

# REMUNERATION POLICY



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# INTRODUCTION

## PREAMBLE

BAWAG Group AG is the listed holding company of BAWAG, headquartered in Vienna, Austria, which operates in a highly regulated environment under direct supervision of the European Central Bank (ECB).

This Remuneration Policy contains the remuneration principles for the members of the Management Board as well as the Supervisory Board. While this Remuneration Policy seeks to ensure reasonable remuneration *ex ante* and provides for the applicable remuneration framework over a period of up to four years upon approval by the AGM, the Remuneration Report, which is submitted to the AGM on an annual basis, aims to ensure *ex post* transparency and to give a detailed and comprehensive overview of the remuneration awarded and paid to members of the Management Board and Supervisory Board, respectively, in the course of the previous year.

This Remuneration Policy has been approved by BAWAG's Supervisory Board – after having been prepared by the Remuneration Committee of the Supervisory Board. In accordance with the Austrian Stock Corporation Act, the Remuneration Policy will be presented to the shareholders at the AGM 2024 for voting and subsequently at least every fourth financial year or at an earlier AGM in case substantial changes to the Remuneration Policy are made.

## DEVELOPMENTS SINCE LAST APPROVAL OF THE REMUNERATION POLICY IN 2020

At the AGM 2020, we submitted for the first time a Remuneration Policy to the AGM for approval. Since the AGM approval back then, we have continuously improved our remuneration design, by thoroughly reviewing and addressing topics that we identified either through the dialogue with our shareholders or as part of our routine benchmark assessment.

### **Institutionalized engagement and dialogue process with shareholders**

We initiated a shareholder outreach program, which, over the past years, has translated into an institutionalized engagement and dialogue process with our shareholders in regard to management compensation. We value the input and perspective of our shareholders and are committed to continued meaningful engagement with our investors. We specifically sought feedback from shareholders on our executive remuneration program to consider ways to further evolve our program. Our Supervisory Board led these conversations, with our Chairperson and our Deputy Chairperson (who also heads the Remuneration Committee) personally participating in these meetings with shareholders. As we appreciate the dialogue with our shareholders, we will continue active engagement in the years ahead. For us, the aim of these meetings is to:

- ▶ **Listen:** solicit feedback from investors to understand remaining concerns of our shareholders;
- ▶ **Redesign:** work through changes based on such feedback with our external remuneration consultant who supported in redesigning the annual bonus plan for Management Board members;
- ▶ **Communicate:** ensure that proper and comprehensive disclosure in the Remuneration Report clarifies the key features and changes made following our extensive investor outreach.

### **Focus on quantifiable KPIs, formulaic approach & Bonus Entry Condition**

Most recently, in 2023, we adopted a new remuneration design for the annual bonus of Management Board members, providing for a stricter formulaic approach which is to a large extent based on financial KPIs that correspond to externally communicated targets. Even with respect to non-financial KPIs, we seek to set targets which are mainly driven by quantifiable metrics and, with respect to any qualitative targets, an increased level of disclosure and explanation will be provided in the Remuneration Report to enable shareholders a thorough review of our remuneration governance and decision processes. Another feature of the new remuneration design was the introduction of an initial hurdle (Bonus Entry Condition) which ensures that rewards to the Management Board are only delivered if BAWAG's financial position is sound.

### **Formalized and transparent target setting and assessment of actual performance relative to targets**

The Remuneration Committee is responsible for setting the targets for the Annual Bonus of Management Board members and to assess them *ex post*. The assessment will be conducted based on a comprehensive set of assessment guidelines, with ratchets and caps for all financial and non-financial targets, which are set at the beginning of the bonus cycle and will be disclosed in the Remuneration Report of the following year. Our aim is to provide a level of transparency in this respect to allow shareholders to review and understand our remuneration design and to form a well-informed opinion on our remuneration design.

### **Market Benchmarks**

The Remuneration Committee does not target a specific competitive position versus the market or peer companies in determining the compensation of Management Board members as it believes that strict adherence to a specific market positioning fails to appropriately reflect the unique nature of our business portfolio and the degree of difficulty in leading the company and key businesses and functions.

However, the Remuneration Committee believes it is important to understand the competitive marketplace for executive talent to inform its decision-making and ensure that our executive compensation program supports our recruitment and retention needs. As a result, the Remuneration Committee uses a multi-faceted approach including various peer sets for purposes of assessing competitive compensation practices and design, and periodically reviews compensation data for the peer group derived from publicly filed proxy statements. The Remuneration Committee will continue to review these peer sets on an annual basis to ensure they remain appropriate.

## GENERAL PRINCIPLES AND OBJECTIVES OF REMUNERATION

the Remuneration Committee considers the following principles closely when making remuneration decisions:

<b>Main principles of the remuneration scheme</b>	The following main principles form the foundation of our Remuneration Policy: <b>sustainability</b> by conducting a long-term, risk adjusted assessment of the performance; <b>adequacy</b> of remuneration with a focus on a balanced ratio between fixed and variable remuneration; and <b>performance-driven</b> variable remuneration linked to target achievement.
<b>Attracting, motivation and retention of key personnel</b>	Our Remuneration Policy priority is to attract and retain as well as to continuously motivate Management Board members to fulfill their duties in the best possible way for the success of BAWAG Group within the provisions of a sustainable and reasonable remuneration framework.
<b>Alignment with applicable regulatory framework</b>	Our Remuneration Policy is in line with any and all applicable statutory provisions, such as in particular, the Austrian Stock Corporation Act (AktG), the Austrian Banking Act (BWG), the European banking Authority Guidelines on sound remuneration policies under Directive 2013/36/EU as well as any and all other national and EU regulations, as applicable and amended from time to time.
<b>Alignment with BAWAG's strategy</b>	BAWAG's business strategy is based on the pillars of growth, efficiency and maintaining safe and secure risk profile. Our remuneration strategy is designed to incentivize management to pursue these pillars to create a more valuable enterprise.
<b>Alignment with all stakeholders and ESG principles</b>	As stewards of stakeholder interests, the remuneration policy is designed to align management's compensation with the experience of all stakeholders. Alignment with financial shareholders is done largely through linkage of variable pay to financial performance as well as through delivering compensation in equity. Alignment with stakeholders beyond just financial shareholders is accomplished through variable pay structures that incentivize management to pursue strategies tied to the interests of customers, the workforce, suppliers, community, and the environment (including common ESG principles).
<b>Use of multiple time horizons</b>	<p>Our remuneration program is comprised of multiple components that cover different time horizons. This is done by basing variable pay on near-term performance but deferring a significant portion of pay over a multi-year time horizon, thus ensuring that management decisions are taking into account multiple perspectives.</p> <p>Please see the relevant sections of this Remuneration Policy which include an illustration of the time-horizons of the STI/respective LTIP.</p>
<b>Maintenance of proper risk controls</b>	The remuneration program is designed to encourage our Management Board members to deliver strong results while discouraging them from taking unnecessary or excessive risk. This is accomplished through the balance of metric-driven pay-for-performance and safeguards, such as limits on variable pay components and other risk mitigating features.
<b>Adherence to corporate governance best practices</b>	The Remuneration Committee employs a portfolio of corporate governance best practices to ensure that remuneration is designed and delivered in an appropriate manner.

<b>Cap of Variable Remuneration</b>	Variable remuneration is capped and may not exceed 200% of fixed remuneration. This applies to both combined, any STI as well as LTIP. If in any given year an STI and an LTIP are awarded, the sum of both awards is considered in respect of the 200% cap calculation.
<b>Variable remuneration tied to retention aspects</b>	Variable remuneration is tied to retention aspects as deferred parts of variable remuneration will only vest, if the respective Management Board member is in good standing employment in the year of vesting. Thus, deferred portions of granted awards may be forfeited and never be realized under certain circumstances if the respective Management Board member has exited prior to the end of the member's function period (currently until March 2026).

## REMUNERATION GOVERNANCE

We established a Remuneration Committee which is key for determining, reviewing and approving remuneration-related topics. Members of the Remuneration Committee have proper knowledge, expertise and professional experience with respect to remuneration policies and practices, risk management and control activities. The Remuneration Committee has at least one remuneration and benefits expert. His/her expertise is assessed by BAWAG Group's Fit&Proper Office based on a personal interview, review of resume and other sources.

The Remuneration Committee is responsible for overseeing the design of the remuneration system as well as for setting individual remuneration amounts and procedures for awarding remuneration to the Management Board. The Remuneration Committee monitors the implementation of the remuneration system and, upon a periodic review, makes adjustments to the system, if required. In the case of significant changes, but at least every four years, the Remuneration Policy is submitted to the AGM for approval in accordance with Sections 78b and 98a of the Austrian Stock Corporation Act.

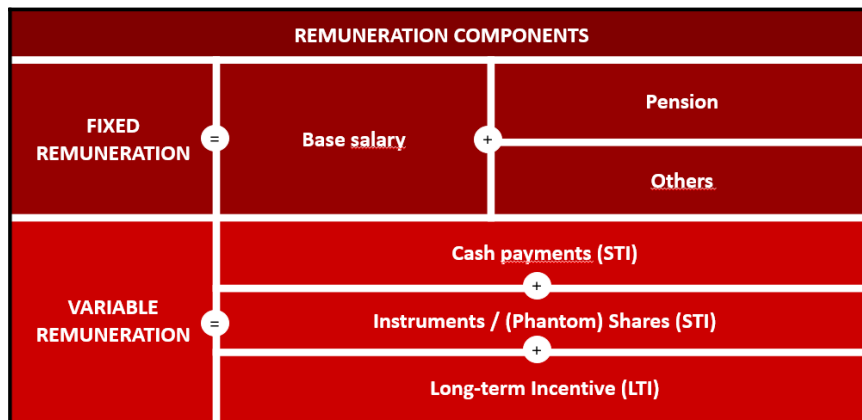
On the basis of the approved Remuneration Policy, the Remuneration Committee sets targets for each Management Board member for the respective financial year, while taking into account the scope and complexity of the respective Management Board member's functional responsibilities as well as BAWAG's financial situation. In the process, the Remuneration Committee also considers market compensation, based on a periodical review of a peer group.

## REMUNERATION STRUCTURE

Total remuneration consists of fixed and variable compensation components. Besides the short-term incentives, the achievement of the targets originally set for 2025 is tied to a long-term incentive program. The structure of the remuneration is set in a way that it gives the Management Board members motivation to achieve their targets both on a group level as well as on an individual level without incentivizing them to enter into any inappropriate risks.

Total remuneration of Management Board members consists of fixed and variable compensation components. While fixed remuneration is not linked to performance, variable remuneration is performance-related and designed to create suitable incentives for the achievement of key corporate targets. The fixed remuneration includes the base salary, pensions and fringe benefits ("Others") in form of insurance benefits as disclosed below. Variable compensations consists of short-term incentives (STI) and long-term incentive programs, at present an LTIP originally measuring a multi-year performance period from 2022 through 2025. The variable portion of remuneration is composed of cash payments and share-based awards.

Remuneration paid to Management Board members can be qualified as either fixed or variable remuneration. The following overviews provide guidance and further details on specific remuneration components as well as on specifics of the remuneration design at BAWAG.



COMPONENT	DETAILS
<b>Fixed remuneration</b>	
<i>Base salary</i>	Base salary of Management Board members is fixed (non-discretionary) and paid in monthly installments. It reflects the individual level of professional experience, the specific board function and the responsibilities of the respective Management Board member. The compensation package is, with the assistance of external remuneration consultants, normally benchmarked at least on an annual basis against different peer groups and may be reviewed more frequently at the discretion of the Remuneration Committee, for example whenever changes in responsibilities, functions and/or roles of Management Board members occur. In addition, a peer group comparison will be conducted prior to entering into new Management Board contracts or contract extensions. The Remuneration

	<p>Committee reviews and approves changes to the base salary, taking into consideration factors such as the scope, role and responsibility of the respective Management Board member, developments of the size, value or complexity of BAWAG Group and increases within the employee base during a comparable timeframe.</p> <p>Management Board members do not receive any separate remuneration for their activities for board memberships in affiliated companies.</p>
<p><b>Pension</b></p>	<p>Pension benefits are pre-defined and correspond to 15% of the base salary at present.</p> <p>This component of our remuneration program rewards Management Board members for their loyalty to the company and ensures that appropriate funds are set aside to assist with income during retirement.</p>
<p><b>Fringe benefits ("Others")</b></p>	<p>We provide limited fringe benefits to remain competitive in the markets in which we compete for talents. Benefits-in-kind include the following insurance benefits:</p> <ul style="list-style-type: none"> <li>• private medical (health) insurance</li> <li>• accident/disability insurance</li> <li>• term life insurance</li> <li>• D&amp;O insurance</li> </ul> <p>As of the date of this Remuneration Policy, this list is exhaustive and Management Board members do not benefit from any other fringe benefits or benefits-in-kind that go beyond the insurance benefits listed above. Fringe benefits other than those listed above will only be added if this is in line with market practice and deemed necessary to remain competitive as employer and to retain and motivate Management Board members.</p>
<p><b>Variable remuneration (short-term)</b></p>	
<p><b>Targets for STI</b></p>	<p>Any variable remuneration is paid based on performance. Targets for each Management Board member for the respective financial year are set by the Remuneration Committee, while considering the scope and complexity of the respective Management Board Member's functional responsibilities as well as BAWAG's financial situation.</p> <p>From our outreach to shareholders, we understood that the previous STI metrics did not emphasize financial performance to the degree that shareholders prefer. We have thus dedicated a larger percentage to quantifiable financial metrics/KPIs (for 2023: 80%) and will continue to focus on such metrics by keeping the percentage at around such levels. Financial targets will be tied to externally communicated KPIs (e.g. PBT, RoTCE, CIR, net interest income, core revenues). Non-financial/ESG targets will include an individual leadership component and other non-financial/ESG targets will be set on an annual basis by the Remuneration Committee taking into consideration key focus topics of BAWAG Group within environmental/climate, social and governance-related areas for the specific year.</p>



	<p>STI targets will be accompanied with a comprehensive set of assessment guidelines, ratches (sliding scale target approach) and caps for all financial and non-financial targets, which will be disclosed in greater detail in the Remuneration Report of the respective year.</p>
<p><b>Equity-linked pay</b></p>	<p>More than half of STI remains at risk, as it is tied to BAWAG's share performance. Any bonus will be composed of a cash payment and phantom shares which will make at least 50% of the entire bonus award.</p>
<p><b>Deferral of bonus over 5 years period &amp; one year retention period re (equity &amp; equity-linked) instruments</b></p>	<p>60% of any bonus granted to Management Board members will be deferred over a period of 5 years and therefore remains at risk. The part of the bonus which is not subject to deferral vests in the year in which the bonus is being granted, with at least 50% (phantom shares) remaining at risk as such part is subject to a one-year retention period. The deferred portions of any bonus then vest in five equal annual instalments. This approach provides appropriate risk-mitigating safeguards and retention aspects to our remuneration program.</p>
<p><b>Remuneration Cap on STI + LTI (regulatory)</b></p>	<p>Variable remuneration is capped and may not exceed 200% of fixed remuneration. This applies to both combined, any STI as well as LTIP. If in any given year an STI and an LTIP are awarded, the sum of both awards is considered in respect of the 200% cap calculation.</p>
<p><b>Additional Remuneration Cap on STI (self-imposed)</b></p>	<p>As an additional layer to the regulatory remuneration cap described above, we will set a cap below the 200% cap (for 2023: 125% cap) of the fixed remuneration for any annual bonus. This would, however, require that all (financial and non-financial) targets have been overachieved. There is no set-off between the different targets (i.e. an overachievement in one target may not be used to compensate for underachievement in another target).</p>
<p><b>Long-term remuneration (LTIP)</b></p>	<p>Long-term incentive plans further align Management Board interests with the long-term strategy of BAWAG. At present, the BAWAG LTIP 2025 is in place which measures a multi-year performance period from 2022 through 2025. Future long-term incentive plans will span over a performance period of at least 3 years and will be paid out in equity or equity-linked instruments. They will be tied to externally communicated mid-term targets of BAWAG Group to ensure interest alignment with investors as well as BAWAG Group's strategy. As per regulatory requirements, the 200% cap will apply to LTI awards and any STI awarded in the same year is considered in respect of the 200% cap calculation.</p>

## VARIABLE REMUNERATION

### Annual Bonus Award

Until financial year 2022, our remuneration program rewarded management across equally weighted performance pillars of financial, individual, and ESG/leadership success. While this plan established rigorous objectives for management, ultimately it did not emphasize financial performance to the degree that our shareholders preferred. After such consultation, we have increased the focus on financial metrics, while still requiring high performance in individual and non-financial/ESG -related matters.

In addition, while in the previous plan the scorecard results were used by the Remuneration Committee to determine the annual bonus of Management Board members, there was no direct translation of the previous MbO scorecard results to how the individual Management Board annual bonus was calculated. With the increase of the weight of externally communicated financial targets and a direct translation of the new scorecard results into the individual annual bonus amount, the current remuneration design ensures that interests between the company's strategy and management are aligned.

This is further supported by introduction of a *Bonus Entry Condition* which is linked to certain KPIs and thresholds as defined in the applicable regulatory *Recovery Plan* of BAWAG. If any of the defined thresholds is breached for a period of more than three consecutive months within the specific calendar year, the Bonus Entry Condition is not fulfilled.

The following illustration shows the general structure of the Annual Bonus formula.



The below explanations provide further details on each of the variables. Exceptions currently apply to the Chief Risk Officer (CRO) and Chief Administrative Officer (CAO) who, due to their role and functions, do not have any financial targets set.

- ▶ **Bonus Potential:** The Bonus Potential will be determined by the Remuneration Committee at the beginning of each bonus cycle.
- ▶ **Overall Adjustment Factor:** The *Overall Adjustment Factor* takes into account the financial situation / performance of BAWAG Group as well as further ex ante adjustment factors. KPIs relevant for BAWAG Group's financial situation / performance are in line with the externally communicated targets. Ex-ante adjustment factors include quantitative and qualitative risk assessments (e.g. Risk Bearing Capacity, employee's risk behavior) as well as future developments (e.g. macro-economic risks and/or monetary outlook). The *Overall Adjustment Factor* is capped at 100%. Negative adjustments may be offset by positive ones resulting in an Overall Adjustment Factor between 0% to 100% (i.e. the *Overall Adjustment Factor* may be reduced to zero to the extent that an assessment of relevant adjustment factors demonstrates that such reduction is required (*ex ante risk adjustment*)).
- ▶ **Scorecard Results:** The *Scorecard Results* correspond to results of the individual scorecards as illustrated below. Financial targets will always be tied to externally communicated targets of BAWAG Group. With respect to non-financial/ESG targets, each year a new set of non-financial/ESG targets will be defined by the Remuneration Committee, whereby 10% will be tied based on leadership targets. If the nature of the risk management and compliance roles of Management Board members

require so, different scorecards will apply which will be weighted with up to 100% on non-financial metrics. This currently applies to the Chief Risk Officer (CRO) and the Chief Administrative Officer (CAO).

Each metric will be tied to a target goal, with the target bonus amount paid out only if the respective goals for each metric are achieved. The financial metrics include “ratchets” within a specific range from the target, which further determine the extent to which final bonus payouts will be above or below the target amount for each participant. Non-financial targets are assessed on a similar - but often more qualitatively-determined - basis.

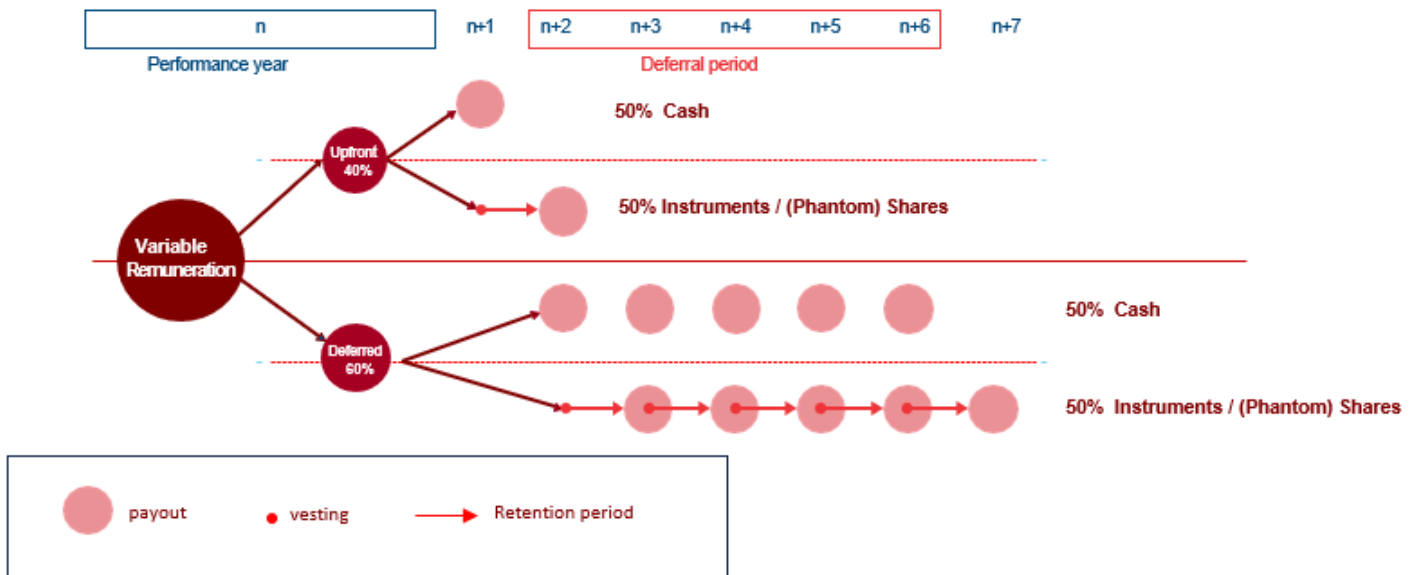
- ▶ **Individual Deduction:** The Remuneration Committee has discretion to reduce the individual annual bonus of a Management Board member by considering circumstances and facts which lie outside of the formula. The Individual Deduction may be up to 50%. This is a pure downwards adjustment factor; there is no discretion to increase the annual bonus.

For illustration purposes only, the scorecard for 2023 is copied below:

<b>FINANCIAL TARGETS – 80%</b>		<b>Weighting</b>
Return on Tangible Common Equity (RoTCE)	<b>Target: 20.0%</b>	40%
Cost-income ratio (CIR)	<b>Target: 34.0%</b>	20%
Risk Cost ratio (in bps)	<b>Target: 25 bps</b>	20%
<b>NON-FINANCIAL TARGETS – 20%</b>		
<b>Compliance &amp; Conduct</b>		
<ul style="list-style-type: none"> <li>• Living a responsible &amp; ethical behavior and setting the proper tone on compliance culture and risk mindfulness</li> <li>• Promoting openness and accountability within BAWAG Group</li> <li>• Compliance with BAWAG Group’s risk appetite</li> <li>• Enabling proactive compliance risk management</li> </ul>		5%
<b>Social Engagement</b>		
<ul style="list-style-type: none"> <li>• Double number of hours of volunteer work across entire BAWAG Group compared to 2022</li> <li>• Enhance social engagement activities</li> </ul>		5%
<b>Leadership</b>		
<ul style="list-style-type: none"> <li>• Promoting values of BAWAG Group</li> <li>• Creating meritocratic environment within framework of human capital &amp; governance</li> <li>• Promoting meritocracy</li> <li>• Entrepreneurship, innovation and thought leadership</li> <li>• Embrace technology and disrupting status quo</li> <li>• Human capital development &amp; driving diversity of leadership</li> </ul>		10%

Each Award shall be composed of a cash payment and instruments which are currently granted in phantom shares whereby the Award granted in instruments shall be at least 50% of the total Award in line with the current regulatory framework.

In general, 60% of the Award will be deferred. The deferral period is 5 years. The part of the Award not subject to deferral currently vests in the year the Award is being granted. The deferral part of any bonus award shall vest in five subsequent annual instalments in equal amounts. Only upon vesting, the respective Management Board Member will become the legal owner of the Award subject to, if applicable, a one-year retention period in case of instruments. The split between cash payment and payment in instruments as well as the deferral periods may be adjusted from time to time always taking into account the regulatory requirements then applicable. A graphical overview of the current process regarding a deferral of 60% is illustrated below:



### Long-Term Incentive Program 2025

In January 2022, the Nomination and Remuneration Committee established a new long-term incentive program (“BAWAG LTIP 2025”). The purpose of the BAWAG LTIP 2025 is to retain key personnel (retention aspect) and to effectively align the interests of participants with the long-term performance of BAWAG Group by considering BAWAG’s externally communicated multi-year performance targets until 2025 (interest alignment aspect). The key commercial terms of the BAWAG LTIP 2025 are summarized in this section.

Other long-term incentive programs with terms different to the current BAWAG LTIP 2025 may be resolved upon and become effective in the future. The Remuneration Committee will thoroughly assess the appropriateness of any potential future program and consider experiences made in connection with previous programs prior to resolving on a future program.

All Management Board members participate in the BAWAG LTIP 2025, as well as approximately 80 selected key leaders of BAWAG. The overall program size amounts to approximately 800,000 shares for all participants of the BAWAG LTIP 2025, including Management Board members, whereas approximately 50% of the BAWAG LTIP 2025 has been allocated to the Management Board and the remaining approximately 50% has been allocated to selected key leaders. The awards under the BAWAG LTIP 2025 will, subject to all vesting conditions being met, be delivered in the form of ordinary shares of BAWAG Group AG (no phantom shares) in 2026 and 2027.

In order to effectively align the interests of participants of the BAWAG LTIP 2025 with the long-term performance of BAWAG Group, the performance conditions are tied to the multi-year performance targets until 2025. They consist of financial and non-financial/ESG targets which are split as follows:

<b>Financial targets</b>	<b>70%</b>	<b>Non-Financial /ESG targets</b>	<b>30%</b>
Profit before tax target ("PBT") (>€750 m)	30%	CO2 emission target (>50% reduction)	10%
Earnings per share target ("EPS") (>€7.25)	20%	Women quota target	10%
Dividend per share target ("DPS") (>€4.00)	20%	Supervisory Board (33%)	5%
		Senior Leadership Team (33%)	5%
		Green lending business target	10%

Subject to the vesting conditions as outlined above, 88% of the BAWAG LTIP 2025 award (*Part I*) shall vest in early 2026 and 12% of the BAWAG LTIP 2025 award shall vest in early 2027. Upon delivery of the shares, the shares will remain subject to retention during a period in accordance with applicable regulatory requirements, which currently stands at one year (one-year retention period).

The financial and non-financial/ESG targets are deemed fulfilled if all financial targets or all non-financial/ESG targets are met at any financial year end (i.e. year-end 2022/23/24). The assessment of the vesting conditions (including the performance targets) under the BAWAG LTIP 2025 is carried out by the Remuneration Committee of BAWAG Group.

## MALUS AND CLAWBACK

A prevailing principle of our remuneration design is to ensure that any variable remuneration awards shall only vest if and to the extent the payment is sustainable according to BAWAG's financial situation. In this connection the Remuneration Committee shall determine in any year whether the relevant deferred installment(s) of bonus awards shall vest in the relevant year. The bonus awards are cancelled in case that certain thresholds according to BAWAG's recovery plan were triggered in the preceding financial year (annual vesting decision; *ex post* adjustment).

BAWAG evaluates on a regular basis if and to what extent the risk adjustments and incentive effects of the remuneration scheme comply with the regulatory requirements to prevent Management Board members from entering BAWAG into extraordinary risks with the purpose of increasing or optimizing their respective bonus award. To that end, malus or clawback provisions which are part of the remuneration design will be triggered in defined cases, e.g. if a Management Board member contributes significantly to negative financial performance or engages in fraud or proven misconduct. In such cases BAWAG may clawback variable remuneration (i) until the end of the retention period for the final instalment of a bonus award and (ii) for a period of five years after the upfront part of the bonus award vests if no retention period applies. The same criteria apply for malus during the period until vesting of a bonus award.

## CONTRACTUAL PROVISIONS

### General Terms of Contract

Management Board contracts are concluded for a limited period of up to five years which is linked to the duration of the appointment in accordance with the Austrian Stock Corporation Act. The Supervisory Board, upon recommendation of the Nomination Committee, shall decide at an early stage, but no later than six months prior to expiry of the appointment period, on a renewed appointment. If the Supervisory Board decides not to extend the Management Board contract, it ends automatically with the expiry of the period, without requiring the express notice of termination. Management Board contracts may, in general, be terminated by each party for cause without observing a notice period.

### **Entitlements upon Termination**

Management Board members are in principle entitled to receive severance pay upon early termination of their appointment, provided that BAWAG Group is not entitled to revoke the appointment or give notice under the contractual agreement for cause. In line with the recommendation of the Austrian Corporate Governance Code, severance pay in cases of early termination will not exceed two times the annual pay and, in any case, must not exceed the amount that would be payable as compensation for the remaining term for the Management Board contract.

Severance pay may also be offered in justified cases, e.g. in case of a Management Board member's death or permanent disability prior to the end of the term and will amount to one base salary for these cases. Malus and clawback provisions will remain to apply.

### **Non-compete clause**

Without the prior written consent of BAWAG's Supervisory Board or its respective committee, the Management Board member is not permitted to work for a company during the term of this Agreement on a freelance, dependent or other basis that is in direct or indirect competition with companies of the BAWAG Group or is affiliated with a competitor of the Company within the meaning of Section 15 Austrian Stock Corporation Act. Furthermore, the Board Member is not permitted to form, acquire or directly or indirectly participate in such a company during the term of the contract unless his/her shareholding does not enable him/her to exercise influence over the corporate bodies of the company in question.

### **Activities and board functions in affiliated companies**

Management Board members do not receive separate remuneration for activities and board functions on affiliated companies.

## **REMUNERATION POLICY FOR SUPERVISORY BOARD MEMBERS**

Supervisory Board Members receive a remuneration which is strongly aligned with the market and the interests of BAWAG Group's shareholders. All remuneration of Supervisory Board Members is paid in accordance with resolutions adopted by the annual general meeting.

Supervisory Board Members receive a fixed remuneration which depends on the actual function performed (Chairman of the supervisory board, Deputy chairman of the supervisory board or (ordinary) member of the supervisory board). Supervisory Board Members being also a member of a committee may receive additional remuneration which depends on the respective committee (Audit and Compliance Committee or other committee) in which a Supervisory Board Member participates and furthermore, the specific function performed in the committee (Chairman or other (ordinary) seat in the committee). Supervisory Board Members do not receive any additional attendance fees.

Supervisory Board members do not participate in performance-based awards and are not entitled to receive pension contributions. Any changes to the above remuneration framework of the Supervisory Board require that a respective resolution is adopted by the annual general meeting.

## DEVIATION FROM THE REMUNERATION POLICY

### Temporary Deviation from the MB Remuneration Policy

#### Exceptional Circumstances

In the event of exceptional circumstances, a temporary deviation from the principles regarding the determination of the Management Board members' remuneration might be conducted in accordance with Section 78a para 8 AktG. Exceptional circumstances justifying a deviation from the Remuneration Policy in line with the underlying provisions are defined as situations, in which the deviation from the remuneration policy is necessary for the long-term development of BAWAG or to ensure its profitability.

#### Procedural Conditions

The determination of exceptional circumstances justifying a deviation from the remuneration policy as laid down in the Remuneration Policy falls into the competency of the Supervisory Board. After detection of such exceptional circumstances, the Remuneration Committee shall consult on appropriate measures and prepare suitable deviation proposals that require the approval of the Supervisory Board. Any such deviations from the Remuneration Policy shall be laid down in the Remuneration Report.