

FAQ: Remuneration reports

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Changes vis-à-vis the version of 7 January 2025 are indicated by a bar on the left-hand side.

1 Definition, forms of remuneration and reporting requirements

Reports pursuant to the Banking Act (*Kreditwesengesetz – KWG*) are based on the definitions in the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung*), reports pursuant to the Investment Institution Act (*Gesetz zur Beaufsichtigung von Wertpapierinstituten – WpIG*) are based on the definitions in the Remuneration Regulation for Investment Institutions (*Wertpapierinstituts-Vergütungsverordnung*). Investment institutions must apply the following information to their reports in an equivalent manner, except where otherwise specified.

Unless otherwise stated in the relevant form, remuneration reports must be based on the remuneration for the previous financial year. For the reporting reference date 31 December 2023, this includes fixed remuneration for 2023 and variable remuneration for (services in the year) 2023, even where a bonus is not set and granted until 2024.

In the event that data points (cells) do not need to be reported, for example because remuneration data are not reported for a business unit, the cells should be left blank. No zeros should be entered.

1.1 How should non-monetary benefits be treated?

Non-monetary benefits that need to be taken into account alongside their monetary counterpart fall under “other forms” of remuneration. Depending on the classification, they are to be reported under either “fixed in other forms (in EUR)” or “variable in other forms (in EUR)”. This includes, for example, non-cash benefits such as the use of company cars, etc., but also pension contributions in the form of additions to pension provisions (see question 1.2).

1.2 How should additions to pension provisions be treated?

Additions to pension provisions (even single payments due to one-off effects) constitute pension contributions and are therefore covered by the definition of remuneration under Section 2(1) sentence 1 of the Remuneration Regulation for Institutions. They should be allocated to – and therefore also included in the reports for – the year in which the provision is set aside, irrespective of the period for which the provision was created.

The Remuneration Regulation for Institutions requires institutions to verify whether additions to pension provisions are to be allocated to fixed or variable remuneration. The institution must allocate this amount depending on the structure of the pension commitment concerned. Depending on how they are allocated, they should be reported under “fixed in other forms” or “variable in other forms”.

- If the underlying pension commitment is discretionary and not contractually agreed in advance or differs from the contractually agreed amount, it constitutes

variable remuneration. In this case, the benefits should also be reported under “contributions to discretionary pension benefits”.¹

- If the additions to pension provisions are based on a commitment with a contractually defined amount without any margin of discretion (and the amount also does not depend on the amount of the “regular” variable remuneration), the additions can be classified as fixed remuneration.
- If a change in the pension commitment occurs in the context of termination of an employment relationship, the resulting changes in benefits (e.g. higher additions to pension provisions) are generally to be classified as lump sum severance payments.
- If clear classification is not possible, the remuneration component in question shall be considered variable remuneration pursuant to Section 2(3) sentence 2 of the Remuneration Regulation for Institutions.

The total amount to be reported for additions to pension provisions, i.e. including interest expenditure, is to be used. The accounting standards can be applied. This also includes any netting of interest expenses and income.

1.3 How should partial retirement arrangements be treated?

If a partial retirement agreement has been made with an employee or a member of the management board, their pay/compensation should be taken into account when calculating the remuneration (including any additional top-up payments). In doing so, the actual benefits should be allocated to the respective year of their “maturity” during the partial retirement period (which also includes the work-free period under the block model) – deviating from the balance sheet treatment (i.e. formation of provisions when the partial retirement agreement is made) where necessary. Consequently, the formation of provisions should not be included in the reports.

1.4 How are lump sum severance payments to be treated?

Lump sum severance payments are to be classified as variable remuneration in accordance with Section 5(6) of the Remuneration Regulation for Institutions.

If accounting provisions relating to the early termination of an employment relationship have been set up, they are considered to be lump sum severance payments, even if the actual payment of these provisions may lie in the future. Such severance payments are to be assigned to the financial year in which they were contractually agreed.

For the purposes of the remuneration reports, insofar as accounting provisions were already set up prior to a contractual agreement, they are to be assigned to the financial year in which the contractual agreement is concluded.

However, if the severance agreement contains clauses that could prevent the severance payment from being made, the severance payment is not deemed to have been granted until it is actually paid out. In such cases, if the actual payment is not made until a later financial year, the severance payment is to be allocated to the financial year in which it was paid out.

¹ This corresponds to “supplementary pension benefits” within the meaning of Section 2(4) of the Remuneration Regulation for Institutions.

1.5 What exchange rate should be used for remuneration in currencies other than euro?

Where data are reported by firms reporting financial figures in a currency other than euro, the exchange rate used by the European Commission for fiscal and budgetary planning for December of the reporting year shall be used to convert the data to be transmitted.²

1.6 Do institutions that are not required to report have to submit nil reports?

No, if an institution is not required to submit one of the reports, there is no need to submit a nil report.

2 REM BM (Remuneration Benchmarking)

2.1 From what year does an institution that is newly considered significant pursuant to Section 1(3c) of the Banking Act (KWG) have to submit the report REM BM?

If an institution is required to report because it has been classified as significant, the decisive factor is its status as at the reporting reference date. If an institution qualifies as significant on 31 December of the reporting year, it must meet the reporting requirements for significant institutions as at that reporting date. If it only became significant in the course of a year, it will have to meet the reporting requirements for significant institutions for the first time at the end of that financial year.

Example: Reporting date 31 December 2022

- a. Average total assets over the financial years 2018-2021 exceed €15 billion for the first time → Institution is classified as significant as of the date of adoption of the annual financial statements in 2022. A reporting obligation exists as at 31 December 2022.
- b. Average total assets over the financial years 2019-2022 exceed €15 billion for the first time → Institution is classified as significant as of the date of adoption of the annual financial statements in 2023. There is no reporting obligation as at 31 December 2022.
- c. Institution becomes significant institution in the course of 2022 with effect from 2022 due to a PSI classification → It was significant as at the reporting date of 31 December 2022. A reporting obligation exists as at 31 December 2022.
- d. Institution becomes significant institution in the course of 2022 with effect from 2023 due to a PSI classification → It was not significant as at the reporting date of 31 December 2022. There is no reporting obligation as at 31 December 2022.

2.2 How should staff members who have left the institution during the course of the year be treated?

The number of employees, members of the management board and members of the administrative or supervisory board shall be reported at the end of the financial year,

² https://commission.europa.eu/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

even if the number of such staff members has changed over the course of the year. However, the data on remuneration refer to the total remuneration granted for the financial year, i.e. including the remuneration of staff members who have left the institution. For example, if the number of risk takers in a business area changed from 3 to 4 in November, the number of staff should be reported as 4, even if this makes the calculated average amount of remuneration per person appear too low.

2.3 Total dividends are to be reported using template R 01.00. How should these be reported in groups?

The same logic is to be used as for net profit for the year, i.e. the dividend of the superordinated undertaking is to be reported. For savings banks, this refers to distributions to the owners and, in the case of cooperative banks, distributions to members.

2.4 Who is considered to be a risk taker in a REM BM report?

Risk takers are those employees or members of the management board or of the administrative or supervisory board whose professional activities have a material impact on the risk profile of the institution or any subordinated undertaking. In groups, it is irrelevant whether a risk taker has been identified as such at the single institution or group level.

2.5 In which column should members of the management board or of the supervisory or administrative board of subordinated undertakings be reported?

Members of the management board or the supervisory or administrative board of subordinated undertakings are to be assigned to the relevant business areas. Only board members of the superordinated undertaking are to be reported as members of the management board or supervisory and administrative board.

2.6 How should form R 05.00 be completed?

Form R 05.00 should be filled out with information on the application of derogations to the proportion of variable remuneration awarded under deferral arrangements or in instruments.

- a. Column 0010 is entitled “Derogations on a firm wide basis under Art. 94(3)(a) CRD”. Institutions that can benefit from the institution-level derogation under Article 94(3)(a) of Directive 2013/36/EU (CRD) do not have to comply with the specific requirements of Sections 18 et seq. of the Remuneration Regulation for Institutions. In Germany, these institutions are those which are neither considered significant pursuant to Section 1(3c) of the Banking Act (KWG) nor fall within the scope of application of Section 1(3) sentence 2 number 2 of the Remuneration Regulation for Institutions.

As the REM BM report in Germany should only be submitted by significant institutions pursuant to Section 1(3c) of the Banking Act (KWG), “no” should be entered in row 0010 of this column.

- b. Column 0020 is entitled “Derogations for identified staff under Art. 94(3)(b) CRD”. These derogations are implemented in Section 18(1) sentence 3 of the Remuneration Regulation for Institutions. Institutions that have to meet the special

requirements of Sections 18 et seq. of the Remuneration Regulation for Institutions should be entered here to the extent that the forms of derogations under:

- awarded in instruments (lines 0020 to 0090);
- Section 20(4) of the Remuneration Regulation for Institutions: pay out under deferral arrangement (lines 0100 to 0160);
- Section 22 of the Remuneration Regulation for Institutions: use of instruments for discretionary pension benefits (lines 0170 to 0210);

apply to individual risk takers whose variable remuneration does not exceed €50,000 and does not represent more than one-third of the total remuneration. Therefore, all institutions filling out the REM BM report in Germany should generally complete this column if at least one of the above-mentioned derogations applies to individual risk takers whose variable remuneration does not exceed €50,000 in a financial year or does not represent more than one-third of the total remuneration.

The remuneration of the members of the administrative or supervisory board is not to be taken into account in the data points where the application of the derogations under Article 94(3)(b) of Directive 2013/36/EU, as transposed into national law in § 18(1) sentence 3 of the InstitutsVergV, is to be reported. Their remuneration is not subject to the requirements of §§ 20 and 22 of the InstitutsVergV. Consequently, these risk takers cannot make use of the exemptions under § 18(1) sentence 3 of the InstitutsVergV.

2.7 What should be entered in rows 0270 and 0280 of form R 02.00?

See point 2.6(b).

Column 0010 is to be left blank for members of the administrative or supervisory board with regard to the application of the derogations under Article 94(3)(b) of Directive 2013/36/EU, as transposed into national law in § 18(1) sentence 3 of the InstitutsVergV.

3 REM HE (High Earners)

3.1 Which templates must be used by a group under Section 10a of the Banking Act (KWG) when reporting high earners?

Reports submitted on a consolidated basis by CRR credit institutions or their superordinated undertakings must be based on template R 04.00. This template should include all high earners within the scope of supervisory consolidation, irrespective of the legal basis under which they are regulated. If there are high earners falling under the scope of supervisory consolidation who work for an institution regulated under Directive (EU) 2019/2034 (IFD), these persons are to be additionally reported by the superordinated undertaking using template R 04.01. In Germany, there is no obligation to additionally report high earners in subordinated undertakings at the individual or sub-consolidated level.

3.2 How are risk takers to be reported in groups?

High earners are to be reported as risk takers if they are treated as risk takers by undertakings on an individual or consolidated basis.

- For reporting under the CRD (R 04.00):
 - Risk takers of the superordinated undertaking submitting the report and the risk takers of its subsidiaries regulated under the CRD (subject to the application of Articles 92 and 94 CRD on an individual or consolidated basis) and
 - risk takers in subsidiaries that are subject to sectoral remuneration requirements in accordance with Article 109(4) CRD, but which are also subject to the remuneration requirements of Articles 92 and 94 CRD pursuant to Article 109(5) or (6) CRD.
- For reporting under the IFD (R 04.01):
 - Risk takers in medium-sized investment firms and any subordinated undertakings subject to the requirements of Articles 30 and 32 IFD on an individual basis; and
 - where the requirements of Articles 30 and 32 IFD apply on a consolidated basis, employees and members of the management board or, where appropriate, of the administrative or supervisory board in subsidiaries which are not themselves subject to Articles 30 and 32 IFD but whose professional activities nevertheless have a material impact on the risk profile of the investment institution or the assets it manages on a consolidated basis.

3.3 How should staff members who have left the institution during the course of the year be treated?

All employees and members of the management board and of the administrative or supervisory board who have been awarded at least €1 million for the financial year are to be fully included in the report, even if they left before the end of the reporting year. This also applies if the amount of €1 million is only achieved because guaranteed variable remuneration or severance payments have been awarded.

3.4 Who is covered by “high earners in control functions”?

The number of individuals in the row “number of individuals in control functions” should include all high earners in control functions within the business units and the independent compliance, risk control and internal audit function.

3.5 Which employee categories should be reported in row 0010 (“senior management”)?

Row 0010 (“number of individuals in senior management”) should be filled in with the number of high earners that are members of the management board or managers directly subordinate to the management board.

They should be assigned to the business areas (columns) in which they operate. Members of the management board should be entered in column 0020 only.

3.6 How should those high earners be treated who carry out their professional activities both within and outside the EEA or who cannot be clearly assigned to an EEA Member State, a function or a business area?

High earners who carry out their professional activities both within and outside the EEA should be assigned to an EEA Member State only if they carry out their professional activities mainly within the EEA. Otherwise, the employee should not be included in the report. High earners are to be assigned to the EEA Member State, function, business area or jurisdiction in which they carry out the majority of their professional activities. The full amount of remuneration awarded to the person in the reporting entity or group shall be reported in the EEA Member State, function, business area or jurisdiction concerned. If a high earner is equally active in two or more areas, the undertaking should allocate the person concerned and their remuneration – taking into account the allocation of other high earners – in such a way that the distribution of high earners in the undertaking is best reflected in the report.

3.7 How should rows 0240 and 0250 of R 04.00 be filled in (“For institutions that benefit from a derogation at an institutional level”)?

Institutions that benefit from a derogation at an institutional level pursuant to Article 94(3)(a) of Directive 2013/36/EU (CRD) do not have to comply with the specific requirements of Sections 18 et seq. of the Remuneration Regulation for Institutions. In Germany, these are those institutions which are neither considered significant pursuant to Section 1(3c) of the Banking Act (KWG) nor fall within the scope of application of Section 1(3) sentence 2 number 2 of the Remuneration Regulation for Institutions.

All of these institutions should complete rows 0240 and 0250 with the number of high earners that have been identified as risk takers and (where present) their variable remuneration.

4 REM HR (Approved Higher Ratios – aka bonus cap increases)

4.1 Which institutions are required to submit REM HR reports for approved higher ratios?

These reports must be submitted by all CRR institutions and large investment firms whose shareholders, owners or members of the institution have made a decision pursuant to Section 25a(5) of the Banking Act (KWG) to increase the maximum ratio of variable remuneration to more than 100% compared with fixed remuneration. A nil report is not required where such a decision has not been taken.

4.2 Who is required to submit the report on approved higher ratios in groups?

These reports are to be made on an individual basis. If several CRR institutions in groups have made the decision to increase their bonus cap, a report must be submitted for each institution. Whether the reports of all the subordinated institutions concerned are submitted by the superordinated undertaking or by the subordinated institutions themselves is irrelevant.

4.3 What bonus cap should be reported if an institution has different bonus caps for different employee profiles or business areas?

Only the highest bonus cap in an institution is to be listed in the report on approved higher ratios.

Please note that REM GAP reports are only due again in 2027.

5 REM GAP (Gender Pay Gap)

5.1 Which institutions must submit a gender pay gap (REM GAP) report?

This report must be submitted by CRR credit institutions which are classified as significant pursuant to Section 1(3c) of the Banking Act (KWG) or which receive a request to do so from BaFin or the Bundesbank. This applies mutatis mutandis to large and medium-sized investment institutions. For information on the date of the first reporting requirement for CRR credit institutions that are classified as significant pursuant to Section 1(3c) KWG, see the provisions in point 2.1.

The report must be submitted by all the institutions concerned at the individual level. In groups of institutions within the meaning of Section 10a(1) sentence 1 of the Banking Act (KWG), only the superordinated enterprise is required to submit a report. The report must be based on pay gap data for the superordinated enterprise at the individual level. In financial holding groups or mixed financial holding groups within the meaning of Section 10a(2) sentence 1 of the Banking Act (KWG), the report shall be based on pay gap data for the CRR credit institution in the group with the highest number of staff as at the reporting date, measured in terms of full-time equivalents (FTEs). This applies mutatis mutandis to groups of investment institutions.

5.2 Which groups of staff must be included in REM GAP reports?

REM GAP reports exclusively comprise employees (including apprentices) and members of the management board (staff) who carry out their activities mainly in Germany. This also includes staff members in branches in Germany, whereas staff members in branches abroad are not to be included.

In addition, the following persons are not to be taken into account when calculating the gender pay gap:

- a. employees who left in the course of 2023;
- b. employees who were not hired until after 30 September 2023;
- c. employees who were not actively employed at the end of the year owing to an absence of three months minimum, for example due to parental leave or illness;
- d. members of the administrative or supervisory board except employee representatives;
- e. employees whose gender cannot be determined.

Members of the management board are to be included in the calculation of the gender pay gap both for staff and for risk takers.

Employee representatives in the administrative or supervisory board are to be included in the calculation of the gender pay gap for all staff. They are to be included in the calculation for risk takers only if they have been identified as risk takers on

account of their activities as employees (and not as employee representatives in the administrative or supervisory board).

5.3 How should form R 06.00.b (CRD) and R 06.01.b (IFD) be completed with regard to the number of staff and risk takers in the institution?

Institutions with fewer than 250 staff are only required to fill in row 0050 in form R 06.00.b or R 06.01.b (data for all staff and all risk takers).

Institutions with more than 250 staff must additionally provide information on the four quartiles (rows 0010 to 0040) in columns 0020, 0030, 0060 and 0070.

Institutions with more than 250 risk takers are required to fill in all cells in the form.

5.4 How is annual remuneration calculated for the REM GAP report?

When calculating the sum of fixed and variable remuneration, the following aspects should be taken into account:

- 1) Non-monetary benefits (e.g. company cars, interest-free loans, free company childcare) are to be included at their taxable monetary value.
- 2) Regular employers' contributions to social security funds and to employment promotion are not to be included. The same applies to employers' contributions to company pension schemes, if they are allocated to the fixed remuneration. However, voluntary supplementary pension benefits, which count as variable remuneration, are to be included.
- 3) Variable remuneration is to be allocated to the reporting year for which it is awarded. Variable remuneration based on performance periods spanning several years shall be allocated, in its total amount, to the reporting year in which the performance period ended. This also includes variable remuneration based on non-revolving multi-year performance periods.
- 4) Guaranteed variable remuneration (sign-on bonuses) and severance payments are not to be included in the calculation. One-off payments due to service anniversaries, a tax-free inflation compensation premium and overtime compensation may also be disregarded.
- 5) In principle, remuneration shall be based on full-time employment for the entire year. This means that remuneration for (a) staff members who were employed part-time for the entire financial year or part of it, (b) staff members who were not employed for the entire financial year or (c) those who were partly absent for reasons other than regular leave during the financial year (e.g. unpaid leave or parental leave) must be scaled up to a full annual amount of variable and fixed remuneration – i.e. as if these staff members had received full-time remuneration for the entire financial year (for example, the remuneration of a part-time employee working 50% would be multiplied by a factor of 2 to calculate their annual full-time remuneration).

5.5 How is the gender pay gap calculated?

The gender pay gap is calculated using the following formulae:

For the mean value (Ø):

Gender pay gap in percent =

$$\frac{(\text{Ø remuneration of men} - \text{Ø remuneration of women}) \times 100}{\text{Ø remuneration of men}}$$

For the median:

Gender pay gap in percent =

$$\frac{(\text{median remuneration of men} - \text{median remuneration of women}) \times 100}{\text{median remuneration of men}}$$

All values should be expressed as percentages with two decimal places (e.g. “17.23%” or “-17.23%” for negative values).

If the gender pay gap cannot be calculated for a category as there are only female staff members, leave this data point blank; if there are only male staff members, the result should be “100.00%”.

If you have any further questions regarding remuneration reporting, please contact B-Remuneration-Reporting@bundesbank.de.