). The single-entity financial statements of Aareal Bank AG are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB). The Management Board prepares the financial statements of Aareal Bank AG and the consolidated financial statements. The external auditors submit their report on the audit of the financial statements and consolidated financial statements to the Supervisory Board. The Annual General Meeting on 21 May 2014 appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, as the auditors for the 2014 financial year. Having ascertained the independence of the external auditors, the Supervisory Board appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft in this capacity, and defined the focal points of the audit. The external auditors conducted the audit in line with instructions given. The fees paid to the external auditors are shown in the notes to the financial statements.

The Supervisory Board approves the financial statements and the consolidated financial statements, and thus confirms the financial statements. Details regarding the examinations carried out by the Supervisory Board, and the results of such examinations, are provided in the Report of the Supervisory Board.

Relationship to shareholders

Aareal Bank holds a General Meeting of shareholders once a year. Shareholders are thus given the opportunity to actively participate in the development of the Company.

At the Annual General Meeting, the shareholders decide, in particular, on the formal approval for the members of the Supervisory Board and Management Board for the financial year under review, on the appropriation of any net retained profit, amendments to the Memorandum and Articles of Association, and authorisations on capital adjustments.

The Annual General Meeting also elects the auditor for the Company.

The Company's shareholders may submit statements or proposals in writing, by fax or e-mail, to the Company. They may also request to speak at the Annual General Meeting. The shareholders may also submit counter or supplemental motions to the agenda items at the Annual General Meeting, so that they participate in structuring and influencing the meeting. The Management Board and the Supervisory Board refer to shareholders' comments made during the general debate, or to motions submitted by shareholders in advance, to respond to questions, or to comment on other contributions.

Communications

Aareal Bank assigns great importance to extensive communications with all of the Bank's stakeholders. We have set ourselves the targets of actively and openly communicating with all stakeholders, taking into account the interests of all stakeholders. In this context, we make extensive use of our website to inform about current developments affecting the Group, and to provide information to all target groups at the same time. All press releases, ad-hoc disclosures, corporate presentations, as well as annual and quarterly reports published by Aareal Bank are available on the Bank's website to any interested person, and may be downloaded from there. In addition, the financial calendar is regularly updated, providing information about relevant corporate events.

Aareal Bank publishes details on the financial position and performance five times annually. On these occasions, the Management Board gives a personal account of results, within the scope of press conferences and analysts' events, as well as issuing press releases.

We are not currently broadcasting parts of the Annual General Meeting on the internet, nor is it currently possible to give instructions or cast votes online. This is because the low level of acceptance of such a service amongst our shareholders would

render the related efforts and costs excessive. Aareal Bank will continue to review demand for such a service on a regular basis.

Disclosures regarding Corporate Governance standards

Aareal Bank AG is a public limited company under German law (Aktiengesellschaft – "AG") whose shares are included in the mid-cap MDAX® index. Aareal Bank AG's corporate governance practices are governed, inter alia, by legal rules applicable to public limited companies and credit institutions, and by the Company's Memorandum and Articles of Association, which are published on its website and in its Commercial Register entry (under company number HRB 13184). Based on the Memorandum and Articles of Association, the Supervisory Board has adopted internal rules of procedure for itself, and for the Management Board. Aareal Bank AG has also adopted an internal Code of Conduct, providing guidelines for correct, ethical and responsible conduct of employees and executive bodies. Moreover, Aareal Bank's corporate governance is guided by a comprehensive set of internal rules and regulations, which provide concrete guidance on the conduct and processing of the Bank's business, in line with legal and regulatory rules. All members of staff have access to these documents, via common internal communications channels such as the Bank's intranet.

Description of Management Board and Supervisory Board work processes

The Supervisory Board

In accordance with Aareal Bank AG's Memorandum and Articles of Association, the Supervisory Board consists of twelve members. Once elected by the Annual General Meeting, the members of the Supervisory Board elect a Chairman and two Deputy Chairmen from amongst them, for the duration of their term of office. At present, Ms Marija G. Korsch serves as Chairman of the Supervisory Board. Her deputies are Erwin Flieger (as shareholder re-

presentative) and York-Detlef Bülow (as employee representative). The majority of members of the Supervisory Board were re-elected for a further term of office by the Annual General Meeting held on 19 May 2010. In the financial year 2010, employee representatives were elected by the special negotiating body, a body representing employees following the merger of Aareal Bank France S.A. into its parent company Aareal Bank AG. By virtue of a resolution passed by the Annual General Meeting on 22 May 2013, Ms Marija G. Korsch and Mr Richard Peters were elected until the Annual General Meeting 2018.

During the financial year under review, the Company's Supervisory Board comprised:

Marija G. Korsch, Chairman of the Supervisory Board of Aareal Bank AG

**Former Partner of Bankhaus Metzler
seel. Sohn & Co. Holding AG**

Supervisory Board offices held: Just Software AG

Erwin Flieger, Deputy Chairman of the Supervisory Board of Aareal Bank AG

**Chairman of the Supervisory Boards of
Bayerische Beamten Versicherungsgruppe**

Supervisory Board offices held: Bayerische Beamten Lebensversicherung a.G., Bayerische Beamten Versicherung AG, BBV Holding AG, DePfa Holding Verwaltungsgesellschaft mbH, Neue Bayerische Beamten Lebensversicherung AG

York-Detlef Bülow*, Deputy Chairman of the Supervisory Board of Aareal Bank AG

Employee of Aareal Bank AG

Christian Graf von Bassewitz

**Banker (ret'd.); former Spokesman of
the General Partners of Bankhaus Lampe KG**

Supervisory Board offices held: Bank für Sozialwirtschaft Aktiengesellschaft, Deutscher Ring Krankenversicherungsverein a.G., SIGNAL IDUNA Allgemeine Versicherung AG, SIGNAL IDUNA Holding AG, Societaet CHORVS AG

Manfred Behrens

**Former CEO/Chairman of the Management Board
of Swiss Life Deutschland Holding GmbH**

* Employee representative to the Supervisory Board of Aareal Bank AG

Thomas Hawel***Employee of Aareon Deutschland GmbH**

Supervisory Board offices held: Aareon Deutschland GmbH

Dieter Kirsch***Employee of Aareal Bank AG****Dr Herbert Lohneiß****Former Chief Executive Officer of Siemens Financial Services GmbH**

Supervisory Board offices held:

UBS Global Asset Management (Deutschland) GmbH

Joachim Neupel, Chairman of the Accounts and Audit Committee of the Supervisory Board**German Public Auditor and tax advisor****Richard Peters****President and member of the Management Board of the Versorgungsanstalt des Bundes und der Länder**

Supervisory Board offices held:

DePfa Holding Verwaltungsgesellschaft mbH

Prof Dr Stephan Schüller**Spokesman of the General Partners of Bankhaus Lampe KG**

Supervisory Board offices held: DePfa Holding Verwaltungsgesellschaft mbH, Universal-Investment-Gesellschaft mbH

Helmut Wagner***Employee of Aareon Deutschland GmbH**

* Employee representative to the Supervisory Board of Aareal Bank AG

Reference is made to the Corporate Governance Report concerning the independence of Supervisory Board members, for the purposes of the Corporate Governance Code. The shareholder representatives have sufficient professional knowledge to competently perform their duties. They have held – or still hold – executive positions in banks or insurance companies.

As a German Public Auditor and tax advisor – and hence, an independent financial expert – Joachim Neupel chairs the Accounts and Audit Committee of Aareal Bank AG's Supervisory Board.

The Supervisory Board conducts its business in the best interests of the Company and its Group entities, in accordance with the law, the Memorandum and Articles of Association, the internal rules of procedure, the German Corporate Governance Code (as amended from time to time), and Aareal Bank AG's Code of Conduct. The Supervisory Board determines which transactions have fundamental importance, and hence require the approval of the Supervisory Board.

The Supervisory Board has established five committees in order to perform its supervisory duties in an efficient manner: the Executive and Nomination Committee, the Risk Committee, the Committee for Urgent Decisions, the Audit Committee, and the Remuneration Control Committee.

Executive and Nomination Committee

The Executive and Nomination Committee advises the Management Board and prepares the resolutions of the Supervisory Board. The committee consists of the Chairman of the Supervisory Board, and up to four additional Supervisory Board members.

The committee has the following members:

Marija G. Korsch	Chairman
Erwin Flieger	Deputy Chairman
York-Detlef Bülow	Deputy Chairman
Prof Dr Stephan Schüller	

The Executive and Nomination Committee prepares the plenary meetings of the Supervisory Board, together with proposed resolutions. The committee's area of responsibility also includes assessing the internal condition of the Group, and issues concerning personnel planning for the Management Board (also regarding the contracts with individual Management Board members, based on the remuneration system prepared by the Remuneration Control Committee and adopted by the plenary meeting of the Supervisory Board). The Executive and Nomination Committee compiles profiles defining the requirements for members of the Management

Board and the Supervisory Board; based on an annual evaluation, it determines the extent to which the members of the Management Board or Supervisory Board have a need for further training, or whether other adjustments are required. Furthermore, the Executive and Nomination Committee discusses decision proposals regarding connected-party loans as well as other transactions between members of administrative, management and supervisory bodies and the Company or its subsidiaries.

Remuneration Control Committee

In accordance with section 25d (12) of the KWG, the Remuneration Control Committee monitors whether the structure of the remuneration systems for Management Board members and employees is appropriate, taking into account the impact of remuneration systems on Aareal Bank's overall risk profile. The Remuneration Control Committee prepares corresponding proposals concerning remuneration (including for members of the Management Board) for the plenary meeting of the Supervisory Board. The Remuneration Control Committee receives the information provided by Aareal Bank's Remuneration Officer pursuant to section 23 of the German Regulation on Remuneration in Financial Institutions (InstVergV) as well as the disclosure concerning the remuneration system pursuant to section 16 of the InstVergV. This committee consists of the Chairman of the Supervisory Board, and up to four additional Supervisory Board members.

The committee has the following members:

Marija G. Korsch	Chairman
Erwin Flieger	Deputy Chairman
York-Delef Bülow	Deputy Chairman
Dieter Kirsch	
Prof Dr Stephan Schüller	

Risk Committee

The Risk Committee consists of the Chairman of the Supervisory Board and up to five additional members.

The committee has the following members:

Marija G. Korsch	Chairman
Dr Herbert Lohneiß	Deputy Chairman
Christian Graf von Bassewitz	
Erwin Flieger	
Dieter Kirsch	
Joachim Neupel	

The Risk Committee deals with all types of risk Aareal Bank is exposed to in its business activities. Besides credit risks, this also encompasses market risks, liquidity risks, and operational risks, taking into account the Bank's risk-bearing capacity as defined in the Minimum Requirements for Risk Management in Banks (MaRisk). The monitoring of credit risks also includes approving loans which, pursuant to the internal rules of procedure for the Management Board, require the approval of the Supervisory Board. This also includes decisions on connected-party loans pursuant to section 15 (1) nos. 6-12 of the German Banking Act (KWG), unless such loans are dealt with by the Executive and Nomination Committee.

The committee is also responsible for reviewing the contents of the risk strategy, in accordance with the MaRisk. The submission of the credit risk strategy to the plenary meeting to the Supervisory Board remains unaffected by this function, as is intended by the MaRisk.

Committee for Urgent Decisions

The Committee for Urgent Decisions is a sub-committee of the Risk Committee. Its members are elected from amongst the members of the parent committee.

The committee members are:

Marija G. Korsch	Chairman
Christian Graf von Bassewitz	
Erwin Flieger	
Dr Herbert Lohneiß	
Joachim Neupel	

The Committee for Urgent Decisions takes lending decisions which, pursuant to the internal rules of procedure for the Management Board, require Supervisory Board approval, and which are particularly urgent. Since the committee passes its resolutions by way of circulation, it does not hold any meetings. Any decisions taken between meetings of the Risk Committee are discussed at the subsequent meeting.

Audit Committee

The Audit Committee is concerned with all accounting issues, as well as regarding the audit of Aareal Bank AG and Aareal Bank Group. The committee is chaired by an independent financial expert as defined in section 100 (5) of the AktG.

The members of the Audit Committee are:

Joachim Neupel	Chairman
Prof Dr Stephan Schüller	Deputy Chairman
Christian Graf von Bassewitz	
York-Delef Bülow	
Marija G. Korsch	

The committee is responsible for the preparation and conduct of the audit of the financial statements and the consolidated financial statements; it prepares the decisions to be taken by the Supervisory Board on the basis of the committee's analysis of the external auditors' reports. For this purpose, the committee reports to the plenary meeting of the Supervisory Board on the results of its analysis and the assessments derived. Preparing the audit of the financial statements also comprises the preparations for instructing the external auditors (by virtue of the corresponding resolution passed by the Annual General Meeting), verifying the independence of the external auditors, negotiating the auditors' fees, and determining focal points of the audit. The Audit Committee also discusses quarterly and half-yearly financial reports with the Management Board, and obtains the external auditors' report on their review of the half-yearly report. Furthermore, the Audit Committee is responsible for examining the projections submitted

by the Management Board; the reports by the Group Compliance Officer and Internal Audit are addressed to the committee. The Audit Committee is also responsible for monitoring the effectiveness of the internal control system.

The Management Board

The Management Board manages Aareal Bank AG's business in accordance with the law, the German Corporate Governance Code, the internal rules of procedure for the Management Board adopted by the Supervisory Board, and the Code of Conduct of Aareal Bank AG. The Management Board develops the overall company strategy, discusses it with the Supervisory Board, and ensures its implementation. The Management Board distributes responsibilities amongst its members.

The members of the Management Board are:

Dr Wolf Schumacher, Chairman of the Management Board
Corporate Communications, Investor Relations Corporate Development, Human Resources, Legal, Compliance, Audit and Operations
Hermann Josef Merkens, Deputy Chairman of the Management Board
Finance, Risk Controlling, Credit Management and Workout
Dagmar Knopek, Member of the Management Board
Sales Units Structured Property Financing
Thomas Ortmanns, Member of the Management Board
Housing Industry Division, Treasury, Organisation, Information Technology

The Management Board informs the Supervisory Board regularly, without delay and comprehensively, orally and in writing, on all issues in respect of which the Supervisory Board requires information to fully perform its duties and obligations.