Annual General Meeting 2025

Deutsche Pfandbriefbank AG

Remuneration system

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Remuneration system 2025 for members of the Management Board

In accordance with Section 120a (1) of the German Stock Corporation Act (AktG), the Annual General Meeting of a listed company decides on the approval of the remuneration system for the members of the Management Board each time there is a significant change to the system, but at least every four years.

The remuneration system for the members of the Management Board of Deutsche Pfandbriefbank AG ("pbb") was last approved by the 2021 Annual General Meeting in accordance with section 120a (1) of the AktG. The approval rate was 95.42% of the valid votes.

After consulting its Remuneration Control Committee, the Supervisory Board decided to thoroughly review and revise the remuneration system ("Remuneration System 2021") in the 2024 financial year

The revision of the remuneration system in 2021 **focused** on **strengthening share-based remuneration** and **adjusting the long-term performance measurement to a forward-looking performance period**

This was done against the backdrop of changing market practice at listed banks and the associated challenges for the long-term and sustainable alignment of the remuneration system. Current national and European market practice was taken into account on the basis of benchmarking in the financial services sector.

The revised remuneration system fulfils the requirements of the German Stock Corporation Act (AktG) and the Remuneration Ordinance for Institutions (IVV) and takes into account the recommendations of the German Corporate Governance Code (GCGC). The feedback from shareholders was particularly appreciated.

Subject to its approval by the 2025 Annual General Meeting, the revised remuneration system ("Remuneration System 2025") is to come into force for all members of the Management Board with retroactive effect from 1 January 2025.

A. Remuneration principles

The remuneration system for pbb's Management Board is an integral part of pbb Group's business and risk strategy. Decisions regarding the design of the remuneration system, as well as the structure and amount of remuneration for pbb's Management Board members, are based on the following principles, which the Supervisory Board also applied during the current review of the need for adjustments:

Remuneration strategy	The remuneration strategy provides the **framework for the remuneration of the members of the Management Board.** The aim of the remuneration strategy is to ensure **appropriate and performance-oriented remuneration** that is geared towards achieving the targets set out in the business and risk strategy without taking or incentivising disproportionate risks.
Performance-related variable remuneration	Performance-related variable remuneration is geared towards long-term, sustainable business success and increasing the value of the Bank. The focus is **pbb's** sustainable **profitability**. At the same time, business management continues to be geared towards a **stringent risk policy.**
Long Term Incentive (LTI): **Promotion of the sustainable success of the Bank**	The long-term performance measurement (LTI) is carried out **at the level of** pbb with **a three-year, forward-looking measurement period**. The measurement of the institution's performance is based on key (**core) performance indicators of pbb Group.** These are derived from the defined business and risk strategy and the business planning derived from it. They fulfil the regulatory requirements for taking risks, capital and liquidity into account. To this end, RoTe is used as the key indicator for capital employed, ERR as the risk indicator and relative TSR as the basis for relative performance measurement. In addition, the decarbonisation path is used as a key performance indicator from the areas of environmental, social and governance (ESG) in order to incentivise pbb's sustainable development more strongly.
Short Term Incentive (STI): **Consideration of departmental and individual objectives**	Short-term performance measurement (STI) is carried out **at departmental** and **individual level**. To this end, quantitative and qualitative targets of a financial and non-financial nature are agreed between the Supervisory Board and the Management Board The STI takes into account department-specific strategic priorities and the individual areas of responsibility of the Management Board members. These also regularly include ESG targets.
Focus on long-term business success	The performance-related variable remuneration is designed to strengthen the long-term and sustainable development of pbb Group and is therefore predominantly share-based. The LTI has a higher weighting than the STI, namely 60%, while the STI has a lower weighting of 40%. The LTI is structured as a performance share plan with **a** three-year **forward measurement based on pbb's share price**. **60%** of the total amount of the performance-related variable remuneration is also subject to a **deferral totalling five years.** During the deferral period, 1/5 of the deferred performance-related variable remuneration is due for reassessment each year (pro rata vesting). **Clawback provisions** have also been agreed with the members of the Management Board **50%** of the total amount of the performance-related variable remuneration is granted **in shares**, the other 50% in cash
Pay for performance	The individual and collective performance of the Management Board is recognised through ambitious short-term and long-term performance targets. Comprehensible and clearly measurable performance targets are used.
Consideration of the interests of shareholders	The structure of Management Board remuneration is in line with shareholders' interests in a long-term and sustainable remuneration structure and takes shareholder feedback into account.
Compliance and customary market practice	The remuneration is in line with legal and regulatory requirements. It takes into account current best practice in the market and is competitive.

B. Changes compared to the previous remuneration system

The 2025 remuneration system was further developed from the 2021 remuneration system against the backdrop of changing market practice at listed banks and the associated challenges for the long-term and sustainable alignment of the remuneration system.

The Supervisory Board has made the following significant changes in detail:

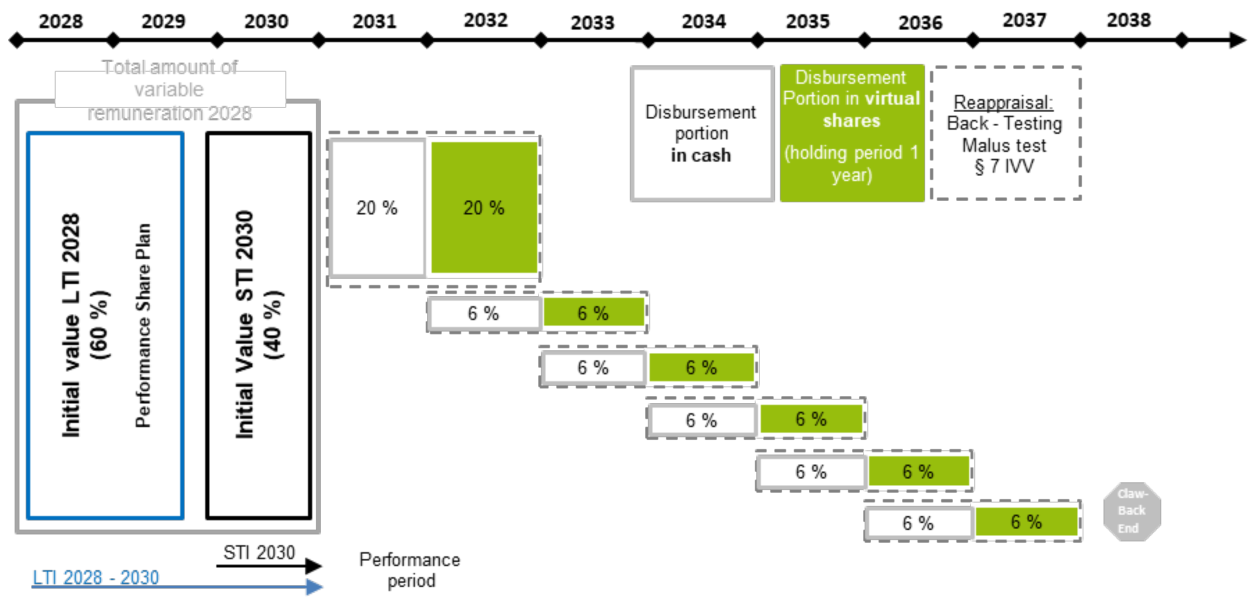
1. Reorganisation of the LTI as a performance share plan and forward-looking performance period

The previous backward-looking multi-year variable remuneration is gradually being converted to a **forward-looking long-term incentive (LTI)**. In line with current market practice, a **performance share plan** with a **three-year, forward-looking assessment period** ("performance period") was introduced as a long-term incentive ("LTI") in order to align performance-related variable remuneration more strongly with long-term and sustainable business development and thus make it share-based. This takes account of shareholder feedback and significantly strengthens share-based variable remuneration. In addition, pbb fulfils the IVV's requirement of a three-year assessment period.

The three-year performance period is followed by payment of **60% of the respective total amount of variable remuneration** on the basis of a **five-year deferral structure.** Half of the respective deferral portion is paid out in cash. The other half of the respective deferral portion is granted in **virtual shares** with an additional **holding period of one year**. The following also applies to the remaining **40% of the respective total amount of variable remuneration**: one half is paid out directly in cash, the other half is initially granted in **virtual shares** with an additional **holding period of one year**

In this respect, the requirements of Section 20 IVV for the performance-related variable remuneration of risk takers are complied with. The remuneration system is intended not only to promote the long-term and sustainable development of the company, but also to avoid taking disproportionate risks that could have a negative impact on business success in the long term

The **total amount of variable remuneration** is therefore available after **nine years**, but is subject to clawback conditions for a further year.



2. Strategic realignment of the LTI through the introduction of a profitability indicator and greater consideration of share-holder interests

In addition to the **risk/return ratio**, the return on tangible equity **("RoTE"**) and the relative total shareholder return ("**relative TSR**") as well as the **decarbonisation pathway** as an ESG target will be implemented as further performance targets in the LTI in future.

RoTE (before tax) is pbb's key performance indicator for measuring the efficient use of capital within the scope of the business strategy. In addition, the introduction of RoTE as a performance target means that a key profitability indicator relating to equity is taken into account.

By using the **relative TSR**, a relative performance measurement is integrated into the remuneration system in line with the requirements of shareholders. This is intended not only to strengthen the alignment of interests between the Management Board and shareholders, but also to incentivise the long-term and sustainable management of the company.

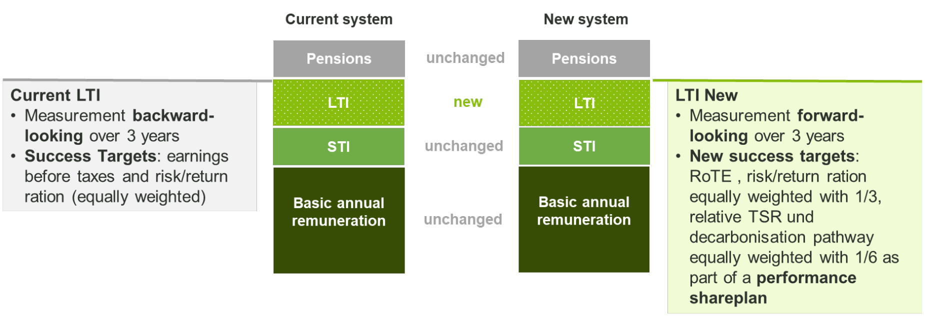
With the **decarbonisation pathway**, pbb is actively aligning the financed real estate portfolio to be compatible with climate targets. It represents a central ESG KPI of the Bank. The aim is to take even broader account of shareholder interests and to strengthen pbb's sustainable corporate governance.

3. Further strengthening of the share-based remuneration compared to the previous remuneration system

In order to **strengthen** the **share-based remuneration** and to align the interests of pbb's Management Board members stronger with those of the shareholders, the variable remuneration will be granted predominantly in the form of virtual shares. The share-based portion of variable remuneration will be significantly increased compared to the 2021 remuneration system. This is because the LTI, and therefore **60% of the variable target remuneration**, was structured as a **performance share plan** and is therefore share-based. In addition, **50% of the total amount** of STI and LTI will continue to be **in virtual shares** and thus also depends on the performance of pbb's shares.

When revising the remuneration system for the Management Board, a particular focus was therefore placed on **redesigning the LTI and strengthening the share-based components of variable remuneration**. The remuneration structure and its components have remained unchanged compared to the 2021 remuneration system. However, the introduction of a **performance share plan with a forward-looking measurement of performance targets** will give Management Board remuneration **a more long-term focus**. This will significantly increase the **share-based component**, which is also strong in the 2021 remuneration system, and align Management Board remuneration more clearly with the bank's performance and the share price.

The remuneration structure, using the example of the remuneration for an ordinary member of the Management Board, is therefore as follows:



4. Overview of the changes

The following table provides an overview of the main changes to the 2025 remuneration system compared to the 2021 remuneration system:

Remuneration system 2021	Component	Remuneration system 2025
Fixed annual salary paid in twelve equal monthly instalments	Basic annual remuneration	*unchanged*
Especially: - Company car or economically equivalent payment - D&O insurance - Allowances for health and long-term care insurance - Assumption of relocation and travelling expenses as well as costs for a second home - Group accident insurance (death and disability)	Fringe benefits	- due to the abolition of company cars at pbb economically equivalent payment *unchanged*
Defined contribution, reinsured individual contractual pension commitments for retirement benefits and - depending on the structure - in the event of occupational disability or incapacity to work (for new appointments and extensions)	Company pension scheme	*unchanged*
Plan type: Bonus pool (40%) Success targets: - 50% departmental targets - 50% individual targets Target achievement: 0%-150% Cap: 150% of the target amount	Short-Term Incentive ("STI")	Plan type: **Target bonus (40% of the variable target remuneration)** Success targets: - 50% departmental targets - 50% individual targets Target achievement: 0% - 150% Cap: 150% of the target amount
Plan type: Bonus pool (60%) Performance period: Three years, backward-looking Success targets: - 50% Earnings before taxes - 50% risk/return ratio ("ERR") Target achievement: 0%-150% Cap payout: 150% of the target amount	Long-Term Incentive ("LTI")	Plan type: **Performance Share Plan (60% of the variable target remuneration)** Performance period: Three years, forward looking Success targets: **- 1/3 return on tangible equity ("Return on Tangible Equity", "RoTE")** **- 1/3 Risk/return ratio ("ERR")** **- 1/6 Relative total shareholder return ("TSR")** **- 1/6 Decarbonisation pathway** Target achievement: 0% - 150% Cap payout: 150% of the target amount
Granting of 50% of the determined total amount of performance-related variable remuneration in virtual shares	Share orientation	Calculation of 60% of the performance-related variable remuneration taking into account the share price (performance share plan), plus conversion of 50% of the fixed total amount of the performance-related variable remuneration into virtual shares after the end of the assessment period and orientation towards the share price performance
Possibility of reducing and reclaiming variable remuneration in the event of behaviour that has led to significant losses or a significant regulatory sanction, as well as in the event of a serious breach of external or internal regulations	Malus and Clawback	*unchanged*
Chairman of the Management Board: EUR 2,200,000 Ordinary members of the Management Board: EUR 2,000,000 each	Maximum remuneration	*unchanged*

C. Overview of the remuneration system

1. Remuneration components

The remuneration of the members of pbb's Management Board consists of **non-performance-related fixed remuneration components** and **performance-related variable remuneration**

The sum of the non-performance-related fixed remuneration components and the performance-related variable remuneration equals the total remuneration for a member of the Management Board.

- The **non-performance-related fixed remuneration components** comprise the basic annual remuneration, fringe benefits (in particular benefits in kind) and the company pension scheme.
- The **performance-related variable remuneration** consists of a short-term variable component, the Short-Term Incentive ("STI"), and a long-term variable component, the Long-Term Incentive ("LTI").
- **In addition, further contractual agreements** are set out in the remuneration system.

2. Remuneration structure

In accordance with the requirements of the GCGC, the Supervisory Board determines a **target total remuneration** for each member of the Management Board that is commensurate with the tasks and performance of the Management Board member and the situation of the company and does not readily exceed the usual remuneration. The target total remuneration is the sum of all remuneration amounts allocated for a financial year (including company pension scheme and fringe benefits). Accordingly, a target achievement of 100% is assumed for the performance-related variable remuneration.

In accordance with Section 6 (2) IVV in conjunction with Section 25a para 5 sentence 2 KWG. § Section 25a (5) sentence 2 KWG, the performance-related variable remuneration may not exceed 100% of the non-performance-related fixed remuneration, unless an increase is resolved by the Annual General Meeting. For this reason, the share of non-performance-related fixed remuneration in pbb's remuneration system is relatively high in relation to the target total remuneration. In accordance with the recommendations of the GCGC, the long-term performance-related variable remuneration exceeds the short-term performance-related variable remuneration.

For the **Chairman of the Management Board and the ordinary members of the Management Board,** the share of non-performance-related fixed remuneration (basic annual salary, company pension scheme expenses and fringe benefits) is 70% to 85% of the target total remuneration and the share of performance-related variable remuneration is approximately 15% to 30% of the target total remuneration.

The aforementioned percentages may differ slightly for future financial years due to the development of expenses for contractually agreed fringe benefits and for any new appointments. In addition, the aforementioned percentages may deviate in the event of any payments on taking office in the case of new appointments (agreements to compensate for cancelled remuneration entitlements from a previous service or employment relationship and/or sign-on bonuses and/or guaranteed variable remuneration).

In accordance with Section 5 para. 5 sentence 3 IVV, guaranteed variable remuneration (including a sign-on bonus) may be disregarded when calculating the ratio between the performance-related variable and the non-performance-related fixed annual remuneration in accordance with Section 25a para. 5 sentence 2 KWG if it was promised before the start of the activity.

D. Details of the remuneration system

1. Non-performance-related fixed remuneration

a. Basic annual remuneration

The **basic annual salary** is a fixed annual salary that is paid in twelve equal monthly instalments. It is reviewed at regular intervals on the basis of the external market comparison and adjusted if necessary. There is no automatic adjustment.

b. Ancillary services

In addition, pbb grants the members of the Management Board **fringe** benefits (benefits in kind) to the customary extent. These include, for example, the following fringe benefits:

- **Fixed allowance** as an economically equivalent payment for the bank-wide abolition of company cars. This fixed allowance is not granted to new members of the Management Board whose first employment contract was concluded after 31 December 2023.

- In addition, the members of the Management Board are included in pbb's **D&O insurance.**

- pbb reimburses the members of the Management Board for the **employer's contribution to health and long-term care insurance**.

- New members of the Management Board can be granted individually agreed benefits on a temporary or permanent basis, such as the assumption of relocation costs, travel expenses for a weekly journey home in the event of dual housekeeping or the temporary assumption of the costs of a second home at the place of work.

- In addition, there is **group accident insurance** for the members of the Management Board (death and disability).

Taxes on non-cash benefits for all of the aforementioned fringe benefits are borne by the Management Board members themselves.

c. Company pension scheme

For Management Board members appointed for the first time from 1 January 2016, i.e. for Mr Kay Wolf, Dr Pamela Hoerr, Mr Jörn Joseph and Mr Marcus Schulte, as well as for future new appointments**, defined contribution contractual pension commitments** for retirement benefits and - depending on the structure - in the event of occupational disability or incapacity for work. It is also possible to agree a defined contribution commitment for extensions (instead of a previously defined benefit commitment). For members of the Management Board already appointed as at 31 December 2015**, defined benefit contractual pension commitments** were agreed for retirement benefits and in the event of occupational disability or incapacity to work. Such a commitment was agreed with Mr Thomas Köntgen.

- For **defined contribution commitments**, an annual pension contribution is agreed individually with the Management Board member. The pension entitlements can be drawn from a certain age.

- According to the **defined benefit commitments**, the Management Board member receives a pension for each completed year of service in the amount of an individually agreed percentage of the basic annual remuneration. The pension is capped at an individually agreed maximum percentage of the basic annual remuneration. The pension entitlements can be drawn from a certain age.

d. Other services

In individual cases and to the extent permitted by regulatory requirements, the Supervisory Board may, in order to recruit new members of the Management Board, enter into agreements to compensate for lost remuneration entitlements from a previous service or employment contract and/or agree sign-on bonuses and/or guaranteed variable remuneration in an appropriate amount with the new Management Board member. Such remuneration benefits are recognised and explained separately in the remuneration report

2. Performance-related variable remuneration

The **performance-related variable remuneration** is described in detail below. In particular, the relationship between the achievement of performance targets and the variable remuneration amount set, any new remuneration amount set after backtesting and malus testing and the amount paid out from the variable remuneration is explained. It also explains how and when the Management Board members can dispose of the performance-related variable remuneration.

a. Starting point: Variable target remuneration (calculatory reference value)

The performance-related variable remuneration is determined on the basis of an **calculatory reference value agreed individually with the respective Management Board member in the service contract**. This is a **calculated value** that reflects the amount of the performance-related variable remuneration **based on 100% target achievement** in the short-term incentive and the long-term incentive. The calculatory reference value is presented in an annual euro amount.

If the employment relationship is established or terminated during the year, the calculatory reference value is reduced pro rata temporis in relation to the year as a whole. This also applies to periods of absence due to illness or other absences during which there is no statutory or contractual entitlement to continued remuneration, as well as to periods during which the employment relationship is suspended.

b. Target setting and target determination Short Term Incentive and Long Term Incentive

The performance-related variable remuneration consists of a **short-term variable component, the short-term incentive ("STI")**, and a **long-term variable component, the long-term incentive ("LTI")**.

The share of the variable target remuneration is **40% for the STI** and **60% for the LTI.** The respective calculatory reference value of a Management Board member is therefore divided as follows:

- The STI accounts for 40% of the respective calculatory reference value.
- 60% of the respective calculatory reference value is attributable to the LTI.

Short-Term Incentive ("STI")

The STI is linked to the **achievement of departmental and individual targets**, which are measured over an assessment period of one financial year

Target setting

At the latest at the beginning of each financial year, the Supervisory Board determines the **targets and assessment bases for the departmental and individual targets**, including any weighting and target values for target achievement of 100%, at the proposal of the Remuneration Control Committee. The targets are derived from pbb Group's business and risk strategy and take into account the planning for the respective financial year. They can be **of a quantitative and/or qualitative nature** and are generally equally weighted. The Supervisory Board may change the weighting of the targets, taking into account strategic priorities for future financial years. When setting performance targets, the Supervisory Board strives for a balanced relationship between quantitative and qualitative targets. In addition, the targets of the Management Board member responsible for risk management should not coincide with the sales targets of the other Management Board members in order to take account of his supervisory function and avoid the risk of a conflict of interest.

The strategic and operational **departmental and individual targets** primarily include targets for strategic projects, new business, risk management and funding as well as ESG targets.

Target setting

At the end of each financial year, the **achievement of** departmental and individual targets is determined. Target achievement is calculated on the basis of the defined measurement principles and determined separately for each target. Target achievement for quantitative targets is generally determined by comparing the defined target value with the actual values achieved. In the case of qualitative targets, performance is assessed by the Supervisory Board on the basis of the predefined target value.

For each Management Board member, the **overall target achievement** is calculated from the weighted sum of the target achievements of the individual targets, which can be between 0% and 150%. The overall target achievement can also be between 0% and 150%.

Calculation of the initial STI value

Once determined, the total target achievement in per cent is multiplied by the proportion of the calculatory reference value that is attributable to the STI. The amount calculated in this way is the initial value of the STI ("**starting value STI**")

The targets set for the respective financial year, all relevant assessment bases and the resulting target achievement are disclosed and explained ex-post in the remuneration report.

Long-Term Incentive ("LTI")

The **LTI** is structured as a **performance share plan**. It supports the successful implementation of pbb Group's business and risk strategy through the selection of financial performance targets. The three-year forward-looking performance period focuses on **the sustainable development of the company**.

The following steps are used to **set and determine the objectives of the LTI:**

Step 1: Allocation of virtual performance shares

At the beginning of each financial year, each member of the Management Board is conditionally granted a number of **virtual performance shares** ("**allocation**"). The proportion of the calculatory reference value attributable to the LTI is 60% ("**target amount**"). The number of virtual performance shares initially allocated is determined by dividing the target amount of the respective Management Board member by the average Xetra closing price of the ppb share in the last 30 trading days prior to the start of the performance period.

The virtual performance shares do not confer any voting rights, dividend rights or other rights under stock corporation law on their holder. The virtual performance shares cannot be sold, pledged, transferred or assigned. The Management Board member may not enter into any legal transactions that result in the economic sale of the performance shares or the transfer of the opportunities and risks associated with them to third parties.

Step 2: Definition and measurement of the four performance targets RoTe, ERR, TSR, decarbonisation pathway

During the three-year performance period, the achievement of the four performance targets, which are generally weighted as follows, is measured:

Success target	Weighting
Return on tangible equity ("RoTE")	1/3
Risk-return ratio ("ERR")	1/3
Relative total shareholder return ("TSR")	1/6
ESG - pathway	1/6

The Supervisory Board is authorised to adjust the weighting of the performance targets for future financial years by a maximum of 10 percentage points upwards or downwards in order to reflect future strategic priorities.

Return on tangible equity ("RoTE")

RoTE (before tax) is defined as earnings before tax (less AT1 coupon) divided by the average IFRS equity available in the financial year excluding goodwill and intangible assets, deferred income tax assets and additional equity instruments ("AT1 capital").

Risk-return ratio ("ERR")

The **ERR** is defined as the net margin in the customer business multiplied by the average portfolio volume divided by the risk-weighted assets.

Target determination RoTE and ERR

The Supervisory Board determines the **target value** and, if applicable, the **threshold and maximum values** of the **RoTE** and **ERR** at the latest at the beginning of the respective performance period. To determine target achievement, the target value of the respective performance target at the end of the performance period is compared with the respective actual value over the performance period and expressed as a percentage. The actual value over the performance period is determined by calculating the average of the individual actual values of the respective financial years of the performance period. The audited consolidated financial statements of pbb Group are decisive for determining the achievement of the respective performance target.

- If the actual value of the respective performance target corresponds to the threshold value or is below the threshold value, the target achievement is 0%.
- If the actual value of the respective performance target corresponds to the target value, the target achievement is 100%.
- If the maximum value of the respective performance target is reached or exceeded, the target achievement is 150% ("cap").
- Target achievement is determined by linear interpolation between the threshold and target value as well as between the target and maximum value of the respective performance target.

The target achievement of the respective performance target can therefore be between 0% and 150%

Relative total shareholder return ("relative TSR")

To determine the target achievement of the **relative TSR**, pbb's TSR performance is compared with the performance of the companies in the peer group and sorted within the peer group. The companies of the STOXX Europe 600 Banks serve as the peer group. If a company does not belong to the STOXX Europe 600 Banks index for the entire performance period, it is not taken into account. In the event of a capital measure that has a significant impact on the relative TSR, the Supervisory Board is authorised, by way of exception, to take this capital measure into account appropriately when determining the TSR. The Supervisory Board also has the option of changing the index accordingly if the STOXX Europe 600 Banks can no longer be used.

The initial and final values for determining the relative TSR are based on the average closing price on the last 30 trading days before the start or end of the respective performance period, taking into account notionally reinvested gross dividends.

The Supervisory Board determines the **target, threshold and maximum value** of pbb's **relative** TSR at the latest at the beginning of the respective performance period. The relative TSR depends on pbb's achieved percentile rank within the peer group. The target achievement of the relative TSR is determined as follows:

- If the percentile rank falls below or reaches the percentile rank defined as the threshold value, the target achievement is 0%.

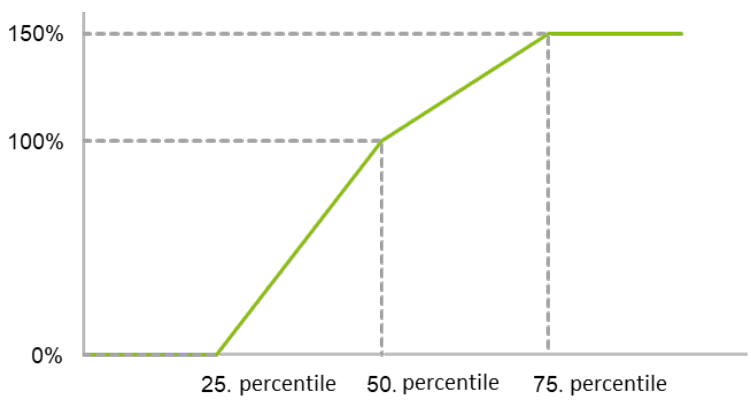
- If the percentile rank corresponds to the percentile rank defined as the target value, the target achievement is 100%.

- If the percentile rank exceeds or reaches the percentile rank defined as the maximum value, the target achievement is 150% ("cap").

- Target achievement is determined by linear interpolation between the threshold value and the target value and between the target value and the maximum value.

The target achievement of the relative TSR can therefore be between 0% and 150%.

The target achievement curve for the relative TSR for the 2025 financial year is as follows:



The Supervisory Board is authorised to set other threshold, target and maximum values for future financial years.

ESG - decarbonisation pathway

To determine target achievement, the physical emissions intensity (kg CO_2e/m^2) of the financed properties is assessed on the basis of property data relevant to climate management, taking into account business planning and recognised climate pathways. An average weighted by asset class is then calculated at portfolio level and compared with pbb's target pathway. The measurement is based on the last day of the respective performance period

The Supervisory Board sets the **target, threshold and maximum value** for the decarbonisation pathway in kg CO_2e/m^2 at the latest at the beginning of the respective performance period.

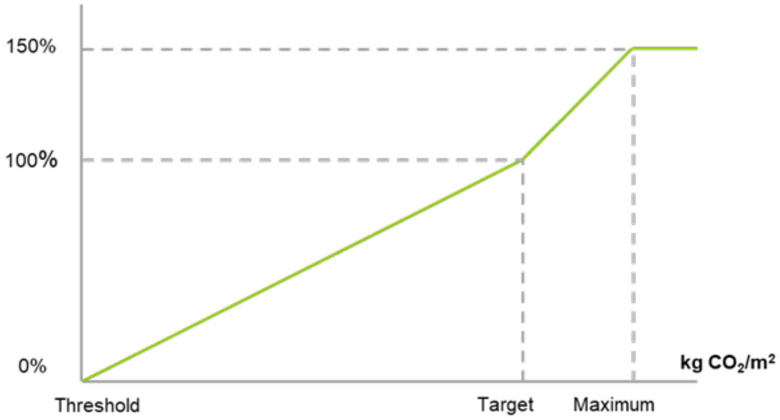
- If the actual value of the decarbonisation pathway corresponds to the threshold value or is below the threshold value, the target achievement is 0%.

- If the actual value of the decarbonisation pathway corresponds to the target value, the target achievement is 100%.

- If the maximum value of the decarbonisation pathway is reached or exceeded, the target achievement is 150% ("cap").

- Target achievement is determined by linear interpolation between the threshold and target values and between the target and maximum values of the decarbonisation pathway.

The target achievement curve for the decarbonisation pathway for the 2025 financial year is as follows:



The Supervisory Board is authorised to set other threshold, target and maximum values for future financial years.

Step 3: Determining the overall target achievement of the four performance targets

At the end of the respective performance period, the **overall target achievement of the four performance targets** is determined. In the first step, target achievement is calculated separately for each performance target on the basis of the defined measurement principles. In the second step, the weighted sum of the individual target achievements is calculated (as a percentage). This represents the overall target achievement of the four performance targets. The total target achievement of the four performance targets can be between 0% and 150%. All relevant assessment bases and the resulting target achievement of the performance targets are disclosed and explained ex-post in the remuneration report.

Step 4: Determining the final number of virtual performance shares

The final number of virtual performance shares is determined at the end of the performance period. This is calculated by multiplying the overall target achievement of the four performance targets over the three-year performance period by the number of virtual performance shares initially allocated.

Step 5: Determination of the initial LTI value

The initial value of the LTI 2025 ("**initial LTI value**") is then determined on the basis of the final number of performance shares. The initial LTI 2025 value is calculated by multiplying the number of final performance shares by the sum of

- the arithmetic mean of the closing prices of the pbb share on the last 30 trading days before the end of the performance period and
- the dividends paid out per pbb share during the performance period; dividends do not bear interest or are reinvested.

The initial LTI value is limited to 150% of the target amount. In addition, the upper limit of Section 25a (5) sentence 2 KWG applies (see section 2).

c. Malus test

When determining the total amount of variable remuneration, the Supervisory Board takes into account whether the Management Board member can be accused of any **unethical or improper behaviour in** the relevant assessment period. This necessarily leads to a reduction in the respective initial values and cannot be offset by positive performance contributions.

In addition, the Supervisory Board reviews any **negative performance contributions** within the meaning of Section 18 (5) IVV ("**malus and clawback review**") and, in particular in the event of serious misconduct by a member of the Management Board in the relevant assessment period, has the option of reducing the respective initial values to an appropriate extent and, if necessary, reducing them to zero. In case of a clawback event, the respective initial value must be reduced to zero.

d. Total amount of variable remuneration

The Supervisory Board also examines the financial **conditions for payment in accordance with Section 7 IVV**

For this purpose, the **total amount of variable remuneration** is initially determined by the company after the end of each financial year. In this determination, all initial values of the STI and LTI determined at this point in time are taken into account with regard to the performance-related variable remuneration

The requirements of Section 7 IVV are reviewed in accordance with the statutory requirements. The Supervisory Board uses relevant reorganisation thresholds from the reorganisation plan as indicators for the necessity of an in-depth review of the legal requirements in accordance with Section 7 IVV. If the legal requirements are met, a total amount of variable remuneration is made available. If the legal requirements are not met or are only met to a limited extent, the Supervisory Board must reduce or waive the specified starting values.

e. Consideration of extraordinary developments

In accordance with recommendation G.11 of the GCGC, the Supervisory Board has the possibility to take into account extraordinary developments to an appropriate extent: extraordinary developments may occur in the event of unforeseeable changes in pbb's economic environment which cannot be influenced or controlled. These may include short-term changes in general regulatory requirements that are material for pbb Group, short-term fundamental macroeconomic events, foreign trade restrictions and special effects from the acquisition or disposal of material parts of the Company, particularly in the case of externally triggered M&A activities, or windfall profits.

Should extraordinary developments occur, the Supervisory Board can increase or reduce the target achievement of the variable remuneration by up to 20 percentage points in order to take appropriate account of both positive and negative effects on target achievement (so-called "modifiers"). If adjustments are made, the amount of the adjustment and the reasons for determining the amount are disclosed transparently in the remuneration report for the respective financial year.

Calculation of variable remuneration

Contractually agreed calculatory reference value (CRV)

= xx EUR

40% **STI**

40% CRV = STI

1. target definition

Departmental & individual level
(0 - 150 % target achievement)

Departmental targets + Individual targets

Quantitative and qualitative targets (incl. ESG)

- **One-year measurement** (for the respective financial year)
- Determination of weighting and target value at the beginning of the measurement period

2. determination of overall target achievement STI

Components of the measured variable:

Departmental goals + Individual goals

(Weighted) Ø achievement of the targets =
Overall target achievement STI in %
(0 - 150 % target achievement)

3. initial value STI

40% CRV = STI

X

(Weighted) Ø achievement of the targets =
Overall target achievement STI in %
(0 - 150 % target achievement)

60% **LTI**

60% CRV = LTI

1. allocation of **virtual performance shares**

Target amount / Xetra closing price

Number of **virtual performance shares**

2. definition & measurement of RoTE, EER, TSR and decarbonisation pathway

Measurand:	Measurement:
RoTE	Ø Actual value of the respective performance period **over three years**
ERR	Ø Actual value of the respective performance period **over three years**
TSR	Comparison **TSR Performance pbb** with **performance of the companies in the peer group** (STOXX Europe Banks 600)
Decarbonisation pathway	Comparison **Average weighted by asset class at portfolio level** kg CO_2e/m^2 with **pbb's target path** kg CO_2e/m^2

3. determination of overall target achievement LTI

Single measurement size:	Weighting:
RoTE	1/3
ERR	1/3
TSR	1/6
Decarbonisation pathway	1/6

(Weighted) Ø achievement of the targets =
Total target achievement LTI in %
(0 - 150 % target achievement)

4. final number of virtual performance shares

Number of **virtual performance shares**

X

(Weighted) Ø achievement of the targets =
Total target achievement LTI in %
(0 - 150 % target achievement)

=

Final number of **virtual performance shares**

5. initial value LTI

Final number of **virtual performance shares**

X

Xetra closing price

+

Dividend per ppb share for performance period

Total amount of variable remuneration

Initial value STI + **Initial value LTI** **= xx EUR**

f. Payment structure: performance-related variable remuneration

As a significant institution within the meaning of section 1 (3c) of the KWG, pbb must in particular observe the **requirements of section 20 of the IVV with regard to the variable remuneration of risk takers.** Members of the Management Board are risk takers. The payment structure of the variable remuneration of the members of the Management Board is therefore generally subject to the following framework conditions:

The total amount of variable remuneration is divided into a **disbursement portion** and a **deferral portion**.

The disbursement portion for members of the Management Board amounts to 40% of the respective total amount of variable remuneration, the deferral portion to 60% of the respective total amount of variable remuneration.

Payment share: 40% of the respective total amount of variable remuneration

50% of the payout share is generally paid out in cash at the end of the first half of the financial year in which the total amount of the respective variable remuneration is determined and in September of this year at the latest, provided that the payout requirements pursuant to Section 7 IVV are met (example: determination of the total amount from STI 2028 and LTI with the performance period 2026-2028 takes place at the beginning of 2029; payment of 50% of the disbursement share in May 2029).

The remaining 50% of the disbursement portion is paid out after a **holding period of one year** in the financial year following the determination of the total amount of variable remuneration. During the holding period, this amount is in line with the **development of pbb's share price**.

For this purpose, the corresponding amount is converted into an equivalent number of virtual shares at the beginning of the holding period. The average Xetra closing price of pbb shares in the month of the financial year in which the total amount is determined (subscription price) is used to calculate the number of virtual shares. The virtual shares calculated in this way are converted into a cash amount and paid out after a holding period of one year. The conversion takes place at the average Xetra closing price of the pbb share in February of the year of disbursement (disbursement price). 50% of the disbursement portion of the total amount of variable remuneration thus participates directly in the performance of the pbb share price during the holding period.

Deferral share: 60% of the respective total amount of variable remuneration

The deferral **period** for the deferral portion is a total of **five years** for Management Board members.

In the five financial years following the determination of the total amount of variable remuneration, the Supervisory Board decides annually on the re-determination of one-fifth of the deferral component in each case, there is no entitlement to the deferred remuneration components until the respective re-determination.

Half of the respective deferral share will be **paid out in cash** after the redetermination.

The **other half** of the respective deferral share is subject to **a holding period of one year** after the re-determination. During the holding period, this half is adjusted in line with the **development of pbb's share price**. For this purpose, the corresponding amount is converted into an equivalent number of virtual shares at the beginning of the respective holding period. The average Xetra closing price of the pbb share in the month of February of the financial year following the determination of the total amount (subscription price) is used to calculate the number of virtual shares. The virtual shares calculated in this way are converted into a cash amount after a holding period of one year and paid out with the next 50% cash payment. The conversion takes place at the average Xetra closing price of the pbb share in the month of February of the year of disbursement (disbursement price). 50% of the deferral portion thus participates directly in the performance of the pbb share price during the holding period.

The Supervisory Board takes the following aspects into account when deciding on the re-determination of a deferral share at the end of the annual deferral period:

- **Backtesting**: As part of a retrospective review of the performance-related variable remuneration (ex-post risk adjustment), the Supervisory Board reviews any negative deviations from the defined performance targets that have subsequently occurred ("**backtesting**"). With this retrospective performance assessment, the Supervisory

Board checks whether the originally determined target achievement is still correct in retrospect, e.g. whether risks were underestimated or not recognised or unexpected losses have occurred. If the Supervisory Board identifies such missed targets as part of the backtesting process, the deferral component must be reduced to the extent necessary to lower the variable remuneration to the newly determined level.

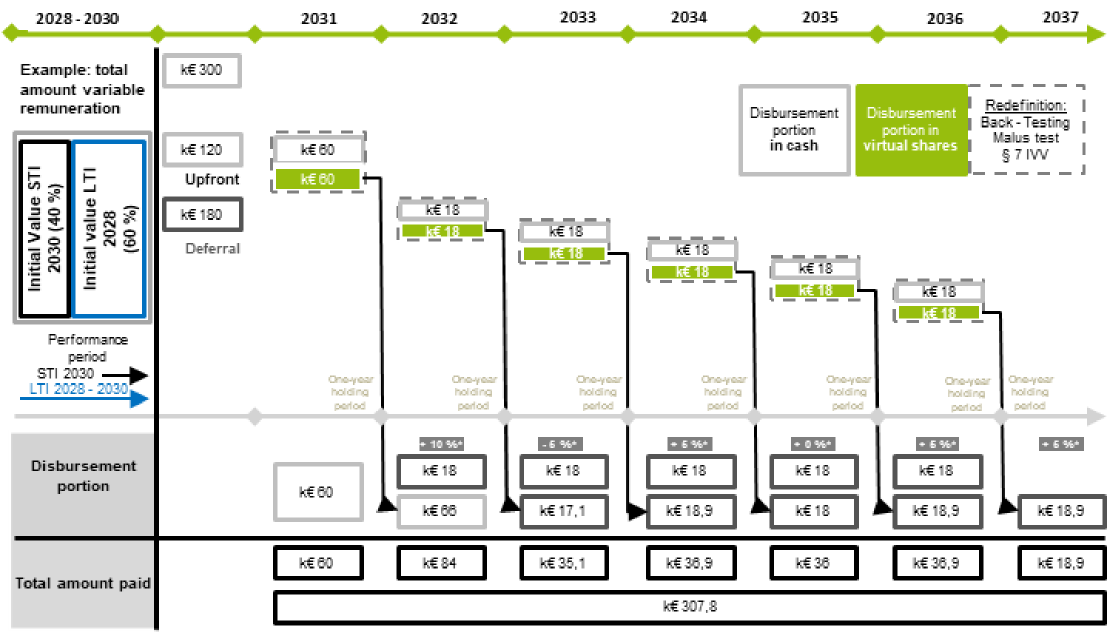
- **Unethical behaviour and behaviour in breach of duty**: The Supervisory Board also examines whether the respective Management Board member can be accused of any unethical behaviour in the relevant assessment period or behaviour in breach of duty. This necessarily leads to a reduction in the deferral share and cannot be offset by positive performance contributions.

- **Malus and clawback review**: In addition, the Supervisory Board reviews any negative performance contributions within the meaning of Section 18 (5) IVV ("**malus review**") and, in particular in the event of serious misconduct by a member of the Management Board, has the option of cancelling variable remuneration components that have not yet been paid out or reclaiming variable remuneration components that have already been paid out from the Management Board member ("**malus and clawback rule**")

pbb has entered into agreements with the members of the Management Board regarding the **clawback** of variable remuneration ("**clawback agreement**"). According to this agreement, all claims for payment of variable remuneration for the relevant assessment period that have not yet been paid out lapse, or the Management Board member is obliged to repay the variable remuneration already paid out for the relevant assessment period if he or she was significantly involved in or responsible for behaviour that led to significant losses or a significant regulatory sanction for the institution. The same applies if the Management Board member has seriously breached relevant external or internal regulations with regard to suitability and behaviour. pbb may reclaim variable remuneration already paid out up to two years after the end of the retention period for the corresponding financial year. The more detailed specification of the clawback criteria set out in the IVV takes into account the regulatory requirements and applies these - against the background of the special features of pbb Group's business model and risk profile - with a view to the sustainability of the Company's success and the synchronisation of the Company's success and bonus payments.

Payout requirements, Section 7 IVV: Finally, the Supervisory Board reviews the financial payout requirements in accordance with Section 7 IVV. On the basis of this review, the Supervisory Board can reduce or cancel the variable remuneration of a member of the Management Board.

Total amount of variable remuneration - payment system for Management Board members (Example: total amount of variable remuneration 300,000 euros)



- Payout portions are divided into a **cash portion** and a **share portion, each amounting to 50%**. The share component has a one-year holding period and depends on the performance of pbb's share price during this period. This can develop both positively and negatively. Positive and negative developments were assumed as examples.

Change from the 2021 remuneration system to the 2025 remuneration system

As a result of the change from the 2021 remuneration system to the 2025 remuneration system, the bonus pool model will be converted to a target bonus model. In addition, the three-year performance period for the LTI will be from a backward-looking to a forward-looking performance period. The last fully allocated LTI in accordance with the 2021 remuneration system, amounting to 60% of the bonus pool, will be determined at the end of the 2024 financial year. The performance period of the first LTI, which is based entirely on the 2025 remuneration system and amounts to 60% of the variable target remuneration, begins in the 2028 financial year.

The change to the 2025 remuneration system will take place **gradually**.

To this end, the previous LTI with a backward-looking three-year performance period will be successively converted into an LTI with a forward-looking performance period over a period of three years as follows.

- In the 2025 financial year, the LTI with a backward-looking performance period amounts to 40% of the variable target remuneration and the LTI with a forward-looking performance period amounts to 20% of the variable target remuneration.

- In the 2026 financial year, the LTI with a backward-looking and forward-looking performance period each amounts to 30% of the variable target remuneration.

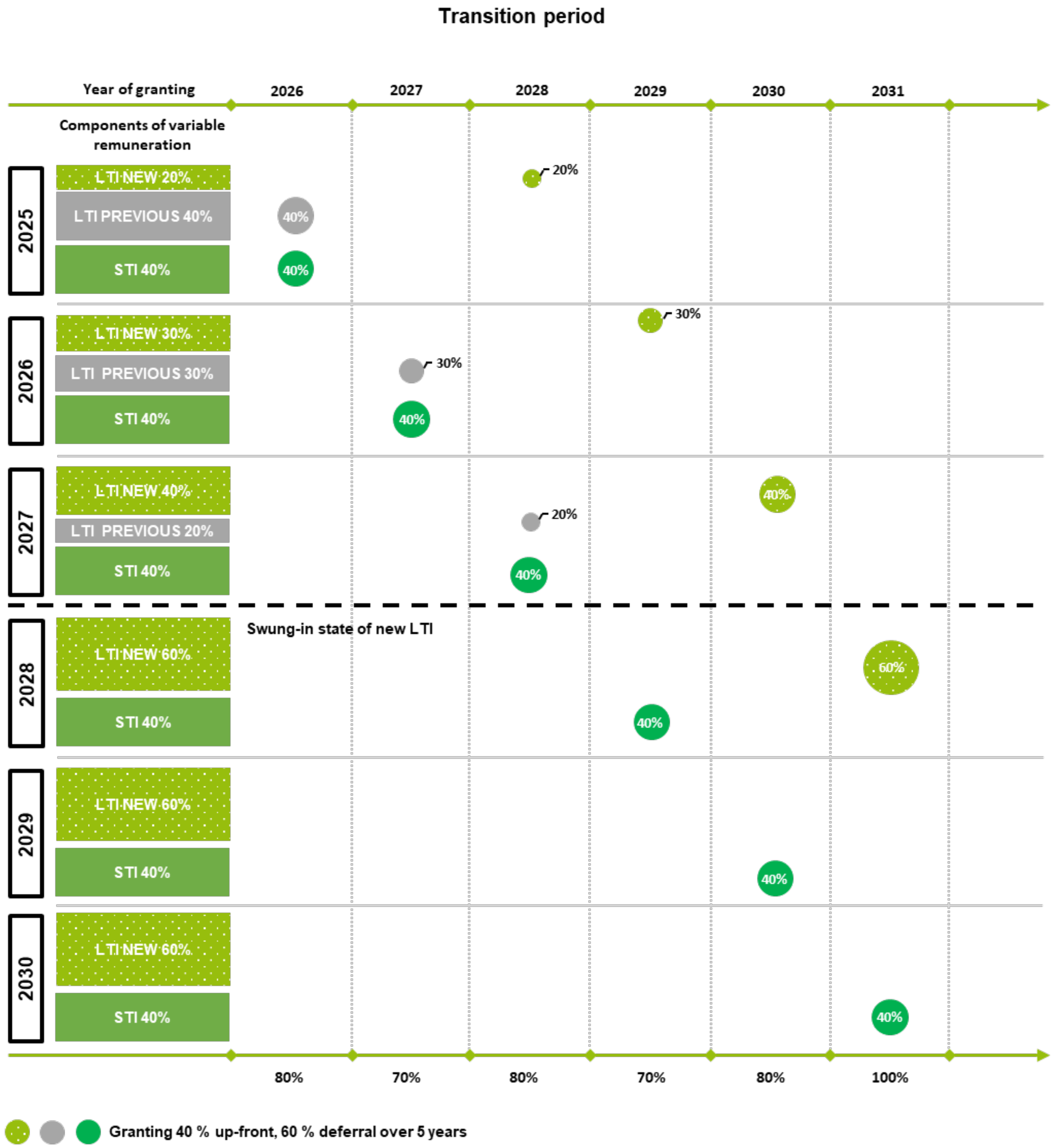
- In the 2027 financial year, the proportion of the LTI with a backward-looking performance period will be further reduced to 20% and the proportion with a forward-looking performance period will be further increased to 40%.

The STI of 40% of the variable target remuneration remains unchanged.

The detailed structure of the previous STI and LTI in accordance with the 2021 remuneration system was presented in the "Overview of changes" section (p. 7) and in the remuneration report for the 2024 financial year.

During the transition period, the **total amount of variable remuneration** will be determined after the end of the financial years 2025-2027, taking into account the initial value of the LTI under the 2021 remuneration system, the initial value of the LTI under the 2025 remuneration system and the initial value of the STI.

After the end of the transition period, i.e. at the beginning of the 2028 financial year, the company will then switch completely to the new target bonus model and the STI amounting to 40% of the variable target remuneration and the LTI with a forward performance period amounting to 60% of the variable target remuneration will be allocated for the first time



Limitation of total remuneration (maximum remuneration)

The Supervisory Board has set a **maximum remuneration** for the members of the Management Board.

The maximum remuneration represents the **maximum total remuneration to be granted for a financial year**, i.e. the total of all remuneration amounts paid for the financial year in question, including the basic annual salary, performance-related variable remuneration, pension expenses for the company pension scheme and fringe benefits, regardless of whether the remuneration amounts are paid out in this financial year or at a later date.

The maximum remuneration does not represent the level of remuneration sought or considered appropriate by the Supervisory Board. It merely sets an **absolute upper limit** in order to avoid disproportionately high Management Board remuneration. It must therefore be **clearly distinguished from the target total remuneration**.

The maximum annual remuneration is **EUR 2,200,000** for the **Chairman of the Management Board** and **EUR 2,000,000** for **each of the ordinary members of the Management Board.** If the maximum remuneration for a financial year is exceeded, the amount paid out as performance-related variable remuneration for the financial year in question is reduced accordingly.

The maximum remuneration may exceed the specified maximum remuneration when a new member of the Management Board takes up office in the first twelve months after commencing employment if, in individual cases and to the extent permitted by regulatory requirements, the Supervisory Board makes agreements to compensate for lost remuneration entitlements from a previous service or employment relationship and/or agrees sign-on bonuses and/or guaranteed variable remuneration in an appropriate amount with the new Management Board member in order to recruit new Management Board members.

In accordance with Section 25a para. 5 sentence 2 KWG, the variable remuneration may not exceed 100% of the fixed remuneration unless an increase is resolved by the Annual General Meeting. In accordance with Section 5 para. 5 sentence 3 IVV, guaranteed variable remuneration (also sign-on bonus) may be disregarded when calculating the ratio between the variable and fixed annual remuneration in accordance with Section 25a para. 5 sentence 2 KWG if it was agreed before the start of the activity.

3. Remuneration-related legal transactions

3.1 Prohibition of hedging transactions

Notwithstanding their obligations under other statutory provisions (such as the German Securities Trading Act, "WpHG"), the members of the Management Board are obliged, in accordance with Section 8 IVV, **not to** take **any personal hedging or other countermeasures** that restrict or cancel the risk orientation of their remuneration. The prohibition of hedging transactions is agreed in individual contracts.

In addition, the members of the Management Board are obliged to provide information on the type and scope of corresponding hedging or other countermeasures in the event of spot checks or as part of ad hoc reviews based on reasonable suspicion of a breach of the ban on hedging transactions within the meaning of Section 8 IVV. The selection and scope of the random samples are risk-oriented, focussing on employees with special functions as well as risk takers. Furthermore, pbb may request a written declaration from all members of the Management Board regarding hedging or other countermeasures. In addition, the Company's Compliance Instruction as amended from time to time applies.

3.2 Terms and conditions for the termination of Management Board membership

The service contracts of the members of the Management Board are valid for the duration of the current appointments. When appointing members of the Management Board and determining the duration of Management Board contracts, the Supervisory Board observes the provisions of Section 84 of the German Stock Corporation Act (AktG) and takes into account the recommendations of the GCGC. In the case of a first-time appointment to the Management Board, the term of appointment and the duration of the Management Board service contract should be three years. In the case of reappointments or an extension of the term of office, the maximum duration of the Management Board service contract is five years. In accordance with the requirements of stock corporation law, the employment contracts do not provide for ordinary termination; the right to terminate without notice for good cause remains unaffected.

3.3 Benefits in the event of termination of Management Board activity

Premature termination of Management Board activity

The performance-related variable remuneration for active Management Board activities is paid out at the originally agreed times and conditions, even in the event of premature termination of Management Board activities without good cause. The performance-related variable remuneration is not paid out early. If the employment relationship ends in these cases before the deferral portion has been paid out in full, the regulations on the payment structure and due date remain unaffected.

If the employment of a member of the Management Board ends as a so-called "bad leaver", the Supervisory Board of pbb decides at its reasonable discretion whether and to what extent the LTI under the 2025 remuneration system and the LTI under the 2021 remuneration system, whose assessment period has not yet expired in each case, will be forfeited. The same applies to the deferral shares that have not yet been redefined at the time of receipt of the notice of termination.

An Management Board member is deemed to be a "bad leaver" if his or her employment ends (also) due to a legally effective extraordinary termination by the company or an unauthorised extraordinary termination by the Management Board member.

Redundancy payments

There are no entitlements to severance payments in the employment contracts of Management Board members. In the event of premature termination of Management Board activity without good cause, any severance payment agreed for Management Board members is **capped at two years' remuneration** (severance payment cap). The severance payment is also limited to the extent that it may not compensate more than the remaining term of the employment relationship.

The two annual remuneration payments are calculated as follows: The two annual remuneration amounts represent twice the sum of the basic annual remuneration for the previous calendar year and the share of the calculatory reference value for the current calendar year that is attributable to the LTI, i.e. 60% of this calculatory reference value. The Supervisory Board is authorised to set the pro rata total amount of variable remuneration to be taken into account for a calendar year higher or lower if, in the opinion of pbb, there are sufficient facts at the time of the conclusion of a termination agreement or the receipt of a notice of termination of this service agreement that the institution's performance in the current calendar year will be higher or lower than the institution's performance in the previous calendar year.

No further compensation provisions in the event of a change of control

The employment contracts of the members of the Management Board contain neither a special right of cancellation in the event of a change of control nor a provision for severance pay in this case.

4. Procedures for determining, implementing and reviewing the Management Board remuneration system

The Remuneration Control Committee supports the Supervisory Board in organising the remuneration system for the members of the Management Board and prepares the resolutions of the Supervisory Board on the remuneration of Management Board members. In particular, this includes preparing the resolutions of the Supervisory Board

- to **determine the total amount of variable remuneration**,
- to determine appropriate **performance targets, performance contributions, performance and retention periods** and the conditions for a partial reduction or complete loss or clawback of variable remuneration.

In addition, the Remuneration Control Committee supports the Supervisory Board in the regular, but at least annual, review of whether the **stipulations** adopted by the Supervisory Board **regarding the structure of the remuneration system** are still **appropriate**. In this context, the appropriateness of the remuneration system, remuneration structure and remuneration is reviewed annually, taking into account the development of remuneration and employment conditions.

The Remuneration Control Committee also supports the Supervisory Board in **monitoring the proper involvement of internal control and all other relevant areas** in the design of the remuneration systems. It assesses the impact of the remuneration systems on the risk, capital and liquidity situation and ensures that the remuneration systems are aligned with the business strategy geared towards the sustainable and long-term development of the institution and the resulting risk strategies as well as the remuneration strategy at institution and Group level.

The recommendations of the Remuneration Control Committee are discussed in detail by the Supervisory Board before the corresponding resolution is passed. If necessary, the Supervisory Board may consult external advisors, such as remuneration experts. In doing so, the Supervisory Board ensures their independence from the Management Board and takes precautions to avoid conflicts of interest.

In the event of **significant changes to the remuneration system**, but at least **every four years**, the remuneration system is submitted to the **Annual General Meeting** for approval. If the Annual General Meeting does not approve the remuneration system, a revised remuneration system will be presented at the following Annual General Meeting at the latest.

The **Remuneration System 2025** applies - subject to approval by the Annual General Meeting - **effect from 1 January 2025** for all members of the Management Board appointed at the time of the resolution, as well as for all new appointments and reappointments. In order to implement the remuneration system, the Supervisory Board, on behalf of pbb, will mutually agree with the members of the Management Board on corresponding **adjustments to their service contracts**.

The Supervisory Board's rules on the avoidance and handling of conflicts of interest apply to the entire process of establishing, implementing and reviewing the Management Board remuneration system.

Review of the appropriateness of remuneration

In accordance with Section 87 (1) AktG, the Supervisory Board regularly reviews the appropriateness of the individual remuneration components and the amount of total remuneration. The aim of the Supervisory Board is to offer the members of the Management Board a remuneration package that is both in line with the market and competitive within the regulatory framework.

When determining the remuneration for the members of pbb's Management Board, performance-related pay is to be ensured, and the size of the Company and its international business activities are to be taken into account. A comparison is made on the one hand with the remuneration of Management Board members at comparable companies (**horizontal remuneration comparison**), and on the other hand with the remuneration of employees who report directly to the Management Board members (second management level), as well as other employees in pbb Group (**vertical remuneration comparison**). The peer group is published in the Remuneration Report. The Supervisory Board uses the vertical comparison to review whether the remuneration gaps to the workforce indicate inappropriate remuneration of the members of the Management Board. Furthermore, the economic and financial situation of pbb Group is also taken into account when determining the remuneration.

Measures to avoid and manage conflicts of interest

The Supervisory Board's rules on the avoidance and handling of conflicts of interest apply to the entire process of establishing, implementing and reviewing the Management Board remuneration system. Should conflicts of interest arise, they must be disclosed and can lead to exclusion from discussion and decision-making processes, among other things.

5. Reservation of temporary deviations from the remuneration system

The Supervisory Board may temporarily deviate from the remuneration system for Management Board members (procedures and regulations on the remuneration structure) and its individual components as well as the individual remuneration components or introduce new remuneration components if this is necessary in the interests of the long-term well-being of the company. Such exceptional cases exist in particular if deviations are useful to implement regulatory or statutory requirements or to fulfil legal obligations.

In addition, the maximum remuneration and/or the relative weighting of the remuneration components for any new appointments may deviate, particularly if agreements are made to compensate for lapsed remuneration entitlements from a previous employment relationship with a third-party company that is not part of pbb Group and/or sign-on bonuses and/or guaranteed variable remuneration in an appropriate amount are agreed within the scope of regulatory requirements.

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