flatexDEGIRO AG

Remuneration System for Members of the Management Board

flatexDEGIRO AG, 2025

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PREAMBLE

flatexDEGIRO AG (hereinafter ‘flatexDEGIRO’ or the ‘Company’) operates one of the leading and fastest growing online brokerage platforms in Europe. Advanced, proprietary cutting-edge technology provides customers with cost-effective top services and ensures smooth processing of paperless customer transactions.

Since the acquisition of DEGIRO B.V. in July 2020, flatexDEGIRO has been one of the largest retail online brokers in Europe. At a time of bank consolidation, low real interest rates and digitisation, the flatexDEGIRO Group is thus ideally positioned for further growth.

After achieving the highest revenues and the highest consolidated earnings in the company’s history in fiscal year 2024, the Management Board is striving to maintain this high level in the current fiscal year before accelerating growth again in the subsequent years to achieve revenues of around EUR 650 million and consolidated earnings of around EUR 200 million in 2027.

This ambitious goal requires the full commitment and passion of all employees and, above all, the strategic and dedicated leadership of the Management Board. The Supervisory Board proposes to the Annual General Meeting a remuneration system for the members of the Management Board that is aligned with this strategic objective and considers the statutory requirements of the German Stock Corporation Act (Aktiengesetz – AktG) and the regulatory requirements of the German Banking Act (Kreditwesengesetz – KWG) as well as the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung – InstitutsVergV), the recommendations of the German Corporate Governance Code (GCGC) and the expectations of investors and proxy advisors.

The structure of the remuneration system for flatexDEGIRO’s Management Board fulfils the requirements for modern, competitive remuneration of Management Board members and is in line with good corporate governance:

- High transparency and traceability
- Balanced selection of performance indicators
- Comprehensible weighting and assessment of the individual remuneration components
- Strong focus on the company’s success and performance
- Consideration of long-term objectives
- Alignment with the corporate strategy
- Inclusion of share price development and increase in company value
- Appropriate and customary in horizontal and vertical terms

I. OVERVIEW OF THE MAIN CHANGES TO THE REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD

The remuneration system for the Management Board of flatexDEGIRO was last presented to the Annual General Meeting on 4 June 2024 and was rejected with an approval rate of 33.91 per cent. The Supervisory Board reviewed the remuneration system for the Management Board in accordance with § 120a (3) AktG). The reviewed remuneration system for the Management Board was discussed in an intensive dialogue with investors to understand their expectations.

As a result of the in-depth review of the remuneration system, the Supervisory Board made changes to the structure, determination and presentation of the performance-based, short-term incentive component and the structure of the other contractual provisions. This includes changes to the performance criteria of the short-term incentive (STI) and its measurement, so that the financial performance criteria will henceforth be clearly and comprehensibly defined within the slightly adjusted categories stipulated in the remuneration system. Furthermore, the regulatory requirement of a three-year assessment base for all performance criteria is ensured. Moreover, the amount of the fixed maximum remuneration in accordance with § 87a AktG was reduced again in order to limit the disbursements from the long-term incentive. The provision in the event of premature termination of the Management Board mandate due to a change of control of the company (change of control clause) was removed from the remuneration system. In making these changes, the Supervisory Board of flatexDEGIRO made sure to consider the comments made by investors at the last Annual General Meeting and the subsequent discussion with investors and incorporated them into the revision.

Based on the feedback from investors and in light of the increased focus on a sustainable incentive effect, the Supervisory Board conducted an in-depth review of the long-term incentive (LTI). As part of the process, all design parameters of the remuneration component were analysed and subjected to an external market comparison. The Supervisory Board concluded that the LTI in its existing form has a strong incentivising effect for the pursuit of strategic corporate objectives. This is attributable to the high proportionate weighting in the remuneration and the focus on the sustainable increase in the share price as well as the consideration of risk-adjusting factors. The board also determined that the LTI promotes the alignment of the interests of shareholders and members of the Management Board. Accordingly, the design and implementation is supposed to be retained in the future but should be presented more transparently (in particular the design of the risk-adjusting factors).

The remuneration system will be applied retroactively to fiscal year 2025 for all members of the flatexDEGIRO Management Board.

A comparative overview of the adjusted components of the remuneration system can be found in the following figure.

Remuneration system for the members of the Management Board of flatexDEGIRO AG		
Remuneration system from 2024		**Remuneration system from 2025**
Non-performance-based remuneration components		
• Annual fixed salary • Payout in twelve instalments	Fixed salary	• Annual fixed salary • Payout in twelve instalments
• Benefits in kind in the form of the provision of a company car and insurances (e.g., Group accident insurance, life and disability insurance)	Fringe benefits	• Benefits in kind in the form of the provision of a company car and insurances (e.g., Group accident insurance, life and disability insurance)
Performance-based remuneration components		

• Plan type: Target bonus
• Performance period: 1 year resp. 3 years (backwards measurement) for financial performance criteria
• Performance criteria (target achievement 0% - 200%)
  • 50% - 60% financial performance criteria (revenue / profitability)
  • 20% - 30% commercials
  • 20% - 30% sustainability criteria
	Short-term variable remuneration (STI)	• Plan type: Target bonus
		• Performance period: **3 years (backwards measurement)**
		• Performance criteria (target achievement 0% - 200%)
		  • **Common targets:**
		    • **50% - 60%** financial performance criteria **(revenue, consolidated net income, additional financial steering criteria)**
		    • **10% - 20% ESG criteria**
		    • **Divisional factor: 0.8 - 1.2**
		  • **Individual targets: 20% - 40%**

• Plan type: Stock option plan
• Term: 6 years
  • Waiting period: 4 years (incl. 3 years reference period)
  • Exercise period: 2 years
• Performance criteria:
  • 40% increase (generally) in the share price at any time during the reference period
  • Risk-adjusting factors (equity, liquidity, debt)
• Payout: in shares or cash
	Long-term variable remuneration (LTI)	• Plan type: Stock option plan
		• Term: 6 years
		  • Waiting period: 4 years (incl. 3 years reference period)
		  • Exercise period: 2 years
		• Performance criteria:
		  • 40% increase (generally) in the share price at any time during the reference period
		  • Risk-adjusting factors (equity, liquidity, debt)
		• Payout: in shares or cash

Further contractual provisions		

• Fixed maximum remuneration according to Section 87a AktG:
  • CEO: EUR 9,500,000
  • OBM: EUR 7,500,000
	Maximum remuneration	• Fixed maximum remuneration according to Section 87a AktG:
		  • CEO: **EUR 7,500,000**
		  • OBM: **EUR 5,500,000**

• Possibility of reduction (malus) in the event of a serious breach of duty or compliance violation and possibility of reduction (malus) or clawback of variable remuneration in the event of a correction of target achievement due to incorrect consolidated financial statements or incorrect quarterly statement to the Bundesbank (restatement)	Malus and clawback provisions	• Possibility of reduction (malus) in the event of a serious breach of duty or compliance violation and possibility of reduction (malus) or clawback of variable remuneration in the event of a correction of target achievement due to incorrect consolidated financial statements or incorrect quarterly statement to the Bundesbank (restatement)
• Special right of termination in the event of a change of control of the company	Change of control clause	---

Figure 1 Schematic representation of the remuneration system of the flatexDEGIRO AG board members

II. PRINCIPLES OF THE REMUNERATION SYSTEM

flatexDEGIRO's remuneration system for the members of the Management Board ('remuneration system') is designed to promote the business strategy and the long-term development of the company and its affiliated companies. This is primarily achieved through a transparent and clear incentive structure for the remuneration of the Management Board.

The remuneration system, consisting of the weighting of economic indicators, social and societal responsibility indicators (ESG criteria, ESG = Environment, Social & Governance), risk-adjusting factors and the standardised remuneration structure for all Management Board functions, is intended to set the right incentive priorities. The key priority is to ensure that the Management Board only makes decisions that promise sustainable business success without focusing on short-term optimisation of its remuneration.

As part of the short-term incentive (STI), 60–80 per cent collective targets ('overall targets') and 20–40 per cent individual targets are set for the members of the Management Board. The overall targets are divided into financial targets (50–60 per cent) and ESG criteria (10–20 per cent) and are supplemented by an assessment of departmental contributions using a divisional factor.

In addition to the STI, the long-term development of the company is primarily enshrined in the remuneration system through the long-term incentive (LTI) spanning multiple years in the form of stock options.

Management Board remuneration should be aligned with the market, but it also needs to be competitive, so that the company can attract and retain suitable Management Board members. The remuneration system should therefore give the Supervisory Board the opportunity to react flexibly to a changing market and competitive environment within the specified framework. The incentive structure should be clear and understandable for everyone, including shareholders, members of the Management Board as well as for employees, whose bonus structure is based on the targets set for Management Board remuneration in the interest of a consistent incentive structure.

This is intended to create transparent and sustainable incentives for committed and successful work in a dynamic business environment. Achieving or exceeding short and long-term performance criteria is rewarded appropriately without incentivising inappropriate risk behaviours.

The remuneration system should apply for several years and during this time contribute to achieving a sustainable increase in flatexDEGIRO's company value. The remuneration system complies with the requirements of the German Stock Corporation Act (AktG), the German Banking Act (KWG) and the Remuneration Ordinance for Institutions (InstitutsVergV). It considers the expectations of investors and proxy advisors and, as shown below, complies with the recommendations of the GCGC in the version published on 28 April 2022.

III. MAXIMUM REMUNERATION AND CAP ON VARIABLE REMUNERATION (upper limit)

In accordance with § 87a (1)(2) no 1 AktG, the Supervisory Board has set a maximum remuneration for the members of the Management Board that limits the maximum remuneration disbursement allocated for a fiscal year, consisting of non-performance-based (fixed salary, fringe benefits) and performance-based (STI and LTI) remuneration components.

Note: The maximum remuneration is neither the level of remuneration targeted by the Supervisory Board nor is it necessarily considered appropriate. It must be clearly distinguished from the annual target remuneration. It merely sets an absolute upper limit (cap), for example to prevent disproportionately high Management Board remuneration in the event of an unexpectedly good fiscal year.

To determine this maximum remuneration, the Supervisory Board differentiates between the Chairman of the Management Board and the ordinary members of the Management Board to the same extent as for determining the target remuneration. The maximum remuneration was reduced again compared to the previous system. Henceforth, the maximum remuneration will be EUR 7,500,000 for the Chairman of the Management Board and EUR 5,500,000 for the ordinary members of the Management Board. The reduced maximum remuneration mainly ensures that disbursements from the long-term incentive (stock option plan) are capped at an appropriate level.

In addition to the maximum remuneration in accordance with § 87a (1)(2) no 1 AktG, the Supervisory Board has stipulated in accordance with § 25a (5)(4) KWG and § 6 (1) InstitutsVergV that the variable remuneration may not exceed two times the fixed remuneration (i.e. an upper limit of 2:1 is set for the ratio of variable to fixed remuneration). On 13 June 2023, 91.5 per cent of the flatexDEGIRO Annual General Meeting voted in favour of the proposal to increase the upper limit for the variable remuneration components of the Management Board members of flatexDEGIRO AG to 200 per cent of the fixed remuneration in accordance with § 25a (5)(5) KWG. Compliance with the 2:1 cap is reviewed after the end of each fiscal year or after the corresponding remuneration components have been granted or after the stock options have been allocated. If the variable remuneration were to exceed this upper limit, it is reduced accordingly.

IV. REMUNERATION COMPONENTS AND RELATIVE SHARES OF REMUNERATION

The remuneration system basically consists of non-performance-based fixed and performance-based variable remuneration components.

- The non-performance-based remuneration consists of a fixed salary and fringe benefits (namely insurance, company car). There is no company pension scheme for members of the Management Board.

- By contrast, performance-based remuneration is not fixed but linked to the achievement of certain targets, which makes it variable. It consists of a short-term and a long-term incentive component, the STI and the LTI.

The Supervisory Board determines a total annual target remuneration for each member of the Management Board within the framework set by the remuneration system, which is made up of the fixed salary, fringe benefits and the target amounts for the STI and LTI – assuming 100 per cent target achievement. The non-performance-based remuneration contributes around 35–45 per cent, the performance-based STI around 15–30 per cent and the performance-based LTI around 30–45 per cent to the target remuneration.

The performance-based variable remuneration for members of the Management Board (STI and LTI) accounts for around 55–65 per cent of the total target remuneration. By weighting the LTI higher than the STI, the remuneration structure is also geared towards the sustainable and long-term development of the company. The following chart shows the relative share of the respective remuneration components in the total target remuneration and the percentage ratio of fixed and variable remuneration to each other:

The target remuneration is made up of non-performance-based and performance-based components.

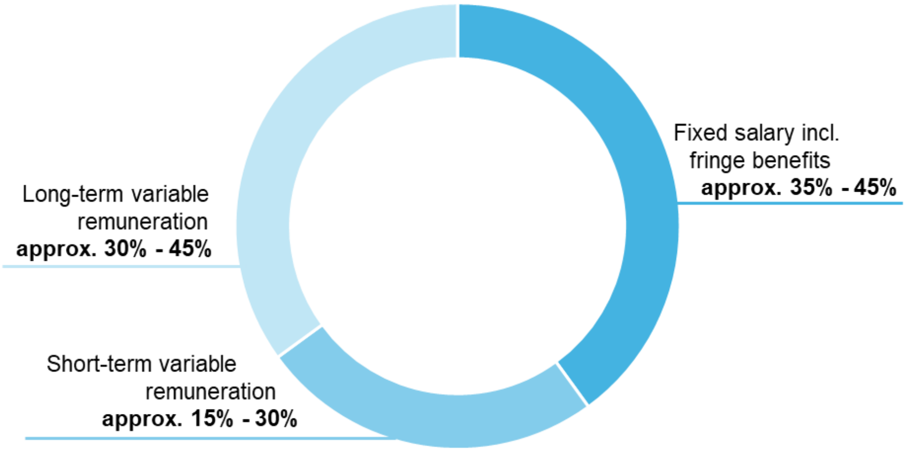

Figure 2 Graphical representation of the remuneration structure

V. NON-PERFORMANCE-BASED FIXED REMUNERATION COMPONENTS

The non-performance-based remuneration consists of two remuneration components: Fixed salary and fringe benefits.

- Fixed salary:
  The fixed salary is a fixed remuneration for the whole year, which is based on the area of responsibility and experience of the respective Management Board member and is paid out in twelve equal monthly instalments on the 15th of each month (subject to statutory deductions). If a member of the Management Board joins or leaves the company during the year, the fixed salary is paid pro rata temporis.

- Fringe benefits:
  Other fixed remuneration components are contractually agreed fringe benefits such as contributions to insurance policies (e.g. group accident insurance, life and disability insurance, childcare) and a company car in accordance with the applicable company car policy, which can also be used privately.

VI. PERFORMANCE-BASED VARIABLE REMUNERATION COMPONENTS

The performance-based variable remuneration consists of the two remuneration components STI and LTI:

(1) Short-term incentive (STI)

In addition to the fixed remuneration components, all members of the Management Board are entitled to an STI.

The basis for determining the amount of the STI is the target amount ('STI target amount'). The STI target amount is the amount to which a member of the Management Board is entitled if the STI performance criteria are 100 per cent achieved. Depending on the level of target achievement, the disbursement from the STI can be between 0 and 200 per cent of the STI target amount.

Generally, the Supervisory Board will ensure that the target values are appropriate and ambitious, but remain achievable for the Management Board, so that they fulfil their function as incentives. For each fiscal year, the Supervisory Board determines the STI target amount and the target values for the performance criteria defined in the remuneration system for each Management Board member. It does so at its own dutiful discretion in the first quarter of the respective fiscal year.

The STI incentivises the contribution made in the fiscal year to the operational implementation of the corporate strategy, in particular the establishment and expansion as Europe's leading online broker. The targets for the members of the Management Board within the STI are divided into overall targets, supplemented by an assessment of departmental contributions using a divisional factor and individual targets.

Within the overall targets, the financial performance criteria are weighted at 50–60 per cent and are based on the Group's operating success. In order to reflect the results appropriately, revenues, consolidated earnings and another financial performance indicator are defined as financial performance criteria. The increase in revenues and profitability growth compared to the previous year are the most important financial performance indicators for the Group's operating financial performance. The Supervisory Board has defined additional administrative expenses as a further financial performance indicator for fiscal year 2025.

The target achievement curve for the financial targets can be illustrated as follows:

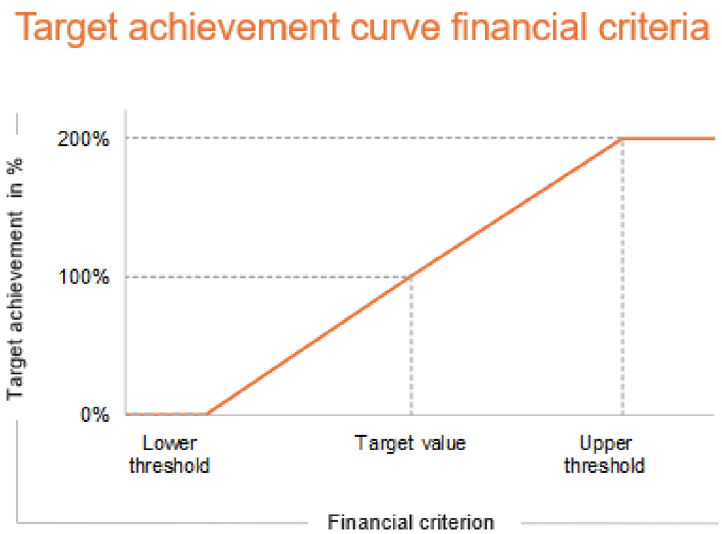

Figure 3 Target achievement curve financial criteria

Within the overall targets, the key performance indicators for the company's sustainability are measured by the ESG criteria with a weighting of 10–20 per cent. To reflect these performance indicators in the STI, sustainability criteria from the areas 'E' – Environment, 'S' – Social and 'G' – Governance are defined. For fiscal year 2025, the Supervisory Board defined the three ESG criteria of CO2 intensity (Scope 1+2) per million euros in revenues for the Environment division, employee satisfaction for the Social division and external ESG ratings relative to a peer group for the Governance division.

The target achievement curve for the ESG criteria can be illustrated as follows:

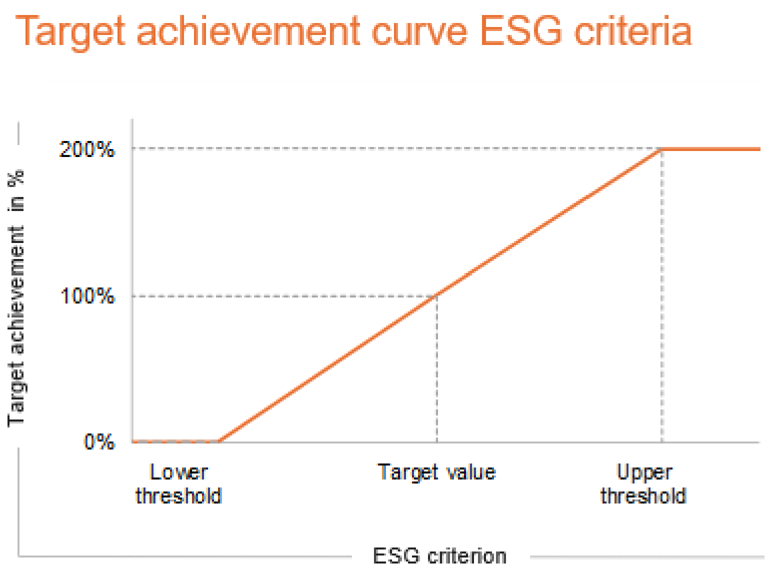

Figure 4 Target achievement curve ESG criteria

In addition to the level of individual targets and the level of collective overall targets, the Supervisory Board also has the option of considering the contributions of the departments for which the Management Board members are tasked with achieving the overall targets in a differentiated manner using a divisional factor. To this end, the Supervisory Board can adjust the target achievement of the overall targets with a factor of 0.8–1.2 based on a justified assessment of the contributions to the achievement of these targets and the contributions to collaboration within the Management Board. As a rule, the divisional factor is 1.0. The maximum target achievement of the overall targets, including the divisional factor, remains limited to 200 per cent in all cases. The application of the divisional factor and the Supervisory Board's corresponding reasons are reported transparently in the remuneration report.

In order to be able to take individual targets for the individual members of the Management Board into account for determining the performance criteria for the STI, 20–40 per cent of the STI target achievement is based on individual targets. Individual targets can include quantitative and qualitative performance criteria and are set by the Supervisory Board at the beginning of the fiscal year based on the respective areas of responsibility of the Management Board members. At the end of the fiscal year, the Supervisory Board determines whether the targets have been achieved based on the previously defined criteria and publishes this information transparently in the remuneration report.

The performance criteria are measured over a three-year period to also ensure a multi-year consideration for the STI and to prevent performance criteria from being optimised in the short term at the expense of the company's long-term development. At the same time, this approach ensures the three-year measurement required by regulations for all performance criteria. For this purpose, the current fiscal year and the two preceding fiscal years are used to determine the target achievement of the performance criteria. The current fiscal year is given the highest weighting.

The Supervisory Board determines the final weighting of the individual financial and individual performance criteria within the target categories as part of the individual weighting ranges listed below. The determined weightings are disclosed retrospectively in the remuneration report.

The following chart shows the relative share of the overall targets and individual targets of the short-term incentive in the total annual target remuneration as well as the percentage ratio of the performance criteria within the STI:

Target setting	Category	Weighting	Sub-weighting	Criteria	
Common targets	**Financial criteria**	**50% - 60%**	20% - 30%	Revenue	Divisional factor Contributions of the respective division to the common targets 0.8 - 1.2
			20% - 30%	Consolidated net income	
			10% - 20%	Additional financial steering criteria (e.g., other administrative expenses)	
	ESG criteria	**10% - 20%**	2.5% - 10%	Environment (e.g., CO_2 intensity)	
			2.5% - 10%	Social (e.g., Employee satisfaction)	
			2.5% - 10%	Governance (e.g., ESG ratings)	
Individual targets	**Individual**	**20% - 40%**	Individual targets for the Management Board members		

Figure 5 Graphical representation for determining the STI

After the end of the fiscal year, as part of the annual financial statements, the Supervisory Board determines whether the performance criteria have been achieved, exceeded or missed based on the actual values that result from the consolidated accounts with regard to the key figures and are otherwise determined separately. Furthermore, the total variable remuneration amount is reviewed in accordance with § 7 InstitutsVergV. If the performance criteria are not met in full, the STI may also drop below the target amount or be cancelled entirely. The target values and their achievement are disclosed retrospectively in the remuneration report. If the criteria pursuant to § 7 InstitutsVergV are not met in an overall assessment, the variable remuneration may also be reduced or cancelled completely.

If a member of the Management Board joins or leaves the company during the year, the STI target amount is calculated and determined pro rata temporis.

If a member of the Management Board leaves during a fiscal year as a so-called ‘good leaver’, the STI is granted pro rata temporis on the due date specified in the employment contract if the corresponding target achievement has been determined after the end of the fiscal year and the review in accordance with § 7 InstitutsVergV has taken place. A Management Board member is considered a ‘good leaver’ if their appointment ends normally due to the fixed term or ends prematurely for a reason for which the Management Board member is not responsible. In individual cases, the Supervisory Board remains authorised to settle the existing STI entitlements of a Management Board member leaving during the fiscal year with a one-off payment in accordance with the internal severance policy (in this case, the company will declare a deviation from recommendation G.12 of the GCGC).

If the Management Board member departs as what is called a ‘bad leaver’, all STI entitlements are cancelled. A Management Board member is considered a ‘bad leaver’ if they resign from office without good cause or if their appointment ends prematurely for good cause on grounds for which they bear responsibility.

(2) Long-term incentive (LTI)

The LTI is based on a stock option programme to promote the long-term and sustainable development of the company and to ensure alignment of variable remuneration components over multiple years. The stock option programme is based on the following key conditions:

(a) Entitlement and allocation

Each year, the members of the Management Board are allocated a number of stock options based on an individual target amount. The number of allocated stock options is calculated by dividing the target amount by the fair value of a stock option on the allocation date.

Stock options can only be allocated if the requirements of § 7 InstitutsVergV, as amended, are met at the time of allocation. There is no conflicting ruling by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) or another supervisory authority, and the threshold values of the risk-adjusting factors pursuant to § 4 below are not undercut at the time of allocation.

Subject to the subsequent provisions, each stock option grants the beneficiary the conditional right to subscribe to one no-par value registered share in flatexDEGIRO with a notional interest in the subscribed share capital of EUR 1.00 (subscription shares) in return for payment of the subscription price.

The subscription price [issue price as defined in § 193 (2) no 3 AktG] for a registered no-par value share of flatexDEGIRO with a notional interest in the subscribed share capital of EUR 1.00 corresponds to the non-volume-weighted average closing price of the company's shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange over the last 30 trading days prior to the respective allocation. However, it can never be less than the lowest issue price as defined in § 9 (1) AktG.

(b) Term

The stock option can only be exercised after the expiry of a waiting period of four years from the allocation date ('**waiting period**').

After expiry of the waiting period, the stock options can be exercised at any time (subject to a review of the total variable remuneration amount in accordance with § 7 InstitutsVergV) up to the end of the two-year exercise period ('**exercise period**'). Exceptions to this rule are statutory regulations, official requirements and/or flatexDEGIRO's internal guidelines (exercise periods in accordance with § 193 (2) no 4 AktG). Exercising it is not possible during the following lockout periods:

- Four weeks prior to the legally or regulatory required publication of key financial figures on the dates specified in the financial calendar
- Four weeks before publication of the notice convening an Annual General Meeting up to and including the day on which this Annual General Meeting ends

A diagram of the stock option plan is shown below:

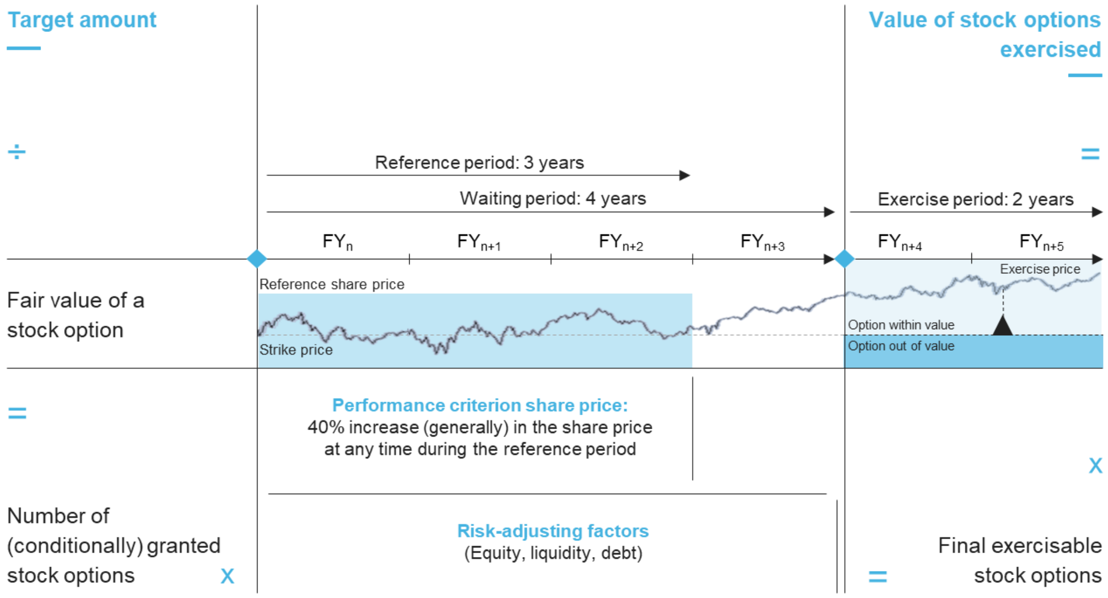

Figure 6 Schematic representation of the stock option plan

(c) Performance criterion share price

In addition to the inherent exercise condition for the stock options that the share price must be higher than the issue price at the time of exercise in order for the stock options to be valuable, pre-emptive rights can only be exercised if the flatexDEGIRO share price has risen by at least 40 per cent on any trading day within the period from the allocation date of the stock options to the end of three years after the allocation date (‘**reference period**’). The Supervisory Board reviews the ambition level of the required share price increase before each LTI allocation and adjusts it, if necessary. In particular, the ambition level can be adjusted in the event of a positive share price performance.

The closing price of flatexDEGIRO shares in XETRA trading on the German stock exchange ‘Deutsche Börse AG’ (or a successor system) on the allocation date of the respective stock option (‘**reference price**’) and a closing price of flatexDEGIRO shares in XETRA trading on Deutsche Börse AG (or a successor system) that is at least 40 per cent higher than the reference price during the reference period are used to determine whether the performance criterion has been met. Pre-emptive rights and the corresponding stock options that have not reached the performance criterion during the reference period expire without settlement or other remuneration.

(d) Risk-adjusting factors

Risk-adjusting factors are included as further performance criteria from the financial area for determining the target achievement of the LTI. The risk adjustment complies with regulatory requirements for structuring remuneration in banks and prevents the risk of the remuneration system creating undesirable incentives to take disproportionately high risks.

The risk-adjusting factors are derived from flatexDEGIRO’s ambitious Risk Appetite Statement (RAS), which is set for a longer period and is therefore not subject to annual fluctuations. In addition to the RAS, further threshold values are derived from the regulatory requirements and the requirements of the Total Supervisory Review and Evaluation Process (SREP). The risk-adjusting factors represent key financial performance criteria that are used to assess the financial development and stability of the company. They consist of the following three key figures:

- Capital: Overall Capital Ratio (OCR)
  - Percentage ratio of capital (Tier 1 capital [Common Equity Tier 1, CET1], Additional Tier 1 [AT1], Tier 2 capital) to risk-weighted assets (RWA)
- Liquidity: Liquidity Coverage Ratio (LCR)
  - Percentage ratio of highly liquid assets to total net liquidity outflows over a 30-day period
- Leverage: Leverage Ratio (LR)
  - Ratio of Tier 1 capital (CET1, AT1) to the total risk position (sum of all assets and off-balance-sheet items)

The support with risk-adjusting factors at Group level provides a clear vision statement for the members of the Management Board and thus avoids incentivising them to take disproportionately high risks.

If a risk-adjusting factor falls below the threshold values shown below (reference values: Group report of the quarterly reporting to the Deutsche Bundesbank) once during the four-year vesting period, the cumulative entitlement to stock options from the stock option plan is reduced in accordance with the percentages shown. All reductions apply cumulatively during the waiting period based on the initial allocation. Two shortfalls of the same factor in two consecutive quarterly reports count as one shortfall and lead to only one reduction. This allows for a six-month recovery period for each factor. The thresholds are based on the Group's current risk appetite statement and thus also on the restructuring thresholds and regulatory requirements. The maximum number of granted stock options can be reduced to zero by the risk-adjusting factors. The matrix for the various thresholds related to the cancellation of stock options for the risk-adjusting factors is structured as follows:

		Risk Appetite Statement limit OCR+50bps	Shortfall regulatory limit OCR	Shortfall below TSCR (Total SREP Capital Requirements)
Own Funds	Overall Capital Ratio (OCR)	-10%	-20%	-70%
	cumulative	**-10%**	**-30%**	**-100%**
		Risk Appetite Statement limit 125%	Shortfall regulatory limit LCR	Shortfall LCR greater 25%
Liquidity	Liquidity Coverage Ratio (LCR)	-10%	-20%	-70%
	cumulative	**-10%**	**-30%**	**-100%**
		Risk Appetite Statement limit ≤ 3,25	Shortfall regulatory limit LR	Shortfall LR greater 0,25%-points
Leverage	Leverage Ratio (LR, incl. P2R/G)	-10%	-20%	-70%
	cumulative	**-10%**	**-30%**	**-100%**

Figure 7 Schematic representation of the risk-adjusting factors

(e) Cash settlement option

In fulfilment of some or all of the pre-emptive rights, flatexDEGIRO is entitled to grant the beneficiaries the difference between the subscription price and the relevant market value of flatexDEGIRO AG shares in cash instead of shares (cash settlement). The beneficiaries are required to accept this cash settlement in fulfilment of their pre-emptive rights. Under certain circumstances, the member of the Management Board may be entitled to a cash settlement in the event of a significant change in the company's shareholder structure.

(f) Limitation of the stock options

To ensure appropriate remuneration, the proceeds from the exercise of the LTIs are capped by setting a maximum remuneration in accordance with § 87a (1)(2) no 1 AktG. This ensures that the disbursements from the long-term incentive do not exceed an appropriate level, even in the event of extraordinary developments.

(g) Reduction or cancellation of pre-emptive rights and consideration of negative profit contributions

In the event of predefined negative profit contributions, flatexDEGIRO may reduce or cancel all or part of the pre-emptive rights at any time before the date on which they are exercised or attach additional conditions to the exercise of a pre-emptive right at its reasonable discretion, to the extent permitted by law. This is irrespective of the provisions made for the stock options within the LTI and regardless of whether the performance criteria and exercise conditions attached to a stock option are or have been met. The scope of such measures by flatexDEGIRO (e.g. a reduction in pre-emptive rights) is determined at its reasonable discretion. In doing so, the board must consider all circumstances of the individual case, for example the severity of the negative profit contribution, the resulting economic and reputational consequences for flatexDEGIRO and the level of responsibility and involvement of the authorised person.

The defined cases for recognising negative profit contributions include, but are not limited to: any direct or indirect causation of a risk event, determination of a lack of professional suitability, loss-making actions in the form of fraud or gross negligence, intentional or grossly negligent misconduct, a significant decline in financial performance or the failure of risk management as well as the need for a significant increase in the regulatory capital base.

(h) Termination or suspension of the employment relationship

In the event of termination of the employment relationship between the beneficiary and flatexDEGIRO during the term of the respective stock options, the beneficiary retains the stock options, provided that the waiting period has expired at the time of termination of the employment relationship.

In the event of termination of the employment relationship between the beneficiary and flatexDEGIRO during the vesting period, the stock options issued to the beneficiary and the resulting entitlements are generally retained in full (subject to a 'good leaver' case) if the first year of the waiting period has expired. If the employment relationship is terminated within the first year of the waiting period, the issued stock options are reduced pro rata temporis in relation to the first year of the waiting period. The final number of stock options is determined at the end of the waiting period, subject to achievement of the performance criteria or fulfilment of the risk-adjusting factors. If the employment relationship ends due to the death of the beneficiary, the entitlements from the stock options, calculated pro rata temporis, are transferred to the surviving dependants.

The beneficiary's entitlements from the stock options lapse with immediate effect if the employment and/or the appointment of the beneficiary ends prematurely for an important reason for which the beneficiary is responsible ('bad leaver').

VII. EXTRAORDINARY DEVELOPMENTS

The criteria for determining performance-based remuneration and the performance criteria set by the Supervisory Board at the beginning of the fiscal year are not changed during the course of a fiscal year. Subsequent changes to the target values or the comparison parameters are excluded, except for the cases described below. In order to fulfil the requirements of the GCGC in accordance with G.11 sentence 1, the Supervisory Board may, in justified rare special cases, consider extraordinary developments whose effects are not adequately captured in the target achievement when setting targets for the STI. This can lead to an increase or a reduction in the disbursement amount paid out under the STI. The maximum adjustment is 20 per cent.

Examples of exceptional developments during the year include extraordinary changes in the economic situation (e.g. due to economic crises or health crises with an impact on the global economy) that render the original company targets invalid, provided they were not foreseeable. Generally unfavourable market developments are not considered to be extraordinary developments during the year. If extraordinary developments occur that necessitate an adjustment, the Supervisory Board will report on it in detail and transparently in the remuneration report.

VIII. MALUS AND CLAWBACK PROVISIONS FOR THE VARIABLE REMUNERATION

In the cases described below, the Supervisory Board may partially or fully reduce or reclaim variable remuneration from members of the Management Board:

- In the event of negative profit contributions and especially in the event of a serious breach of duty or compliance violation, the Supervisory Board can reduce the STI to zero at its own discretion. Depending on the severity of the breach, the Supervisory Board may, at its reasonable discretion, cancel the LTI stock options in full or in part without substitution.

- The company is entitled to request a member of the Management Board to repay part or all of the paid performance-based remuneration if, after disbursement of the performance-based remuneration, it is determined that the audited and approved consolidated accounts or a quarterly report to the Deutsche Bundesbank on which the entitlement to the performance-based remuneration is based was objectively incorrect with regard to compliance with the threshold values of the risk-adjusting factors and must therefore be rectified retrospectively and that no or a lower entitlement to the performance-based remuneration would have arisen based on the corrected audited consolidated accounts or the corrected quarterly report. It is not requisite for the Management Board member to be at fault for needing to correct the consolidated accounts or the corrected quarterly report. The clawback claim becomes due when the annual financial statements or the quarterly report are corrected. It also exists if the mandate and/or employment relationship with the Management Board member has already ended at the time the repayment claim becomes due. The repayment claim exists until two years after the corresponding stock options have been exercised. The claim for repayment is computed as the difference between the performance-based remuneration that was actually paid and the performance-based remuneration that should have been paid based on the corrected audited consolidated accounts or the corrected quarterly report. A subsequent correction of the consolidated accounts or the quarterly report does not lead to an increase in the entitlement to performance-based remuneration.

IX. CREDITING OF REMUNERATION FROM SECONDARY EMPLOYMENT

The remuneration from any Supervisory Board mandates within the Group or other dual mandates is offset against the Management Board remuneration. If a member of the Management Board wishes to take on a Supervisory Board mandate outside the Group, the Supervisory Board decides, as part of the required approval decision, whether the external remuneration will be offset against the Management Board remuneration. In doing so, the Supervisory Board will be guided in particular by the expected time spent on the non-Group Supervisory Board mandate.

X. BENEFITS UPON COMMENCEMENT AND TERMINATION OF MANAGEMENT BOARD ACTIVITIES

The Supervisory Board may grant an initial bonus upon taking up a position on the Management Board, e.g. for compensation payments for the forfeiture of benefits from the previous employer due to the change. The amount of the sign-up bonus must be specified in the individual contract before the start of the activity and is generally subject to the requirements of the Remuneration Ordinance for Institutions (InstitutsVergV).

Payments to a member of the Management Board in the event of premature termination of the employment contract without good cause for the termination of the Management Board activity are limited to a maximum of two years' remuneration and do not exceed the remuneration for the remaining term of the employment contract (severance payment cap). No severance payment is granted in the event of premature termination of a Management Board member's contract for good cause by the company. Any severance payment is determined and granted in accordance with the internal severance payment guidelines as well as the statutory and regulatory requirements, especially the recommendations of the GCGC and the provisions of the Remuneration Ordinance for Institutions, such as the audit pursuant to § 7 InstitutsVergV.

XI. OTHER MATERIAL PROVISIONS IN THE EMPLOYMENT CONTRACT

In accordance with the recommendation of the GCGC, the Supervisory Board has the option of taking extraordinary developments within an appropriate framework into account.

The employment contracts of Management Board members will generally not exceed a term of three years for initial appointments. Ordinary termination of the employment contract is excluded for both parties. The right to terminate for good cause in accordance with § 626 (1) of the German Civil Code (Bürgerliches Gesetzbuch – BGB) remains unaffected. In the event of premature termination of the mandate, the employment contract also ends automatically (linking clause).

XII. PROCEDURE FOR DETERMINING, IMPLEMENTING AND REVIEWING THE REMUNERATION SYSTEM

The remuneration system and the structure of the Management Board remuneration are determined by the Supervisory Board and periodically reviewed for appropriateness. The Supervisory Board may seek advice independently of the Management Board and the company in this regard. In accordance with § 12 InstitutsVergV, the remuneration system and the underlying remuneration parameters are reviewed once a year with regard to their appropriateness, in particular their compatibility with the business and risk strategies.

Moreover, it is ensured that the total amount of variable remuneration is determined in accordance with § 7 InstitutsVergV, taking risk-bearing capacity, capital planning and the earnings situation into account.

The remuneration system adopted by the Supervisory Board is submitted to the Annual General Meeting for approval in accordance with the statutory requirements [§ 120a (1) AktG]. In the event that the Annual General Meeting does not approve the remuneration system, the Supervisory Board must present a revised remuneration system for approval at the next Annual General Meeting (or sooner) in accordance with § 120a (3) AktG.

Pursuant to § 120a (1) AktG, the Supervisory Board will resubmit the remuneration system for the members of the Management Board to the Annual General Meeting of flatexDEGIRO for approval every time there is a significant change to the remuneration system – at least once every four years.

In their report to the Annual General Meeting, the Chairman of the Supervisory Board provides information on any conflicts of interest that may have arisen and how they were dealt with. If a personal conflict of interest should arise for a member of the Supervisory Board, this member will abstain from any deliberations and resolutions on the remuneration of the Management Board.

The Supervisory Board determines the specific total target remuneration of the individual members of the Management Board based on the remuneration system submitted to the Annual General Meeting for approval. The total target remuneration is commensurate with the tasks and performance of the Management Board member and the situation of the company and will not exceed the customary remuneration without special reasons.

The Supervisory Board will determine the respective target achievement after the end of a fiscal year, generally close to the time of adopting the balance sheet. Then, the board will determine the specific remuneration for the individual members of the Management Board. The achievement of targets is disclosed retrospectively in the remuneration report and is therefore transparent in terms of reason and amount.

The Supervisory Board has the option of temporarily deviating from the submitted remuneration system in special and exceptional circumstances in accordance with § 87a (2)(2) AktG if it is in the best interest of flatexDEGIRO's long-term well-being. This applies especially to extraordinary, unforeseeable developments that could not be influenced by the Management Board or flatexDEGIRO. Such deviations may be necessary, for example, to ensure adequate incentivisation in the event of a serious corporate or economic crisis. However, generally unfavourable market developments do not justify a temporary deviation from the remuneration system. A temporary deviation from the remuneration system is only possible by resolution of the Supervisory Board.

In such cases, deviating from the components of the remuneration system is temporarily permitted: the financial and non-financial performance criteria of the short-term and long-term incentive and their weighting, ranges of potential target achievement and the methods for determining target achievement. Irrespective of any deviation from the remuneration system, the remuneration of the Management Board members must continue to be geared towards the long-term and sustainable development of the company and ensure an appropriate incentive level of Management Board remuneration.

Furthermore, the Supervisory Board may temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components if this is necessary to restore an appropriate level of incentivisation of the Management Board remuneration.

Any deviations are transparently disclosed and explained in the remuneration report.

XIII. APPROPRIATENESS OF THE TOTAL TARGET REMUNERATION

To determine the total target remuneration of the individual members of the Management Board, the Supervisory Board ensures that it is commensurate with the tasks and performance of the Management Board members and the situation of the company and does not exceed the customary remuneration.

- For the ‘peer group comparison’ (horizontal review of the appropriateness of Management Board remuneration) of the total target remuneration, the Supervisory Board uses listed peer companies from Germany that enable an objective comparison with regard to flatexDEGIRO’s market position (in particular sector, size).
- For the comparison of appropriateness within the flatexDEGIRO Group (vertical review of the appropriateness of Management Board remuneration), the Supervisory Board primarily considers the remuneration of top management, but also of the workforce as a whole.

XIV. TRANSPARENCY, DOCUMENTATION AND REMUNERATION REPORT

After submission of the remuneration system to the Annual General Meeting, the resolution of the Annual General Meeting and the remuneration system are published immediately on the company's website in accordance with § 120a (2) AktG and made publicly available free of charge for the duration of the validity of the remuneration system, but at least for ten years. A review of the remuneration system (in particular in accordance with § 12 InstitutsVergV) is conducted annually. Furthermore, the Management Board and Supervisory Board of flatexDEGIRO prepare a clear and comprehensible annual report on the remuneration granted and owed by the company and its affiliated companies to each individual current or former member of the Management Board and Supervisory Board in the last fiscal year ('remuneration report'). The remuneration report, which must be audited by the auditor, will contain detailed information on the individual remuneration of each member of the executive bodies and the development of the remuneration for the Management Board in accordance with § 162 AktG. Pursuant to § 120a (4) AktG, the Annual General Meeting of the company then votes on a resolution to approve the remuneration report for the previous fiscal year prepared and audited in accordance with § 162 AktG.

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