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# Disclosure of Remuneration Indicators for 2015

**Aareal**

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Pursuant to section 16 of the German Regulation on Remuneration in Financial Institutions (Instituts-Vergütungsverordnung – "InstitutsVergV"), disclosure obligations for institutions subject to the Capital Requirements Regulation (575/2013/EU – "CRR") are governed exclusively by article 450 of the CRR.

Aareal Bank has implemented the qualitative disclosure requirements pursuant to article 450 of the CRR in a uniform manner, in its Group Annual Report.<sup>1)</sup>

The later disclosure of quantitative details, concerning the remuneration of persons who exert a material influence on the institution's overall risk profile according to section 18 (1) and (2) of the InstitutsVergV ("risk takers"), as shown below, is due to the fact that the variable remuneration can only be determined after the end of the financial year.

Remuneration data is disclosed for Aareal Bank AG as well as for Aareal Bank Group entities in accordance with section 10a of the German Banking Act (Kreditwesengesetz – "KWG"), to the extent that such entities are subject to the InstitutsVergV.<sup>2)</sup>

The presentation of remuneration details in the tables below is oriented upon the business areas prescribed in the EBA Guideline EBA/GL/2014/08, whereby the areas of "Investment Banking" and "Asset Management" are not relevant for the Bank. Details provided concerning the area of "Management Body in Supervisory Function" are limited to disclosure of remuneration for members of the Supervisory Board.<sup>3)</sup> Details provided concerning the area of "Management Body in Management Function" are limited to disclosure of remuneration for members of the Management Board.<sup>4)</sup> Whilst Sales and Credit Management units (Markt/Marktfolge) are allocated to the "Retail Banking" business area, all central administrative units are allocated to "Corporate Functions", except for control units as defined in EBA's guidelines for internal governance (GL 44) – these are allocated to the "Independent Control Functions" area. The "All Other" business area comprises the Bank's Housing Industry division, as well as the subsidiaries within the Consulting/Services segment.

Remuneration data in the tables shown below was rounded commercially; this may lead to rounding differences in the totals.

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<sup>1)</sup> Annual Report 2015 of Aareal Bank Group, chapter "Remuneration Report", p. 196 et seq.

<sup>2)</sup> Information concerning Management Board members and risk takers of Westdeutsche ImmobilienBank AG (WestImmo) has been included for the period under review, for the first time.

<sup>3)</sup> Pursuant to article 3 (1) no. 7 of CRD IV, this also includes details concerning all Supervisory Board members of institutions within the regulatory scope of consolidation; as at 31 December 2015, this included twelve Supervisory Board members of Aareal Bank AG, five Supervisory Board members of WestImmo, as well as three Supervisory Board members of Aareal Beteiligungen AG (as the legal successor to COREALCREDIT BANK AG).

<sup>4)</sup> Pursuant to article 3 (1) no. 7 of CRD IV, this also includes details concerning all Management Board members of institutions within the regulatory scope of consolidation; as at 31 December 2015, this included three Management Board members of Aareal Bank AG, three Management Board members of WestImmo, as well as three Management Board members of Aareal Beteiligungen AG (as the legal successor to COREALCREDIT BANK AG).

## Remuneration granted for 2015

	Management Body in supervisory function	Management Body in management function	Retail banking	Corporate functions	Independent control functions	All other	Total
<b>Number of risk takers</b>	<b>20</b>	<b>9</b>	<b>159</b>	<b>27</b>	<b>12</b>	<b>6</b>	<b>233</b>
€ mn							
<b>Total remuneration</b>	<b>1.79</b>	<b>25.20</b>	<b>40.30</b>	<b>7.18</b>	<b>2.48</b>	<b>1.80</b>	<b>78.75</b>
of which: Fixed remuneration <sup>1)</sup>	1.79	11.86	25.73	4.70	1.76	1.26	47.09
Variable remuneration <sup>2)</sup>	–	13.34	14.57	2.49	0.72	0.55	31.66
of which: Cash component disbursed	–	8.47	8.38	1.47	0.35	0.15	18.83
Component awarded (but not yet disbursed) which depends on the institution's sustainable development and is deferred over a minimum period of two years (share component)	–	1.22	2.14	0.29	0.13	0.11	3.89
Variable remuneration components promised and deferred over a minimum deferral period of three years	–	3.65	4.05	0.72	0.24	0.29	8.94
of which: Portion granted as a restricted cash award	–	1.83	2.02	0.36	0.12	0.14	4.47
Portion granted as a restricted virtual share award	–	1.83	2.02	0.36	0.12	0.14	4.47
Equity-linked instruments or other instruments	–	–	–	–	–	–	–

<sup>1)</sup> Pursuant to regulatory requirements, fixed remuneration also includes the employer's share of payments to the company pension scheme, as well as the value of the right to private use of company cars.

<sup>2)</sup> In line with regulatory requirements, variable remuneration also includes severance payments made during the reporting period.

According to the interpretation guidance to section 20 of the InstitutsVergV, the requirement to defer variable remuneration of risk takers over a minimum period of three years is waived if such remuneration remains below an exemption threshold of € 50,000. Aareal Bank uses this exemption threshold waiver, and the majority of risk takers receive a variable remuneration below (and in some cases, clearly below) € 50,000; this influences the share of non-deferred variable remuneration.

### Total amount of deferred variable remuneration outstanding

	Management Body in supervisory function	Management Body in management function	Retail banking	Corporate functions	Independent control functions	All other	Total
€ mn							
<b>Total amount of deferred variable remuneration outstanding (including for previous years)</b>	<b>-</b>	<b>15.54</b>	<b>14.23</b>	<b>1.97</b>	<b>0.67</b>	<b>0.95</b>	<b>33.37</b>
a) of which: portion awarded but not yet disbursed	-	6.06	2.71	0.28	0.08	0.16	9.29
portion promised but not yet awarded	-	9.48	11.53	1.69	0.60	0.79	24.08
b) of which: promised during the financial year	-	3.80	4.77	0.45	0.14	0.29	9.44
disbursed during the financial year	-	3.87	5.05	0.50	0.15	0.31	9.89
reduced during the financial year	-	-	-	-	-	-	-

<sup>1)</sup> Comparison with the 2014 reporting period: applying the calculation logic for the business area "Management Body in Management Function", the total amount of deferred variable remuneration outstanding for the preceding reporting period (2014) amounted to € 15.03 million.

During 2015, severance payments totalling € 10.00 million were made to 20 risk takers within Aareal Bank Group, with the highest severance payment made to an individual being € 6.85 million .

During 2015, payments totalling € 0.21 million were made to two risk takers upon commencement of their employment relationship. The highest payment made to an individual amounted to € 0.20 million.

The following table shows individuals who have received total remuneration of € 1 million and higher for the 2015 financial year.

Remuneration levels (€)	Number of beneficiaries
1,000,000 to 1,500,000	2
> 1,500,000 to 2,000,000	1
> 2,000,000 to 2,500,000	2
> 2,500,000 to 3,000,000	-
> 3,000,000 to 3,500,000	1
⋮	
> 13,000,000 to 14,000,000	1

<sup>2)</sup> This referred to the contractual disbursement for the remaining term of the contract with former CEO Dr Wolf Schumacher, who left the Company with effect from 30 September 2015.

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**Aareal Bank  
Group**