

Deka Group

Remuneration report 2018

Publication in accordance with the German Remuneration Regulation for Institutions
(Institutsvergütungsverordnung – InstitutsVergV)

The logo features the word "Deka" in a white, bold, sans-serif font. To the left of the text are two small white squares, one above the other, which serve as a graphic element of the brand. The entire logo is set against a vibrant red background that has a subtle, wavy texture.

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Remuneration report for financial year 2018

1. Introduction and overview

This 2018 remuneration report for DekaBank Deutsche Girozentrale and its subordinate companies with employees has been prepared in accordance with § 16 paragraph 1 of the German Remuneration Regulation for Institutions (InstitutsVergV) and Art. 450 of Regulation (EU) No. 575/2013 and fulfils the national and European disclosure requirements for the Deka Group.

The companies recorded in the remuneration report for financial year 2018 (hereinafter collectively referred to as the **"Deka Group"**) include:

- DekaBank Deutsche Girozentrale (hereinafter referred to as **"DekaBank"**)
- Deka Investment GmbH
- Deka Immobilien Investment GmbH
- WestInvest Gesellschaft für Investmentfonds mbH
- Deka Vermögensmanagement GmbH
- Deka Immobilien GmbH
- bevestor GmbH
- Deka Real Estate International GmbH
- DekaBank Deutsche Girozentrale Luxembourg S.A.
- Deka International S.A. (Luxembourg)
- International Fund Management S.A. (Luxembourg)
- Deka Real Estate Services USA Inc.
- Deka Far East Pte. Ltd. (Singapore)
- S Broker AG & Co. KG
- S Broker Management AG

In particular, the remuneration report takes into account the following regulatory changes relevant for the 2018 financial year:

The "Guidelines on sound remuneration policies" (EBA/GL/2015/22) issued by the EBA on 21 December 2015 entered into effect on 1 January 2017. National implementation in the form of another amendment to the German Remuneration Regulation for Institutions ("IVV 3.0") entered into effect on 4 August 2017. The final aid to interpretation for IVV 3.0 was published by BaFin on 16 February 2018.

The revised "Guidelines on Internal Governance" (EBA/GL/2017/11) entered into effect on 30 June 2018. However, this does not result in any concrete changes for Deka Group remuneration governance, as reference is made to the EBA Guidelines on sound remuneration policies.

Since 3 January 2018, large parts of the MiFID II Directive (2014/65/EU) of 20 June 2014 have been applicable, including regulatory requirements for remuneration systems. These requirements implemented in German law and specified in delegated legal acts of the Commission are reflected and specified by MaComp. However, this has not resulted in any change.

Finally, the final "Guidelines on remuneration policies and practices related to the provision and sale of retail banking products and services" came into force on 13 January 2018. The guidelines apply to employees in the sales area and contain special requirements for the structure of the remuneration systems for these employees, additional documentation and information obligations as well as some regulations on remuneration governance. The objective is to protect customers from bad advice when purchasing banking products due to incorrect or inappropriate remuneration incentives.

The Deka Group remuneration systems were adapted to these regulatory changes for financial year 2018.

In particular, the changes resulting from the amendment to the German Remuneration Regulation for Institutions mean that sections 5.1, 5.2 and 5.3 are no longer comparable with the remuneration reports of previous years. As of the 2018 financial year, the concept of remuneration in accordance with § 2 paragraph 1 sentence 1 InstitutsVergV includes all financial benefits and benefits in kind, irrespective of their nature, received by an employee in respect of his professional activities at the institution.

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2. Remuneration philosophy and principles

The Deka Group remuneration philosophy is to use attractive, incentive-based remuneration systems to help achieve the strategic goals of the Deka Group while providing incentives for employees to adopt a responsible, risk-aware, client-oriented approach in business¹. At the same time, it is designed to achieve an increase in value for our shareholders. This creates a profit-driven corporate culture that rewards the individual performance and strengths of employees with attractive remuneration. It is aimed at motivating our employees to fully exploit their individual potential. In this manner, the interests of management and employees are reconciled with those of shareholders, while ensuring that regulatory requirements are fulfilled.

Key factors of the Deka Group remuneration philosophy include the sustainability and risk-orientation of remuneration systems. These aspects have become increasingly important in recent years, partly because of a greater level of regulation and increased complexity in the regulatory environment.

The following basic principles have been derived from this remuneration philosophy to structure Deka Group remuneration systems. The remuneration systems generally:

- take into account Deka Group profitability as well as risk and capital costs,
- secure the sustained future performance and earnings power of the Deka Group,
- promote long-term employee thinking and responsible conduct,
- offer Deka Group employees an attractive and competitive incentive system,
- ensure remuneration that is in line with profits and performance while offering an appropriate ratio of fixed to variable remuneration elements,
- prevent incentives for employees to take on excessive risk positions,
- support the future recruitment and long-term loyalty of highly qualified and talented employees,
- provide the basis for appropriate differentiation across areas and responsibilities with regard to the amount of remuneration,
- avoid unnecessary complexity and are designed to be transparent and intelligible,
- are aligned with the Deka Group's strategies, and
- do not adversely affect the monitoring functions of the monitoring units.

¹ To simplify the language in this document, the male form is used to refer to both men and women.

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3. Compensation governance

In accordance with regulatory requirements, DekaBank established a Remuneration Control Committee in the Administrative Board and appointed a Remuneration Officer.

In addition, the Management Committee for Remuneration (MCR), as a Group-wide remuneration committee in accordance with § 27 paragraph 3 InstitutsVergV and § 37 KAGB in combination with section 55 of the ESMA Guidelines on Sound Remuneration Policies taking into account the AIFM Directive of 3 July 2013 and Art. 14b of Directive 2014/91/EU (UCITS V), assumes certain supervisory responsibilities for the management companies in the Deka Group and other responsibilities assigned to it within the Deka Group.

3.1. Remuneration Control Committee

The Remuneration Control Committee is a committee of the DekaBank Administrative Board. It has 9 members, including the Chairman of the Administrative Board, who also chairs the Remuneration Control Committee, and an advisory member.

The Remuneration Control Committee fulfils the responsibilities it is assigned under § 15 InstitutsVergV, namely:

- preparatory work for resolutions by the General and Nomination Committee / Administrative Board on setting the total amount of variable remuneration (§ 45 paragraph 2 sentence 1 no. 5a of the German Banking Act (Kreditwesengesetz – KWG)) for the Board of Management in accordance with § 7 InstitutsVergV,
 - preparatory work for resolutions by the General and Nomination Committee / Administrative Board on setting appropriate remuneration parameters, performance contributions, payment and deferral periods, and the conditions under which the Board of Management loses all or part of its variable remuneration,
 - regular (at least annual) review of whether the items set by resolutions above are still appropriate,
 - providing assistance and advice to the Board of Management for monitoring whether employee remuneration systems are appropriately structured and monitoring the process of identifying risk-relevant employees, in particular the regular (at least annual) review of whether
 - (i) the total amount of variable remuneration was calculated in accordance with § 7 InstitutsVergV,
 - (ii) the principles established for determining remuneration parameters, performance contributions and payment and deferral periods, including the requirements for a complete loss or partial reduction in variable remuneration, are appropriate, and
 - (iii) the remuneration systems for employees in the monitoring units satisfy the requirements of the InstitutsVergV
- and
- assessing the effects the remuneration systems have on the Deka Groups' risk, capital and liquidity situation and ensuring that the remuneration systems are aligned with the business strategy, the risk strategies based on it, and the remuneration strategy of the Deka Group.

The meeting schedule of the Remuneration Control Committee includes at least four meetings each financial year. Additional meetings can be called as needed.

3.2. Remuneration Officer

The Remuneration Officer and Deputy Remuneration Officer are appointed by the DekaBank Board of Management. Due to familiarity with the subject matter and specialised knowledge, necessary involvement in the ongoing processes of the remuneration systems and available personnel and resources, an employee in the Human Resources & Organisation area is generally appointed Remuneration Officer, while ensuring that no conflicts of interest exist in accordance with § 23 paragraph 4 InstitutsVergV. The head of Risk Controlling is generally appointed Deputy Remuneration Officer. Both have appropriate personnel resources to assist them in their activities.

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The Remuneration Officer fulfils the responsibilities he is assigned under § 24 InstitutsVergV, namely:

- monitoring the appropriateness of DekaBank remuneration systems, both with respect to new and improved conceptual developments as well as day-to-day application of the remuneration systems,
- providing assistance and advice to the Board of Management and Remuneration Control Committee in their responsibilities to monitor and structure remuneration systems,
- providing information to and working in close coordination with the chairman of the Remuneration Control Committee,
- preparing a report on the appropriateness of the structure of Deka Group remuneration systems at least once a year (Remuneration Control Report) and submitting this report to the DekaBank Board of Management, Administrative Board and Remuneration Control Committee, as well as the responsible bodies in subsidiaries.

3.3. Management Committee for Remuneration

The MCR works in close coordination with the DekaBank Remuneration Officer and DekaBank Remuneration Control Committee (§ 25d paragraph 12 KWG, § 15 InstitutsVergV). It appropriately involves relevant functional areas (e.g. Risk Controlling, Compliance and Internal Audit) in accordance with § 3 paragraph 3 InstitutsVergV when fulfilling its responsibilities.

The MCR's responsibilities include:

- providing assistance and advice to the Board of Management and responsible bodies in the subsidiaries for all remuneration-relevant matters, in particular for implementing the requirements for Group-wide remuneration governance and establishing the Group-wide remuneration strategy,
- providing assistance and advice to the DekaBank Remuneration Officer and DekaBank Remuneration Control Committee for fulfilling the above responsibilities (see above), in particular for preparing remuneration reports and fulfilling legal reporting and disclosure requirements related to remuneration systems,
- preparatory work for resolutions by the Board of Management on setting the total amount of variable remuneration (§ 45 paragraph 2 sentence 1 no. 5a KWG) for employees in accordance with § 7 InstitutsVergV and preparatory work for the review by the Remuneration Control Committee, and
- monitoring the appropriateness of, and new and improved conceptual developments for the remuneration systems of the Deka Group companies concerned as part of its function as the remuneration committee for the domestic and Luxembourg management companies of the Deka Group.

The MCR meets regularly at least twice every financial year. Additional meetings can be called if needed.

The MCR had the following members during the reporting period:

- Chair: Head of Human Resources & Organisation,
- Representatives from the monitoring units: Head of Risk Control, Head of Credit Risk Office, Head of Compliance, Head of Risk Control Capital Market Funds,
- Representatives from business origination units: COO Asset Management Real Estate, COO Banking divisions & Depositary,
- Representatives from other areas (in an advisory role): Head of Internal Audit, Head of Finance.

This composition takes account of the appropriate involvement of the control units in the design and monitoring of the remuneration systems required by § 3 paragraph 3 InstitutsVergV.

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4. Structure of remuneration systems

4.1. General remuneration structure in the Deka Group

The remuneration structure generally applies throughout the Deka Group, unless otherwise specified below.

Remuneration comprises all financial consideration employees receive in respect of their job in the Deka Group. As a rule, employee remuneration includes fixed and variable remuneration components. In addition, employees receive monetary and non-monetary fringe benefits, which are to be classified as variable remuneration for regulatory purposes unless they are clearly fixed remuneration within the meaning of § 2 paragraph 6 InstitutsVergV.

- The **fixed remuneration** as defined in § 2 paragraph 6 InstitutsVergV comprises the employee's monthly basic salary including bonuses. The monthly salaries of collective agreement employees are based on the salary brackets of the collective agreement for the private banking industry and public banks (currently 13 months' salary). The monthly salaries of non-collective agreement employees are set by individual agreements.
- **Variable remuneration** is all non-fixed remuneration (§ 2 paragraph 3 InstitutsVergV). It may, for example, be the annual bonus for a financial year and other special payments (e.g. project-related bonuses). As part of the performance-related bonus system, a "guideline bonus" is agreed with employees as a variable target amount for the financial year concerned. This forms the basis for determining the annual bonus that depends on the achievement of contributions to performance.
- **Fringe benefits** comprise all other normal market benefits, e.g. meal/canteen allowance, capital-building payments and the company pension plan. In addition, collective agreement employees receive benefits as stipulated in the collective pay agreement. Furthermore, company cars are made available to employees in certain roles in accordance with the applicable guidelines.

In accordance with § 25a paragraph 5 KWG, a maximum upper limit applies to the total variable remuneration for all employees of institutions² and other subsidiaries³ of the Deka Group. This may not exceed 100 per cent of the fixed remuneration for each individual employee or manager. DekaBank has not made use of the option to increase the upper limit to 200 per cent of the fixed remuneration for each individual employee or manager by means of a shareholder resolution in accordance with § 25a paragraph 5 sentence 5 KWG.

In accordance with the ESMA Guidelines of 3 July 2013, AIFM Directive and UCITS Directive, the management companies of the Deka Group are subject to a maximum upper limit for total variable remuneration equal to 200 per cent of the fixed remuneration for each individual employee or manager.

When structuring the remuneration systems, a distinction is made between the following groups of employees in view of separate legal provisions and remuneration policy-based aims and targets:

- Board of Management⁴,
- Risk-relevant employees (as defined below),
- Other employees (non risk-relevant employees).

The specific features of the remuneration systems for risk-relevant employees and the Board of Management are described in detail in sections 4.4 and 4.5.

² The Deka Group institutions referred to here are DekaBank Deutsche Girozentrale and DekaBank Deutsche Girozentrale Luxembourg S.A.

³ Companies that are not currently directly subject to any regulatory requirements.

⁴ The General and Nomination Committee of the Administrative Board approves and regularly reviews the remuneration of Board of Management members. It specifies the remuneration system and variable remuneration for the Board of Management after consultation with the Remuneration Control Committee.

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4.2. Information on remuneration-relevant parameters

When assessing the amount of the individual variable compensation, the employee appraisal has a central function.

During the appraisal interview, the individual goals are agreed at the beginning of the fiscal year. These must be aligned with the business and risk strategy of the Deka Group. When setting individual goals, it is taken into account that the goals are "smart" (specific, measurable, challenging, realistic, timed), make an effective and sustainable contribution to achieving the company's goals, and do not provide incentives to take disproportionately high risks. The agreements basically include both qualitative and quantitative objectives. In doing so, concrete characteristics for the respective degree of achievement of objectives are defined.

Employees in the area of responsibility of the Personnel/ Works Council of the Deka Group are subject to a corresponding service/ operating agreement, which specifies the details.

4.3. Information on the bonus pool and success criteria

At the end of each financial year, the Executive Board (or the Board of Directors for the Executive Board) sets a bonus pool for the employees. This takes place in a formalized, transparent and comprehensible process within the meaning of § 45 (2) sentence 1 no. 5a KWG. When determining the bonus pool, the Executive Board takes into account the risk-bearing capacity, the multi-year capital planning and the earnings position of DekaBank in accordance with § 7 InstitutsVergV and ensures that DekaBank's ability to permanently maintain or restore the combined capital buffer requirements within the meaning of § 10 i KWG. The total bonus pool is broken down based on defined parameters and the budget is allocated for distribution to each department.

Within this budget, a variable remuneration can then be granted on an individual level depending on the degree of target achievement within the target corridor. The specific degree of goal achievement is determined by the respective executive (or the responsible committee). In principle, with 100% target achievement and appropriate budgeting, the variable compensation corresponds to the amount of the individual orientation bonus, unless an adjustment (for example due to a reduced bonus pool) is necessary. The Deka Group's consolidated earnings account for 40% and the individual components for 60% in the calculation. Important discretionary considerations are, in addition to the concrete achievement of objectives, the balance between performance and consideration in general, taking into account the marketability of compensation and the behavior of the employee. In particular, the existence of any negative profit contributions or misconduct may lead to a partial reduction or complete cancellation of the variable remuneration.

4.4. Remuneration system for risk-relevant employees

§§ 18-22 of the InstitutsVergV and § 37 paragraph 1 KAGB impose special requirements on the structuring of the remuneration system for risk carriers within the meaning of section 2(8) sentence 1 of the Institutional Insurance Contract Act and employees whose professional activities have a significant effect on the overall risk profile of DekaBank, one of the investment management companies in the Deka Group or the funds they manage and for group risk carriers within the meaning of § 2 paragraph 8 Sentence 2 InstitutsVergV whose professional activities have a significant impact on the overall risk profile of the Deka Group ("**risk-relevant employees**").

4.4.1. Identifying employees whose roles are risk-relevant

DekaBank identifies the risk-relevant employees in the Deka Group at company and Group level each year in accordance with applicable regulatory requirements, in particular the regulatory technical standards specified in Delegated Regulation No. 604/2014. The analysis process includes all non-collective agreement employees and is performed at the end of each year to identify the risk-relevant employees for the following year. The process is reviewed annually by the MCR. Changes and adjustments must be approved by the DekaBank Board of Management.

Risk-relevant DekaBank employees were identified using the qualitative and quantitative criteria in Delegated Regulation No. 604/2014. The qualitative criteria are based on the formal function of a risk-relevant employee. Employees who satisfy one of these criteria must be classified as risk-relevant. The quantitative criteria are based on total remuneration. The results of the quantitative analysis are checked using a score card procedure.

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Risk-relevant employees in the management companies are identified using a multi-step process that takes into account both quantitative and qualitative key indicators and criteria. In this process, particular consideration was given to the extent to which each employee is in a position to create risk positions for a capital management company or funds managed by it or the Deka Group based on their specific roles and decision-making powers as a whole. The results of the analysis were checked at a qualitative level, using a score card procedure (qualitative validation).

As a rule, employees who are classified as risk-relevant for only part of a financial year are treated as risk-relevant employees for the full financial year in question with respect to the structuring of their variable remuneration.

In financial year 2018, **195** risk-relevant employees (not including the Board of Management, excluding employees classified as risk-relevant for part of the year, and including S Broker) were identified in the Deka Group. Of these, **155** employees are risk-relevant employees at Group level. The remuneration regulations applicable to risk-relevant DekaBank employees apply to these.

4.4.2. Sustainability and performance-related structuring of remuneration

The variable remuneration of risk-relevant employees is generally performance-related, i.e., the amount is determined on the basis of the achievement of individual employee targets and the targets of the division and the Deka Group. A negative deviation from the agreed targets or negative profit contributions within the meaning of § 18 paragraph 5 sentence 3 InstitutsVergV must lead to a partial or complete reduction in the variable remuneration for the financial year in question (ex-ante risk adjustment). In particular, negative profit contributions may arise in the event of conduct that has led to considerable losses for DekaBank or a significant regulatory sanction, or in the event of a serious breach of relevant external or internal rules of suitability and conduct.

For risk-relevant employees of DekaBank who report directly to the Board of Management (area management and board of management members of subsidiaries), or whose total variable remuneration exceeds EUR 500 thousand, it is mandatory to defer 60 per cent of variable remuneration for period of up to five years. The deferred share is 40 per cent of variable remuneration for risk-relevant employees below the level of area head and risk-relevant employees of management companies and other subsidiaries below the board of management level for a period of up to three years.

The deferred share of the remuneration is risk-based during the deferral period, i.e., in the event of subsequently identified negative deviations from the agreed targets of the employee, business area or the Deka Group as a whole, it may be reduced or might not be paid at all (malus clause). The deferred share is vested pro rata temporis. Vested tranches are no longer subject to the malus clause. In addition, pursuant to § 20 paragraph 6 InstitutsVergV, the variable remuneration already earned or already paid out for the relevant assessment period can be reclaimed retroactively (clawback) in the event of negative profit contributions within the meaning of § 18 paragraph 5 sentence 3 of the InstitutsVergV. The use of malus and clawback instruments ensures ex-post risk adjustment of the variable remuneration.

A share of at least 50 per cent of both the deferred and non-deferred variable remuneration is granted in the form of instruments (performance units), which depend on the sustainable performance of Deka Group and are subject to the risk adjustment described above.

The deferred (sustainable) components of variable compensation consequently consist of a cash portion ("cash deferral"), which is paid when vested, and a share granted in the form of performance units ("long-term PU"), which is subject to a further blocking period of one year after vesting.

Accordingly, the non-deferred component of compensation consists of a cash portion ("cash bonus"), which is paid when due, and a portion granted in the form of performance units ("short-term PU"), which are also subject to a blocking period of one year after granting.

Risk-relevant employees of institutions and other subsidiaries of the Deka Group whose variable remuneration for financial year 2018 is less than EUR 50,000 receive their variable remuneration fully paid out in cash.

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The remuneration system for risk-relevant employees of the domestic management companies of the Deka Group generally corresponds to the remuneration model above (with the exception of the clawback rule applicable only to risk carriers in accordance with the InstitutsVergV). In particular, a sustainable instrument based on the performance of the management company and the funds managed by the division was also introduced for risk-relevant employees of the management companies. A threshold of EUR 75,000 applies to risk-relevant employees of domestic management companies of the Deka Group.

Where non-risk relevant non-collective agreement employees and collective agreement employees receive performance-related variable remuneration in accordance with the provisions applicable to them, the full amount is paid in cash when due and is not deferred.

Total variable remuneration is therefore divided as follows depending on the employee category:

	Cash bonus	Short-term PU	Cash deferral	Long-term PU
Risk-relevant employees at the area management/board of management level (base amount > EUR 50,000 ⁵)	20%	20%	30%	30%
Risk-relevant employees (base amount > EUR 50,000 ⁶)	30%	30%	20%	20%
Non-risk relevant, non-collective agreement employees	100%	./.	./.	./.
Collective agreement employees	100%	./.	./.	./.

4.5. Remuneration system for the Board of Management

The remuneration system for members of the DekaBank Board of Management essentially corresponds to the remuneration system described above for risk-relevant employees under the InstitutsVergV and is in accordance with DekaBank remuneration principles. The specific details of the remuneration system for the Board of Management are specified by the General and Nomination Committee of DekaBank Administrative Board in accordance with regulatory requirements and in consultation with the Remuneration Control Committee.

4.6. Remuneration system for S Broker AG & Co KG and S Broker Management AG

Sparkassen Broker ("S Broker") is a wholly owned subsidiary of DekaBank. To fulfil the disclosure requirements at the consolidated level in accordance with § 16 in conjunction with § 27 paragraph 1 InstitutsVergV, S Broker is included in the Deka Group remuneration report.

All of the company's employees are employees of S Broker AG & Co. KG, except for the board of management and their assistants. They are employees of S Broker Management AG, which is wholly owned by S Broker AG & Co. KG.

As a rule, the remuneration of the employees of S Broker AG & Co. KG and the board of management assistants includes fixed and variable remuneration elements. Employees also receive non-monetary fringe benefits that are to be classified as variable remuneration for regulatory purposes unless they are clearly fixed remuneration within the meaning of § 2 paragraph 6 InstitutsVergV.

- The **fixed remuneration** as defined in § 2 paragraph 6 of the InstitutsVergV comprises the employee's monthly basic salary. The annual fixed salary consists of twelve salary payments. S Broker is not subject to a collective agreement. Salaries are individually negotiated in accordance with the market.
- **Variable remuneration** is all non-fixed remuneration (§ 2 paragraph 3 InstitutsVergV). It may, for example, be the annual bonus for a financial year and other special payments (e.g. project-related bonuses). Every employee has a variable share set by their employment agreement. This forms the basis for determining the annual bonus that depends on the achievement of contributions to performance.
- The **fringe benefits** include benefits like cafeteria subsidies.

⁵ A base amount > EUR 75,000 applies to risk-relevant employees of domestic management companies in the Deka Group.

⁶ See footnote 5.

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In accordance with § 25a paragraph 5 KWG, a maximum upper limit applies to the total variable remuneration for all employees. This may not exceed 100 per cent of the fixed remuneration for each individual employee or manager. S Broker has not made use of the option to increase the upper limit to 200 per cent of the fixed remuneration for each individual employee or manager by means of a shareholder resolution in accordance with § 25a paragraph 5 sentence 5 KWG.

When structuring the remuneration systems, a distinction is made between the following groups of employees in view of separate legal provisions and remuneration policy-based aims and targets:

- Board of Management
- Risk-relevant employees
- Other employees (non risk-relevant employees)

In the course of an analysis of the classification as an important institution in accordance with the InstitutsVergV for the 2018 financial year, the S Broker are classified as insignificant in coordination with the competent supervisory authority. In line with the regulatory requirements for the 2018 financial year, no risk-relevant employees were therefore identified at company level. Risk-relevant employees were determined exclusively at Group level (for details see section 4.4.1.).

The remuneration system for members of the S Broker board of management generally corresponds to the remuneration system for risk-relevant employees of DekaBank specified in the InstitutsVergV.

4.7. Remuneration systems in international subsidiaries

4.7.1. Luxembourg

The remuneration system for employees of Luxembourg subsidiaries corresponds to the Group-wide remuneration system. It is in line with the provisions of Circulars 10/437 dated 01/02/2010, 11/505 dated 11/03/2011 and 17/658 dated 16/06/2017 from the Commission de Surveillance du Secteur Financier (CSSF).

As risk-relevant employees have been identified in the Luxembourg subsidiaries for financial year 2018, the models of deferred payment for risk-relevant employees described in section 4.4.2. above apply. A threshold of EUR 100,000 also applies to the Luxembourg investment management companies, i.e. variable remuneration is not deferred unless the base amount is greater than EUR 100,000.

4.7.2. Other countries

The regulatory provisions of each country concerning the structure of remuneration systems are generally taken into account. In DekaBank branches, representative offices and regional offices, the German regulatory requirements are also implemented on the basis of the Group-wide remuneration system.

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5. Disclosure

5.1. Total figures by business area

The total remuneration for financial year 2018 shown below in accordance with Art. 450 paragraph 1 lit. g) of Regulation (EU) 575/2013 for employees and officers⁷ of the Deka Group includes the fixed remuneration for 2018 as well as the total variable remuneration for financial year 2018 (including deferred amounts).

Composition of remuneration for 2018⁸:

In EUR	Corporate Centres	Sparkasse Sales & Marketing	Institutional Clients Sales	Real Estate	Securities	AM Services	Capital Markets	Financing	Board of Management	Total
Total remuneration	164,999,532	70,339,206	18,837,573	52,953,679	64,687,499	44,835,906	19,751,969	15,139,300	7,880,562	459,425,226
■ of which fixed remuneration	142,797,115	59,441,129	14,344,270	43,997,301	48,936,383	38,995,755	12,263,114	11,368,226	5,420,562	377,563,855
■ of which variable remuneration	22,202,417	10,898,076	4,493,302	8,956,378	15,751,116	5,840,152	7,488,855	3,771,074	2,460,000	81,861,371
Number of people	1,980	644	133	572	550	584	101	110	5	4,679

Differences may occur due to rounding.

Note: In particular, the changes resulting from the amendment to the German Remuneration Regulation for Institutions mean that sections 5.1, 5.2 and 5.3 are no longer comparable with the remuneration reports of previous years. As of the 2018 financial year, the concept of remuneration in accordance with § 2 paragraph 1 sentence 1 InstitutsVergV includes all financial benefits and benefits in kind, irrespective of their nature, received by an employee in respect of his professional activities at the institution.

5.2. Total figures for risk-relevant employees

The table below shows the total remuneration for risk-relevant employees of the Deka Group, including members of the DekaBank Board of Management, for financial year 2018 in accordance with Art. 450 paragraph 1 lit. h) of Regulation (EU) 575/2013. The total remuneration shown includes the fixed remuneration for 2018 as well as the probable total variable remuneration for financial year 2018 (100% including all deferred amounts). In accordance with data protection law and § 16 paragraph 4 sentence 5 of the InstitutsVergV, aggregate amounts are shown for Institutional Client Sales and the Securities business division.

⁷ Information relating to board of management members of subsidiaries is not shown separately but on an aggregated basis for each division.

⁸ Data as at May 2019 for the period 01/01/2018 – 31/12/2018.

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Composition of remuneration for 2018⁹:

In EUR	Corporate Centres	Sparkasse Sales & Marketing	Real Estate	Securities + Institutional Client Sales	AM Services	Capital Markets	Financings	Board of Management	Total
Total remuneration	17,414,405	3,481,165	4,894,395	8,049,980	2,638,107	15,985,699	3,052,978	7,880,562	63,397,289
■ of which fixed remuneration	12,183,254	2,151,599	3,169,538	5,178,145	1,768,457	9,733,453	2,035,699	5,420,562	41,640,706
■ of which variable remuneration	5,231,151	1,329,566	1,724,857	2,871,835	869,650	6,252,246	1,017,279	2,460,000	21,756,584
Number of risk-relevant people	72	8	13	19	7	72	9	5	205
Bonus payments in 2018	5,231,151	1,304,000	1,724,857	2,871,835	869,650	6,252,246	1,017,279	2,460,000	21,731,018
of which deferred remuneration	3,158,862	542,000	855,297	1,546,600	422,650	3,995,367	531,399	984,000	12,036,175
■ Cash bonus	2,247,144	288,000	487,877	1,002,675	243,650	2,400,208	283,239	492,000	7,444,793
■ Short-term performance units	911,718	254,000	367,420	543,925	179,000	1,595,159	248,160	492,000	4,591,382
of which amounts deferred	2,072,290	762,000	869,560	1,325,234	447,000	2,256,879	485,880	1,476,000	9,694,843
■ Cash deferral	1,036,145	381,000	434,780	662,617	223,500	1,128,439	242,940	738,000	4,847,421
■ Long-term performance units	1,036,145	381,000	434,780	662,617	223,500	1,128,439	242,940	738,000	4,847,421
of which subject to the malus rule	2,072,290	762,000	869,560	1,325,234	447,000	2,256,879	485,880	1,476,000	9,694,843
Deferred remuneration	8,330,024	3,001,000	2,423,427	4,945,042	1,463,674	9,064,724	1,765,546	6,859,106	37,852,543
of which vested as at 31/12/2018	811,530	259,000	144,000	363,821	132,334	896,731	172,338	729,265	3,509,019
of which not vested as at 31/12/2018	6,031,676	2,346,000	2,051,360	3,513,598	1,118,672	6,452,057	1,265,700	4,960,950	27,740,013
of which paid in 2018	1,486,818	396,000	228,067	1,067,623	212,668	1,715,936	327,508	1,168,891	6,603,511
Reduction due to malus rule	0	0	0	0	0	0	0	0	0

Differences may occur due to rounding.

Note: In particular, the changes resulting from the amendment to the German Remuneration Regulation for Institutions mean that sections 5.1, 5.2 and 5.3 are no longer comparable with the remuneration reports of previous years. As of the 2018 financial year, the concept of remuneration in accordance with § 2 paragraph 1 sentence 1 InstitutsVergV includes all financial benefits and benefits in kind, irrespective of their nature, received by an employee in respect of his professional activities at the institution.

⁹ Data as at May 2019 for the period 01/01/2018 – 31/12/2018.

Remuneration report for financial year 2018

Statement of the (i) guaranteed bonuses individually guaranteed in financial year 2018 as part of the start of new employment ("**guaranteed bonuses**") and (ii) severance payments made for termination of employment ("**severance**") in accordance with Art. 450 paragraph 1 lit. h) of Regulation (EU) 575/2013:

In EUR	Corporate Centres/ Sparkasse Sales & Marketing	Securities / AM Services/ Real Estate	Capital Markets / Financing	Board of Management	Total
Guaranteed bonuses in 2018	0	0	0	0	0
No. of beneficiaries	0	0	0	0	0
Severance payments in 2018	800,000	0	0	0	800,000
of which paid in 2018	0	0	0	0	0
No. of beneficiaries	0	0	0	0	0
of which granted in 2018 ¹⁰	800,000	0	0	0	800,000
No. of beneficiaries	1	0	0	0	1
Highest severance payment made	800,000	0	0	0	800,000

5.3. Disclosure of „high earners“

In financial year 2018, there were six employees in the Deka Group with remuneration of EUR 1 million or more requiring disclosure in accordance with Art. 450 paragraph 1 lit. i) Regulation (EU) 575/2013. Four employees received remuneration between EUR 1 million and EUR 1.5 million. One employee received remuneration between EUR 1.5 million and EUR 2 million. One employee received remuneration between EUR 2 million and EUR 2.5 million.

Note: In particular, the changes resulting from the amendment to the German Remuneration Regulation for Institutions mean that sections 5.1, 5.2 and 5.3 are no longer comparable with the remuneration reports of previous years. As of the 2018 financial year, the concept of remuneration in accordance with § 2 paragraph 1 sentence 1 InstitutsVergV includes all financial benefits and benefits in kind, irrespective of their nature, received by an employee in respect of his professional activities at the institution.

5.4. Disclosure of Administrative Board and Board of Directors remuneration

Administrative Board and Board of Directors remuneration must be disclosed in accordance with § 25d paragraph 5 of the German Banking Act (Kreditwesengesetz – KWG) in conjunction with Art. 450 of Regulation (EU) No. 575/2013. The remuneration received by members of the DekaBank Administrative Board and DekaBank Luxembourg S.A. Board of Directors in financial year 2018 is disclosed in the respective annual reports of these companies in the section titled "Board remuneration", and is therefore not disclosed here.

DekaBank
Deutsche Girozentrale

Michael Rüdiger Dr. Georg Stocker Manuela Better Dr. Matthias Danne Daniel Kapffer Martin K. Müller

Frankfurt am Main, 11/06/2019

¹⁰ All severance payments promised in 2018, but not yet paid out.



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