

The Deka logo is located in the top right corner of the page. It consists of the word "Deka" in a white, sans-serif font, preceded by three vertical bars of varying heights. The logo is set against a red background that has a subtle, wavy texture.

..Deka

Deka-Group Remuneration report for 2015

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

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1. Introduction and overview

The present remuneration report for 2015 of 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 Deka Group.

The companies recorded in the remuneration report for financial year 2015 (hereinafter collectively referred to as **“Deka Group”**) include:

- DekaBank Deutsche Girozentrale (hereinafter referred to as **“DekaBank”**)
- Deka Investment GmbH
- Deka Immobilien Investment GmbH
- WestInvest Gesellschaft für Investmentfonds mbH
- Landesbank Berlin Investment GmbH
- Deka Immobilien GmbH
- DKC Deka Kommunal Consult GmbH
- DekaBank Deutsche Girozentrale Luxembourg S.A.
- Deka International S.A. (Luxembourg)
- International Fund Management S.A. (Luxembourg)
- Roturo S.A. (Luxembourg)
- Deka Real Estate Lending k.k. (Tokyo)
- Deka Far East Pte. Ltd. (Singapore)

Following extensive regulatory revisions at the beginning of financial year 2014 requiring corresponding changes in Deka Group remuneration systems (see Remuneration Report 2014), no material adjustments to the remuneration systems were required in financial year 2015. The remuneration systems were continuously monitored for appropriateness and compliance with all regulatory requirements in financial year 2015 by the processes and committees established for this purpose.

New regulatory changes are pending for financial year 2016 that will also affect the Deka Group's remuneration systems:

- The UCITS V Directive (2009/65/EU) will be transposed into German law by 18 March 2016 through amendments to the German Investment Code (Kapitalanlagegesetzbuch – KAGB). The new ESMA “Guidelines on sound remuneration policies under the UCITS Directive and AIFMD” will be issued at the same time. These changes will harmonize the remuneration provisions for UCITS investment management companies with the currently existing provisions for AIF investment management companies.
- The EBA published new “Guidelines on sound remuneration policies” on 21 December 2015. These will take effect on 1 January 2017 and replace the currently applicable CEBS Guidelines. The new guidelines will also require new amendments to the German Remuneration Regulation for Institutions (Institutsvergütungsverordnung – IVV), which are expected in 2016.

The new requirements will be implemented in Deka Group in financial year 2016, and a report will be included in the 2016 Remuneration Report.

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2. Remuneration philosophy and principles

Deka Group's remuneration philosophy is to use attractive, incentive-based remuneration systems to help achieve the strategic goals of Deka Group while providing incentives for employees to adopt a responsible, risk-aware, client-oriented approach in business.¹ 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 Deka Group's 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's remuneration systems. The remuneration systems generally:

- take into account Deka Group's profitability as well as risk and capital costs,
- secure the sustained future performance and earnings power of 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 divisions and responsibilities with regard to the amount of remuneration,
- avoid unnecessary complexity and are designed to be transparent and intelligible,
- are aligned with 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 5 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, assumes responsibilities specified in supervisory law and other responsibilities assigned to it within 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 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
- assessing the effects the remuneration systems have on Deka Group's 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 Deka Group.

The meeting schedule of the Remuneration Control Committee includes at least two regular 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 area, professional knowledge, necessary involvement in the day-to-day processes of the remuneration systems, and available personnel and material resources, the head of Human Resources & Organisation was appointed to the position of Remuneration Officer. The head of Risk Controlling is the Deputy Remuneration Officer. Both are also members of the MCR and have appropriate personnel resources to assist them in their activities.

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.

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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,
- monitoring the appropriateness of new and improved conceptual developments for the remuneration systems of all Deka Group companies subject to regulation,
- providing assistance and advice to the DekaBank Remuneration Officer, 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
- Remuneration Committee for the AIF investment management companies and Luxembourg investment management companies in 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 Controlling, Head of Credit Risk Office, Head of Compliance
- Representatives from business origination units: Head of Internal Services – Security Funds & Capital Market Business, Head of Internal Services – Real Estate
- Representatives from other areas (in an advisory role): Head of Internal Audit, Head of Finance

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4. Structure of remuneration systems

4.1. General remuneration structure in Deka Group

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

Remuneration comprises all financial consideration employees receive in respect of their job in Deka Group. In principle, employee remuneration encompasses fixed salary components and variable remuneration. In addition, employees receive monetary and non-monetary fringe benefits.

- The **fixed salary** 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** includes all non-fixed remuneration components, the granting of which and relevant amounts are at Deka Group's discretion or depend on agreed conditions being satisfied. 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 Deka Group institutions.² 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 alignment with the ESMA Guidelines of 3 July 2013 and the AIFM Directive, the investment management companies and unregulated subsidiaries³ of 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
- 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 below.

4.2. 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 employees whose activities have a significant effect on the overall risk profile of DekaBank, one of the investment management companies in Deka Group or the funds they manage ("**risk-relevant employees**").

² The institutions in Deka Group 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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4.2.1. Identifying employees whose roles are risk-relevant

DekaBank identifies the risk-relevant employees in Deka Group 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.

Risk-relevant employees in the investment management companies and unregulated subsidiaries 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 Deka Group based on their specific roles and decision-making powers. 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 2015, 195 risk-relevant employees (not including the Board of Management and excluding employees classified as risk-relevant for part of the year) were identified in Deka Group.

4.2.2. 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 individual performance contribution of the employee and the performance contributions of the division and Deka Group.

For risk-relevant employees of DekaBank who report directly to the Board of Management (division management and senior management of subsidiaries), it is mandatory to defer 60% of variable remuneration for a minimum period of three years. The deferred share is 40% of variable remuneration for risk-relevant employees below the level of division head and risk-relevant employees of investment management companies and unregulated subsidiaries below the managing director level.

The deferred share of the remuneration is risk-based during the deferral period, i.e. in the event of negative performance of the employee, division or 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, a share of at least 50% 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.

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.

The non-deferred component of compensation also 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 whose variable remuneration for financial year 2015 is less than EUR 50,000 receive their variable remuneration fully paid out in cash.

The remuneration system for risk-relevant employees of investment management companies and unregulated subsidiaries in Deka Group generally corresponds to the remuneration model above. In particular, a sustainable instrument based on the performance

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of the investment management company and the funds managed by the division was also introduced for risk-relevant employees of the investment management companies. A threshold of EUR 75,000, however, applies to risk-relevant employees of domestic investment management companies and unregulated subsidiaries in 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 division management/senior 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%	-	-	-

4.3. 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 other 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's Administrative Board in accordance with regulatory requirements and in consultation with the Remuneration Control Committee.

4.4. Remuneration systems in international subsidiaries

4.4.1. 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 10/496 dated 22 December 2010 and 11/505 dated 11 March 2011 and 10/437 from the Commission de Surveillance du Secteur Financier (CSSF) dated 1 February 2010.

As risk-relevant employees have been identified in the Luxembourg subsidiaries for financial year 2015, the models of deferred payment for risk-relevant employees described in section 4.2.2. 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.

4.4.2. 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.

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

⁶ See footnote 5.

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5. Disclosure

5.1. Total figures by division

The total remuneration for financial year 2015 shown below in accordance with Art. 450 paragraph 1 lit. g) of Regulation (EU) 575/2013 for employees and officers⁷ of Deka Group includes the fixed remuneration for 2015 as well as the total variable remuneration for financial year 2015 (including deferred amounts).

Composition of remuneration for 2015:

In EUR	Corporate Centres	Sparkasse Sales & Marketing	Real Estate	Securities	Capital Markets	Financing	Board of Management	Total
Total remuneration	144,990,065	63,225,090	52,910,692	84,575,096	19,859,557	5,967,860	5,383,883	376,912,243
■ of which fixed remuneration	123,229,602	51,045,499	41,663,294	62,421,386	12,505,403	4,962,536	2,859,083	298,686,803
■ of which variable remuneration	21,760,463	12,179,591	11,247,398	22,153,710	7,354,155	1,005,324	2,524,800	78,225,440
Number of people	1,844	761	565	791	108	56	5	4,130

Differences may occur due to rounding.

⁷ Information relating to managing directors of subsidiaries is not shown separately but on an aggregated basis for each business division.

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5.2. Total figures for risk-relevant employees

The table below shows the total remuneration for risk-relevant employees of Deka Group, including members of the DekaBank Board of Management, for financial year 2015 in accordance with Art. 450 paragraph 1 lit. h) of Regulation (EU) 575/2013. The total remuneration shown includes the fixed remuneration for 2015 as well as the probable total variable remuneration for financial year 2015 (100% including all deferred amounts). In accordance with data protection law and § 16 paragraph 3 sentence 3 of the InstitutsVergV, total amounts are shown for the Corporate Centres, Sparkasse Sales & Marketing and the divisions.

Composition of remuneration for 2015:

In EUR	Corporate Centres	Sparkasse Sales & Marketing	Real Estate	Securities	Capital Markets	Financing	Board of Management	Total
Total remuneration	15,044,394	4,080,000	3,407,055	7,142,727	17,172,799	1,098,140	5,383,883	53,328,999
of which fixed remuneration	9,971,923	2,300,000	1,977,016	3,655,518	10,447,457	698,140	2,859,083	31,909,137
of which variable remuneration	5,072,471	1,780,000	1,430,039	3,487,209	6,725,343	400,000	2,524,800	21,419,862
Number of risk-relevant people	72	9	11	19	83	4	5	203
Bonus payments in 2015	5,016,471	1,780,000	1,430,039	3,457,209	6,725,343	400,000	2,524,800	21,333,862
of which amounts not deferred	3,057,099	712,000	852,023	1,667,943	4,389,855	229,996	1,009,920	11,918,836
■ Cash bonus	2,179,859	356,000	633,512	949,371	2,744,613	139,998	504,960	7,508,313
■ Short-term performance units	877,240	356,000	218,512	718,571	1,645,242	89,998	504,960	4,410,523
of which amounts deferred	1,959,372	1,068,000	578,016	1,789,266	2,335,488	170,004	1,514,880	9,415,026
■ Cash deferral	979,686	534,000	289,008	894,633	1,167,744	85,002	757,440	4,707,513
■ Long-term performance units	979,686	534,000	289,008	894,633	1,167,744	85,002	757,440	4,707,513
of which subject to the malus clause	1,959,372	1,068,000	578,016	1,789,266	2,335,488	170,004	1,514,880	9,415,026
Deferred remuneration	5,471,044	1,068,000	1,879,194	4,746,409	7,044,559	359,004	4,599,262	25,167,472
of which vested as at 31/12/2015	411,909	0	87,500	45,667	647,592	14,000	451,128	1,657,796
of which not vested as at 31/12/2015	4,151,170	1,068,000	1,399,691	3,847,736	5,283,558	331,004	3,783,293	19,864,452
of which paid in 2015	879,015	0	392,003	853,006	1,113,409	14,000	364,841	3,616,275
Reduction due to malus clause	28,950	0	0	0	0	0	0	28,950
Differences may occur due to rounding.								

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Statement of the (i) guaranteed bonuses individually guaranteed in financial year 2015 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 / Real Estate	Capital Markets / Financing	Board of Management	Total
Guaranteed bonuses in 2015	-	-	-	-	-
No. of beneficiaries	-	-	-	-	-
Severance payments in 2015	190,000	450,000	-	-	640,000
of which paid in 2015	10,000	450,000	-	-	460,000
No. of beneficiaries	1	1	-	-	2
of which granted in 2015 ⁸	180,000	-	-	-	180,000
No. of beneficiaries	1	-	-	-	1
Highest severance payment made	180,000	450,000	-	-	-

5.3. Disclosure of "high earners"

In financial year 2015, there were three people in Deka Group with remuneration of EUR 1 million or more requiring disclosure in accordance with Art. 450 paragraph 1 lit. i) of Regulation (EU) 575/2013, of which two people had remuneration between EUR 1 million and EUR 1.5 million and one person between EUR 1.5 million and EUR 2 million. The three people are members of the Board of Management.

DekaBank
Deutsche Girozentrale

Michael Rüdiger

Manuela Better

Dr. Matthias Danne

Martin K. Müller

Dr. Georg Stocker

Frankfurt am Main, 31 May 2016

⁸ All severance payments promised in 2015 but not yet paid out.



DekaBank
Deutsche Girozentrale
Mainzer Landstraße 16
60325 Frankfurt
P.O. Box 11 05 23
60040 Frankfurt

Telephone: (0 69) 71 47-0
Fax: (0 69) 71 47-13 76
www.dekabank.de

 **Finanzgruppe**