2025

Disclosure under the CRR

ASSOCIATION OF VOLKSBANKS

1 General information on disclosure

This document serves to fulfil the requirements pursuant to Regulation (EU) No. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV) for the association of credit institutions under section 30a of the Austrian Banking Act (BWG) of the Volksbanks (Association of Volksbanks) by VOLKSBANK WIEN AG as central organisation (CO).

1.1. Disclosure obligations and procedures

CRR Art 431

The Association of Volksbanks fulfils the requirements pursuant to Regulation (EU) No. 575/2013 and Directive 2024/3172 of the European Parliament and of the Council on the basis of the consolidated financial position of the credit institution group as at the reporting date 31 December 2025. All quantitative data are in thousands of euros unless otherwise stated.

A formal procedure exists at VOLKSBANK WIEN AG to ensure the correct fulfilment of disclosure obligations. This procedure is set down in writing in a disclosure framework, which is reviewed at least annually for up-to-dateness and completeness and approved by the Managing Board.

The framework describes the required minimum quantitative and qualitative content for each disclosure requirement, defining the responsibilities for preparing the disclosure content and the required review steps. Before each disclosure date, each responsible person checks whether there is relevance for the disclosure of certain content (e.g. securitisations, internal models, foreign branches). This procedure ensures that the relevant disclosure content is made available to market participants in the disclosure report in a complete and comprehensible manner.

To ensure correct disclosure that is consistent with other reports, three-stage quality assurance is embedded in the disclosure process. The initial topic-specific quality assurance is performed by the organisational unit responsible for the respective disclosure topic. The second stage of quality assurance is carried out as part of the process of compiling the content in the disclosure report. The focus is on completeness and cross-topic consistency. The third and final stage is the final reconciliation between the disclosure report and the Annual Report.

The Chief Financial Officer (CFO) approves the disclosure report for publication.

1.2. Non-essential information, business secrets or confidential information

CRR Art 432

The Association of Volksbanks generally publishes all information required under Part 8 CRR. Exceptions to this rule will be considered on a case-by-case basis, taking into account the guidelines published by the EBA.

1.3. Frequency of disclosure

CRR Art 433

The CRR II has clearly defined the principle of proportionality. The scope and reporting frequency of disclosure depend on the size and complexity of institutions and are described in Articles 433, 433a, 433b and 433c of the CRR.

As A-SRI, the Association of Volksbanks is classified as “large institution”; hence, the frequency and scope of disclosure are defined pursuant to CRR Art 433a.

The content to be disclosed annually as at the end of the year is published separately by qualitative content and standardised quantitative content in two separate documents. During the year, the scope is smaller and predominantly quantitative, so quantitative disclosure is in the form of Excel spreadsheets.

1.4. Means of disclosure

CRR Art 434

Disclosure in accordance with Chapter 8 of the CRR is made for the Association of Volksbanks on the website of VOLKSBANK WIEN AG as the central organisation (CO).

2 Risk management and governance

2.1 General information on risk management

CRR Art 435(1); EU OVA

Assuming and professionally managing the risks associated with the business activities is a core function of every bank. In its capacity as central organisation (CO) of the association of credit institutions under section 30a of the Austrian Banking Act, consisting of VBW and the affiliated banks of the Volksbank Sector, VOLKSBANK WIEN AG (VBW) performs this central task for the Association of Volksbanks, so that the latter has in place administrative, accounting and control procedures for the recognition, assessment, management and monitoring of the risks associated with banking transactions and banking operations as well as of the remuneration strategy and practices (section 39 (2) of the Austrian Banking Act). The implementation of control within the Association of Volksbanks is effected through General, and, if necessary, Individual Instructions and corresponding working instructions in the affiliated banks.

The following risks are classified as material within the Association of Volksbanks in the course of the risk inventory process:

- Credit risks
- Market risks
- Liquidity risks
- Operational risks
- Other risks (e.g. strategic risk, equity risk, sustainability risks)

Risk policy principles

The risk policy principles of the Association of Volksbanks comprise the standards for the management of risks that are applicable within the Association of Volksbanks and are defined by the CO Managing Board together with the risk appetite. A common set of rules and understanding of risk management across the Association is the basis for developing risk awareness and a risk culture within the company. The Association of Volksbanks carries on its activities subject to the principle that risks will only be accepted to the extent this is required to achieve strategic business goals. The associated risks are managed under an overall perspective subject to risk management principles by creating an appropriate organisational structure and corresponding business processes.

Organisation of risk management

The Association of Volksbanks has taken all required organisational precautions to meet the requirements regarding modern risk management. There is a clear separation between front and back office. A central, independent risk control function has been established. At Managing Board level, the Chief Risk Officer (CRO) is the head of Risk Control. Within the Managing Board responsibilities of the CRO, there is a separation between risk control and operational credit risk management. Risk assessment, risk measurement and risk control are carried out according to the dual-control principle. For the purpose of avoiding conflicts of interest, these tasks are performed by different organisational units.

The business model requires risks to be identified, assessed, measured, aggregated and controlled effectively. Risks and capital are managed by means of a framework of principles, organisational structures as well as measuring and monitoring processes that are closely aligned with the activities of the departments and divisions. As a prerequisite and basis for sound risk management, the Risk Appetite Framework (RAF) for the Association of Volksbanks is continuously refined to define the risk appetite or the degree of risk tolerance that the Association of Volksbanks is willing to accept in order to achieve its defined objectives. The level of risk tolerance is reflected in the definition and validation of appropriate limits and controls. The framework is verified and developed with respect to regulatory requirements, changes of the market environment or the business model on a current basis. By way of this framework, the Association of Volksbanks aims to develop a disciplined and constructive control environment where all employees understand and live up to their roles and responsibilities.

Within the Association of Volksbanks, risks are managed by three decision-making bodies in VBW: (i) Risk Committee (RICO), (ii) Asset Liability Committee (ALCO), (iii) Credit Committee (CC). The responsibilities of these committees include both subject areas of VBW as a single institution and matters concerning the entire Association of Volksbanks pursuant to section 30a Austrian Banking Act. Risk reporting in the affiliated banks takes place in the respective local boards.

The RICO serves to control all material risks, with a focus at portfolio level, ensuring that risk policy decisions are in compliance with risk appetite. The aim is to provide the Managing Board of VBW with a comprehensive view of all risks (aggregate bank risk report) and with a summary of regulatory and other risk-relevant topics.

The ALCO is the central body for controlling interest rate, foreign currency and liquidity risks, as well as investment risks through positions in the banking book, with a view to optimising risk and return, and to securing refinancing in the long term.

The “CC” (or “KK”) is the body responsible for credit decisions based on applicable definitions of responsibilities, for approving action plans for customers undergoing restructuring or debt enforcement (workout), as well as for approving allocations to individual allowances for impairment, provisions and waivers.

Risk management across the Association

The Risk Control function of VBW as CO is responsible for risk governance, methods and models for strategic risk management issues across the Association, as well as the regulations for control at portfolio level. For the purpose of performing its steering function, the CO has issued General Instructions (GI) for the affiliated banks. The GI RAF (Risk Appetite Framework), GI ICAAP, GI ILAAP, GI Principles of Credit Risk Management (GI PCRM) and the downstream manuals of the Association and the associated working instructions govern risk management in a binding and uniform manner. The risk strategy for the Association of Volksbanks is also issued in the form of a General Instruction (GI) including a pertinent manual of the Association. The aim is to comprehensively and verifiably document and set down general conditions and principles, consistently throughout the Association, for the assessment and management of risks, and for the creation of processes and organisational structures. Within the scope of their general duty of care, the members of the Managing Board and the managing directors of all affiliated banks must ensure, without exception and restriction, in the interest of the respective companies, that the General Instructions are put into effect formally and de facto. Any deviations and special regulations concerning the General Instructions shall only be permissible in exceptional cases and must be coordinated with VBW as the CO in advance, and approved by the latter.

Within the Association of Volksbanks, comprehensive communication about risks and a direct exchange of information is considered extremely important. In order to allow for professional exchange in a working context, an RMF Jour Fixe (expert committee) was set up. Each affiliated bank must dispose of its own Risk Management Function (RMF) that is responsible for independent monitoring and communication of risks within the respective affiliated bank.

Risk governance as well as the methods and models are regularly refined and adjusted to currently prevailing basic conditions by the Risk Control function of VBW as CO. Apart from regular remodelling, recalibration and validation of the risk models, the methods in the ICAAP & ILAAP are being improved continuously, with new regulatory requirements being monitored and implemented in a timely fashion.

Internal Capital Adequacy Assessment Process

To ensure a sustainable, risk-adequate capital base, VBW, in its capacity as CO of the Association of Volksbanks, has implemented an Internal Capital Adequacy Assessment Process (ICAAP) as a revolving control cycle, in line with international best practices. The ICAAP starts by identifying the material risks of the Association of Volksbanks, followed by a risk quantification and aggregation process, determination of risk-bearing capacity, limitation, and concludes with ongoing risk monitoring and the measures derived therefrom. Explanations regarding the ILAAP are presented under Liquidity risk.

The individual elements of the cycle are performed at varying intervals (e.g. daily for market risk / trading book risk measurement, quarterly for preparing the risk-bearing capacity calculation, annually for the risk inventory and the determination of the risk strategy). All the activities described within the cycle are reviewed for up-to-dateness and adequacy at least annually, and adjusted to the respective current environment if necessary; they are approved by the Managing Board of the CO. ESG (E=Environment, S=Social, G=Governance) and sustainability risks have been integrated into the internal capital adequacy process over recent years by taking ESG risks into account in all elements of the internal capital adequacy process. ESG risks were not included as a separate risk type, but were mapped within the existing risk types. The methods, models and strategies used will be continuously developed and are meant to contribute to successively measuring inherent ESG risks more accurately.

Risk inventory

The risk inventory process aims to define the materiality of existing and newly assumed banking risks. The findings from the risk inventory process are collected, analysed for the Association of Volksbanks and summarised in a risk inventory. The results of the risk inventory process are used to inform the risk strategy and form a starting point for the risk-bearing capacity calculation, as material risks are taken into account within the risk-bearing capacity calculation.

Additionally, ESG risks are analysed and assessed annually as part of the risk inventory. The ESG materiality assessment is a tool to identify, analyse and assess the financial materiality of ESG risks and/or their risk drivers. Within the scope of this assessment, various risk events are identified via transmission channels and evaluated for all relevant risk types of the Association of Volksbanks. The findings are taken into account within strategic risk control activities.

Risk strategy

The risk strategy of the Association is based on the business strategy of the Association and provides for consistent general conditions and principles for uniform risk management across the Association. The risk strategy is reviewed for up-to-dateness and adequacy at least annually and adjusted to the respective current environment. It provides the rules for the management of risks and ensures risk-bearing capacity within the Association of Volksbanks at all times. The risk strategy is prepared in the course of business planning. The contents of the risk strategy and of the business planning of the Association of Volksbanks are linked up by incorporating the targets of the Risk Appetite Statement in the GI Strategy, Planning and Reporting.

The Association of Volksbanks is committed to a sustainable corporate culture and strives to establish ESG aspects in all areas of the company. The risk strategy also includes a sub-risk strategy for ESG risks. It maps the ESG risks inherent in the existing risk types, which can be derived from the materiality assessment and the internal stress test.

The local or individual risk strategies of the affiliated banks of the Association of Volksbanks essentially build on the risk strategy of the Association, defining regional specifications and local specifics. The preparation of the local risk strategies of the affiliated banks is supported and checked for conformity with the risk strategy of the Association by the CO, who also provides quality assurance in this respect. The Association’s risk strategy manual, which applies to affiliated banks throughout the Association of Volksbanks and includes the local risk strategy, is adopted by each affiliated bank.

Risk Appetite Statement (RAS) and limit system

The core element of the risk strategy is a Risk Appetite Statement (RAS) and integrated limit system in line with the business strategy. The RAS set of indicators comprising strategic and additional indicators helps the Managing Board of the CO to implement central strategic goals of the Association of Volksbanks, specifying the same in operational terms.

The risk appetite, i.e. the indicators of the RAS, is derived from the business model, the current risk profile, the risk capacity and the earnings expectations and/or the strategic planning process. The limit system broken down by risk subtypes and the RAS provide the framework for the maximum risk that the Association of Volksbanks is ready to accept to achieve its strategic targets. As a rule, the RAS indicators are provided with a target, a trigger and a limit value and are monitored on a current basis, as are the aggregate bank and partial risk limits. In this way, deviations from the risk strategy will be identified swiftly and counter-measures can be initiated in a timely manner. The RAS set of indicators is essentially made up of the following strategic and additional, more detailed, RAS indicators:

- Capital-based ratios (e.g. CET1 capital ratio, T1 ratio, TC ratio, utilisation of risk-bearing capacity)
- Credit risk ratios (e.g. NPL ratio, coverage ratio, foreign customer exposure, forbearance ratio, sector concentrations)
- Market/liquidity risk ratios (e.g. LCR, NSFR, survival period, interest rate coefficients)
- Ratios relating to operational risk (e.g. OpRisk losses in proportion to CET1, ICS implementation rate)
- Other risk-relevant ratios (e.g. cost-income ratio)

Moreover, indicators with an ESG focus (e.g. physical risks, ESG score coverage of the portfolio; reduction of carbon intensity in the portfolio) have been integrated into the RAS set of indicators.

Risk-bearing capacity calculation

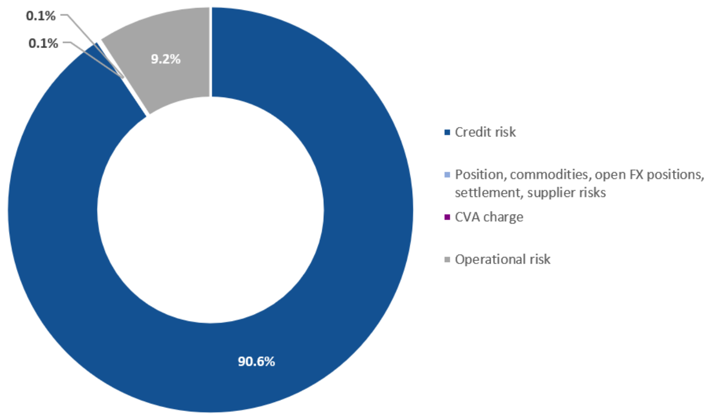
The risk-bearing capacity calculation constitutes a central element within the implementation of the ICAAP. It is used to provide evidence of the fact that the risks assumed are sufficiently covered by adequate risk covering potentials at all times and to ensure such cover in future. For this purpose, all relevant individual risks are aggregated. This total risk is then compared to the existing and previously defined risk covering potentials. Compliance with the limits is monitored and reported on quarterly.

In determining risk-bearing capacity, different objectives are pursued that are reflected in three perspectives:

- Regulatory perspective (compliance with regulatory own funds ratios)
- Economic perspective
- Normative perspective

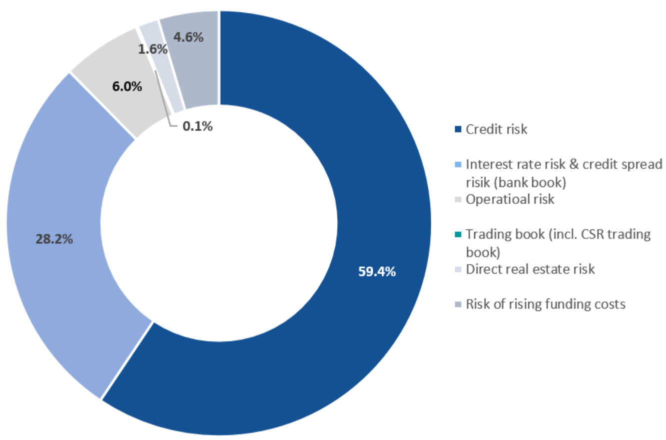
The regulatory Pillar 1 perspective compares the total risk exposure amount calculated in accordance with applicable legal provisions with regulatory own funds. Ensuring regulatory risk-bearing capacity is provided for under the law and constitutes a minimum requirement. The composition of the regulatory total risk exposure of the Association of Volksbanks corresponds to that of any regionally active retail bank.

The distribution of risks from a regulatory perspective is the following as at 31 December 2025:



The economic perspective contributes to ensuring the continued existence of the Association of Volksbanks by foregrounding economic value within the assessment of capital adequacy. The risk bearing capacity under the economic perspective derives from a comparison of economic risks with internal capital (risk covering potential). Economic risks are risks that may impair the economic value of the institution, and accordingly may impair the adequacy of the capital base under an economic perspective. During quantification of economic risks, internal procedures – normally "value at risk" (VaR) – with a confidence level of 99.9 % and a time horizon of one year are resorted to. In doing so, all quantifiable risks are taken into account that were identified as material within the scope of the risk inventory process. Own funds available for loss absorption upon continuation of business activities (usually CET1 capital) as well as the result achieved in the current financial year, reduced by deductions for strategic risks, any hidden burdens and any distribution requirements are recognised as risk covering potential (internal capital). The aggregate bank risk limit is set at 95 % of available internal capital. A prerequisite for capital adequacy from an economic perspective is for internal capital to be sufficient to cover the risks and to support the strategy on an ongoing basis.

The distribution of risks from an economic perspective is the following as at 31 December 2025:



The normative perspective ensures that the Association of Volksbanks is able, throughout a period of several years, to meet its own funds requirements and to cope with other external financial constraints. It represents the risk-bearing capacity on the basis of strategic planning under normal and adverse conditions, essentially comprising a simulation of income statement and own funds positions over three years. In the process, the strategic planning as well as various crisis scenarios are simulated and the development of regulatory own funds ratios calculated taking into account the effects of the relevant scenario. Therefore, the key parameters of the normative perspective are the regulatory own funds ratios CET1, Tier 1 and total capital.

Stress testing

For credit, market and liquidity risks, as well as for operational risk, risk-type-specific stress tests and/or risk analyses are performed regularly, with crisis scenarios being conceived in such a way that the occurrence of operational risk events that are highly unlikely, but not impossible, is simulated or estimated. By way of this approach, huge losses – among others – can be identified and analysed.

Apart from these risk-type-specific stress tests and sensitivity analyses, internal stress tests are regularly carried out across risk types. The regular internal stress test consists of scenario analyses, sensitivity analyses and the reverse stress test. In the scenario analyses, economic crisis scenarios are defined and changed risk parameters for the individual risk categories and business areas derived therefrom. Apart from the risk aspect, the effects of crisis scenarios on regulatory own funds and the internal capital under the economic perspective are determined as well. At this point, the requirements of the normative perspective overlap with the requirements regarding scenario analyses for the internal stress test: the development of regulatory own funds ratios is simulated for various crisis scenarios over a period of several years. Based on the findings of the internal stress tests, recommended actions are defined and transposed into measures if necessary.

Specific climate and environmental scenarios have also been calculated as part of the internal stress test in order to identify and assess the ESG risks inherent in the existing portfolio as early as possible. The scenarios are continuously being extended based on current findings.

At present, EU-wide stress tests across risk types are being carried out by the EBA/ECB every two years, with the Association of Volksbanks participating. An EBA/ECB stress test was carried out again in 2025. The results of the stress test for the Association of Volksbanks were used by the ECB to assess the capital requirement (Pillar 2 Guidance) within the SREP.

Recovery and resolution planning

As the Association of Volksbanks was classified as a significant institution in Austria, the Association must prepare a recovery plan and submit the same to the European Central Bank. This recovery plan is updated at least once a year and takes into account changes in the bank’s business activities as well as changes in regulatory requirements.

2.2 Information on risk management objectives and policies by risk category

Credit risk

CRR Art 435(1), EU CRA

Credit risk refers to potential losses that occur because a contract partner fails to meet its payment obligations.

Credit risk management organisation

Within the Association of Volksbanks, the responsibilities associated with credit risk are taken care of by the Credit Risk Management division and certain subdivisions of Risk Control. The Credit Risk Management Restructuring & Workout division is responsible for operational credit risk management. Risk Control is responsible for risk assessment, risk measurement and risk control as well as for credit risk reporting at portfolio level.

Operational credit risk management

Lending principles

- Loan transactions are necessarily based on decisions involving borrower-specific limits. The determination and monitoring of certain limits is subject to uniform regulations at the level of the Association.
- The rating obligation applies to all borrowers with exposures above the defined minimum amount. The rating process is based on the dual-control principle and is applicable across the Association.
- Loan commitments take account of the economic performance of borrowers, of financing requirements and investment volumes. The borrower's repayment ability is a prerequisite for granting a loan. Financing requirements and investment volume are reconciled in advance. Loan maturities must not exceed the useful lives of the assets financed. Attention is paid to the inclusion of reasonable own funds.
- Loan transactions with private customers are subject to the regulations and information requirements of the Austrian Consumer Credit Act (VKrG) and those of the Austrian Mortgage and Real Estate Credit Act (HIKrG), which apply independently of each other.
- The provisions under the Credit Institutions Real Estate Financing Measures Ordinance (KIM-VO) of the Austrian Financial Market Authority (FMA) for newly agreed private real estate financing have been complied with and were monitored separately until expiry of 30.06.2025.
- The topics of sustainability/ESG factors as well as potential climate-related transitory and physical risks are considered in the lending process.
- In selecting collaterals, attention is paid to the cost-benefit ratio, and therefore recoverable collaterals that cause little administrative effort and are not very cost-intensive will preferably be resorted to, as well as actually realisable collaterals. For this reason, physical collaterals, such as real estate collaterals, and financial collaterals, such as cash collaterals or collaterals in the form of securities, are given priority. The recoverability and enforceability of collaterals must basically be assessed prior to any credit decision. Principles for the management of collaterals and uniform rules for the selection, provision, administration and valuation of collaterals apply at the level of the Association.
- Foreign currency and repayment vehicle loans are basically no longer offered or granted.
- The principal market for lending business is the Austrian market.
- Syndicated loans will be concluded together with the CO as a matter of principle.

Decision-making process

In all units of the Association of Volksbanks that generate credit risk, there is a strict separation of sales and risk management units. All decisions in individual instances are made strictly observing the dual-control principle, with clear processes having been established for the cooperation between the risk management units in the CO and the members of the Association of Volksbanks. For transactions involving large volumes, processes have been set up that ensure the involvement of the operational credit risk management function of the CO and of the CO Managing Board in the risk analysis and/or loan decision. Limit systems play an important role in this context, as they provide a framework for the decision-making powers of the individual units.

Monitoring of exposures and collaterals

The processes for the review of exposures and collaterals are governed by uniform regulations across the Association and must be observed by all affiliated banks.

Limits

The monitoring, control and limitation of the risk of individual exposures and of risk clusters is effected according to differentiated limit categories.

Within the Association of Volksbanks, the group of connected clients (GcC) is used as the basis for limits in case of new lending and for current monitoring. As regards the limits, a distinction is made between the requirements on the level of the Association of Volksbanks and those applicable to the individual banks. A review of the limits on individual transaction level takes place continuously within the credit risk management function of the affiliated bank and is monitored by the credit risk management function of VBW as CO, using centralised analyses.

In connection with portfolio limits, within the Association of Volksbanks, mainly limits for external financing transactions, limits for the industrial sectors as well as separate limits for the real estate sector are being defined at present. With effect from 30 June 2025, a portfolio limit for commercial customer exposure outside the real estate sector as well as a portfolio limit for private customer exposure were implemented. These limits are relevant for the lending process and are monitored in monthly intervals by Risk Control.

In addition, materiality limits are defined for industry sectors at the level of the Association and of the affiliated banks, and further control measures are applied if these limits are exceeded. Relatively speaking, higher risk concentrations in affiliated banks are not only permitted but also desired in the sense of leveraging industry expertise (e.g. in the case of Ärzte- und Apothekerbank in the health care sector) and regional focuses (e.g. tourism in VB Tirol).

In order to achieve a sustainably healthy portfolio quality, requirements exist for transactions with new customers and increases of the exposure of existing customers; these depend on the customer's credit rating and are applicable across the Association.

Intensified credit risk management

Within the Association of Volksbanks, intensified credit risk management means the special monitoring of customers with payment difficulties and/or customers threatened by default. Among others, intensified credit risk management comprises processes relating to the early detection of customers threatened by default, the dunning procedure, forbearance processes, as well as default identification.

Early warning (EWS)

During the early warning process, customers who might show an increased risk of default within the next few months are systematically identified on the basis of certain indicators. In this way, the Association of Volksbanks is put in a position to counteract potential defaults early on. The early identification of customers threatened by default is governed within a uniform early warning system throughout the Association.

Dunning procedure

The dunning procedure applied across the entire Association of Volksbanks is uniform and automatised and based on corresponding predefined processes.

Forbearance

Forbearance refers to concessions made by the bank to the borrower in connection with financial difficulties or imminent financial difficulties of the borrower, but which the bank would not grant otherwise. Borrowers whose transactions were classified as forborne are subject to special (monitoring) regulations within the Association of Volksbanks.

Default identification:

The process of default identification serves to recognise defaults in time. A customer is deemed defaulted if there is a default of performance pursuant to the CRR of more than 90 days, and/or if complete settlement of the debt is considered unlikely without realising any collaterals. The Association of Volksbanks has defined 15 possible types of default event that are used for the consistent classification of default events across the Association. Among others, default identification also builds on the early warning and forbearance processes described above. Additionally, there are other (checking) processes, e.g. the analysis of expected cash flows within the regular or event-driven exposure checks, which may trigger classification to a default category.

The NPL ratio of the association of credit institutions developed in a positive way until 2022 and in the years before this, but a significant increase was observed from the second half of 2023 until the end of 2024. In 2025, the NPL ratio of the Association peaked at a high level (NPL ratio Association at year-end 2025: 5.5 % / NPL ratio Association 2024: 5.1 %). Major defaults could no longer be offset by portfolio reductions, particularly in the Real Estate segment. The highest increase in new defaults in 2025 is seen in the Real Estate sector. The following factors, in particular, have led to a marked drop in transactions on the Austrian residential real estate market since the second half of 2023:

- significant increase in interest rates within a short period of time
- regulatory restrictions on lending under the Austrian Real Estate Financing Measures (KIM) Regulation
- increase in construction costs due to supply difficulties, subsequently followed by high inflation

Due to the rising NPL ratio in 2024, separate local NPL reduction strategies were developed by the affiliated banks early in 2025, primarily aiming to reduce the NPL ratio to ≤ 3 % in line with the strategy of the Association by the end of 2027.

The above-mentioned high strain on the real estate market and delayed loan repayments have also led to a significant increase in intensified credit risk management due to the resulting key forbearance indicators and/or rating downgrades. Here again, a peak was reached at a high level in 2025.

Problem Loan Management

Within the Problem Loan Management system (PLM) applicable throughout the Association, customers are classified on the basis of clearly defined indicators applied consistently across the Association. Subsequently, a distinction is made between customers

- under intensive supervision (negative change of risk estimation, but not defaulted yet)
- in the process of restructuring (imminent risk of default or defaulted already, but customer is eligible for restructuring), and
- subject to workout (defaulted customers not eligible for restructuring)

and appropriately differentiated processing routines have been put in place consistently throughout the Association of Volksbanks.

Monitoring of industry sectors

In order to enable an even more detailed and, above all, more sector-specific management of the portfolio of the Association of Volksbanks over and above all the measures and limits already in place, industry sectors with a higher risk level are identified based on the results of the regular sector analyses, with a distinction being made between a regular, half-yearly process and an ad hoc process. Subsequently, the results of this analysis will be transferred to the existing EWS system, thus enabling sector-specific early warning. The monitoring of industry sectors includes the monitoring of real estate market values, thus ensuring that any changing conditions on the real estate market are recognised in time for adequate measures to be taken (e.g. additional review of a sub-portfolio).

Since 2022, separate requirements have been applying to new financing in those sectors that are particularly affected by an increase in energy costs.

Quantitative credit risk management

Measurement and control of credit risk

The development of sophisticated models as well as of systems and processes tailored to the bank-specific portfolio is required for the measurement and control of credit risk. In this way, the credit decision is meant to be structured and improved on the one hand; on the other hand, these instruments and/or their results also form the basis of portfolio management.

The results of credit risk measurement are reported to the Managing Board within the scope of the Risk Committee on a monthly basis. The most important objective of the use of the credit risk models and tools is to avoid losses through early identification of risks.

Rating systems

Across the Association, standardised models are applied to determine credit ratings (the VB rating family) and to determine the amount of loss in case of default. The expected probability of default of each customer is assessed via the VB rating family and expressed through the VB master scale, which comprises a total of 25 rating levels. The PD range used not only allows for a comparison of internal ratings with classifications by external rating agencies, but also a comparison of credit ratings across customer segments.

The rating levels in rating category 5 cover the reasons for defaulting on loans as applied across the Association and are also used for reporting non-performing loans (NPL).

Credit Value at Risk

The calculation of the economic capital requirement necessary for credit risk is effected by means of the Credit Value at Risk (CVaR) method. For this purpose, the Association of Volksbanks has chosen a statistical simulation method. A refined Merton model, adjusted to internal requirements, is used for modelling the credit exposures in the loan portfolio in detail.

Concentrations

Quantification and valuation of the effects of concentrations across the Association takes place monthly, via the risk parameters identified, on the one hand, and in the course of preparing the risk report, on the other hand.

Credit risk mitigation

The consideration of collaterals within the scope of the credit risk models for CVaR and in expected loss calculations is primarily effected through the LGD models applied across the Association. The starting point for taking into account collaterals is the respective current market value, fair value, nominal value or redemption value.

For the purpose of reducing the counterparty risk of derivative transactions, the Association of Volksbanks uses credit risk mitigation methods such as netting and exchange of collaterals. The Association strives to conclude standardised ISDA framework agreements for bilateral netting and a corresponding Credit Support Annex (CSA) with all key market participants. The fair values of derivative transactions with counterparties are reconciled daily. If the fair values exceed certain contractually agreed thresholds, such excess amounts must be covered by collaterals. These collaterals are recognised in regulatory terms and reduce the risk.

Credit risk reporting

Credit risk reporting takes place monthly (truncated version) and quarterly (detailed version) with the aim to provide a detailed presentation of the credit risk existing at a certain reporting date and to report the same to the entire Managing Board. Relevant reports are prepared for the Association, the major units and the key areas of business. The information is also included in the credit risk portions of the aggregate bank risk report.

The reports comprise a quantitative presentation of credit risk information relevant for risk control, which is supplemented by a brief assessment of the situation and additional qualitative information, if applicable.

The following analyses are part of the report:

- Portfolio distribution
- Development of new business
- Distribution of credit ratings
- Non-performing loans (NPL) incl. tracking of NPL reduction strategy
- EWS/PLM portfolio
- Real Estate portfolio
- Corp/SME portfolio
- Forbearance
- Credit risk concentrations
- Country group analysis
- Customer segments
- Distribution across industry sectors

In addition to reporting as part of the aggregate bank risk report, a Fast Close Risk Report is prepared at association level on a monthly basis immediately after the last trading day based on daily raw data from the core banking system. The report provides an initial indication of the current development of the customer portfolio, of crisis indicators, and of inflows and outflows in the NPL (non-performing loans) and forbearance portfolio, and information about the development of the overdraft portfolio. Moreover, it contains a brief overview of the development of risk provisions to track developments continuously and to implement measures promptly.

Counterparty credit risk

CRR Art 435(1) and Art 439 (a) to (d), EU CCRA

For the purpose of reducing the counterparty risk of derivative transactions, the Association of Volksbanks uses credit risk mitigation methods such as netting and exchange of collaterals. The Association has concluded standardised ISDA framework agreements for bilateral netting and a corresponding Credit Support Annex (CSA) with all financial counterparties. Derivatives according to Regulation (EU) No. 648/2012 must be cleared via a CCP (Central Counterparty). VBW is not directly connected to a CCP, but is connected via a clearing broker. The netted fair values of the derivative transactions are reconciled daily with the relevant counterparties. If the fair values exceed certain contractually agreed thresholds, such excess amounts must be covered by collaterals. These collaterals are recognised in regulatory terms and reduce the risk.

The Association does not use any internal model for calculating the counterparty credit risk.

The counterparty risk for market values from unsecured derivatives is taken into account by way of credit value adjustments (CVA) or debt value adjustments (DVA) – as approximation function of the potential future loss regarding counterparty credit risk. The expected future exposure (EFE) is determined by means of the Monte Carlo method. The probabilities of default for counterparties for which no credit spreads are observable on the market are based on internal ratings of the Association of Volksbanks.

CRR Art 439 (a)

In the treasury business, the credit risk should generally be minimised. The basis for this is an independent credit rating and a line system derived from it, as well as the ongoing monitoring process.

The maximum amount of the total bank lines granted per respective economic unit is determined by

- the credit rating (internal rating) and
- own funds.

Offsetting of the counterparty risk of derivatives for credit risk purposes is based on the Standardised Approach for Counterparty Credit Risk (SA-CCR) in accordance with CRR III (Regulation (EU) 2024/1623) Part 3 Title II Chapter 6 Section 3.

For limit monitoring purposes, the counterparty risk of derivatives is accounted for on the basis of the Current Exposure Method (CEM; fair value, if positive, + Add-on) in accordance with CRR Article 274.

The add-ons, which depend on the residual term of the transaction, represent a premium intended to cover future fluctuations in fair value.

CRR Art 439 (b)

Risk-reducing measures (netting and collaterals received) are based on bilateral agreements (e.g. ISDA Agreement – Credit Support Annex, Master Agreement for Financial Futures – Collateral Annex, Global Master Repurchase Agreement, Master Agreement for Genuine Repurchase Agreements, Global Master Securities Lending Agreement, Master Agreement for Securities Lending). If the sum of the fair values of a counterparty's OTC derivatives is positive, there is a replacement risk. A daily valuation of the derivatives is performed. The adjustment of the collaterals to the current fair values is coordinated and performed together with the contractual partners on a daily basis. Only cash collaterals in EUR and USD are accepted as collaterals for OTC derivatives. Based on "legal opinions" for the respective legal system of the individual counterparties, the realisability of the deposited collaterals and their further use are ensured in the event of bankruptcy of the contracting party. Cash and government bonds of issuers with high credit ratings are accepted as collaterals for repo and lending transactions. The reciprocal margin call on a daily basis ensures full collateralisation, and therefore no further reserves are created. The counterparty risk for fair values from unsecured derivatives is taken into account by way of credit value adjustments (CVA). The expected future exposure (EFE) is determined by means of the Monte Carlo method.

CRR Art 439 (c)

No correlation risks are calculated with regard to counterparty credit risk.

CRR Art 439 (d)

The existing collateral agreements do not include any rating dependency for the independent amount, threshold or minimum transfer amount. Therefore, in the event of a rating downgrade, there is no additional call liability.

CRR Art 439 (e)

The amount of collaterals received and provided in connection with derivatives and securities financing transactions is determined – separately and not separately – and broken down in detail by collateral type.

CRR Art 439 (f)

In case of derivative transactions, the exposure values before and after application of credit risk mitigation as well as the resulting exposure amounts are disclosed. The disclosures are broken down by the respective method applied under the CRR to determine counterparty credit risk.

CRR Art 439 (g)

The nominal values of credit derivatives are determined and broken down by collaterals purchased and sold, as well as by the type of credit derivative.

CRR Art 439 (h)

The exposure values after application of credit risk mitigation and the associated exposure amounts in relation to capital requirements for credit value adjustments (CVA) are determined and broken down by the respective method applied under Part 3 Title II of the CRR.

CRR Art 439 (i)

The exposure values to central counterparties as well as the corresponding exposure amounts under Part 3 Title II Chapter 6 Section 9 CRR are determined separately for qualified and non-qualified central counterparties and broken down by type of exposure.

CVA risk

CRR Art 445a (1) (a) and (b), EU CVAA

Within the Association of Volksbanks, the regulatory CVA risk is determined using the basic approach, disregarding hedging transactions under CRR III (Regulation (EU) 2024/1623) Article 384.

The counterparty risk from unsecured derivatives is taken into account by way of economic credit value adjustments (CVA) or debt value adjustments (DVA). The expected future exposure (EFE) is determined by means of the Monte Carlo method. The probabilities of default for counterparties for which no credit spreads are observable on the market are based on internal ratings of the Association of Volksbanks. The Association does not use any internal model for calculating the counterparty credit risk.

The conditions for applying the simplified approach under CRR III (Regulation (EU) 2024/1623) Article 273a Paragraph 2 are not met. No use is made of the simplified approach within the Association of Volksbanks.

The standardised approach under CRR III (Regulation (EU) 2024/1623) Article 383 is not used for any counterparty.

Market risk

CRR Art 435(1), EU MRA

Market risk is defined as the risk of loss due to adverse developments in market risk factors, e.g. interest rates, credit spreads, foreign exchange rates and volatilities. The Association of Volksbanks distinguishes the following types of market risk:

- Interest rate risk in the banking book
- Credit spread risk
- Market risk in the trading book
- Foreign exchange risk (open FX positions)

No material market risks or concentration risks exist beyond that. Monitoring of the market risk is carried out in the market and liquidity risk control department of the Risk Control division, which is separate, in organisational terms, from the Treasury division on the level of the Managing Board.

Credit spread risk

The portfolio relevant for the credit spread risk includes both the company’s own bond portfolio and loans and receivables to customers that are classified as FVPL (fair value through profit or loss) and do not meet the SPPI requirements (solely payments of principal and interest). The bond portfolio is primarily held as a liquidity buffer, centrally at VBW for the major part, and is therefore mainly invested in public sector bonds of European countries with good credit ratings and in covered bonds. Most of it is eligible for the regulatory liquidity coverage ratio (LCR). Moreover, an opportunity portfolio has been developed since 2024 through investments in Corporates and Senior Financials, to invest liquidity reserves as profitably as possible. As hidden losses can also be realised in the bond portfolio in exceptional cases due to extraordinary sales, AC-classified items are also included in the credit spread risk. The SPPI-impaired loans and receivables to customers classified as FVPL (fair value through profit or loss) represent an expiring portfolio that is distributed across the banks of the Association, with new business only taking place in exceptional cases. Other balance sheet items that are subject to a credit spread are classified as non-credit-spread sensitive, as any hidden burdens cannot be realised.

A distinction is made between the present value risk (EVE risk) and the periodic risk (NII risk). Present value risk measurement is effected via a credit spread VaR and the sensitivity to any increase in credit spreads by 100 bps. For the purposes of calculating the VaR, the portfolio is divided into risk clusters, depending on credit rating, branch of industry, type of product and seniority. The VaR is included in the ICAAP as part of the risk-bearing capacity calculation. Reporting takes place monthly within the ALCO and is part of the aggregate bank risk report.

The measurement of the periodic credit spread risk (NII risk) is currently being developed. However, this risk is not material, as the major part of the bond portfolio is invested in securities with high credit ratings and low spreads, meaning that any material decline in the spreads of new investments is not possible. The volume of loans and receivables to customers designated as FVPL is small, and new investments are only possible in exceptional cases, which means that no material risk arises in this area either. The major part of the portfolio is designated for the AC category (amortised cost) under IFRS 9. Therefore, the credit spread risk that affects P&L and OCI is low.

Concentration risk

Concentration risks within credit spread risk may arise at the level of issuers or risk clusters in case of similar issuers; these are mitigated by setting appropriate limits. These risk clusters are reported in the ALCO. As at 31 December 2025, the biggest concentrations currently exist in the covered bonds risk cluster and in the Republic of Austria risk cluster. Concentrations with individual issuers are limited by the issuer lines within credit risk.

Market risk in the trading book

The market risk in the trading book of the Association of Volksbanks is of minor importance. The trading book is kept centrally at the CO. The affiliated banks do not keep a trading book. The main function of the trading book is that of a transformer, where smaller batches from retail banking are collected and dynamically hedged in the market. Additionally, Treasury takes market risks within the scope of the limits approved, in order to produce corresponding income. The trading book volume (including FX and/or Commodity exposures of the banking book) is clearly below the regulatory threshold of euro 500 million (Art. 325a CRR) throughout.

The decisive criterion for allocation of transactions to the trading book is trading intent (making use of short-term market fluctuations), with the maximum holding period of the trading positions in the trading book usually not exceeding six months. No reclassifications between trading book and banking book occurred in 2025.

Within the Association, internal hedging transactions are used for interest rate risks in the banking book. Interest rate derivatives between trading book and banking book as well as the pertinent hedging transactions must be allocated to the dedicated files provided in the trading system.

Risk measurement is effected mainly through a VaR of interest rate, volatility and foreign exchange risks (historical simulation), a BPV gross and net (outright), and an indicative P&L for the stop-loss limit. Additionally, limits customary in the industry exist for option-related indicators (“Greeks”). Reporting is effected daily to the Treasury and Risk Control divisions and monthly within the ALCO.

The trading book risk within the Association of Volksbanks is relatively low and mainly arises from euro interest rate positions.

The regulatory own funds requirements for the trading book are calculated by means of the standardised approach – the Association of Volksbanks does not use any internal model for market risk in the trading book.

Since extreme situations are not covered by the VaR, comprehensive stress tests are carried out monthly or ad hoc across all portfolios in the trading book.

Foreign exchange risk (open FX positions)

The foreign exchange risk from open FX positions is immaterial within the Association of Volksbanks. It arises due to changes of the value of outstanding receivables and liabilities in foreign currencies through exchange rate fluctuations. It is minimised by Treasury as part of operational liquidity management.

Interest rate risk from positions not included in the trading book

CRR Art 435 (1) a)-d) and CRR Art 448 (1) and (2)

Interest rate risks emerge primarily through term transformation, which arises from different fixed interest rates between assets and liabilities. The Association of Volksbanks pursues a strategy of positive term transformation, where the fixed interest period of the assets is longer than that of the total liabilities and equity, and which represents a source of income in the form of the structural contribution within net interest income. The interest rate position mainly results from retail banking, where equally fixed-interest loans are granted, which are refinanced by customer deposits with short fixed interest periods. The fixed-interest portfolio has been built up over several years, creating a rolling fixed-interest position.

The interest rate risk in the banking book comprises all interest-bearing transactions reported and not reported in the balance sheet (except for transactions in the trading book), as well as interest-sensitive assets and liabilities (participations and provisions). The interest rate risk position associated with the retail business of the Association mainly arises from index-linked loans and loans with fixed interest rates, from non-maturing deposits or deposits with limited bonus and from fixed-interest deposits. The implicit floors in both the assets side and the liabilities side retail business are also taken into account. Other decisive factors are bond positions of the bank's own portfolio, own issues and the interest rate swaps used to control the interest rate position. Layer hedges for fixed-interest loan portfolios and cash flow hedges for index-linked loan portfolios may be used for hedging under IFRS and the Austrian Business Code (UGB). Micro hedges for securities positions, issues and individual loans can also be used. Retail business without maturity is included in interest rate risk modelling by way of replication assumptions, in order to show sensitivity to interest rate changes (e.g. for demand and savings deposits and current account loans and receivables). In the model, the average fixed interest period of all replicated deposits amounts to 2.6 years, that of the receivables to 1.1 years (as at December 2025).

A distinction is made between present value interest rate risk (EVE risk, Economic Value of Equity) and net Interest income risk (NII risk). The present value interest rate risk is measured using the EVE coefficient in accordance with Article 84 CRD and the RTS for the interest rate risk outlier test, the PVBP (Price Value of a Basis Point) and the interest rate book VaR. Net interest income risk is measured using the NII coefficient (again pursuant to Art 84 CRD and the RTS for the interest rate risk outlier test). The two coefficients of the regulatory outlier test are defined as strategic RAS indicator.

In line with the company’s strategy, the Association has a positive term transformation, measured using the EVE coefficient and PVBP. In case of positive term transformation, the present value interest rate risk consists in increasing interest rates. As opposed to present value interest rate risk, the net interest income risk consists in falling interest rates, especially short-term interest rates. This is mainly due to the fact that a large proportion of assets continues to be index-linked, and interest rate adjustments for customer deposits are comparatively sluggish. Apart from the development of the balance sheet structure and of (fixed) interest rate periods, the effects of payment transactions and fixing also influence the monthly coefficients.

The following table shows the effects of the interest rate scenarios defined in the RTS for the interest rate risk outlier test for the cut-off dates 31 December 2025 compared to 31 December 2024 for net present value risk and net interest income risk. The effects of six scenarios are reported for net present value risk, and the effects of two scenarios for net interest income risk. At the end of 2025, the highest negative change in net present value amounts to euro 278 million in the parallel up scenario, which corresponds to an EVE coefficient of 11 %. At the end of 2025, the net interest income risk amounts to euro 98 million in the parallel down scenario, which corresponds to an NII coefficient of 3.9 %.

Supervisory shock scenarios		A	b	c	d
		Changes in economic value of equity (euro million)		Changes in net interest income (euro million)	
		Current period	Previous period	Current period	Previous period
1	Parallel up	-277.5	-222.5	32.2	66.1
2	Parallel down	155.4	129.6	-97.6	-96.9
3	Steepener	-36.4	-24.5		
4	Flattener	7.5	-5.6		
5	Short rates up	-80.9	-80.1		
6	Short rates down	40.8	36.3		

Supervisory interest rate shock scenarios under Article 98(5) of Directive 2013/36/EU (reporting form EU IRRBB1)

For loans, a prepayment rate is modelled. This describes the average annual additional redemption made over and above the contractual redemption. It is statistically calibrated on the basis of sub-portfolios. Replication assumptions and prepayment rates are used consistently in both present value modelling and interest income simulation.

Embedded interest rate floors for loans are included in the interest rate risk position for calculating the present value, using the option pricing model. As savings deposits cannot bear negative interest rates in Austria, pursuant to Supreme Court case law, this floor for the stable portion of replicated savings deposits is equally calculated using an option pricing model. At current interest rate levels, the floors do not constitute any material contribution to interest rate risk.

The Asset Liability Committee (ALCO) is responsible for controlling the interest rate position of the Association of Volksbanks within the scope of risk limits defined by Risk Control and approved by the Managing Board through the risk strategy. The ALCO is convened monthly at the CO or ad hoc as required. The Asset Liability Management (ALM) of the CO, which belongs to the Treasury division in organisational terms, is responsible for the management of the ALCO. Proposed measures to control the interest rate position are worked out by ALM in co-operation with Risk Control and the local ALCOs of the affiliated banks. Interest rate risk reporting within the ALCO is taken care of by the Market and Liquidity Risk Control department of the CO. Interest rate risk is controlled from a dual perspective, both under a present value perspective and under a periodic/NII-oriented perspective.

Present value risk measurement and limitation are mainly effected on the basis of regulatory interest rate scenarios (six scenarios according to RTS for the interest rate risk outlier test, i.e. 200 bps parallel up, 200 bps parallel down, steepener, flattener, short rate up, short rate down) using the EVE coefficient, the PVBP (price value of a basis point), as well as the interest rate book VaR based on historical simulation, supplemented by a presentation of the interest rate position in the form of interest rate gaps (net position of the fixed interest rates per maturity band). Period-based net interest income risk measurement is implemented in the form of a net interest income simulation. In the process, two risk scenarios defined in accordance with RTS for the interest rate risk outlier test (200 bps parallel up, 200 bps parallel down) are calculated in terms of their effects on net interest income for the next 12 months, based on the assumption of an immediate interest rate change compared to the result for constant interest rates. Additionally, the earnings risk is calculated for a period of 12 months and the NII risk for a three-year horizon, in each case for the Parallel down risk scenario. Apart from the NII risk, the earnings risk also comprises fair value changes of fair value positions. The results of the net interest income simulation and the interest rate book VaR are taken into account in the ICAAP quarterly within the scope of the risk-bearing capacity calculation.

Within the scope of semi-annual stress testing, additional IRRBB-specific scenarios are calculated apart from the scenarios mentioned above, in order to quantify their effect on net present value and/or NII risk. These scenarios include extreme interest rate movements, such as – with a view to the resulting changes in net present value – among others, an immediate rise in interest rates of the yield curve by 400 basis points and a very sharp rise in interest rates, combined with a steepening of the interest rate curve, between +200 and +400 basis points, and – with a view to negative NII changes – an immediate parallel shift of the yield curve downwards by -400 basis points (with scenario floor). The effect of a markedly inverted interest rate curve on net present value and NII is calculated as well. Moreover, the models for replication assumptions and prepayments are stressed individually and in combination to simulate the effects of changing customer behaviour on net present value and NII risk. Additional scenarios address changes to the balance sheet structure on the liabilities side, induced by interest rate changes. Changed option volatilities and their effects on the net present value of the option portfolio are equally calculated. For NII purposes, a reverse stress scenario is calculated that combines various adverse effects (interest rate changes, customer behaviour etc.) with the goal to undercut an internally defined capital threshold.

The limitation of banking book interest rate risk is effected for both the Association and VBW. Limits are set for the EVE coefficient and the NII coefficient, as well as for interest rate gaps. Additional RAS indicators are defined at the level of the affiliated bank.

Hedging transactions are carried out for bond positions, issues and retail business and can be taken into account in hedge accounting. Layer hedges for fixed-interest loan portfolios and cash flow hedges for index-linked loan portfolios may be used. The replicated deposit business can be hedged as well. Micro hedges for securities positions, issues and individual loans may also be used.

Reporting of the banking book interest rate risk takes place monthly within the ALCO, quarterly within the scope of the risk-bearing capacity calculation and semi-annually within stress testing. Additionally, abbreviated operational reporting is prepared for Treasury in the middle of the month, which serves to identify early any potential changes of the risk level.

Liquidity risk

The most important source of refinancing of the Association of Volksbanks consists of customer deposits, which have proven to be a stable source of funding. Obviously, this is responsible for the major part of liquidity risk. More than two thirds of total assets are refinanced through customer deposits. The share of refinancing through capital market issues, covered bonds for the major part, is significantly smaller. The share of capital market refinancing still is less than 15 % of total assets.

VBW is the only institution in the Association that has access to the ECB/OeNB and can therefore also refinance itself through central bank funds.

As a result of the retail business model of the Association of Volksbanks with many small-volume giro/savings deposits from private customers and SMEs, the funding is highly diversified, and the concentration risk on the liabilities side is not material. The diversification of funding sources is taken into account on a current basis in the liquidity and funding strategy, which is prepared annually in the course of business planning and updated as required during the year. Risk clusters may occur at customer level. Accordingly, the largest deposits at customer level are monitored both in Risk Control and within operational liquidity management. Generally, they amount to less than 1 % of total assets. There are only a few temporary exceptions with a few major accounts for implementing payment transactions or balancing liquidity peaks. These deposits are regularly monitored and reported on in the ALCO.

On the capital market side, there are hardly any dependencies on institutional customers or professional market participants. The Association of Volksbanks only selectively participates in the interbank market. Treasury's issuance planning aims to spread the maturities of the few large-volume capital market issues.

At VBW, the Market and Liquidity Risk Control department is responsible for liquidity risk control throughout the Association. In organisational terms, the department is assigned to the Risk Control division with a direct reporting line to the responsible divisional board member (CRO). The responsibilities of the department are defined in General Instructions and working instructions for liquidity risk and are demarcated from the responsibilities of Treasury in VBW and the affiliated banks. The tasks of liquidity risk control are largely bundled in the department, thus taking account of the high degree of centralisation within the Association. The focus of the department is on risk control of the Association's exposure.

The Market and Liquidity Risk Control department is responsible for identifying, modelling, measuring, limiting, and monitoring as well as reporting of all material liquidity risks as well as the related data management throughout the Association. In this function, Liquidity Risk Control is responsible for defining, reconciling, implementing, monitoring and reporting the RAS indicators relevant to liquidity risk. Liquidity Risk Control is also responsible for the design, parameterisation, calculation and reporting of liquidity stress test requirements. Moreover, the department is responsible for determining the method for defining and designing the components of the internal liquidity buffer. Another key function is the ongoing preparation of liquidity reports for the Association and for VBW (e.g. LCR, NSFR, ALMM, weekly liquidity report to the ECB) to meet regulatory reporting requirements. The department regularly prepares liquidity risk reports for the affiliated banks and makes them available to the local banks.

A local Risk Management Function has been set up at the level of the affiliated banks which, among other things, performs liquidity risk control tasks and acts as the local contact for the Market and Liquidity Risk Control department. It performs limited liquidity risk control tasks on the basis of uniform requirements throughout the Association. This includes, among other things, the analysis of the local liquidity risk position and risk reporting in the local ALCO. The affiliated banks are not obliged to calculate, report and comply with regulatory liquidity risk indicators such as LCR, NSFR and AER.

The department Liquidity Management Association in the Treasury division is responsible for operational liquidity management. The department is the central unit within the Association of Volksbanks for the management of liquidity, the pricing of liquidity (transfer pricing), the central management of collaterals throughout the Association, the disposition of available liquid funds, and the implementation of the medium- to long-term funding strategy. The Capital Markets department is responsible for carrying out capital market issues, for issuance planning and underlying stock management.

Liquidity management in the Association of Volksbanks is highly centralised. VBW, as CO of the Association of Volksbanks, has far-reaching management and control rights for the entire Association of Volksbanks. These include central funding/liquidity management and liquidity risk management, including the right to issue both General and Individual Instructions to the affiliated banks. Consequently, VBW is responsible for liquidity management throughout the Association and for liquidity balancing within the Association. The affiliated banks cover their refinancing needs via VBW, investing their surplus liquidity. The affiliated banks are required to maintain liquidity reserves at VBW to the extent defined by law. There is no horizontal liquidity equalisation between the affiliated banks. VBW is the only institution within the Association that has access to the money and capital markets as well as to central bank funds.

In order to take account of the high degree of centralisation in liquidity risk, VBW has defined a centralised ILAAP (Internal Liquidity Adequacy Assessment Process) at Association level that focuses on illiquidity and/or insolvency risk. The ILAAP is defined as the totality of all internal procedures, methods and processes to ensure adequate liquidity within the Association of Volksbanks at present and in the future – even under stressed conditions – and to meet all supervisory and regulatory requirements for liquidity risk. The ILAAP focuses on illiquidity and/or insolvency risk, which is defined as the risk that the Association, VBW or an affiliated bank is no longer able to fully perform its payment obligations. In particular, the ILAAP comprises the definition of strategies (liquidity and funding strategy as well as liquidity risk strategy), liquidity/funding planning, liquidity cost allocation, operational liquidity management, liquidity buffer management, emergency liquidity management, and liquidity risk control. In accordance with the central nature of the ILAAP, these activities are performed centrally at VBW and affect the entire Association.

The risk reporting and measurement system takes into account the high degree of centralisation of the Association of Volksbanks and focuses primarily on the liquidity risk position of the Association and secondarily on that of VBW. The focus is on the indicators defined in the Risk Appetite Statement (RAS). These include the LCR, the NSFR, the survival period, and asset encumbrance. In addition to the LCR, the survival period aims to quantify illiquidity risk. To derive the survival period, selected liquidity risk stress scenarios defined for the entire Association are calculated on a monthly basis.

The Market and Liquidity Risk Control department prepares a monthly liquidity risk report for the Managing Board, which is presented and discussed in the monthly ALCO of the Association. Key contents are the liquidity balance sheet, the RAS indicators mentioned above, liquidity buffer presentation, liquidity and LCR forecast over a 12-month time horizon, the top 15 depositors. The RAS indicators are additionally reported to the Managing Board as part of the aggregate bank risk report. In addition, a limit monitoring report (e.g. LCR) and a liquidity buffer presentation are prepared for the weekly Li-JF with Treasury.

The funding risk throughout the Association is defined as the risk of an unexpected creditworthiness-related increase of refinancing costs for customer deposits and capital market funding. It is derived from historical changes of credit spreads and quantified for the funding requirement over a certain future period (for instance, 12 months). The funding risk has an impact on the bank's profit and loss position in the form of higher interest expenses in the future, and hence on the profit and loss position of the bank. Therefore monitoring and control takes place within the scope of the Internal Capital Adequacy Assessment Process ("ICAAP"). The calculation is performed quarterly as part of the ICAAP risk-bearing capacity calculation (economic ICAAP perspective) and semi-annually as part of the internal overall bank stress testing (normative ICAAP perspective). The results are reported to the Risk Committee. The responsibility for determining the methods of approaching and modelling this risk lies with the Market and Liquidity Risk Control department.

The LCR and AMM are reported externally to the supervisory authority on a monthly basis, and the NSFR and asset encumbrance are reported on a quarterly basis, in each case for the Association and for VBW (solo and Group). In addition, a weekly liquidity report is prepared and submitted to the competent supervisory authority (ECB). Additional extensive information is regularly provided to the competent supervisory authority (ECB) as part of the annual Li-SREP and ad hoc upon request.

A liquidity risk report is prepared monthly for each affiliated bank and made available to the affiliated banks for local risk analyses and for risk reporting in the local ALCO. The report includes the local liquidity balance, the contribution to the LCR of the Association, and the top 15 local depositors.

The management of liquidity risk within the Association of Volksbanks is based on section 30a of the Austrian Banking Act and Article 10 of the CRR, the Association Agreement and the cooperation agreement. The Association of Volksbanks is characterised by a strong cohesion of closely linked members. The central organisation (CO) of the Association of Volksbanks forms a joint liability system with the other members of the Association. This obliges the banks of the Association to jointly support distressed members. The general conditions for managing the liquidity position of the Association of Volksbanks and of VBW are specified by the Asset Liability Committee (ALCO). The ALCO is conducted on a monthly basis and is the central body for liquidity risk management. Reporting within ALCO is taken care of by the Market and Liquidity Risk Control department in the sphere of risk, and by the Liquidity Management/Association department in Treasury. In addition to the ALCO, the monthly Risk Committee, the weekly liquidity jour fixe and (restricted to liquidity emergencies) the liquidity emergency committee of the Association are also relevant for liquidity risk management.

The Liquidity Management department controls refinancing transactions and investments as well as the permissible extent of liquidity term transformation within the Association of Volksbanks by means of principles of liquidity management, which are binding throughout the Association, and other guidelines. The annual funding plan makes the future liquidity requirements resulting from the multi-year plan transparent and is actively managed by the Liquidity Management department.

The liquidity position for the Association of Volksbanks is managed within the framework of limits that are approved by the Managing Board of VBW and defined and monitored by Liquidity Risk Control. The addressee of the limits is the Liquidity Management/Association department. The limits for illiquidity risk are defined as strategic or deepening RAS indicators. These include, in particular, the LCR, the NSFR, and the survival period, supplemented by the asset encumbrance ratio (AER). Limit utilisation is monitored and reported by Liquidity Risk Control on a weekly or monthly basis. The funding risk is limited and monitored as part of the risk-bearing capacity calculation for the ICAAP. The liquidity position of the individual affiliated banks is managed as required by Liquidity Management/Association based on maturity-dependent GAP targets.

Illiquidity risk is managed by holding a sufficient liquidity buffer. VBW is responsible for the central management of the liquidity buffer for the whole of the Association of Volksbanks. The liquidity buffer mainly consists of highly liquid bonds that are LCR-eligible for the major part, of deposits with the Oesterreichische Nationalbank, of ECB tender potential, and covered bond issue potential. The market liquidity of the liquidity buffer is tested regularly. The responsibility for determining the methods for defining and designing the liquidity buffer components lies with the Market and Liquidity Risk Control department; continuous control of the liquidity buffer is the responsibility of the Liquidity Management department.

The liquidity contingency plan defines the processes and responsibilities in the event of a liquidity emergency and defines the measures that can be implemented in a liquidity emergency to overcome the liquidity crisis. In addition, a set of emergency early warning indicators has been defined both for VBW and for the individual affiliated banks that is monitored and reported on daily for each bank by the Liquidity Management function of VBW. The liquidity early warning and emergency measures are differentiated into measures with liquidity gains and measures designed to prevent further outflows. The measures are regularly evaluated by VBW and the affiliated banks in terms of liquidity potential and likelihood of implementation. In addition, at the level of the Association and in each affiliated bank, a liquidity emergency test is carried out annually, assuming a stress scenario. Liquidity costs and liquidity risk costs are settled within the Association between the units consuming liquidity and the units providing liquidity, on the basis of the liquidity cost curves for the entire Association. The Liquidity Management department is responsible for defining the relevant methods.

Liquidity risk stress testing is part of the RAS set of indicators in the form of the survival period. The survival period is the period during which, under a defined stress scenario, the liquidity buffer held is sufficient to cover cumulated net liquidity outflows. Currently, stress scenarios of varying degrees of severity are calculated. The scenario assumptions include an idiosyncratic crisis of the Volksbank sector, a national banking crisis as well as pan-European stressed market conditions. The least favourable of the scenarios calculated is applied to limiting the survival period. For the Association of Volksbanks, consisting of individual retail banks, this is typically the idiosyncratic Volksbank crisis assuming a “bank run”. This occurs when, due to a loss of confidence, customers withdraw large deposit volumes within a short period of time and at the same time alternative funding sources are not accessible to the Association (any more). Conversely, the Association is less affected by market stress scenarios due to its comparatively low capital market orientation.

The survival period is defined as a RAS indicator and limited accordingly, with a trigger value of 60 days and a limit of 45 days. Compliance with the survival period limit is monitored on an ongoing basis by Liquidity Risk Control and reported to the Managing Board on a monthly basis in the ALCO and the Risk Committee. Adverse changes in the survival period will trigger internal risk analysis processes and, if necessary, risk management measures by Treasury. In case of survival period trigger/limit violations, the RAS escalation process applies. The number of stress scenarios calculated and the underlying scenario assumptions are reviewed annually for appropriateness by Liquidity Risk Control in conjunction with Treasury and the validation unit and adjusted if necessary. Findings from the liquidity risk early warning/emergency system are taken into account on an ongoing basis. In addition, the validation unit regularly reviews the liquidity risk stress testing in the context of model risk, performs independent analyses and defines further optimisation measures as required, which are summarised in validation reports.

As part of the annual Li-SREP (Supervisory Review and Evaluation Process), the Managing Board of VBW submits the “Liquidity Adequacy Statement” (LAS) to the supervisory authority (ECB), which contains statements on the adequacy of liquidity risk management, the implementation of the ILAAP and the liquidity situation within the Association of Volksbanks. The current LAS assesses the liquidity risk management as solid and robust and the liquidity position of the Association of Volksbanks as adequate. The comfortable liquidity situation of VBW is reflected in the corresponding indicators. As at 31.12.2025, the liquidity buffer amounted to approximately euro 10.0 billion, the survival period amounted to 10 months. The liquidity buffer eligible for the LCR (High Quality Liquid Assets) amounted to around euro 7.3 billion as at 31.12.2025. The LCR was 215 %, the NSFR 136 %. Hence, both indicators by far exceeded the regulatory and internal limits.

Operational risk

CRR Art 435(1) and Art 446, EU ORA

The Association of Volksbanks defines operational risk as the risk of losses due to the inadequacy or failure of internal procedures (processes), people, systems or to external operational risk events, and the associated legal risks. The reputational, conduct, model, IT and security risks are closely associated with operational risk and are actively taken into account. The calculation of regulatory capital adequacy requirements is effected using the standardised approach. An internal method based on loss data and risk scenarios is used for the economic perspective.

Organisation

Within the Association of Volksbanks, line management is responsible for the management of operational risks (OpRisk Management). It is supported in this function by centrally and decentrally based experts from the area of operational risk and internal control system. The aim is to optimise processes in order to reduce the probability of the occurrence of operational risks and/or to reduce the effect of operational losses. Cooperation across departments (especially with Compliance, Internal Audit, and Operational Resilience) allows for optimal and comprehensive control of operational risks.

Methods for the management of operational risks

Within the scope of operational risk management, both quantitative and qualitative methods are used. Quantitative elements are – for instance – the execution of risk analyses, the performance of stress tests, the determination and monitoring of risk appetite and of the risk indicators, the preparation of the operational risk event database, as well as risk reporting. Qualitative control measures comprise the implementation of training events, the performance of risk analyses, awareness building measures, root cause analysis as part of the operational risk event database, the implementation of uniform ICS checks, as well as risk reporting.

If the key indicators defined for operational risk are exceeded, the defined escalation process is applied. This process provides for a detailed analysis of causes and subsequently initiation of adequate measures.

The following principles, derived from the risk strategy, apply in OpRisk Management within the Association of Volksbanks:

- The primary aim of the entire OpRisk Management system is to optimise processes to decrease the likelihood of incidents occurring and/or the impact of operational losses.
- Incidents are documented fully and in a sufficiently transparent manner via an electronic platform to enable third-party experts to benefit from the documentation. Operational incidents are recorded in a uniform manner across the

Association. The resulting transparency with respect to the occurrence of operational risk events allows for risk assessment to be derived from historical facts.

- The methods, systems and processes in OpRisk Management are defined by the CO and must be complied with by the respective banks.
- The appropriateness of the risk control and monitoring measures and other risk-minimising measures is assessed on an on-going basis, but at least once a year, and reported to the Managing Board. Measures for risk control comprise, for instance, awareness-building/training events, the monitoring of the OpRisk indicators, maintaining the confidentiality, availability and integrity of customer and corporate data, business continuity planning, but also – in particular – an adequate separation of responsibilities, as well as observance of the dual-control principle. Operational (residual) risks that cannot be avoided, reduced or transferred must be accepted formally and demonstrably by the management.
- The efficiency of OpRisk Management is ensured through periodic and independent internal audits.

Internal control system

Within the Association of Volksbanks, an internal control system (ICS) has been put in place according to the principles of the internationally recognised standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Detailed descriptions of ICS processes and control measures are available. The responsibilities and roles relating to the ICS are clearly defined. Regular reporting takes place for the ICS. Control activities are documented and reviewed, ICS-relevant risks are regularly evaluated and adjusted. Accordingly, a continuous optimisation process is ensured. Internal Audit, in its capacity as independent supervisory body, audits the ICS. Both the effectiveness and adequacy of the ICS, as well as compliance with instructions are audited. The OpRisk and ICS framework describes the inter-related components implemented within the Association of Volksbanks with a view to identifying, measuring, monitoring and controlling operational risk. The close interlocking of OpRisk Management with the internal control system ensures appropriate consideration of operational risks within the Association of Volksbanks.

2.3 Information on corporate governance arrangements

CRR Art 435(2) a), EU OVB

The members of the Managing Board and of the Supervisory Board of VOLKSBANK WIEN AG and of the banks affiliated to the Association of Volksbanks held the following number of management and supervisory positions as at 31 December 2025.

Activities in a management function or as a member of a supervisory board in organisations which do not predominantly pursue commercial objectives within the meaning of sections 5(1)(9a) and 28(5)(5) of the Austrian Banking Act are disregarded.

CRR Art 435(2) a) -> *1 applying the group/participation privilege/privilege

Volksbank Wien AG		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Gerald Fleischmann	Managing Board	5	2	2	1
Rainer Borns	Managing Board	8	2	2	1
Thomas Uher	Managing Board	3	1	3	1
Birte Burtscher	Supervisory Board	1	1	0	0
Christoph Herzeg	Supervisory Board	2	2	1	1
Harald Berger	Supervisory Board	2	1	0	0
Helmut Hegen	Supervisory Board	1	1	1	1
Heribert Donnerbauer	Supervisory Board	3	1	3	1
Johann Bruckner	Supervisory Board	2	1	0	0
Martina Rittmann-Müller	Supervisory Board	2	1	4	1
Regina Ovesny-Straka	Supervisory Board	6	4	0	0
Robert Oelinger	Supervisory Board	3	1	0	0
Susanne Althaler	Supervisory Board	2	2	0	0
Walter Übelacker	Supervisory Board	3	1	1	1
Wilfried Aichinger	Supervisory Board	2	1	2	0
Josef Heidegger	Supervisory Board (WC)	1	1	0	0
Christian Rudorfer	Supervisory Board (WC)	1	1	0	0
Andrea Baier	Supervisory Board (WC)	1	1	0	0
Bettina Wicha	Supervisory Board (WC)	2	1	0	0
Christiane Spiegl	Supervisory Board (WC)	1	1	0	0
Iris Weber	Supervisory Board (WC)	1	1	0	0

Volksbank Salzburg eG		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Andreas Hirsch	Managing Board	0	0	1	1
Andreas Höll	Managing Board	5	1	1	1
Anton Fischer	Supervisory Board	1	1	3	1
Christina Spatzenegger	Supervisory Board	1	1	1	1
Josef Christian Lugstein	Supervisory Board	1	1	2	1
Martin Winner	Supervisory Board	1	1	8	2
Roland Reichl	Supervisory Board	1	1	0	0
Stefan Lirk	Supervisory Board	2	2	5	1
Ursula Hauer	Supervisory Board	1	1	2	1
Anita Weinberger	Supervisory Board (WC)	1	1	0	0
Bettina Wintersteller	Supervisory Board (WC)	1	1	0	0
Gerald Rautner	Supervisory Board (WC)	1	1	0	0
Gerhard Mayr	Supervisory Board (WC)	1	1	0	0

Österreichische Ärzte- und Apothekerbank AG		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Martin Uidl	Managing Board	0	0	1	1
Anton Pauschenwein	Managing Board	5	2	1	1
Alexander Gratzl	Supervisory Board	1	1	0	0
Alexander Hartl	Supervisory Board	0	0	2	2
Erwin Bernklau	Supervisory Board	1	0	1	1
Gerhard Schobesberger	Supervisory Board	1	1	1	0
Gottfried Bahr	Supervisory Board	2	1	2	2
Herwig Lindner	Supervisory Board	1	1	0	0
Irina Schwabegger-Wager	Supervisory Board	2	1	0	0
Johann Steindl	Supervisory Board	2	1	1	0
Johannes Kastner	Supervisory Board	1	0	1	0
Jörg Krainhöfner	Supervisory Board	2	1	0	0
Katharina Masek	Supervisory Board	0	0	1	1
Leopold Schmudermaier	Supervisory Board	2	1	4	4
Philipp Saiko	Supervisory Board	3	2	1	0
Rainer Borns	Supervisory Board	8	2	2	1
Suzana Madzarevic	Supervisory Board	1	1	0	0
Christiane Hörhager	Supervisory Board (WC)	1	1	0	0
Elisabeth Rigl	Supervisory Board (WC)	1	1	0	0
Helmut Grüssinger	Supervisory Board (WC)	1	1	0	0
Stefanie Hochegger	Supervisory Board (WC)	1	1	0	0

Volksbank Kärnten eG		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Johannes Jelenik	Managing Board	3	1	2	1
Alfred Holzer	Managing Board	3	0	4	1
Gerald Fleischmann	Supervisory Board	5	2	2	1
Gerald Rainer-Harbach	Supervisory Board	1	1	2	1
Kristin Grasser	Supervisory Board	1	1	4	2
Marco Egger	Supervisory Board	2	2	17	4
Martin Laggner	Supervisory Board	1	1	1	1
Michaela Schliefni	Supervisory Board	1	1	3	2
Sandra Venus	Supervisory Board	1	1	0	0
Vera Led	Supervisory Board	2	2	0	0
Wilfried Aichinger	Supervisory Board	2	1	2	1
Christian Buchleitner	Supervisory Board (WC)	1	1	0	0
Florian Mikula	Supervisory Board (WC)	1	1	0	0
Konrad Müller	Supervisory Board (WC)	1	1	0	0
Wolfgang Rutter	Supervisory Board (WC)	1	1	0	0
Bettina Mölschl	Supervisory Board (WC)	1	1	0	0

Volksbank Vorarlberg e. Gen.		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Gerhard Hamel	Managing Board	4	1	6	2
Helmut Winkler	Managing Board	0	0	5	2
Christa Kramer	Supervisory Board	1	1	1	0
Heinz Egle	Supervisory Board	1	1	0	0
Herbert Loos	Supervisory Board	1	1	2	1
Sabine Loacker	Supervisory Board	1	1	0	0
Sanjay Doshi	Supervisory Board	1	1	1	1
Philipp Tomaselli	Supervisory Board	3	2	15	4

Volksbank Niederösterreich AG		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Rainer Kuhnle	Managing Board	3	0	4	1
Helmut Emminger	Managing Board	0	0	2	1
Andreas Chocholka	Supervisory Board	3	2	0	0
Andreas Köhler	Supervisory Board	1	1	1	0
Andreas Pum	Supervisory Board	2	1	2	2
Andreas Welser	Supervisory Board	4	2	3	3
Christian Kainz	Supervisory Board	2	1	2	2
Claudia Unterberger	Supervisory Board	2	1	2	1
Dietmar Gindl	Supervisory Board	2	1	2	2
Doris Prachner	Supervisory Board	3	2	4	4
Erwin Poinstingl	Supervisory Board	2	1	0	0
Frank E. Riel	Supervisory Board	4	2	1	0
Herbert Gugerell	Supervisory Board	2	1	1	1
Heribert Donnerbauer	Supervisory Board	3	1	3	1
Karl Gerstl	Supervisory Board	2	1	1	0
Walter Übelacker	Supervisory Board	3	1	1	1
Daniela Stoll	Supervisory Board (WC)	1	1	0	0
Eduard Hammerl	Supervisory Board (WC)	2	2	0	0
Ernst Halmer	Supervisory Board (WC)	1	1	0	0
Herbert Stangl	Supervisory Board (WC)	1	1	0	0
Peter Hubmayer	Supervisory Board (WC)	1	1	0	0
Thomas Hofbauer	Supervisory Board (WC)	1	1	0	0
Daniela Ziegler	Supervisory Board (WC)	1	1	0	0

Volksbank Oberösterreich AG		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Richard Ecker	Managing Board	7	2	2	1
Andreas Pirkelbauer	Managing Board	2	2	1	1
Christiana Sommer	Supervisory Board	2	1	2	2
Elisabeth Kölblinger-Engelmann	Supervisory Board	1	1	0	0
Franz-Xaver Berger	Supervisory Board	2	2	1	1
Gerhard Schuster	Supervisory Board	1	1	1	1
Johann Bruckner	Supervisory Board	2	1	0	0
Ludwig Reisecker	Supervisory Board	1	1	0	0
Manfred Oberbauer	Supervisory Board	1	1	1	1
Thomas Dim	Supervisory Board	1	1	1	0
Thomas Uher	Supervisory Board	3	1	3	1
Wolfdieter Holzhey	Supervisory Board	2	1	8	2
Doris Schwarz	Supervisory Board (WC)	1	1	0	0
Johann Enser	Supervisory Board (WC)	1	1	0	0
Michael Wahlmüller	Supervisory Board (WC)	2	0	0	0
Ralf Wiedenhofer	Supervisory Board (WC)	1	1	0	0
Klemens Palser	Supervisory Board (WC)	1	1	1	1

Volksbank Steiermark AG		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Hannes Zwanzger	Managing Board	1	1	2	0
Monika Cisar-Leibetseder	Managing Board	3	0	1	1
Angelika Weber	Supervisory Board	1	1	2	1
Beatrix Doppler	Supervisory Board	2	1	2	2
Gerald Fleischmann	Supervisory Board	5	2	2	1
Gerald Pilz	Supervisory Board	3	2	6	5
Johannes Jelenik	Supervisory Board	3	1	2	1
Josef Schriebl	Supervisory Board	2	1	3	3
Kathrin Graschi-Raffler	Supervisory Board	2	1	2	2
Mario Kleissner	Supervisory Board	2	1	4	2
Theodor Größing	Supervisory Board	2	1	6	1
Claudia Hinterleitner	Supervisory Board (WC)	1	1	0	0
Edith Veitschegger	Supervisory Board (WC)	1	1	0	0
Reinhard Allmer	Supervisory Board (WC)	1	1	0	0
Renate Friedl	Supervisory Board (WC)	2	1	0	0

Volksbank Tirol AG		Supervisory functions		Management functions	
Name	Function at the bank	Supervisory Board, effective	*1 Supervisory Board, privilege	Manager, effective	*1 Manager, privilege
Martin Holzer	Managing Board	2	0	2	1
Andreas Mißlinger	Managing Board	0	0	1	1
Birgit Oberhollenzer-Praschberger	Supervisory Board	2	1	0	0
Claus Huter	Supervisory Board	2	1	5	2
Karl Kahofer	Supervisory Board	2	1	1	0
Martin Singer	Supervisory Board	3	2	1	1
Maximilian Ellinger	Supervisory Board	2	1	1	0
Robert Oelinger	Supervisory Board	3	1	0	0
Thomas Kneringer	Supervisory Board	2	1	3	1
Walter Gaim	Supervisory Board	2	1	0	0
Andrea Ager	Supervisory Board (WC)	1	1	0	0
Anni Reiter	Supervisory Board (WC)	1	1	0	0
Christoph Nöbl	Supervisory Board (WC)	1	1	0	0
Philipp Voit	Supervisory Board (WC)	1	1	0	0

Strategy for the selection of members of the management body and their actual knowledge and skills

CRR Art 435(2) b and c

The strategy of the Association and the corresponding Fit & Proper Policies of the central organisation of the Association of Volksbanks (VOLKSBANK WIEN AG) and of the affiliated banks constitute the basis for the selection, strategic succession planning, and the suitability assessment of the members of the management bodies and are in line with the professional values and long-term interests of the Association of Volksbanks.

Additionally, the principles and processes for selecting members of the Managing Board and for the required strategic succession planning as well as for ensuring the individual and collective knowledge and skills – taking into account Fit & Proper criteria – are regulated within the framework of the "General Instruction on the Appointment of Managers" (cf. section 30a of the Austrian Banking Act and the Association Agreement of the Volksbanks).

In addition to Fit & Proper criteria, the decisive selection criterion is an understanding of how to take into account the interests and strategy of the Association of Volksbanks and to ensure the highest possible efficiency in performing the duties of the management body.

With the "Guidelines on the assessment of the suitability of members of the management body and key function holders" (EBA/GL/2021/06, "Fit & Proper Guidelines"), uniform minimum requirements for the assessment of the personal reliability, professional suitability and experience of persons in management and control functions, including their collective suitability, in credit institutions were defined throughout Europe. Every Austrian credit institution must comply with the guidelines, taking into account the type, scope and complexity of the transactions as well as the risk structure, hence also taking account of the Fit & Proper guidelines. This obligation is met by the credit institutions' "Fit & Proper Policies" coordinated across the Association, in particular the obligation to implement internal guidelines for the selection, assessment and safeguarding of the suitability of managing directors, supervisory board members and key function holders.

In the General Instruction "Appointment of Managers", criteria for the appointment, independence, assessment of individual and collective suitability were defined, and the required documents and the (succession) process to ensure suitability as well as ad hoc re-evaluation were documented.

Members of the management body are subject to specific requirements in relation to their professional and personal competences, their impartiality and independence by virtue of their responsibility for the management and supervision of the institution. The required knowledge, skills and experience of each individual in relation to the collective requirements for the composition of the relevant boards ensure that well-informed competent decisions are made based on a good understanding of the business, the risks and governance structure of the Association of Volksbanks and on the relevant persons' knowledge of the regulatory framework.

The respective requirements depend on the type, structure, size and complexity of the business activity of the institution and of the Association as well as on the respective functions to be filled. In addition to professional competence, the persons concerned must also meet the required personal qualifications. All members must be personally reliable and in good standing.

The positive evaluation of the suitability assessment must be carried out as part of the initial appointment and must be evaluated regularly. Ongoing suitability is ensured through regular training and continuing education measures and related policies. Therefore, measures (in particular (on-the-job) training or organisational measures) must be taken, in particular in the event of changes in external circumstances (e.g. changes in business activities or new regulatory requirements in the organisational structure) which might influence the suitability of individual or several members of the Managing Board or Supervisory Board.

Diversity strategy for the selection of members of the management body, objectives and relevant targets of the strategy, degree of target achievement

CRR Art 435(2) c)

The Association has set itself the strategic goal, pursued for substantial reasons, to generally qualify women for management positions, thus increasing the share of women in all management positions, also in managing board functions.

This increase is supported by a great number of measures, processes and programmes (diversity programmes, human capital development, gender pay equality programmes etc.).

Moreover, if the contract is awarded to an external partner, the latter must take care, in the course of the tender and appointment procedure for managing board positions supported by external partners, to also nominate female candidates under all circumstances and to implement adequate succession processes. These measures provide the basis for a succession process where vacant management positions (including on the Managing Board) can be filled with both internal and external female candidates.

The success of these measures is measurable. The Association managed to increase the proportion of female executives (including Managing Board positions) by 8.8 % in the period from 31 December 2023 to 31 December 2025.

If they had to set up a nomination committee in accordance with section 29 of the Austrian Banking Act, the banks of the Association must set target quotas for the underrepresented gender on the managing board and supervisory board. Appropriate target quotas (20-30 %) were defined and are achieved. The requirements of the act on equal opportunities for women and men on supervisory boards (GFMA-G) are met.

Information on the Risk Committee

CRR Art 435(2) d) – The following institutions have formed a Risk Committee:

Volksbank	Number of meetings held in 2025	Number of meetings held in 2024	Number of meetings held in 2023	Number of meetings held in 2022
VOLKSBANK WIEN AG	4	4	4	4
Österreichische Ärzte- und Apothekerbank AG	3	3	3	3
Volksbank Oberösterreich AG	4	4	4	4
Volksbank Kärnten eG	0	0	4	4
Volksbank Niederösterreich AG	0	0	0	0
Volksbank Salzburg eG	4	4	4	4
Volksbank Steiermark AG	0	0	0	0
Volksbank Tirol AG	4	4	4	4
VOLKSBANK VORARLBERG e. Gen.	1	1	1	1

Information flow to the management body

CRR Art 435(2) e)

The reporting framework implemented within the Association of Volksbanks is meant to ensure that all significant risks are fully identified, monitored and efficiently managed promptly. The reporting framework offers a holistic and detailed presentation of the risks and a specific analysis of the individual risk types.

The monthly – or for the risk-bearing capacity calculation and capital ratios: quarterly – aggregate bank risk report serves as a core element of the reporting framework. The aggregate bank risk report provides a summary of the situation and development of the RAS indicators, the utilisation of the risk-bearing capacity, addressing all significant risks and containing comprehensive qualitative and quantitative information, among others. The aggregate bank risk report provides the CO Managing Board with management-related information on a monthly basis and is sent to the Supervisory Board of VBW quarterly. In addition to the aggregate bank risk report, various risk-specific reports (e.g. analyses within credit risk regarding the development of individual sub-portfolios) complement the reporting framework.

Compliance with BaSAG (Act on the Recovery and Resolution of Banks) indicators is reported in the Risk Committee to the CO Managing Board.

Risk reporting takes place in the appropriate committees (i) Risk Committee, (ii) Asset Liability Committee, (iii) Credit Committee. For details, please refer to the section entitled “General information on risk management”.

3 Remuneration policy of VOLKSBANK WIEN AG

CRR Art 450(1) (a), EU REMA

3.1 Governance of the remuneration policy

CRR Art 450 (1) (a), EU REMA (a), (b)

Under Art 10 of the CRR, section 30a of the Austrian Banking Act and under the Association Agreement, VOLKSBANK WIEN AG as the central organisation (CO) of the Association of Volksbanks is obliged to issue a General Instruction on remuneration policy for the entire Association of Volksbanks. As CO of the Association of Volksbanks, VBW is responsible for compliance with the remuneration principles set down in the annex to section 39b Austrian Banking Act within the entire credit institution group. The remuneration policy of the Association of Volksbanks is in line with the business and risk strategy as well as the general risk management mechanisms, and supports the long-term interests of the Association of Volksbanks.

Preparation, implementation and monitoring of the remuneration policy

The preparation as well as the continuous maintenance, updating and development of the General Instruction (GI) and of the Association's working instruction on remuneration policy are the responsibility of the HR Management function of the CO, in consultation with the CO Managing Board. The relevant decisions are made by the Remuneration Committee of VBW. The remuneration policy is reviewed by the CO HR Management function at least once a year to ensure that it is up-to-date and is revised accordingly. This review includes making sure that the remuneration policy is gender-neutral. In the 2025 business year, the remuneration policy was reviewed twice and supplemented by new control functions and by embedding sustainability goals in the performance management of managing board members and of senior management.

The corresponding internal functions – i.e. HR Management, Compliance, Risk Control, and Finance – as well as the Supervisory Board and/or the Remuneration Committee, as well as the Working and Risk Committee are closely involved in the review of the remuneration policy, including identification of the material risk takers pursuant to section 39b Austrian Banking Act and granting employee profit-sharing schemes. This is meant to ensure that the remuneration policy is geared to the business and sustainability strategy and that it supports the risk management framework of the affiliated banks.

Under the working instruction of the Association (Association WI) on remuneration policy, the GI must be implemented in all affiliated banks. The Association WI serves as a "transparency document" ensuring implementation in line with the Instruction in the respective affiliated banks. The directives of the General Instruction and of the Association WI shall be considered as minimum requirements. The local Managing Board as well as the Remuneration Committee or the Supervisory Board of the respective affiliated bank must accept the Association WI.

VOLKSBANK WIEN AG and the affiliated banks are also responsible for compliance with the remuneration principles set down in the annex to section 39b Austrian Banking Act by the other companies and subsidiaries included in the scope of consolidation. Hence, the respective affiliated bank of the Association of Volksbanks must ensure that even group companies that are not credit institutions themselves are integrated in risk control activities under section 39b Austrian Banking Act, and that remuneration policies and practices exist in these companies that comply with the annex to section 39b Austrian Banking Act and with the remuneration policy of the Association of Volksbanks based thereon.

The respective affiliated bank of the Association of Volksbanks is any one of the following companies that are fully consolidated at the level of the association:

VOLKSBANK (affiliated credit institution)	Legal Entities	CRR Consolidation	IFRS Consolidation
ÖSTERREICHISCHE ÄRZTE- UND APOTHEKERBANK AG	-	Yes	Yes
VOLKSBANK KÄRNTEN eG	VB Aktivmanagement GmbH	Yes	Yes
	>> VB-Immobilienverwaltungs- und -vermittlungs GmbH	Yes	Yes
	VB Kärnten Leasing GmbH	Yes	Yes
	>> VB Buchführung GmbH	Yes	Yes
VOLKSBANK NIEDERÖSTERREICH AG	-	Yes	Yes
VOLKSBANK OBERÖSTERREICH AG	-	Yes	Yes
VOLKSBANK SALZBURG eG	BBG Beratungs- und Beteiligungsgesellschaft m.b.H.	Yes	Yes
	>> Domus IC Leasinggesellschaft m.b.H.	Yes	Yes
VOLKSBANK STEIERMARK AG	-	Yes	Yes
VOLKSBANK TIROL AG	-	Yes	Yes
VOLKSBANK VORARLBERG e. Gen.	Volksbank Vorarlberg Marketing- und Beteiligungs GmbH	Yes	Yes
	>> Volksbank Vorarlberg Leasing GmbH	Yes	Yes
	>> Volksbank Salzburg Leasing Gesellschaft m.b.H.	Yes	Yes
VOLKSBANK WIEN AG	VB Services für Banken Ges.m.b.H.	Yes	Yes
	VB Infrastruktur und Immobilien GmbH	Yes	Yes
	3V-Immobilien Errichtungs-GmbH	Yes	Yes
	VOBA Vermietungs- und Verpachtungsges.m.b.H.	Yes	Yes

The companies listed here are subsidiaries that are directly affected by the remuneration policy. It cannot be excluded that other companies may be affected as well, for instance controlled companies.

Supervisory Board committees that deal with remuneration policy

Remuneration Committee

The Supervisory Board of VOLKSBANK WIEN AG has formed a Remuneration Committee which, among other things, is responsible for the remuneration agendas under section 39c of the Austrian Banking Act.

The Remuneration Committee consists of Supervisory Board members and works council representatives. Christoph Herzeg acts as remuneration expert. The main tasks of the Remuneration Committee include the approval, monitoring and implementation of the remuneration policy, the remuneration practices, as well as of the remuneration-related incentive structures. These tasks relate to the control, monitoring and limitation of risks under section 39 (2b) (1) to (10) Austrian Banking Act, of available own funds and liquidity. Moreover, the long-term interests of shareholders, investors and employees of the entire Association of Volksbanks must be taken into account. The Remuneration Committee is authorised to take decisions within its allocated sphere of competence.

The Remuneration Committee convened for three meetings in financial year 2025. Items on the agenda were, in particular, the review of the remuneration policy and practices, questions regarding gender-neutral remuneration, as well as the implementation of the Pay Transparency Directive. Moreover, the Remuneration Committee dealt with the granting and disbursement of employee profit sharing for the 2024 financial year, with the identification of risk takers pursuant to section 39b Austrian Banking Act, and with the integration of sustainability goals into the performance management of managing board members and of senior management.

Working and Risk Committee

Annual reporting takes place in the Working and Risk Committee of VOLKSBANK WIEN AG about the remuneration system of the Association of Volksbanks. The Committee is also involved in reviewing the remuneration policy, identifying risk takers as well as the granting and disbursement of employee profit sharing. In the 2025 financial year, the Working and Risk Committee discussed the remuneration policy on two occasions.

Boards of the affiliated banks

The following boards are responsible for remuneration policy at the respective affiliated banks of the Association of Volksbanks:

VOLKSBANK (affiliated credit institution)	Supervisory Board Committees
ÖSTERREICHISCHE ÄRZTE- UND APOTHEKERBANK AG	Supervisory Board
VOLKSBANK KÄRNTEN eG	Personnel Committee
VOLKSBANK NIEDERÖSTERREICH AG	Supervisory Board
VOLKSBANK OBERÖSTERREICH AG	Supervisory Board
VOLKSBANK SALZBURG eG	Remuneration Committee
VOLKSBANK STEIERMARK AG	Supervisory Board
VOLKSBANK TIROL AG	Supervisory Board
VOLKSBANK VORARLBERG e. Gen.	Remuneration Committee
VOLKSBANK WIEN AG	Remuneration Committee

Establishing a remuneration committee is mandatory under section 39c Austrian Banking Act for affiliated banks with total assets exceeding euro 5 billion, i.e. currently only mandatory for VOLKSBANK WIEN AG within the Association of Volksbanks.
In the 2025 financial year, the respective board of the affiliated bank dealt the remuneration policy on two occasions. Items on the agenda were, in particular, the review of the remuneration policy and practices, the topic of gender-neutral remuneration, as well as the implementation of the Pay Transparency Directive. Moreover, the committee dealt with the granting and disbursement of employee profit sharing for the 2024 financial year, with the identification of risk takers pursuant to section 39b Austrian Banking Act, and with the integration of sustainability goals into performance management.

Role of control functions

The control units of VBW (Compliance, Risk Control, and Internal Audit) act as 2nd and 3rd lines of defence for VBW and the respective affiliated bank of the Association of Volksbanks. They are actively and regularly working together and cooperating with other functions and committees to develop the remuneration policy and practices.

As 2nd line of defence, **Compliance** regularly checks the remuneration policy and practices of the Association of Volksbanks. They perform internal controls of remuneration practices, validating internal reports regarding remuneration claims of employees with board functions, they identify the risk takers under section 39b BWG, they perform the annual review of the remuneration policy, introducing or updating the bonus model. This way of procedure guarantees that remuneration policies and laws are fully complied with. The Compliance function regularly checks if the remuneration practices live up to ethical standards and corporate values, to ensure the integrity and effectiveness of the remuneration policy. Compliance reports quarterly in the Managing Board meeting, in the Audit Committee and in the Supervisory Board, with one essential topic being the review of the remuneration policy.

As part of the 2nd line of defence, **risk management**, which is assumed by the Risk Control unit of VOLKSBANK WIEN AG as CO within the Association of Volksbanks, is always involved in the definition of the remuneration policy, the bonus model and in the assessment process for identifying risk takers of the respective affiliated bank, and it adequately participates in designing and monitoring the remuneration systems.

Internal Audit, as 3rd line of defence, carries out an independent review of the design, implementation and effects of the remuneration policy of the Association of Volksbanks once a year. It reports on the results relating to the remuneration policy of the Association of Volksbanks in the Remuneration Committee annually.

Identification of risk takers under section 39b Austrian Banking Act

The categories of employees whose professional activities have a significant impact on the risk profile of the respective affiliated bank (material risk takers) comply with the requirements of EBA/RTS/2020/05. The identification of material risk takers follows a structured and formalised assessment process at both Association and affiliated bank level on the basis of the guidelines laid down by the CO, involving the Risk Control and Compliance functions, in order to guarantee a common standardised approach at Association level.

For the recognition of identified employees with a significant impact on the risk profile of the respective affiliated bank, the role, decision-making authority with regard to management responsibility, and the total annual remuneration are taken into account.

The respective affiliated bank conducts an annual self-assessment in the first quarter of each calendar year for the previous year in order to identify all employees whose professional activities have or may have a significant impact on the risk profile of the institution. The self-assessment is based on the qualitative and quantitative criteria set out in EBA/RTS/2020/05. The risk analysis is updated during the year as well, at least with regard to the qualitative criteria of EBA/RTS/2020/05, to ensure that all employees to whom any of the qualitative criteria may apply for at least three months of the financial year are identified as material risk takers. This is particularly the case with new hires or transfers involving the assumption of new functions or responsibilities, or changes in business strategy.

Based on the qualitative criteria, the following material risk takers are identified:

1) Supervisory Board members;
2) Managing Board members / managers;
3) Senior management (Managing Board – level 1);
4) Senior employees in Sales (Managing Board – level 1) who report directly to the Managing Board;
5) Senior employees in control functions, including senior management in Compliance and Risk Control as part of the second line of defence, and Internal Audit as part of the third line of defence;
6) Voting members of the Risk Committee, Asset Liability Committee (ALCO), Credit Committee;
7) Employees who manage a division that is responsible for legal matters, finance incl. taxes and budgeting, human resources, remuneration policy, information technology, economic analysis, money laundering and the financing of terrorism, accounting, information security, and outsourcing;
8) Senior employees authorised to decide on, to approve or prohibit any relevant risk, or who are voting members of a committee authorised to take the aforementioned decisions;
9) Senior employees authorised to decide on the approval or rejection of the launch of new products.

The criteria for identifying risk takers cover all types of risk that are part of the risk strategy. The risk profile and risk limits of the major divisions with an RWA utilisation of more than 2 % of risk-weighted assets as well as their control, determination and monitoring are also taken into account as criteria for identifying the risk takers.

The most important criterion for identifying the employees in qualitative terms is not the job title, but the authorities and responsibilities associated with the function.

Based on the quantitative criteria, the following employees are identified:

a) Employees whose remuneration amounted to at least euro 500,000.00 and corresponded to at least the average remuneration of the members of the Supervisory Board (excl. works council members participating without remuneration), of the Managing Board and of the senior management of the institution;

b) Employees whose remuneration amounted to at least euro 750,000.00 in the previous financial year (including the employees explicitly mentioned in item a));

c) Employees counting among the 0.3 % of employees who received the highest amount of total remuneration in the previous or current financial year.

As at 31.12.2025, a total of 267 material risk takers were identified within the Association of Volksbanks under section 39b Austrian Banking Act – of which three based on quantitative criteria. The material risk takers correspond to 8.5 % of all employees and were identified based on both qualitative and quantitative criteria.

The material risk takers were determined by the respective supervisory board responsible for the affiliated bank.

3.2 Structure and design of the remuneration system

CRR Art 450 (1) (c) to (f), EU REMA (b) to (g)

Reasonable and sustainable remuneration policy

The remuneration policy of the Association of Volksbanks provides for reasonable, market-compliant, sustainable and gender-neutral pay. The remuneration policy does not create any incentives to take on excessively high risks, including sustainability risks.

A guiding principle of the remuneration system is that the total remuneration is market-compliant with reference to the external market (competitors in the banking and financial services sector on the Austrian labour market). Criteria for assessing market conformity are the function, professional and personal qualifications, (relevant) experience and also the results of internal comparisons in salary studies. Internal methodologies for determining internal bandwidths were developed based on this.

Remuneration is governed by collective agreements, employer/works council agreements and/or individual agreements.

Fixed remuneration

The fixed remuneration within the Association of Volksbanks meets the following prerequisites:

a) Set in advance;
b) Non-discretionary (reflecting the extent of the employee’s professional experience and length of service, and not subject to anybody’s discretion);
c) Transparent;
d) Permanent over a period for the specific function and responsibility;
e) Not revocable, except through collective bargaining or renegotiation in line with national salary adjustment criteria;
f) Payments cannot be reduced, suspended or cancelled unilaterally by the bank;
g) No incentive for assumption of risks;
h) Not performance-related.

The fixed remuneration mainly reflects the person's relevant professional experience, activities actually performed, and the organisational responsibility within the respective affiliated bank. Basically, the following components are classified as fixed remuneration: Gross total amount of all payments or benefits (incl. non-cash benefits) the disbursement of which does not depend on any performance within the Association of Volksbanks or on the economic result (e.g., additional voluntary social benefits such as anniversary bonuses, insurance contributions within the scope of company pension schemes, severance payments under the old or new system).

Variable remuneration

Within the Association of Volksbanks variable remuneration is limited to the models defined in the remuneration policy.

The following special remuneration components are classified as variable remuneration and are not permitted in the Association of Volksbanks as a matter of principle:

- Allowances that do not meet the criteria for fixed remuneration (e.g., performance-related allowances);
- Variable remuneration based on future performance;
- Guaranteed variable remuneration ("welcome bonus", "sign on bonus", "minimum bonus", etc.);
- Voluntary performance-based benefits under pension schemes;
- Compensation or severance payments for prior employment;
- Retention bonuses.

The total pool of variable remuneration must not restrict the ability of the Association of Volksbanks or of the respective affiliated bank to improve its own funds base. A circumvention ban applies to all employees. Insurances and hedging strategies are not admissible for the purpose of compensating variable remuneration payments.

Within the association of credit institutions, salary components such as allowances, fringe benefits, contributions to pension schemes and the like are designed in such a way that they basically meet the criteria of fixed remuneration.

Proportion between fixed and variable remuneration

The variable remuneration component should not be too high, thus providing an incentive for reckless risk-taking. The variable remuneration is limited to a maximum of 100 % of the fixed remuneration (ratio 1:1). Any increase to a maximum of 200 % of the fixed part is only admissible by resolution of the general meeting.

Remuneration in the form of instruments

Pursuant to the annex to section 39b Austrian Banking Act no. 11, a significant part amounting to at least 50 % of variable remuneration components consists in a reasonable proportion of equities or equivalent participations, share-linked instruments or equivalent non-cash means of payment, or capital instruments. As no instruments are available within the Association of Volksbanks, number 11 is not applicable.

Deferment of variable remuneration

Under no. 13 (a), affiliated banks with total assets amounting to less than euro 15 billion (average of the last 4 years) are exempt from deferring the variable remuneration. According to number 13 (b), regardless of the size of the institution, variable remuneration components of all employees, the amount of which does not exceed euro 50,000.00 and does not account for more than a third of the total annual remuneration of the respective employee need not be deferred. Therefore, no variable remuneration components are deferred within the Association of Volksbanks.

Ex-post risk adjustment

'Malus' and clawback are used for ex-post risk adjustment. These are explicit mechanisms for subsequent risk adjustment, where the affiliated bank itself adjusts the remuneration of the relevant employee on the basis of said mechanisms. Part or all of the deferred variable remuneration is forfeited in a malus case. Catching up is not permitted for the annual portions omitted. Clawback is used to reclaim any variable remuneration that has already been paid out. The following cases may constitute a clawback event:

- any significant contribution to the poor financial situation,
- willful or grossly negligent breaches of duty of care,
- fraud,
- violations of statutory provisions or regulatory requirements to protect customers' interests, if determined by the regulatory authorities or by a court.

Ex-post risk adjustments are performance- or risk-based.

Severance payments

Severance payments are compensations paid in connection with the early termination, initiated by the credit institution, of an employment relationship, of a contractual relationship under the law of obligations with a managing board member or member of the management, or of any comparable mandate (e.g., termination before expiry of contract term or, in case of permanent contracts, before retirement). They do not constitute bonuses for good conduct, but are meant to compensate employees for economic disadvantages due to termination arranged by the credit institution. Misconduct or failure must not be rewarded.
If voluntary severance payments (including out-of-court settlements) are granted in the amount of at least 50 % of the previous year's gross annual salary, the Compliance function will participate in the process of granting such payments.

The objective justification and reasonableness of severance payments must be documented comprehensibly in the form of an individual business case. The aim is to check economic viability, based on a justifiable risk assessment of imminent labour law litigation (for instance), and to exclude any arbitrary or performance-related deviations. The calculation of opportunity costs within the scope of the business case is considered a "predefined general formula" under marg. no. 172 lit. b (i) of EBA/GL/2021/04.

Voluntary severance payments are only admissible if:

- a complete business case (with a positive result) exists,
- this business case documents a comprehensible derivation and alternative comparison,
- in relevant cases, an internal audit and approval by Compliance has taken place.

These regulations mandatorily apply to all employee groups, including identified employees under section 39b Austrian Banking Act.

Early retirement scheme

Employees are not legally entitled to any early retirement scheme. Within the framework of statutory partial retirement, working hours can be continuously reduced by 40 % to 60 %. Wage compensation will be granted in line with statutory provisions.

In exceptional, justified, cases, a block model may be agreed. As of 1 January 2029, however, employees will no longer be able to commence blocked partial retirement. Access to partial retirement has been possible no earlier than five years before reaching standard retirement age. With effect from 1 January 2026, the maximum duration of partial retirement will gradually decrease:

- Starting 2026: maximum of 4.5 years,
- Starting 2027: maximum of 4 years,
- Starting 2028: maximum of 3.5 years.

Remuneration of specific functions

Remuneration of supervisory board members

The supervisory board members exclusively receive fixed remuneration. Incentive mechanisms based on the performance of the respective Volksbank are excluded. Under section 98 Austrian Stock Corporation Act, the general meeting approves the remuneration of Supervisory Board members. The remuneration must correspond to the economic situation of the company. The adequacy of the remuneration of Supervisory Board members within the scope of adjusting the remuneration is checked by Compliance and HR Management of VOLKSBANK WIEN AG as CO.

Remuneration of managing board members

The Managing Board members receive fixed remuneration that is stable and independent of the risk appetite of the banks of the Association. Success or performance-related components do not currently form part of the remuneration policy for Managing Board members.

Fixed remuneration includes, in particular, the basic salary and other additional and fringe benefits.

Basic salary

The amount of the basic salary of the Managing Board members is determined on an extended basis using criteria defined in the General Instruction for all employees:

a) **personal criteria**, such as professional and personal qualifications, as well as relevant/applicable experience,
b) **function-related criteria**, such as the role of the Managing Board member, internal comparisons with similar positions within the bank, salary studies within the industry, and the complexity of the corporate structure and size of the company.

Discussions regarding the personal criteria and the determination of the proposal for the remuneration of the Managing Board member are documented on an audit-proof and detailed basis in the respective affiliated bank and by the responsible Supervisory Board committee and recorded in the minutes of the responsible Supervisory Board committee. The results recorded are made available to the CO in order to allow a complete evaluation to be made.

Adjustments to the basic salary are evaluated and are implemented if applicable within the scope of contract extensions.

Additional and fringe benefits

a) Retirement benefits:

Managing Board members receive retirement benefits through a statutory employee pension fund and a defined contribution pension plan via the BONUS pension fund. The company covers the contributions in full. The regulations are based on specifications from collective bargaining agreements and are also relevant for Managing Board activities. The contributions form part of the fixed remuneration and are based on standard market benchmarks.

b) Supplementary insurance:
Managing Board members can receive supplementary insurance (health, casualty, life insurance) that covers personal risks. The company covers the costs of these in full.

c) Benefits in kind:
All Managing Board members are entitled to a company car with a parking space and this car may be used for private purposes without any restrictions.

The Supervisory Board is responsible for structuring the remuneration systems for the Managing Board members and must ensure that this is commensurate with the tasks and responsibilities of the Managing Board, and with the economic situation of the respective affiliated bank. External comparisons are used to assess the appropriateness and market-conformity of the remuneration of Managing Board members. The Managing Board members are excluded from disbursements under the employee profit-sharing scheme.

Remuneration of identified employees

All identified employees receive a fixed remuneration that reflects their professional experience and organisational responsibility. In financial year 2025, they received a payment for financial year 2024 under the employee profit-sharing scheme calculated on a full-time-equivalent basis, just like all other employees. The Supervisory Board and Managing Board members of the respective credit institutions are excluded from this.

Remuneration of control functions

Employees holding control functions are independent of the business units they control, have sufficient authority and are remunerated irrespective of the performance of the business units they control. The adequacy of the annual remuneration of senior management in Risk Control, Compliance and Internal Audit is reviewed annually by the Remuneration Committee of VOLKSBANK WIEN AG. Senior management in Risk Control, Compliance and Internal Audit of VBW assumes the relevant function at the Volksbanks as well. In financial year 2025, the employee profit-sharing scheme for financial year 2024 was paid out to employees in control functions in accordance with their full-time equivalent.

Remuneration of sales and lending staff

No incentives were created (either monetary and/or non-monetary forms of remuneration) that lead to a situation where the sales representatives put their own interests or the interests of the respective Volksbank above those of consumers. No individual or performance-related variable remuneration is paid to sales and lending staff. In financial year 2025, the employee profit-sharing scheme for financial year 2024 was paid out to employees in Sales and Lending in accordance with their full-time equivalent.

3.3 Bonus system of the Association of Volksbanks

CRR Art 450(1) (b), (e), (f), EU REMA (a), (c), (e), (f), (g)

The bonus model is based on an employee profit-sharing model and takes account of the cooperative idea, aiming to motivate employees for subsequent periods. It provides for bonus amounts per FTE, which are determined regardless of the salary level of the employees. The bonus model provides for a bonus payment to all employees (=profit sharing). Starting at a certain threshold, employees in Sales are then paid an additional bonus (= “upside Sales”).

The bonus model established hereby is directly coupled to the business results at Association level, tying bonus payments to profitability, risk and return. The bonus pool is defined at the level of the Association and then broken down to the individual affiliated banks based on the FTE share. The companies' individual bonus pools are then adjusted taking account of profit, risk indicators, qualitative criteria and sustainability indicators.

All targets and thresholds are resolved upon annually in the December Remuneration Committee of VOLKSBANK WIEN AG for the subsequent year. The individual targets of the affiliated banks are defined by resolution in the December meetings of the competent Supervisory Board committees.

The following criteria and prerequisites are applied to the distribution of the Association's bonus pool:

(1) Meeting the Association's capital and liquidity requirements: The RAS capital ratio (CET1 capital ratio Association limit) as well as the RAS liquidity ratio (LCR limit) must be met. *Exclusion criterion: If the respective Association limit is not reached, no bonus may be paid out in any affiliated bank.*

(2) Allocation to the bonus pool of the Association: Allocations must be made to the bonus pool of the Association in line with the allocation mechanism. *Exclusion criterion: If the respective threshold (Association profit target) is not reached, no bonus may be paid out in any affiliated bank.*

(3) Distribution by full-time equivalents: The Association's bonus pool will be distributed on the basis of actual FTE values as at 31 December of the period under review at company level.

(4) Minimum profit requirement at company level: A minimum after-tax profit must be achieved in the respective affiliated banks for them to fully participate in the bonus model.

The local bonus pool allocated on the basis of the profit target may not entirely or not adequately reflect the risks actually taken. Therefore, ex-ante risk adjustments are effected to ensure that the variable remuneration appropriately takes into account the risks actually assumed.

The adjustment is made in line with three local targets according to which the allocated bonus pool may be adjusted by no more than ±15 % per target. Any upward adjustment is only possible upon approval by the Remuneration Committee of VOLKSBANK WIEN AG. The total of all corrections per company must not exceed 100 % of the bonus pool originally allocated.

The local targets of the respective affiliated bank include a specified risk target (NPL ratio), a customer satisfaction target (Net Promoter Score) as well as sustainability targets (reduction in total emissions (corporate carbon footprint) and an increase in the proportion of female executives).

The bonus model does not provide for any remuneration exceeding euro 50,000.00 and/or more than a third of the total annual remuneration of the relevant employee. Therefore, the variable remuneration is not deferred.

The current bonus model of the association of credit institutions (employee profit sharing) is tied to the overall performance of the Association of Volksbanks and/or the respective affiliated bank, and not to individual employee targets.

For the 2025 financial year, no employee profit shares will be disbursed.

3.4 Harmonisation of remuneration, risk culture and sustainability

CRR Art 450 (1) (b) to (f), EU REMA (c)

The remuneration policy of the Association of Volksbanks is consistent with sound and effective risk management, supporting the same, and does not encourage risk-taking beyond what has been defined by the central organisation in the risk strategy of the Association.

The criteria for determining the fixed and variable remuneration components are set in such a way that employees will always act in the interest and with a view to the benefit of the Association of Volksbanks and in line with the company's risk culture and risk appetite. The conduct of employees complies with the value system and the Code of Conduct, and they act within set risk tolerances.

3.5 Integration of sustainability into performance management

The remuneration policy is designed to encourage sustainable and risk-conscious corporate governance. In line with regulatory requirements and the business strategy, sustainability targets (including ESG criteria) are being integrated into performance management of the Managing Board members and of senior management at the respective affiliated bank in the first half of 2025.

Linking of the remuneration policy with sustainability goals

The remuneration policy has been adjusted to support the strategic sustainability goals of the Association of Volksbanks. Sustainability risks are taken into account with this by:

- establishing sustainability goals as an integral part of individual performance assessments for Managing Board members and executives in senior management.
- incorporating ESG criteria and KPIs into the assessment of corporate objectives, which are used as a basis for variable remuneration for employees (i.e. employee profit-sharing scheme, with the exception of Managing Board members).
- using the long-term reduction in climate-related risks and the promotion of sustainable financing strategies as benchmarks for performance expectations.

Various social sustainability factors are taken into account in the aim of supporting the sustainable direction and long-term value creation of the Association of Volksbanks. This includes compliance with labour law standards as well as comprehensive employee protection and occupational health. Reasonable fixed and variable remuneration in line with the sustainable and cooperative business model is just as crucial as fair working conditions, diversity in practice and targeted opportunities for training and further education. Measures aimed at combating inequality and promoting social cohesion also play a part in strengthening social sustainability within the Association.

Accountability for achieving the sustainability goals

Accountability for the sustainability goals is also ensured without variable remuneration through clear control mechanisms, regular reporting and embedding within the strategy. Sustainability goals are an integral part of annual performance assessments for Managing Board members and senior management from 2025 onwards. Achievement of the goals is discussed in employee appraisals and annual financial statements and documented transparently in the Annual Reports. The Supervisory Board monitors this process and regularly requests progress reports, introducing measures as necessary to ensure that goals are achieved.

Public sustainability reports also ensure transparency in relation to stakeholders. Regular communication with investors, customers and other stakeholders ensures that sustainability remains embedded within the strategy. The goals are integrated into the business strategy and business development over the long-term and have a significant impact on the bank’s reputation and market position. Managing Board members are under an obligation to provide continuous reporting on progress and challenges, which further strengthens the establishment of a sustainable corporate culture.

3.6 Gender-neutral remuneration policy

- The remuneration policy of the Association of Volksbanks is gender-neutral, establishing the principles of equal pay as well as work of equal value for all employees.
- The gender-neutral fixed remuneration of employees reflects their professional experience and responsibility within the organisation. In this context, their level of education, seniority (professional experience relevant to the function), expertise, and skills will be considered in particular. Limiting conditions (e.g., social or economic factors), professional experience and the relevant area of business will be considered as well.
- To ensure performance-adequate and gender-neutral remuneration, the Association of Volksbanks has developed and implemented tools like the competence model, internal job profiles and job descriptions. The competence model defines the abilities that employees need to have, while internal job profiles are based on objective criteria, defining specific activities, skills and modes of behaviour. Job descriptions offer a comprehensive overview of the positions, regardless of any specific persons.
- The structured process of analysing equal pay gaps and gender pay gaps remains a factor with respect to equal treatment and equal opportunities. Every year – as part of the remuneration report for the Supervisory Board and/or Remuneration Committee – differences between the average male and female remuneration are documented and explained and appropriate measures are taken to equalise these differences where necessary. The gender pay gap can still mainly be attributed to the fact that men are disproportionately represented in higher-paid professions and positions, while women are more likely to work in lower-paid jobs. These structural differences have a direct impact on the gender pay gap.
- In addition, gender-specific pay gaps are calculated using the median, which allows for a more accurate assessment of typical differences in pay and helps to uncover unequal distribution of women and men in different pay structures.
- In addition to continuous analysis and the salary adjustments arising from this, we have implemented further measures within the scope of gender equality management:
- Increasing the proportion of female executives: A key objective within our strategy of reducing the gender pay gap is to increase the proportion of women in executive roles. We have been able to increase the representation of women at senior management levels on a sustainable basis through targeted programmes, mentoring and intensified gender recruitment measures. This plays a role in reducing salary differences at the executive levels.
- Gender recruiting: We have developed targeted programmes to bring more women into roles that are rated more highly and to increase the representation of women in executive roles.
- Mentoring programmes: These programmes provide targeted support to women in their career development and help them overcome obstacles on their way towards leadership roles.
- Transparent application processes: We promote equal opportunities in internal and external recruitment by designing a clearly structured and transparent application process.

3.7 Application of exceptions to the remuneration policies: Article 450 paragraph 1 letter k CRR and the CRD criteria

4 Referrring to the requirements under Article 450 paragraph 1 letter k of the CRR, regarding the disclosure of exceptions under Article 94 paragraph 3 of the CRD, we would like to make clear that VOLKSBANK WIEN AG as well as the Association of Volksbanks do not make use of any such exceptions at consolidated level. Hence, no application of exceptions under Article 94 paragraph 3 letter a or b of the CRD is applicable to either the VOLKSBANK WIEN AG credit institution group or the Association of Volksbanks.

3.8 Summarised quantitative information on remuneration

CRR Art. 450(1) (g) to (i), EU REMA (h), (j), EU REM1, EU REM2, EU REM3, EU REM4, EU REM5

This quantitative information is disclosed in tabular form in the document “Offenlegung_VERBUND_2025-12-31.xlsx”.

4 Group structure and scope

4.1 Scope

CRR Art 436 (a), (f) to (h), EU LIB

VOLKSBANK WIEN AG (VBW), with its registered office at Dietrichgasse 25, 1030 Vienna, is the central organisation (CO) of the Association of Volksbanks. VBW has concluded an association agreement with the primary banks (Volksbanks, VB) in accordance with section 30a of the Austrian Banking Act. The purpose of this association agreement is, on the one hand, the formation of a cross-guarantee system between the institutions of the primary sector and, on the other hand, the supervision and fulfilment of the supervisory standards at Association level. Section 30a (10) of the Austrian Banking Act requires an association's central organisation to have the right to issue instructions to the affiliated banks.

The annual financial statements of the Association of Volksbanks are basically prepared in accordance with all the latest valid versions of the IFRS/IAS as at the reporting date, as published by the International Accounting Standards Board (IASB), as well as with all interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretations Committee (SIC), if adopted by the European Union in its endorsement process, and with additional requirements pursuant to section 245a of the Austrian Business Code and section 59a of the Austrian Banking Act. Against the background of the special legal and economic structure of the *Gleichordnungskonzern* (group of companies with legally separate entities, but under unified control without a parent company) and of the group accounting principles adjusted to this particular situation, individual IFRS/IAS are not applied in all aspects or are applied in modified form, to the extent this is required to properly present the net assets, financial position and results of operations of the Association.

The Association of Volksbanks is required to comply with the regulatory provisions of Parts Two to Eight of Regulation (EU) No 575/2013 and section 39a of the Austrian Banking Act, on the basis of the consolidated financial position (section 30a (7) Austrian Banking Act). By letter dated 29 June 2016, the European Central Bank (ECB) granted perpetual approval of the Association of Volksbanks without further requirements.

Section 30a (7) of the Austrian Banking Act obliges the CO to prepare consolidated financial statements in accordance with sections 59 and 59a Austrian Banking Act for the Association of Volksbanks. The annual financial statements of the Association of Volksbanks are prepared in accordance with a set of rules based on the International Financial Reporting Standards (IFRS). For full consolidation purposes, section 30a (8) of the Austrian Banking Act specifies that the CO is to be regarded as parent institution, while each affiliated bank and, under certain conditions, each transferring legal entity, is to be treated as a subordinated institution.

In the 2025 financial year, there were no substantive, practical or legal impediments to the transfer of own funds or the redemption of liabilities between the parent institution and its subordinate institutions.

4.2 Differences between accounting and supervisory purposes

CRR Art 436 (b) – (d), EU LI1 – EU LI3

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

4.3 Risk from equity exposures not included in the trading book

CRR Art 436 (e)

This item includes subsidiaries and participations established or acquired for strategic reasons. Strategic participations are companies that cover the areas of business of the Association, as well as companies that support those areas of business.

Subsidiaries are fully consolidated if they are material for the presentation of a true and fair view of the net assets, financial position and results of operations of the Association.

Companies on which a material influence is exerted are measured according to the equity method. All other participations are reported at fair value, except if their acquisition costs are less than euro 50 thousand or if the related equity share does not exceed the carrying amount by more than euro 100 thousand. As these participations are not listed at a stock exchange and no market prices are available on an active market, the participations are measured by means of valuation techniques and input factors some of which are not observable. Valuations are effected according to the discounted cash flow method and the peer group approach. Various calculation models are applied. The income approach is used if companies included in the annual financial statements of the Association of Volksbanks control the company or exercise any management function, and budgets are available accordingly. If the company is not controlled, the fair value calculation is performed on the basis of the dividend paid as well as the annual results of the last five years. In case of companies whose object does not permit any regular income or the result of which is controlled by the parent company through settlements, the net assets are used as valuation criterion. In case of participations in cooperatives, the share capital is used as the fair value, provided the subscription of new shares and the cancellation of existing shares are possible at any time. If external valuation reports are prepared for participations, they will be used for current valuation.

To the extent that the discounted cash flow method is applied, the discount rates used are based on the respective current recommendations of the Fachsenat der österreichischen Kammer der Steuerberater:innen und Wirtschaftsprüfer:innen as well as of international financial data service providers and, in the 2025 financial year, range between 7.9 % – 11.2 % (2024: 8.5 % and 12.7 %). The market risk premium used for the calculation is 7.0 % (2024: 7.0 %), the beta values used range between 0.8 - 1.5 (2024: 0.9 - 1.5).
Additional country risks did not have to be considered. Discounts due to fungibility and exercise of control in the amount of 10 % in each case are effected for two participations.

Changes in value are reflected in the fair value reserve. If the reason for an impairment loss ceases to exist, the reversal of impairment is made without any effect on profit or loss directly in equity, taking into account any deferred taxes.

For calculating fair value sensitivities, the interest rate is basically set at +/- 0.5 percentage points. The income components used for the calculation are taken into account at +/-10 % for the sensitivity calculation in each case. In case of participations where the fair value corresponds to net assets, this is taken into account at +/- 10 % for information regarding sensitivity. For fair values derived from valuation reports, a lower and an upper band for sensitivity are recognised respectively. If the fair value corresponds to the share capital, no sensitivity will be calculated.

Shares and participations

Euro thousand	31.12.2025	31.12.2024
Shares in unconsolidated affiliates	11,732	11,633
Investments in companies with participating interests	3,548	8,934
Other participations	90,104	95,329
Participations	**105,383**	**115,896**

In the financial year, participations with a carrying amount of euro 305 thousand were sold (2024: euro 79,032 thousand). Due to disposals, the cumulative valuation in the amount of euro -296 thousand (2024: euro 604,048 thousand) was transferred from the fair value reserve to retained earnings.

The most significant participations in the item Other participations are Volksbanken Holding eGen with a carrying amount of euro 60,501 thousand (2024: euro 68,540 thousand), PSA Payment Services Austria GmbH with a carrying amount of euro 6,659 thousand (2024: euro 5,305 thousand), and Oesterreichische Kontrollbank Aktiengesellschaft with a carrying amount of euro 5,055 thousand (2024: euro 4,324 thousand). Income from participations is recognised in the income statement in the item result from financial instruments and investment properties. Income from participations includes dividends of euro 25,235 thousand from participations measured at fair value through OCI (2024: euro 3,101 thousand). In the current financial year and in the previous year, there were no dividends from participations that were measured through OCI and derecognised in the respective financial year.

Sensitivity analysis

VBW and the affiliated credit institutions (Volksbanks) hold shares in cooperatives in which the members have no entitlement to the available assets in the event that the shares are cancelled (not in the event of winding up), unless the articles of association stipulate otherwise. For this reason, no sensitivity is calculated for these companies with a carrying amount of euro 10,520 thousand (2024: euro 9,641 thousand), as any interest rate change would have no effect on measurement.

Participations valued using the DCF method

Proportional fair value **Euro thousand**			**Interest rate**	
31.12.2025		**-0.50 %**	**ACTUAL**	**0.50 %**
	-10.00 %	17,255	16,711	16,220
Income component	**ACTUAL**	18,942	**17,994**	17,299
	10.00 %	20,837	19,794	18,851
31.12.2024				
	-10.00 %	14,727	14,244	13,820
Income component	**ACTUAL**	16,363	**15,587**	14,881
	10.00 %	18,000	17,146	16,369

Participations measured at net assets

		Proportional fair value	
Euro thousand **31.12.2025**	**Decrease of assumption**	**ACTUAL**	**Increase of assumption**
Net assets (10 % change)	10,469	**11,653**	12,833
31.12.2024			
Net assets (10 % change)	16,613	**18,392**	20,305

Participations measured based on external appraisals

		Proportional fair value	
Euro thousand **31.12.2025**	**Lower band**	**ACTUAL**	**Upper band**
Proportional fair value	58,436	**64,929**	71,421
31.12.2024			
Proportional fair value	64,758	**71,953**	79,148

5 Own funds

5.1 Adjustment of own funds, deductions and adjustment items, and limitation on application

CRR Art 437 (a), (d), (e), EU CC1, EU CC2

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

5.2 Main features and conditions of Common Equity Tier 1, additional Tier 1 and supplementary capital instruments

CRR Art 437 (b) and (c), EU CCA

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

5.3 Consideration of own funds components determined on a different basis

CRR Art 437 (f)

The relevant regulation is not applicable to the Association of Volksbanks as at 31 December 2025.

6 Own funds requirements

6.1 Approach used to assess the adequacy of internal capital

CRR Art 438 (a) and (b), EU OVC

The implementation of regulatory requirements in the Association of Volksbanks is as follows:

Pillar 1: Minimum capital requirements

Within the scope of Pillar 1, compliance with the minimum regulatory requirements is ensured. With respect to both credit risk and market risk, and also for operational risk, the respective regulatory standard approaches for determining the minimum capital requirements apply.

Pillar 2: Internal Capital & Liquidity Adequacy Assessment

Through its internal liquidity and capital adequacy process, the Association of Volksbanks takes all necessary measures to ensure that all risks arising from current and planned business activities of the Association of Volksbanks are matched by an adequate liquidity and capital base at all times. In this context, the structure of the Internal Liquidity & Capital Adequacy Assessment process depends on regulatory requirements and the supervisory expectations of the ECB, as well as on internal guidelines.

Pillar 3: Disclosure

The requirements of Pillar 3 are met by publishing the qualitative and quantitative disclosure rules pursuant to Regulation (EU) no. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV), as well as the applicable Regulation (EU) no. 2019/876 (CRR II) and Directive no. 2019/878 (CRD V) on the bank's own website under *www.volksbank.at/volksbanken-verbund/verbund-offenlegung*.

The ICAAP implemented is based on the business strategy, strategic planning, risk profile and risk strategy of the Association of Volksbanks. The individual elements of the cycle are performed at varying intervals (e.g. daily for market risk / trading book risk measurement, quarterly for preparing the risk-bearing capacity calculation, annually for the risk inventory and the determination of the risk strategy). All the activities described within the cycle are reviewed for up-to-dateness and adequacy at least annually, and adjusted to the respective current environment if necessary; they are approved by the Managing Board of the CO.

By identifying the main risks in the risk inventory, by quantifying and aggregating risks, by determining the risk-bearing capacity, by setting limits and carrying out stress tests, it is possible to demonstrate that the risks assumed are sufficiently covered by adequate risk covering potentials at all times, and to ensure such cover also in future. Thus, all measures are taken to meet the regulatory requirements for comprehensive risk management.

The respective risk management procedures are up to date and are continuously improved and developed. They are appropriate to the risk profile and strategy of the Association of Volksbanks.

As part of the annual SREP (Supervisory Review and Evaluation Process), the Managing Board of VBW submits the “Capital Adequacy Statement” (CAS) to the supervisory authority, which contains statements on the capital adequacy of the Association of Volksbanks. In the Capital Adequacy Statement, the capital resources of the Association of Volksbanks are assessed as adequate and the risk management as solid and robust. The adequacy of the capital base is determined in particular by the level of the CET1 capital ratio. The CET1 capital ratio of the Association of Volksbanks as at 31 December 2025 was 15.56 %. The total capital ratio as at 31 December 2025 was 22.31 %.

Apart from the own funds requirements under Art. 92 CRR, the capital buffers provided for in the Austrian Banking Act and the Capital Buffer Regulation (CB-R) (capital conservation buffer (CCB), systemic risk buffer (SRB), capital buffer for systemically important institutions (O-SIIB), and countercyclical buffer (CCyB)) must be complied with. As at 31 December 2025, this results in a combined buffer requirement (CBR) for the Association of Volksbanks of 3.72 % (previous year: 3.95 %) consisting of capital conservation buffer of 2.50 % (previous year: 2.50 %), systemic risk buffer of 0.50 % (previous year: 0.50 %), buffer for systemically important institutions of 0.45 % (previous year: 0.90 %), countercyclical buffer (CCyB) of 0.05 % (previous year: 0.05 %). With effect from 1 July 2025, an additional sectoral systemic risk buffer (sSRB) must be provided for commercial real estate financing. This buffer amounts to 0.22 % for the Association of Volksbanks. The capital buffers must be met in full with CET1 capital, and they relate to total risk. The Supervisory Review and Evaluation Process (SREP) results in a Pillar 2 Requirement (P2R) of 2.25 % for 2025 (previous year: 2.25 %).

Moreover, the result of the Supervisory Review and Evaluation Process (SREP) also took account of the SSM stress test of the ECB that was carried out in 2023, with a Pillar 2 Guidance (P2G) of 1.25 %. The Pillar 2 Guidance must be met entirely with Common Equity Tier 1 (CET1) and has no impact on the maximum distributable amount (MDA).

Minimum capital requirements and capital buffers

Pillar 1 minimum requirement	**31.12.2025**	**31.12.2024**
CET1 minimum requirement	4.50 %	4.50 %
Tier 1 minimum requirement	6.00 %	6.00 %
Total own funds minimum requirement	8.00 %	8.00 %
Combined buffer requirement (CBR)	**3.72 %**	**3.95 %**
Capital conservation buffer (CCB)	2.50 %	2.50 %
Systemic Risk Buffer (SRB)	0.50 %	0.50 %
Sectoral systemic risk buffer (sSRB; based on exposure at year-end)	0.22 %	
O-SII capital buffer (O-SIIB)	0.45 %	0.90 %
Countercyclical capital buffer (CCyB; based on exposure at year-end)	0.05 %	0.05 %
Pillar 2 capital requirement (P2R)	**2.25 %**	**2.25 %**
CET1 minimum requirement	1.27 %	1.27 %
Tier 1 minimum requirement	1.69 %	1.69 %
Total own funds minimum requirement	2.25 %	2.25 %
Total CET1 capital requirement	**9.49 %**	**9.72 %**
Total Tier 1 capital requirement	**11.41 %**	**11.64 %**
Total capital requirement	**13.97 %**	**14.20 %**
Pillar 2 Guidance (P2G)	**1.25 %**	**1.25 %**
Total CET1 capital guidance	**10.74 %**	**10.97 %**
Total Tier1 capital guidance	**12.66 %**	**12.89 %**
Total capital guidance	**15.22 %**	**15.45 %**

During the 2025 financial year, the Association of Volksbanks complied with the minimum capital requirements and/or minimum capital guidances resulting from the SREP.

According to the 2025 SREP decision, the SREP requirement (P2R) increases to 2.50 % with effect from 2026. The SREP guidance (P2G) resulting from the 2025 ECB stress test remains unchanged at 1.25 %.

As at 31 December 2025, 74.8 % of available risk covering potentials in the economic perspective were utilised.

The capital situation was consistently stable in 2025. The rating agency Fitch has decreased the rating of VBW and of the Association of Volksbanks by one notch from BBB+ to BBB, upgrading the outlook from negative to stable.

6.2 Own funds requirement

CRR Art 438 (d), (e), (h), EU OV1

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

6.3 Participations of insurance undertakings that were not deducted

CRR Art 438 (f), EU INS1

The relevant regulation is not applicable to the Association of Volksbanks as at 31 December 2025.

7 Macroprudential supervision

7.1 Countercyclical capital buffer

CRR Art 440, EU CCyB1, CCyB2

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

7.2 Indicators of global systemic relevance

CRR Art 441

The Association of Volksbanks is classified as a not globally systemically important group.

8 Information on credit risk and credit risk mitigation

8.1 General qualitative information on credit risks

EU CRB

Definition of "overdue" and "non-performing"

Loans are considered overdue if payments on interest and/or principal have been outstanding for at least one day or if the committed credit limits have been exceeded for at least one day. All loans classified in credit rating class 5 are considered to be defaulted (non-performing).

Methods for determining specific and general credit risk adjustments

CRR Art 442 b)

Impairment loss is calculated and recognised for the following financial instruments:

- For financial assets at amortised cost (AC), lease receivables in accordance with IAS 17 and active contract items in accordance with IFRS 15, the impairment loss is recognised by way of a risk provision.
- In case of purchased or originated credit-impaired financial assets (POCI), the impairment loss is taken into account in the credit risk-adjusted effective interest rate[1]. If the amount of estimated loss has changed since the time of addition, this is reported as a risk provision.
- Impairments of irrevocable loan commitments and financial guarantees are reported as provisions in liabilities.
- For debt instruments classified as fair value through other comprehensive income (FVTOCI) in accordance with IFRS 9, the impairment loss is recognised through other comprehensive income (OCI).

The impairment loss does not have to be calculated and reported separately for the following financial instruments:

- The impairment rules do not apply to financial instruments carried at fair value through profit or loss (FVTPL; "Financial at Fair Value through Profit and Loss"), as the fair value already takes impairment into account.
- As equity instruments must always be accounted for at fair value under IFRS 9, the impairment rules generally do not apply to them.

Under IFRS 9, the amount of the impairment loss is determined by a dual approach, which results in an impairment of either the 12-month expected credit loss or the lifetime expected credit loss. The loss estimates differ primarily in terms of the time horizon for which the probability of default is considered.

12-month Expected Credit Loss (Stage 1) if:

- the credit risk has not increased significantly since addition, or
- the credit risk of the financial instrument is low on the reporting date (low credit risk exemption)

[1] Within the Association, POCI is defined as all financial instruments that were already included in rating class 5 at the time of addition.

Lifetime expected credit loss (Stage 2 and 3) if:

- the credit risk has increased significantly since addition, or
- the financial instrument is “credit impaired” at the reporting date, or
- the financial instrument was “credit impaired” at the time of acquisition (Purchased/Originated Credit Impaired Assets)

The impairment loss or risk provision is subsequently determined either at individual transaction level or at portfolio level. To determine the impairment at individual transaction level, the expected cash flows are compared with the contractual cash flows of the respective transactions (ECF method). When determining impairment at portfolio level, the calculation is also carried out individually for each transaction, but the parameters used for this purpose (PD, LGD, transfer thresholds) are derived from portfolios/groups with the same risk characteristics.

Portfolio loan loss provision: For positions classified in Stage 1 or Stage 2, the calculation of the expected loss is generally performed at portfolio level (portfolio analysis in Stage 1 and Stage 2).

For loan exposures in rating class 5 (Stage 3), the impairment is determined on the basis of the significance of the customer of the Association:

- Individual analysis in Stage 3: Exposure amount of the customer of the Association at least euro 750,000
- Portfolio analysis in Stage 3: Exposure amount of the customer of the Association less than euro 750,000

If unexpected (redemption) payments are received, the risk provision in the balance sheet will be reduced accordingly.

Changes in the estimate of the amount or timing of the expected cash flows (e.g. by accepting additional collaterals) lead to a recalculation of the impairment; the original effective interest rate continues to be decisive for discounting. The impairment is restated through profit or loss in line with the recalculated requirement. If the reason for the impairment lapses, the impairment is reversed in full through profit or loss. The upper limit is the notional amortised cost of the receivable as it would have been without any impairment at the current reporting date.

Forward-looking information

The Association of Volksbanks takes account of forward-looking information in determining impairment loss. Forward-looking information includes both macroeconomic projections and existing information at sub-portfolio or individual customer level.

The ECB’s macroeconomic projections are used as an anchor for determining the real economic scenarios. Based on internal analyses and taking into account additional market data, several scenarios are defined. The prognostic process comprises both the forecast of the development of the relevant variables in real economic terms over the course of the next three years and the estimate of probability (weighting) for each scenario. In weighting the macroeconomic scenarios, the risk situation and the composition of the portfolio of the Association are taken into account in particular.

The process of formation of an impairment loss for the annual financial statements provides for a comprehensive evaluation of the up-to-dateness of available forecasts. New risks that have not been fully mapped in the available data, or possible macroeconomic developments that are not fully reflected in the models, scenarios and assumptions are recorded as post-model adjustments.

Assessing the up-to-dateness of the underlying data comprises the following:

- Planned recalibrations of rating models not implemented by the balance sheet date

- Any tightening of operational rating requirements or working instructions, either planned or implemented shortly before completion of the balance sheet
- Defaults that have occurred, but have not been recognised for procedural reasons, such as most recently during the COVID-19 pandemic
- Significant price decreases in the Austrian real estate market that are not reflected in the available valuations
- Data for other risk models used (LGD, staging etc.)

As regards new types of risk drivers that are not fully reflected in the models, scenarios and assumptions, a systematic analysis was performed. The analysis included, in particular, risk identification, differentiation, materiality and coverage rate of the novel risk drivers in individual sub-portfolios, covering the following risk categories:

- Geopolitical risks
- Climate and environmental risks
- Energy costs, prices of raw materials and supply chain risks
- Inflation risks and risks of increasing interest rates
- Macroeconomic uncertainties

Material new risks not fully reflected in the models, scenarios and assumptions were quantified based on rating downgrade simulations and/or tightening of the stage transfer rules and recognised as post-model adjustments.

Foreign currency loans and loans with repayment vehicles

FMA-FXTT-MS

The following indicators were used and reviewed within the Association of Volksbanks in accordance with margin no. 50 of the FMA Minimum Standards for the Risk Management and Granting of Foreign Currency Loans and Loans with Repayment Vehicles:

a. The foreign currency loan volume to borrowers not hedged as defined in margin no. 14 represents at least 10 % of an institution's total loan portfolio (total loan portfolio means total lending to non-banks pursuant to section 2 no. 22 of the Austrian Banking Act excluding the government sector), or
b. significant legal or operational risks are to be expected due to foreign currency and repayment vehicle loans, or
c. the expected funding gap for repayment vehicle loans of the institution at aggregate level is at least 20 %.

The review of the indicators has shown that items a. and b. were not fulfilled as at 31 December 2025 and that no disclosure is required as a result; however, item c. is fulfilled, and therefore a disclosure of loans with repayment vehicles is made pursuant to margin no. (Rz) 51 of the FMA Minimum Standards on Risk Management and the Granting of Foreign Currency Loans and Loans with Repayment Vehicles:

31 December 2025				
Volume (EUR ths.)	*Total exposure* repayment vehicle loans*	*Repayment vehicle gap cumulative*	*Gap in %*	*Share of repayment vehicle loans in total portfolio*
Total	**282,827.20**	**81,382.40**	**28.8%**	**1.0%**
of which CHF	208,301.92	70,346.63	33.8%	0.7%
of which EUR	73,255.47	10,725.98	14.6%	0.3%
of which JPY	1,198.46	273.88	22.9%	0.0%
of which USD	71.36	35.92	50.3%	0.0%
of which other	-	-	0.0%	0.0%

** Total exposure based on internal risk view: only customer loans, customer risks and customer contingent liabilities are included, internal transactions are excluded.*

The projection of the repayment vehicles is made on the basis of the current redemption value, the periodic payments, the assumed return, the index adjustment (only for life insurance policies) and the residual duration. The calculated final value(s) or benefit(s) at maturity is/are compared to the loan(s) at customer level, resulting in either a gap or surplus cover.

The parameters used (assumed interest rate and index development) are determined uniformly throughout the Association and revised annually in Q3. As of January 2025, the following annual net yields were used: traditional life insurance 1.61 %; unit-linked life insurance 1.67 %, unlinked repayment vehicles 1.13 %; and index adjustment for relevant life insurance policies 2.00 %.

8.2 Quantitative information on credit risks

CRR Art 442 c) – g)

The quantitative information presented in this chapter is based on the definitions and measures applicable to regulatory reporting under the CRR and the regulatory scope of consolidation of the Association of Volksbanks and may therefore differ from financial reporting under IFRS.

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

Contents	**Reference**	**Template**
Disclosure on amount and credit rating of exposures including risk provisions, impairments and collateralisation	CRR Art 442 c)	EU CQ1, EU CR1, EU CQ2
Maturity structure of overdue exposures	CRR Art 442 d)	EU CQ3
Collaterals obtained by means of seizure and realisation	CRR 442 c)	EU CQ7, EU CQ8
Presentation of exposures by geographical distribution, economic sectors and type of loans and receivables	CRR 442 e)	EU CQ5
Changes in the portfolio of defaulted on-balance-sheet and off-balance-sheet exposures	CRR 442 f)	EU CR2, EU CR2a
Breakdown of loans and bonds by residual duration	CRR 442 g)	EU CR1-A

8.3 Information on credit risk mitigation

CRR Art 453 a) to e), EU CRC

Rules and procedures for on-balance sheet and off-balance sheet netting

Netting refers to the offsetting (of a total) of receivables and liabilities of the bank to a specific counterparty (borrower) to form a net receivable/net liability.

On-balance sheet netting:

Under the CRR, on-balance sheet netting is the netting of reciprocal receivables (loans and deposits) between the bank and a counterparty (borrower), which are subject to a netting agreement, to form a "net receivable" or net liability.

The net receivable remaining after netting is used to determine the minimum own funds requirement.

Qualitative requirements for on-balance sheet netting under the CRR:

The credit institution must have a sound legal basis for netting that is legally enforceable under applicable law even in the event of the customer's insolvency.

The credit institution must be able at all times to determine the receivables and liabilities covered by the netting agreement.

The credit institution must monitor and manage the risks associated with the termination of collateralisation.

The credit institution must monitor and manage the exposures concerned on a net basis.

Netting is only permitted for reciprocal cash receivables in the same currency between the credit institution and the counterparty (loans and deposits); cross-group netting on both the customer and the bank side is not admissible.

Exposures that may be subject to netting:

In accordance with the CRR, netting of exposures is only recognised as permissible to the extent that the loans and receivables or liabilities subject to a netting agreement:

- are not subject to any restriction on disposal or earmarking that would prevent offsetting at any time
- are legally valid and enforceable in all relevant jurisdictions, even in the event of the borrower's insolvency
- are denominated in the same currency.

This requirement may be met by sight deposits and current account facilities without a period of notice or by reciprocal receivables and liabilities relating to current accounts (debit and credit balances).

Where the bank and the borrower are not subject to the same jurisdiction, the above conditions must be met in each of the jurisdictions concerned.

Only the netting of existing balances is permissible, but not the offsetting of any credit lines granted.

If it is not possible to offset receivables and liabilities (mutual cash balances) at any time and in particular directly in the event of the insolvency of the borrower, any netting of the related transactions is not permitted. In such a case, corresponding deposits with the credit institution could be taken into account as financial collaterals (cash collaterals) when determining the minimum own funds requirement, provided the other requirements are met.

Within the Association of Volksbanks, therefore, netting within the meaning of the CRR is generally limited to the mutual offsetting of receivables and liabilities without earmarking and restrictions on disposal in the interbank and commercial lending business.

Rules and procedures for the valuation and management of collaterals

The rules and procedures for the valuation of collaterals are set out uniformly in collateral manuals, which classify the collaterals admissible across the Association, determining their lending values and regulating regulatory eligibility. Essentially, a distinction is made between the following types of collaterals:

- Financial collaterals
- Personal collaterals
- Physical collaterals: real estate
- Life insurance policies
- Netting

The regulatory eligibility of collaterals is determined by the right (title) to the collateral, the type of the relevant object, and the fair value. Discounts resulting from applicable statutory regulations on credit risk mitigation techniques are applied to the fair value.

The most important types of collaterals within the Association of Volksbanks are real estate collaterals, followed by guarantee collaterals and financial collaterals (cash deposits). The most important types of guarantors are sovereigns or states and municipalities as well as banks, the eligibility of the guarantors results from the segment or the external minimum rating of the guarantors, the guarantees meet the requirements pursuant to CRR Articles 213, 214 and 215.

At present, the Association of Volksbanks does not have any credit derivatives that are used as collateral for loans.

Market and credit risk concentrations within credit risk mitigation

A major concentration in terms of credit risk mitigation exists in the mortgage collateralisation of Austrian residential real estate. There are no significant concentrations in foreign currencies and individual addresses.

Use of ECAI

CRR Art 444 (a) to (d), EU CRD

(lit a)

The Association of Volksbanks has appointed the rating agencies Standard & Poor’s and Moody’s irrespective of the class of exposures.

(lit b)

The credit ratings of the designated rating agencies Standard & Poor’s and Moody’s are not restricted to any classes of exposures.

(lit c)

The Association of Volksbanks applies external ratings in accordance with Article 139 CRR.

(lit d)

The Association of Volksbanks adheres to the standard classification published by the EBA.

8.4 Quantitative information on credit risk mitigation

CRR Art 453 f) to i) and Art 444 e)

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

Contents	**Reference**	**Template**
Overview credit risk mitigation	CRR Art 453 f)	EU CR3
Credit risk mitigation by exposure class under the standardised approach	CRR Art 453 g) to i)	EU CR4
Credit risk mitigation by credit rating	CRR 444 e)	EU CR5
Valuation of collaterals - loans and credits	CRR 442 c)	EU CQ6

9 Counterparty credit risk

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

Contents	**Reference**	**Template**
Exposures by approach	439 f,g	EU CCR1
Exposures by exposure classes and risk weighting	439 l	EU CCR3
Composition of collaterals	439 e	EU CCR5
Exposures to CCPs	439 i	EU CCR8
Credit derivative exposures (not relevant within the Association of Volksbanks)	439 j	
α-estimate (not relevant within the Association of Volksbanks)	439 k	

10 Market risk

CRR Art 445, EU MR1

Own funds requirements for market risk under the standardised approach

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

11 Risk from securitization exposures

CRR Art 449

The Association of Volksbanks has no securitisation exposures.

12 Unencumbered assets

12.1 Quantitative information

CRR Art 443, EU AE1, EU AE2, EU AE3

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

12.2 Qualitative information

CRR Art 443, EU AE4

The values in Charts A/B/C were calculated in accordance with the guidelines published by the EBA. The values calculated show the median of 4 reporting dates for asset encumbrance.

In the 2025 period under review, no longer-term repo transactions within the meaning of Delegated Regulation 2015/61 Article 8(4) are attributable to the encumbered assets reported in line 040 of Chart EU AE1. As in the previous period, short-term repo transactions (maturities of up to 2 months) were concluded with securities eligible for central bank borrowing in the past financial year. At the reporting date, no debt instruments eligible as HQLA were designated for short-term repo transactions. No securities eligible for the cover fund were allocated to the underlying stock for covered bonds, as of 8 July 2022 [under the] Austrian Mortgage Bank Act. As at the reporting date and in the period under review, no assets (median) were designated for the liquidity buffer under section 21 Austrian Mortgage Bank Act.

Within the Association of Volksbanks, approximately 53 % (median) of the reported values of the securities shown in Chart A are encumbered to cover deposits subject to collateralisation. The increase by approximately 35 % of the median share of deposits subject to collateralisation in encumbered securities is essentially due to short-term repo transactions. At the reporting date, the share of encumbered assets in the segment of HQLA-eligible encumbered debt instruments had decreased to approximately 0.32 %, due to the change in the portfolio of short-term repo transactions.

VBW, as the central organisation of the Association, provides a share of approximately 78 % of the encumbered debt securities eligible as HQLA. For details on HQLA development and the LCR, please refer to the Liquidity Risk section of the report. The values shown in the quantitative information on the LCR are the market values of the assets less the corresponding haircuts for the respective asset classes. The values shown in the median of the (E)HQLA in Chart A are determined from an accounting point of view, which is why a derivation is not possible due to the different valuation techniques. The same scopes of consolidation are applied in both disclosure reports.

Cash collaterals (including initial margin) for the hedging of fair values for foreign currency refinancing and interest rate derivatives (for the hedging of issues and long-term lending business), as well as promotional loans, account for approximately 2.6 % of the volume of encumbered assets in the item Other assets (line 120 Chart A). Compared to the previous period, the median volume increased by approximately 12.6 %. The change is essentially due to interest rate hedging and the associated fair value changes of the interest rate derivatives. The central organisation’s share of these sources of stress within the Association is 100 %.

The requirements for hedging fair value fluctuations for foreign currency refinancing have decreased compared to the previous period due to the further reduction of foreign currency loans.

No currency is classified as a significant currency within the meaning of Article 415 of the CRR. The Swiss franc (CHF) constitutes the major part of the requirement for FX refinancing, which is primarily effected via cross currency and FX swaps.

Of the unencumbered assets shown in Chart A, credit balances with central banks and balances with clearing partners account for around 14 % of the volume. These assets are used to service operations and payment transactions as well as to hold minimum reserves and secure liquidity. Physical assets are unsuitable to be encumbered during “business as usual”, because of the fluctuations in volume. The reduction at the reporting date in the amount of approximately 7.6 % against the previous year is due, among others, to the change in the portfolio of repo transactions.

Of the other unencumbered assets shown in Chart A, line 120, approximately 57 % are mortgage backed loans, of which approximately 50 % qualify directly for the underlying stock based on internal criteria.

VOLKSBANK WIEN AG, as the central organisation of the association of credit institutions, is an issuer of covered bonds within the meaning of the Austrian Mortgage Bank Act. Covered bonds within the meaning of the act governing covered bonds (FBSchVG) still exist. The underlying stock entirely consists of mortgage-backed loans of the association of credit institutions, including of VOLKSBANK WIEN AG.

In the reporting period, 4 covered bonds, total face value euro 412 million, within the meaning of the Austrian Mortgage Bank Act were issued and 1 bond under the FBSchVG was redeemed. The surplus cover of the cover fund (underlying stock) has increased due to the higher redemption amount. The quality of the cover fund was maintained during the period under review. The surplus cover of statutory requirements amounted to approximately 53 % with cover assets of approxmately euro 5.120 billion as at the reporting date.

Of the issued face value of covered bonds existing at the reporting date in the amount of euro 3.260 billion, euro 3.158 billion have an Aaa rating from Moody’s. The share of covered bonds placed was approximately 72 % of the total issue volume on the reporting date. The remaining portfolio is deposited with the central bank as liquidity covering potential.

In the case of the selected liabilities in Chart EU AE3, apart from derivatives positions, around 79 % of the volume is attributable to covered bonds placed on the market. A share of approx. 7.5 % of the liabilities relates to deposits subject to collateralisation, e.g. charge money, trustee deposits or liabilities to central banks. The median of the volume of deposits subject to collateralisation changed by some 1.75 % year-on-year. As at the reporting date, the volume decreased by approximately 53 % year-on-year. The reduction on the reporting date is due, among others, to the reduction of the above-mentioned repo transactions.

13 Debt

13.1 Quantitative information

CRR Art 451, EU LR1 (LR Sum), EU LR2 (LR Com), EU LR3 (LR Spl)

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

13.2 Qualitative information

CRR Art. 451 d) and e)

Procedures for monitoring the risk of excessive indebtedness

The leverage ratio is a simple, transparent and non-risk-based ratio. The Tier 1 capital (T1 capital) is compared with the (unweighted) on- and off-balance sheet asset items. The leverage ratio requirements are intended to limit the excessive build-up of debt in the banking system. Thus, it is taken into account in internal risk management and assessed as part of the supervisory review process.

The ratios contained in the Risk Appetite Statement (RAS) represent the most important guidelines for the operational implementation of the strategic objectives defined in the business strategy of the Association. The leverage ratio is part of the RAS set of indicators. Target, limit and trigger values have currently been set at the level of the Association.

In the EU, the leverage ratio has been a binding minimum requirement since June 2021 as a result of applicable CRR II provisions.

Current reporting

The leverage ratio is reported to the CO Managing Board as part of the aggregate bank risk report. The leverage ratio is updated quarterly.

Procedures for responding to changes in the leverage ratio

A limit/trigger violation will be reported directly to the Managing Board of the CO within the framework of the Risk Committee. The Managing Board of the CO will define appropriate measures as required and monitor their implementation on an ongoing basis.

Introduction of measures

If the relevant figure falls below the limit, a plan will be worked out to return to the green zone. Measures to strengthen capital include, for example, an increase in subscribed capital by third parties or the use of hidden reserves. Reductions in lending and the sale of assets, for example, may be used to optimise the balance sheet structure.

Factors that had an impact on the leverage ratio during the reporting period

As at 31 December 2025, the leverage ratio of the Association of Volksbanks has increased by 0.17 percentage points to 7.48 % compared to 2024.

The change **in CET1** is due, in particular, to the current result (euro 150.0 million), the increase in deferred taxes on tax loss carryforwards (euro -35.7 million), the decrease in additional deductions (euro 19.7 million), the proposed dividends (euro -14.5 million), the disposal of adjustments to be made under IFRS 9 transitional regulations (euro -14.1 million) and the change in the IAS 19 reserve (euro 9.2 million).

The increase of the assessment basis is mainly due to the purchase of fixed-interest securities (euro 0.9 billion), the increase in total borrowings (euro 0.3 billion); this contrasts with lower deposits with OeNB (euro -0.3 billion).

14 Liquidity requirements

14.1 Quantitative information

CRR Art 451a (2) and (3), EU LIQ1, EU LIQ2

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

14.2 Qualitative information

CRR Art 451a (2), EU LIQB

Explanations of the main drivers of LCR results and development of the contribution of inputs to the calculation of the LCR over time

The liquidity buffer (HQLA) is composed of OeNB credit balances and HQLA securities and indicates a comfortable liquidity base as before. The liquidity buffer has increased slightly in the period under review, which is mainly due to the increase in customer deposits as well as to capital market issues. Liquidity outflows due to the repayment of ECB funding (TLTRO III) and credit growth have reduced the liquidity buffer. Within the liquidity buffer, the bond portfolio was expanded significantly, leading to a reduction of the credit balance with the OeNB. As this shift almost exclusively concerned Level 1 securities, it did not have any material effect on the LCR.

LCR outflows are primarily due to the high amount of retail deposits, which, however, receive very low LCR outflow factors of 5 % for the major part. The increase in the volume of deposits in the period under review has caused LCR outflows to increase slightly. Short-term fluctuations in the volume of deposits mainly arise from effects of payment transactions.

The cash inflows assumed in the LCR calculation also arise predominantly from retail business. The weighted inflows are comparatively low, and accordingly have only little influence on the LCR. They amount to around 5 % of weighted outflows.

In the period under review, the LCR remained almost unchanged.

Explanations of changes in the LCR over time

In the period under review, the average LCR was around 200 %, suggesting that the liquidity situation continues to be stable. In the period under review, the LCR at the reporting dates sometimes clearly exceeded 200 % and was above 180 % at each reporting date. Above all the launch of new issues as well as increasing customer deposits have had an LCR-increasing effect. This is contrasted by the liquidity requirement from growing lending business.

In the period under review, two benchmark issues were floated by VBW with a volume of euro 500 million each. Additionally, Retail issues with a total volume of some euro 650 million have been placed across the Association in the period under review. The benchmark issues have markedly strengthened the LCR. The LCR effect of the Retail issues, on the other hand, is low, as they are mostly liquidity-neutral reallocations of customer deposits to securitised products.

The participation in two TLTRO III transactions of the ECB during the COVID pandemic led to a marked increase of the LCR at the time (2020/2021). Overall, a volume of euro 3.5 billion was raised. This volume was paid back completely with the last tranche of euro 600 million in June 2024. This repayment greatly reduced the LCR at that time, but has not led to any decrease of the average LCR in the period under review owing to opposing positive developments in customer deposits and new benchmark issues.

Explanations on the actual concentration of funding sources

Total liabilities and equity are strongly characterised by the customer deposit business, a stable and highly diversified source of funding with relatively constant and low LCR outflows. Due to this diversified funding through customer deposits, the Association of Volksbanks is not exposed to any material concentration risk.

In line with the business model, the most important source of funding is small-volume retail deposits (giro and savings, including SME deposits) with an average volume of around euro 16.7 billion, which corresponds to approximately half of total assets. Of this amount, around euro 12.6 billion is classified as stable deposits. By their very nature, small-volume customer deposits are highly diversified.

Unsecured deposits from large customers are of comparatively minor importance, with an unweighted LCR of around euro 5.4 billion. Here, too, no relevant concentrations have arisen. In the Association of Volksbanks, the top 15 depositors account for only around 3 % of total assets. Individual depositors usually account for less than 2 % of total assets. There are only a few temporary exceptions with a few large customers at VBW for payment transactions or balancing out liquidity peaks, which temporarily increase the LCR.

The Association's dependence on capital market financing (including Tier 2 own funds issues, excluding Retail issues) remains low, at around 13 % of total assets. VBW is the only institution in the Association that has access to a central bank and can therefore refinance itself via central bank funds. Since June 2024, following the last TLTRO III partial repayment, the Association of Volksbanks has no longer been refinanced through central bank funds.

As the central organisation of the Association, VBW is also responsible for the latter's liquidity management. From the perspective of VBW as an individual institution, therefore, the deposits provided by the individual Volksbanks (including liquidity and minimum reserves mandatory under the law) with a total volume of around euro 2.5 billion are also relevant in terms of liabilities.

Overarching description of the composition of the institution's liquidity buffer

As at 31 December 2025, around 47 % of the Association's weighted LCR liquidity buffer consist of credit balances with the OeNB and of cash, the remainder being free HQLA securities. These are mainly HQLA Level 1 securities, primarily in the form of government bonds and mortgage bonds, with only a small part (around 4 % of HQLA) being classified as HQLA Level 2.

Derivative exposures and potential collateral requirements

The derivative exposure for which collateral must be provided mainly consists of interest rate swaps and EUR-CHF FX derivatives in the Association of Volksbanks. For this exposure, around euro 1 million in cash collateral are currently being provided as at 31.12.2025. Potential future collateral requirements, derived from the maximum monthly change in collateral call liabilities over a historical 2-year period are relevant to the LCR. At around 3 % of weighted net cash outflows, the average LCR outflows from derivatives and collateral requirements in the period under review are hardly material overall.

Currency mismatch in the LCR

The LCR currency mismatch in the Association of Volksbanks is immaterial. Relevant foreign currency positions exist only in CHF. Other currencies are present in the portfolio, but are of minor importance.

In the Association of Volksbanks, the loan portfolio in CHF has been steadily maturing for years and currently accounts for less than 1 % of total assets. The inflows from this loan portfolio are offset by outflows from FX derivatives that refinance this portfolio. The collateral for the FX derivatives is issued exclusively in euros. The volume of CHF deposits is immaterial. Securities denominated in CHF are not held.

Other positions in the LCR calculation that are not captured in the LCR disclosure reporting form but which the institution considers relevant to its liquidity profile

There are no other positions relevant to the liquidity profile.

15 Key Metrics (incl. MREL)

CRR Art 447 a) – g), 438 b), EU KM1, Art 45i (3) BRRD, EU KM2, EU TLAC1, EU TLAC3

This quantitative information is disclosed in tabular form in the document “Offenlegung_Verbund_2025-12-31.xlsx”.

16 Return on equity

CRD IV Art 90

The return on capital employed for the 2025 financial year is 0.46 % (2024: 0.41 %) and is calculated as the ratio between result after taxes and total assets at the balance sheet date.

The increase of the annual result is essentially due to a significant reduction of the risk provision (euro 83.3 million) as well as to the increase in net fee and commission income by 5 % (euro 13.9 million). This is opposed by the decline in net interest income (euro -59.6 million, essentially due to lower interest rates) as well as higher current staff expenses (euro -9.3 million, among others due to collective bargaining agreements) and higher administrative expenses (euro -15.7 million, mainly from IT projects).

For the increase in total assets, please refer to the explanations regarding the leverage ratio.

17 Qualitative information on environmental, social and governance risks (ESG risks)

In this chapter, the subheadings preceded by letters refer to the qualitative information contained in “ANNEX XXXIX – Prudential disclosures on ESG risks (Article 449a CRR)” to the EBA/ITS/2022/01 (Tables 1-3). The relevant context is provided, on the one hand, by the three risk categories of environmental risks, social risks and governance risks and, on the other hand, by the more detailed division per risk category contained in the annex by business strategy and processes, governance and risk management.

17.1 Business strategy and processes

CRR Art 449a in conjunction with Art 435

Qualitative information on environmental risks

Sustainability and regionality have been part of the business model of the Association of Volksbanks for more than 170 years. The Association of Volksbanks operates in line with cooperative principles and has been built up successfully and sustainably over many generations of members. Our cooperative identity and the sustainability values we go by are distinguishing features of the Association of Volksbanks. Our focus is on customers, partners and employees. The principles of the Association of Volksbanks are set down in a Code of Conduct and honoured by all employees within the scope of our corporate activities.

The Association of Volksbanks is a purely Austrian association of credit institutions and operates almost exclusively within its catchment area: the Austrian market. The Association has no foreign major shareholders, but a democratic cooperative decision-making and control structure through managing cooperatives. Austrian special interest groups are the owners of Österreichische Ärzte- und Apothekerbank. The main objective of the cooperatives is the development mission that determines the purpose of any cooperative, industrial and provident society. Right from the beginning, this objective has always been to maintain and strengthen the legal and economic independence of the cooperative facilities, resources and services, instead of profit maximisation. Ever since their formation, the Volksbanks have been representing the values of trust, regionality and customer focus. In the 21st century, these sustainable values are as important as ever. They still are the solid foundation of the customer concept of the Association of Volksbanks.

The company’s business strategy is based on a combination of regional customer service know-how directly on location, on the one hand, and on the settlement and control services of a modern association of independent banks, on the other hand. This means that decisions relevant to customers are taken quickly and directly on the spot where the customers are. The independent primary banks are self-reliant in terms of sales management and accordingly able to act quickly and without red tape. The handling of administrative activities as well as control and management in compliance with banking law are mostly performed in centralised units of the Association. This cooperative division of labour enables the primary banks to focus on their marketing activities, while bundling activities that are not directly associated with retail business within centrally organised units. In this way, costs can be reduced, which in turn benefits our customers.

The Association is geared to the core services of a bank focussing on Retail, SME and Real Estate business: loans, deposits and payment services. Other products and services are offered through competent partners. Therefore, cooperation agreements were concluded with reliable product partners. Our product partners also pursue sustainable business policies – which is of essential importance to the Association. Through considerable streamlining of processes and standardisation of the product range, transparency is increased for customers due to a neat array of products. The core business segments with the highest impact on performance are the retail lending business and the deposit business.

The core of the Association of Volksbanks is its Austrian network of retail branches. The Volksbanks within the Association operate almost exclusively in their catchment area and on the Austrian market (a maximum of 5 % of the customer exposure of the entire Association of Volksbanks is permitted to exist in neighbouring countries). The focus of the Volksbanks is on being the relationship bank for customers in the region. Accordingly, business activities have focussed on Austria in previous years, resulting in streamlined logistics and a comparatively lower burden on the environment than that of a global player. The Association of Volksbanks does not have any foreign participations, but only participations that directly relate to transacting the company's current business.

This business model, in combination with the focus on Austria, reduces the risk of negative effects on human rights and the environment, as well as any associated reputational risk for the Association of Volksbanks (legal framework applicable in Austria).

The Association of Volksbanks prepares and reviews a business environment analysis focussing on climate and environmental factors on a current basis. This analysis explores how climate and environmental factors influence the Association of Volksbanks through current and future economic and regulatory developments, identifying risks and rewards in the process.

The key learnings from this analysis of the regional business environment are the following:

- The business model of the Association of Volksbanks is fully linked to Austria, and accordingly the company's business also depends, in particular, on the general and macroeconomic situation of the country and on the challenges resulting from climate and environmental factors.
- In terms of transformation, the initial situation on the Austrian market is generally favourable, with a solid base due to political stability and high economic potential.
- However, at present the economy is tense with mild recession, primarily driven by the energy-intensive manufacturing sector as well as high energy costs, partly caused by transitory climate risks.
- Austria has ambitious goals and has already made a lot of progress on its way towards a climate-neutral economy, but a significant gap still remains – the measures adopted so far are not likely to be sufficient to achieve the goals set, especially in individual critical sectors.
- In the field of power generation, in particular, 90 % of which is based on renewable sources, the Austrian energy sector is well on the way to achieving climate neutrality, with renewable sources accounting for an increasing share of the entire energy mix, above the European average. Enhancing the EU's competitive position could be a niche of growth for European companies in the clean energy sector – and accordingly an opportunity for Austria.
- In terms of environmental health and ecosystem vitality, Austria presents a differentiated picture.

The business environment analysis thoroughly deals with the core sectors of the Association of Volksbanks. The real estate sector and the construction sector are key sectors for the Association, and sustainability is an important aspect in the real estate sector. The importance of environmentally friendly construction methods and energy-efficient buildings is increasing, requiring investments in modern technologies and sustainable materials to meet stricter requirements. Observing environmental regulations and adapting to new regulatory requirements are equally important to stay competitive in the long-term. In order to meet the challenges in the properties and housing sector, experts recommend to favour sustainable construction methods, to adapt to regulatory requirements and to make use of technological innovations with a view to ensuring competitiveness and meeting increasing requirements. Aiming to support customers facing these challenges, the Association of Volksbanks has developed the product "Nachhaltiger Kredit" (sustainable credit) and the "SanReMo" campaign ("Sanierung, Renovierung und Modernisierung"; refurbishment, renovation and modernisation) to enable the realisation of sustainable projects.

Focus sectors of the Association of Volksbanks:

- Climate change has had a significant impact on the **tourism industry** in Austria, especially on winter tourism. A longer summer period and increasing periods with comfortable temperatures might have positive effects on tourism in regions with lakes and on alpine tourism. The tourism industry must adapt to a changing regulatory framework including more stringent environmental regulations and emission reduction targets requiring investments in energy-efficient systems, renewable energies and sustainable infrastructures. Hotels and holiday resorts can significantly decrease their energy consumption by using energy-efficient technologies and practices, simultaneously reducing carbon emissions. The use of renewable energies such as PV systems, wind power or biomass offers great opportunities to cover the energy demand of tourist facilities in a sustainable manner and to enhance the eco-friendly image of destinations. Providing financing to low-carbon emission projects, the Association of Volksbanks supports this development by promoting sustainable offers in tourism, encouraging companies to adapt to new technological developments and to embrace the diversification of tourist services to make the industry less dependent on seasonal fluctuations.

- The **agriculture and forestry** sector is less cyclical, but greatly influenced by commodity prices, agricultural policy and international competition, as well as weather events, global warming and the associated pressure to adapt to environmental changes. The dependence on weather conditions constitutes a material risk for agriculture. Unforeseeable weather events such as droughts, floods or storms can destroy entire harvests, materially harming productivity. Additional challenges are outdated technology and price fluctuations. Potential opportunities consist in precision farming and sustainable cultivation methods. The use of renewable energy sources like biogas and solar power equally offers potential for development. The demand for organically produced food is increasing steadily, and consumers increasingly appreciate the possibility to buy produce directly from farmers. The resilience of this sector will clearly depend on climate adaptation strategies and the diversification of production. Fields of action identified by the Association of Volksbanks are the setting of priorities in sales on modernisation and supporting farmers in using sustainable products (e.g., with a view to promoting biodiversity). In this context, Volksbank provides know-how in the field of subsidies and supports the financing of climate adaptation strategies in the sector generally and with gardeners specifically through the “Gärtnerbank” brand of VOLKSBANK WIEN AG.

- The **manufacturing** sector is greatly influenced by macroeconomic variables like commodity prices, energy prices and international competition. The sector is cyclical with sensitive responses to economic fluctuations. Especially increasing energy prices and volatile commodity markets constitute significant challenges. Against the background of climate and environmental risks, one important aspect is the digitisation and automation of the manufacturing industry. Investments in modern technologies and automation solutions are required to maintain the sector’s competitive ability. The Association of Volksbanks recommends to favour investments in state-of-the-art technologies, to adapt to regulatory requirements and to make use of technological innovations with a view to ensuring competitiveness and meeting increasing requirements. The Association of Volksbanks is a competent contact in the field of financing the transformation.

- In the **transport** sector, the movement of goods is primarily driven by economic cycles in industry and construction, while passenger transport is less cyclical, but strongly correlates with commerce and tourism. The strict (environmental) regulations constitute a key risk in this sector. They provide for strict standards requiring substantial investments in environmentally friendly technologies and compliance. Companies are required to invest in low-emission or zero-emission vehicles to meet carbon thresholds, which may increase overheads. Companies that invest in modern technologies and adapt to new regulatory requirements may enhance their competitive position, developing new business opportunities. By focussing on these topics, the Association of Volksbanks can effectively support and spearhead the required transformation, thus ensuring sustainability and competitive advantages in the Austrian market in the long term.

Therefore, the Association of Volksbanks invests in expertise in the fields of subsidies and consultancy, equally concentrating on climate and environmental factors and the associated transformation process within the scope of corporate strategy and governance. In this context, the relevant management processes are defined at the level of the Association, the individual bank and down to the retail branch. The targets and the resulting management ratios (share of sustainable financing transactions in new business/retail banking, share of sustainable securities in the total securities portfolio/retail banking, and the development of emission intensity in the portfolio (initial value 2024 = 100 %)) are planned in the course of these processes and regularly reported on in the CO Sustainability Committee (NAKO) of VOLKSBANK WIEN AG and the regional NAKOs of the primary banks.

As regards the effects of climate and environmental factors on the products and portfolios of the Association of Volksbanks, it should be noted that the risk resulting from the geographical regions (Austria and its provinces) and branches of industry analysed differs and differently influences the products and portfolio of the Association of Volksbanks. We have observed that loans and credits granted to real economy companies are significantly affected by transitory risks. Bonds primarily relating to finance and the public sector are equally affected to a significant extent. The portfolios of the Association of Volksbanks, in particular real estate portfolios and lending to small and medium-sized enterprises (SME), are also greatly impacted by climate and environmental factors. Proprietary investments mainly consist of bonds and equity instruments with a strong dependence on Austria.

Therefore, the Association of Volksbanks has taken extensive steps to integrate sustainability aspects into its core business and to further expand its sustainability management. To provide a basis for sustainability management, the key topics have been worked out on the basis of the concept of double materiality according to ESRS (European Sustainability Reporting Standards), followed by identification and assessment of the impacts, risks and opportunities. An overview of internal and external processes along the value chain was drawn up at the beginning of the process. Qualitative and quantitative information was researched and collected on a selective basis to provide for a more thorough understanding of value creation. Subsequently, the topics defined in the ESRS were evaluated with a view to further identifying impacts, risks and opportunities (IROs), then deriving the topics important for the Association of Volksbanks therefrom.

The identification and assessment of sustainability topics are continuously monitored in workshops with employees and the managing board members of VOLKSBANK WIEN AG in its capacity as central organisation of the Association of Volksbanks.

The first ESRS-compliant sustainability report for VBW was prepared in the 2024 financial year. For financial year 2025, a voluntary sustainability report in line with ESRS was prepared for the Association of Volksbanks, and a sustainability report according to the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) for VBW.

In the spring of 2023, VOLKSBANK WIEN AG, representing the Association of Volksbanks, joined the TCFD to emphasize the importance of sustainability- and climate-related risks and opportunities. A TCFD GAP analysis was performed, involving all relevant specialist departments. Reporting in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) focusses on risks and opportunities arising from the consequences of climate change. Companies should describe these risks and opportunities and how to deal with them in more detail, thereby helping to strengthen the resilience of companies and financial market stability as a whole.

Sustainability governance

a) General governance of the Association

In line with the governance principles of the Association of Volksbanks, the Managing Board of VOLKSBANK WIEN AG, in its capacity as central organisation (CO), bears overall responsibility for the Association with regard to the definition of the strategic corporate objectives, the governance framework and the corporate culture. Together with the CO Managing Board, the Supervisory Board of the CO evaluates the strategic objectives, the risk strategy and the internal principles of proper management and monitors their implementation within the Association. This ensures the effective and prudent management of the credit institution. The governance of the Association applies equally to all topics relating to sustainable effects, opportunities and risks and their management for the following dimensions: environment, social matters and corporate strategy.

b) Sustainability governance of VOLKSBANK WIEN AG as the central organisation of the Association of Volksbanks

At European level, sustainability has already been regulated with binding effect by numerous regulations. The various regulations and guidelines emphasize the increasing regulatory importance of sustainability. The expectation of the supervisory authority is to integrate the topic of sustainability into all areas of the bank. This requirement, which according to section 30a of the Austrian Banking Act is the responsibility of VBW as the central organisation of the Association, results in the management requirements for the entire Association of Volksbanks as defined by VOLKSBANK WIEN AG.

In order to further expand sustainability management, the “Sustainability Project” was launched in 2020. Following the successful integration of sustainability into all areas of the bank and its core business, this was completed on schedule in mid-2022. In order to accomplish the strategic goals and to ensure the requirements for ESG data, an ESG data project was set up with Risk Control acting as project manager – to continue and expand the topics addressed by the Sustainability Project. This was continued in 2023 and continuously adapted to future regulatory requirements. There are also initiatives regarding ESG databases for SMEs that cover all of Austria (ESG Data Hub).

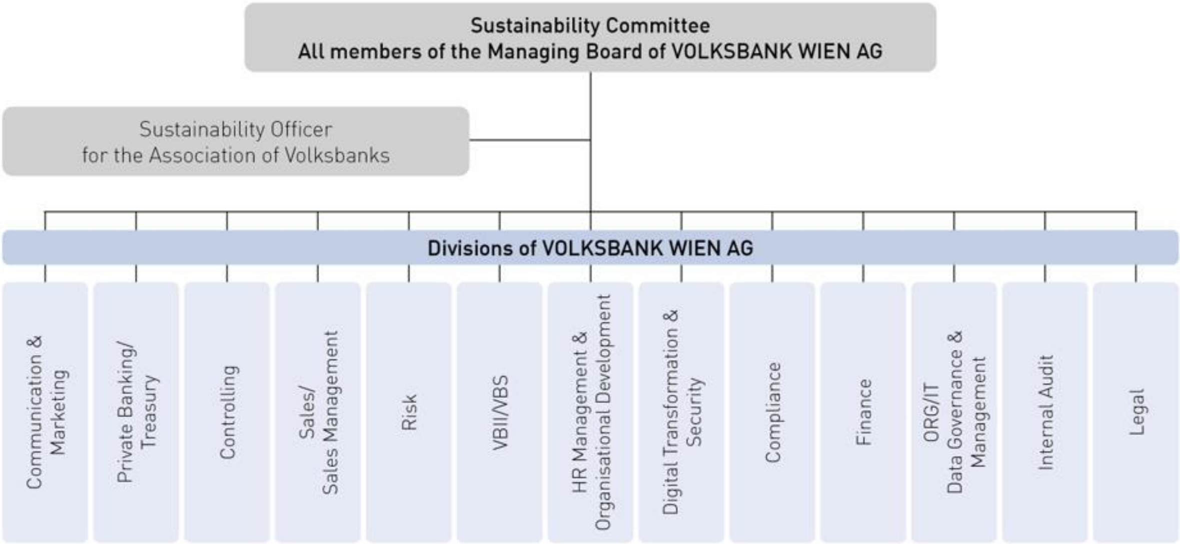
Starting in 2026, a “Sustainability” staff unit was established that reports directly to the CEO. This organisational unit is meant to coordinate the sustainability efforts of the Association of Volksbanks, embedding and developing the ten sustainability goals within the organisation as well as making them operational, and it is responsible for preparing the sustainability report. The staff unit is headed by the Sustainability Officer for the Association of Volksbanks whose task, in addition to managing, organising and determining the contents of the CO NAKO, is to prepare the sustainability strategy in coordination with the Managing Board.

All divisions of VOLKSBANK WIEN AG (as central organisation) are involved in implementing measures regarding sustainability goals and have each appointed sustainability ambassadors to accompany internal communication on the topic of sustainability and to support the process of achieving their sustainability goals with forward-looking ideas. The Sustainability Report of the Association of Volksbanks contains all measures and goals implemented in 2025 as well as an outlook on further plans with regard to the material topics. www.volksbankwien.at/nachhaltigkeit

c) Sustainability Committee of the CO (CO NAKO)

A decision-making committee of the entire Managing Board on sustainability was established early in 2022: the Sustainability Committee (CO NAKO). According to the governance of the Association, this committee corresponds to the other committees within the Association, such as the Risk Committee, Asset Liability Committee, Credit Committee and Cost Committee. The CO NAKO is the central steering committee for sustainable opportunities and risks (ESG risks) in the Association of Volksbanks. Management and control are the responsibility of the CO Managing Board. The CO NAKO manages the sustainability goals of the Association of Volksbanks (see heading Sustainability goals), adopts resolutions on sustainable effects, risks and rewards, reports on ESG aspects, and explains new trends and innovations. Rules of procedure have been defined. Topics from the CO NAKO are reported to the Supervisory Board on a quarterly basis at each Supervisory Board meeting. Selected division managers serve as members of the Sustainability Committee; all divisions of the bank report to the CO NAKO on an ad hoc basis.

The management of and information on ESG aspects of the Association of Volksbanks takes place in the CO NAKO. Presentation of the composition of the CO NAKO:



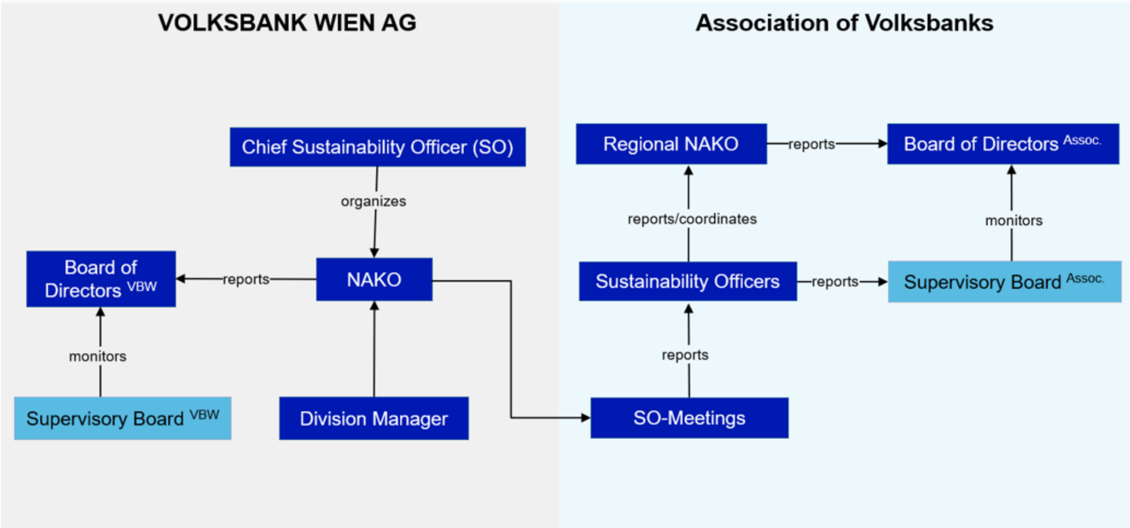
Members of the Sustainability Committee[1]
All members of the Managing Board of VOLKSBANK WIEN AG
Sustainability Officer
DM Communication & Marketing
DM Private Banking/Treasury
DM Controlling
DM Product/Sales Management
DM Risk Control
DM Credit Risk Management, Restructuring & Workout
DM HR Management & Organisational Development
DM Facility Management
DM Compliance
DM Finance
DM Data Governance & Data Management

1) DM = division management

a) Sustainability governance of the Association of Volksbanks

The primary banks are equally managed based on the sustainability goals and the Key Performance Indicators (KPIs) from the CO NAKO. Sustainability Officers (SO) have been appointed at the primary banks, who serve as multipliers and contribute ideas from the banks. A job description was prepared for the function of SO. They are responsible for ESG topics in the primary banks and support the managing boards of the primary banks in their efforts to manage the banks based on the sustainability goals. The Sustainability Officers in the primary banks regularly report to the supervisory boards of the primary banks as well.

The implementation of the sustainability strategy in the Association of Volksbanks and the management of risks and opportunities is taken care of by the Sustainability Committee in the Association.



a) ***<u>Business strategy of the credit institution with a view to integrating environmental factors and risks, taking account of the impact of environmental factors and risks on the business environment, the business model, the strategy, and the financial planning of the institution</u>***

The Association of Volksbanks has established ESG aspects in all areas of the company and has formulated a sustainability strategy applicable across the Association. By defining sustainability principles, the sustainability strategy creates consistent framework conditions for a uniform approach to environmental, social and corporate governance issues. It is part of the business strategy of the Association and describes, among other things, how the Association of Volksbanks integrates ESG criteria into the organisation and the core business, how it takes ESG risks into account and exploits development potentials in connection with sustainability.

In 2021, a sustainability strategy was created for the Association of Volksbanks for the first time, and sustainability was included in all chapters of the strategy of the Association. This strategy defines the fundamental orientation of the Association. VOLKSBANK WIEN AG as the central organisation is responsible for defining the strategic guidelines and managing the Association, while operational implementation is the responsibility of the primary banks.

The Association of Volksbanks has committed itself to the Paris Agreement on climate protection, aligning its business strategy with the Sustainable Development Goals (SDGs) of the United Nations to actively contribute to their achievement. VBW's membership of the UN Global Compact emphasizes the great importance of sustainability in its business activities. By adhering to these principles, the Association of Volksbanks has committed itself to responsible corporate governance and has embedded sustainability as an integral part of its corporate culture.

(i) Decarbonisation strategy

A decarbonisation strategy was developed for both operations and, apart from that, for the credit and investment portfolio. Both strategies include the calculation of the Scope 1 + 2 decarbonisation path with 2024 serving as the base year. In 2023, "financed greenhouse gas emissions" (GHG emissions) Scope 3.15., so-called indirect and downstream emissions associated with the lending and investment activities of the Association of Volksbanks, were calculated for the first time. The Association of Volksbanks determines financed greenhouse gas emissions on the basis of the PCAF Standard (Partnership for Carbon Accounting Financials). A decarbonisation strategy with measurable goals was derived therefrom and adopted for the Association of Volksbanks. Our experts are continuously working on the development of calculation methods and processes to determine GHG emissions.

(ii) Biodiversity and preservation of species in lending

One of the ten sustainability goals of the Association of Volksbanks is to develop a separate biodiversity strategy including responsible staff members, measures, KPIs (Key Performance Indicators) and targets. In 2025, we put a focus on working out a biodiversity strategy together with external consultants, taking account of peer comparisons, the legal framework as well as current scientific findings on the topic. This was done in accordance with the LEAP approach, which is based on the business environment analysis, the double materiality analysis, the materiality assessment (using ENCORE), and a SWOT analysis on the topic of “Biodiversity in the business model of the Association of Volksbanks”. In the course of this process, the locations of both the Association of Volksbanks and of the customers as well as objects of the loan portfolio were analysed and assessed in terms of biodiversity-relevant ratings. In 2025, based on this status quo, strategies and measures for 2026 were set down and adopted in a first biodiversity strategy.

In this biodiversity strategy, the Association of Volksbanks explicitly commits to preserving biodiversity and ecological systems, acknowledging this topic to be one of the key challenges of our time, with direct effects on society, the economy and the financial system. Specific measures to protect biodiversity and the relevant KPIs will be worked out in 2026.

A scoring system has been developed for the assessment of credit risks associated with ESG factors in the Association of Volksbanks. By assessing soft facts, the account managers evaluate risks of their customers within the scope of an ESG score. In the sphere of the environment (“E”), these soft facts also include the topics of biodiversity and preservation of species. Moreover, ESG risks are regularly analysed and reassessed as part of the risk inventory using a materiality assessment (MA). In the process, various risk events in relation to biodiversity and diversity of species are described and evaluated.

Biodiversity is the basis for life and enables adaptation to changing environmental conditions, such as the climate crisis. Nature provides us humans with food, medication, building materials and is the basis of our well-being, health and the economy. Therefore, the Association of Volksbanks incorporates the topics of loss of biodiversity and preservation of species into its processes.

b) Goals, requirements and upper limits for the short-, medium- and long-term assessment and management of environmental risks, as well as the measurement of performance based on these goals, requirements and upper limits, including the consideration of forward-looking information on shaping the company’s business strategy and processes

The sustainability strategy formulates concrete measures and qualitative targets for the Association of Volksbanks, as well as ESG KPIs in the sphere of the environment, of social affairs and corporate governance to measure targets. ESG KPIs are classified by short-, medium- and long-term horizons (short-term: up to 1 year; medium-term: up to 5 years, and long-term: until 2032). Within the Sustainability Committee, steering and control activities are carried out by the Managing Board based on sustainability goals, which also include the monitoring of ESG risks.

The Managing Board is fully involved in the strategy process and is responsible for approving the sustainability strategy. Opportunity and risk analyses were carried out to develop the sustainability strategy, and the findings were incorporated into the strategy. These analyses include, for example, the double materiality analysis, a SWOT analysis, impacts of transition risks, and physical risks on the business model in the form of outside-in and inside-out risks. The sustainability strategy is constantly being developed and adapted to the evolving regulatory environment, new findings and innovations.

The ten ESG sustainability goals of the Association of Volksbanks including ESG KPIs and status of implementation:

Target	10 Sustainability Targets	Strategic Target	KPI	Actual value 2025	Target value 2026	2032
VB E1	Sustainability rating of Volksbank Wien AG in the low-risk category	**Sustainability rating of Volksbank Wien AG in the low-risk category**	Sustainability rating	13.9	max. 20	max. 20
VB E2	Consideration of ESG criteria in the loan process	**Reduction of financed emissions**	Share of 2024 portfolio intensity (baseline 2024 = 100%)	95.4%	93.3%	66.0%
VB E3	Increase in share of ESG products	**Promotion of sustainable financing**	Share of sustainable financing in new customer loans	21.9%	22.5%	30.0%
		Promotion of sustainable securities	Share of sustainable securities in total customer securities	23.3%	25.0%	35.0%
VB E4	Decarbonisation of operations	**Reduction of CO_2 emissions**	CO_2 emissions from operations	1,469,162	1,395,704	934,950
VB E5	Development of a biodiversity strategy: targets, measures and KPI	**Biodiversity strategy**	Will be defined in 2026			
VB S1	Customer and employee satisfaction	**Strengthen customer orientation**	Customer net promoter score	32.2	25.0	25.0
		Increase employee satisfaction and employee retention	Employee net promoter score	19.0	25.0	25.0
VB S2	Significantly increase diversity within the Association of Volksbanks	**Promoting diversity and inclusion in leadership positions**	Share of female managers	29.1%	30.6%	50.0%
VB S3	Strengthening of the cooperative dividend cycle and of the cooperative subsidies cycle	**Geno customer**	Share of customers among cooperative members	Will be defined in 2026		
		Geno impact	Funding amount for regional projects	Will be defined in 2026		
VB G1	Transparency regarding taxonomy, decarbonisation and governance, and introduction of an ESG bonus system	**Transparency regarding sustainable activities within the Association of Volksbanks**	Share of ESG reports and disclosures published and submitted in time	in time	in time	in time
VB G2	Integration of ESG in “three lines of defence”	**Compliance with governance on corruption and bribery within the Association of Volksbanks**	Number of confirmed cases of corruption and bribery	0	0	0
		Managers in the second and third lines of defence are trained in ESG requirements and implementation	Share of trained “three lines of defence” managers	Start of measurement in FY 2026		

Reporting structure: see Chapter 17.2. Corporate governance (i) 2 Reporting structure

Escalation process in case of non-achievement of the ESG KPIs:

An escalation process has been defined in the event of non-achievement of ESG KPIs. The specialist departments define measures that are adopted in the NAKO and subsequently reported on in the Supervisory Board.

In the 2025 reporting year, two ESG KPIs (share of sustainable securities in total securities sold to customers and proportion of female executives) were not achieved at the level of the Association. The relevant teams are working on the definition and implementation of measures in line with the escalation process.

The Sustainability Report contains all measures and goals implemented as well as an outlook on further plans with regard to the material topics of the Association of Volksbanks. In 2020, the implementation of the ESG measures defined in the investment strategy was started. The main content is the simultaneous pursuit of an active and a passive strategy.

Exclusion criteria

The Association of Volksbanks will not enter into business relationships or financing transactions in industry sectors or in business areas that fail to comply with social and environmental regulations. Attention is also paid to protecting people and the environment. The Association of Volksbanks is committed to promoting environmentally friendly technologies and projects. For this reason, exclusion criteria were defined according to which no business relationships will be established e.g. in the following branches of industry and areas of business: Ownership or operation of nuclear and coal-fired power plants, final storage sites for nuclear waste and the mining of uranium, lignite and hard coal.

Hence, the exclusion criteria help the Association of Volksbanks to meet regulatory and social requirements, to minimise reputational and sustainability risks, to actively support climate protection, and to promote the transformation towards a sustainable economy. They are a key component of a responsible and future-oriented business strategy.

c) *Current investment activities and (future) investment requirements with a view to environmental goals and EU taxonomy-compliant activities*

VOLKSBANK WIEN AG is the only bank within the Association of Volksbanks that is subject to the NFRD. Implementing the Taxonomy Regulation, VBW has been reporting financing and investment in taxonomy-eligible economic activities as a proportion of total assets since 2022. Ever since that year, VOLKSBANK WIEN AG has had to disclose the extent to which it finances or invests in taxonomy-compliant economic activities.

It was the first time that the share of these exposures in total assets, the so-called Green Asset Ratio (GAR), including applicable reporting forms, was presented in the Sustainability Report. Disclosure was made voluntarily for the report of the Association until financial year 2023. For the 2024 financial year, no report was prepared for the Association. The strategic orientation of the bank's portfolio in relation to Taxonomy will be developed in the future.

The business model of VOLKSBANK WIEN AG is to focus on the bank's core business and to enter into cooperations with strong product partners. In the area of investment funds, Union Investment is VBW's product partner.

Sustainable bonds

Issuing sustainable bonds constitutes a key element of the sustainability strategy of the Association of Volksbanks. The basic conditions for issuing green, social or sustainable bonds are summarised in the Sustainability Bond Framework of VBW. The Framework complies with the standards published by the International Capital Markets Association ("ICMA"). Compliance with ICMA standards is confirmed by way of a Second Party Opinion.

Suitable loans are financing transactions allocated to the Framework categories Green Buildings and Renewable Energies and include the Private Customers, SME and Corporates customer segments. The aim was to put a focus on assets with a positive impact on the environment and to sell more sustainable financing solutions and bonds. The Framework is meant to raise account managers' awareness of the importance of sustainable financing and investments, helping to achieve sustainability goals through adequate consultancy. The bank's leverage is in financing the progressive capital needs for climate action and climate adaptation to support the necessary transformation towards a sustainable future.

The proceeds of the bond issues will subsequently be used to finance or refinance loans with positive impact on the environment and/or society. The allocation of suitable loans is based on the evaluation and selection process described in the Framework. Suitable loans may be loans granted by VBW or by members of the Association of Volksbanks. The Allocation and Impact Report describes the progress made in using the proceeds as well as the positive effects achieved. The report includes, among others, the distribution of the allocated loan portfolio by sustainability category as well as the KPIs defined for the measurement of sustainability effects, and is presented in the NAKO every two months.

The Framework, the Second Party Opinion as well as the Allocation and Impact Report are available on the Investor Relations web page of VBW.

Hence, sustainable bonds of the Association of Volksbanks are an instrument to ensure the financing of sustainable projects, to enhance the bank's credibility, and to actively support the transformation towards a sustainable economy. They contribute to achieving measurable positive effects on the environment and society and to ensuring the future viability of the Association.

Investment strategy

Steadily and continuously developing an ESG portfolio within the bank's own investment portfolio is a key component of the investment strategy. The aim is to maintain the current share of some 18 % of ESG bonds or to increase the same. With a view to achieving this goal, an active focus is put, among others, on favouring ESG bonds when it comes to primary market issues. In 2025, ESG bonds in the amount of approximately euro 200 million were purchased, which corresponds to a share of some 20 % of new investments in 2025. The respective current year-on-year performance is regularly reported on in the ALCO. This target must be reconciled with and put in relation to the ESG share available in the primary and secondary market.

Currently, all green bonds, social bonds and sustainable bonds that are issued within a framework widely recognised in the market are considered to be ESG bonds. By continuously increasing the share of ESG bonds, thus prioritising sustainability in investment decisions, the Association of Volksbanks wants to help sustainable companies and banks to obtain refinancing in the capital market. The Association primarily buys covered bonds, but also bonds issued by governments, supranational organisations, business development banks and companies. Investment activities focus on Europe for the major part, but also third countries are an option.

If issuers in neutral or even “green” industry sectors violate the exclusion criteria applicable throughout the bank (available on the website of Volksbank Vorarlberg eGen), Volksbank will not buy their bonds. Investments already made are also reviewed regularly; in case of subsequent violations, the option of selling the investment will be evaluated. In addition to public sources, the bank can use external systems to perform more detailed checks and to act more conservatively in individual instances, in order to avoid violations even if more stringent regulations are introduced in future.

Physical and transitory risks are considered at the time of the loan application within the scope of risk analysis, and checked continuously. Social and governance risks are considered in the overall context of the relevant company and/or the political / economic situation of a country. They, too, are checked when the loan application is submitted and then regularly in internal ratings. Similarly, all ESG risks are checked ad hoc, and appropriately documented, when a purchase takes place.

Hence, the investment strategy of the Association of Volksbanks manages the challenges of sustainable investment by systematically integrating sustainability considerations into the investment process, by minimising risks and actively supporting the transformation towards a sustainable economy. It ensures transparency, protects the quality of the portfolio and strengthens the confidence of investors and the public.

d) Strategies and processes for the direct and indirect cooperation with new or existing counterparties in relation to their strategies for mitigating and reducing environmental risks

In case of customers with risk aspects, financing needs for carbon reduction, energy efficiency and resource saving measures will be considered in the course of credit checks. Higher capital expenditure or potential risks due to neglected measures will equally be included in sensitivity analyses. Customers with increased risk due to insufficient ESG measures are systematically identified and financially supported in implementing transformation measures. This approach consolidates the ESG strategies of the customers concerned, improving their competitive position and contributing to a more stable, more sustainable loan portfolio with reduced ESG risk and to the continuous transformation of the economy.

The ESG questionnaire introduced late in 2022, which forms the basis for determining the ESG score, was revised in the reporting year. The ESG score serves to evaluate ESG risks in lending processes for Corporates, SMEs and Real Estate customers in the markets of the Association of Volksbanks, mainly in Austria. The ESG questionnaire forms the basis of the sustainability interview with customers and is subsequently used for the assessment of relevant ESG factors in lending. In this way, potential risks such as carbon emissions, energy efficiencies or physical climate risks are taken into account in credit decisions and in current credit monitoring. A special focus here is on evaluating customers in carbon-intensive sectors. The extension of the ESG questionnaire by a quantitative data survey for customers in carbon-intensive sectors with exposures exceeding euro 3 million, a more thorough integration of the data into the rating, as well as the introduction of a traffic light system for the early identification of risks were all implemented by the end of the year. We expect a more objective assessment based on real data, improved risk assessment and a reduction of ESG risks in the loan portfolio in the long run, in other words a contribution to achieving the climate targets and promoting sustainable management. It is not possible to provide any information on the reduction of GHG emissions achieved already and anticipated for the future.

The assessment of ESG risks is effected by means of a standardised ESG questionnaire within the scope of the financing application or annual credit monitoring. Depending on customer segment and exposure, a long or short version of the ESG questionnaire is applied. Both climate, environmental, social and governance factors, including energy efficiency, GHG emissions, physical climate risks, and physical and transitory environmental risks as well as social standards and governance practices are evaluated. Another input to the evaluation are quantitative ESG industry scores from an internal heat map with a weighting of 40 %. The assessment derived from the soft facts is taken into account with a weighting of 60 %. The ESG score is reported both individually for the areas E, S and G, and as an overall score.

In the short term, until the end of 2025, the ESG score introduced in 2022 was developed by adapting the ESG questionnaire, by collecting quantitative data and by introducing a traffic light system for the identification of ESG risks. Additionally, account managers are systematically trained to deal with ESG risks and to evaluate sustainability-relevant factors. In the medium term, until 2027, we plan to fully integrate ESG risk analyses and ESG data into credit risk management processes and internal limitations, to ensure effective control of relevant ESG risks. In the long term, until 2030, the intention is for ESG risks in the loan portfolio to be reduced by sustainable financing decisions, thus contributing to achieving climate targets and sustainable management practices.

For the purpose of measuring progress, a metric for the ESG score coverage of the credit-relevant portfolio was defined. The target is a coverage of at least 80.0 %. Apart from that, both customers' and account managers' awareness of sustainable business practices has increased in quality terms. This is demonstrated by the fact that the scores from the qualitative ESG questionnaire are better than the score of the industry heat map. The feedback regarding application of the ESG questionnaire is positive and confirms increasing integration of sustainability aspects into lending processes.

In accordance with the Code of Conduct, attention is paid to the protection of the environment within the scope of lending. Financed transactions must comply with environmental regulations. For this reason, no business is conducted in environmentally harmful sectors.

Moreover, in order to avoid physical and transitory risks, the processes mentioned in the paragraph “Investment strategy” of the Sustainability Report are applied to investments in the banking book.

See also chapter 17.1 Qualitative information on social risks, lit. c).

See Chapter 17.3. Risk management, Qualitative information on environmental risks, lit. l) and m).

Details on the strategies and procedures regarding environmental factors of VOLKSBANK WIEN AG are contained in the Sustainability Report in Chapter E1 SBM-3.

Qualitative information on social risks

For more than 170 years, the cooperative development mission in the region and the special aspect that customers of the Volksbanks are also owners of the bank have been distinguishing features of the credit cooperatives. Within the Association of Volksbanks, this participation option is partly guaranteed indirectly via the holding cooperatives (“Beteiligungsgenossenschaften”). Cooperatives are sustainable because they think and operate with a long-term perspective, with a mission to benefit their members without being driven by short-term shareholder value. They support the reasonable dimensions and the diversity of regional economic structures (as opposed to monopolies). They are built on proximity and personal contact and are usually very deeply rooted in the region and among the people who live there. Hence, they strengthen regional economic cycles – for example, when Volksbank finances local SMEs. Regionality and sustainable action are therefore firmly anchored in Volksbank’s DNA.

The cooperative connects a wide variety of stakeholders in the region. In addition to its role as sponsor and financier, the regional bank supports the economic cycle within the region based on cooperative values. One of its tasks is to shape the transformation of the real economy in cooperation and partnership with its customers and members. Within the Association of Volksbanks, this is achieved through products and services as well as information and cooperation (klimaaktiv, respACT, SME brochure, events, newsletter, etc.). According to the terminology of the EU Commission and the OECD, “social economy” also includes cooperatives. The ÖGV is therefore explicitly mentioned in the EU Commission’s Country Report as a driver of the social economy *(https://beta.op.europa.eu/en/publication-detail/-/publication/b6f7a49d-67cd-11e9-9f05-01aa75ed71a1/language-en/format-PDF/ quote, page 56)*.

Sustainability from the cooperative’s perspective:

- Ecological sustainability manifests itself, for instance, in assisting customers on their path to transformation, in energy cooperatives that contribute to the achievement of climate targets and regional independence from the commercial energy suppliers and uncontrollable electricity price increases.
- Social sustainability means the preservation of communal identity and also overcoming poverty (e.g., cooperatives supporting regional building projects, ‘assistance cooperatives’), also supporting the target group in the healthcare sector through the professional bank of Austrian doctors and pharmacists.
- Corporate governance is characterised by the fact that customers are also owners of the cooperative and entitled to take part in the decision-making regarding the cooperative holding structure within the region.
- Economic sustainability means guaranteeing the livelihood of people in the region, providing for the sustainable existence of businesses, and enabling companies to have long-term business relationships.

a) *Modification of the business strategy of the credit institution with a view to integrating social factors and risks, taking account of the impact of social risks on the business environment, business model, strategy, and financial planning*

The corporate culture of the Association of Volksbanks is based on the Code of Conduct, which was originally adopted by the Supervisory Board. The Code of Conduct is continuously developed by Compliance and updated whenever amendments or supplements are required. The Code of Conduct essentially describes and underpins the core values of the Association of Volksbanks: Trust – Integrity – Respect – Confidentiality. In addition, the Code of Conduct addresses selected compliance issues which also document the integrity of the Association of Volksbanks in its external relations. Updates to the Code of Conduct are approved by the Managing Board of VBW in its capacity as CO of the Association of Volksbanks and brought to the attention of the Supervisory Board at its regular meeting.

In order to implement the principles anchored in the Code of Conduct with a view to supporting employees in avoiding mistakes and strengthening the trust of customers and business partners in the Association of Volksbanks, accompanying actions were implemented, which include:

- a clear organisational structure with defined responsibilities,
- structured written rules,
- target group-oriented training with practical examples,
- annual appraisal interviews,
- specialised staff in the Compliance function,
- a stringent complaints procedure, and
- transparent and consistent sanction processes.

The permanent management mission plays a decisive role in the implementation of compliance issues. It is only by way of executives acting as compliance role models that a high level of integrity can be maintained among employees. The Managing Board exemplifies this approach and communicates this expectation very clearly on various occasions. Compliance monitors adherence to the rules, and violations will be met with sanctions appropriate to the severity of the violation, the focus always being on talking to the employee concerned. Accidental violations are analysed with regard to their causes and, if necessary, repetitions are prevented through procedural improvements or training.

The Code of Conduct was established by the supervisory board of each bank within the Association of Volksbanks and documents the values of the organisation in its internal and external relations. The Code of Conduct is published on the intranet and internet. The contents of the Code of Conduct are conveyed within the framework of the Compliance training policy.

Human rights

VOLKSBANK WIEN AG (CO) has adopted a policy statement on the protection of human rights and has committed to respect and implement internationally acknowledged human rights and its corporate duty of care. This commitment is based on the principles of the UN Global Compact and of the International Labour Organization. All members of the Managing Board, the Sustainability Committee and the Compliance function are responsible to implement this commitment. Compliance with human rights-related standards is checked regularly, among others through materiality analyses and risk monitoring. Additionally, mandatory training events regarding human rights, compliance and diversity are provided for all employees. Violations can be reported anonymously through a whistleblower system that is continuously reviewed for efficacy.

Representing the Association of Volksbanks in its role as central organisation of the latter, VOLKSBANK WIEN AG joined the United Nations Global Compact (UNGC) in 2018. By committing to the Ten Principles of the UNGC regarding human rights, labour standards, the environment and anti-corruption, the company emphasizes the importance of responsible governance and sustainability within the scope of its business model. The principles regarding human rights, in particular, (Principle 1 and Principle 2) as well as the principles regarding labour standards (Principle 3 to Principle 6) focus on the protection of human rights. As a signatory of the UNGC, the bank has committed to the following principles (among others):

- supporting and respecting the protection of internationally proclaimed human rights within its sphere of influence (Principle 1),
- making sure that it is not complicit in human rights abuses (Principle 2),
- upholding the freedom of association and the effective recognition of the right to collective bargaining (Principle 3),
- eliminating all forms of forced and compulsory labour (Principle 4),
- effectively abolishing child labour (Principle 5),
- eliminating discrimination in respect of employment and occupation (Principle 6).

Hence, the bank emphasizes its commitment to responsible corporate governance and sustainable actions, both within its own operations and throughout the supply chain. In this context, the Code of Conduct is a key instrument obliging all employees and managers to respect human rights and sustainability standards as well as regulating the handling of violations.

The Code of Conduct also addresses key issues such as human trafficking, forced labour and child labour.

The Association of Volksbanks strives to provide for fair, safe and healthy working conditions in line with the Austrian Employee Protection Act and supports the compatibility of professional and private life by offering flexible working time models and preventive measures. The freedom of association and the right to collective bargaining are guaranteed through works council agreements. Diversity, non-discrimination and equal opportunities are firmly anchored in the Diversity Policy. Business relationships that involve forced labour, child labour or human trafficking are excluded.

Employees are actively involved in shaping working conditions. The interests of employees are represented by works councils, who participate in relevant decision-making processes. Through training events, internal communication formats and stakeholder surveys within the scope of the materiality analysis, employees are informed about human rights topics, thus supporting the development of the human rights policy.

Whenever violations against human rights obligations are identified, Compliance and Internal Audit will initiate investigations and implement suitable corrective actions together with the persons concerned. Complaints and whistleblower reports are documented and inform the development of the human rights policy.

See also Chapter 17.3. “Qualitative information on social risks”. Chapter 17.1 Qualitative information on environmental risks lit. a) applies to ESG aspects.

b) *Goals, requirements and upper limits for the short-, medium- and long-term assessment and management of social risks, as well as the measurement of performance based on these goals, requirements and upper limits, including the consideration of forward-looking information in shaping the company's business strategy and processes*

The Association of Volksbanks will not enter into business relationships or financing with industries or in business areas that are in conflict with the fundamental values of the bank. This list of industries and business areas includes, among others, business relationships associated with violations against, for instance, the ban on forced labour or child labour, against the European Convention on Human Rights or against obligations under labour and social law.

The social ESG targets and metrics have been defined and are reported on and controlled by the CO NAKO. They are geared to the customer relationship, to employee satisfaction and diversity.

Chapter 17.1. Qualitative information on environmental risks lit. (b) applies to ESG aspects.

c) *Strategies and processes for the direct and indirect cooperation with new or existing counterparties in relation to their strategies for mitigating and reducing socially harmful activities*

In general, it can be said that VOLKSBANK WIEN AG fulfils its cooperative mission in the region. As the central organisation of the Association of Volksbanks, VBW, or more specifically, since November 2019, the newly established company VB Infrastruktur und Immobilien GmbH, is also in charge of central purchasing for all regional Volksbanks. In this context, the company sets great store by sustainable products, regional suppliers and, if possible, environmental certificates. Due to the fact that most suppliers are Austrian companies, the risk of human rights violations or other social issues is minimal.

Framework conditions for sustainable procurement were entered into a matrix and assessed positively in an Association-wide committee in April 2022. A supplier's sustainability is determined by means of indicators (company headquarters located in Austria, sustainable concepts or certificates of the supplier available, location of production checked, etc.). In May 2022, the rules and regulations included in the appropriate matrices were approved within the Association of Volksbanks. These rules and regulations describe the further procedure depending on the result of the evaluation according to the matrix. In the event that offers are available from equivalent suppliers, the more sustainable supplier will be commissioned. The procurement matrix was successfully applied in 2023.

Based on the guideline on Risk Assessment of Outsourcing, all outsourcing activities of VOLKSBANK WIEN AG are reviewed using a defined standard process. A sustainability check is part of this process. The investigation by sustainability risks covers a wide range of questions (e.g. sustainability principles).

In accordance with the Code of Conduct, in the context of lending, attention is paid to the sustainability of social matters. For this reason, no business is conducted in socially harmful sectors (see also Chapter 17.1. Qualitative information on social risks, lit. b).

Moreover, in order to avoid social risks as well as governance risks, certain processes are applied to investments in the banking book (see paragraph on Investment strategy).

Details on the strategies and procedures regarding customer relationship, employee satisfaction and diversity of VOLKSBANK WIEN AG are contained in the Sustainability Report in Chapter S1 SBM-3 and S4 SBM-3.

17.2 Corporate governance

CRR Art 449a in conjunction with Art 435

Qualitative information on environmental risks

e) *Responsibilities of the management body with a view to defining the risk framework, the monitoring and control of target implementation, strategies and measures associated with environmental risk management in relation to relevant transmission channels*

Based on the sustainability strategy, the Managing Board has overall responsibility for implementing ESG aspects in internal governance structures, in the risk management framework and in relevant guidelines of the Association of Volksbanks, which are subject to regular review. The entire Managing Board is responsible for defining roles and competencies for managing sustainability risks within the three lines of defence of the business organisation and to ensure a clear assignment of tasks and duties. In this context, reporting lines and the responsibilities of individual functions must be clearly defined and delimitated. The requirement of integrating sustainability topics into all areas falling within the sphere of competence of the CO under section 30a of the Austrian Banking Act results in the necessity of control requirements being defined by the CO. As part of its monitoring of the entire Managing Board, the Supervisory Board of VOLKSBANK WIEN AG checks whether the latter takes comprehensive account of the principles of sustainability (ESG criteria) in managing the company. Topics from the NAKO are regularly reported to the Supervisory Board, and via the Sustainability Officers in the Volksbanks also to the supervisory boards of the primary banks.

The consideration of sustainability aspects was anchored in the rules of procedure of the Managing Board and the rules of procedure of the Supervisory Board. Members of the Supervisory Board and of the Managing Board regularly attend Fit and Proper training events that also deal with sustainability topics. Steering and control activities by the Managing Board are based on sustainability goals.

The Sustainability Report contains all measures and goals implemented as well as an outlook on further plans with regard to the material topics of the Association of Volksbanks. In financial year 2025, a sustainability statement under ESRS was prepared at the level of the Association of Volksbanks, and a (consolidated) non-financial statement for VOLKSBANK WIEN AG, both in accordance with the Sustainability and Diversity Improvement Act (NaDiVeg).

f) *Consideration of the short-, medium- and long-term effects of environmental factors and risks by the management body, organisational structure both within the divisions and within the internal control functions*

The Association of Volksbanks aims to make its sustainability strategy measurable and controllable and to take account of major sustainability risks by using ESG KPIs and KRIs. The Association of Volksbanks has determined a set of ESG KPIs that covers the three ESG aspects and is relevant for controlling the ESG goals of the credit institution group. These KPIs have been implemented for the major part and are reported on in the CO NAKO on a current basis; the latter is also responsible for steering these efforts; *see Chapter 17.1b) Goals, requirements and upper limits*.

Within the Association of Volksbanks, sustainability risks are not considered as a separate risk type, but are mapped within the existing risk types and accordingly are embedded in the existing organisational structure as an integral part of bank management and of the risk framework.

See also Chapter 17.2. Qualitative information on environmental risks, lit. e).

g) Integration of measures to manage environmental factors and risks into the internal governance rules, including the role of the committees, the allocation of tasks and responsibilities, and the feedback loop from Risk Management to the management body that covers the relevant transmission channels

The steering, coordination and monitoring of key sustainability issues is carried out by the bi-monthly Sustainability Committee of the CO (CO NAKO). The CO NAKO is a decision-making body of the entire Managing Board and serves to advise on and monitor all sustainability-related issues, ensuring that decisions are in line with the sustainability strategy and sustainability goals. The CO NAKO provides the Managing Board with a holistic view of sustainability-related topics for the Association of Volksbanks. The responsibilities include both subject areas of VOLKSBANK WIEN AG and matters concerning the entire Association of Volksbanks. All members of the Managing Board of VBW, the Sustainability Officer and the division managers defined in the rules of procedure of the CO NAKO are members of the CO NAKO. In the CO NAKO, the division managers report to the Managing Board on an ad hoc basis.

According to the governance of the Association, the entire Managing Board of VOLKSBANK WIEN AG has ultimate responsibility, within the scope of its function, for implementing sustainability aspects in internal governance structures, in the risk management framework and in relevant guidelines, which are reviewed regularly. The Supervisory Board is committed to sustainability in all areas of the company and, as part of its monitoring of the entire Managing Board, checks whether the latter takes comprehensive account of the principles of sustainability in its management of the company.

The consideration of sustainability aspects is anchored in the rules of procedure of the Managing Board and the Supervisory Board. Members of the Supervisory Board and the Managing Board regularly attend Fit and Proper training events on sustainability to make sure they have sufficient technical knowledge and skills for the management of sustainability aspects. The training courses cover the current regulatory requirements on sustainability and their implementation within the Association of Volksbanks. The Sustainability Officer is the contact person for sustainability in the Association of Volksbanks and coordinates cross-divisional implementation as well as regulatory requirements.

See also Chapter 17.2. Qualitative information on environmental risks, lit. e)

h) Reporting lines and frequency of reporting in relation to environmental risks

As ESG risks are mapped within existing risk types, reporting in connection with ESG risks takes place in the Risk Committee. For details regarding risk reporting, please refer to Chapter 2 Risk management and governance (in the CRR Disclosure as at 31.12.2025).

See also the information on the NAKO and on internal reporting, Chapter 2. Qualitative information on environmental risks, lit. e)

i) Alignment of the remuneration policy with the goals of the institution in connection with environmental risks

The remuneration policy of the Association of Volksbanks and its incentive systems rely on profitability, sustainability and other drivers of sustainable business, taking special account of risk, capital cost, and efficiency. They are geared to the future and designed to be in line with the performance outcomes of the Association and of the respective credit institution. The incentive systems take into account the sustainability goals of the Association, they are compatible with the risk strategy and with the Risk Appetite Framework, and they do not provide any incentives for taking excessive risks, incl. environmental risks.

1) Integration of sustainability into performance management

Integration was resolved upon in General Instruction 15.0 by the Remuneration Committee in March 2025.

The integration of sustainability goals into the performance management of managing board members and senior management of the Association of Volksbanks is decisive to ensure that sustainability is implemented as a key component of the business strategy. This is to ensure that the strategic orientation of the Association of Volksbanks leads to sustainable development.

The performance management of managing board members and senior management complements the existing model of employee profit sharing that applies to all employees within the Association – except for managing board members. The disbursement of the profit share is coupled with achieving the company’s targets, including specific sustainability goals (see working instruction of the Association on remuneration policy). While managing board members do not participate in employee profit sharing, senior management is included in the model.

2) Embedding sustainability in the company’s strategy and integration into business development

The higher mission and vision of the Association of Volksbanks include sustainability as a central pillar of long-term business strategy. Moreover, the sustainability goals are an integral part of business development, decisively influencing the product strategy and market positioning of the Association of Volksbanks. Sustainability goals are coupled with business development on several levels:

- Product development: Providing a sustainable product range.
- Customer strategy: Using the company’s sustainability positioning to boost market presence, to target new customer groups and to improve customer loyalty.
- Partnerships & innovation: Cooperation with external partners to develop innovative solutions for sustainable financing.

Concrete strategic goals can be derived from the business strategy that contribute to promoting sustainable finance:

- Promotion of sustainable financing and securities, and of a sustainable investment strategy by developing and offering ESG products.
- Minimising environmental effects by reducing carbon emissions and improving energy efficiency.
- Preservation of the diversity of species through the strategic orientation of the bank with a view to protecting biodiversity.
- Strengthening customer orientation through optimised customer service and targeted offers in financing and consultancy.
- Increasing employee satisfaction and loyalty.
- Promoting diversity and inclusion, in particular by increasing the proportion of female executives.
- Promoting the cooperative dividend cycle by supporting economic projects and linking sustainable activities in the region.

These strategic goals form the basis of sustainability-related performance indicators that are recorded within the scope of performance management for managing board members and senior management of the Association of Volksbanks. The current sustainability goals are documented in the business strategy of the Association and the sustainability strategy of the Association and controlled in the Sustainability Committee.

2) Reporting structure

Based on the business strategy, concrete sustainability goals have been defined, which can be measured and verified (see information on goals above).

The achievement of the sustainability goals is systematically reported on in various boards or committees to ensure transparency and regular control:

Committee	Frequency	Topics
Sustainability Committee (Nachhaltigkeitskomitee, NAKO)	Every 2 months	ESG KPIs, progress in achieving sustainability goals
Supervisory Board	Every meeting	Mandatory ESG KPIs, sustainability topics (one focus topic per meeting), sustainability reporting
General Meeting	Annually	Sustainability report including sustainability goals
Regional NAKOs and regional Supervisory Board meetings	Regularly according to rules of procedure	ESG KPIs and sustainability goals at the regional level
Meetings with sustainability officers of Volksbanks	Monthly	Progress of ESG KPIs and sustainability goals at the Association level
Meetings with sustainability ambassadors of all departments of VBW	Monthly	Progress of ESG KPIs and sustainability goals
Risk Committee	Monthly	ESG heatmaps and ESG scoring, quantification, decarbonization

3) Coupling of sustainability goals with performance management

The achievement of the sustainability goals is systematically integrated into performance management. Clearly defined sustainability goals are set for each managing board member and each executive in senior management, and these are documented as an integral part of annual performance assessment. The performance assessment of managing board members is effected by the supervisory board of the respective Volksbank, that of senior management by the responsible managing board member.

This is done in the following way:

a) **Goal setting and responsibility:** Each managing board member is given individual sustainability goals that are in line with the strategic priorities of the Association and/or the respective Volksbank.

b) **Regular reporting:** Regular evaluation of progress through internal reports to the sustainability committee and the supervisory board.

c) **Documentation in performance management tool or similar:** All relevant KPIs and measures are systematically integrated into the SAP Performance Management Tool (Goals & Objectives) or any similar in-house system and documented for each responsible person.

d) **Feedback and improvement process:** Based on the KPI results, annual target discussions will be held to analyse the progress made and to modify target achievement measures, if necessary.

4) Accountability for achieving the sustainability goals

Even without variable remuneration, accountability for achieving the sustainability goals is ensured through clear control mechanisms, regular reporting and embedding these mechanisms within the strategy.

a) **Integration into performance assessment**
   - Sustainability goals are an integral part of annual performance assessments of managing board members and senior management.
   - Senior management is evaluated in appraisal interviews, while managing board members discuss their target achievement in annual financial statements and follow-up interviews.
   - The results are transparently documented in annual reports.

b) **Monitoring by the Supervisory Board:** The Supervisory Board of VOLKSBANK WIEN AG and the crieter of the Volksbanks monitor the implementation of sustainability goals and request regular progress reports. If necessary, measures will be initiated to ensure target achievement.

c) **Transparency and public reporting:** The progress made in terms of sustainability goals is published annually in the Sustainability Report with a view to transparently presenting successes and challenges to stakeholders.

d) **Stakeholder engagement:** Regular communication with investors, customers and other stakeholder groups ensures that sustainability goals are actively taken into account in the business strategy and that evidence is provided of the progress made.

e) **Long-term embedding of sustainability in the company's strategy:** The sustainability goals are an integral component of the company's long-term business strategy, and they influence the performance, reputation and market position of the Association of Volksbanks.

f) **Mandatory regular reporting:** Managing board members are obliged to report to the supervisory board as well as internal committees and boards on a regular basis to make the progress and challenges in implementing sustainability goals transparent and to promote a sustainable corporate culture.

These measures ensure effective control and monitoring of sustainability goals within the Association of Volksbanks.

As the central organisation, VOLKSBANK WIEN AG develops and implements strategies that have a long-term positive impact on the economy, the environment and on society. By integrating sustainability indicators in the remuneration system and performance management of managing board members and senior management and through the close link between remuneration and these goals and the relevant performance, the company makes sure that the Association of Volksbanks strives to make a positive contribution to overcoming global challenges and promoting sustainable development.

Qualitative information on social risks

d) *Responsibilities of the management body with a view to defining the risk framework, the monitoring and control of target implementation, strategies and measures associated with the management of social risks in relation to the approaches of the counterparties in the following areas:*

The information on responsibilities, goal setting, monitoring, administration, strategy, and risk management contained in Chapters 17.1. and 17.2. Qualitative information on environmental risks, lit. e) applies to all ESG aspects.

(i) Activities oriented towards society and the community

Assuming responsibility and making a contribution to the common welfare is an integral part of the vision of the Association of Volksbanks, not least due to its cooperative structure. The cooperative mission is to promote its members. Social and arts facilities as well as sports associations are supported in a spirit of partnership. The focus here is on long-term, integral concepts and mutual learning from each other. The basic criteria for determining whether a cooperation is suitable and relevant for the Association of Volksbanks are precisely defined and were laid down in guidelines for regional and sustainable sponsorships. One essential aspect of the sustainability policy of the Association of Volksbanks is to support sports, cultural and social/charitable activities, thus making an important contribution to society at large. Sports and athletics play an extremely important role within society. The Association of Volksbanks focuses on providing children and young people with opportunities to obtain financial education and to do sports.

One of the sustainability goals of the Association of Volksbanks is to promote regional projects through the cooperative dividend cycle and to build a sustainability hub to interconnect sustainable activities. One of the measures defined to strengthen the cooperatives is to win even more customers as members by actively selling shares in cooperatives and making them join the owners' club of the holding cooperatives of the Association of Volksbanks through co-ownership, thus fulfilling the function of sustainability hub in the region. A relevant ESG KPI in line with the logic of the other ESG KPIs is being worked out and meant to be defined in 2026.

(ii) Employer/employee relations and labour standards

The Association of Volksbanks builds on a relationship based on trust – because when it comes to banking, mutual trust has been a bond with customers for many years. The same is also very important to the Association of Volksbanks as an employer in the relationship with its employees. That is why the Association relies on mutual trust through partnership.

As a central element of the HR strategy, a promise to employees was formulated by the managing boards of the primary banks, which is supported by the employer values and the strategic HR guiding principles, addressing the challenges and opportunities arising from the current environment: "As a modern and customer-oriented regional bank, we promise you performance-based remuneration with flexible working models in a corporate culture based on trust. Within the scope of our sustainable business model, we offer meaningful work that we support through top-level training and development opportunities."

Employees represent and combine the company's authentic employer values – encounters at eye level, the courage to get involved, and making the company 'fit for the future through flexibility' – by working together. Behind all three employer values is a value commitment that the individual primary banks make vis-à-vis their employees. This value commitment has become an integral part of the value framework practiced within the Association of Volksbanks, helping the primary banks to improve as employers. As part of the organisation's positioning as an attractive employer, great importance is attached to training and education, flexible working hours, equal rights, recognition, innovation, and self-fulfilment. The Association of Volksbanks is building on this, because this is how Volksbank will remain fit for the future and sustainably successful.

For years, the Association of Volksbanks has been committed to a fair and positive working environment for all employees, with a strong focus on diversity and inclusion. First and foremost, all employees are valued and treated equally. The aim of "living diversity" is to create an organisational culture where no one is disadvantaged and everyone is able to develop and unfold their potentials. This increases productivity, motivation and social skills and brings sustainable success to the company and all employees. In the Code of Conduct, to which all employees are bound, the Association of Volksbanks states that it expressly respects human rights and rejects any form of discrimination.

For the Association of Volksbanks, further training is an essential component of HR development and employee retention in order to ensure and develop the knowledge and skills of the employees required to implement the "relationship bank of the future" strategy throughout the Association. In this context, the services of Volksbank's own academy (Volksbank Akademie) are used, which provides needs-based training courses with optimal coordination between executives, technical experts and HR management.

The Association of Volksbanks relies on mutual trust through partnership. This includes listening to, and systematically using, employee feedback to develop the organisation and executives. This is operationalised in the form of employee surveys and appraisal interviews.

The Association of Volksbanks is proud of its executives and employees, who contribute a high degree of professionalism as well as technical, interdisciplinary and social skills. In order to be able to guarantee and develop these resources in the long term, an annual appraisal interview is held between supervisors and employees. The aim is to look back on the past period, to reflect on the joint successes, learnings and areas of development, and to define and plan further joint goals.

In order to ensure equal rights, the Association of Volksbanks primarily implements measures for the advancement of women with a view to equal opportunities. The overriding goal of cross-company measures for the advancement of women is to reduce or prevent the underrepresentation of women in senior positions. The proportion of women in managerial positions is meant to increase steadily to achieve equal participation in decision-making and responsibility.

The Association of Volksbanks is convinced that the compatibility of professional and private life is decisive for the quality of life and the health of its employees. HR management sets itself the strategic goal of making this possible. A healthy and successful work-life balance is meant to be facilitated by flexible working hours and workplace models.

Within the framework of operational safety, a working instruction has been drawn up that contains the main tasks and obligations arising from the Austrian Industrial Safety Act (ArbeitnehmerInnenschutzgesetz; ASchG) for the Association of Volksbanks. According to the ASchG, employers are obliged to ensure the safety and health of employees with regard to all work-related aspects. Employees are obliged to comply with applicable protective measures and to follow the employer's instructions. The implementation of the ASchG within the Association of Volksbanks as well as compliance with or observance of the provisions of other laws such as the Austrian Workplace Ordinance (AStV) are described in an internal working instruction. Furthermore, all required documents must be made available digitally at every workplace. Each retail branch is responsible for updating these documents, and at the headquarters, this is done by the safety officer.

Details regarding the Association of Volksbanks are also contained in the sustainability statement in Chapter S1 "Own workforce". www.volksbank.at/nachhaltigkeit

(iii) Protection of customers and product responsibility

Following the introduction of the sustainability preference query in 2022, account managers are obliged to ask their customers about their wishes in terms of sustainability during their personal consultations. Based on the customers' goals and wishes regarding sustainability, account managers must not recommend any product unless it is in line with the customers' sustainability preferences. A committee of experienced investment specialists from the Association of Volksbanks develops and decides on product proposals from the area of investment funds and certificates. The product proposals are reviewed in the course of the investment process with regard to sales approval, tax transparency and MiFID regulations, as every MiFID-II-relevant product actively offered to a customer in the Association of Volksbanks has to pass a product approval procedure to be documented in advance. However, a successfully tested product may only be included in the product range (Volksbank master list) if it is in line with the business strategy of the Association of Volksbanks.

As regards responsible corporate behaviour with a focus on human rights, a number of guidelines have been established across the Association. Throughout the Association of Volksbanks, the "Data Protection Manual" on data protection (a human right) applies as a uniform guideline and was approved by the Managing Board. Additionally, data protection management has been implemented in all primary banks.

Details regarding the protection of customers and product responsibility within the Association of Volksbanks are contained in the sustainability statement in Chapter S4 "Consumers and end users".

VOLKSBANK WIEN AG (as central organisation) focusses its actions on the needs and the confidence of its customers. A policy statement "on offering responsible and sustainable products", published on the website of VOLKSBANK WIEN

AG, constitutes the framework for responsible consultancy as well as the careful dealing with financing and investment products. Clearly defined internal processes and contacts help to receive and process concerns and requests and to continuously implement improvements in the customers' interests.

Financial literacy

With its financial literacy programme for young people, Volksbank Akademie follows a clear strategic approach: Financial education is positioned as a key future-oriented life skill empowering adolescents to manage money independently and responsibly right from the start. The focus is on continuous skills development in the age group 10 to 19 years, combined with a highly practical approach. Instead of conveying only theoretical knowledge, the programme offers interactive workshops, based on real-life situations, and personal instruction by experts from practice. At the same time, wide access is ensured by providing the training free of charge at schools throughout Austria, consistently implementing the educational mission of the cooperative.
The programme includes more than 15 modular workshop formats covering the entire financial reality of young people – from their very first experiences with money and consumption through to investment, debt prevention or starting a career. This is complemented by structured programmes like the money licence (3 modules) and the stock exchange licence with several weeks of practice. Each workshop takes some 90 minutes and usually reaches 20 to 30 pupils, enabling scalable implementation within class. In terms of content, the programme covers all relevant dimensions of modern financial education – including digital forms of payment and consumption management – thus systematically contributing to financial resilience and economic participation of the next generation.

(iv) Human rights

The Code of Conduct explicitly states that the Association of Volksbanks respects human rights and opposes child labour. This commitment is supplemented by the "Policy Statement of the Managing Board of VOLKSBANK WIEN AG on the Protection of Human Rights", which is published on the homepage of VOLKSBANK WIEN AG. Furthermore, the Code of Conduct states that any form of discrimination will not be tolerated. Volksbank values the dignity of human beings, their rights and their privacy. Therefore, VBW has joined the UN Global Compact and supports its ten principles in the area of human rights, among others. To ensure compliance with human rights in the company's core business, for example, industries and business areas have been defined where the bank will not enter into business relationships. In addition, employee training events have been carried out, and care is taken to ensure that business partners comply with human rights.

See also the Chapter Qualitative information on social risks, as well as the policy statement on the protection of human rights ("Human Rights Policy") of VOLKSBANK WIEN AG: www.volksbank.at/nachhaltigkeit.

e) *Integration of measures to manage social factors and risks into the internal governance rules, including the role of the committees, the allocation of tasks and responsibilities, and the feedback loop from Risk Management to the management body*

See chapter 17.1 Qualitative information on environmental risks as well as chapter 17.2 Qualitative information on environmental risks, lit. e) and g); the information applies to ESG aspects.

f) *Reporting lines and frequency of reporting in relation to social risks*

See chapter 17.2 Qualitative information on environmental risks, lit. h); the information applies to ESG aspects.

g) *Alignment of the remuneration policy with the goals of the institution in connection with social risks*

Within the scope of aligning our remuneration policy with the goals of the Association of Volksbanks, especially with a view to social risks, we consider a fair and balanced remuneration to be very important. This includes both a reasonable fixed and also variable remuneration that is in line with our sustainable cooperative business model. Additionally, various sustainability factors are taken into account to achieve sustainable goals and to promote long-term value creation within the Association of Volksbanks. These sustainability factors include the following:

Compliance with labour law standards: We are committed to strictly comply with all applicable labour law provisions, thus ensuring the protection of our employees' rights.

Occupational health and safety: The protection of the health and safety of our employees is a top priority for us. We strive to provide a safe working environment and take initiatives to promote the well-being of our employees.

Appropriate remuneration: Our remuneration policy provides for both fixed and variable remuneration components matching the sustainable cooperative business model and promoting the long-term stability of the credit institution.

Fair working conditions, diversity, as well as training and further education: We lay great store by fair working conditions, and we actively promote diversity among our staff. Additionally, we support our employees on their career journey by offering targeted education and further training.

Fighting inequality: We are committed to oppose any form of inequality, and we promote equal opportunities within our association.

Encouraging social cohesion: Strengthening social cohesion among employees and beyond is one of the central concerns of our remuneration policy.

These factors essentially contribute to supporting the sustainability goals and to creating added value within the Association of Volksbanks in the long term.

Qualitative information on governance risks

a) *Integration of the efficiency of counterparties in corporate governance terms into the governance rules of the institution, including the committees of the top management body and the committees responsible for making decisions in economic, environmental and social matters*

Suppliers and customers are material counterparties in the value chain of the Association of Volksbanks. Based on "exclusion criteria", the Association of Volksbanks has defined undesired industry sectors where no business relationship will be established, and takes account of "governance risks" in retail banking in the form of a soft facts ESG score. The counterparty's performance (decision-making, monitoring and control processes of the counterparty at all levels) in terms of corporate governance is not directly considered, but exclusion criteria may lead to the business relationship being terminated or not started at all.

b) *Integration of the role of the top management body of the counterparty into the reporting of the institution on non-financial information*

The role of the top management body or the materiality analysis of the counterparty are not directly included in the reporting of the institution on non-financial information.

c) *Integration of the efficiency of counterparties in corporate governance terms into the governance rules of the institution, including the following aspects:*

(i) Ethical considerations

The Code of Conduct documents the values of VOLKSBANK WIEN AG in its internal and external relations (publication on the intranet and internet). To implement the principles anchored therein and to support the bank's employees in avoiding mistakes and in strengthening the trust of customers and business partners in VBW, accompanying measures have been implemented, among others:

- a clear organisational structure with defined responsibilities,
- structured written rules,
- target group-oriented training with practical examples,
- annual appraisal interviews,
- specialised staff in the Compliance function,
- a stringent complaints procedure, and
- transparent and consistent sanction processes.

VOLKSBANK WIEN AG reserves the right not to enter into business relationships or financing transactions with industries or in business areas that contradict the bank's fundamental values. This list of industries and business areas includes, among others, business relationships related to the following topics:

- Forced labour or child labour
- Violations against the European Convention on Human Rights, or of obligations under social and labour law
- Corruption
- Violations against environmental protection in general (environmental hazards, intentional violation of environmental protection regulations, increased contamination, etc.)
- Animal testing
- Ownership and operation of nuclear power plants or operation of final disposal sites for nuclear waste
- Mining of coal or operation of coal-fired power plants
- Arms deals
- Particularly controversial forms of gambling

Undesired branches of industry and business areas are evaluated continuously and adjusted if necessary.

(ii) Strategy and risk management

Based on the General Instruction on the Risk Assessment of Outsourcing Activities, all outsourcing activities of the Association of Volksbanks are reviewed using a defined standard process. A sustainability check is part of this process. Checking for sustainability risks covers a wide range of issues, e.g. whether the service provider endangers the environment and/or biodiversity, is heavily dependent on resources such as coal, gas, oil, water, etc. or has established sustainability principles.

The Association of Volksbanks has comprehensively integrated ESG risks into its risk framework and created corresponding framework conditions *(for details see Chapter 17.3 Risk management).*

(iii) Inclusivity

Based on the General Instruction on the Risk Assessment of Outsourcing Activities, all outsourcing activities of the Association of Volksbanks are reviewed using a defined standard process. A sustainability check is part of this process. The investigation by sustainability risks covers a wide range of questions, e.g. whether the service provider has established sustainability principles.

Within the scope of the lending process, the soft facts of the ESG score include aspects regarding employees and consumers as well as ethical standards (ESG, supply chain). *See the information on the ESG score (Chapter 17.3 Qualitative information on environmental risks, lit. l), Risk identification).*

(iv) Transparency

The soft facts of the ESG score comprise all three risk aspects (Environmental, Social and Governance). Moreover, certain aspects regarding corporate governance are taken into account in the soft facts of the rating models applied. This creates transparency.

The General Instruction on the Risk Assessment of Outsourcing Activities creates transparency and public reporting: The progress made in terms of sustainability goals is published annually in the Sustainability Report with a view to transparently presenting successes and challenges to stakeholders.
The strategic goal of one of the ten sustainability goals of the Association of Volksbanks is “transparency regarding sustainable activities within the Association”. The KPI defined for this purpose focusses on the proportion of timely and complete ESG reports and disclosures (Sustainability Report, ESG ad hoc report ...).

(v) Management of conflicts of interest

The Supervisory Board has implemented the Code of Conduct, which stipulates that the bank ensures that conflicts of interest are identified and mitigated. In operational terms, this requirement is implemented in the General Instruction on Compliance and in the corresponding working instruction of the Association. In addition, the executive bodies have their own “Policy for dealing with conflicts of interest”. Conflicts of interest are reported in regular compliance reports; the Supervisory Board, which includes representatives of the works council, also receives these reports. Reports are submitted to the Supervisory Board at least once a year and to the Managing Board on a quarterly basis.

(vi) Internal communication regarding critical matters

See explanations regarding Qualitative information on governance risks (iv)

The soft facts questionnaire includes aspects regarding ethical standards (ESG, supply chain and internal governance).

See the information on the ESG score (Chapter 17.3 Qualitative information on environmental risks, lit. l), Risk identification).

The main product partners of the Association are domiciled in Austria and Germany and hence are subject to the strict requirements applicable to companies under EU regulations.

See also chapter 17.1 Qualitative information on social risks, lit. c).

17.3 Risk management

CRR Art 449a taking account of Art 435 CRR

Qualitative information on environmental risks

j) Integration of short-, medium- and long-term effects of environmental factors and risks into the risk framework

The Association of Volksbanks has comprehensively integrated ESG risks into its risk framework and created corresponding framework conditions. For example, the Risk Appetite Framework (RAF) for the Association of Volksbanks has been developed further and explicitly takes ESG risks into account in its specifications.

- Central control of ESG risks by the Risk Management function
- Involvement of the Managing Board with a view to identifying and managing ESG risks
- Quarterly reporting to the Supervisory Board about progress in terms of integrating ESG risks
- Application of high regulatory standards as an ECB-audited institution

- Standardised identification and materiality assessment of ESG risks within the scope of the risk inventory process
- Calculation of ESG-related scenarios in the internal stress test, among others: explicit climate and environmental risk scenario as well as sensitivity analyses with respect to material ESG risk drivers
- Consideration of ESG aspects in the course of the new product process
- Assessment of outsourcing risks extended by ESG aspects
- Reflection of the findings from the internal stress test and risk inventory in the risk strategy of the Association
- Quantification of ESG risks in the risk-bearing capacity calculation
- Consideration of ESG risks within the scope of the lending and monitoring processes
- Integration of ESG KRIs into the Risk Appetite Statement and regular risk reporting

On the one hand, the risk strategy of the Association maps ESG risks via a specially formulated sub-risk strategy; on the other hand, important findings from the risk identification and assessment process are described in the sub-risk strategies for existing risk types. The sub-risk strategy for ESG risks was determined at the level of the Association and is applied to all affiliated banks as part of the local risk strategies.

Details on the RAF and the risk strategy are included in Chapter 2 Risk management and governance (in the CRR Disclosure as at 31.12.2025).

k) *Definitions, methods and international standards that the framework for environmental risk management is based on*

Environmental, social and governance risks (ESG risks) refer to operational risk events or conditions affecting the climate, the environment, social affairs or corporate governance, the occurrence of which could have an actual or potential negative impact on the value of assets or on the net assets, financial position and results of operations, as well as the reputation of the Association of Volksbanks. ESG risks arise because climate, environmental, social and governance matters (ESG factors) may affect counterparties, customers and other contractual partners of the Association of Volksbanks. ESG risks comprise the following sub-risk categories:

Climate and environmental risks are the risks arising from exposures of the Association of Volksbanks to counterparties, customers and other contractual partners that may contribute to or be affected by climate change or other forms of environmental degradation. Climate and environmental risks can manifest themselves in physical risks or transitory risks. Physical risks arise as a result of changing climatic and/or environmental conditions. Transitory risks arise as a result of the adjustment process toward a lower-carbon and more environmentally sustainable economy.

Social risks are risks arising from exposures of the Association of Volksbanks to counterparties, customers and other contractual partners that are negatively impacted by the neglect of social aspects.

Risks in the area of corporate governance are risks arising from exposures of the Association of Volksbanks to counterparties, customers and other contractual partners that are negatively impacted by the neglect of appropriate corporate governance.

Within the Association of Volksbanks, ESG risks are not considered as a separate risk type, but are mapped within the existing risk types.

In the spring of 2023, VOLKSBANK WIEN AG, representing the Association of Volksbanks, joined the TCFD to emphasize the importance of sustainability- and climate-related risks and opportunities. A TCFD GAP analysis was performed, involving all relevant specialist departments. Reporting in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) focusses on risks and opportunities arising from the consequences of climate change. Companies should describe these risks and opportunities and how to deal with them in more detail, thereby helping to strengthen the resilience of companies and financial market stability as a whole. In the reports and also in the present document, the missing information on the TCFD was and is continuously supplemented and disclosed.

As regards the requirements of various stakeholders in terms of transparency and disclosure (supervisory authority, rating agencies, auditors, customers, etc.), we are in the process of joining the following initiatives and standards, in particular:

- PCAF (= Partnership for Carbon Accounting Financials): standardised method to measure carbon emissions (= basis for managing climate risks)
- SBTi (= Science Based Targets Initiative): initiative aiming at the definition of scientifically sound climate targets

l) Process for identifying, measuring and monitoring activities and exposures (and collaterals, if any) susceptible to environmental risks, including relevant transmission channels

Risk identification

The Association of Volksbanks basically considers ESG risks as material. Therefore, ESG risks are regularly identified and measured by way of ESG materiality assessments (MA).

In the materiality assessment, different scenarios as well as the following time horizons are considered:

- the short-term horizon comprises one year,
- the medium-term horizon extends from one to five years, and
- the long-term horizon extends beyond five years and covers at least ten years.

The materiality assessment is a key identification instrument in the process of internal capital adequacy assessment (ICAAP) to systematically measure potential effects of ESG risks on the risk-bearing capacity of the Association of Volksbanks. It is part of the annual risk inventory process and serves to identify ESG-related factors that may have a material impact on the risk categories of the Association of Volksbanks (especially in relation to credit, market, liquidity and operational risk). In this context, ESG-related risk drivers are checked for their potential impact on the net assets, results of operations and liquidity of the Association of Volksbanks, and possible transmission channels are identified that may directly affect the economy and the Association. The complete list of risk drivers is derived from regulatory requirements and the business model of the Association of Volksbanks. Risk is considered from a gross perspective (before any mitigation measures). The analysis is effected in close coordination with the business environment analysis (BEA). While the BEA identifies ESG-relevant developments in the market and business environment at the strategic level, the materiality assessment quantifies the financial effects of these topics in line with clearly defined quantitative relevance and materiality criteria. This is to ensure that external ESG developments are consistently reconciled with regulations, technologies and market sentiments in internal risk management. The financial materiality thresholds corresponds to risk inventory thresholds and are derived from CET1 depending on the probability of occurrence of the operational risk event per risk driver and per type of risk. The results of the materiality assessment and the findings of the BEA provide the basis for the outside-in perspective within the scope of the financial materiality analysis of the double materiality analysis.

For assessing the risks associated with ESG factors at the level of the individual borrower, an ESG scoring system is applied to Corporate and Real Estate customers depending on credit exposure. By means of the assessment of soft facts by account managers, the risks associated with ESG factors as well as the risk-mitigating measures taken by the customers are evaluated in the context of an ESG score. The soft facts, which are tailored to the customer segments, cover all three risk aspects (environmental, social and governance).

The questions regarding soft facts to be assessed in the ESG score form the basis of the sustainability interview with customers and are subsequently used for the assessment of relevant ESG factors in lending. In this way, potential risks such as high carbon emissions, energy efficiencies or physical climate risks are taken into account in credit decisions and

in current credit monitoring. A special focus here is on evaluating customers in carbon-intensive sectors. Carbon-intensive sectors are defined on the basis of the ESG heat map.
The ESG score is designed to take into account both industry risks (results from the ESG heat map) and customer awareness and actions in relation to ESG factors. In quantitative terms, the additional assessment of customer-specific soft facts (evaluation of qualitative information), in addition to industry-specific ones, results in an ESG score, which is subsequently used to classify ESG risks.

The extension of the ESG score by a quantitative data survey for customers in carbon-intensive sectors with exposures exceeding euro 3 million, a more thorough integration of the data into the rating, as well as the introduction of a traffic light system for the early identification of risks were implemented by the end of 2025.
The customer rating must be adjusted on the basis of the ESC score characteristics of certain soft facts in the ESG score, in order to properly reflect the risk. In this context, the selection of the best possible options in the soft facts of the customer rating or the selection of a warning must be considered.
The ESG score itself does not directly form the basis for a credit decision; rather, individual risks (such as improvements to reduce carbon emissions or investments to increase energy efficiency) must be taken into account on a customer-specific basis. If quantitative data of the customer are available, the customer can be assessed more objectively (the targets set and measures taken by the customer can be assessed more thoroughly on the basis of quantitative data, and future costs estimated more precisely).

An assessment of the risks associated with ESG factors takes place on the basis of a traffic light system within the scope of the lending and monitoring processes. In case of customers with burdens or risk aspects, the extent to which costs/expenses will be incurred for the customer's transformation needs to be explored. For instance, higher capital expenses or potential risks due to measures not being taken must be taken into account in analysing the customer's repayment ability or in sensitivity analyses, just as the effects on the future profitability and the business model of the customer.
Furthermore, if a financed property is located in a hazard zone (e.g., flooding, avalanche danger, landslides), this issue needs to be addressed. As it may be assumed that there is insufficient insurance cover for properties in hazard zones, an assessment must be made as to whether there are reserves in the customer's financial position to cover any losses.

Climate and environmental risks are examined as part of the valuation of commercial and residential properties. This is done by examining environmental impacts (noise, flooding, hazard zones), energy efficiency, and use of fossil fuels. For this purpose, climate and environmental influences (noise, flooding, hazard zones), energy efficiency (energy certificate, year of construction, year of refurbishment) and the use of fossil fuels (oil, gas) are documented and incorporated into the assessment. If a real property is located within the sphere of any climate or environmental hazard, the assessment must indicate if this fact is relevant in terms of value and if a corresponding impairment must be recognised.

Risk measurement

Within the Association of Volksbanks, ESG risks are mapped in existing risk types (e.g., credit, market and operational risk). The management of ESG risks is therefore carried out using existing risk types and is being driven forward by successively expanding the quantification methods and the related data basis and enriching them with new findings.

Quantification of ESG risks through credit risk

The assumptions regarding expected losses are still considered to be reasonable. Verification takes place within the scope of the regular annual assessment of new risks during post-model adjustments, taking account of qualitative and quantitative threshold-based criteria.

Overall economic uncertainties arising from ESG risks (e.g., CO2 pricing, increasing physical risks and compliance costs) may also systematically influence the economic valuation and hence are measured as part of unexpected losses. In quantifying ESG risks, an ESG credit spread premium (exceeding the currently used credit spreads) is calibrated, and differentiated by rating level, customer segment and maturity. The derivation is based on the development of material macroeconomic variables (esp. GDP growth) in different NGFS scenarios, in each case by comparison with the baseline scenario for medium-term planning. The ESG credit spread premium leads to an additional impairment loss in case of rating migrations for the performing portfolio of the bank.

Quantification of ESG risks in operational risk

Within the scope of the annual analysis of operational risk, various negative scenarios, triggered by ESG risk drivers among others, are considered. These scenarios are classified in terms of any relation to ESG risks, for longer-term ESG risk trends to be subsequently derived therefrom. These scenarios, among others, are used to quantify the economic perspective.

Risk monitoring

The ESG score is updated once a year within the scope of the annual credit monitoring. By analogy with lending, in case of customers with burdens or risk aspects, the monitoring process needs to explore the extent to which costs/expenses will be incurred for the customer's transformation. For instance, higher capital expenses or potential risks due to measures not being taken must be taken into account in analysing the customer's repayment ability or in sensitivity analyses, just as the effects on the future profitability and the business model of the customer.

In the course of a regular industry analysis based on external, macroeconomic as well as internal (within the Association) and ESG factors, branches of industry associated with higher risks are identified, and measures are taken if necessary.

For the purpose of identifying those sectors and economic activities that have a greater negative impact on the financed emissions of the Association of Volksbanks due to higher GHG emission intensities, a decarbonisation strategy has been adopted that includes measurable goals. For instance, investments in energy-efficient buildings or the redistribution of the loan portfolio through investments that cause less carbon emissions are monitored internally for measurement purposes. If the goal for the reduction of emissions is not reached, corresponding measures for new business in carbon-intensive sectors must be defined to counter that trend.

m) Activities, obligations and exposures that contribute to the mitigation of environmental risks

The Association of Volksbanks is committed to conducting lending operations in a sustainable and responsible manner. For this reason, we do not enter into business relationships in sensitive areas that conflict with this claim. Business relationships or financing transactions are not possible for traders in ethically questionable sectors and business areas, or are only possible in accordance with the rules of conduct specified by Compliance. In the context of lending, accordingly, attention is paid to the protection of the environment. Financed transactions must comply with environmental regulations. For this reason, no business is conducted in environmentally harmful sectors. In case of doubt, the matter needs to be discussed with Compliance in the course of assessing the business relationship or within the scope of granting credit lines. Defining undesirable branches of industry and business areas reduces the reputational risk of the individual primary banks and of the Association of Volksbanks.

As regards risk mitigation within the lending and monitoring process, reference is made to item l) Risk identification and risk monitoring and the information on the ESG score.

The new product process ensures that new products, markets, services and service providers are in line with the understanding of sustainability of the Association of Volksbanks, and that ESG risks can be identified and mitigated at an early stage. Based on the General Instruction on the Risk Assessment of Outsourcing Activities, all outsourcing activities of the Association of Volksbanks are reviewed using a defined standard process. A sustainability check is part of this process.

Checking for sustainability risks covers a wide range of issues, e.g. whether the service provider endangers the environment and/or biodiversity, is heavily dependent on resources such as coal, gas, oil, water, etc. or has established sustainability principles.

n) *Introduction of tools to identify, measure and manage environmental risks*

In addition to the new product process, risk identification and assessment for ESG risks is carried out via the ESG materiality assessment and the internal stress test. As part of the internal stress test, ESG-related scenarios are simulated that reflect both physical and transitory risks as well as risk events from the social and/or governance categories. For example, the effects of extreme weather events as well as the rapid implementation of stricter requirements in connection with climate and environmental standards on the portfolio of the Association of Volksbanks are simulated. The scenarios are designed with respect to the portfolio composition of the Association of Volksbanks and also take into account the key assumptions of the NGFS (Network for Greening the Financial System). The time horizon for the scenario analysis of the internal stress test is 3 years. In addition to the internal stress test, an adverse scenario for a long-term horizon of up to 10 years is analysed for selected portfolios. In this longer-term climate scenario, the effects on relevant macroeconomic factors are derived on the basis of long-term NGFS scenarios, consolidated within the 10-year period of review, and the effects on the income statement of the Association of Volksbanks (in particular, the expected losses) are determined. Additionally, sensitivity analyses are performed for financially material risk drivers within the scope of the internal stress test programme.

“Financed greenhouse gas emissions” (GHG emissions), so-called indirect and downstream emissions associated with the lending and investment activities of the Association of Volksbanks, are calculated using an ESG software. The Association of Volksbanks determines financed greenhouse gas emissions on the basis of the PCAF Standard (Partnership for Carbon Accounting Financials).

Investments (e.g., in renewable energies, in optimising supply chain and circular business management as well as in sustainable technologies and innovations) will compensate or reduce the emission intensity of carbon-intensive sectors continuously. To achieve the reduction of GHG emissions, various political and legal measures have been taken in Austria (such as subsidies for renewable energy and sustainable means of transport, laws to increase energy efficiency, waiver of fossil fuels). By improving the emission intensities in the real economy, the Association of Volksbanks expects to achieve a reduction of GHG emissions in the loan portfolio when credit liabilities in more carbon-intensive sectors are paid back with simultaneous credit growth in sectors with lower carbon emissions. Taking into account the effect from investments in the energy transition, a decarbonisation strategy with measurable goals was adopted for the Association of Volksbanks. For instance, investments in energy-efficient buildings or the redistribution of the loan portfolio through investments that cause less carbon emissions are monitored internally for measurement purposes. If the goal for the reduction of emissions is not reached, corresponding measures for new business in carbon-intensive sectors must be defined to counter that trend.

o) *Results of the risk tools used and estimated effects of environmental risk on the risk profile with a view to capital and liquidity*

The results of the scenario analyses within the internal stress test show that the internal hurdle rates are complied with throughout the stress test horizon. The effects of the longer-term climate scenario on the expected default rates of the loan portfolio are manageable. The analyses show that the Association of Volksbanks can maintain all regulatory capital ratios and adequate liquidity levels even if potential ESG risks materialise, and that the resilience of the business model is not jeopardised over the simulated period due to ESG risks.

In order to adequately map the effects of climate and environmental risks through risk instruments also in future, these instruments are continuously being enhanced and adapted to the current surrounding conditions (environment, politics, regulations). Previous analyses show manageable effects on capital and liquidity.

Physical risks

Acute and chronic physical risks were determined for each transaction or real estate collateral based on external data sources. For the portfolio, physical risks were evaluated by means of a scenario analysis, taking into account various data sources and forward-looking climate scenarios. The exposures reported as “sensitive to physical risks” mostly concern acute physical risks (in Austria: primarily heavy rain, landslide, river floods, frost days, hail and snowfall). Chronic physical risks are of minor importance.

In line with the EBA ITS on supervisory disclosures of ESG risks under Article 449a CRR, the results of our analyses of physical climate risks are disclosed in Template 5. It shows the credit exposure of the Association of Volksbanks that is sensitive to physical climate risks, broken down by maturity among others. In addition to the information presented in Template 5, it should be noted that sensitivities to physical climate risks concern Austria’s mountainous regions, in particular, especially the federal Länder of Salzburg and Tirol.

CO2 emissions

Acute and chronic physical risks were determined for each transaction or real estate collateral based on external data sources. For the portfolio, physical risks were evaluated by means of a scenario analysis, taking into account various data sources and forward-looking climate scenarios. The exposures reported as “sensitive to physical risks” mostly concern acute physical risks (in Austria: primarily heavy rain, landslide, river floods, frost days, hail and snowfall). Chronic physical risks are of minor importance.

In line with the EBA ITS on supervisory disclosures of ESG risks under Article 449a CRR, the results of our analyses of physical climate risks are disclosed in Template 5. It shows the credit exposure of the Association of Volksbanks that is sensitive to physical climate risks, broken down by maturity among others. In addition to the information presented in Template 5, it should be noted that sensitivities to physical climate risks concern Austria’s mountainous regions, in particular, especially the federal Länder of Salzburg and Tirol.

Qualitative information on social risks

h) Definitions, methods and international standards that the framework for the management of social risks is based on

Being an employer as well as a user and provider of products and services, VOLKSBANK WIEN AG is in a position to influence human rights, and the company proactively assumes this responsibility within the scope of its corporate duty of care. The bank is convinced that a business model geared to sustainability is an absolute necessity for its continuing success; VOLKSBANK WIEN AG considers the protection of human rights as a core element of responsible corporate governance.

Representing the Association of Volksbanks in its role as central organisation of the latter, VOLKSBANK WIEN AG joined the United Nations Global Compact (UNGC) in 2018. By committing to the Ten Principles of the UNGC regarding human rights, labour, the environment and anti-corruption, the company emphasizes the importance of responsible governance and sustainability within the scope of its business model.

The principles regarding human rights, in particular, (Principle 1 and Principle 2) as well as the principles regarding labour standards (Principle 3 to Principle 6) focus on the protection of human rights. As a signatory of the UNGC, VOLKSBANK WIEN AG is committed to:

- supporting and respecting the protection of internationally proclaimed human rights within its sphere of influence (Principle 1),
- making sure that it is not complicit in human rights abuses (Principle 2),
- upholding the freedom of association and the effective recognition of the right to collective bargaining (Principle 3),
- eliminating all forms of forced and compulsory labour (Principle 4),
- effectively abolishing child labour (Principle 5),
- eliminating discrimination in respect of employment and occupation (Principle 6).

Additionally, VOLKSBANK WIEN AG is geared towards other initiatives relating to human rights issues:

- “Charta der Vielfalt” (advancing diversity and mutual respect within the company),
- Declaration of the ILO (International Labour Organization) and the core labour standards, and
- Oikocredit (advancing ethical investment, fair investments and social return).

Based on these international principles, VOLKSBANK WIEN AG undertakes to respect and advance human rights in all its business activities.

Based on these international principles, VOLKSBANK WIEN AG undertakes to respect and advance human rights in all its business activities.

VOLKSBANK WIEN AG has implemented a Code of Conduct that constitutes an integral part of its corporate culture, taking all employees, including the management, up on their promise to comply with the CoC.

The Code of Conduct constitutes the basis of the bank’s own commitment to sustainability, to dealing with any violations, and to the Ten Principles of the UNGC. This Policy Statement focuses on the bank meeting its duty of care; in this way, VBW contributes to raising people’s awareness, confirming corporate responsibility for the protection of human rights with respect to its own business activities and those along the supply chain.

i) <u>Process for identifying, measuring and monitoring activities and exposures (and collaterals, if any) susceptible to social risks, including relevant transmission channels</u>

j) <u>Activities, obligations and assets that contribute to the mitigation of social risks</u>

The Association of Volksbanks is committed to conducting lending operations in a sustainable and responsible manner. For this reason, we do not enter into business relationships in sensitive areas that conflict with this claim. Business relationships or financing transactions are not possible for traders in ethically questionable sectors and business areas, or are only possible in accordance with the rules of conduct specified by Compliance. In the context of lending, therefore, attention is paid to the sustainability of matters in the social sphere. For this reason, no business is conducted in socially harmful sectors.

k) <u>Introduction of tools to identify and manage social risks</u>

For social risks, too, risk identification and assessment is carried out via the ESG materiality assessment.

l) *Description of how the upper limits for social risks are determined and in which cases these upper limits will trigger escalations and exclusions if exceeded*

The relevant thresholds are defined annually within the scope of the MA for the bank to be able to derive control measures (KRIs) in case of financial materiality.

m) *Description of the link (transmission channels) between social risks and credit risk, liquidity and financing risk, market risk, operational risk, and reputational risk within the Risk Management framework*

See also Chapter 17.3. Risk management, Qualitative information on environmental risks, lit. r), the information refers to ESG aspects.

Qualitative information on governance risks

d) *Integration of the efficiency of counterparties in corporate governance terms into the risk management rules of the institution, including the following aspects:*

(i) Ethical considerations

The Association of Volksbanks and its affiliated banks act in accordance with the ethical and professional standards and are therefore committed to conducting the lending business in a sustainable and responsible manner. For this reason, we reserve the right not to enter into any business relationships or financing transactions with sectors or in business areas that are in conflict with these core values. This list of industries and business areas includes, among others, business relationships related to the following topics:

- Forced labour or child labour
- Violations against the European Convention on Human Rights, or of obligations under social and labour law
- Prostitution or pornography
- Bribery and corruption
- Violations against environmental protection in general (environmental hazards, intentional violation of environmental protection regulations, increased contamination, etc.)
- Animal testing
- Ownership and operation of nuclear power plants or operation of final disposal sites for nuclear waste
- Mining of coal or operation of coal-fired power plants
- Extraction of fossil fuels using unconventional methods
- Nuclear weapons, cluster bombs or land mines
- Particularly controversial forms of gambling

Business relationships or financing transactions are not possible for traders in ethically questionable sectors and business areas, or are only possible in accordance with the rules of conduct specified by Compliance.

Furthermore, in the context of lending, attention is paid to social concerns. *See also the information on the ESG score (chapter 17.3 Qualitative information on environmental risks, lit. l), Risk identification).*

(ii) Strategy and risk management

Furthermore, in the context of lending, attention is paid to the protection of the environment and the sustainability of social concerns. Financed transactions must comply with environmental regulations. For this reason, no business is conducted in environmentally or socially harmful sectors.

(iii) Inclusivity

In the context of lending, attention is paid to social concerns. *See also the information on the ESG score (chapter 17.3 Qualitative information on environmental risks, lit. l), Risk identification).*

(iv) Transparency

In the context of lending, the transparency of the counterparty is not considered, except if this is conducive to the credit decision.

(v) Management of conflicts of interest

As regards the identification and mitigation of conflicts of interest, stringent rules have been implemented within the Association of Volksbanks. *(vi) Internal communication on critical concerns*

See also the information on the ESG score (chapter 17.3 Qualitative information on environmental risks, lit. l), Risk identification).

18 List of abbreviations

Abs/para	paragraph
ABS	Asset Backed Security
AC	Amortised Cost
AER	Asset Encumbrance Ratio
afs	available for sale
ALCO	Asset Liability Committee
ALM	Asset Liability Management
ALMM	Additional Liquidity Monitoring Metrics
AMA	Advanced Measurement Approach
ARL/WI	working instruction
Art	Article
ASchG	ArbeitnehmerInnenschutzgesetz [Austrian Industrial Safety Act]
ASA	Alternative Standardised Approach
A-SRI	other systemically important institutions
AStV	Arbeitstättenverordnung (Austrian Workplace Ordinance)
AT1	Additional Tier 1
CcCB	countercyclical capital buffer
BaSAG	Banken Sanierungs- und Abwicklungsgesetz, Act on the Recovery and Resolution of Banks
BB	banking book
BIA	Basic Indicator Approach
BP, bps	basis point(s), 0.01 per cent
BPV	Base Point Value
BWG	Bankwesengesetz, Austrian Banking Act
bzw.	and/or, respectively
Ca.	circa
CAS	Capital Adequacy Statement
CCF	Credit Conversion Factor
CDS	Credit Default Swap, derivative swap instrument on a loan loss
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CHF	Swiss francs
CO	Central Organisation
CO_2	carbon-dioxide
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CQS	Credit Quality Step
CRD IV	Capital Requirements Directive IV, Directive 2013/36/EU of the European Parliament and of the Council
CRE	Commercial Real Estate
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation, Regulation (EU) No 575/2013 of the European Parliament and of the Council
CSA	Credit Support Annex
CSR	Corporate Social Responsibility
CSRD	Corporate Social Responsibility Directive
CVA	Credit Value Adjustment
CvaR	Credit Value at Risk
DCF	Discounted Cash Flow
i.e.	that is
Dr.	Doctor
DVA	Debt Value Adjustment
EAD	Exposure at Default, outstanding exposure in the event of default
EBA	European Banking Authority
EBA ITS	European Banking Authority – technical implementation standards
ECF	Expected Cash Flow
ECAI	External Credit Assessment Institution
EFE	expected future exposure

incl.	including
EM	Own funds
Engl.	English
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
etc.	et cetera
ETS 2	Emission Trading System
EU	European Union
EUR	euro
EVE	Economic Value of Equity
EWB	individual loan loss provision
ECA	European Currency Area
EWS	Early Warning System
excl.	excluding
ECB	European Central Bank
FBSchVG	[act governing] covered bonds
et seqq	and following (plural)
FH	financial holding
FMA	Austrian Financial Market Authority
FRA	Forward Rate Agreement, over-the-counter forward rate transaction
FVPL	Fair Value through Profit or Loss
FVTOCI	Fair Value through Other Comprehensive Income
FVTPL	Financial at Fair Value through Profit and Loss
FX	foreign exchange, foreign currency
GDP	gross domestic product
DOB	born
acc. to	according to
GKRM	principles of credit risk management
GL	Guideline
GSP	Group resolution plan
G-SRI	global systemically important institutions
GUA/BEA	Business Environment Analysis
P&L	income statement, profit & loss account
GRI	Global Reporting Initiative
GcC	group of connected clients
GI	General Instruction
GI RAF	General Instruction Risk Appetite Framework
HB	trading book
hft	held for trading
HIKrG	Hypothekar- und Immobilienkreditgesetz, Austrian Mortgage and Real Estate Credit Act
HR	Human Resources
htm	held to maturity
HQLA	liquidity buffer (High Quality Liquid Assets)
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICMA	International Capital Market Association
IFRS	International Financial Reporting Standards
iHv.	in the amount of
ICS	Internal Control System
ILAAP	Internal Liquidity Adequacy Assessment Process
ILO	International Labour Organization
incl.	included/including
esp.	especially/in particular
IRB	Internal Rating Based, based on internal ratings
IROs	Impacts, Risks & Opportunities
IRS	Interest Rate Swap, derivative swap instrument on variable interest rates
iSd	within the meaning of
ISDA	International Swaps and Derivatives Association
IT	Information technology
iVm	in connection with

iW	essentially
JPY	Japanese yen
JRAD	Joint Risk Assessment Decision
KEP/CCB	capital conservation buffer
KI	credit institution
KIM Ordinance	ordinance regarding real estate financing measures by credit institutions
KK/CC	Credit Committee
SME	small and medium-sized enterprises
KPI	Key Performance Indicators
KP-V	Capital Buffer Regulation
KPA/CBR	combined buffer requirement
KRI	key risk indicator
KRL	Capital reserve(s)
LAS	Liquidity Adequacy Statement
LCR	Liquidity Coverage Ratio
Li-JF	Liquidity Jour Fixe
Lit	littera, letter
Li-SREP	Liquidity Supervisory Review and Evaluation Process
LFZ	maturity, term
LGD	Loss Given Default
l&r	loans and receivables
LK	countries and municipalities
acc. to	according to
MA	Materiality Assessment
Mag.	Magister
MDA	maximum distributable amount
MiFID	Markets in Financial Instruments Directive
m	million
MREL	Minimum Requirement for Own funds and Eligible Liabilities
bn	billion
MUM	Monetary Union Member, country of the euro zone
NaDiveg	Nachhaltigkeits- und Diversitätsverbesserungsgesetz [Austrian Sustainability and Diversity Improvement Act]
NAKO	Sustainability Committee
NFRD	Non-Financial Reporting Directive, Directive 2014/95/EU of the European Parliament and of the Council
NGFS	Network for Greening the Financial System
NHV, SO	Sustainability Officer
NII	Net Interest Income
NPL	non-performing loans
no.	number
NSFR	Net Stable Funding Ratio
o.a.	above-mentioned
ODP	open foreign exchange position
OECD	Organisation for Economic Cooperation and Development
OEM	Original Exposure Method
OeKB	Österreichische Kontrollbank
OeNB	Österreichische Nationalbank, Austrian National Bank
UCI	undertakings for collective investment
ÖGV	Österreichischer Genossenschaftsverband (Austrian association of cooperatives)
OpR (OpRisk)	operational risk
O-SII	Other Systemically Important Institutions
O-SIIB	other systemically important institutions buffer
OTC	over the counter (derivatives)
p.a.	per annum, annually
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PLM	Problem Loan Management
POCI	purchased or originated credit-impaired financial assets
PSE	Public Sector Entity

PVBP	Price Value of a Basis Point
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirement
p&l	profit and loss
RAF	Risk Appetite Framework
RAS	Risk Appetite Statement
RCF	Risk Control Function
RICO	Risk Committee
RL, Dir	Directive
RMF	Risk Management Function
RRE	Residential Real Estate
RST	provision
RTFR	risk-bearing capacity calculation
RTS	Regulatory Technical Standards
Rz./marg.no.	marginal/paragraph number
SA-CCR	standardised approach to counterparty credit risk
SDGs	Sustainable Development Goals
SBTi	Science Based Targets Initiative
SPPI	Solely Payments of Principal and Interest
SREP	Supervisory Review and Evaluation Process
SRB	systemic risk buffer
sSRB	sectoral systemic risk buffer
SSM	Single Supervisory Mechanism
STA	standardised approach
SWOT	Strenghts Weaknesses Opportunities Threats
T1	Tier 1
T2	Tier 2
TC	Total Capital
TCFD	Task Force on Climate-Related Financial Disclosures
kEUR	euro thousand
GHG emission	financed greenhouse gas emission
TLTRO	targeted longer-term refinancing operations
TT	repayment vehicle
UGB	Unternehmensgesetzbuch, Austrian Business Code
USD	US dollar
UNGC	United Nations Global Compact
VaR	Value at Risk
VBW	VOLKSBANK WIEN AG
VB	Volksbank
VKrG	Verbraucherkreditgesetz, Austrian Consumer Credit Act
VO, Reg	Regulation
FTE	full-time equivalent
Z	number, figure
e.g.	for example
ZK	affiliated credit institution(s)