

Disclosure of Remuneration Indicators for 2014



**Aareal Bank
Group**

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Pursuant to section 16 of the German Regulation on Remuneration in Financial Institutions (Instituts-Vergütungsverordnung – "InstitutsVergV"), disclosure obligations for institutions supervised in accordance with the EU Capital Requirements Directive (2013/36/EU – "CRD IV") are governed exclusively by article 450 of the Capital Requirements Regulation (575/2013/EU – "CRR").

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

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.²⁾

The breakdown of the remuneration 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 disclosed concerning the "Management Body" are limited to details about remuneration for members of the Management Board³⁾. 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.

¹⁾ Annual Report 2014 of Aareal Bank Group, chapter "Remuneration Report", p. 192 et seq.

²⁾ Information concerning Management Board members and risk takers of COREALCREDIT BANK AG ("Corealcredit") has been included for the period under review, for the first time.

³⁾ 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; specifically, this involves four members of Aareal Bank AG's Management Board plus four Management Board members of Corealcredit.

Remuneration granted for 2014

	Management Body	Retail banking	Corporate functions	Independent control functions	All other
Number of risk takers	8	136	26	9	5
€ mn					
Total remuneration	12.86	28.76	4.71	1.66	1.52
of which: Fixed remuneration ¹⁾	7.36	18.53	3.02	1.08	1.06
Variable remuneration	5.50	10.23	1.69	0.58	0.46
of which: Cash component disbursed	1.10	4.72	0.93	0.18	0.12
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)	1.10	1.84	0.22	0.14	0.08
Variable remuneration components promised and deferred over a minimum deferral period of three years	3.30	3.67	0.54	0.25	0.25
of which: Portion granted as a restricted cash award	1.65	1.83	0.27	0.13	0.13
Portion granted as a restricted virtual share award	1.65	1.83	0.27	0.13	0.13
Equity-linked instruments or other instruments	-	-	-	-	-

¹⁾ 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.

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 makes use of this regulation, 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	Retail banking	Corporate functions	Independent control functions	All other
€ mn					
Total amount of deferred variable remuneration outstanding (including for previous years)	8.78	15.93	1.71	0.61	1.02
a) of which: portion awarded but not yet disbursed	2.00	2.98	0.32	0.09	0.18
portion promised but not yet awarded	6.78	12.94	1.40	0.52	0.83
b) of which: promised during the financial year	0.87	4.31	0.45	0.13	0.26
disbursed during the financial year	0.50	2.67	0.29	0.08	0.16
reduced during the financial year	–	–	–	–	–

During 2014, severance payments totalling € 0.7 million were made to three risk takers within Aareal Bank Group, with the highest severance payment made to an individual being € 0.42 million.

No payments to risk takers were made in 2014 upon commencement of the employment relationship.

The following table shows individuals who have received total remuneration of € 1 million and higher for the 2014 financial year:

Remuneration levels (€)	Number of beneficiaries
1,000,000 to 1,500,000	3
> 1,500,000 to 2,000,000	–
> 2,000,000 to 2,500,000	3
> 2,500,000 to 3,000,000	–
> 3,000,000 to 3,500,000	–
> 3,500,000 to 4,000,000	1
> 4,000,000 to 4,500,000	–
> 4,500,000 to 5,000,000	–

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