

Remuneration Report
of Deutsche Pfandbriefbank AG 2017

in accordance with section 16 of the German Ordinance on Remuneration in Financial Institutions
(Institutsvergütungsverordnung)

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1. Scope and Objective of the Remuneration Report

This report is based on the disclosure requirements set forth in section 16 (1) of the German Ordinance on Remuneration in Financial Institutions (Institutsvergütungsverordnung - "IVV") in conjunction with section 27 (3) of the German Banking Act (Kreditwesengesetz - "KWG"), the Capital Requirements Regulation (CRR), and the Remuneration Principles (Vergütungsgrundsätze) established by the German Federal Agency for Financial Market Stabilisation (Bundesanstalt für Finanzmarktstabilisierung - "FMSA"), as published in February 2012.

This Remuneration Report refers to the remuneration of senior managers (Management Board members), second-level senior staff (second-level managers) and employees of Deutsche Pfandbriefbank AG (hereinafter referred to as "pbb") and its subordinated companies (hereinafter referred to as "pbb Group") for the financial year 2017. Please refer to pbb Group's annual report for supplementary quantitative information regarding remuneration. The remuneration officer has reviewed and approved the appropriateness of the remuneration system. Furthermore, the remuneration officer was involved with the implementation processes regarding the remuneration systems.

2. Remuneration System of pbb Group

The remuneration system of pbb Group was developed within the scope of the remuneration strategy as a future-oriented system appropriate to pbb Group's current situation. The performance-oriented remuneration system is in line with prevailing market conditions, and with the regulatory and statutory requirements - in particular the CRD IV, the German Banking Act (Kreditwesengesetz - "KWG") as well as the German Regulation on Remuneration in Financial Institutions (Institutsvergütungsverordnung - "IVV"). Furthermore, this remuneration system is in line with the remuneration principles of the FMS, as amended in February 2012, and - regarding the remuneration of Management Board members - the requirements as set out in the German Stock Corporation Act (Aktiengesetz - "AktG") and the German Corporate Governance Kodex (DCGK).

The current remuneration system went live as of the financial year 2016; during 2017 it was used without amendments. Implementation was completed by year-end 2015 in cooperation with all relevant parties, in particular the Supervisory Board, the German Financial Markets Stabilisation Agency (Bundesanstalt für Finanzmarktstabilisierung - "FMSA"), the supervisory authorities and employee representatives. pbb Group was supported by independent external remuneration experts (hkp Germany), and an external legal advisor (Gleiss Lutz). At present, pbb is preparing adjustments to its remuneration system in order to implement the amendment to the IVV dated 4 August 2017.

Within this context, pbb Group's objective is to implement its amended remuneration system for all second-level senior staff (second-level managers), domestic and international employees, and the Management Board members in as uniform a manner as possible with regard to content, insofar as this is meaningful content-wise, and is legally and regulatory permissible (or required).

3. Remuneration Strategy

The remuneration system and the remuneration strategy of pbb Group are integral components of the business and risk strategy of pbb Group. The remuneration strategy sets out the framework for the performance and remuneration of Management Board members, second-level senior staff (second-level managers), and employees of the pbb Group (except for Management Board members, commonly referred to as “employees” in this report). The remuneration strategy was developed as part of the business and risk strategy, involving the relevant business divisions and the Remuneration Officer. The remuneration strategy was reviewed in 2017, and approved by the Management Board and Supervisory Board without any amendments. All employees of pbb Group have access to the remuneration strategy via the intranet. The remuneration strategy is subject to regular revision, and may be subject to extraordinary revision in case of amendments to the business and risk strategy.

The remuneration system aims to guarantee a performance-oriented remuneration in line with the market - one that is geared to achieving the targets enshrined in the business and risk strategy. pbb’s business management is targeted towards a sustainable enhancement of pbb Group’s profitability, whilst maintaining the Group’s strict risk policy. Performance measurement at institutional level is one of the key elements in achieving these objectives. Referring to performance measurement at institutional level, particular attention is given to (key) performance indicators – as defined within the business and risk strategy as well as business planning – which particularly reflect the defined business and risk strategy, fulfil all regulatory requirements regarding risk, capital and liquidity, and are transparent as well as comprehensible. The performance at institutional level, derived from the performance indicators in line with the business and risk strategy, forms the basis for the total variable remuneration available for disbursement at the pbb Group. Hence, variable remuneration of Management Board members and employees is directly linked to - and driven by - pbb Group’s business and risk strategy. Moreover, this guarantees compatibility of the remuneration system with the Group’s capital and liquidity planning, as stipulated in the applicable regulatory requirements. Performance measurement in connection with variable remuneration comprises two other performance levels: division performance and individual performance. Targets for these subsequent performance levels will be derived from pbb Group’s business and risk strategy.

Besides the required compatibility with the Group’s business and risk strategy, the remuneration strategy is also an integral part of the HR strategy. pbb’s business model requires highly qualified employees with expert knowledge. The key objective of pbb Group’s strategy therefore is to attract, retain and develop - for the long run - highly qualified employees with expert knowledge, a high quality awareness, customer focus, leading competence at both divisional and project level, the willingness to be deployed flexibly, and a high degree of entrepreneurial thinking. Capable and dedicated employees are key to achieving the objective set in the business and risk strategy: that is, to increase income by generating profitable new business in line with the strict risk policy. Besides the Group’s differentiated personnel planning, restructuring strategy and the diversified internal and external qualification programme, implementation of the Group’s personnel strategy is based on variable remuneration, featuring incentives for individual performance, and promoting cooperation between business divisions, departments and teams. With the variable remuneration components offered by pbb Group, employees have the chance to participate directly in pbb’s success.

Implementation of regulatory requirements regarding remuneration systems of banks is another key element in pbb Group's remuneration strategy. The aim of pbb's remuneration system is to reflect the basic prudential principle of appropriateness regarding the amount and structure of individual remuneration components. Another goal is to avoid incentives for taking disproportionately high risks. Going forward, total remuneration amounts, and individual remuneration components of Management Board members and employees, will be subject to regular revision in order to establish an appropriate relationship of remuneration to function and performance, as well as to pbb Group's overall performance. pbb Group intends to implement any future regulatory amendments without undue delay. pbb Group is regularly supported by independent external remuneration experts (hkp Germany), and an external legal advisor (Gleiss Lutz).

4. Principles and Composition of the Remuneration System for Employees

In the financial year 2017, total remuneration of employees comprised the following elements:

- Non-performance-related (monetary) remuneration, including social insurance and fringe benefits
- Performance-related variable remuneration

4.1 Non-performance-related Remuneration

All employees of pbb Group receive an annual fixed salary, which is reviewed - and adjusted if necessary - as part of an annual standard process. pbb Group uses functional and country-specific market comparisons for the determination of fixed salaries. The appropriateness and competitiveness of fixed salaries, and compliance with regulatory requirements, is subject to review by independent external remuneration and legal advisors.

Taking various tax and social security aspects into account, pbb Group offers its employees social insurance and fringe benefits.

pbb Group has established a series of company pension schemes in order to provide retirement benefits to employees.

4.2 Variable Remuneration Components

The 2017 variable remuneration system, which was unadjusted from the previous year, was designed as an appropriate and transparent system which sustainably takes pbb Group's development into account.

Variable remuneration is paid in cash. pbb Group introduced a share-based remuneration system with cash settlement, where the amount of the variable remuneration is influenced by the performance of the pbb share as part of the sustainability components. pbb Group did not grant any share options in 2017.

The variable remuneration component is determined on the basis of an individual calculatory reference value, which reflects the amount of variable remuneration attributed to a performance level of 100% on all relevant performance levels. The variable remuneration component may represent up to 40% of an employee's total remuneration, depending on the job and family status as well as the career ladder. However, as a basic principle, pbb Group ensures that the variable remuneration component granted never exceeds 150% of the respective individual calculatory reference value. pbb has not sought any resolution by the Annual General Meeting pursuant to section 25a (5) sentence 5 of the KWG; therefore, the variable remuneration for employees cannot exceed 100% of their fixed remuneration.

4.2.1 Variable Remuneration System

Requirements (section 7 of the IVV)

Granting of variable remuneration is subject to the prior determination of a total amount of variable remuneration (taking into account the requirements of section 7 of the IVV). The total amount of variable remuneration is determined by the Management Board and Supervisory Board at the end of each financial year, within the framework of a formal and transparent process. The Management Board and Supervisory Board approved the total amount of variable remuneration for 2017 as part of its review in 2018. For the examination of requirements according to section 7 of the IVV, pbb uses relevant recovery threshold values as indicators in line with recovery plan reporting. Provided all requirements were fulfilled, and the Group disclosed (positive) consolidated profit in its IFRS financial statements, a total amount available for disbursement as variable remuneration at pbb is then determined. As a rule, if a consolidated net loss was disclosed - in particular if such net loss translated into a depreciation of the enterprise value - no total amount available for disbursement as variable remuneration at pbb is determined.

Performance Measurement

Employee performance is measured on three levels: institutional, organisational unit (division) and personal performance.

As in the previous year, the institution's performance for 2017 was calculated as follows: the level of target achievement for the (adjusted) IFRS consolidated profit before tax, plus the level of target achievement for the risk-reward profile, determined as the ratio between net margin x average portfolio volume and risk-weighted assets. The two performance indicators are equally weighted. Consideration of net income as well as the risk-reward profile, which emphasises the profitability of the strategic portfolio and takes into account associated risk levels, reflects pbb Group's business plans and thus helps to establish the link to the strategy and management perspective, and the necessary risk adjustments. The risk-reward profile takes risk-weighted assets into consideration, which comprises the risks - and maturities - assumed by pbb; the Bank fulfils applicable regulatory requirements by applying a risk-sensitive measurement approach, including expected and unexpected risks and their respective maturities. Furthermore, additional modifiers may have an impact on overall target achievement at institutional level, including - in particular - general and administrative expenses, efficiency projects, and the total capital ratio.

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For the measurement of performance, the target achievement level of 100% at pbb level are defined at first. The target achievement levels of between 20% and 100% are then derived on a linear basis (target achievement curve). The base value is set at a target achievement level of 20% (with regard to each of the respective performance indicators): at this level, 20% of the variable remuneration pool may be disbursed, provided that pbb Group disclosed (positive) profit before tax in its IFRS financial statements, and the requirements for granting variable remuneration according to section 7 of the IVV were fulfilled. Maximum target achievement is set at 150% and corresponds to a payout factor of 150.

Performance measurement is based on the achievement of qualitative and quantitative targets at both divisional and individual level - to the extent possible, reference shall be made to pbb Group's business and risk strategy; target achievement shall be determined for every division and every employee at pbb Group.

The qualitative and quantitative divisional targets are established on an annual basis and derived from the corporate targets and the business plans made for the respective financial year. The establishment of targets commences with the setting of overall corporate strategic priorities by the Management Board, in order to facilitate the management of divisional targets. In particular, qualitative divisional targets are established on this basis. In a second step, quantifiable targets are defined, which have to be related to key performance indicators, such as new business volume, new business margins, cost budgets, etc. Furthermore, the targets have to be closely connected with the corporate planning for the current - or future - financial year(s). Qualitative targets are to be based on quantifiable indicators as well, and the target level of 100% has to be defined. The link to the corporate business and risk strategy shall be reviewed and documented for every divisional target. This will ensure that the divisional targets were derived from - and synchronised with - the strategic targets according to pbb Group's business and risk planning. The Management Board of pbb adopts the divisional targets, which have to be provided to all employees of the respective division at the beginning of the year.

At the individual level, every employee is provided with an annual target agreement comprising quantitative and qualitative targets for the current financial year. Targets at the individual level shall also be derived from the indicators established at institutional and divisional level. In particular the quantitative and qualitative work targets of employees have to be in line with the business and risk strategy, and shall be designed to support the targets derived from this strategy. The measurement of every target is based on indicators, allowing transparent performance assessments at the end of every financial year. This forms the basis for the allocation of variable remuneration components to individual employees.

Employee performance measurement is based on a pool system which links the three levels of performance measurement. For this purpose, pbb compiles the calculatory reference values of all employees into a bonus pool, the total amount of which is based on the institutional performance. The bonus pool is subsequently allocated to the different divisions: 50% is allocated based on the divisional performance, and 50% based on the institutional performance. Divisional bonus pools are allocated to the employees of the respective division on the basis of their individual performance. The share in the relevant divisional pool is allocated to each respective employee in the form of a calculatory Envisaged Personal Reward ("EPR") value. In principle, the calculatory EPR

value allocated may range between a minimum of 0% and a maximum of 150% of the relevant personal calculatory reference value.

Disbursement Structure

As a significant institution according to section 17 of the IVV, pbb must in particular observe the requirements of section 20 of the IVV; regarding the disbursement structure, pbb distinguishes between employees who have a material influence on pbb's overall risk profile (so-called risk takers), and other employees (so-called non-risk takers). If an employee becomes a risk taker in the course of a year, the relevant risk taker regulations apply to his/her variable remuneration earned during the entire financial year.

For non-risk takers, the EPR value corresponds to the variable remuneration, which is usually granted in cash at the end of the first half of the year subsequent to the year for which the variable remuneration is granted.

The disbursement structure for the variable remuneration of risk takers is subject to the following conditions (section 20 of the IVV):

The ERP value is broken down into a disbursement portion and a deferral portion.

The disbursement portion for employees amounts to 60% of the personal EPR value, and to 40% for senior staff at the second hierarchy level.

The deferral portion for employees amounts to 40% of the personal EPR value, and to 60% for senior staff at the second hierarchy level.

50% of the disbursement portion is paid out in cash when the conditions for disbursement have been met. The remaining 50% is disbursed after a retention period of one year, whereby the amount is adjusted in line with the sustainability component to be applied. The variable remuneration depending on the sustainability component is calculated based on the performance of pbb's share price (virtual options; no share option program). For this purpose, the applicable amount of variable remuneration is multiplied with a factor representing the ratio between the average performance of pbb's share price observed during the month of February of the year subsequent to the financial year for which the variable remuneration is to be granted, and the average performance of pbb's share price observed during the month of February after another twelve-month period has elapsed. The EPR value portions linked to the sustainability component are granted on the basis of the performance of the pbb share.

The period for the deferral portion due to second-level senior staff (second-level managers) is five years, and three years for employees. The deferral portion is vested in line with current regulatory requirements (pro-rata vesting under a synchronised approach). The malus test, which may lead to a reduction in the deferral portion, considers ex-post negative performance contributions affecting the performance of the institution, the organisational unit and the individual employee (back-testing), as well as the personal misconduct (knock-outs) and the relevant financial conditions for disbursement (pursuant to section 7 of the IVV). Following this malus test, 50% of the relevant de-

ferral portion is subject to an additional one-year retention; it is linked during this period to pbb's sustainable development, in line with the applicable sustainability component.

This disbursement structure, in line with regulatory requirements, will not apply where the EPR value determined for a given financial year is lower than a threshold defined by law (or by the German Federal Financial Supervisory Authority (BaFin) or by another competent supervisory authority), below which such disbursement structure for risk takers is waived for reasons of proportionality (currently up to, and including, €50,000 p.a. per person).

4.2.2 Additional Regulations of the Adjusted Remuneration System

Remuneration of Employees in Monitoring Units (section 9 of the IVV)

Regarding the remuneration of employees working in monitoring units, emphasis is placed upon fixed remuneration. In order to avoid conflicts of interest, the amount of variable remuneration components for employees working in monitoring units is never based on the same remuneration parameters applicable in the organisational unit to be monitored.

Hedging Ban (section 8 of the IVV)

The risk-adjustment of variable remuneration must not be limited or overridden by hedging or other countermeasures, such as third-party contracts obliging the third party to make direct or indirect compensation payments to the employee in the event of a reduction of variable remuneration (insurance); this applies mutatis mutandis to derivatives designed to hedge price losses of pbb financial instruments, or financial instruments based on pbb financial instruments, such as put options, warrants, certificates, or any other financial instrument with comparable characteristics.

pbb has taken appropriate measures to prevent hedging or other countermeasures intended to limit or override risk-orientation. Moreover, the hedging ban is contractually regulated in collective wage agreements (applies to employees in Germany) and in individual employment agreements (applies to employees as well as to second-level senior staff (second-level managers), and to employees abroad). Compliance with these agreements is subject to reviews (spot checks). Given that pbb is considered a significant institution according to section 17 of the IVV, such reviews are made by the Remuneration Officer.

Review of, and Adjustments to, the Remuneration Systems (section 12 of the IVV)

In the case of any change to the business and risk strategy, the remuneration strategy and the structure of the remuneration systems will be reviewed and adjusted if necessary. In addition, pbb carries out reviews (and adjustments, if necessary) of its remuneration system and the respective parameters to ensure appropriateness at least once a year, with a particular view to their compatibility with Group strategies.

4.3 Individual Contract Non-Recurring Payments

During the financial year 2017, no commitments to non-recurring payments were made. Furthermore, no payments were made in connection with non-recurring payment commitments made in the past.

5. Remuneration of the Management Board

Please refer to pbb Group's 2017 annual report (p. 81 et seq.) for detailed information on the remuneration system and remuneration for members of the Management Board.

6. Governance of remuneration systems

pbb established a two-tier organisational and management structure in line with the German Stock Corporation Act (Aktiengesetz – "AktG"): it comprises the Supervisory Board as an independent supervisory body, and the Management Board, responsible for the management of the Bank. The Supervisory Board monitors, determines, and is responsible for the remuneration of the Management Board members, while the Management Board monitors, determines, and is responsible for the remuneration systems pertaining to senior staff and other employees of the pbb Group; in addition, the Management Board ratifies the amount and allocation of the remuneration granted. In accordance with section 111 (4) of the AktG, the Supervisory Board has introduced a requirement that the remuneration system for employees requires Supervisory Board approval.

In line with the regulatory requirements as set by the KWG and the IVV, pbb's remuneration governance comprises the Remuneration Committee established by the Supervisory Board, and the Remuneration Officer appointed by the Management Board.

The Remuneration Committee supports the Supervisory Board in ensuring that the remuneration systems for the members of the Management Board have an appropriate structure, and prepares Supervisory Board resolutions on the remuneration of Management Board members. This includes in particular the preparation of Supervisory Board resolutions regarding the determination of the total amount available for variable remuneration within the meaning of section 45 (2) sentence 1 no. 5a of the KWG in conjunction with section 7 of the IVV, as well as regarding the determination of appropriate remuneration parameters, performance contributions, performance and retention periods, the conditions for partial or full reduction of variable remuneration, and the regular - at least annual - review considering the appropriateness of the regulations established by the Supervisory Board.

Furthermore, the Remuneration Committee monitors the appropriate structure of the remuneration systems for employees, and in particular for the heads of Risk Controlling and Compliance, and for risk takers. In this context, the Remuneration Committee assesses the effects of the remuneration systems on the Group's risk, capital, and liquidity management.

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In addition, the Remuneration Committee supports the Supervisory Board in monitoring the proper inclusion of internal control instances and any other relevant areas in the structuring of remuneration systems. As part of its duties, the Remuneration Committee assesses the impact of remuneration systems on the Bank's risk, capital and liquidity situation; it also ensures that remuneration systems are in line with (i) the Bank's business strategy (which is geared towards the Bank's sustainable development) and the risk strategies derived from such strategy, as well as (ii) the remuneration strategies at institutional and Group level.

The Remuneration Committee consists of the Supervisory Board's Chairman and Deputy Chairperson as well as one shareholder and one employee representative. The Remuneration Committee convened five times during 2017.

pbb appointed a Remuneration Officer and a deputy in order to ensure appropriate, sustained and effective monitoring of employee remuneration. The Remuneration Officer is responsible for the constant monitoring of the appropriateness of pbb's remuneration systems for employees. Therefore, the Remuneration Officer is involved with the ongoing processes regarding remuneration systems, both in terms of the conceptual and further redevelopment of such systems, as well as with regard to their current implementation. An institutional reporting channel was established for the remuneration officer to report directly – i.e. excluding involvement of the Management Board – to the chair of the Remuneration Committee. At least once per year, the Remuneration Officer produces a remuneration report containing an assessment of the appropriateness of the remuneration systems for employees (section 24 of the IVV).

7. Disclosure of Remuneration Data

The following disclosure of remuneration data follows the stipulations laid out in section 16 of the IVV dated 16 December 2013 in conjunction with article 450 of Regulation 575/2013/EU.

7.1 Quantitative Information on Remuneration, Broken Down by Business Divisions

Based on pbb Group's consolidated financial statements, and after the fulfilment of the requirements laid out in section 7 of the IVV was verified, the Management Board and the Supervisory Board determined the total amount available for disbursement as variable remuneration at pbb in 2017 to be €11.9 million (rounded).

According to article 450 (1) s. g of Regulation 575/2013/EU, quantitative information is disclosed on an aggregated basis, broken down by business divisions.

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Remuneration disclosures pursuant to section 16 (1) no. 3 IVV

	Members of the	Management board	Business divisions		
			Corporate Functions ¹	Independent Control Functions ²	Other divisions ³
Amount (€ mn)	Amount/Number	Amount/Number	Amount/Number	Amount/Number	Amount/Number
Members (headcount)	9	4	-	-	-
Total number of employees, headcount and FTE ("Full Time Equivalent") at year-end 2017	-	-	201 (HC) 178,2 (FTE)	372 (HC) 330,44 (FTE)	341 (HC) 324,55 (FTE)
Total remuneration for 2017	0,69	4,58	20,84	35,97	42,64
of which: total fixed remuneration	0,69	3,74	18,52	31,88	36,59
of which: total variable remuneration	-	0,83	2,32	4,10	6,04

¹ Communications, Human Resources, Information Technology, Legal

² Finance, Corporate Office/Compliance, Group Internal Audit, Risk Management & Control, CRM PIF, CRM REF, Projekte Risk Management

³ Portfolio Analysis, RE Finance Continental Europe West, RE Finance Germany, RE Finance International Clients, UK&CEE, Treasury, Operations, Property Analyses & Valuation, Loan Markets RE & Public Finance, PIF Platform, Public Investment Finance, Business Management REF / PIF

7.2 Quantitative Information on Remuneration, Broken Down by Senior Managers and Risk Takers

According to article 450 (1) s. h of Regulation 575/2013/EU, the following table provides quantitative information on the remuneration of senior managers and other employees whose actions have a material influence on the risk profile of the Bank (so-called risk takers).

According to section 18 (2) of the IVV, pbb is obliged to carry out an independent risk analysis in order to identify employees whose actions have a material influence on the risk profile of the Bank (so-called risk takers).

pbb identifies risk takers according to section 18 of the IVV, in line with the criteria laid out in Delegated Regulation (EU) 604/2014. These criteria refer in particular to:

- function of senior manager or other form of executive position
- loan granting competences
- voting rights in important committees, and
- remuneration of the employee.

In total, 95 individuals were identified as risk takers in 2017. The Management Board informed the Supervisory Board concerning the identified risk takers, while the details of the internal risk analysis were documented.

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

	Members of the administrative or supervisory body section 25d KWG	Management Board members section 25c KWG	Corporate Functions ¹	Independent Control Functions ²	Other divisions ³
Amount (€ mn)	Amount/Number	Amount/Number	Amount/Number	Amount/Number	Amount/Number
Number of risk takers (headcount)	9	4	5	45	32
Number of risk takers (FTE)	-	-	5,0	44,0	32,0
of which: number of risk takers with second-level senior position (FTE)	-	-	4,0	8,0	9,0
Total fixed remuneration for 2017	0,69	3,74	1,29	7,32	7,46
of which: paid in cash / contribution in kind / contribution to pension scheme / non-cash benefits	0,69	3,74	1,29	7,32	7,46
of which: paid in Common Equity Tier 1 (CET1) instruments / Tier 2 (T2) instruments / other instruments	-	-	-	-	-
Total variable remuneration for 2017	-	0,83	0,33	1,40	1,98
of which: paid in cash / contribution in kind / contribution to pension scheme / non-cash benefits	-	0,42	0,21	1,18	1,27
of which: paid in shares / equivalent profit participations / share-based or equivalent instruments, which sustainably reflect the company's value pursuant to section 20 (5) s. 1 no. 1 IVV	-	0,42	0,12	0,22	0,71
of which: paid in instruments pursuant to section 20 (5) s. 1 no. 2 IVV	-	-	-	-	-
Total amount of retained variable remuneration for 2017	-	0,67	0,2	0,34	1,06
of which: retained variable remuneration for 2017 paid in cash / contribution in kind / contribution to pension scheme / non-cash benefits	-	0,25	0,08	0,12	0,36
of which: retained variable remuneration for 2017 paid in shares / equivalent profit participations / share-based or equivalent instruments, which sustainably reflect the company value pursuant to section 20 (5) s. 1 no. 1 of the IVV	-	0,42	0,12	0,22	0,71
of which: deferred variable remuneration for 2017 paid in instruments pursuant to section 20 (5) s. 1 no. 2 of the IVV	-	-	-	-	-
Additional disclosures on variable remuneration	-	-	-	-	-
Art. 450 (1) lit. h subsection (iii) CRR in conj. with Art. 450 (1) lit. h subsection (iv) CRR on retained variable remuneration from previous years and explicit risk adjustments					
Total amount of outstanding variable remuneration retained in previous years as at the beginning of 2017	-	0,79	-	-	0,13
of which: earned in 2017	-	-	-	-	-
of which: paid out in 2017	-	-	-	-	-
of which: not yet earned in 2017, i.e. still retained as at year-end 2017	-	0,79	-	-	0,13
Total amount of explicit risk adjustments (malus pursuant to section 20 (4) no. 3 IVV and reclaims pursuant to section 20 (6) IVV), applied in 2017 to the previously granted remuneration	-	-	-	-	-
Art. 450 (1) lit. h subsection (v) CRR on sign-on payments pursuant to section 5 (5) IVV					
Number of beneficiaries of guaranteed variable remuneration (sign-on payments) pursuant to section 5 (5) IVV (headcount/FTE)	-	-	-	-	-
Total amount of guaranteed variable remuneration (sign-on payments) pursuant to section 5 (5) IVV	-	-	-	-	-
Art. 450 (1) lit. h subsections (v) and (vi) CRR on severance payments pursuant to section 2 (5) in conj. with section 5 (6) IVV					
Total amount of severance payments granted in 2017	-	-	-	-	n.s. ⁴
Number of beneficiaries who were granted a severance payments in 2017 (headcount/FTE)	-	-	-	-	2
Highest severance payment granted to a single person in 2017	-	-	-	-	n.s. ⁴
Total amount of severance payments paid in 2017	-	-	-	-	n.s. ⁴
Number of beneficiaries who received severance payments in 2017	-	-	-	-	1

(Values in table are subject to rounding differences)

¹ Communications, Human Resources, Information Technology, Legal

² Finance, Corporate Office/Compliance, Group Internal Audit, Risk Management & Control, CRM PIF, CRM REF, Projekte Risk Management

³ Portfolio Analysis, RE Finance Continental Europe West, RE Finance Germany, RE Finance International Clients, UK&CEE, Treasury, Operations, Property Analyses & Valuation, Loan Markets RE & Public Finance, PIF Platform, Public Investment Finance, Business Management REF / PIF

⁴ As a severance pay was granted in two cases only, the amount of severance payments is not disclosed for confidentiality reasons.

7.3 Number of Individuals with High Remuneration

According to article 450 (1) s. i of Regulation 575/2013/EU, the following table provides details on the number of individuals being remunerated €1 million or more in the 2017 financial year. In this context, remuneration comprises pension expenses incurred as part of company pension schemes.

Remuneration disclosures pursuant to Art. 450 (1) sentence i CRR

Number of individuals being remunerated €1 million or more	
€1,000,000 to €1,500,000	3
€1,500,000 to €2,000,000	-
€2,000,000 to €2,500,000	-
€2,500,000 to €3,000,000	-
€3,000,000 to €3,500,000	-
€3,500,000 to €4,000,000	-
€4,000,000 to €4,500,000	-
> €5,000,000	-

Unterschleißheim, 11th May 2018

Deutsche Pfandbriefbank AG
