

# Disclosure of Remuneration Indicators for 2019

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We disclose remuneration indicators for 2019 in accordance with section 16 of the German Regulation on Remuneration in Financial Institutions (Institutsvergütungsverordnung – "InstitutsVergV") as amended on 26 April 2019. As a significant institution pursuant to section 25n of the German Banking Act (Kreditwesengesetz – "KWG"), disclosure is also in accordance with the provisions of Article 450 of Regulation (EU) No 575/2013 (Capital Requirements Regulation – "CRR").

Aareal Bank has already implemented the qualitative disclosure requirements in a uniform manner, in its Group Annual Report.<sup>1)</sup>

The later disclosure of quantitative remuneration details, 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 KWG, to the extent that such entities are subject to the InstitutsVergV.

The presentation of remuneration tables shown below is oriented on the EBA Guidelines on the remuneration benchmarking exercise (EBA/GL/2014/08), as well as the business areas stipulated in Annex 2 to the InstitutsVergV interpretation guidance issued by the German Federal Financial Supervisory Authority ("BaFin") on 15 February 2018 – whereby the "Investment Banking" and "Asset Management" business areas are not relevant for Aareal Bank. The business area "Members of the administrative or supervisory body in accordance with section 25d of the KWG" relates to disclosure for all Supervisory Board members of institutions within the regulatory basis of consolidation.<sup>2)</sup> The same applies to details regarding the remuneration of the Management Board, which is reported under "Management Board pursuant to section 25c of the KWG". Sales and Credit Management units (Markt/Marktfolge) as well as those subsidiaries assigned to our Structured Property Financing segment 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 "Other" business area comprises the Bank's Group Business Consulting & Services unit, 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 2019 of Aareal Bank Group, chapter "Remuneration Report", pages 87 et seqq.

<sup>2)</sup> As at 31 December 2019, only Aareal Bank AG was classified as an "institution" for this purpose.

## Remuneration disclosures pursuant to section 16 (1) no. 3 of the InstitutsVergV

	Members of the administrative or supervisory body pursuant to section 25d of the KWG	Management Board members pursuant to section 25c of the KWG	Business Areas				Total
			Retail Banking	Corporate Functions	Independent Control Functions	All other divisions	
Number of staff as at 31 December (head count)	12	6	351	415	83	194	1.061
Number of staff as at 31 December (full-time equivalents – "FTEs")			304.20	352.91	75.31	174.82	907.24
€ mn							
<b>Total remuneration for the financial year</b>	<b>1.54</b>	<b>18.90</b>	<b>53.41</b>	<b>39.67</b>	<b>8.87</b>	<b>20.86</b>	<b>143.24</b>
of which: total fixed remuneration <sup>1)</sup>	1.54	13.74	38.55	33.68	7.59	15.68	110.77
of which: total variable remuneration <sup>2)</sup>	–	5.16	14.87	5.98	1.29	5.17	32.47

<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 granted during the reporting period.

## Remuneration disclosures on risk takers, pursuant to Art. 450 (1) lit. h of the CRR

	Members of the administrative or supervisory body pursuant to section 25d of the KWG	Management Board members pursuant to section 25c of the KWG	Business Areas				Total
			Retail Banking	Corporate Functions	Independent Control Functions	All other divisions	
Number of risk takers as at 31 December (head count)	12	6	114	21	8	9	170
Number of risk takers as at 31 December (full-time equivalents – "FTE")			104.41	20.50	8.00	8.00	140.91
of which: number of risk takers as at 31 December in senior management positions (FTE)			18.00	15.50	5.00	5.00	43.50
€ mn							
<b>Total remuneration for the financial year</b>	<b>1.54</b>	<b>18.90</b>	<b>29.11</b>	<b>6.99</b>	<b>2.36</b>	<b>2.86</b>	<b>61.74</b>
<b>Total fixed remuneration for the financial year</b>	<b>1.54</b>	<b>13.74</b>	<b>18.99</b>	<b>4.97</b>	<b>1.69</b>	<b>2.05</b>	<b>42.97</b>
of which: fixed remuneration paid in cash/contribution in kind/contribution to pension scheme/non-cash benefits	1.54	13.74	18.99	4.97	1.69	2.05	42.97
of which: fixed remuneration paid in Common Equity Tier 1 (CET1) instruments/Tier 2 (T2) instruments/other instruments	–	–	–	–	–	–	–

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	Members of the administrative or supervisory body pursuant to section 25d of the KWG	Management Board members pursuant to section 25c of the KWG	Business Areas				Total
			Retail Banking	Corporate Functions	Independent Control Functions	All other divisions	
€ mn							
<b>Total variable remuneration for the financial year<sup>1)</sup></b>	–	<b>5.16</b>	<b>10.12</b>	<b>2.01</b>	<b>0.67</b>	<b>0.81</b>	<b>18.77</b>
of which: variable remuneration paid in cash/contribution in kind/contribution to pension scheme/non-cash benefits	–	2.58	6.25	1.17	0.46	0.45	10.91
of which: variable remuneration paid in shares/equivalent profit participations/share-based or equivalent instruments which sustainably reflect the Company's value pursuant to section 20 (5) sentence 1 no. 1 of the InstitutsVergV	–	2.58	3.87	0.85	0.20	0.35	7.86
of which: variable remuneration paid in instruments pursuant to section 20 (5) sentence 1 no. 2 of the InstitutsVergV	–	–	–	–	–	–	–
<b>Total amount of retained variable remuneration for the financial year</b>	–	<b>3.10</b>	<b>4.05</b>	<b>1.01</b>	<b>0.25</b>	<b>0.43</b>	<b>8.82</b>
of which: retained variable remuneration for the financial year paid in cash/contribution in kind/contribution to pension scheme/non-cash benefits	–	1.55	2.02	0.50	0.12	0.21	4.41
of which: retained variable remuneration for the financial year paid in shares/equivalent profit participations/share-based or equivalent instruments, which sustainably reflect the company value pursuant to section 20 (5) sentence 1 no. 1 of the InstitutsVergV	–	1.55	2.02	0.50	0.12	0.21	4.41
of which: deferred variable remuneration for the financial year paid in instruments pursuant to section 20 (5) sentence 1 no. 2 of the InstitutsVergV	–	–	–	–	–	–	–
<b>Additional disclosures on variable remuneration</b>							
pursuant to Art. 450 (1) lit. h subsection (iii) of the CRR on outstanding deferred variable remuneration							
<b>Total amount of deferred variable remuneration outstanding (including for previous years)</b>	–	<b>11.67</b>	<b>14.37</b>	<b>3.63</b>	<b>1.06</b>	<b>1.51</b>	<b>32.23</b>
of which: portion awarded (vested) but not yet disbursed	–	2.77	1.59	0.35	0.14	0.18	5.04
of which: portion promised but not yet awarded (i.e. unvested)	–	8.90	12.78	3.28	0.92	1.32	27.19
pursuant to Art. 450 (1) lit. h subsection (iv) CRR on retained variable remuneration, including from previous years, and explicit risk adjustments							
<b>Amounts of retained variable remuneration</b>							
awarded (vested) during the financial year	–	3.13	4.04	0.90	0.33	0.42	8.82
disbursed during the financial year	–	3.04	4.21	0.88	0.33	0.41	8.86
reduced during the financial year (total amount of explicit risk adjustments (malus pursuant to section 20 (4) no. 3 and reclaims pursuant to section 20 (6) of the InstitutsVergV), applied in 2019 to the previously awarded remuneration)	–	–	–	–	–	–	–

<sup>1)</sup> In line with regulatory requirements, variable remuneration also includes severance payments awarded during the reporting period.

Pursuant to section 18 (1) 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. The majority of risk takers at Aareal Bank Group receive a variable remuneration below (and in some cases, clearly below) € 50,000; this influences the share of non-deferred variable remuneration.

During 2019, severance payments totalling € 0.96 million were granted to four risk takers within Aareal Bank Group, with the highest severance payment granted to an individual being € 0.44 million.

Severance payments mostly awarded in previous years and totalling € 1.86 million were disbursed to seven risk takers within Aareal Bank Group.

During 2019, no payments were made to risk takers upon commencement of their employment.

The following table shows risk takers who have received total remuneration of € 1 million and higher for the 2019 financial year.

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

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