

**LB≡BW**

Bereit für Neues

# Remuneration report 2023



# Contents

<b>1</b>	<b>Introduction</b>	<b>3</b>
<b>2</b>	<b>Remuneration governance of LBBW</b>	<b>4</b>
2.1	Structures of governance and decision-making processes with regard to remuneration	4
2.2	Remuneration Control Committee	5
2.3	Remuneration Officer	7
2.4	Relevant stakeholders	7
2.5	External consulting	7
<b>3</b>	<b>Structure of remuneration systems</b>	<b>8</b>
3.1	Business strategy update	8
3.2	Group remuneration strategy	8
3.3	Remuneration structure and elements	9
<b>4</b>	<b>Remuneration systems of LBBW (Bank)</b>	<b>15</b>
4.1	Fixing of variable performance-based remuneration at LBBW (Bank)	15
4.2	Board of Managing Directors	16
4.3	Supervisory Board	17
4.4	Employees and senior managers	18
<b>5</b>	<b>Remuneration systems of subsidiaries</b>	<b>21</b>
5.1	Relevant subsidiaries in accordance with Section 27 InstitutsVergV	21
5.2	Description of the remuneration systems	22
<b>6</b>	<b>Remuneration figures</b>	<b>24</b>
6.1	Methodology	24
6.2	Total remuneration of LBBW Group	25
6.3	Remuneration of Risk Takers at the LBBW Group (Supervisory Board, Board of Managing Directors, managing directors of subsidiaries and employees)	26

# 1 Introduction

As a significant institution as defined in Section 1 (3c) of the *Kreditwesengesetz* (German Banking Act - KWG) Landesbank Baden-Württemberg (LBBW) is obligated to publish information on the structure of its remuneration systems. In some cases, subsidiaries are subject to their own regulatory standards concerning the appropriateness of their remuneration systems. Other local provisions can apply to locations outside Germany.

LBBW's disclosure duties as a CRR institution are governed by Section 16 of the *Institutsvergütungsverordnung* (InstitutsVergV – German Financial Institution Remuneration Ordinance) of 25 September 2021 in conjunction with Article 450 of Regulation (EU) No. 575/2013 (CRR).

This remuneration report contains the detailed information relevant to the 2023 financial year. An appropriately high level of detail was chosen given LBBW's size. As the parent Institution of the LBBW Group, LBBW fulfils its disclosure requirements at Group level (Section 2 (12) InstitutsVergV in conjunction with Section 27 (1) sentence 3 InstitutsVergV), i.e. including the remuneration disclosures for LBBW itself and its subsidiaries.

The remuneration report is broken down as follows:

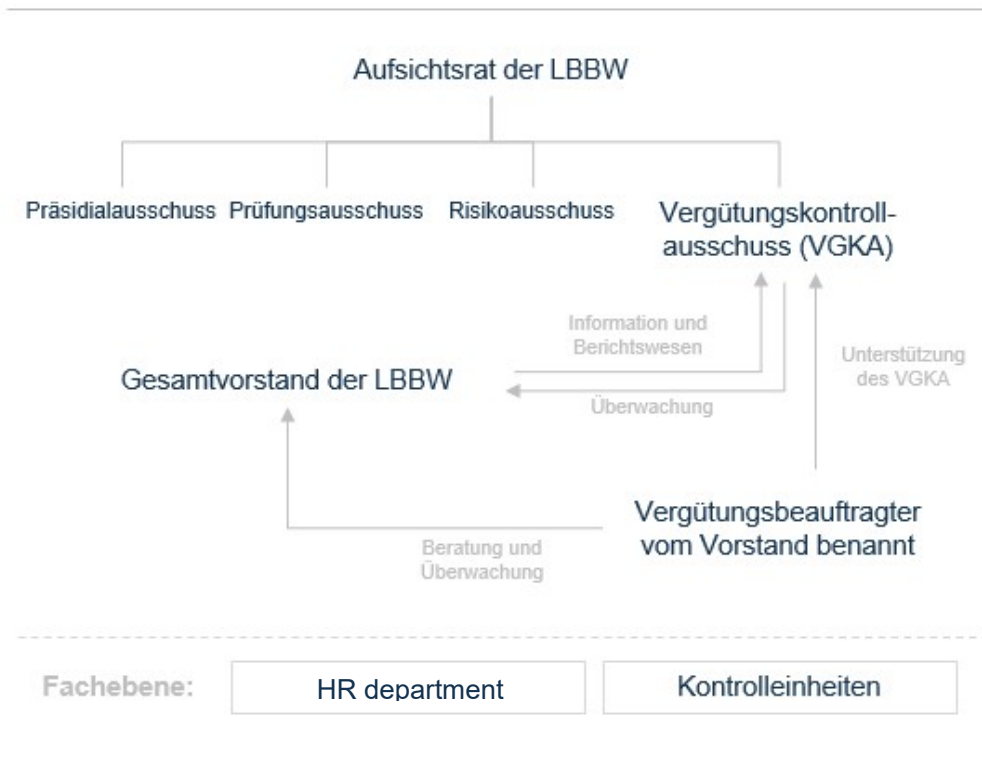
- Remuneration governance of LBBW
- Structure of remuneration systems
- Remuneration systems of LBBW (Bank)
- Remuneration systems of relevant subsidiaries
- Remuneration figures

# 2 Remuneration governance of LBBW

## 2.1 Structures of governance and decision-making processes with regard to remuneration

As a major institution as defined in Section 1 (3c) KWG, LBBW is obligated to meet not only the requirements pertaining to the structure and disclosure of remuneration, but also the requirements of remuneration governance.

Vergütungs-Governance-Struktur der LBBW  
(basierend auf § 25d Absatz 12 KWG und den Bestimmungen der InstitutsVergV)



All matters relating to remuneration and compliance with regulatory requirements are decided upon and monitored via the remuneration governance structure:

- The Supervisory Board makes decisions regarding the structure and implementation of the remuneration system for members of LBBW's Board of Managing Directors and monitors the appropriate structuring of the remuneration systems for the employees. It is also the decision-making body on the amount of remuneration and, in particular, the total amount of variable remuneration for the Board of Managing Directors. The Supervisory Board of LBBW held four meetings in the reporting period.
- The Remuneration Control Committee supports the Supervisory Board with these monitoring and supervises the remuneration systems as well as their structure; especially focusing on their alignment with the business and risk strategies and the Group remuneration strategy as part of its control function.
- The Group's Board of Managing Directors makes decisions on the structure and implementation of the remuneration systems, the remuneration budgets and employees' individual remuneration. The individual Board of Managing Directors members work as permitted by law on implementation in the Group through their positions on the Supervisory Boards of the subsidiaries or in their function as shareholders.
- The Remuneration Officer supports the Remuneration Control Committee/Supervisory Board in their control function and is continuously involved in the application of remuneration systems as well as new developments or enhancements. In addition, the Remuneration Officer is informed about the development of new/updating of existing remuneration systems at the subsidiaries and reviews the consistent application of the Group remuneration strategy.
- The HR department operates at a specialized level in preparing the structure of the remuneration systems as well as the decisions made by the Board of Managing Directors and carries them out.
- The Control Units within the meaning of Section 2 (11) InstitutsVergV are regularly included in the structuring and monitoring of the remuneration systems.

At LBBW, these are Group Compliance, Financial Controlling, Group Auditing, Risk Control and all of Risk Management.

- Executives utilize the performance management and remuneration tools provided as part of their leadership and management role.

At LBBW subsidiaries, responsibility for remuneration systems is governed by the respective company and regulatory guidelines.

## 2.2 Remuneration Control Committee

The Remuneration Control Committee supports the Supervisory Board as a supervisory body in appropriately structuring the Bank's remuneration systems for managers and employees. It works closely with LBBW's Risk Committee and incorporates internal Control Units as well as other relevant business units. In particular, monitoring the appropriateness of remuneration systems is also among its tasks. In doing so, it especially takes into consideration their impact on the Bank's management of risk, capital and liquidity. The Committee also advises the Board of Managing Directors on fundamental issues pertaining to remuneration, points out to the Board any potentially undesirable developments in the remuneration systems and offers proposals to correct these.

The Remuneration Control Committee is composed of members of the Supervisory Board, thus enabling it to guarantee closer ties to the Supervisory Board and ensuring that it focuses on the Group's remuneration matters. It comprises a chairman, a deputy chairman and five members.

## Members of the Remuneration Control Committee in 2023

<b>Chairman</b>	<b>Christian Brand</b> FORMER CHAIRMAN OF THE BOARD OF MANAGEMENT OF L-BANK
<b>Deputy Chairman</b>	<b>Dr Danyal Bayaz (MdL)</b> MINISTER OF FINANCE OF THE STATE OF BADEN-WÜRTTEMBERG
<b>Members</b>	<b>Bernhard Ilg</b> MAYOR (RETIRED)
	<b>Dr Frank Nopper</b> LORD MAYOR OF THE STATE CAPITAL OF STUTT GART
	<b>B. Jutta Schneider</b> SHAREHOLDER OF SCHNEIDER & PETERS CONSULTING GbR
	<b>Peter Schneider</b> PRESIDENT OF SPARKASSENVERBAND BADEN-WÜRTTEMBERG
	<b>Norbert Zipf</b> EMPLOYEE REPRESENTATIVE OF LANDESBANK BADEN-WÜRTTEMBERG

The Remuneration Control Committee held three meetings in total in the reporting year, and in conjunction with its monitoring activities in accordance with Section 25d (12) KWG and Section 15 (3) to (5) InstitutsVergV, essentially discussed the following remuneration issues:

- Group performance 2022 and total amount of variable remuneration 2022
- Planned bonus budget 2024 and total amount of variable remuneration 2024
- Selection criteria, procedures, and results of Risk Taker selection 2024
- Group remuneration strategy 2024
- Remuneration Control Report of the Remuneration Officer 2023
- Appointment of Remuneration Officer/Deputy Remuneration Officer
- Information on the remuneration structure and 2022 remuneration systems by LBBW's Board of Managing Directors

All key discussions of remuneration systems were also held in the plenary session of the Supervisory Board.



## 2.3 Remuneration Officer

In accordance with the requirements of Section 23 InstitutsVergV, the Board of Managing Directors appointed an independent Remuneration Officer and a Deputy Remuneration Officer.

Section 24 InstitutsVergV stipulates the legally defined tasks of the Remuneration Officer as, in particular, continuous monitoring of the appropriateness of employee remuneration systems as well as support for the Supervisory Board and the Remuneration Control Committee in carrying out their monitoring and structuring duties. In addition, the Remuneration Officer is also informed about the development of new/updating of existing remuneration systems at the subsidiaries and reviews the consistent application of the Group remuneration strategy.

The Remuneration Officer is tasked with close coordination with the Remuneration Control Committee and its chair and also provides it with information upon request.

Once a year the officer drafts a report on the appropriateness of how the employee remuneration systems are structured (Remuneration Control Report), which he or she at the same time makes available to the entire Board of Managing Directors, the Supervisory Board and the Remuneration Control Committee. The Remuneration Control Report also comprises the results of the review of the appropriateness of the remuneration systems with regard to their compliance with the business and risk strategies as well as the regulatory requirements in accordance with Section 12 InstitutsVergV, which is performed once per year by the Remuneration Officer on behalf of the Board of Managing Directors. The report from the 2023 financial year established the fundamental appropriateness of the remuneration systems for the employees of LBBW.

The Remuneration Officer's activities focus on monitoring the appropriateness of remuneration systems, a function that largely deals with compliance with regulatory requirements. In doing so, he or she collaborates with the other control and monitoring functions at LBBW.

## 2.4 Relevant stakeholders

There are other relevant stakeholders in addition to the functions described above:

### **Owners**

In the cases expressly determined in the legislation governing LBBW as well as in its statutes, the Annual General Meeting in particular makes decisions on the remuneration of Supervisory Board members as well as the compensation of Advisory Board members for expenses. The owners are also represented on the Supervisory Board according to their shares of ownership in LBBW. This ensures that the owners are involved in structuring the remuneration systems and that they receive information on the remuneration of employees every year.

### **Employees represented by the Staff Council**

The Staff Council is also involved in shaping the remuneration systems within the scope of the participation rights of the Staff Representation Act of the state of Baden-Württemberg (Landespersonalvertretungsgesetz Baden-Württemberg (LPVG Ba-Wü)).

## 2.5 External consulting

At the request of the HR department, LBBW procured the professional assistance of Willis Towers Watson and the law firm GÖRG regarding individual remuneration issues.

LBBW takes part in external remuneration benchmarking studies every year and, with the annual remuneration process, examines the appropriateness of LBBW employees' remuneration in relation to the market conditions. Market benchmarks were obtained by HR from the external consultants hkp, Willis Towers Watson, Kienbaum and McLagan

in 2023. As scheduled, the Supervisory Board engaged the law firm GÖRG for the report on the review of the appropriateness of the remuneration of the Board of Managing Directors in accordance with Section 12 InstitutsVergV. In addition, it also commissioned the consultancy hkp to produce the market analyses of the remuneration of the Board of Managing Directors.

## 3 Structure of remuneration systems

### 3.1 Business strategy update

To address the rapidly changing environment and the wide range of complex customer requirements, LBBW's new Group strategy came into effect on 1 January 2023. Key elements of the Group strategy are the company targets of growth and relevance. At its core is a clear focus on growth with steady earnings growth, systematic risk management and active cost control. At the same time, LBBW wants to secure a relevant position in the competition and be a reliable social and economic partner, providing long-term support to its stakeholders in complex transformation processes.

Five strategic levers support the Group strategy and help implement it in the individual LBBW segments: sustainable transformation, innovative solutions, more resilience, inspiring employees and social contribution.

### 3.2 Group remuneration strategy

The Group remuneration strategy forms the basis for shaping the remuneration system of Landesbank Baden-Württemberg (LBBW) itself and all its subordinated companies in Germany and abroad in a way that takes into account the strategy and risks in the medium and long term. It describes the contribution made by remuneration instruments and processes to the successful implementation of business and risk strategies, the HR strategy and the corporate culture. The remuneration parameters for variable remuneration thus support the ability to reach the targets derived from the business and risk strategy on a sustainable basis. Current and future risks, including in setting the overall budget for the Bank, the agreement of targets relevant to remuneration and the malus/clawback review are taken into account in the remuneration systems. The Control Units are appropriately involved in conjunction with their activities.

The overall goal of the Group remuneration strategy is to align its employee remuneration to its risks in line with its strategy. In doing so, implementation of the regulatory requirements forms the core element of the Group remuneration strategy, which provides the framework for employee benefits and remuneration within the scope defined by governance requirements.

The key purposes of the group remuneration strategy are to:

- define a standardized framework for the design and implementation of processes for performance management as well as to shape and determine the remuneration structure,
- ensure that relevant regulatory requirements are implemented and monitored for remuneration systems for subordinate/relevant subsidiaries,
- integrate performance management and remuneration processes into the principles of corporate governance and risk management,
- align employees' activities to specifically defined targets aimed at enhancing enterprise value,
- pursue risk-oriented performance management, i.e. taking on and managing reasonable risks,
- align remuneration instruments and processes in line with LBBW's business and risk strategies,
- clarity and transparency for managers and employees,
- secure competitive positions, thereby ensuring the Bank's appeal as an attractive employer in the labor market.

LBBW expressly supports the principle of gender-neutral remuneration for the same or similar work and performance. It strives to provide every employee with fair, non-discriminatory remuneration. The Group remuneration strategy



ensures that the remuneration systems are aligned with performance, results and the market so that pay discrimination on the basis of gender can be precluded. Any gender pay gaps are actively dealt with. LBBW's business strategy takes ESG issues into account in its strategic levers. The associated goals are integrated into the Group remuneration strategy. Sustainability aspects therefore play a key role in remuneration policy and are embedded at all three levels of performance measurement (Group, cluster, individual). The business and risk strategies are refined on an ongoing basis taking external and internal factors into account. This is reflected in the Group's remuneration strategy in that it is reviewed at least annually, but also during the year in the event of changes to the strategy and is adjusted whenever necessary.

The Group remuneration strategy is coordinated with the Control Units, adopted by the entire Board of Managing Directors of LBBW and discussed by the Remuneration Control Committee and the Supervisory Board. The structure of the Group remuneration strategy as well as the establishment of the Remuneration Control Committee and the activities it performs have given LBBW a stable governance structure that ensures appropriate shaping, implementation and monitoring of the remuneration systems. The Group remuneration strategy and information on the structuring of the remuneration systems are available to all employees on LBBW's Intranet via the Bank's written rules of procedure and are sent to all subsidiaries. All new employees at LBBW are also informed of the remuneration systems relevant to them. In the subsidiaries' remuneration principles, the Group remuneration strategy is enshrined as a mandatory overarching framework in addition to any regulatory remuneration requirements that apply to the companies directly. The subsidiaries are accordingly informed by the HR department each year of the updated Group remuneration strategy and their inclusion as a relevant subsidiary.

### 3.3 Remuneration structure and elements

LBBW's remuneration systems are geared towards performance, results and the market as well as the sustainable development of the Group. The remuneration systems are structured in line with the broad-based observance of the relevant statutory requirements based on InstitutsVergV as well as additional rules. The variable remuneration incentives are closely linked to the Bank's sustained performance and designed to avoid conflicts of interest with regard to customer interests. All remuneration systems are characterized by simplicity and clarity within the scope of legal requirements and at the same time guarantee that LBBW is able to remain competitive on the employment market.

LBBW grants (fixed and variable) remuneration and benefits in line with the market, with considerable weight placed on fixed remuneration.

There is generally no guaranteed variable remuneration in the LBBW Group. In specific cases and in line with the restriction of Section 25a (5) sentence 2 KWG, guaranteed variable remuneration can exclusively be agreed in conjunction with the formation of an employment contract and, at most, for the first year of employment. A commitment to pay guaranteed variable remuneration is subject to the condition that the company has appropriate own funds and liquidity resources as well as sufficient capital to safeguard internal capital adequacy at the time of payment.

At the end of an employment contract, severance pay can be agreed between the employee and the employer as compensation for the loss of the employee's job. Severance pay is granted solely in line with the applicable framework for defining and approving severance pay; the respective length of service and current fixed annual remuneration are also taken into account. The principle always applies that negative performance contributions must be considered and misconduct must not be rewarded. Severance must reflect the employee's performance and take into account LBBW's litigation risk in the event of possible labor court proceedings.

The remuneration systems are an element of LBBW's integrated risk management<sup>1</sup>. The avoidance of incentives to take inappropriate risks is ensured by the Group remuneration strategy derived from LBBW's business and risk strategies and its implementation in the respective remuneration systems. In the event of strategy changes, the design of the remuneration systems is reviewed accordingly and amended if necessary.

In particular, this relationship is expressed by the configurations of the remuneration system at LBBW:

---

<sup>1</sup> For detailed information on the key risk types and risk policy, please refer to the 2023 LBBW Disclosure Report

- LBBW's business strategy is aligned with the goals of growth and relevance in line with the risk situation and the capital employed. The business strategy is put into operation using the five strategic levers (sustainable transformation, innovative solutions, more resilience, inspiring employees, social contribution).
- Performance in the LBBW Group is measured on the basis of the business strategy, both for members of the Board of Managing Directors and for the employees eligible for bonuses. On this basis, the performance measurement parameters are embedded at all three levels of performance measurement (Group, cluster, individual) in the remuneration system. In addition to the goals of growth and relevance, the parameters used also take into account long-term profitability, cost efficiency and risk/resource productivity in the interests of solid capitalization. Specific KPIs have also been defined for the strategic levers. The individual goals count towards the broader lever goals at cluster and Group level. The goals of growth and relevance and the strategic levers are relevant as well. The remuneration systems are designed so as to ensure an appropriate response to internal and external events, and in particular to changes in key financial data, in conjunction with parameterization.
- As safeguarding internal capital adequacy is at the heart of the risk strategy, the utilization of risk-bearing capacity is a material performance indicator for LBBW. This is also taken into account in the remuneration system, e.g. adjusted risk-bearing capacity including risk protection is used as an indicator for the development of the value appreciation right.

The remuneration systems are structured in such a way that the incentive to take inappropriately high risks is avoided. For this reason, LBBW has set caps for the ratio of fixed to variable remuneration components, which guarantee a reasonable balance between the two elements in order to avoid any significant dependence on variable remuneration. There is a 1:1 cap on the ratio of variable performance-based remuneration to fixed remuneration, which complies with the relevant regulatory requirements. Deviating from this, variable remuneration of not more than a third of total remuneration is typically considered appropriate in Control Units. The stated cap of a third of total remuneration was minimally exceeded only in particularly justified absolute one-off cases in 2023.

In accordance with Section 8 InstitutsVergV, LBBW employees subject to this must not implement any personal hedging or other countermeasures concerning variable remuneration to limit or cancel the risk orientation of variable remuneration. To ensure compliance with the prohibition on hedging, LBBW can perform active, random checks of securities accounts. Employees are required to cooperate with these checks and to provide LBBW with the necessary information on request as quickly as possible.

There were no grounds for structural changes in LBBW's remuneration policy in the reporting year. In conjunction with the annual reporting to the Board of Managing Directors on the remuneration structure and remuneration systems, the Remuneration Control Committee and the Supervisory Board discussed the design of the remuneration systems and structure at length.

## **Fixed remuneration**

Fixed remuneration is essentially based on the function exercised and its significance in accordance with applicable collective agreements or, for positions not covered by such agreements, market conditions. The duties and requirements of the position, the qualifications and skills required of the employees and sustained individual performance are among the factors relevant for determining remuneration. The level of fixed remuneration ensures that employees are not significantly dependent on the variable remuneration part. There are no employment contracts at LBBW that give rise to any obligation to pay severance when employees leave the Bank.

### **Fixed remuneration for non-tariff employees**

Employees and non-tariff employees, i.e. those not covered by collective agreements, receive 12 monthly salary installments. The fixed remuneration is based on a benchmarking of the remuneration paid for the function by external competitors and internal remuneration on the one hand and on the basis of the employee's personal performance on the other hand.

In contrast to those covered by collective arrangements, position-based market indicators play a decisive role in the determination of remuneration for non-tariff employees and senior managers. This means that salaries in line with the market are used as a benchmark for determining the fixed remuneration.

The benchmarks required for this purpose are prepared in consultation with the consulting companies mentioned in this report. The benchmarks calculated in this way are used as a standard for determining remuneration and are supplemented with internal comparisons.

To improve the transparency of the remuneration structure, LBBW (Bank) has "salary bands" for non-tariff specialist and executive staff functions below the second level not covered by collective agreements.

Fixed salaries are reviewed once a year. Each year, the Board of Managing Directors, or the Supervisory Board or the shareholder for subsidiaries, makes a decision on regular adjustments (adjustment of base salary for non-tariff employees). In addition, there is an option for an individual increase, with the decision-makers mentioned above deciding on a budget for this annually. Subsidiaries usually base their decisions on the parent company. The decision as to which employee receives an individual increase is made by the responsible manager and is largely dependent on the employee's individual performance, the internal salary structure and market indicators.

Individual salary components are provided in the following cases, in particular:

- promotion to a higher position,
- measures to bring the function in line with the applicable market indicators,
- sustained good to very good performance by the person holding the position,
- minimization of any salary differences between genders (equal pay).

A limited budget was made available to the divisions of LBBW (Bank) as at 1 July 2023 for individual salary components for senior managers and non-tariff employees.

### **Fixed remuneration of employees subject to collective bargaining agreements for the banking industry and public sector**

Fixed remuneration of employees subject to collective bargaining agreements is based on pay scales for the banking industry and public sector (TVöD) as well as transition agreements (ÜTV I and II). As a rule, employees covered by collective agreements receive twelve monthly salary installments as fixed remuneration plus a special payment covered by the collective bargaining agreement. In addition, a company bonus (14th monthly salary installment) is paid at LBBW (Bank) and several subsidiaries.

The fixed salaries paid to employees covered by collective bargaining agreements are increased to match the industry-wide collective agreements for the banking industry and the public sector.

## **Inflation compensation and energy bonus**

To cushion the repercussions of the rise in inflation and energy prices, an inflation compensation and energy bonus of EUR 2,000 was granted for all active employees in Germany. The first tranche of EUR 1,200 was disbursed as at 1 December 2022. The second tranche of EUR 800 was disbursed as at 1 February 2023.

## **Covering costs for the “Deutschlandticket”**

Since August 2023, costs for the “Deutschland-JobTicket” public transport pass have also been covered in the LBBW Group. This makes an important contribution to promoting the switch to public transport and thus to sustainable mobility. The regulation on the Deutschland-JobTicket applies to LBBW employees, including trainees and BA/Co-operative State University students, in Germany.

## **Variable remuneration**

### **Variable performance-based remuneration**

Performance-based variable remuneration rewards sustained economic performance of the LBBW Group, LBBW (Bank) and the subsidiary and the employee’s above-average contribution to performance.

The remuneration parameters that determine variable remuneration are aligned toward achieving the targets derived from the Bank’s business and risk strategy on a sustained basis and support their fulfillment.

Individual variable performance-based remuneration is tied to performance management, i.e. to individual performance assessment made by the responsible manager and follows the principles outlined below:

- The level of bonus budget available depends on the sustainable performance of the Bank or the subsidiary and takes the risk adjustment into account appropriately.
- Individual bonuses are awarded on the basis of the position, targets defined and those attained as well as performance of responsibilities. This process is guided by quantitative and qualitative targets for the three levels of Group, cluster and individual.
- In general, variable performance-based remuneration does not offer any incentives for taking inappropriately high risks. There is no correlation between the returns from risk taking and the variable performance-based remuneration that can be earned.

### **Impromptu awards**

In order to reward outstanding individual performance on a case-by-case basis and as promptly as possible, LBBW also sets aside a limited budget for impromptu awards for all employees.

### **Performance-based bonus for sales to private customers**

Among the employees subject to collective bargaining agreements, a performance-based bonus has also been introduced with a limited budget for selected service and consulting roles in private customer sales. This increases the appeal of and motivation in sales. The bonus rewards qualitatively and quantitatively successful team and individual sales performance in the previous year. It was paid for the first time in May 2023.

### **Profit-sharing**

The profit-sharing bonus for employees subject to collective bargaining agreements (– including trainees and BA/Co-operative State University students – in Germany) for 2023 recognizes exceptional performance of these employees as well. It represents a one-off payment.

## Benefits

Benefits are salary-related payments offered by LBBW to its employees in Germany largely on a voluntary basis, i.e. not as a result of entitlements as per the collective agreements. The benefits named in the report do not apply to the employees at LBBW's foreign branches. LBBW observes local statutory and company arrangements with respect to the granting of benefits at the individual units abroad. The specific benefits at the subsidiaries may differ from those of LBBW (Bank).

The main remuneration-related benefits at LBBW (Bank) and at most subsidiaries are as follows:

- company pension
- FlexiWertkonto (working time account)
- company car

With the exception of the company car, all of the aforementioned remuneration components are cash payments.

### Company pension

There are various pension plans in place as a result of the mergers and integration of different companies at LBBW. Commitments under these plans are granted either in the form of a service contract or, particularly in the case of commitments granted in the past, in the form of a comprehensive or individual commitment. These commitments cover old age, invalidity and death.

Since the merger with LBBW, employees have been granted a defined contribution plan in the form of a capital account plan. In addition to employer-funded commitments, deferred remuneration plans are also available, allowing employees to build up additional entitlements. Against the backdrop of persistently low interest rates, this commitment was completed as at 31 December 2016.

With the introduction of "LBBW VorsorgeFonds Plus" (investment savings account) as at 1 January 2017, LBBW introduced modern and attractive company pension scheme for its employees. The contributions provided by the employer as of 2017 or voluntarily changed by the employee as of January 2018 through deferred compensation are invested in two multi-asset funds in accordance with a life cycle model. Employees benefit in full from a positive performance and are hedged against a contribution guarantee if the employer loses their share of the price.

As of 31 December 2021, in return for a one-time payment, LBBW (Bank) transferred the majority of its existing pension obligations to a non-insurance based pension fund under German law as a legally independent entity. All beneficiaries received an irrevocable right to draw on the pension fund.

There are 12,644 employer-financed and 6,919 employee-financed claims in total for active employees at LBBW (Bank) as at 31 December 2023. This includes claims held by former employees who have a vested entitlement to a pension from their employment contract with LBBW (Bank). In addition, there are 1,035 employer-financed and 23 employee-financed pension commitments in total for retirees.

The company pension obligations for active employees in accordance with IFRS (International Financial Reporting Standards) amounted to EUR 1.01 billion as at the end of 2022. The obligations for retired employees amounted to EUR 1.45 billion and the figure for former employees with a vested entitlement was EUR 0.35 billion.

### **LBBW FlexiWertkonto**

The LBBW FlexiWertkonto is a working time account. With this account, employees may defer certain parts of their remuneration for early retirement or for sabbaticals. The deferred remuneration is used by means of full early retirement or full leave of absence.

Using a web-based portal, employees can flexibly define how much of their remuneration they wish to defer. Depending on the purpose, the deferred remuneration can be invested in numerous LBBW (Bank) funds and covered bonds. As at the end of 2023, around EUR 98.8 million in total had been invested in the individual portfolios of LBBW (Bank) (plan assets). At the same time, retirement benefit obligations under IFRS were valued at EUR 116.0 million.



# 4 Remuneration systems of LBBW (Bank)

## 4.1 Fixing of variable performance-based remuneration at LBBW (Bank)

The total amount of variable performance-based remuneration is determined using a standardized, transparent and readily understandable process.

Prior to the measurement period, a planned bonus budget is created as part of business planning and is divided into senior managers and employees.

After the end of the financial year, the Board of Managing Directors proposes the Group target attainment subject to fulfillment of the business plan and compliance with the additional conditions pursuant to Section 7 InstitutsVergV. An allocation budget for variable performance-based remuneration at LBBW (Bank) is then determined on this basis. This is resolved by the Supervisory Board. In addition, the appropriate participation of the Control Units required in accordance with Section 3 (3) InstitutsVergV is assured.

The evaluation of the achievement of Group targets is based on the strategic company targets derived from the Bank's strategy<sup>1</sup>, which are measured using various quantitative and qualitative parameters and given a projected level at the beginning of the year. After the measurement period, the achievement of these objectives is discussed and assessed by the entire Board of Managing Directors. Performance is measured on an annual basis, so that there is a direct incentive for the performance provided in the year. The Group's success determines the amount of the allocation budget for the variable performance-related remuneration of all non-tariff employees and senior managers at LBBW (Bank). The allocation budget determined in this way sets the cap for the payment.

The performance of the organizational units is measured based on several clusters, to which each division at LBBW (Bank) is allocated. The aggregated measurement of performance at the level of the organizational unit strengthens cooperation between the units in a cluster.

To guarantee the supervisory function of Control Units and to avoid conflicts of interest, InstitutsVergV provides that the remuneration of employees in Control Units at all levels should not be determined according to the same remuneration parameters as those of employees in the units they control. For this reason, parameters are defined for each cluster. At cluster level, the evaluation of target achievement is carried out in the same way as for the Group, with cluster success determining the relational allocation of the allocation budget to the individual clusters. The allocation budget of the respective cluster is then distributed to senior managers and the allocated divisions.

The allocation budget for the members of the Board of Managing Directors comprises the cumulative total of the individual variable performance-based remuneration amounts derived from the performance management for the members of the Board of Managing Directors.

---

<sup>1</sup> Growth and relevance, sustainable transformation, innovative solutions, more resilience, social contribution, inspiring employees

## 4.2 Board of Managing Directors

### Responsibility

The Supervisory Board makes decisions on the remuneration system for the members of the Board of Managing Directors, fixes the remuneration payable to them and regularly reviews its appropriateness. The Remuneration Control Committee assumes an important advisory role in this respect and prepares the resolutions of the Supervisory Board.

### Principles of the remuneration system

The remuneration parameters that determine variable remuneration are aligned toward achieving the targets derived from the Bank's strategy on a sustained basis and support it in reaching its strategic company targets<sup>1</sup>. The variable performance-based remuneration for the members of the Board of Managing Directors in 2023 was guided by the Group's sustained overall success; it was measured on the basis of its economic success and the strategic components over a period of three years, accounting for 50%, and on the individual Board members' contribution to profit in the year under review, accounting for 50%. The individual performance contribution is tied to target achievement agreements based on the business strategy and business plan. Final calculation of the variable performance-based remuneration is based on the overall target achievement as determined in a resolution passed by the Supervisory Board in the following year.

Alongside sustainability in the decision on performance, sustainability in the payout of the variable remuneration constitutes a key element for the remuneration for members of the Board of Managing Directors. Significant parts of the variable remuneration are based on sustained business success. For this reason, 60% of the variable remuneration granted for 2023, the year under review, will be deferred over a five-year period and paid out on a pro rata temporis basis (deferral); negative performance contributions can reduce the deferral or lead to its expiry (malus) or a clawback. 60% of the deferred proportion of the variable remuneration granted for the 2023 reporting year is subject to a blocking period of one year and is aligned to sustained performance (i.e. it is subject to an appreciation right). LBBW's sustained performance is measured by the change in the adjusted aggregate risk cover<sup>2</sup>, taking account of the risk situation (risk cover). To this end, the aggregate risk cover performance in each respective payout year is determined in a comparison with the base year (awarding of variable performance-based remuneration). The current risk situation is evaluated in line with the risk assessment in the overall risk report. Of the non-deferred proportion (40%) of the variable remuneration determined, 40% is paid directly. The remaining 60% of the non-deferred proportion of the variable remuneration is subject to a blocking period of one year and is tied during this period to any changes in the sustained performance of the Bank.

Following the expiry of the deferral period, the malus/clawback is reviewed using the criteria set out in the Board remuneration model at Group level and at individual level prior to payment (for details see the criteria presented under 4.4 Employees and senior managers). In addition, a review is performed prior to payment to establish that the additional conditions (positive overall performance of the Group, no risk to appropriate capital backing, sufficient liquidity on the part of the Bank and compliance with the combined capital buffer requirements) have been satisfied.

The retirement benefits are essentially designed as defined-contribution benefits. Some members of the Board of Managing Directors have an arrangement taking the form of a final salary scheme, the amount of which is calculated according to the length of their service on the Board of Managing Directors.

The remuneration systems for the Board of Managing Directors were comprehensively reviewed in the 2023 financial year for compliance with the business and risk strategies as well as the regulatory requirements in accordance with Section 12 InstitutsVergV and their appropriateness was established.

### Remuneration 2023

In 2023, remuneration of members of LBBW's Board of Managing Directors consisted of fixed, non-performance-based remuneration and a performance-based variable component. In addition to the contractually agreed fixed salary, the fixed remuneration includes payments into the company pension scheme and all other benefits (essentially the use of a company car).

<sup>1</sup> Growth and relevance, sustainable transformation, innovative solutions, more resilience, social contribution, inspiring employees

<sup>2</sup> The basis is the aggregate risk cover anchored in the Bank's risk management, adjusted by certain items

In the 2023 financial year, the members of the Board of Managing Directors received fixed contractually agreed remuneration totaling EUR 6.0 million for their activities as members of the Board of Managing Directors. The other benefits amounted to EUR 0.1 million. In addition, variable performance-based remuneration totaling EUR 1.7 million was paid out (accrual), with this amount also including shares of deferred variable remuneration from previous years.

In addition, members of the Board of Managing Directors acquired variable performance-based remuneration totaling EUR 3.97 million for the 2023 financial year. Of this, an amount of EUR 0.64 million was paid out directly, EUR 0.95 million frozen for 12 months and EUR 2.38 million deferred according to the applicable remuneration system; of this amount, EUR 1.43 million was tied to sustained changes in value.

In 2023, EUR 2.1 million was transferred to the pension obligations for serving members of the Board of Managing Directors as an element of the fixed remuneration according to IFRS and recognized in the income statement. As of 31 December 2023, pension obligations according to IFRS for serving active members of LBBW's Board of Managing Directors as of the reporting date totaled EUR 12.6 million.

### **Other information**

There is also pecuniary loss liability insurance (D&O) for members of the Board of Managing Directors. The deductible for members of the Board of Managing Directors is 10% of the loss up to a maximum of 1.5 times the fixed annual remuneration.

## **4.3 Supervisory Board**

### **Principles of remuneration for Supervisory Board members**

The shareholders' meeting on 8 April 2022 resolved the remuneration regulation for Supervisory Board members as follows:

- The members of the Supervisory Board receive a fixed remuneration of EUR 30,000 for the respective financial year. The Chairman of the Supervisory Board receives EUR 75,000 and the Deputy Chairman EUR 50,000.
- Supervisory Board members who hold a seat on a committee in accordance with Article 17(1) of the Articles of Association receive further fixed remuneration of EUR 12,500 per committee per year.
- The Chairman of a committee receives further fixed remuneration of EUR 30,000 per year, the Deputy Chairman EUR 20,000.
- The members, the Deputy Chairman and the Chairman of the Executive Committee who are also a member, Deputy Chairman or Chairman of the Remuneration Control Committee do not receive remuneration for their work on the Remuneration Control Committee.
- Each Supervisory Board member receives an attendance allowance of EUR 200 to attend a meeting of the Supervisory Board or one of its committees.
- The Supervisory Board members are further reimbursed for the expenditure that they incur in connection with performing their duties as members of the Supervisory Board (travel expenses, individual bank-specific further training, etc.).

The employee representatives on the Supervisory Board employed at LBBW also receive their salary as employees.

The remuneration of Supervisory Board members who are not part of the Supervisory Board for a complete financial year is paid pro rata for their term in office.

### **Remuneration 2023**

For the 2023 financial year, EUR 1.05 million in total was paid in salaries and EUR 0.05 million in attendance allowances to the members of the Supervisory Board.

### **Other information**

There is also pecuniary loss liability insurance (D&O) for members of the Supervisory Board. The deductible for Supervisory Board members is 10% of the loss up to a maximum of 1.5 times the fixed annual remuneration.

## 4.4 Employees and senior managers

### Responsibility

Decisions regarding the remuneration system are made by the entire Board of Managing Directors. This entails involvement of the Remuneration Officer and the Control Units together with the Staff Council within the framework of its co-determination rights. It is the responsible managers' duty to make decisions regarding the setting of the individual remuneration payable and the target achievement in performance management for non-tariff employees.

The model for variable performance-based remuneration for employees and senior managers will continue to adhere to a conservative bonus policy.

### Identification of Risk Takers

Risk Takers are defined as persons who, by virtue of their activities, have a material impact on the Bank's overall risk profile. On the other hand, at LBBW, Non-Risk Takers are considered all employees who do not fit the criteria of Risk Takers. A distinction is made between employees covered by collective agreements and those not covered (non-tariff employees).

Risk Takers at LBBW are identified in conjunction with a comprehensive risk analysis documented in writing on the basis of Sections 1 (21) and 25a (5b) sentence 1 KWG and the further selection criteria applicable to significant institutions under Delegated Regulation (EU) No. 2021/923 of 25 March 2021. Furthermore, LBBW determines annually whether further criteria specific to the institutions must be used to identify all Risk Taker functions. In performing the risk analysis, LBBW's HR department, which is responsible for the operational performance of the risk analysis involves a wide range of experts from throughout the Bank, but above all from the Control Units, in data gathering and validation.

In accordance with Section 27 (2) InstitutsVergV, a risk analysis is also performed to determine whether a company belonging to the group has any employees with a significant impact on the overall risk profile. This takes place independently of any Risk Taker selections by subsidiaries at some Group companies on the basis of provisions specific to their industry.

Due to LBBW's size, business activities, complexity and the risk content of its business activities, there are senior managers and non-tariff employees at LBBW (Bank) who are Risk Takers in addition to the members of the Board of Managing Directors and the Supervisory Board.

In February 2023, 352 Risk Taker functions in total were determined for the 2023 financial year by way of resolution of the Board of Managing Directors in consultation with the Remuneration Control Committee and the Supervisory Board.<sup>1</sup> This figure includes the seven members of the LBBW Board of Managing Directors, 21 members of the Supervisory Board and 17 managing directors/members of management boards of subsidiaries as well as 307 further Risk Takers identified in various selection steps.<sup>2</sup> The Risk Takers identified by this analysis were informed of their status in writing.

In addition to the members of the Board of Managing Directors in their capacity as managing directors and the Supervisory Board, all members of the BW Board of Managing Directors, all directors and regional board members and all division heads are classified as Risk Takers. Moreover, department and group heads as well as experts in the Capital Markets Business and Asset Management/International Business divisions, Central Divisions, Corporate Customers, Finance and Operations, Retail Customers/Savings Banks, Risk Management and Compliance and Real Estate and Project Finance and the branch managers in New York, London and Singapore and the managing directors of individual subsidiaries have been identified as Risk Takers.

---

<sup>1</sup> The number changes over the course of the year as a result of updates during the year.

Regardless of the harmonized remuneration model for all employees and senior managers at LBBW (Bank) (Risk Takers and Non-Risk Takers), the requirements for Risk Takers described by the InstitutsVergV regarding the sustainability of the remuneration apply when granting variable remuneration to Risk Takers in excess of the relevant deferral threshold.

### **Principles of the remuneration system**

In the event of above-average performance, senior managers and non-tariff employees may receive variable performance-based remuneration provided that the Board of Managing Directors has passed a decision providing for a corresponding budget for variable remuneration.

Due to the commitment to pay a 14th monthly salary installment, no performance-based variable remuneration was paid to employees covered by a collective agreement.

In order to still reward outstanding individual performance on a case-by-case basis and as promptly as possible, LBBW sets aside an additional budget for impromptu awards for all employees.

The remuneration parameters that determine variable remuneration are aligned toward achieving the targets derived from the Bank's strategy on a sustained basis<sup>1</sup> and support it in reaching its strategic company targets. It is tied to compulsory performance management and thus to personal goal achievement. The responsible manager assesses the individual employee's performance by evaluating the individual targets set at the start of the measurement period. The actual performance and assessment of this performance are discussed and calibrated by the managers on the basis of a structured discussion, the so-called panel.

The findings of this panel form the basis for distributing the variable performance-based remuneration. The amount of the variable performance-based remuneration is determined by the executive on this basis within the scope of the allocated budget.

If the variable remuneration of a Risk Taker exceeds the deferral threshold of EUR 50,000 or a third of total remuneration, 60% (for BW Bank Board members, divisional Board members, division heads and employees with particularly high remuneration) or 40% (for department and group heads as well as non-tariff employees) is deferred over a period of five or four years and paid out on a time-proportionate basis (called deferrals); in the event of any negative performance contributions, the deferred amount is reduced or forfeited (malus) or leads to a clawback.

60% or 50% of the deferred proportion of the variable remuneration granted is subject to a blocking period of one year and is aligned to sustained performance (i.e. it is subject to an appreciation right). LBBW's sustained performance is measured by the change in the adjusted aggregate risk cover<sup>2</sup>, taking account of the risk situation (risk cover). To this end, the aggregate risk cover performance in each respective payout year is determined in a comparison with the base year (awarding of variable performance-based remuneration). The current risk situation is evaluated in line with the risk assessment in the overall risk report.

Of the non-deferred proportion of the determined variable remuneration, 40% or 50% is paid directly. The remaining 60% or 50% of the non-deferred proportion of the variable remuneration is subject to a blocking period of one year and during this period is also aligned to the sustained performance of the Bank in this period.

<sup>1</sup> Growth and relevance, sustainable transformation, innovative solutions, more resilience, social contribution, inspiring employees

<sup>2</sup> The basis is the aggregate risk cover anchored in the Bank's risk management, adjusted by certain items

At the end of the deferral period, a review is conducted to determine if there are negative performance contributions on the basis of the criteria defined in the Risk Taker payout model. The malus/clawback review is performed using back testing at a Group level, at the level of the organizational unit and at an individual level. There is also a review for outstanding personal performance:

	Beispiele für negative Erfolgsbeiträge		Auswirkung
„Backtesting“ auf 3 Ebenen	Konzern	Gewichtiges Restatement der Konzernbilanzen im Betrachtungszeitraum	Reduzierung des aufgeschobenen Anteils (ggf. bis auf 0)
	OE	Wesentliche Korrektur relevanter Risikobewertungen für bereichsspezifische Geschäfte; Verfehlung von OE-Zielen z.B. durch rückwirkende juristische Anfechtung	
	Individuell	Nachträgliche Beanstandungen im Rahmen individueller Ziele, z.B. retrospektive individuelle Zielerreichung 0 %	
Individuelle „Knock-Outs“	Maßgebliche Beteiligung an einem oder Verantwortlichkeit für ein Verhalten, welches für die LBBW zu <ul style="list-style-type: none"> <li>▪ erheblichen Verlusten,</li> <li>▪ einer wesentlichen regulatorischen Sanktion oder</li> <li>▪ einer wesentlichen aufsichtlichen Maßnahme geführt hat.</li> </ul> Verletzung von relevanten externen oder internen Regelungen in Bezug auf Eignung und Verhalten in schwerwiegendem Maß, z.B.: <ul style="list-style-type: none"> <li>▪ Sitten- oder grob pflichtwidriges Verhalten</li> <li>▪ Schwerwiegende Verstöße gegen Compliance-Vorschriften/Code of Conduct</li> <li>▪ Schwerwiegende Verstöße gegen für die Tätigkeit maßgebliche aufsichtsrechtliche Vorschriften</li> <li>▪ Vergleichbar schweres Verhalten, durch welches die Voraussetzungen für eine außerordentliche verhaltensbedingte Kündigung gegeben sind</li> </ul>		Sofortiger Verfall des aufgeschobenen Anteils und Rückforderung (Clawback) der bereits ausgezahlten Anteile

Prior to payment, a check is performed for compliance with the additional conditions:

- positive overall performance of the Group,
- nothing jeopardizing adequate equity backing,
- sufficient liquidity of the Bank and
- fulfillment of the combined capital buffer requirements.

The remuneration components from previous years deferred for payment in 2023 were reviewed for malus criteria. No malus circumstances were identified in 2023. There were also no clawback scenarios.



# 5 Remuneration systems of subsidiaries

## 5.1 Relevant subsidiaries in accordance with Section 27 InstitutsVergV

Within the framework of the presentation of remuneration systems of the relevant subsidiaries, the following companies are considered in accordance with Section 27 of InstitutsVergV:

- Berlin Hyp AG
- LBBW Asset Management Investmentgesellschaft mbH
- LBBW Immobilien Group<sup>1</sup>
- MMV Bank GmbH
- SüdLeasing GmbH
- SüdFactoring GmbH
- Süd Beteiligungen GmbH
- LBBW Venture Capital GmbH
- LBBW Service GmbH
- LBBW México
- LBBW Corporate Real Estate Management GmbH
- ALVG Anlagenvermietung GmbH

The basic principles below apply to them within the scope of the Group's remuneration strategy:

- Relevant regulatory requirements are implemented and monitored for remuneration systems for subordinate/relevant subsidiaries.
- The business and risk approach taken by the LBBW Group is also reflected in the structuring of remuneration systems of the subsidiaries. They implement the strategic requirements in line with the quantitative and qualitative risk tolerance specifications on the basis of the Group risk strategy.
- The level of fixed remuneration ensures that employees are not significantly dependent on the variable remuneration component.
- Performance-based variable remuneration rewards sustained performance of the company and the employee's above-average contribution to performance. There is no correlation between the returns from risk taking and the variable remuneration that can be earned.
- Setting the total amount of variable remuneration is determined using a formal, transparent and readily understandable process.
- A key element for the provision of a bonus budget is the corresponding income, equity and liquidity situation of the company, but also of the LBBW Group. If LBBW is in a preliminary stage of restructuring, variable remuneration at the subsidiaries can be reduced (down to zero); in the event of restructuring, no bonuses are paid at the subsidiaries.

Some subsidiaries of LBBW are themselves (CRR) institutions or investment companies and must therefore satisfy specific requirements of their remuneration systems independently of the Group context. In addition to LBBW itself, Berlin Hyp is also a significant institution in accordance with Section 1 (3) InstitutsVergV.

---

<sup>1</sup> The LBBW Immobilien Group's subsidiaries LBBW Immobilien Management GmbH, LBBW Immobilien Development GmbH and LBBW Immobilien Asset Management GmbH have been classified as relevant

## 5.2 Description of the remuneration systems

As per the LBBW (Bank), total remuneration of employees at subsidiaries usually consists of a fixed component, an additional variable component, if applicable, and other salary-related payments and benefits.

### Fixed remuneration

Fixed remuneration at subsidiaries is essentially based on the value of the position or function exercised in accordance with the applicable collective agreements or, for positions not covered by such agreements, the criteria of a performance-, success- and market-based remuneration system and market conditions and personal performance.

As a rule, all employees receive 12 monthly salary installments as fixed remuneration. In addition to the 12 monthly salary installments, employees with fixed remuneration under collective bargaining agreements usually receive a collectively agreed special payment and a voluntary company bonus (14th monthly salary installment).

### Variable remuneration

#### Variable performance-based remuneration

In addition to fixed remuneration, the subsidiaries generally grant variable performance-based remuneration, the amount of which is dependent in particular on the company's performance and the individual performance contribution.

A key element for the provision of variable remuneration is meeting ancillary conditions in accordance with Section 7 InstitutsVergV in the context of the LBBW Group. Thus, the income, equity and liquidity situation of the company and of the LBBW Group will be taken into account.

The individual performance contribution is usually determined based on a structured performance management process based on standardized performance criteria and additional individual targets. Thus, performance criteria and targets for employees are different from those of Control Units if the business model requires distinction.

In deviation thereof, all employees of LBBW México, except for the Managing Director, who were employed in the underlying financial year, should participate in profits due to local legal regulations (PTU)<sup>1</sup>. The local legislation takes precedence over the German InstitutsVergV. Granting variable performance-based remuneration as part of participation in profits requires sustained economic performance of LBBW México. This is granted to employees based on application regulations of the Participacion de los Trabajadores en las Utilidades (PTU - Taxes and Employees Statutory Profit Sharing) and the statutory allocation keys. Additional variable remuneration for employees and the variable performance-based remuneration of the Managing Director is based on the model described above.

The managing directors of LBBW Asset Management Investmentgesellschaft mbH, LBBW Immobilien Management GmbH, MMV Bank GmbH, SüdFactoring GmbH and SüdLeasing GmbH are Risk Takers in the context of the LBBW Group. The performance assessment, fixing and payment of variable performance-based remuneration is based on LBBW's risk-taker remuneration model. In deviation thereof, the payment of the shares with value appreciation rights is based on the performance of a co-investment in one or more "typical" funds of LBBW Asset Management Investmentgesellschaft mbH. The members of the Board of Managing Directors of Berlin Hyp AG are also Risk Takers in the context of the LBBW Group. The remuneration model for members of the Board of Managing Directors of Berlin Hyp AG applies to the performance assessment, fixing and payment of variable performance-based remuneration.

Furthermore, as a significant institution in accordance with Section 25a (5b) KWG, Berlin Hyp identifies other employees whose work has a significant influence on the risk profile of the institute (Risk Takers). A deferred disbursement method applies to the target bonuses of Risk Takers of more than EUR 50,000 or more than a third of total remuneration. For members of the Board and Risk Takers of the second management level, 40% of the established target bonus is granted immediately ("immediate bonus"). The remaining 60% ("retention bonus") is retained over a period of five years ("retention period"). For Risk Takers below the second management level, 60% of the established

<sup>1</sup> PTU = Participacion de los Trabajadores en las Utilidades; Ley Federal de Trabajo Article 123, 127- 129 and Ley del Impuesto sobre la Renta Article 16

target bonus is granted immediately (“immediate bonus”). The remaining 40% (“retention bonus”) is retained over a period of four years (“retention period”). The variable remuneration is granted 50% in cash and 50% in what are referred to as sustainable instruments with an additional holding period of one year. Additional conditions of payment are reviewed at the final payment (malus).

Using its own sector-specific regulations, LBBW Asset Management Investmentgesellschaft mbH also identifies other employees itself who have a significant influence on the risk profile of LBBW Asset Management Investmentgesellschaft mbH or individual funds (Risk Takers) and to which specific industry remuneration provisions therefore apply. Variable remuneration is paid to Risk Takers at LBBW Asset Management Investmentgesellschaft mbH at 40% over a period of three years. Thus, 50% of the total variable remuneration is granted in the form of a virtual co-investment in one or more “typical” funds of LBBW Asset Management Investmentgesellschaft mbH and paid, taking an additional holding period of one year into account. Additional conditions of payment are reviewed at the final payment (malus).

Following the enactment of the German Risk Reduction Act and the embedding of corresponding duties in the German Banking Act, is also now necessary for non-significant institutions to identify their own risk taker functions as well. Within the LBBW consolidated group, this applies to those subsidiaries that are themselves institutions: MMV Bank GmbH, SüdLeasing GmbH, SüdFactoring GmbH and ALVG Anlagenvermietung GmbH. Such a selection was made on the basis of Sections 1 (21) and 25a (5b) KWG (MMV Bank GmbH only).

One special consideration of this is that the special requirements for the deferral of variable remuneration components do not apply at non-significant institutions, or only apply to Risk Takers also identified as Risk Takers in the context of the LBBW Group.

Number of Risk Takers for the 2023 financial year	Subsidiary					
	MMV Bank GmbH	SüdLeasing GmbH	SüdFactoring GmbH	ALVG Anlagenvermietung GmbH	Berlin Hyp AG	LBBW Asset Management Investmentgesellschaft mbH
<i>Identified by the company's own selection<sup>1</sup></i>	15	7	7	5	85	12
<i>of which: simultaneously (Group) Risk Takers at LBBW</i>	6	7	7	3	12	5

### Impromptu awards

In order to reward outstanding individual performance on a case-by-case basis and as promptly as possible, most subsidiaries also set aside a limited budget for impromptu awards for all employees in addition to the variable performance-based remuneration.

### Benefits

Benefits are remuneration-relevant payments offered by subsidiaries to its employees largely on a voluntary basis, i.e. not as a result of entitlements as per the statutory claims or that extend beyond the statutory minimum. The payments are usually based on those of LBBW (Bank).

<sup>1</sup> Risk Takers of the individual companies are the same people in some cases

# 6 Remuneration figures

## 6.1 Methodology

The numerical part of the remuneration report sets out the remuneration paid to employees in the LBBW Group in 2023.

This section includes the quantitative information on total remuneration at the LBBW Group required under Section 16 InstitutsVergV and the additional disclosures on remuneration for Risk Takers pursuant to Article 450 of Regulation (EU) No. 575/2013 (CRR) in the LBBW Group as of 31 December 2023.

For the presentation of the total remuneration of all Supervisory Board members, Board of Managing Directors members, managing directors and employees in the LBBW Group in 6.2 and all Risk Takers in the LBBW Group in 6.3/Table REM 5, there is a breakdown by division, whereby organizational units and subsidiaries of LBBW have been assigned in accordance with Article 317 CRR. Managing directors of subsidiaries are also assigned to the relevant division.

Employees who were assigned to multiple units in the 2023 financial year as a result of internal fluctuation are allocated to the category in which they worked as of 31 December 2023. Employees who were on leave as of the balance sheet date are assigned to the category in which they last worked.

The remuneration data refers to the 2023 financial year. This means that the remuneration data shown include the fixed remuneration as well as the variable remuneration granted for the 2023 financial year. Variable remuneration also includes the severance paid out in 2023. The remuneration data was assigned to the “fixed” and “variable remuneration” categories as defined by the InstitutsVergV.

In addition to wages and salaries, fixed remuneration also includes other fixed remuneration components as well as benefits in kind and third party services, e.g. company pension schemes, social security contributions or company cars. Variable remuneration also includes variable remuneration components such as bonuses, benefits in kind and third party services.

## 6.2 Total remuneration of LBBW Group

### Total remuneration of all members of the Supervisory Board at LBBW (Bank), members of the Board of Managing Directors, managing directors and employees at the LBBW Group (Section 16 InstitutsVergV)

The total remuneration paid to 11,564 members of the Supervisory Board<sup>1</sup>, the Board of Managing Directors, managing directors and employees<sup>2</sup> amounted to EUR 1,141.4 million for the 2023 financial year. The number of beneficiaries of guaranteed variable remuneration<sup>3</sup> for the 2023 financial year was 10,219.

Broken down by remuneration component, the following picture results:

Remuneration component in EUR thousand <sup>4</sup>	Business areas								2023 total	Proportion of total remuneration
	Supervisory Board <sup>5</sup>	Board of Managing Directors <sup>6</sup>	Investment Banking <sup>7,8</sup>	Retail Banking <sup>9</sup>	Asset Management <sup>10</sup>	Corporate Functions <sup>11</sup>	Independent control functions <sup>12</sup>	All Others <sup>13</sup>		
Number of persons (headcount)	21	7								
Number of persons (in FTEs)			975	6,053	273	1,690	404	0	9,394	
<b>Total remuneration</b>	<b>1,098</b>	<b>12,302</b>	<b>130,484</b>	<b>710,798</b>	<b>32,937</b>	<b>184,921</b>	<b>47,966</b>	<b>20,880</b>	<b>1,141,386</b>	
of which: variable remuneration <sup>14</sup>	0	3,966	12,045	74,598	3,580	13,136	3,243	278	110,845	9.7%
of which: fixed remuneration	1,098	8,336	118,439	636,200	29,357	171,785	44,723	20,602	1,030,541	90.3%
<b>Number of persons with total remuneration (beneficiary headcount)</b>	<b>21</b>	<b>7</b>	<b>1,120</b>	<b>7,143</b>	<b>312</b>	<b>2,005</b>	<b>455</b>	<b>501</b>	<b>11,564</b>	

Fixed remuneration accounts for the greatest proportion of total remuneration by far.

All remuneration components at LBBW are paid in cash. A distinction should be made here between cash payments made immediately and cash remuneration that has been frozen or deferred in equity-related instruments.

As the disclosure of high-income employees at LBBW (Group) exclusively relates to Risk Takers, please refer to the table "Risk Takers with total remuneration > EUR 1 million in the LBBW Group" in section 6.3 of this remuneration report.

<sup>1</sup> Supervisory Board of LBBW (Bank)

<sup>2</sup> Including all employees in the non-active phase of partial retirement (additional inclusion compared to PY)

<sup>3</sup> Accounting for beneficiaries of variable remuneration for the 2023 financial year, including severance payments paid in the financial year

<sup>4</sup> Differences due to rounding effects

<sup>5</sup> Supervisory Board of LBBW (Bank)

<sup>6</sup> Board of Managing Directors of LBBW (Bank)

<sup>7</sup> Financial Markets and the associated Bank Office units as well as Research

<sup>8</sup> By way of organizational division, the Back Office units Banking and Financial Markets have been shown separately on a pro rata basis under Retail Banking and Investment Banking in line with process allocation (in the previous year, all under Retail Banking)

<sup>9</sup> Sales to private customers and private wealth management, savings banks and retail and corporate customers, real estate business, leasing, factoring and the associated back-office and sales-supporting units. The subsidiaries MMV Bank GmbH, SüdLeasing GmbH, SüdFactoring GmbH, ALVG Anlagenvermietung GmbH, LBBW México S.A. de C.V. SOFOM E.N.R. (LBBW México), Süd Beteiligungen GmbH, LBBW Venture Capital GmbH, the LBBW Immobilien Group and Berlin Hyp AG are also categorized here

<sup>10</sup> All business activities and the back-office units of the subsidiary LBBW Asset Management Investmentgesellschaft mbH

<sup>11</sup> All business activities, primarily service units, not categorized to the operating units or to the independent Control Units according to the EBA definition, e.g. Finance, Treasury and HR. These also include the subsidiaries LBBW Service GmbH and LBBW Corporate Real Estate Management GmbH.

<sup>12</sup> Independent Control Units according to the EBA definition: Risk Control, Group Auditing, Compliance and COO Risk Management

<sup>13</sup> Employees not active at any point during the year (for example, those on leave) with remuneration components from 2023

<sup>14</sup> Variable remuneration granted for the 2023 financial year, including severance paid in the 2023 financial year and guaranteed variable remuneration granted for the 2023 financial year

## 6.3 Remuneration of Risk Takers at the LBBW Group (Supervisory Board, Board of Managing Directors, managing directors of subsidiaries and employees)

The remuneration of Risk Takers of the LBBW Group granted by LBBW for the 2023 financial year is disclosed below on the basis of the prescribed sample tables REM 1 to REM 5 on the basis of Article 450 of Regulation (EU) No. 575/2013 (CRR):

### Remuneration granted to Risk Takers of the LBBW Group for the financial year by type of remuneration (REM 1)

Key figures in EUR thousand <sup>1</sup>	Supervisory Board <sup>2</sup>	Board of Managing Directors <sup>3</sup>	Other members of management <sup>4</sup>	Other Risk Takers
<i>Number of identified persons (beneficiaries)</i>	21	7	71	329
<b>Total fixed remuneration</b>	<b>1,098</b>	<b>8,336</b>	<b>23,772</b>	<b>63,571</b>
<b>Fixed remuneration</b>				
of which: monetary remuneration <sup>5</sup>	1,098	5,965	19,935	52,868
of which: shares or equivalent investments	0	0	0	0
of which: instruments linked to shares or equivalent non-cash instruments	0	0	0	0
of which: other instruments	0	0	0	0
of which: other items <sup>6</sup>	0	2,371	3,837	10,703
<i>Number of identified persons (beneficiaries)</i>	0	7	71	311
<b>Total variable remuneration</b>	<b>0</b>	<b>3,966</b>	<b>11,060</b>	<b>18,841</b>
<b>Variable remuneration<sup>7</sup></b>				
of which: monetary remuneration <sup>5</sup>	0	1,586	5,052	12,066
of which: <i>retained</i>	0	952	2,455	2,857
of which: shares or equivalent investments	0	0	0	0
of which: <i>retained</i>	0	0	0	0
of which: instruments linked to shares or equivalent non-cash instruments	0	0	0	0
of which: <i>retained</i>	0	0	0	0
of which: other instruments	0	2,379	5,952	6,749
of which: <i>retained</i>	0	1,427	3,571	3,095
of which: other items <sup>6</sup>	0	1	56	25
of which: <i>retained</i>	0	0	0	0
<b>Total</b>	<b>1,098</b>	<b>12,302</b>	<b>34,832</b>	<b>82,412</b>

The deferral scheme was not used for 232 of the Risk Takers identified for the 2023 financial year in total as their variable remuneration was below the deferral threshold of currently EUR 50,000 or a third of total remuneration or an exception applied (e.g. due to a bonus guarantee in conjunction with the formation of an employment contract). Combined, they received total remuneration of EUR 45.1 million for the reporting year (EUR 6.5 million of which as variable remuneration).

<sup>1</sup> Differences due to rounding effects

<sup>2</sup> Supervisory Board of LBBW (Bank)

<sup>3</sup> Board of Managing Directors of LBBW (Bank)

<sup>4</sup> Senior management of LBBW (Bank) and members of boards of managing directors/managing directors of subsidiaries

<sup>5</sup> Remuneration components granted in cash are shown under "monetary remuneration"

<sup>6</sup> Non-cash granted remuneration, such as non-cash benefits, company pensions, employer's social security contributions, etc. are shown under "other items"

<sup>7</sup> Variable remuneration granted for the 2023 financial year, including severance paid in the 2023 financial year and guaranteed variable remuneration granted for the 2023 financial year



## Guaranteed variable remuneration and severance of Risk Takers of the LBBW Group (REM 2)

Key figures in EUR thousand <sup>1</sup>	Supervisory Board <sup>2</sup>	Board of Managing Directors <sup>3</sup>	Other members of management <sup>4</sup>	Other Risk Takers
<b>Guaranteed variable remuneration – total amount</b>				
<i>Granted guaranteed variable remuneration – Number of identified persons (beneficiaries)</i>	0	0	3	1
Granted guaranteed variable remuneration – total amount	0	0	532	200
of which: guaranteed variable remuneration paid in the financial year that does not count towards the cap on bonus payments	0	0	532	200
<b>Severance pay granted in previous periods that was paid out in the financial year</b>				
<i>Severance pay granted in previous periods paid out in the financial year – Number of identified persons</i>	0	0	0	1
Severance pay granted in previous periods paid out in the financial year – Total amount	0	0	0	80
<b>Severance pay granted in the financial year</b>				
<i>Severance pay granted in the financial year – Number of identified persons (beneficiaries)</i>	0	0	2	1
Severance pay granted in the financial year – Total amount	0	0	339	105
of which: paid in the financial year	0	0	39	105
of which: retained	0	0	300	0
of which: severance pay paid in the financial year that does not count towards the cap on bonus payments	0	0	39	105
of which: maximum severance pay granted to a single person	0	0	300	105

<sup>1</sup> Differences due to rounding effects

<sup>2</sup> Supervisory Board of LBBW (Bank)

<sup>3</sup> Board of Managing Directors of LBBW (Bank)

<sup>4</sup> Senior management of LBBW (Bank) and members of boards of managing directors/managing directors of subsidiaries

## Retained remuneration of Risk Takers of the LBBW Group (REM 3)

Key figures in EUR thousand <sup>1</sup>	Total amount of deferred remuneration granted for previous performance periods	of which: to be received in the financial year	of which: to be received in subsequent financial years	Amount of performance adjustments made to remuneration retained in the financial year to be received in the financial year	Amount of performance adjustments made to remuneration retained in the financial year to be received in future annual performance periods	Total amount of adjustments in the financial year due to subsequent implicit adjustments	Total amount of retained remuneration granted before the financial year actually paid in the financial year	Total amount of remuneration granted and retained for previous performance periods earned but subject to vesting periods
<b>Supervisory Board<sup>2</sup></b>								
Monetary remuneration <sup>5</sup>	0	0	0	0	0	0	0	0
Shares or equivalent investments	0	0	0	0	0	0	0	0
Instruments linked to shares or equivalent non-cash instruments	0	0	0	0	0	0	0	0
Other instruments	0	0	0	0	0	0	0	0
Other items <sup>6</sup>	0	0	0	0	0	0	0	0
<b>Board of Managing Directors<sup>3</sup></b>								
Monetary remuneration <sup>5</sup>	2,209	410	1,799	0	0	0	410	0
Shares or equivalent investments	0	0	0	0	0	0	0	0
Instruments linked to shares or equivalent non-cash instruments	0	0	0	0	0	0	0	0
Other instruments	3,905	591	3,314	0	0	26	617	614
Other items <sup>6</sup>	0	0	0	0	0	0	0	0
<b>Other members of management<sup>4</sup></b>								
Monetary remuneration <sup>5</sup>	5,771	930	4,841	0	0	0	930	0
Shares or equivalent investments	0	0	0	0	0	0	0	0
Instruments linked to shares or equivalent non-cash instruments	0	0	0	0	0	0	0	0
Other instruments	9,183	1,032	8,151	0	0	31	1,063	1,567
Other items <sup>6</sup>	0	0	0	0	0	0	0	0
<b>Other identified persons</b>								
Monetary remuneration <sup>5</sup>	6,480	1,446	5,034	0	0	0	1,446	0
Shares or equivalent investments	0	0	0	0	0	0	0	0
Instruments linked to shares or equivalent non-cash instruments	0	0	0	0	0	0	0	0
Other instruments	8,409	1,645	6,764	0	0	37	1,682	2,109
Other items <sup>6</sup>	0	0	0	0	0	0	0	0
<b>Total amount</b>	<b>35,958</b>	<b>6,054</b>	<b>29,904</b>	<b>0</b>	<b>0</b>	<b>93</b>	<b>6,146</b>	<b>4,291</b>

<sup>1</sup> Differences due to rounding effects

<sup>2</sup> Supervisory Board of LBBW (Bank)

<sup>3</sup> Senior management of LBBW (Bank) and Board members/managing directors of subsidiaries

<sup>4</sup> Remuneration components granted in cash are shown under "monetary remuneration"

<sup>5</sup> Non-cash granted remuneration, such as non-cash benefits, company pensions, employer's social security contributions, etc. are shown under "other items"

## Risk Takers with total remuneration > EUR 1 million in the LBBW Group (REM 4)

Total remuneration in EUR thousand	Number of persons
1,000 to <1,499	8
1,500 to 1,999	0
2,000 to 2,499	1
<b>Total</b>	<b>9</b>

## Total remuneration of all Risk Takers of the LBBW Group (REM 5)

Remuneration component in EUR thousand <sup>1</sup>	Business areas									2023 total
	Supervisor y Board <sup>2</sup>	Board of Managing Directors <sup>3</sup>	Management body as a whole	Investm ent Banking	Retail Banking	Asset Managem ent	Corporate Functions	Indepe nt control functions	All others	
<i>Total number of identified persons</i>	21	7	28	87	239	10	50	15	0	
<i>of which: members of the management body</i>	21	7	28	0	0	0	0	0	0	
<i>of which: other members of management</i>	0	0	0	6	48	3	11	3	0	
<i>of which: other identified employees</i>	0	0	0	81	191	7	39	12	0	
<b>Total remuneration of identified persons</b>	<b>1,098</b>	<b>12,302</b>	<b>13,400</b>	<b>22,322</b>	<b>75,576</b>	<b>3,086</b>	<b>12,244</b>	<b>4,015</b>	<b>0</b>	<b>130,643</b>
<i>of which: variable remuneration<sup>4</sup></i>	0	3,966	3,966	5,381	20,225	806	2,617	871	0	33,866
<i>of which: fixed remuneration</i>	1,098	8,336	9,434	16,941	55,351	2,280	9,627	3,144	0	96,777

<sup>1</sup> Differences due to rounding effects

<sup>2</sup> Supervisory Board of LBBW (Bank)

<sup>3</sup> Board of Managing Directors of LBBW (Bank)

<sup>4</sup> Variable remuneration granted for the 2023 financial year, including severance paid in the 2023 financial year and guaranteed variable remuneration granted for the 2023 financial year

**Landesbank Baden-Württemberg**  
Headquarters

**Stuttgart**

Am Hauptbahnhof 2  
70173 Stuttgart  
Tel. 0711 127-0  
[www.LBBW.de](http://www.LBBW.de)  
[kontakt@LBBW.de](mailto:kontakt@LBBW.de)

**Karlsruhe**

Ludwig-Erhard-Allee 4  
76131 Karlsruhe  
Tel. 0721 142-0  
[www.LBBW.de](http://www.LBBW.de)  
[kontakt@LBBW.de](mailto:kontakt@LBBW.de)

**Mannheim**

Augustaanlage 33  
68165 Mannheim  
Tel. 0621 428-0  
[www.LBBW.de](http://www.LBBW.de)  
[kontakt@LBBW.de](mailto:kontakt@LBBW.de)

**Mainz**

Rheinallee 86  
55120 Mainz  
Tel. 06131 64-0  
[www.LBBW.de](http://www.LBBW.de)  
[kontakt@LBBW.de](mailto:kontakt@LBBW.de)