

# REMUNERATION POLICY

# CONTENTS

3	INTRODUCTION	
7	GENERAL PRINCIPLES AND OBJECTIVES OF REMUNERATION	
7	REMUNERATION GOVERNANCE	
8	REMUNERATION STRUCTURE	
18	MALUS AND CLAWBACK	
19	REMUNERATION POLICY FOR SUPERVISORY BOARD MEMBERS	
19	DEVIATION FROM THE REMUNERATION POLICY	

# 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, 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.

The principles of the current document are defined in accordance with the provisions of the Austrian and EU Regulation current applicable. In coherence with the current regulatory framework applicable, the Remuneration Policy is in line with any and all applicable statutory provisions, such as in particular, the Austrian Stock Corporation Act, the Austrian Banking Act, the European Banking Authority (EBA) 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.

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 2025 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.

## VOTE AT THE AGM 2024 AND DEVELOPMENTS SINCE AGM VOTE

### Vote at the AGM 2024

At the AGM 2024, we submitted a Remuneration Policy to the AGM for approval as per the mandatory four-year review cycle. The Remuneration Policy did not obtain the required majority. Consequently, the Remuneration Policy needs to be re-submitted at the next AGM, according to the Austrian Stock Corporation Act. We want to address the concerns of shareholders conveyed by this voting result and, following the 2024 AGM, engaged with our shareholders to gather feedback on the key areas of improvement for the Remuneration Policy going forward.


### Corporate Governance Roadshow with Chair of Supervisory Board and Chair of Remuneration Committee

Following the voting results of the AGM 2024, we conducted a Governance Roadshow, which was led by our Chairperson of the Supervisory Board and our Chairperson of the Remuneration Committee. Our in-person meetings with shareholders in New York, London, Paris, Frankfurt and Vienna as well as virtually, resulted in an outreach coverage of ~50% of our shareholder base and 25 investor meetings being held between September and November 2024. With respect to remuneration-related topics, these meetings revealed the following areas in which shareholders would like to see further improvement:

- ▶ **Peer group & general disclosure:** Peer group shall be re-assessed and simplified to one peer group (vs currently three different peer groups), consisting of banks. Disclosure shall also be enhanced with providing more detailed information on the assessment of target achievement of Management Board members (other than the CEO).
- ▶ **Structure:** While noting several positive developments over the past years which shareholders would like to be kept in the compensation design (e.g. high share of financial targets within STI & LTI, detailed assessment guidelines for targets), shareholders would also appreciate an increase of the pay-for-performance element.
- ▶ **Quantum of fixed remuneration:** In line with our experience of earlier outreach programs towards shareholders, a select minority of shareholders voiced their concerns over the quantum of the fixed remuneration.

- **Share ownership guidelines:** Irrespective of the level of current shareholding of our Management Board, proxy advisors criticized that BAWAG was lacking formal share ownership guidelines.

The following overview summarizes how we intend to address the feedback received from shareholders during our Governance Roadshow:

				
DESIGN FEATURES	INVESTORS & PROXY	CURRENT COMPENSATION SYSTEM	NEW COMPENSATION SYSTEM	
Incentive Structure: fixed vs variable remuneration	Preference for higher portion of variable remuneration	~60% <i>fixed remuneration</i> , ~40 % <i>variable remuneration</i>	<i>1/3 fixed remuneration</i> <i>2/3 variable remuneration</i> <i>opportunity</i>	✓
Incentive Structure: cash vs. share mix	Clear <b>preference for shares</b> due to higher degree of alignment with shareholder interests	<i>50 % cash</i> , <i>50% phantom shares</i>	<i>75% BAWAG shares</i> <i>25% cash</i>	✓
Quantum of fixed remuneration	Quantum of fixed remuneration deemed too high by select minority of shareholders	-	<i>Adjusted fixed remuneration</i> <i>CEO: -25%</i> <i>Across entire MB: -21%</i>	✓
Share Ownership	<b>Strongly supported</b> , in several multiples of salaries for CEOs	<i>No Share Ownership</i> <i>Guidelines</i>	<i>CEO – 5x base salary</i> <i>other MBs – 3x base salary</i>	✓

More specifically, we are proposing the following three initiatives as part of this Remuneration Policy:

### **Initiative 1: Incentive Structure - Evolution to a new Group Combined Plan (GCP)**

(subject to AGM approval of this Remuneration Policy)

The Annual Bonus and the Long-Term Incentive Plan, as currently applied and disclosed in last year's Remuneration Policy, have been redesigned and developed into a new Group Combined Plan (GCP) to better fit the alignment to our strategic objectives as well as to increase the link between remuneration, risk and sustainability, both in the short- and long-term time horizon.

Transitioning to a GCP represents a strategic evolution in remuneration schemes that is increasingly adopted by many leading organizations globally. This approach amalgamates both short-term and long-term incentive components into a cohesive framework, ensuring that the remuneration structure aligns with the strategic objectives and performance targets of the organization. By integrating these dual components, companies can foster a culture of sustained excellence and long-term value creation. The key principles of the new GCP are the following:

- **Split between fixed vs variable remuneration:** moving towards a higher portion of variable remuneration to increase the at-risk element under the GCP (1/3 fixed remuneration, 2/3 variable remuneration under the GCP, vs ~60% fixed remuneration, ~40% variable remuneration under the current compensation system).
- **Mix of cash and shares:** greater alignment with shareholder interests by increasing the bonus payout mix to 75% ordinary BAWAG Group shares under the GCP (vs only 50% of the annual bonus being paid in phantom shares under the current compensation system), with long deferral periods and lock-up clauses for vested BAWAG Group shares.
- **Rolling structure:** to allow for an annual assessment of the appropriateness of the compensation structure.
- **Performance assessment at two points in time:** on an annual basis plus confirmation over three years of the achievement of a sustainable performance.

- **Compliance:** fully in line with regulatory requirements, and consistent with our risk and ESG strategy.

CURRENT COMPENSATION SYSTEM	NEW COMPENSATION SYSTEM
<p>Two stand-alone incentive systems with two variable opportunities:</p> <ul style="list-style-type: none"> <li>• <b>Annual Short Term Incentive (Annual Bonus):</b> payout mix in cash &amp; phantom shares (50%-50%) in 6 installments on 7-years time horizon (1 year performance, 1 up front + 5 years deferrals)</li> <li>• <b>Long Term Incentive Plan one-off (BAWAG LTIP 2025):</b> payout in 100% shares in two installments on 7-years time-horizon</li> </ul>	<p>A unique incentive system as Short Term reinforced with Long Term performance conditions:</p> <ul style="list-style-type: none"> <li>• A <b>unique variable opportunity</b>, as adjusted by the annual performance, leading to 1/3 fixed remuneration, 2/3 variable remuneration, up to the regulatory 200% cap.</li> <li>• <b>Structure:</b> 75% in BAWAG Group shares, 25% in cash, subject to additional 3-years performance and subsequent multi-year deferral &amp; one year holding period for the BAWAG Group shares</li> <li>• <b>Specific KPIs</b> (financial and non financial) and <b>target defined <i>ex ante</i></b> both for the short term and long-term performance</li> </ul>

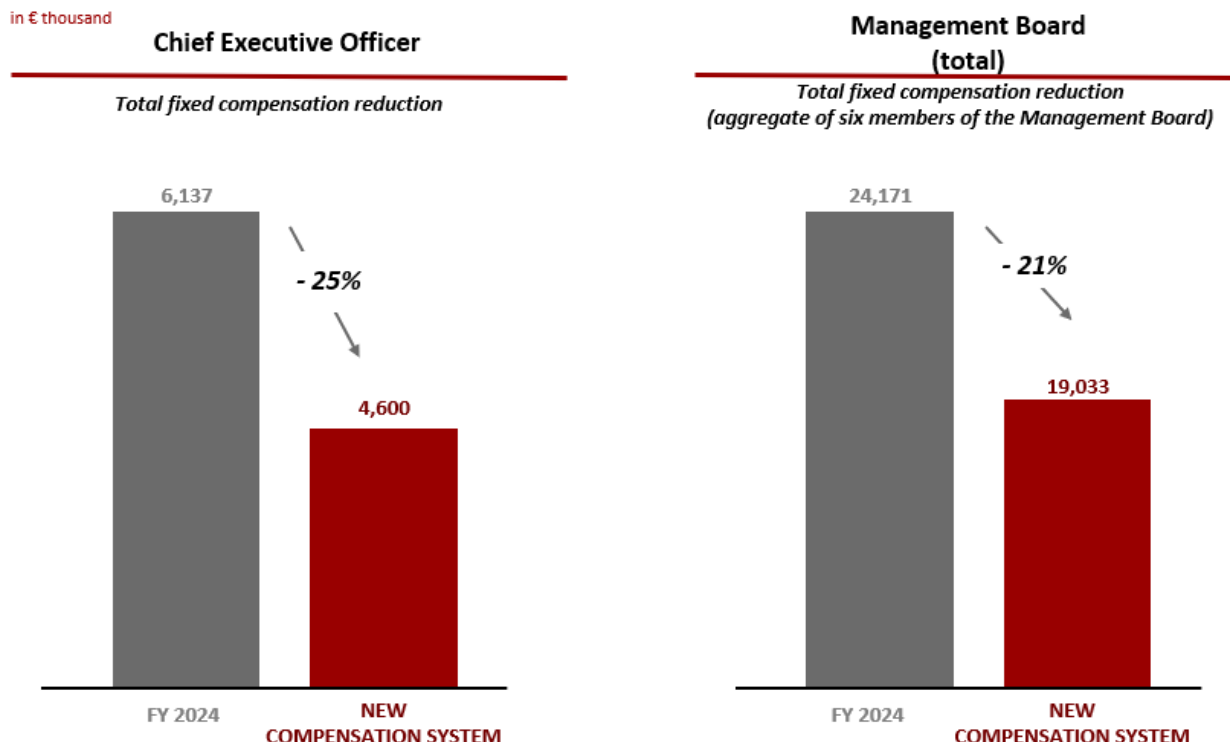
For further details about the GCP please refer to the Chapter *Remuneration Structure – 2. Variable Remuneration – Evolution towards Group Combined Plan (GCP)* of this Remuneration Policy.

**Initiative 2: Quantum of fixed remuneration - Adjustments of Management Board fixed remuneration**  
(subject to AGM approval of this Remuneration Policy)

In case of a positive vote of the 2025 AGM on the Remuneration Policy, we will implement a comprehensive reduction in Management Board fixed compensation, effective as of 1<sup>st</sup> July 2025. The impact of this fixed compensation reduction is summarized below:

- The CEO's Total Fixed compensation shall be reduced by 25%, compared to FY 2024 Total Fixed compensation.
- The overall Management Board Total Fixed compensation shall be reduced by 21.25%, compared to FY 2024 Total Fixed compensation.
- In order to simplify the Fixed compensation pay structure, Management Board members shall be entitled to a base salary plus pension (15%). All other fixed remuneration components shall be abolished.

in € thousand



Details regarding the suggested future adjustment with respect to each Management Board member are illustrated in the following table. For further details about future adjustments of Management Board's fixed compensation please refer to the Chapter *Remuneration Structure – 1. Fixed Remuneration* of this Remuneration Policy.

CURRENT COMPENSATION SYSTEM						NEW COMPENSATION SYSTEM				
in € thousand						(applicable July 1, 2025, subject to AGM approval of Remuneration Policy 2025)				
	Position	Base Salary	Pension (15%)	Others	Total Fixed Compensation	Base Salary	Pension (15%)	Others	Total Fixed Compensation	Delta
Anas Abuzaakouk	CEO	5,200	780	157	<b>6,137</b>	4,000	600	0	<b>4,600</b>	<b>-25%</b>
Sat Shah	Retail & SME, Deputy CEO	3,900	585	134	<b>4,619</b>	3,000	450	0	<b>3,450</b>	<b>-25%</b>
Enver Sirucic	CFO, Deputy CEO	3,500	525	35	<b>4,060</b>	3,000	450	0	<b>3,450</b>	<b>-15%</b>
Andrew Wise	CIO, Non-retail lending	3,600	540	95	<b>4,235</b>	2,800	420	0	<b>3,220</b>	<b>-24%</b>
David O'Leary	CRO	3,100	465	81	<b>3,646</b>	2,200	330	0	<b>2,530</b>	<b>-31%</b>
Guido Jestädt	CAO	1,250	188	36	<b>1,474</b>	1,550	232	0	<b>1,782</b>	<b>21%</b>
<b>TOTAL</b>					<b>24,171</b>					<b>19,033 - 21.25%</b>

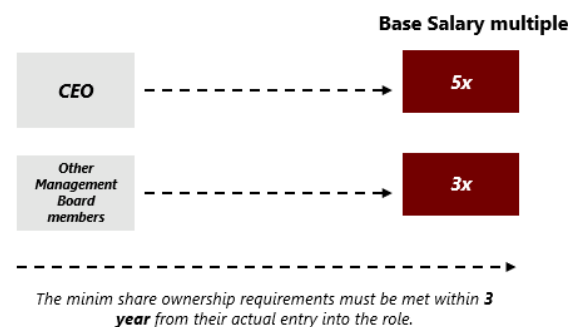
Although the compensation of Management Board members remains subject to periodic reviews by the Remuneration Committee, we are committed to keep these salary levels during the validity of this Remuneration Policy, other than for adjustments resulting from changes to the scope and/ or responsibilities of individual Management Board members and their roles/ functions or to the nature of BAWAG's business franchise.

Even if we are truly convinced that remuneration levels cannot be looked at in isolation from performance data where targets have been continuously outperformed as illustrated in the Remuneration Report 2024, we would like to demonstrate that we have a constructive and transparent relationship with our shareholder base by considering their feedback and comments in developing our new Remuneration Policy principles. To reinforce this approach, the fixed compensation review and the adjustments to Management Board's fixed remuneration resulting therefrom could, in principle, have been disclosed only in the context of the remuneration report of 2025, but both, the Remuneration Committee and the Management Board, decided to be transparent on the course of action as well as on the rationales that accompany it together with the other compensation initiatives for 2025.

### **Initiative 3: Share Ownership - Implementation of formal share ownership guidelines**

The Management Board's level of ownership is distinct when compared to other European financial institutions, and reflective of the commitment our leadership has to this firm. Management Board members hold 3.9% of the shares in BAWAG Group. BAWAG's entire Senior Leadership Team (including the Management Board) hold 4.5%. Irrespective of the level of shareholding, proxy advisors criticized that BAWAG was lacking formal share ownership guidelines. To emphasize the commitment of the Management Board, formal *Share Ownership Guidelines* for Management Board Members have been introduced which establish minimum thresholds for share ownership, with the objective of aligning their interests with those of shareholders and are described in greater detail in this Remuneration Policy.

These newly implemented guidelines require the CEO to hold a number of BAWAG shares with a countervalue equal to a minimum of five times his or her Annual Base Salary throughout his or her term of office, while for other Management Board members the minimum share ownership requirement is three times their Annual Base Salary, as illustrated in the following graph:





## GENERAL PRINCIPLES AND OBJECTIVES OF REMUNERATION

The principles of this Remuneration Policy are defined in accordance with the provisions of the Austrian and EU Regulation current applicable. In coherence with the current regulatory framework applicable, the Remuneration Policy is in line with any and all applicable statutory provisions, such as in particular, the Austrian Stock Corporation Act, the Austrian Banking Act, the European Banking Authority (EBA) 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.

Within this common policy framework, guidelines are established to implement compensation programs and plans. These are designed to support effective risk management policies and align with the long-term strategic objectives, focusing on sustainable value creation of the company, always in line with regulation requirements. To ensure competitiveness and efficacy of the remuneration system, as well as its transparency and fairness, the principles of responsible behavior and performance serve as the cornerstone of the Group Remuneration Policy.

<b>Alignment with BAWAG 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 shareholders' interests</b>	In designing the incentive system structure, including the determination of individual compensation levels and the method of compensation distribution, the primary focus is on aligning the interests of Management Board members with those of our shareholders to ensure that management actions are consistently in harmony with shareholders' interests while also driving the achievement of the strategic plan objectives over the long term.
<b>Alignment with regulatory framework</b>	Our Remuneration Policy is in line with all applicable statutory provisions, such as in particular, the Austrian Stock Corporation Act ( <i>Aktiengesetz</i> ), the Austrian Banking Act ( <i>Bankwesengesetz</i> ), the European banking Authority Guidelines on sound remuneration policies under Directive 2013/36/EU as well as any other national and EU regulations, as applicable and amended from time to time.
<b>Performance-driven incentive system</b>	Pay for performance is the guiding principle considered as a key driver for bonus pay-out. Establishing clear performance criteria aligned with the pillars of our strategic plan, featuring ambitious objectives and a stringent pay-for-performance structure to guarantee meritocracy and equity.
<b>Sustainability &amp; ESG</b>	Alignment with stakeholders beyond just financial metrics is facilitated by a performance-based compensation system that encourages management to execute strategies in line with the goals of customers, employees, suppliers, the community, and the environment, while also ensuring compliance with recognized ESG standards.

## 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, adjusts 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.

Based on the approved Remuneration Policy, the Remuneration Committee sets targets for each Management Board member for the respective financial year, while considering 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.

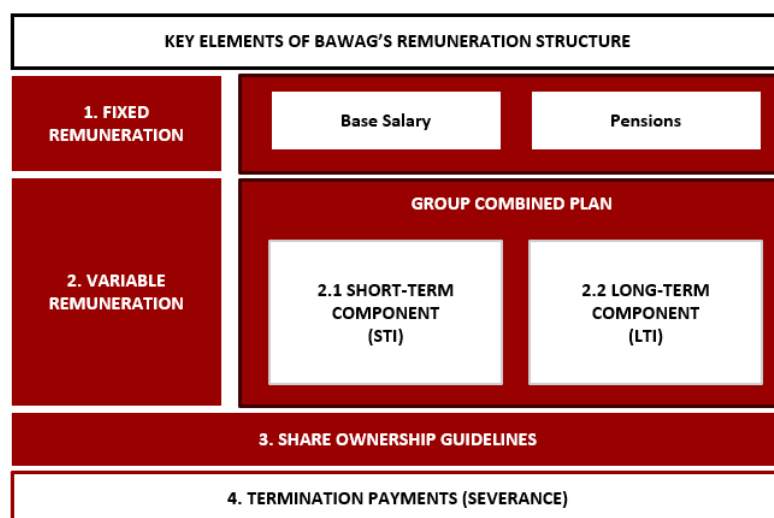
## REMUNERATION STRUCTURE

Total remuneration 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.

Subject to the approval of this Remuneration Policy by the AGM 2025,

- Management Board's fixed remuneration shall be limited to (adjusted) base salaries and pension (15%), with no other or additional benefits.
- variable compensations shall consist of a GCP that integrates within one tool both, short-term and long-term incentive programs, composed of cash payments and share-based awards in coherence with the regulatory framework as described in this chapter.

To complete the overall remuneration structure framework also share ownership guidelines (introduced by this Remuneration Policy as an additional update) and termination payments form an integral part of Management Board's compensation package.



### 1. FIXED REMUNERATION

Fixed remuneration refers to the stable and guaranteed portion of compensation that is established based on predetermined, non-discretionary criteria, such as professional experience, level of responsibility, and seniority. This component does not incentivize risk-taking and is not contingent on BAWAG's performance.

Subject to the approval of this Remuneration Policy by the AGM 2025, the fixed remuneration shall, as of July 1, 2025, be composed by:

- **Base Salary:** 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. The Remuneration 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. Management Board members do not receive any separate remuneration for their activities for board memberships in affiliated companies.

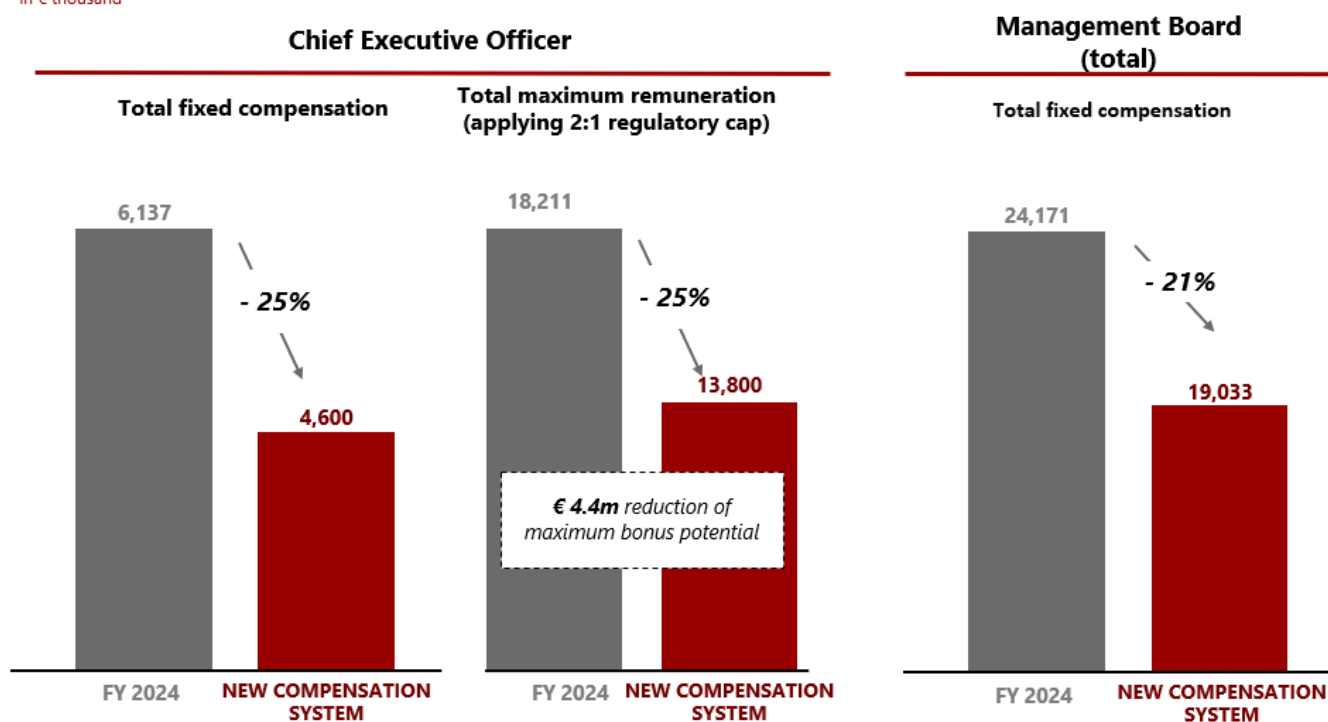
- **Pensions:** pension benefits are pre-defined and correspond to 15% of the base salary at present. This component of our remuneration program rewards Management Board members for their loyalty to the company and ensures that appropriate funds are set aside to assist with income during retirement.

Subject to the approval of this Remuneration Policy by the AGM 2025, this list will become exhaustive as of July 1, 2025. Accordingly, Management Board members would not benefit from any fringe benefits or benefits-in-kind going forward.

The cancelation of current fringe benefits/ benefits-in-kind can be considered as integral part of the overall fixed remuneration reduction initiative for the member of the Management Board. Indeed, as indicated earlier in this Remuneration Policy, the fixed compensation for the member of the Management Board shall be reduced, effective as of July 1, 2025, in case of a positive vote on this Remuneration Policy during the 2025 Annual General Meeting. The impact of this fixed compensation reduction is summarized below:

- The CEO's Total Fixed compensation shall be reduced by 25%, compared to FY 2024 Total Fixed Compensation, with an absolute reduction of more than € 1.5 million.
- The overall Management Board Total Fixed compensation shall be reduced by 21.25%, compared to FY 2024 Total Fixed compensation.
- As a consequence of the CEO's Total Fixed compensation reduction, the maximum total remuneration pursuant to the 2:1 regulatory cap decreases by more than 25% from € 18.411m to € 13.8m.

in € thousand



Details regarding the suggested future adjustment with respect to each Management Board member are illustrated in the following table. The suggested future increase of Guido Jestädt's total fixed compensation is related to him taking over additional responsibilities within the entire Management Board in addition to his function and takes into account that his compensation lied outside of the salary band of the other members of the Management Board.

in € thousand		CURRENT COMPENSATION SYSTEM				NEW COMPENSATION SYSTEM				
		(applicable July 1, 2025, subject to AGM approval of Remuneration Policy 2025)								
	Position	Base Salary	Pension (15%)	Others	Total Fixed Compensation	Base Salary	Pension (15%)	Others	Total Fixed Compensation	Delta
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Enver Sirucic	CFO, Deputy CEO	3,500	525	35	4,060	3,000	450	0	3,450	-15%
Andrew Wise	CIO, Non-retail lending	3,600	540	95	4,235	2,800	420	0	3,220	-24%
David O’Leary	CRO	3,100	465	81	3,646	2,200	330	0	2,530	-31%
Guido Jestädt	CAO	1,250	188	36	1,474	1,550	232	0	1,782	21%
TOTAL		24,171				19,033				- 21.25%

Although the compensation of Management Board members remains subject to periodic reviews by the Remuneration Committee, we are committed to keep these salary levels during the validity of this Remuneration Policy, other than for adjustments resulting from changes to the scope and/ or responsibilities of individual Management Board members and their roles/ functions or to the nature of BAWAG's business franchise.

## 2. VARIABLE REMUNERATION – EVOLUTION TOWARDS GROUP COMBINED PLAN (GCP)

### 2.1 GENERAL

#### Background

Transitioning to a Group Combined Plan (GCP) represents a strategic evolution in remuneration schemes that is increasingly adopted by many leading organizations globally. This approach amalgamates both short-term and long-term incentive components into a cohesive framework, ensuring that the remuneration structure aligns with the strategic objectives and performance targets of the organization. By integrating these dual components, companies can foster a culture of sustained excellence and long-term value creation.

One of the primary advantages of a GCP is its ability to align the interests of the management with that of the organization and its shareholders. Short-term incentives are typically tied to annual financial and non-financial targets, which motivate management to achieve immediate goals and drive performance within the fiscal year. On the other hand, long-term incentives, often deferred over multiple years and tied to broader strategic goals, ensure that management stays focused on the long-term health and growth of the company. This dual focus mitigates the risk of short-termism and encourages executives to make decisions that are beneficial over the long term.

Furthermore, the performance condition thresholds inherent in a GCP ensure that bonuses are only awarded when pre-determined criteria are met, adding a layer of accountability and performance-based compensation. This aligns with the regulatory requirements and best practices in corporate governance, promoting transparency and fairness. The deferral of a

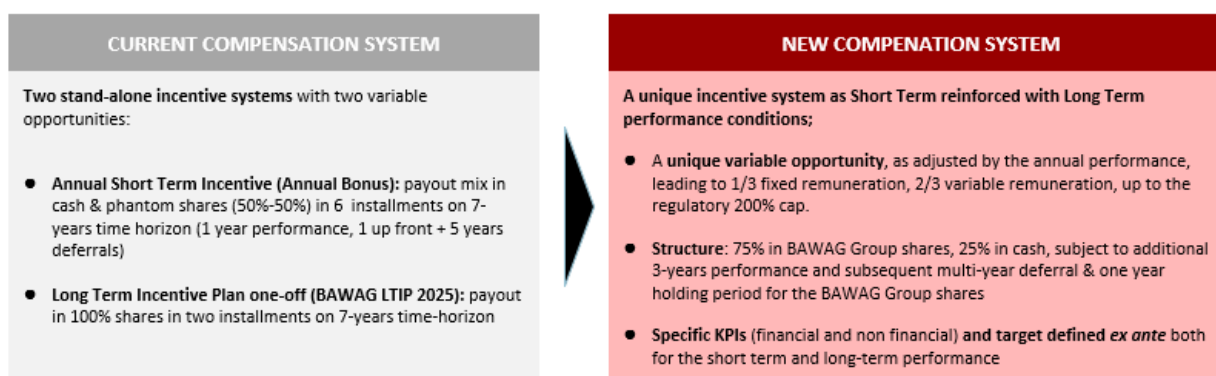
significant portion of the bonus over several years also serves as a retention tool, as it incentivizes executives to remain with the organization and continue contributing to its long-term success.

In conclusion, adopting a GCP as a remuneration scheme is a prudent move that many leading organizations have embraced. It harmonizes short-term achievements with long-term strategic goals, fosters alignment between management and shareholder interests, and upholds rigorous performance standards. This comprehensive approach not only drives immediate performance but also ensures the sustained growth and stability of the organization.

## Overview

The current incentive scheme composed by short- and long-term component as described above has been restructured compared to the previous year, aimed at better aligning with the strategic objectives of the Group and improving its overall effectiveness. This system has been designed to support the annual achievement of the strategic objectives while ensuring that the results achieved are sustainable over the long term.

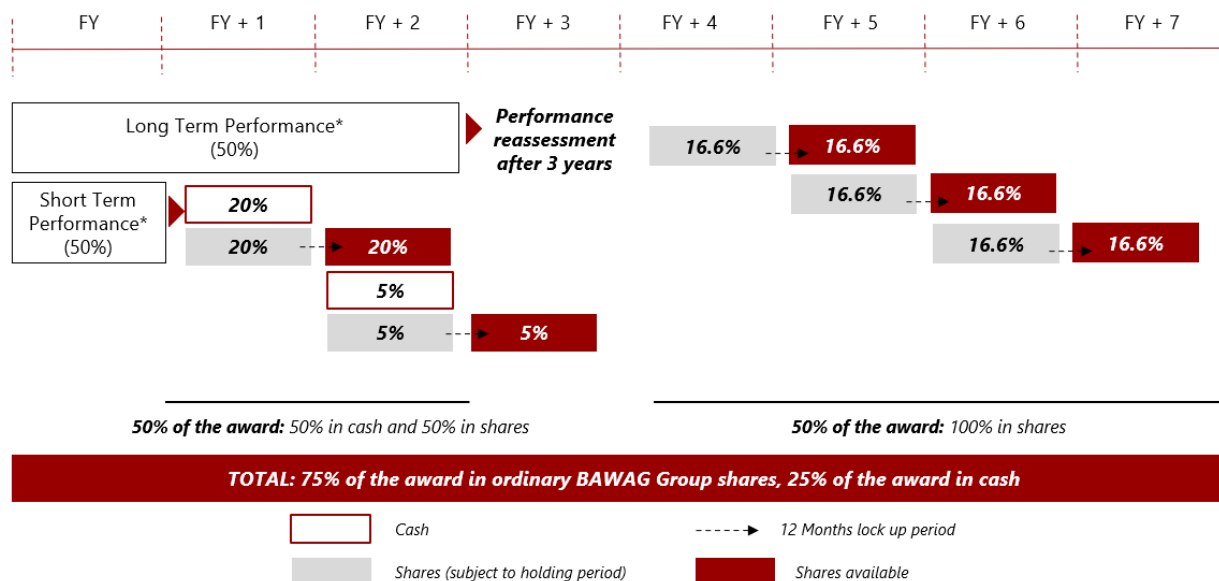
- **Split between fixed vs variable remuneration:** moving towards a higher portion of variable remuneration to increase the at-risk element under the GCP (1/3 fixed remuneration, 2/3 variable remuneration under the GCP, vs ~60% fixed remuneration, ~40% variable remuneration under the current compensation system).
- **Mix of cash and shares:** greater alignment with shareholder interests by increasing the bonus payout mix to 75% ordinary BAWAG Group shares under the GCP (vs only 50% of the annual bonus being paid in phantom shares under the current compensation system), with long deferral periods and lock-up clauses for vested BAWAG Group shares.
- **Rolling structure:** to allow for an annual assessment of the appropriateness of the compensation structure.
- **Performance assessment at two points in time:** on an annual basis plus confirmation over three years of the achievement of a sustainable performance.
- **Compliance:** fully in line with regulatory requirements, and consistent with our risk and ESG strategy.



This new GCP introduces the following key elements to BAWAG Group's incentive system:

- The annual variable remuneration scheme has been redesigned to incorporate two separate components into the GCP: a short-term incentive and a long-term incentive.
- The accrual and award of both such components, either in full or partially, are contingent upon meeting the performance condition thresholds.
- The short-term incentive, which entails 50% of the award, will be determined by the performance of various financial and non-financial indicators, subject to an annual measurement period.
- The long-term component, which entails 50% of the overall bonus award, is deferred and subject to additional long-term performance conditions. The long-term component will be fully paid in ordinary BAWAG Group shares.

- The long-term performance criteria are determined by specific objectives established at the Group level, covering a three-year assessment period.



\* All performance conditions, both for the short-term and the long-term performance, are based on specific goals defined at Group level at the beginning of the respective period. Targets are calculated as per methodology at the time when they are set. In case of methodological changes or material change of macro-economic scenarios or in case of strategic deals or material changes to BAWAG's group structure, the Remuneration Committee retains the faculty to mechanically recast targets according to updated scenario.

## 2.2 SHORT-TERM COMPONENT (STI)

### Annual performance scorecard (illustrative)

The overall 2025 variable remuneration will depend on the degree of achievement of the below short-term performance scorecard.

2025 Short Term Goals		Target 2025	Assessment
Financial	80% CET1 (20%)	12.50%	Quantitative Assessment as % of achievement vs. Target  Overall financial achievement as average of the score of each KPI, with min threshold at 80% and max at 120%.
	NPL Ratio (20%)	< 2.0 %	
	OPEX (20%)	<€ 825m	
	Net Profit (20%)	> € 800m	
Non Financial	20% Non-financial/ ESG targets	focus on targets derived from BAWAG's transition plan which allow for quantitative assessment	Quantitative assessment
		Total score 0pt - 120pt	

Overall performance is calculated as weighted average of Financial and Non-Financial achievement into a 0-120 points scale of target variable remuneration, capped at the max variable to fixed cap. No offsetting mechanism is allowed so that every KPI works independently to achieve the total score. The above short-term performance scorecard will apply to all members of the Management Board, except for the CRO, to whom a separate set of STI scorecard will apply with no financial targets.

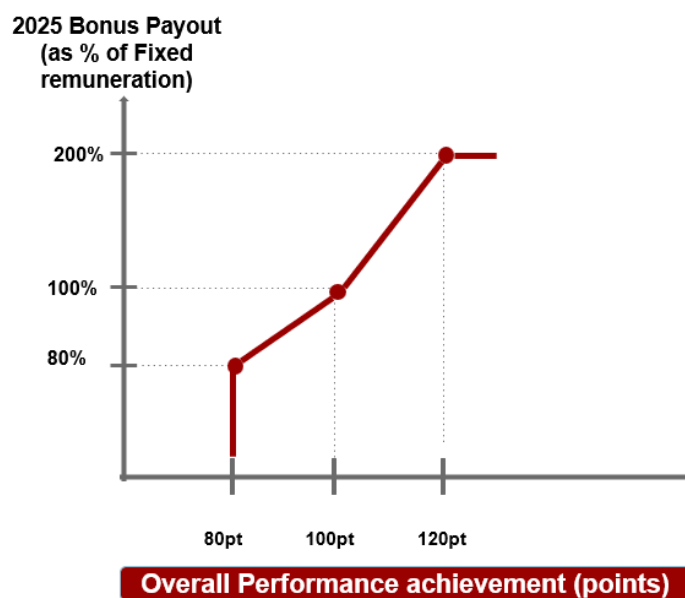
The score of each KPI can range in 0-120 points rating scale, as follows:

- is 0 pts if achievement is below the lower threshold;
- is calculated in linear continuum between the lower and the upper threshold;
- is capped (120 pts) if it is higher than the upper threshold.

The **pay-for-performance curve** utilized to determine the bonus sets a:

- minimum score threshold of 80 pts, corresponding to a bonus of 80% of the fixed remuneration.
- target score of 100 pts results in a bonus that equals 100% of the fixed remuneration.
- maximum score cap of 120 pts allows for a bonus payout of 200% of the fixed remuneration.

Performance achievement between the minimum score threshold and maximum score cap is calculated in linear continuum. The majority of financial targets will be tied to externally communicated targets/ KPIs of BAWAG Group which are rigorous and stretching targets to be achieved. The following figure illustrate the rules set out for the Bonus payout:



## 2.3 LONG-TERM COMPONENT (LTI)

### LONG TERM PERFORMANCE SCORECARD (ILLUSTRATIVE)

Per the characteristics of the GCP, 50% of the above-mentioned incentive will be linked to the achievement of additional long-term objectives, which will be evaluated over a three-year assessment period. The long term KPIs are set at the beginning of the year in line with the STI target setting and will be checked annually to have an update status of the potential deferral component pay outcome that will vest at the end of the overall three-year performance period and paid out in subsequent tranches. The corresponding illustrative scorecard is presented below:

Long Term KPIs		2025 - 2027 Target	Criteria	Adjustment of STI Award
<div>80%</div> <div>Financial</div>	RoTCE (80%)	Average value 2025 – 2027: 20% (with CET1 @12.5%)	<div>Greatly Exceed</div> <div>Exceed</div> <div>Meet</div> <div>Below</div>	<div>100% - 120% ↑</div> <div>Confirmed (100%) =</div> <div>0% - 100% ↓</div> <div>Cancellation (0%) ⚡</div>
<div>20%</div> <div>Non Financial</div>	Environmental (10%)	Decarbonization / own scope reduction target	<div>Greatly Exceed</div> <div>Exceed</div> <div>Meet</div> <div>Not fully met</div>	<div>120% ↑</div> <div>110% ↑</div> <div>(Confirmed) 100% =</div> <div>0- 50% ↓ ⚡</div>
	Social/ Diversity (10%)	Female quota target		
Overall adjustment (-100% ; +20%)				

For the range “0 – 100%” and “100%-120%” a linear continuum is applied.

The long-term performance conditions are based on specific goals defined at Group level at the beginning of the period covering a period of three years. The following measurable KPIs have been defined to assess the sustainability of performance results in the long-term:

- RoTCE (80% weight): absolute metric reflecting the core profitability of the Bank leveraging on the return key measure of BAWAG while taking into consideration the efficiency in capital allocation.
- ESG (20% weight): goals will be coherent with BAWAG’s ESG Strategy and will focus on BAWAG’s non-financial/ ESG targets with respect to decarbonization/ own scope reduction as Environmental target and female quota as Social/ Diversity target.

According to the scorecard above, 50% of the bonus is deferred and subject to additional long-term performance conditions, which act as a modifier of the individual bonus defined based on the individual annual performance appraisal scorecard, with the effect of:

- cancelling it (up to zero), if they are below a certain minimum threshold.
- reducing it, if they are above the threshold but below the target.
- confirming it, if they are in line with target.
- increasing it (up to +20%), if they are above the target, allowing for overperformance.

The application of the modifier means that overall results of the financial and non-financial KPIs mentioned above can lead down to zero (- 100%) or up to +20% of the initial award depending on the quantitative and qualitative assessment result, provided that, in any case, the overall award stays within the regulatory limit of the ratio between variable and fixed compensation.

The proposed implementation of a GCP does not replace or affect the existing BAWAG LTIP 2025 which will remain in force, as it was established by the Remuneration Committee in January 2022 and the award was granted for the performance of beneficiaries related to the financial year 2021. Details of the BAWAG LTIP 2025 have been disclosed in the Remuneration Report 2024 as well as in previous Remuneration Reports.

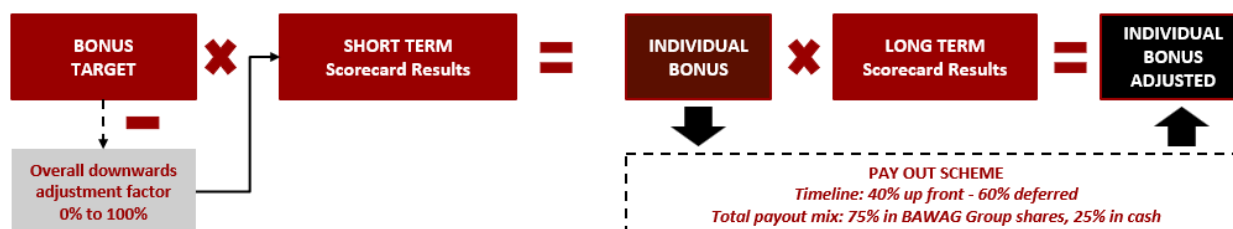
#### EVOLUTION OF BAWAG'S COMPENATION SCHEME TO THE NEW GROUP COMBINED PLAN (GCP) AND BONUS CALCULATION

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 in 2024 the focus on financial metrics, while still requiring high performance in individual and non-financial/ESG - related matters.

For 2025 the pay for performance link has been reinforced through the introduction of two different scorecard aiming to monitor the degree of achievement of both short-term goals and long-term sustainable performance in coherence with the GCP purpose. Indeed, short term and long-term scorecard provide:

- for 80% of weight specific financial KPIs based profit, risk and operative performance
- for 20% of weight non-financial KPIs basically lined to ESG, and overall BAWAG strategic priorities. Non-financial area of performance is assessed through a rigorous set of measurable KPIs in line with the ESG dashboard/strategy monitored by the Remuneration Committee

The following illustration shows the general structure for the individual bonus calculation, the below explanations provide further details on each of the variables.





- **Bonus Target:** The *Bonus Target* will be determined by the Remuneration Committee at the beginning of each bonus cycle, in line with the principles and methodology as set forth in this Remuneration Policy.
- **Overall Downwards Adjustment Factor:** The *Overall Downwards Adjustment Factor* is a risk adjustment factor applicable independently from the assessment result of the short term and long term performance scorecards above described. This factor takes into account ex ante adjustment factors. 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 Downwards Adjustment Factor* is capped at 100% and will lie between 0% to 100% (i.e. the *Overall Downwards 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*)).

This element of the annual bonus formula is one cornerstone of BAWAG's compensation design to addresses regulator's expectation that bonus pool shall be subject to certain *ex ante* risk adjustments, with the potential to cancel the bonus pool entirely.

- **Short Term Scorecard Results:** The *Short-Term Scorecard Results* correspond to results of the annual performance scorecards as illustrated in the above paragraph. 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. 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. At present, this applies to the Chief Risk Officer (CRO).

2025 Short Term Goals		Target 2025	Assessment
Financial	80% CET1 (20%)	12.50%	Quantitative Assessment as % of achievement vs. Target  Overall financial achievement as average of the score of each KPI, with min threshold at 80% and max at 120%.
	NPL Ratio (20%)	< 2.0 %	
	OPEX (20%)	<€ 825m	
	Net Profit (20%)	> € 800m	
Non Financial	20% Non-financial/ ESG targets	focus on targets derived from BAWAG's transition plan which allow for quantitative assessment	Quantitative assessment
Total score Opt - 120pt			

- **Long Term Scorecard Results:** The *Long-Term Scorecard Results* correspond to the results of the 3 years performance scorecards as illustrated also on the right. The result of the scorecard can confirm, reduce, delete or increase the overall bonus amount taking into account additional set of financial and non-financial performance.

Long Term KPIs	2025 - 2027 Target	Criteria	Adjustment of STI Award
Financial	80% RoTCE (80%)	Average value 2025 - 2027: 20% (with CET1 @ 12.5%)	Greatly Exceed 100% - 120% # Exceed Confirmed (100%) = Meet 0% - 100% # Below Cancellation (0%) @
	20% Environmental (10%) Social/ Diversity (10%)	Decarbonization / own scope reduction target Female quota target	Greatly Exceed 120% # Exceed 110% # Meet (Confirmed) 100% = Not fully met 0 - 50% # @
Overall adjustment (-100% - +20%)			

## Ratio between variable and fixed compensation (Variable Remuneration Cap)

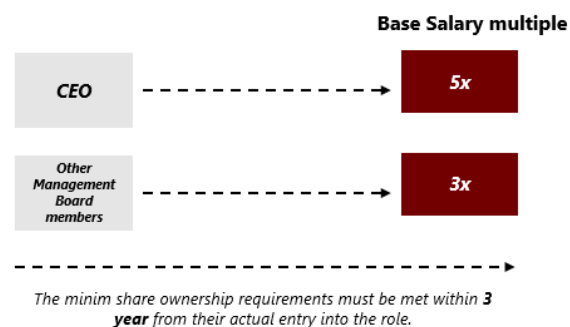
Variable remuneration is capped and may not exceed 200% of fixed remuneration. This applies to the maximum award potential under the GCP.

### 3. SHARE OWNERSHIP GUIDELINES

BAWAG has introduced formal *Share Ownership Guidelines* for Management Board Members which establish minimum thresholds for share ownership, with the objective of aligning their interests with those of shareholders. This alignment is a cornerstone of our compensation strategy, fostering a culture of long-term performance and accountability among the entire Management Board. The respective shareholding levels of each Management Board member will be disclosed in the annual Remuneration Report.

As part of our compensation strategy, we provide equity incentives that create opportunities for share ownership, fully compliant with existing regulatory requirements. This new guideline provides a more stringent standard with respect to the EU market practices observed - requiring the CEO to hold a number of BAWAG shares with a countervalue equal to a minimum of five times his or her Annual Base Salary throughout his or her term of office, while for other Management Board members the minimum share ownership requirement is three times their Annual Base Salary, as illustrated in the following graph:

New Management Board members are required to fulfill the applicable share ownership requirement within a three-year period, following an annual pro-rata approach, while temporary exceptions may be granted by the Remuneration Committee under exceptional circumstances only.



## MALUS AND CLAW BACK

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 claw back 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 claw back 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 (Severance)

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 claw back 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.

## 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 AGM.

BAWAG Group 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. Employee representatives delegated to the Supervisory Board are not entitled to any remuneration, in line with the Austrian regime governing the rights and obligations of employee representatives.

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 AGM.

## DEVIATION FROM THE REMUNERATION POLICY

### Temporary Deviation from the Remuneration Policy for Management Board members

#### Exceptional Circumstances

In the event of exceptional circumstances, a temporary deviation from the variable incentive parameters (e.g. performance conditions for STI/LTI, pay split and mix of STI/LTI, details regarding the application of the bonus formula) might be conducted in accordance with Section 78a para 8 of the Austrian Stock Corporation Act, provided that the regulatory cap at currently 200% of fixed remuneration must not be exceeded in any case. 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, to ensure its profitability, if required so by supervising authorities or due to material changes in applicable laws/ regulations.

#### 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.