



***Agenda item 2: Passing of a resolution on the appropriation of net retained profit for the 2019 financial year***

In accordance with section 172 sentence 1 of the German Public Limited Companies Act (Aktiengesetz – AktG), the Supervisory Board approved on 24 March 2020 the Annual Financial Statements of Aareal Bank AG prepared by the Management Board including the net retained profit of €119,714,442.00 arising in financial year 2019; the financial statements have thus been confirmed. The Annual Financial Statements include as the proposal by management for the appropriation of the Company's net retained profit a proposal to distribute a dividend of €2.00 per no-par-value share (currently 59,857,221 shares) entitled to dividend payment, i.e. the entire net retained profit of €119,714,442.00.

After the Annual Financial Statements were confirmed, the European Central Bank, which is responsible for supervising Aareal Bank AG, issued a recommendation on 27 March 2020 stating that significant banks should refrain from distributing any dividend for the 2019 and 2020 financial years until 1 October 2020 at the earliest in order to support their ability to absorb losses and to grant loans to households, small and mid-size enterprises and large corporates during the COVID-19 pandemic (ECB/2020/19).

In view of the express and unambiguous recommendations of the European Central Bank to refrain from distributing any dividend for the 2019 and 2020 financial years until 1 October 2020 at the earliest, the Management Board and the Supervisory Board have decided after further intensive deliberation, to propose to the Annual General Meeting that, by way of exception, no dividends shall be paid for the 2019 financial year so as to strengthen the Bank's capitalisation, and to recommend that the net retained profit be allocated to other retained earnings in full.

The Management Board and Supervisory Board therefore propose the following resolution:

that Aareal Bank AG's net retained profit of €119,714.442.00 for the 2019 financial year be allocated to other retained earnings in full.

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