

REMUNERATION  
REPORT  
2024

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# HIGHLIGHTS 2024

## ONGOING STRONG PROFITABILITY AND CAPITAL GENERATION

Net profit	€ 760 million	+11% vPY
Earnings per share	€ 9.60	+16% vPY
CIR	33.5%	+1.7pts

## RETURNING CAPITAL TO SHAREHOLDERS AND LEAVING EXCESS CAPITAL AS DRY-POWDER FOR POTENTIAL M&A

€ 393 million	dividend distributed in 2024	€ 5 dividend per share
€ 432 million	dividend will be proposed to the AGM in 2025	€ 5.5 dividend per share
€ ~175 million	excess capital to management	target of 13% CET1 ratio

## TARGETS

	2024 achieved	2025	2027
Net profit	€ 760 million	>€ 800 million	>€ 1 billion
Earnings per share	€ 9.60	>€ 10.0	>€ 13.0

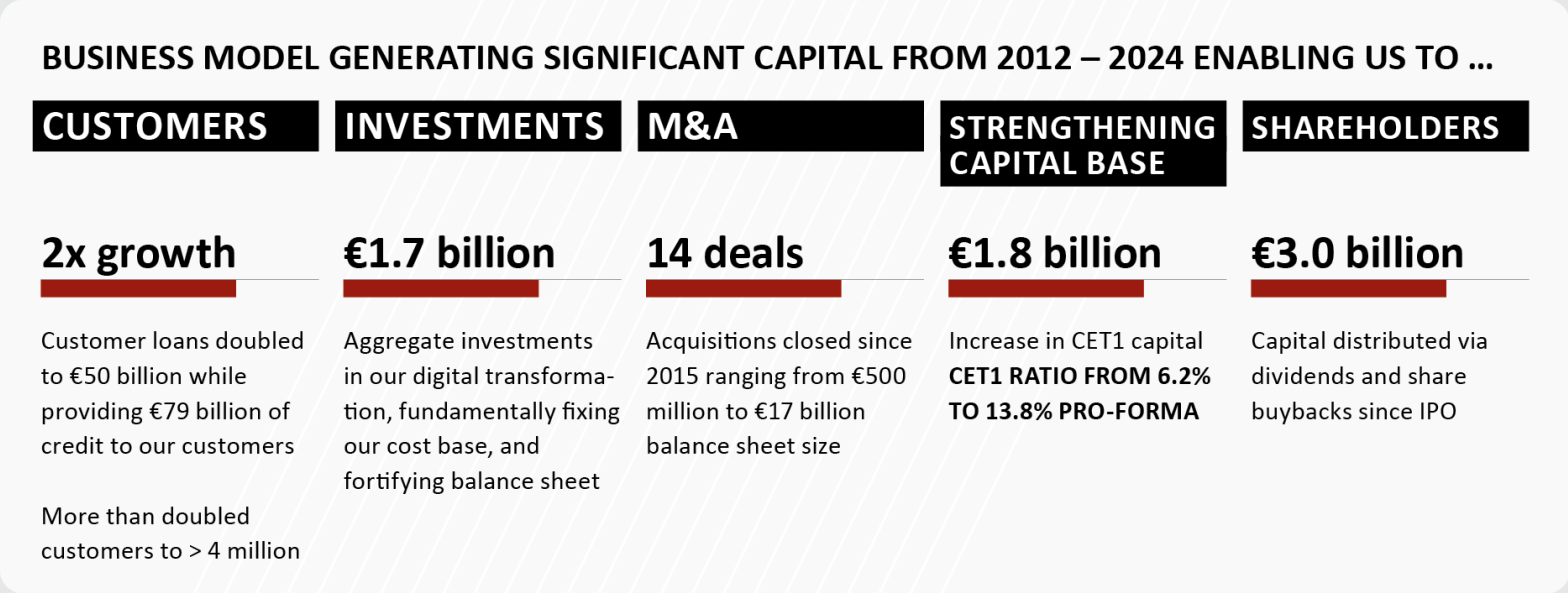
# OUR CORE PRINCIPLES

## HOW WE RUN THE BANK



# BUILDING A RESILIENT FRANCHISE

## BEING GOOD STEWARDS OF CAPITAL



## COMPENSATION-RELATED DEVELOPMENTS SINCE PUBLICATION OF LAST REMUNERATION REPORT

### Vote at the AGM 2024

At the AGM 2024, the Remuneration Report 2023, which was submitted for approval, did not receive the required majority. We want to address the concerns of the shareholders conveyed by this voting result and, following the 2024 AGM, engaged with shareholders to gather feedback on the key areas of improvement for the Remuneration Report going forward.

We included the feedback which we received from investors by keeping the key elements that were positively received while improving as well as enhancing areas of concern. As such, we maintained the 80/20 split between financial and non-financial targets and retained the formulaic approach which provides clarity and transparency to the greatest extent. We also preserved the target assessment principles, including the definition of ratchets and specific guidelines for measuring target achievement.

More broadly, and while meeting all legal disclosure requirements, we have significantly expanded the scope of this 2024 Remuneration Report. This enhancement aims not only to increase transparency regarding our remuneration framework but also to demonstrate its alignment with BAWAG Group's business strategy and long-term value creation, ensuring it aligns with shareholders' interests — a prerequisite for assessing performance-based remuneration. This Remuneration Report does, however, also include references to national and European legislation that BAWAG must comply with, which may differ from other regional approaches or expectations. Additionally, we have incorporated further disclosures based on feedback from investors, gathered during our engagement with institutional investors as part of our corporate governance roadshow, conducted both in-person and virtually in 2024.


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

With respect to the Remuneration Report, we addressed these topics by the following measures:

► **Re-designing of Peer Group:**

We are currently in the process of re-designing the peer group which will be used for benchmarking purposes. The selection process for this new peer group is based on a subset of the top banks of the SX7P indices. This will be disclosed in the Remuneration Report 2025. For fiscal year 2024, we utilized the existing peer groups as detailed in the Remuneration Report 2024 for our benchmarking. This decision was made intentionally to maintain consistency and avoid any changes within the ongoing calendar year. By doing so, we ensure a stable and reliable comparison base, but are, at the same time, redefining our new peer group.

► **Adjustment of weighting of financial KPIs (increase weighting of RoTCE within financial targets):**

We received feedback that shareholders would like to see a higher weighting of the RoTCE target within the three financial targets set.

**Our Action 2024:** We adjusted the weighting between the three financial targets of RoTCE, CIR and Risk cost ratio from 40 (RoTCE)/ 20 (CIR)/ 20 (Risk cost ratio) to 50 (RoTCE) /15 (CIR) /15 (Risk cost ratio) in order to increase the share of the RoTCE target and to align with investor expectations.

► **Disclosure of CRO/CAO target achievement:**

Some stakeholders have requested further disclosure and explanation on the target achievement of the Chief Risk Officer (CRO) and the Chief Administrative Officer (CAO), who are measured solely on individual non-financial criteria.

**Our Action 2024:** For the Chief Risk Officer (CRO) and the Chief Administrative Officer (CAO), we have taken significant steps to enhance disclosure for target achievement. By including their specific scorecards and performance metrics, we aim to ensure greater transparency in our reporting. This approach allows our shareholders to gain a clearer understanding of the contributions and effectiveness of these pivotal executives within our organization. Moreover, we have extended this level of detailed disclosure to encompass all members of the Management Board. For each Management Board member, we provided comprehensive explanations of the metrics used to evaluate their performance. In doing so, we not only aim to highlight the individual achievements and areas of responsibility of our executives but also to foster a culture of accountability and continuous improvement. Our aim is to ensure that shareholders can now see a more complete picture of how the bonus of each member of the Management Board was assessed by the Remuneration Committee.

► **Greater focus on environmental targets and inclusion of measurable metrics under non-financial KPIs:**

A number of shareholders as well as our regulators expected a greater focus on environmental targets, also within the STI. We further received feedback that shareholders prefer quantifiable targets which can be measured.

**Our Action 2024:** 50% of the non-financial targets have been dedicated to environmental and climate-related targets which consist of three sub-targets. Two out of these three sub-targets (target regarding green bonds issuances & electric car fleet) are quantitative which allow for an objective and data-driven assessment to what extent these targets have been met.

► **Disclosure of specific KPIs under the Bonus Entry Condition:**

After introducing a bonus entry hurdle in 2023 some shareholders noted that further disclosure on the bonus hurdle in the Remuneration Report is desired.

**Our Action 2024:** The Bonus Entry Condition stipulates an initial hurdle for any annual bonus to Management Board members and addresses whether it is suitable according to the financial situation of BAWAG to grant an annual bonus to its management. It is linked to select KPIs (CET1 for capital, LCR for liquidity, Risk/RCC for risk) 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. As a consequence, no bonus will be granted to Management Board members for the respective year. In order to meet shareholders expectations, we have disclosed the applicable thresholds in this year's Remuneration Report.

Please see section "*Compliance with Remuneration Policy & application of performance criteria – Bonus Entry Condition*" for further details.

► **Total quantum of Management Board remuneration:**

A select minority of shareholders shared their concerns in respect of the total quantum of Management Board remuneration.

**Our Action 2024:** In order to address the quantum concerns we reduced the overall cap for the Annual Bonus from 125% to 100%. In addition, we changed the starting point of the bonus calculation formula to the base salary rather than the entire fixed compensation. These changes decrease the maximum bonus potential of each Management Board member by approximately ~32 %.

Further, despite financial outperformance of our targets in 2024, and after considering the Management bonus pool reductions of 2022 (-20%) and 2023 (-6%), in 2024 the Management bonus pool was again reduced by -8% by the Remuneration Committee. This was a result of the Remuneration Committee applying the *Individual Deduction Factor*.

## **Fundamental changes to Remuneration Design to apply as of financial year 2025, subject to AGM vote on Remuneration Policy**

The feedback received from our shareholders during our Governance Roadshow has led, more broadly, to the following three initiatives, which we are proposing as part of the Remuneration Policy which is also submitted for approval at this year's AGM:

### **Initiative 1: Incentive Structure - Evolution to a new Group Combined Plan (GCP)** (subject to AGM approval of the 2025 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.

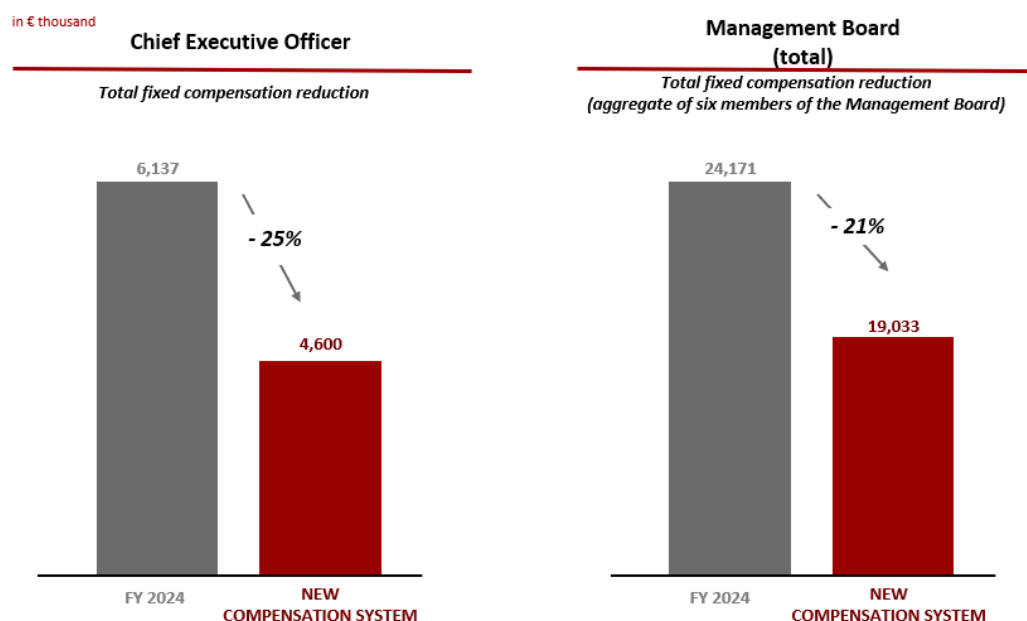
CURRENT COMPENSATION SYSTEM	NEW COMPENSATION SYSTEM
<p>Two stand-alone incentive systems with two variable opportunities:</p> <ul style="list-style-type: none"> <li>• <b>Annual Short Term Incentive (Annual Bonus):</b> payout mix in cash &amp; phantom shares (50%-50%) in 6 installments on 7-years time 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 the 2025 Remuneration Policy.

**Initiative 2: Quantum of fixed remuneration - Adjustments of Management Board fixed remuneration**  
(subject to AGM approval of the 2025 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.





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 the 2025 Remuneration Policy.

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
Anas Abuzaakouk	CEO	5,200	780	157	6,137	4,000	600	0	4,600	-25%
Sat Shah	Retail & SME, Deputy CEO	3,900	585	134	4,619	3,000	450	0	3,450	-25%
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%

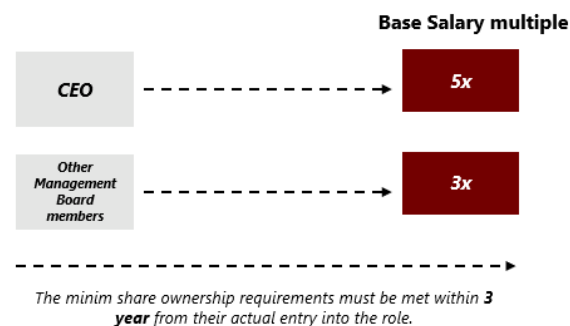
Although the compensation of Management Board members remains subject to periodic reviews by the Remuneration Committee, we are committed to keep these salary levels during the validity of the 2025 Remuneration Policy, other than for adjustments resulting from changes to the scope and/ or responsibilities 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 the 2025 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:



# 2024 ACHIEVEMENTS

## 2024 WAS A TRANSFORMATIVE YEAR

### COMPARATIVE INFORMATION

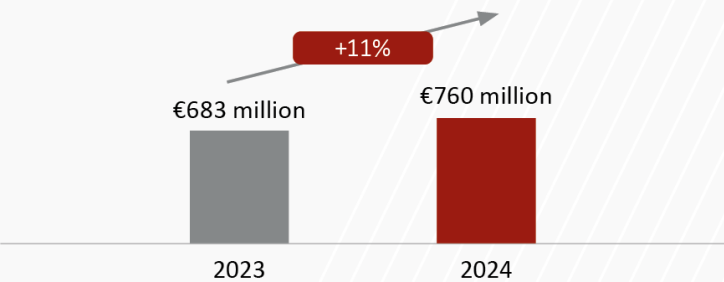
#### Development of Remuneration & KPIs

This chapter contains the information on the developments in 2024, the annual change in total remuneration, the performance of BAWAG Group and of average fixed remuneration on a full-time equivalent basis of employees of the entire BAWAG group, as required pursuant to the Austrian Stock Corporation Act.

This past year has been another record year for the Group. We delivered net profit of €760 million, EPS of € 9.60, a return on tangible common equity (RoTCE) of 26%, and a cost-income ratio (CIR) of 33.5%. We distributed € 393 million of capital in the form of dividends, or € 5.00 per share. We ended the year with a CET1 ratio of 15.2%, post dividend accrual of € 432 million, or € 5.50 per share that we will propose to the AGM. We delivered on all 2024 targets and closed two strategic acquisitions (Knab in November 2024 and Barclays Consumer Bank Europe in February 2025), all while executing on multiple operational initiatives.

#### FINANCIAL PERFORMANCE

##### Record earnings (Net profit)

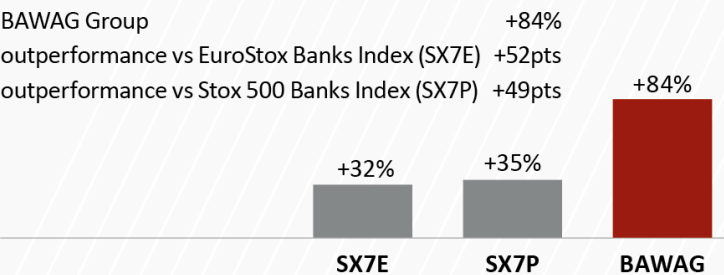


#### PLANTING THE SEEDS FOR GROWTH



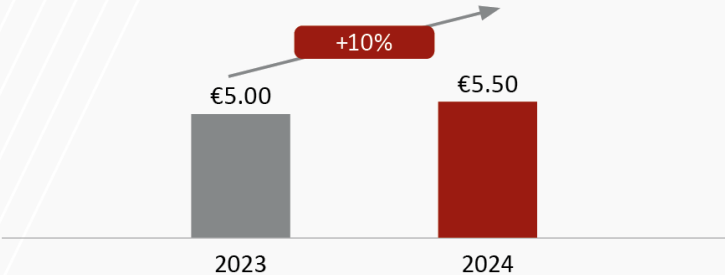
#### TOTAL SHAREHOLDER RETURN 2024

##### 2024



#### REWARDING OUR SHAREHOLDERS

##### Record dividend



We believe that following factors should be taken into consideration when analyzing the comparison:

- ▶ **Performance since IPO:** Between the IPO in 2017 and year end 2024, we achieved a Total Shareholder Return of +151% with an outperformance versus the Euro Stoxx Banks index (SX7E) of 51%, resulting in an outperformance of +100pts, or 3x.. Our Earnings per share grew with a 12% CAGR and dividend per share grew with a 38% CAGR since IPO.
- ▶ **Increase of dividends & additional share buybacks:** Since the IPO in 2017, we have distributed/earmarked € 3 billion of capital through € 2.1 billion in dividends and € 900 million in share buybacks. This includes € 432 million for the 2024 dividend, which will be proposed to the Annual General Meeting on 4 April 2025.
- ▶ **Employee Participation Programs & one-time payment in 2023:** In 2023, a new employee benefit scheme has been introduced at BAWAG to reward our team members for their dedication and commitment as well as to give everyone a chance to participate in the success of the company through direct share ownership as well as monetary participation in BAWAG's success in form of direct cash profit participations.

The benefit scheme consists of three components: (i) an annual (cash) profit participation bonus in form of € 1 per each million net profit of BAWAG Group, (ii) an ongoing stock participation program starting from 2024 according to which employees receive one BAWAG Group share per each month of employment within BAWAG Group, paid out every three years (*BAWAG Employee Participation Program*) and (iii) an ongoing matching program in the years without share allocation according to which employees receive one free BAWAG Group share for every 3 BAWAG Group shares bought (*BAWAG 3+1 Matching Program*), up to a value of € 3,000 of matching shares.

- ▶ **BAWAG 3+1 Matching Program 2024 & payout under annual cash profit participation in 2024:** We reported € 683m net profit for the financial year 2023 which translated into a cash profit participation of € 683 for each employee which was paid out with July 2024 salaries. The *BAWAG 3+1 Matching Program* was very well received by our employees, resulting in a total distribution of 13,721 Matching Shares free of charge to our employees.

None of these programs or initiatives applies to Management Board members.

- ▶ **Management Board waiver of bonus in 2019 and 2020:** Management Board members waived their bonuses for the financial year 2020, after having already waived their potential bonuses for the financial year 2019. This waiver was proactively proposed by the entire Management Board to address economic uncertainties in light of the pandemic and impact this had on the communities we serve.
- ▶ **Reduction of Management Board bonus pool 2023:** Despite the record year in 2023, and after having reduced the bonus pool in 2022 by 20+%, the Management Board bonus pool 2023 has been reduced by another 6% by the Remuneration Committee vs the bonus pool 2022. This was a result of the Remuneration Committee applying the *Individual Deduction Factor* with an average of ~34% deduction across the Management Board, compared to the result of the annual bonus formula. The Remuneration Committee decided on such reduction in light of the regulator's repeated recommendation to take a cautious and prudent approach with respect to variable remuneration for the financial year 2023 as well as the underperformance of the share price versus the two primary bank indexes (SX7E & SX7P).
- ▶ **Reduction of Management Board bonus pool 2024:** Although 2024 again has been an outstanding year for BAWAG Group both from a commercial and strategic perspective, having closed two major strategic transactions in Germany and the Netherlands as well as having greatly outperformed both primary European bank indices, the Euro Stoxx Banks index (SX7E) and the Stoxx Europe 600 Banks index (SX7P), by +49pts and +52pts respectively with a Total Shareholder Return of 84%, the Management Board bonus pool 2024 has been reduced by 8% across the Management Board, by the Remuneration Committee by exercising its discretionary rights and applying the *Individual Deduction Factor* to varying degrees depending on the specific Management Board member, resulting in a total reduction of 8% of the bonus pool, compared to the result of the annual bonus formula. The discretionary reduction was driven as a response to the vote during the AGM 2024, but also anticipates proposed Management Board member salaries adjustments, which will be proposed to the AGM 2025 to be implemented provided that the revised Remuneration Policy will be approved by the AGM.

	2020	2021	2022	2023	2024
<b>Total remuneration of Management Board members in € thousand</b>	<b>21,536</b>	<b>41,638</b>	<b>38,261</b>	<b>36,637</b>	<b>42,674</b>
Fixed remuneration (prior to salary waiver)	21,536	23,638	24,011	24,012	24,174
Salary waiver				-725	
<b>Fixed remuneration (post salary waiver)</b>	<b>21,536</b>	<b>23,638</b>	<b>24,011</b>	<b>23,287</b>	<b>24,174</b>
Cash Bonus	0	18,000	14,250	13,350	18,500
<b>Total remuneration of each Management Board Member in € thousand</b>					
Anas Abuzaakouk	5,290	10,575	9,443	9,039	10,936
Enver Sirucic	2,760	6,544	6,869	6,806	7,560
Sat Shah	4,190	8,067	7,473	6,913	8,127
Andrew Wise	3,860	7,433	7,012	6,299	7,433
David O'Leary	3,290	6,343	4,994	5,010	5,895
Guido Jestädt	n/a -	2,676	2,470	2,570	2,724
<b>Performance of BAWAG Group AG</b>					
Return on Tangible Common Equity (RoTCE)	10.2%	16.1%	18.6%	25.0%	26.0%
Cost-income ratio (CIR)	44.3%	39.5 %	35.9%	31.8%	33.5%
Common Equity Tier 1 capital ratio (fully loaded)	14.0%	15.0%	13.5%	14.7%	15.2%
earmarked dividends	€ 230 million	€ 267 million	€ 305 million	€ 393 million	€ 432 million
<b>Average remuneration on an FTE basis*</b>					
Employees of BAWAG Group	€ 63,790	€ 64,360	€ 69,350	€ 70,865	€ 83,149
Employee Stock Grant Program			€ 947	€ 966	
Employee Stock Matching Program			€ 347		€ 393
Cash Profit Participation					€ 683
Other cash payments**	€ 366	€ 268	€ 551	€ 892	
<b>Total</b>	<b>€ 64,156</b>	<b>€ 64,628</b>	<b>€ 71,195</b>	<b>€ 72,723</b>	<b>€ 84,225</b>

\*The average remuneration of employees in the table above shows the average of fixed remuneration (excluding bonuses) in respect of all employees who were employed within the BAWAG group for the entire financial year 2024 (including domestic and foreign subsidiaries/branches).

\*\* Other cash payments include one-time payments in connection to address specific circumstances, such as the Covid-19 pandemic in the financial years 2020 and 2021 or inflation in the financial year 2022 or 2023.

# REMUNERATION OF THE MANAGEMENT BOARD

## Responsibility and processes related to Management Board Remuneration

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 Annual General Meeting for approval in accordance with Sections 78b and 98a of the Austrian Stock Corporation Act.

To that end, in April 2024 the shareholders of BAWAG Group voted on the Remuneration Policy and a majority could not be achieved in this respect, as already mentioned at the beginning of this Remuneration Report. Therefore, in accordance with the statutory provision pursuant to Section 78b (2) of the Austrian Stock Corporation Act, a revised remuneration policy is being submitted for approval at the following Annual General Meeting, the AGM 2025. The current Remuneration Policy is available on BAWAG Group's website ([www.bawaggroup.com](http://www.bawaggroup.com)).

On the basis of the 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 (please refer to the section "*Assessment of Management Board Remuneration (Market Analysis)*" for further details).

# THE EVOLUTION OF OUR FRANCHISE

## PATIENT & DISCIPLINED ... ROTCE >20% THROUGH THE CYCLE

### CONSISTENT STRATEGY

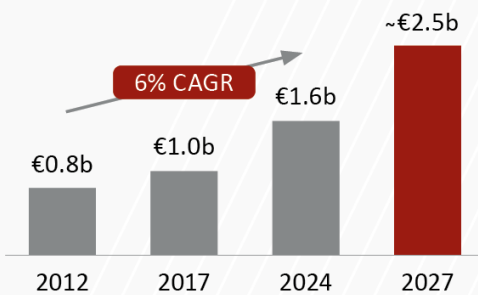
### KEY METRICS

### FRANCHISE

#### GROWTH

in core markets through loan growth & M&A ... Focused on serving our customers

#### Core revenues



#### Business and geographic mix ... Retail & SME + DACH/NL focused

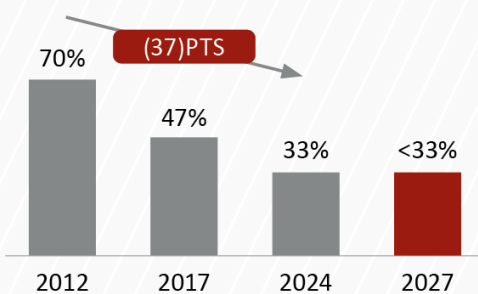
■ Retail & SME  
■ Corporates, Real Estate & Public Sector



#### EFFICIENCY

through operational excellence

#### Cost-income ratio



#### Origination channels ... developing to a digital bank with advisory-focused branch network

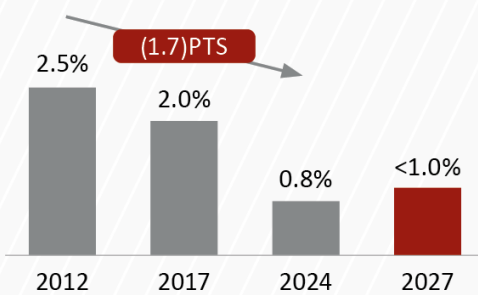
■ Non-branch  
■ Branch



#### SAFE & SECURE

Risk profile

#### NPL-Ratio



#### Focus on secured lending

■ Secured and public sector  
■ Unsecured



2012

mid-term



## General Remuneration Principles

The principles as outlined in the 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 (AktG), the Austrian Banking Act (BWG), 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 (Aktiengesetz), the Austrian Banking Act (Bankwesengesetz), 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 components as outlined in the Remuneration Policy

*The following chapter describes the remuneration components for remuneration paid to Management Board members during the financial year 2024. As outlined in the beginning of this Remuneration Report and further detailed in the Remuneration Policy, we are proposing significant changes to the applicable fixed compensation pay structure by simplifying Management Board's entitlement in terms of fixed components to an (adjusted) base salary plus pension (15%), effective as of July 1, 2025, in case of a positive vote of the 2025 AGM on the Remuneration Policy. The same applies to variable remuneration following the incorporation of a Group Combined Plan (GCP), subject to a positive vote of the 2025 AGM on the Remuneration Policy, which will also impact aspects of variable remuneration summarized in this chapter.*

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.

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

Component	Details
<b>Fixed salary</b>	
<i>Base salary</i>	<p>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.</p> <p>Management Board members do not receive any separate remuneration for their activities for board memberships in affiliated companies.</p>
<i>Pension</i>	<p>Pension benefits are pre-defined and correspond to 15% of the base salary.</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>
<i>Fringe benefits ("Others")</i>	<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>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.</p>
<b>Short-term remuneration</b>	
<i>Targets for STI</i>	<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 to 80%, starting with FY 2023, as disclosed in this Remuneration Report, and beyond.</p>
<i>Equity-linked pay</i>	<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>
<i>Deferral of bonus over 5 years period &amp; one year retention period re (equity &amp; equity-linked) instruments</i>	<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.</p>

	This approach provides appropriate risk-mitigating safeguards and retention aspects to our remuneration program.
<i>Remuneration Cap on STI + LTI (regulatory)</i>	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.
<i>Remuneration Cap of 100% for any STI (self-imposed)</i>	As an additional layer to the regulatory remuneration cap described above, we have introduced a cap of 100% of the base salary for any annual bonus which 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).
<i>Long-term remuneration (LTIP)</i>	Long-term incentive plans further align Management Board interests with the long-term strategy of BAWAG. Currently the BAWAG LTIP 2025 is in place which measures a multi-year performance period from 2022 through 2025.

## TOTAL REMUNERATION AWARDED OR OWED IN THE FINANCIAL YEAR GROSS

The fixed base salary is paid to Management Board members in fourteen installments and covers all work performed by the respective Management Board Member. Management Board members are not entitled to receive separate remuneration for performing board functions within the BAWAG group. Other remuneration as shown in the table below consists of insurance contributions such as health insurance, disability insurance and term life insurance. In addition, Management Board members are covered by a directors' and officers' liability insurance. The costs of the directors' and officers' liability insurance are borne by BAWAG Group.

The total remuneration per Management Board Member for the financial year 2024 is shown in the following table:

<b>2024</b> in € thousand	Position	Fixed salaries	Pension	Other	Total Fixed Compensation	in % of total	Bonus	in % of total	Total
Anas Abuzaakouk	CEO	5,200	780	157	6,137	56%	4,800	44%	10,937
Enver Sirucic	CFO, Deputy CEO	3,500	525	35	4,060	54%	3,500	46%	7,560
Sat Shah	Retail & SME, Deputy CEO	3,900	585	134	4,619	57%	3,500	43%	8,119
Andrew Wise	CIO, Non-retail lending	3,600	540	95	4,235	57%	3,200	43%	7,435
David O'Leary	CRO	3,100	465	81	3,646	62%	2,250	38%	5,896
Guido Jestädt	CAO	1,250	188	36	1,474	54%	1,250	46%	2,724
<b>TOTAL</b>		<b>20,550</b>	<b>3,083</b>	<b>538</b>	<b>24,171</b>	<b>57%</b>	<b>18,500</b>	<b>43%</b>	<b>42,671</b>

<b>2023</b> in € thousand	Position	Fixed salaries	Fixed salary (post salary waiver)	Pension	Other	Total Fixed Com- pensa- tion	in % of total	Bonus	in % of total	Total
Anas Abuzaakouk	CEO	5,200	4,950	780	109	5,839	65%	3,200	35%	9,039
Enver Sirucic	CFO, Deputy CEO	3,500	3,375	525	31	3,931	58%	2,875	42%	6,806
Sat Shah	Retail & SME, Deputy CEO	3,900	3,800	585	78	4,463	65%	2,450	35%	6,913
Andrew Wise	CIO, Non- retail lending	3,600	3,500	540	59	4,099	65%	2,200	35%	6,299
David O'Leary	CRO	3,100	3,000	465	70	3,535	71%	1,475	29%	5,010
Guido Jestädt	CAO	1,250	1,200	188	32	1,420	55%	1,150	45%	2,570
<b>TOTAL</b>		<b>20,550</b>	<b>19,825</b>	<b>3,083</b>	<b>379</b>	<b>23,287</b>	<b>64%</b>	<b>13,350</b>	<b>36%</b>	<b>36,637</b>

#### Explanations of changes from 2023 to 2024

The column *Other* includes private medical (health) insurance, accident/disability insurance, term life insurance and D&O insurance. There are no other allowances or other fringe benefits included that go beyond these insurances. The changes stem from adjustments to the individual coverages as well as common contract indexations.

## TOTAL REMUNERATION PAID

#### Remuneration paid

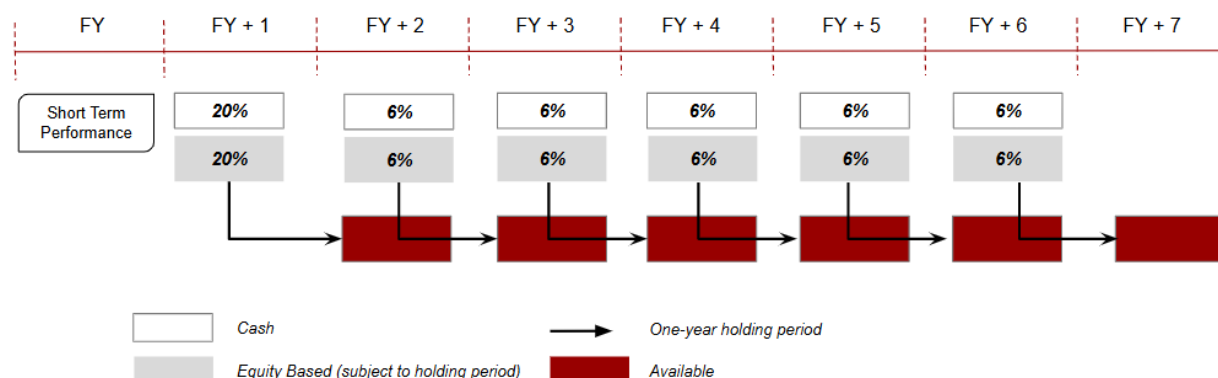
In the financial years 2023 and 2024 the amounts shown in the table below were paid out to the Management Board members. The table includes paid out deferred bonus payments awarded in previous financial years starting with 2017, the year of BAWAG Group's IPO. Deferred Bonus payments are paid out to Management Board members in accordance with the regulatory framework. As indicated already above, Management Board members waived their potential bonuses for the financial year 2020 (after having already waived their potential bonuses for the financial year 2019).

There was no bonus payout in respect of the financial year 2017, as the LTIP 2018-2020 award was granted to Management Board members in lieu of an annual Bonus based on the individual performance in 2017.

In € thousand	Anas Abuzaakouk		Enver Sirucic		Sat Shah		Guido Jestädt		David O'Leary		Andrew Wise	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
<b>Fixed remuneration</b>												
Base Salary (prior to waiver)	5,200	5,200	3,500	3,500	3,900	3,900	1,250	1,250	3,100	3,100	3,600	3,600
Salary waiver	-250		-125		-100		-50		-100		-100	
Base Salary (post salary waiver)	4,950	5,200	3,375	3,500	3,800	3,900	1,200	1,250	3,000	3,100	3,500	3,600
Pension	780	780	525	525	585	585	188	188	465	465	540	540
Other	109	157	31	35	78	134	32	36	70	81	59	95
<b>Variable remuneration</b>												
<i>Cash part</i>												
Financial year 2023		645		580		490		230		295		445
Financial year 2022	670	201	560	168	580	174	200	60	290	87	560	168
Financial year 2021	270	270	170	170	210	210	72	72	165	165	194	194
Financial year 2020	0	0	0	0	0	0	n/a	n/a	0	0	0	0
Financial year 2019	0	0	0	0	0	0	n/a	n/a	0	0	0	0
Financial year 2018	87	87	81	81	60	60	n/a	n/a	84	84	66	66
Financial year 2017	0	0	0	0	0	0	n/a	n/a	0	0	0	0
<i>Phantom share part (paid in cash)</i>												
Financial year 2023	0	0	0	0	0	0	0	0	0	0	0	0
Financial year 2022	0	563	0	471	0	488	0	168	0	244	0	471
Financial year 2021	851	247	534	155	662	192	227	66	520	151	610	177
Financial year 2020	0	0	0	0	0	0	n/a	2	0	0	0	0
Financial year 2019	0	0	0	0	0	0	n/a	n/a	0	0	0	0
Financial year 2018	103	99	95	92	71	68	n/a	n/a	99	96	78	75
Financial year 2017	0	0	0	0	0	0	n/a	n/a	0	0	0	0
<b>Total variable remuneration (in cash)</b>	<b>1,981</b>	<b>2,112</b>	<b>1,440</b>	<b>1,717</b>	<b>1,523</b>	<b>1,682</b>	<b>499</b>	<b>596</b>	<b>1,158</b>	<b>1,122</b>	<b>959</b>	<b>1,596</b>
<i>number of BAWAG Group shares delivered (LTIP 2018-2020)</i>	28,313		10,083		22,830		2,319		18,066		20,762	
<b>Total cash (€)</b>	<b>7,820</b>	<b>8,249</b>	<b>5,371</b>	<b>5,777</b>	<b>5,986</b>	<b>6,301</b>	<b>1,919</b>	<b>2,070</b>	<b>4,693</b>	<b>4,768</b>	<b>5,058</b>	<b>5,831</b>
<b>Total shares #</b>	<b>28,313</b>		<b>10,083</b>		<b>22,830</b>		<b>2,319</b>		<b>18,066</b>		<b>20,762</b>	

In coherence with the Remuneration Policy and the current regulatory requirements, the payment of annual variable remuneration follow the payout structure described in the graph below





### Phantom shares in retention

The number of phantom shares vested in 2024, but which are subject to a one-year retention period is shown in the table below:

	Number of phantom shares vested in 2024
Anas Abuzaakouk	24,851
Enver Sirucic	20,699
Sat Shah	19,298
Andrew Wise	18,053
David O’Leary	13,261
Guido Jestädt	7,966
<b>Total</b>	<b>104,128</b>

The cash amount of the phantom shares which vested in 2024 will be disclosed in the remuneration report 2025. The calculation of the cash amount is based on BAWAG Group’s VWAP during the retention year.

## SHARES HELD BY MANAGEMENT BOARD MEMBERS & SHARE OWNERSHIP GUIDELINES

### Overview

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.

More than 70% of the Management Board’s shareholding is derived from their personal investment, demonstrating the commitment of the team into BAWAG. Living a true “owner-operator” mindset, the voluntary personal investment in BAWAG further strengthens the link between management’s performance, the strategic business decisions they make, and their focus on long-term value creation in line with shareholders. In addition, this is the mindset that the Management Board members aim to instill across the company – that each employee acts as an owner.

The table below shows the number of BAWAG Group shares held by each Management Board member at the date of this Remuneration Report, with a break-down into the total share ownership and the share of private investments thereunder. As indicated below, Management

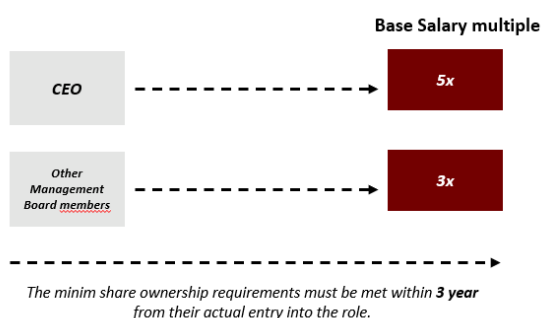
Board members hold 3.9 % of the shares in BAWAG Group. BAWAG's entire Senior Leadership Team (including the Management Board) hold 4.5%.

	Share Ownership	thereof private investment	% private investment
Anas Abuzaakouk	1,220,000	993,494	81%
Enver Sirucic	270,166	189,503	70%
Sat Shah	695,003	512,364	74%
Andrew Wise	463,121	297,024	64%
David O'Leary	378,183	233,657	62%
Guido Jestädt	62,462	43,852	70%
<b>Total</b>	<b>3,087,435</b>	<b>2,268,394</b>	<b>73%</b>

### Share Ownership Guidelines for the Management Board

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. This alignment is a cornerstone of our compensation strategy, fostering a culture of long-term performance and accountability among the entire Management Board.

As part of our compensation strategy, we provide equity incentives that create opportunities for share ownership, fully compliant with existing regulatory requirements. This guideline requires 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.

## BAWAG LONG-TERM INCENTIVE PROGRAM 2025

### General

In January 2022, the 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.

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 certain conditions as outlined below, be delivered in the form of ordinary shares of BAWAG Group AG (no phantom shares) in 2026 and 2027.

As already presented in our Half-Year Financial Report 2022, Management Board members were awarded the following number of shares under the BAWAG LTIP 2025:

	# of shares awarded under BAWAG LTIP 2025
Anas Abuzaakouk	104,333
Enver Sirucic	70,224
Sat Shah	78,250
Andrew Wise	72,231
David O’Leary	62,199
Guido Jestädt	25,080

### Vesting conditions

The vesting conditions comprise the following:

- ▶ **Retention Condition:** Due to the retention aspect of the BAWAG LTIP 2025, participants are required to be employed in good standing at the beginning of 2026.
- ▶ **Performance Condition:** The performance conditions as specified below.
- ▶ **Regulatory Vesting Requirement:** Regulatory vesting requirements in accordance with the applicable regulatory framework (e.g. no malus is applied to the individual or to all BAWAG LTIP 2025 participants, vesting is sustainable according to the financial and risk situation of BAWAG Group).

### Details on performance conditions and ratchets for targets

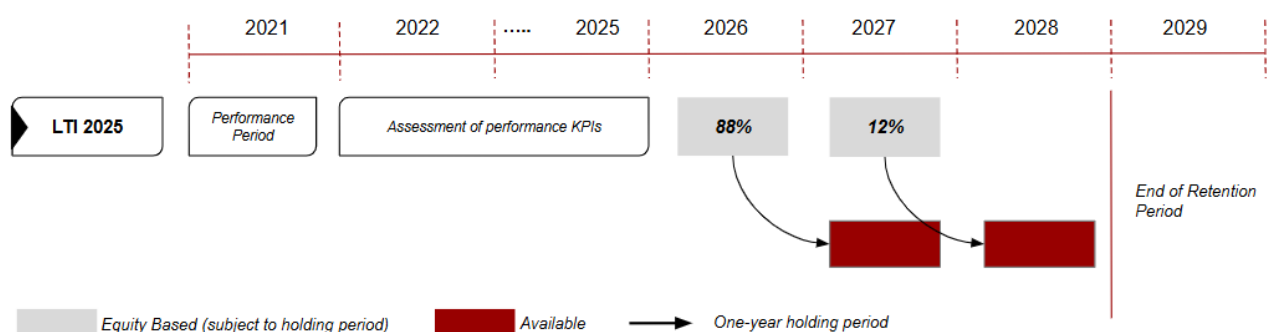
In order to effectively align the interests of participants of the BAWAG LTIP 2025 with the long-term performance of BAWAG Group, the performance conditions are tied to the multi-year performance targets until 2025 as presented at the investor day 2021. They consist of financial and non-financial/ESG targets which are split as follows:

Financial targets			70%	Non-Financial / ESG targets		30%
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%

### Further Terms (conditional delivery of shares (vesting of award) / retention period)

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. At year-end 2023, BAWAG fulfilled all financial targets, which was confirmed by BAWAG's Remuneration Committee.



## MALUS AND CLAWBACK

In the financial year 2024 no malus or clawback event has occurred. Therefore, no bonus granted in previous years has been reduced or re-claimed.

As outlined in the Remuneration Policy, malus and clawback provisions exist to provide for risk adjustment mechanisms specifically with respect to participants engaged in fraud or intentional illegal conduct. The provisions were implemented in accordance with regulatory requirements. The period during which malus or clawback applies follows the regulatory framework.

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## DEVIATION OF THE REMUNERATION POLICY

In the financial year 2024 there was no deviation from the Remuneration Policy.

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## COMPLIANCE WITH REMUNERATION POLICY AND APPLICATION OF PERFORMANCE CRITERIA

### Bonus Entry Condition

We have an initial hurdle, the *Bonus Entry Condition*, which needs to be fulfilled as pre-requirement to activate the bonus calculation formula. The *Bonus Entry Condition* addresses whether it is suitable according to the financial situation of BAWAG to grant an annual bonus to Management Board members.

The *Bonus Entry Condition* is linked to certain KPIs (CET1 1 for capital, LCR for liquidity, Risk/RCC for risk) 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. As a consequence of non-fulfillment of the *Bonus Entry Condition*, no bonus will be granted to Management Board members for the respective year.

The applicable thresholds for the financial year 2024 were 10.9% for CET1, 110% for LCR and 95% for Risk/RCC. None of these thresholds was breached during the financial year 2024.

### Explanation of the Annual Bonus Formula



The below explanations provide further details on each of the variables:

- **Base salary:** In order to address quantum concerns of some shareholders, the starting point for the annual bonus formula has been limited to the *Base Salary* (vs entire Fixed Remuneration, which also includes *Pension* and *Others*, as presented in the table on page 18 above).
- **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*), with the potential to cancel the bonus pool entirely under severe circumstances.

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

- **Scorecard Results:** The *Scorecard Results* correspond to results of the individual scorecards as presented 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. For 2024 the targets included specific targets in the areas of *Environmental targets* and *Social & Leadership targets* which marks a slight shift from 2023 year' targets (*Compliance & Conduct*, *Social Engagement* and *Leadership*), in line with investors' and regulatory expectations to put a greater focus on environmental and climate-related targets.



- **Individual Deduction:** The Remuneration Committee has discretion to reduce individual annual bonus of Management Board 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.

### Financial & Non-Financial Targets 2024

The Remuneration Committee defined the following common 2024 financial & non-financial targets for all Management Board Members, except for the CRO and the CAO to whom a separate set of scorecard applies (as illustrated further below):

<b>FINANCIAL TARGETS – 80% WEIGHTING</b>		<b>Weighting</b>
Return on Tangible Common Equity (RoTCE)	<b>Target: 20.0%</b>	50%
Cost-income ratio (CIR)	<b>Target: 34.0%</b>	15%
Risk Cost ratio (in bps)	<b>Target: 30 bps</b>	15%
<hr/>		
<b>NON-FINANCIAL TARGETS – 20% WEIGHTING</b>		
<b>Environmental Targets</b>		
<ul style="list-style-type: none"> <li>• Development of transition plan including decarbonization targets for all material portfolios</li> <li>• Green bonds issuance of € 500m</li> <li>• 100% electric cars in active fleet by end of 2024</li> </ul>		10%
<hr/>		
<b>Social &amp; Leadership Targets</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> <li>• Implement HR initiatives &amp; actions based on results of employee survey</li> <li>• Improve customer &amp; employee satisfaction</li> <li>• Enhance social engagement activities / promote volunteer work across entire BAWAG Group &amp; maintain high level of employee engagement</li> </ul>		10%

For the CRO and the CAO the Remuneration Committee defined the following individual and common and individual non-financial targets for 2024:

NON-FINANCIAL TARGETS – 100%		Weighting
Individual Targets		
CRO:		
• Enhance overall risk management	30%	80%
• Support group-wide projects	12.5%	
• Strengthen risk organization across the Group	12.5%	
• Overall assessment of model landscape	12.5%	
• Address reg. topics of internal audit / regulator	12.5%	
CAO:		
• Support BAWAG’s expansion into new markets and products to ensure regulatory and legal compliance	30%	10%
• Engage with regulatory authorities	15%	
• Ensure implementation of compliance, data protection and information security policies across the group and ensure that policies & processes are compliant with changing regulatory and legal framework	15%	
• Reduce group-wide legacy litigation portfolio	10%	
• Review of AML/KYC customer and transaction screening logics	10%	
Environmental Targets		
• Development of transition plan including decarbonization targets for all material portfolios		10%
• Green bonds issuance of € 500m		
• 100% electric cars in active fleet by end of 2024		
Social & Leadership Targets		
• Promoting values of BAWAG Group		10%
• Creating meritocratic environment within framework of human capital & governance		
• Promoting meritocracy		
• Entrepreneurship, innovation and thought leadership		
• Embrace technology and disrupting status quo		
• Human capital development & driving diversity of leadership		
• Implement HR initiatives & actions based on results of employee survey		
• Improve customer & employee satisfaction		
• Enhance social engagement activities / promote volunteer work across entire BAWAG Group & maintain high level of employee engagement		

## Target Assessment & Overall Cap at 100%

### FINANCIAL TARGETS

With respect to the financial targets, the following ratchets apply:

		RoTCE Target 20% (-25% ratchet)		Cost-Income Ratio Target 34% (-25% ratchet)		Risk cost ratio Target 30 bps (-25% ratchet)
<b>0-75% Target Achievement</b>	below 15:	<b>0%</b>		above 42.5 :	<b>0%</b>	above 37.5 bps: <b>0%</b>
<b>75-100% Target Achievement</b>	between 15% 25%	<b>linear increase</b>		between 42.5 & 34%	<b>linear increase</b>	bw. 37.5 & 30 bps <b>linear increase</b>
<b>above 100% Target Achievement</b>	above 25%	<b>capped at 100%</b>		below 34%	<b>capped at 100%</b>	below 30 bps <b>capped at 100%</b>

### NON-FINANCIAL TARGETS:

With respect to the non-financial targets, the following assessment guidelines apply:

<i>At below threshold</i>	<b>0-50%</b>
<i>At threshold</i>	<b>50-75%</b>
<i>At Target</i>	<b>75-100%</b>

Linear payout occurs for performance between the target ranges outlined above. With respect to the Leadership targets a qualitative assessment of each individual Management Board members applies. The target may be over-achieved but is also capped at 100% (i.e. 10% of the total targets/score).

The above target assessment guidelines effectively cap the annual bonus for each Management Board member at 100%.

## Performance Criteria for the Financial Year 2024

Remuneration paid to Management Board members in the financial year 2024 was in compliance with the Remuneration Policy. In terms of variable remuneration and the performance criteria applied to such variable remuneration, the Remuneration Committee sets the target for each individual Management Board member in line with the principles set forth in the Remuneration Policy at the beginning of the bonus cycle.

All targets are identical for all Management Board members, except (as shown above) for the CRO and the CAO for whom we do not set financial targets given their function, role, and responsibilities. The results of the leadership targets may differ, while the financial and other non-financial targets are assessed for all Management Board Member (except for the CRO and the CAO).

The table below shows the targets defined for the Management Board (except for the CRO and the CAO) in the financial year 2024, the respective weighting of such targets and the score as assessed by the Remuneration Committee in respect of the Management Board (except CRO and CAO).

FINANCIAL TARGETS		Weighting	Actual	Score
Return on Tangible Common Equity (RoTCE)	20%	50%	26.0%	100%
Cost-income ratio (CIR)	34%	15%	33.5%	100%
Risk Cost ratio (in bps)	30 bps	15%	19 bps	100%
Total of Financial Targets		80%		
NON-FINANCIAL TARGETS				
<b>Environmental Targets</b>				
<ul style="list-style-type: none"> <li>Development of transition plan including decarbonization targets for all material portfolios</li> <li>Green bonds issuance of € 500m</li> <li>100% electric cars in active fleet by end of 2024</li> </ul>		10%		100%
<b>Social &amp; Leadership Targets</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> <li>Implement HR initiatives &amp; actions based on results of employee survey</li> <li>Improve customer &amp; employee satisfaction</li> <li>Enhance social engagement activities / promote volunteer work across entire BAWAG Group &amp; maintain high level of employee engagement</li> </ul>		10%		100%
Total of Non-Financial Targets		20%		
WEIGHTED TARGET ACHIEVEMENT				100%

#### Explanations regarding Assessment of Financial Targets

In 2024, we have overachieved all our financial targets, by delivering a

- RoTCE of 26.0 % (vs 20% target),
- CIR of 33.5 % (vs 34% target) and
- Risk Cost ratio of 19 bps (vs 30 bps target).

The table below shows the targets achieved by the Management Board in the financial year 2024, as assessed by the Remuneration Committee. The CRO and CAO are not subject to financial targets, but only to non-financial targets, which in turn include individual targets in addition to environmental targets and social & leadership targets.

	FINANCIAL TARGETS			NON-FINANCIAL TARGETS			Weighted Scorecard Results
	RoTCE Target	CIR Target	Risk cost ratio Target	Environmental Targets	Social & Leadership Targets	Individual Targets	
Anas Abuzaakouk	100%	100%	100%	100%	100%		100%
Enver Sirucic	100%	100%	100%	100%	100%		100%
Sat Shah	100%	100%	100%	100%	100%		100%
Andrew Wise	100%	100%	100%	100%	90%		99%
Guido Jestädt				100%	100%	100%	100%
David O'Leary				100%	100%	85%	88%

Applying the ratchets and assessment rules described earlier in this chapter, this results in the scores shown in the scorecard table above.

#### Explanations regarding Assessment of Non-Financial Targets

##### ► Environmental targets:

- Transition plan: BAWAG has developed a transition plan with decarbonization priorities, principles, and levers, to provide transparency on how transition risk is mitigated. The transition plan includes a commitment to achieve net-zero for Scope 1 and 2 emissions by 2050 and to align the largest portfolios with the 1.5-degree maximum global warming scenario. Targets have been set for material portfolios comprising 70% of in-scope CO<sub>2</sub>.
- Green bonds issuance: In October 2024, BAWAG issued € 500m Green Senior Bonds which were fully subscribed.
- Electric cars: By end of 2024, the entire active fleet of BAWAG (100%) consisted of electric vehicles.

This achievement of this non-financial metric was assessed by the Remuneration Committee with **100%** (10% of total targets/score).

##### ► Social & leadership targets:

- Chief Executive Officer (CEO): In 2024, BAWAG Group faced significant challenges but successfully managed them, executing two strategic acquisitions to strengthen our position as a leading Retail & SME bank in the DACH/NL region. Maintaining clear communication with stakeholders was vital, supported by active engagement through various channels. Our record financial results in 2024 stemmed from strategic decisions made in prior years.
- Chief Financial Officer (CFO, Deputy CEO): The CFO was key in managing the two strategic acquisitions and ensuring that all stakeholders understood their benefits. He led M&A teams while overseeing operations and emphasized the company's values. Despite record financial performance in 2024, he focused on enhancing stakeholder engagement through various communication efforts, demonstrating strong leadership throughout the year.
- Head of Retail & SME (Deputy CEO): Our Head of Retail & SME guided teams through economic challenges, fostering patience and discipline during integration of acquisitions. He collaborated closely with leaders from Knab and Barclays Consumer Bank Europe to assess talent and plan integration strategies. Significant investments were made in customer experience and initiatives targeting underserved segments, positioning BAWAG Group for market leadership.
- Chief Investment Officer (CIO): The CIO led the International Lending team and served as CEO of Idaho First Bank during market volatility, focusing on banking integration and expanding Retail & SME platforms. He aims to grow our U.S. franchise in Real Estate and Corporate Lending, emphasizing effective communication and collaboration within the team.
- Chief Risk Officer (CRO): The CRO significantly improved the Risk Management function by enhancing team capabilities and addressing regulatory recommendations. He is dedicated to recruiting top talent and fostering continuous improvement. His leadership was crucial in transitioning to the Standardized Approach and assessing risks related to the two M&A transactions.
- Chief Administrative Officer (CAO): The CAO demonstrated exceptional leadership in Compliance, regulatory, and legal areas, building a robust office and promoting capable leaders. He focuses on enhancing in-house expertise and actively participated in M&A efforts, advocating for a top-tier compliance team as a competitive advantage. His leadership was pivotal during the sale of start:bausparkasse Germany.

#### Explanations regarding the Overall Adjustment Factor 2024:

The Remuneration Committee set the *Overall Adjustment Factor* at 100%. This was influenced by the financial outperformance of BAWAG Group's financial targets in 2024 and offset by the *ex-ante* risk adjustments factors (special financial/ non-financial risks and macroeconomic risks/ monetary outlook), whereby the Remuneration Committee took into account the following considerations:

- ▶ **Special financial / non-financial risks:** With respect to *ex-ante adjustment factors* to address special financial / non-financial risks, the Remuneration Committee took into account the development of the internal capital utilization and further evaluated the internal audit and compliance reports to assess whether the employee's risk behaviour has been influenced in view of a potential bonus payment (qualitative risk assessment). Such evaluation revealed no significant findings in 2024.
- ▶ **Macroeconomic risks / monetary outlook:** As another *ex-ante adjustment factor*, the Remuneration Committee evaluated future developments, with a focus on macro-economic risks and the monetary outlook as follows:
  - ▶ Economic growth prospects in Europe are set to rebound in 2025 following years of underperformance as interest rates decline. The US economy is expected to slow following the performance over recent years.
  - ▶ The recovery path in Austria may be at risk as a result from fiscal measures needed to stabilize the countries budget and meet EU requirements. Overall uncertainty remains on macroeconomic environment due to actions that may be taken by the new US administration and a potential increase of geopolitical tensions.
  - ▶ The labour market is expected to remain tight, and the unemployment rate will increase only marginally, as normalization is gradual in the quarters ahead.
  - ▶ Eurozone interest rates are expected to further decline, after ECB has started with rate cuts (total 1%) in 2024. Inflation expected to normalize further in 2025 after already significant decrease in 2024. Though the return to the ECB long-run equilibrium rate of 2% is expected to be gradual.

#### Explanations regarding the application of the *Discretionary Individual Deduction Factor* by Remuneration Committee:

Although BAWAG's Total Shareholder Return (TSR) of 84% greatly outperformed both primary European bank indices, the Euro Stoxx Banks index (SX7E) and the Stoxx Europe 600 Banks index (SX7P), by +49pts and +52pts respectively, after review of the calculated bonus amounts and the aggregate bonus pool for the Management Board, the Remuneration Committee decided to make use of the discretionary deduction option and to cut the aggregate bonus amount by 8% across the Management. Although BAWAG's Total Shareholder Return (TSR) of 84% greatly outperformed both primary European bank indices, the Stoxx Banks index (SX7E) and the Stoxx Europe 600 Banks index (SX7P), by +49pts and +52pts respectively, after review of the calculated bonus amounts and the aggregate bonus pool for the Management Board, the Remuneration Committee decided to make use of the discretionary deduction option and to cut the aggregate bonus amount by 8% across the Management Board. This was driven as a response to the vote during the AGM 2024, but also anticipates MB salaries adjustments, which will be proposed to the AGM 2025 to be implemented provided that the revised Remuneration Policy will be approved by the AGM. While the overall deduction amounts to 8%, the individual deductions vary in terms of percentage to appropriately consider the specifics of each individual Management Board Member:

- No deduction of the calculated bonus applies to Enver Sirucic and Guido Jestädt. Guido Jestädt's total fixed compensation, due to his specialist function at the Management Board, lies outside of the salary band of the other members of the Management Board. The M&A team, which falls under the responsibility of Enver Sirucic, delivered an outstanding performance in 2024 by signing two transformative M&A transactions during this period.
- A deduction of 17.5% applies to David O'Leary to address his individual function and role within the Management Board.
- For Sat Shah and Andy Wise a deduction factor of 10% applies to account for overall subdued business development and losses incurred in the US office portfolio. For Anas Abuzaakouk, a deduction of 7.5% reflecting overall responsibility for overall regulatory developments across the Group and US office portfolio.
- Finally, all bonuses post individual deduction were rounded up/down to the nearest € 25k mark.



**Calculation of Annual Bonus – Application of Annual Bonus Formula**

Translating the target achievement and the explanations into the annual bonus formula, the result of the formula leads to an annual bonus 2024 for each of the Management Board members as illustrated in the following table:

in € thousand	Base Salary	Overall Adjustment Factor	Weighted Scorecard Results	Deduction Factor	Annual Bonus (rounded up/down to next 25k mark)
<b>Anas Abuzaakouk</b>	5,200	100%	100%	(7.5)%	<b>4,800</b>
<b>Enver Sirucic</b>	3,500	100%	100%	-	<b>3,500</b>
<b>Sat Shah</b>	3,900	100%	100%	(10)%	<b>3,500</b>
<b>Andrew Wise</b>	3,600	100%	99%	(10)%	<b>3,200</b>
<b>David O’Leary</b>	3,100	100%	88%	(17.5)%	<b>2,250</b>
<b>Guido Jestädt</b>	1,250	100%	100%	-	<b>1,250</b>

## REMUNERATION OF THE SUPERVISORY BOARD

### Principles of the remuneration policy for Supervisory Board Members

This section of the Remuneration Report deals with the remuneration paid to 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.

The supervisory board has the following committees:

- ▶ **Audit and Compliance Committee**
- ▶ **ESG Committee**
- ▶ **Nomination Committee**
- ▶ **Remuneration Committee**
- ▶ **Risk and Credit Committee**

### Deviation of the remuneration policy

In the financial year 2024 there was no deviation from the Remuneration Policy.

**Membership in supervisory board committees (per year-end 2024)**

	Nomination Committee	Audit & Compliance Committee	Risk & Credit Committee	ESG Committee	Remuneration Committee
Chairperson	Egbert Fleischer	Tamara Kapeller	Frederick Haddad	Tamara Kapeller	Kim Fennebresque
Member	Kim Fennebresque	Egbert Fleischer	Kim Fennebresque	Egbert Fleischer	Egbert Fleischer
Member	Tamara Kapeller	Frederick Haddad	Adam Rosmarin	Gerrit Schneider	Frederick Haddad
Member	Adam Rosmarin	Adam Rosmarin	Tamara Kapeller	Verena Spitz	Gerrit Schneider
Member	Verena Spitz	Verena Spitz	Verena Spitz	Beatrix Pröll	Verena Spitz
Member	Konstantin Latsunas	Konstantin Latsunas	Beatrix Pröll		Beatrix Pröll
Member		Gerrit Schneider			

**Attendance rate in 2024**

	Supervisory Board 7 Meetings	Nomination Committee 3 Meetings	Audit & Compliance Committee 4 Meetings	Risk & Credit Committee 4 Meetings	ESG Committee 4 Meeting	Remuneration Committee 4 Meetings
Egbert Fleischer	100%	100%	100%	-	100%	100%
Kim Fennebresque	85.71%	100%	-	75%	-	100%
Frederick Haddad	85.71%	-	100%	100%	-	100%
Adam Rosmarin	100%	100%	100%	100%	-	-
Gerrit Schneider	100%	-	100%	-	100%	100%
Tamara Kapeller	100%	100%	100% <sup>1</sup>	100%	100%	-
Verena Spitz	100%	100%	100%	100%	100%	100%
Konstantin Latsunas	100%	100%	100%	-	-	-
Beatrix Pröll	100%	-%	-	100%	100%	100%

1) Tamara Kapeller was appointed as a member (and chairperson) of the Audit and Compliance Committee (ACC) on October 1, 2024, and therefore only attended the meeting in the fourth quarter.

The Supervisory Board members attended the meetings of the Supervisory Board with an attendance rate of 96.83% and the meetings of its committees with an average attendance rate of 99%, in each case on their own or via proxy voting. Outside of these formal meetings, the Management Board also regularly updated Supervisory Board members on ongoing topics.

### Remuneration paid to Supervisory Board Members in 2024

The total remuneration of Supervisory Board Members paid by BAWAG Group and BAWAG PSK is illustrated in the table below:

in € thousand	BAWAG Group	BAWAG PSK	Total
Egbert Fleischer	96	289	385
Kim Fennebresque	73	218	290
Frederick Haddad	54	161	215
Adam Rosmarin	53	158	210
Gerrit Schneider	55	166	224
Tamara Kapeller	56	168	221
<b>Total</b>	<b>386</b>	<b>1,159</b>	<b>1,545</b>

In addition, Supervisory Board Members are covered by a directors' and officers' liability insurance. The costs of the directors' and officers' liability insurance are borne by BAWAG Group.