

Declaration of Conformity 2016
on the part of Deutsche Hypothekenbank (Actien-Gesellschaft) Hanover
in respect of the recommendations of the
Government Commission on the German Corporate Governance Code

Since the last Declaration of Conformity dated 26 November 2015, Deutsche Hypothekenbank (Actien-Gesellschaft) Hanover has implemented or is implementing the recommendations of the current Government Commission on the German Corporate Governance Code dated 5 May 2015 with the following exceptions:

Code section 2.3

The recommendations of the Code are based on the holding of Annual General Meetings of stock corporations which have various different shareholders. This is not the case for Deutsche Hypo as 100% of the shares of Deutsche Hypo are held by NORD/LB. There are no “free” shareholders. For that reason these recommendations have not been and will not be implemented.

Code section 3.8

In accordance with the principles of equal treatment, a deductible ought to be identical for all Members of the Supervisory Board in terms of its economic effects. The Code recommends that the regulation on deductibles for the Board of Managing Directors in accordance with Article 93 (2) of the German Stock Corporation Act (AktG) be correspondingly applied in respect of the Members of the Supervisory Board. However, this would affect the Members of the Supervisory Board to varying degrees, depending on their personal economic circumstances. In extreme cases, it could be, for example, that less well financially situated Members of the Supervisory Board might find themselves in existential difficulties. Against this background a D&O policy without an appropriate deductible is in place for the Members of the Supervisory Board.

Code section 4.2.3

Pension commitments are basically granted to Members of the Board of Managing Directors taking into account the specific individual circumstances. The Supervisory Board will seek a pension level which takes into account these circumstances (including area of responsibility, position on the Board of Managing Directors and length of service on the Board of Managing Directors) and is also in reasonable proportion with other existing pension commitments. The assessment of the individual case is influenced by various factors which are difficult to define within a standard framework. The Supervisory Board has therefore not defined standard framework conditions regarding the pension commitments for the Members of the Board of Managing Directors.

Code sections 4.2.4 / 4.2.5 / 5.4.6

The Extraordinary General Meeting of Deutsche Hypothekenbank held on 13 November 2006 adopted a resolution with the requisite majority as per Section 286(5) of the German Commercial Code (HGB) to the effect that individualised disclosure of the compensation of Members of

the Board of Managing Directors would not be undertaken. At the Annual General Meeting of Deutsche Hypothekenbank held on 25 May 2011, a resolution was adopted to the effect that the details on the compensation of each individual Member of the Board of Managing Directors as required by Section 4.2.4 of the German Corporate Governance Code will not be disclosed in the company's annual financial and consolidated statements.

In accordance with Deutsche Hypothekenbank's articles of association, the Annual General Meeting passes resolutions on the compensation of the Members of the Supervisory Board. The Supervisory Board's overall compensation is reported in the Annual Report. There is no further identifiable benefit from any individualised disclosure by name of said compensation. For that reason the individual statement of the remuneration of the Members of the Board of Managing Directors and the Supervisory Board and the individual presentation of the respective remuneration components using the intended code sample tables have not been produced.

Code section 5.3.2

The recommendations of the Code provide inter alia that the Chair of the Audit Committee should be independent. Independence will not be given where there is a personal or commercial relationship with a controlling shareholder. In view of the fact that the Chairman of the Audit Committee is at the same time a Member of the Board of Managing Directors of the parent company NORD/LB, Deutsche Hypo does not comply with this recommendation. As, however, there is no doubt that the Chairman of the Audit Committee is guided by corporate interest in performing the role, the Supervisory Board is happy to go along with the current employment until further notice.

Code section 5.4.1

In May of last year the Code was amended in that the Supervisory Board should specify not only an age limit for Supervisory Board Members, but also a limit on the tenure within the Supervisory Board in terms of its composition. Against the background of affiliation to the 100% parent company NORD/LB, Deutsche Hypo is interested in a Group-wide policy. As this is currently still being developed, the Bank does not comply with the recommendation to have a limit for tenure on the Supervisory Board in its articles of association.

Code section 7.1.2

As a subsidiary of NORD/LB, Deutsche Hypo is incorporated into the Group procedure in terms of the publication of interim reports, financial reports and annual statements; This is based on the statutory deadlines in accordance with section 325 German Commercial Code (HGB), section 37v and section 37w German Securities Trading Act (WpHG). Against this background the recommended deadlines of 90 and 45 days for the publication of the management report and the half-yearly financial report were not complied with in 2016. It cannot be ruled out that this will also be the case in the coming year 2017.

Hanover, 1 December 2016

The Supervisory Board

The Board of Managing Directors