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2016

Disclosure of Remuneration Indicators  
for 2016



**Aareal Bank  
Group**

## Disclosure of Remuneration Indicators for 2016

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.

The presentation of remuneration details in the tables below is oriented on 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 its Supervisory Function" are limited to disclosure of remuneration for members of the Supervisory Board.<sup>2)</sup> Details provided concerning the area of "Management Body in its Management Function" are limited to disclosure of remuneration for members of the Management Board.<sup>3)</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 Group Business Consulting & Services 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 2016 of Aareal Bank Group, chapter "Remuneration Report", p. 204 et seq.

<sup>2)</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 basis of consolidation; as at 31 December 2016, this included twelve Supervisory Board members of Aareal Bank AG, six Supervisory Board members of Westdeutsche ImmobilienBank AG (WestImmo), as well as three Supervisory Board members of Aareal Beteiligungen AG (as the legal successor to Corealcredit Bank AG).

<sup>3)</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 basis of consolidation; as at 31 December 2016, this included five 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 2016

	Management Body in its supervisory function	Management Body in its management function	Retail banking	Corporate functions	Independent control functions	All other	Total
<b>Number of Risk Takers</b>	<b>21</b>	<b>11</b>	<b>134</b>	<b>32</b>	<b>11</b>	<b>8</b>	<b>217</b>
€ mn							
<b>Total remuneration</b>	<b>1.55</b>	<b>13.51</b>	<b>34.62</b>	<b>8.50</b>	<b>1.98</b>	<b>2.14</b>	<b>62.30</b>
of which: Fixed remuneration <sup>1)</sup>	1.55	7.86	22.12	5.95	1.50	1.49	40.47
Variable remuneration <sup>2)</sup>	–	5.65	12.50	2.54	0.48	0.65	21.83
of which: Cash component disbursed	–	1.21	6.20	1.19	0.27	0.17	9.05
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)	–	1.11	2.17	0.38	0.07	0.13	3.85
Variable remuneration components promised and deferred over a minimum deferral period of three years	–	3.33	4.14	0.97	0.15	0.35	8.93
of which: Portion granted as a restricted cash award	–	1.66	2.07	0.48	0.07	0.17	4.46
Portion granted as a restricted virtual share award	–	1.66	2.07	0.48	0.07	0.17	4.46
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 its supervisory function	Management Body in its 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>15.49</b>	<b>15.27</b>	<b>2.97</b>	<b>0.58</b>	<b>1.09</b>	<b>35.39</b>
of which: portion awarded but not yet disbursed	–	3.81 <sup>1)</sup>	2.43	0.36	0.08	0.19	<b>6.87</b>
portion promised but not yet awarded	–	11.68	12.84	2.61	0.49	0.91	<b>28.52</b>
€ mn							
<b>Deferred variable remuneration</b>	–						
promised during the financial year	–	3.53	4.47	0.67	0.16	0.28	<b>9.11</b>
disbursed during the financial year	–	2.60 <sup>2)</sup>	4.64	0.70	0.15	0.29	<b>8.38</b>
reduced during the financial year	–	–	–	–	–	–	–

<sup>1)</sup> In our last year's "Disclosure of Remuneration Indicators for 2015", the Management Board remuneration amount accidentally included the Share Bonus which is not a component of deferred variable remuneration. The amount disclosed in the report for 2015 (€ 6.06 million) must therefore be corrected to € 2.43 million.

<sup>2)</sup> In our last year's "Disclosure of Remuneration Indicators for 2015", the Management Board remuneration amount accidentally included the Share Bonus which is not a component of deferred variable remuneration. The amount disclosed in the report for 2015 (€ 3.87 million) must therefore be corrected to € 1.37 million.

During 2016, severance payments totalling € 1.94 million were made to 7 Risk Takers within Aareal Bank Group, with the highest severance payment made to an individual being € 0.37 million.

During 2016, payments totalling € 0.29 million were made to one Risk Taker upon commencement of the employment relationship.

The following table shows individuals who have received total remuneration of € 1 million and higher for the 2016 financial year.

Remuneration levels (€)	Number of beneficiaries
1,000,000 to 1,500,000	4
> 1,500,000 to 2,000,000	2
> 2,000,000 to 2,500,000	–
> 2,500,000 to 3,000,000	2
> 3,000,000 to 3,500,000	–
> 3,500,000 to 4,000,000	–
> 4,000,000 to 4,500,000	1

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06/2017



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