



Volksbank Wien and Association of Volksbanks

Investor presentation

Table of contents

1	Overview Volksbank Wien and Association
2	Financial performance FY 2022
3	Asset quality and risk provisions
4	Capital and funding & liquidity
5	Volksbank Wien's ESG strategy
	Annex: Association's structure and governance

1

Association and Volksbank Wien: overview

Association of Volksbanks	The Association of Volksbanks (AoV) consists of nine institutions (eight regional Volksbanks and one specialised bank: Österreichische Ärzte- und Apothekerbank AG). Central organisation (CO) of the Association is Volksbank Wien (VBW)	
Association assets and capital	Total assets: Risk-weighted assets: CET1 ratio (transitional):	EUR 29.2 bn EUR 14.2 bn 14.2%
Volksbank Wien assets and capital	Total assets: Risk-weighted assets: CET1 ratio (transitional):	EUR 14.5 bn EUR 4.0 bn 16.9%

1

Association and Volksbank Wien: ratings

Moody's (Volksbank Wien)	Long term deposit rating: Baseline credit assessment (BCA): Covered bond rating: Outlook:	A2 baa1 Aaa Stable
Fitch Ratings (Association, Volksbanks)	Long term issuer default rating (IDR): Viability rating: Outlook:	BBB+ bbb+ Stable
Sustainalytics (Volksbank Wien)	ESG risk rating score: ESG risk rating category:	17.4 Low ESG risk

1 Regionally diversified business in Austria

- Volksbank Wien's and the Association's business models are based on **providing services to retail and SME customers in Austria**. At the end of 2022 the **Association** had approximately **990,000 customers**, and **Volksbank Wien** had ca. **308,000 customers**
- As of 31 December 2022 **Volksbank Wien** had **54 branches**, and the **Association** had **236 branches** located throughout Austria
- **VBW is the largest of the regional Volksbanks** by balance sheet size and at the same time acts as **central organisation** of the Association of Volksbanks. Owners of Volksbank Wien are member banks of the Association and holding cooperatives¹⁾
- The **high degree of economic and prudential integration** allows the central organisation and the regional banks to be treated as one bank for regulatory purposes



1) Following full repayment of the government participation right in December 2022, the 25-% share previously held by the Republic of Austria was returned to the original owners (with exception of a 0.7% share which the Republic of Austria intends to sell to current owners in the near future)

2) Consolidation effects are excluded in the graph above leading to an overstatement of total assets shown, Association's consolidated total assets as of 12/2022 EUR 29.2 bn

- The Association of Volksbanks and the individual members of the Association are subject to **direct supervision by the ECB**
- The Association is regulated by **Article 10 CRR** and **Section 30a BWG** (Austrian Banking Act). The **Association Agreement, Cooperation Agreement, Trust Agreement and Agreement on the Division of Association Costs** define the member banks' rights and obligations
- Originally a network of cooperative banks, the Volksbanks chose a legal structure with the **highest degree of integration possible** as described in Article 10, CRR. Therefore the Association is characterised by a **high level of cohesion**
- A number of **regulatory requirements** (i.e. capital and liquidity requirements) have to be met on the Association level and by the central organisation only, the other members of the Association are exempt

Centralised processes, streamlined governance

- **Governance strengthened through a clear distribution of tasks within the Association:** all steering and control competences as well as back office functions at the central organisation, sales and customer service at the regional Volksbanks
- **Centralisation of steering and control functions:** accounting and financial reporting, regulatory reporting, controlling and planning, internal audit, legal, compliance (including tax compliance), treasury, risk controlling, organisation & IT, etc. have been centralised and are carried out by Volksbank Wien for all Association member banks
- **Bundling of back office and service functions** in VBW's subsidiaries *VB Services für Banken* (customer service centres and market service centres, loan processing, payment transactions, etc.) and *VB Infrastruktur und Immobilien* (facility management, banking logistics)
- **Standardisation of organisational structure:** A standardised organisational chart has been successfully implemented in all Volksbanks, the organisational structures of all Association member banks are now identical
- **A uniform data architecture** has been implemented in all Volksbanks in 2020. The sale of the data centre ARZ to Accenture forms the basis for further optimisation and standardisation in the IT area
- **No participations or subsidiaries abroad**, ca. 96% of the Associations's loan portfolio is located in Austria

Joint liability & liquidity scheme

Volksbank Wien and the regional Volksbanks have established a **joint liability & liquidity scheme**. They are mutually obliged to jointly support a member institution should difficulties arise. Liabilities and contributions are unlimited. The Volksbanks have to hold their liquidity at the central organisation which is responsible for the Association's compliance with regulatory liquidity requirements

Right to issue directives

The central organisation is authorised to issue **general or individual directives** to the Volksbanks. General directives are aimed at all Volksbanks while individual directives are issued to specific banks

Table of contents

1	Overview Volksbank Wien and Association
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3	Asset quality and risk provisions
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2

FY 2022 results at a glance (1/2)

Highlights 2022/23

- **Full repayment of government participation right:** in December 2022 the last outstanding tranche (EUR 83 mn) of the participation right of the Republic of Austria, which was granted in the course of the restructuring of the Association, was redeemed. All requirements resulting from the state aid proceedings of 2015 have thus been fulfilled and the EU Commission confirmed closure of state aid proceedings at the end of January 2023
- **Completion of project “ADLER”:** in the first half of 2022 program ADLER (Association’s process optimisation and cost reduction project) was successfully completed ahead of schedule
- **IT optimisation:** after an evaluation of potential cooperation in the area of IT, the closing of the sale of data centre ARZ to Accenture, the globally leading provider of IT services, took place at the end of November
- **Upgrade Fitch Ratings:** Fitch has upgraded the ratings of the Association and VBW by one notch to BBB+ in July 2022. Main drivers of the upgrade were the good credit quality, increased profitability, higher capitalisation and the very good liquidity position
- **Sustainalytics „low ESG risk“ rating:** in March 2022, Volksbank Wien was assigned an ESG risk rating score of 17.4 by Sustainalytics and therefore falls into their "low ESG risk" category
- **Upgrade Moody’s:** in February 2023, Moody’s has upgraded VBW’s deposit rating by two notches from Baa1 to A2. The upgrade was mainly attributable to the resilient asset quality, strong capitalisation level, increased profitability that has benefitted from the improved cost structure, the good funding and liquidity position as well as the early and full repayment of the participation right
- **Green Senior Preferred Bond:** Volksbank Wien issued its first green EUR 500 mn SP bond in March 2023

Good result for fiscal year 2022

- As of 12/2022 the Association’s **pro forma operating result** (adjusted for the repayment of the government participation right) reached **EUR 231 mn**, representing an increase of EUR 68 mn compared to last year’s operating result
- Despite of the payment of the government participation right and higher risk provisions, the Association of Volksbanks achieved a **profit after taxes** in the amount of **EUR 115 mn** for the year 2022 (12/2021: EUR 219 mn)
- **Net interest income** grew significantly and amounted to **EUR 468 mn** as of 12/2022 (12/2021: EUR 406 mn). The higher interest rate level had a positive effect and participation in the TLTRO program also contributed to the increase in net interest income
- After an already very good development in previous years, **net fee and commission income** further increased in 2022 and reached **EUR 255 mn** (12/2021: EUR 253 mn); the securities business and payment transactions in particular developed positively

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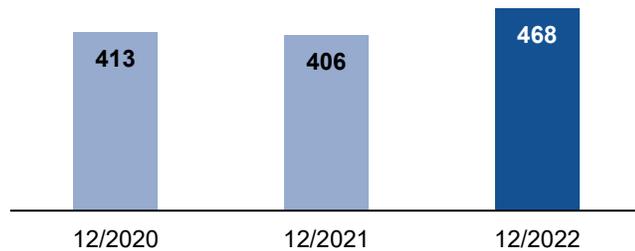
FY 2022 results at a glance (2/2)

Further reduction of costs	<ul style="list-style-type: none">• Following significant reductions in previous years, general administrative expenses further decreased in 2022 despite inflationary pressure, and stood at EUR 500 mn at the end of the year (12/2021: EUR 515 mn)• The Association's CIR declined to 76.9% as of 12/2022 (12/2021: 77.3%), the CIR adjusted for repayment of the government participation right was 69.0% at the end of 2022• The number of employees (FTEs) continued to decrease in 2022 and dropped to 3,033 (12/2021: 3,128)
Conservative risk provisioning	<ul style="list-style-type: none">• Due to external uncertainties (inflation, energy prices, uncertain economic forecasts) risk models were recalibrated to ensure a precautionary provisioning of risks. Consequently, risk provisions in the performing portfolio (stage 1+2) were increased by ca. 27% to EUR 150 mn in 2022. After a positive risk result in the previous year (12/2021: EUR 89 mn), risk provisions in the amount of EUR -31 mn were recognised in the 2022 fiscal year• The NPL ratio further decreased to 1.7% as of 31 December 2022 (12/2021: 1.9%)• The Association of Volksbanks has no direct exposure to Russia or Ukraine
Capital ratios above requirements	<ul style="list-style-type: none">• The Association's CET1 ratio (transitional) remained stable in 2022 and stood at 14.2% at year-end (12/2021: 14.4%)• The equity ratio (transitional) decreased slightly to 18.7% at the end of 2022 (12/2021: 19.3%)

2 Association: KPIs 2020-2022

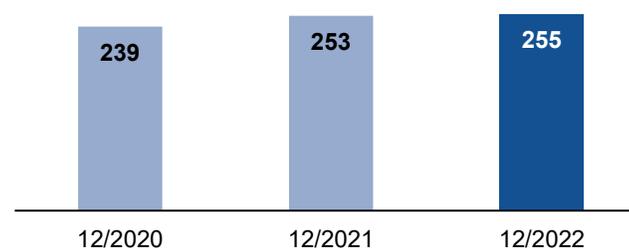
Net interest income¹⁾

(EUR mn)



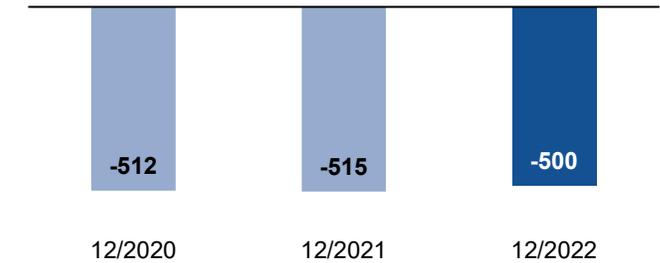
Net fee and commission income

(EUR mn)



General administrative expenses

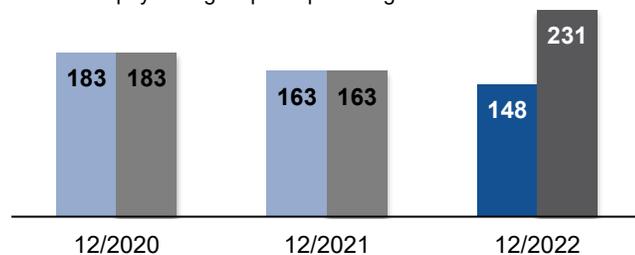
(EUR mn)



Operating result²⁾

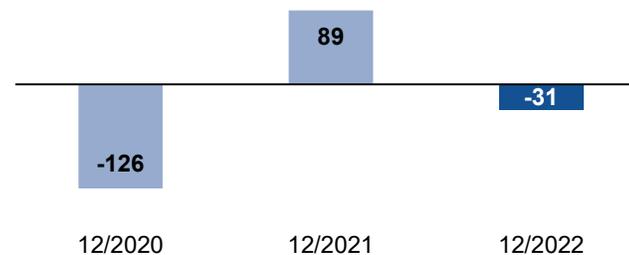
(EUR mn)

- Incl. repayment gov. participation right
- Excl. repayment gov. participation right



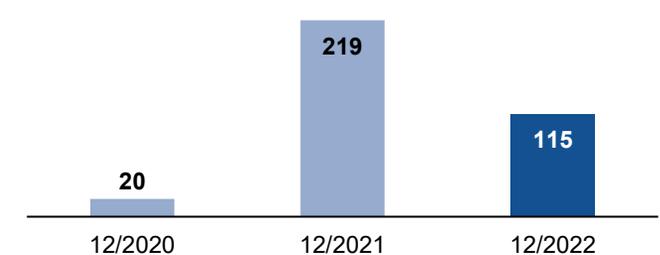
Risk provisions

(EUR mn)



Result after taxes

(EUR mn)

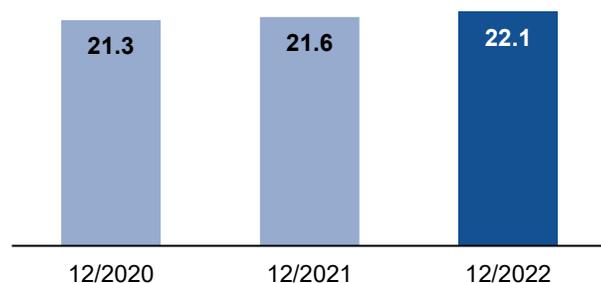


1) 12/2022: including EUR 8.5 mn TLTRO III bonus (due to achievement of ECB's loan growth targets; 12/2021: EUR 16.8 mn) | 2) Operating result includes net interest income, net fee & commission income, net trading income, result from financial instruments and investment properties, other operating result and general administrative expenses; operating result 12/2020: other operating result includes extraordinary income from the sale of VBW's former HQ (EUR 32 mn); 12/2021: payment on participation right in 2021 in the form of a dividend, not via p&j, and therefore not depicted in graph above

2 Association: positive development of customer business despite streamlining of staff and branches

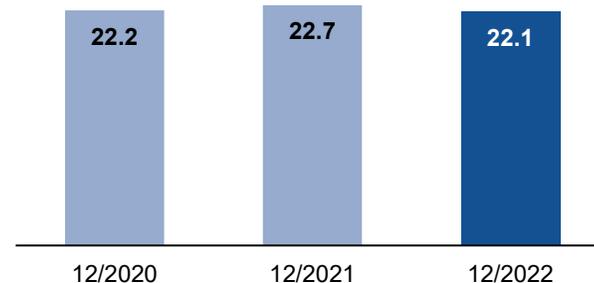
Loans & receivables from customers¹⁾

(EUR bn)



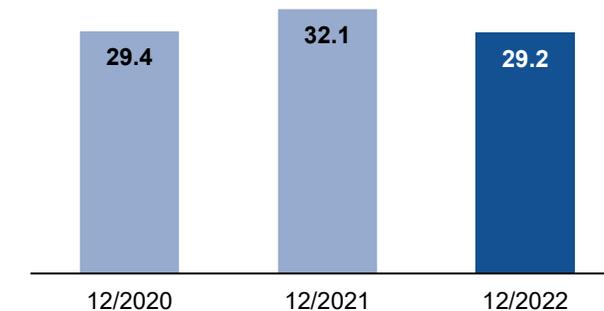
Amounts owed to customers

(EUR bn)

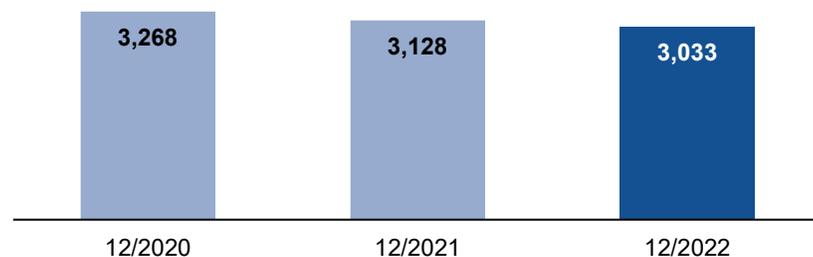


Total assets

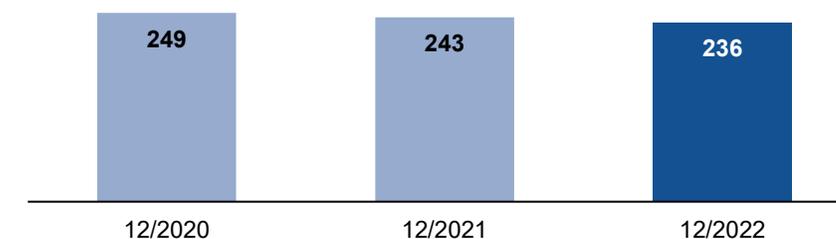
(EUR bn)



Number of employees (FTE)



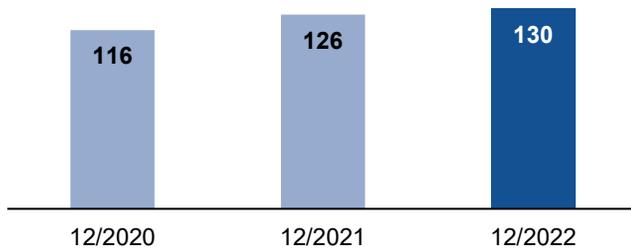
Number of branches



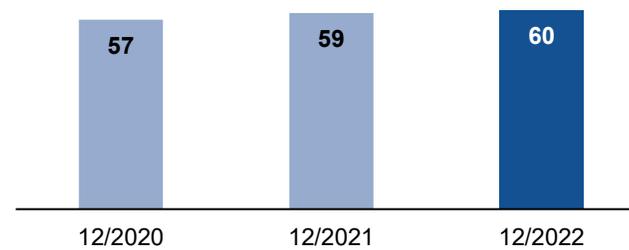
1) Breakdown fixed/floating rate loans (including swaps): as of 12/2022: 39% fixed rate loans, 61% floating rate loans; as of 12/2021: 36% fixed rate loans, 64% floating rate loans

2 Volksbank Wien: KPIs 2020-2022

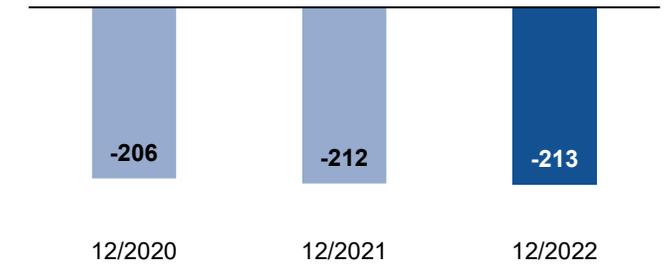
Net interest income¹⁾
(EUR mn)



Net fee and commission income
(EUR mn)

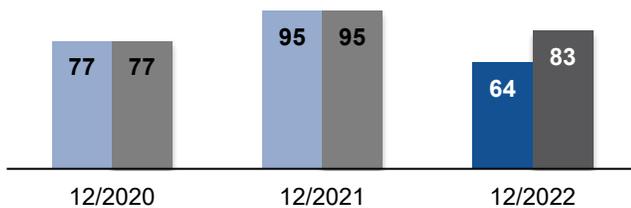


General administrative expenses
(EUR mn)

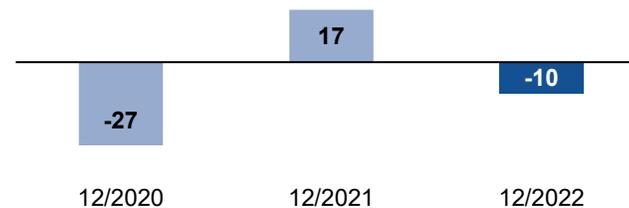


Operating result²⁾
(EUR mn)

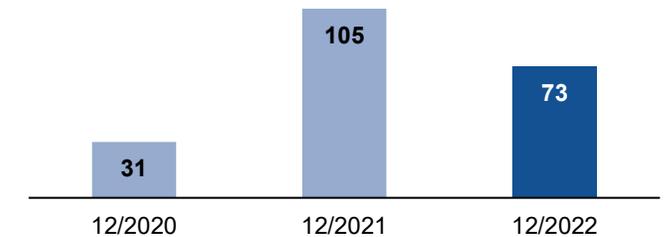
■ Incl. repayment gov. participation right
■ Excl. repayment gov. participation right



Risk provisions
(EUR mn)



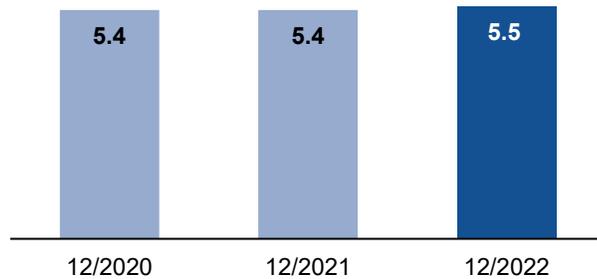
Result after taxes
(EUR mn)



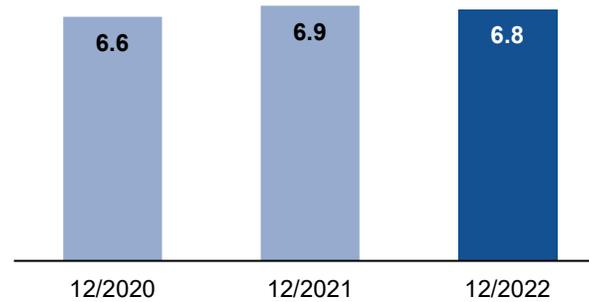
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2 Volksbank Wien: positive development of customer business despite streamlining of staff and branches

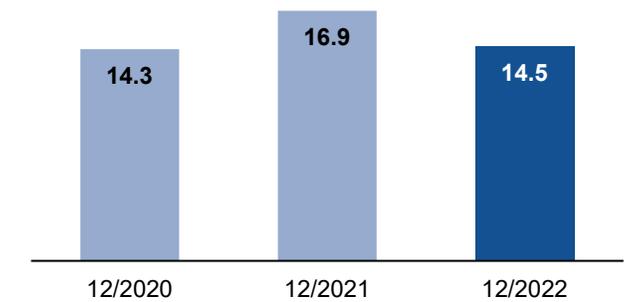
Loans & receivables from customers¹⁾
(EUR bn)



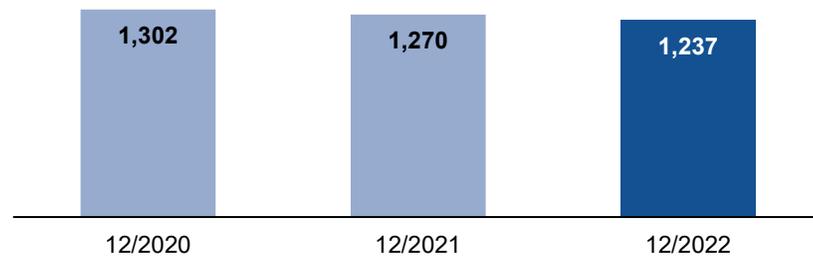
Amounts owed to customers
(EUR bn)



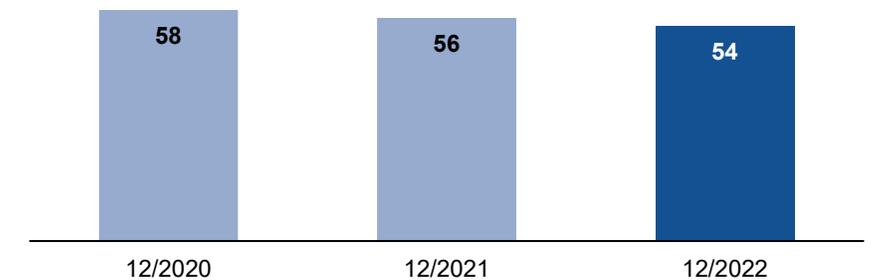
Total assets
(EUR bn)



Number of employees (FTE)



Number of branches



¹⁾ Breakdown fixed/floating rate loans (including swaps): as of 12/2022 42% fixed rate loans, 58% floating rate loans; as of 12/2021 41% fixed rate loans, 59% floating rate loans

Table of contents

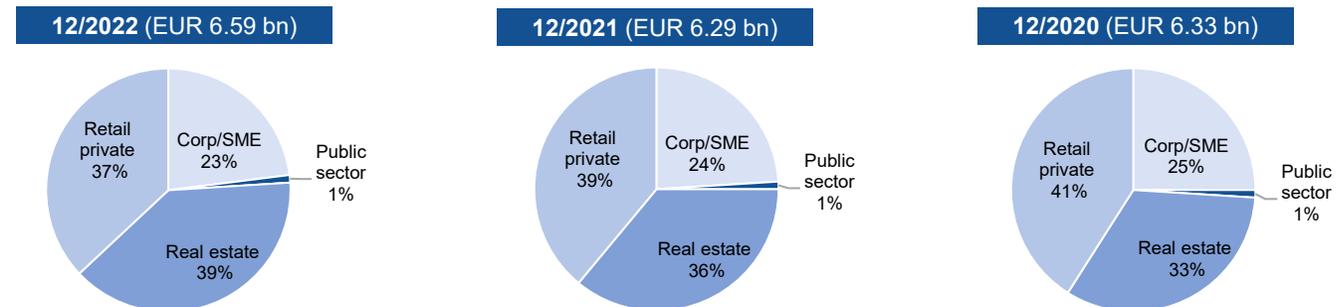
1	Overview Volksbank Wien and Association
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3

Stable customer business in Austria with focus on retail, SME and real estate

Distribution of loans and receivables from customers¹⁾

Volksbank Wien, 12/2020 – 12/2022



Association of Volksbanks, 12/2020 – 12/2022

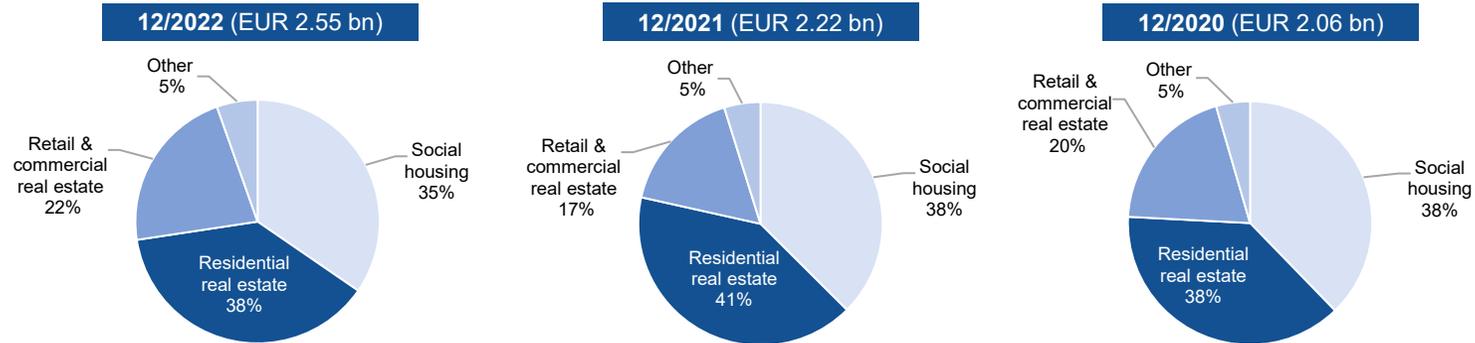


¹⁾ Loans and receivables based on risk view (total exposure including off-balance positions), not based on balance sheet figures

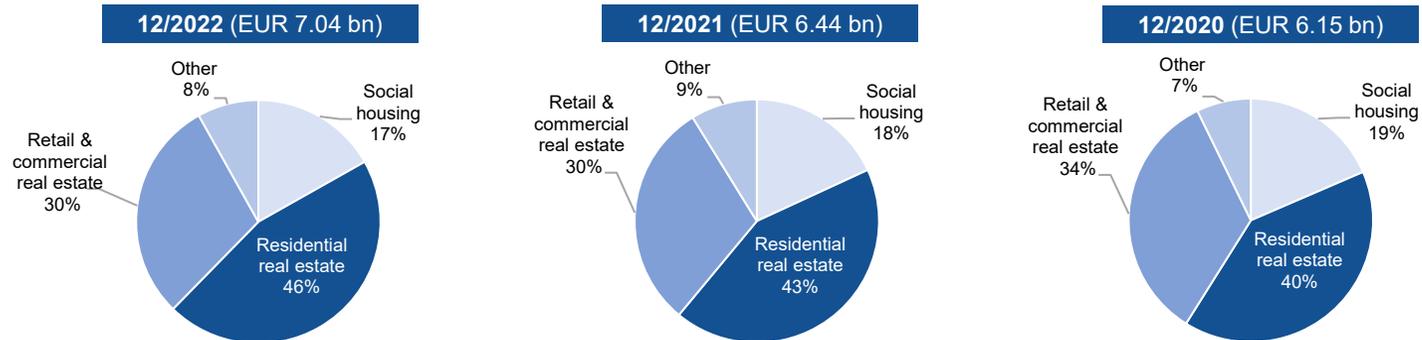
3 Real estate exposure

Distribution of real estate portfolio¹⁾

Volkswagen Wien, 12/2020 – 12/2022



Association of Volksbanks, 12/2020 – 12/2022²⁾

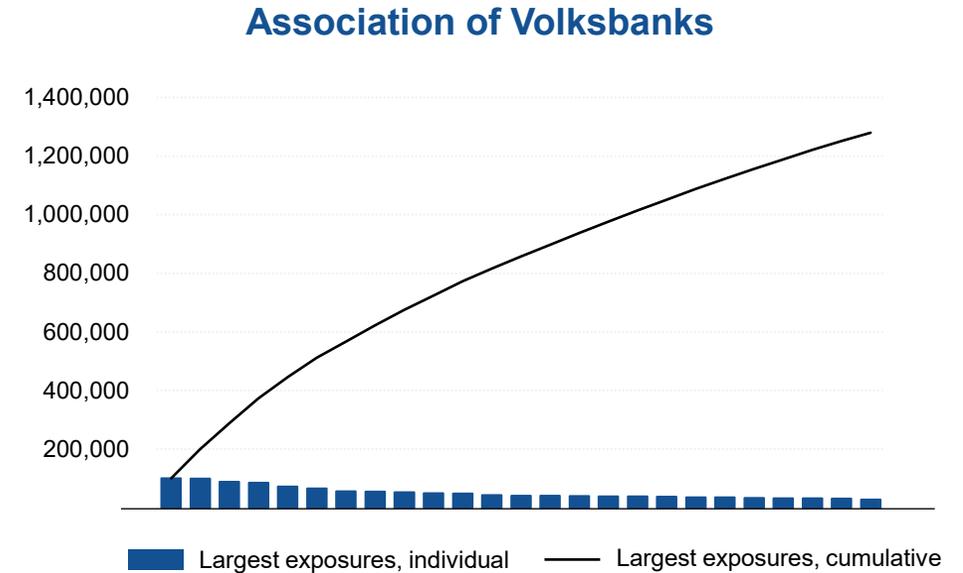
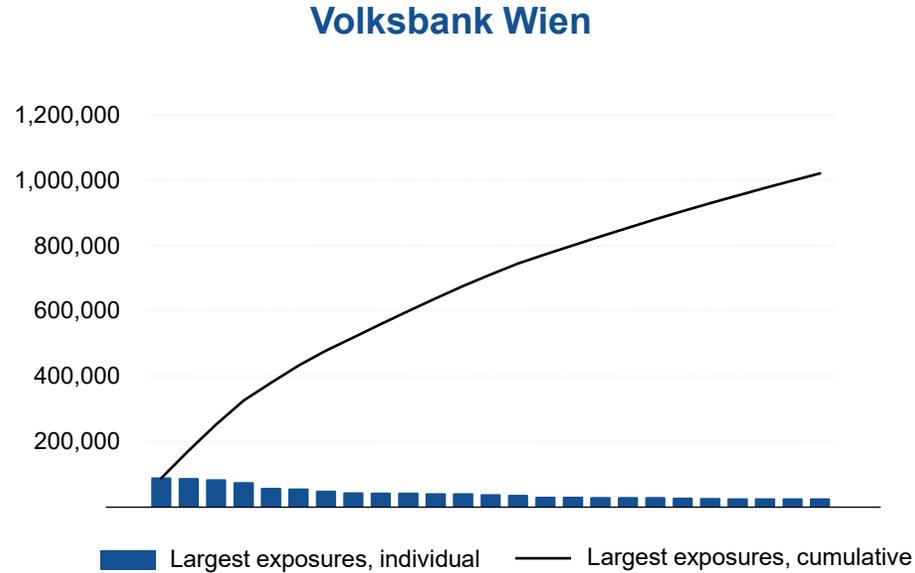


1) Loans and receivables based on risk view (total exposure including off-balance positions), not based on balance sheet figures

2) As of 12/2022 the Association's "Retail & commercial real estate" category includes: residential buildings/business premises (16%), offices (20%), commercial (14%), accommodation (11%), retail (13%), properties (5%), logistics (5%), other real estate (14%)

3 Granular loan portfolios without cluster risks

25 largest customer exposures (EUR ths.)

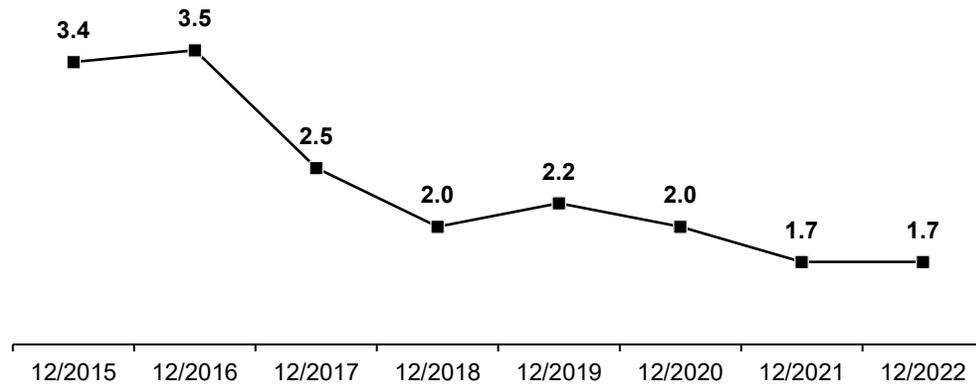


- Both Volksbank Wien and the Association have **granular credit portfolios with no significant large single credit positions**, reflecting the focus on small-volume retail and SME business:
 - The **top 25 exposures** represent **4.8% of the Association's** and **15.5% of Volksbank Wien's** total loans and receivables from customers
 - The **largest single customer exposure** accounts for **0.4% of the Association's** and for **1.3% of Volksbank Wien's** customer loans

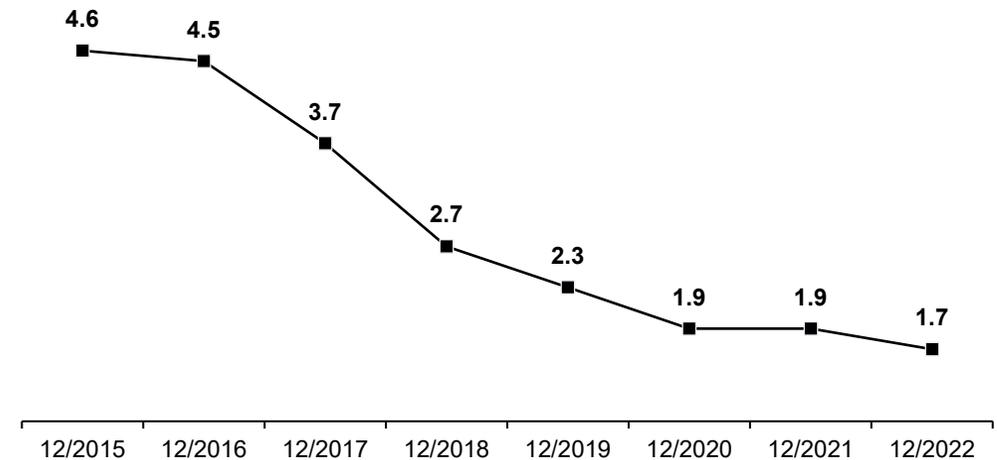
3 Low-risk business model is reflected in decreasing NPL ratios

Positive development of NPL ratios (%)

Volksbank Wien



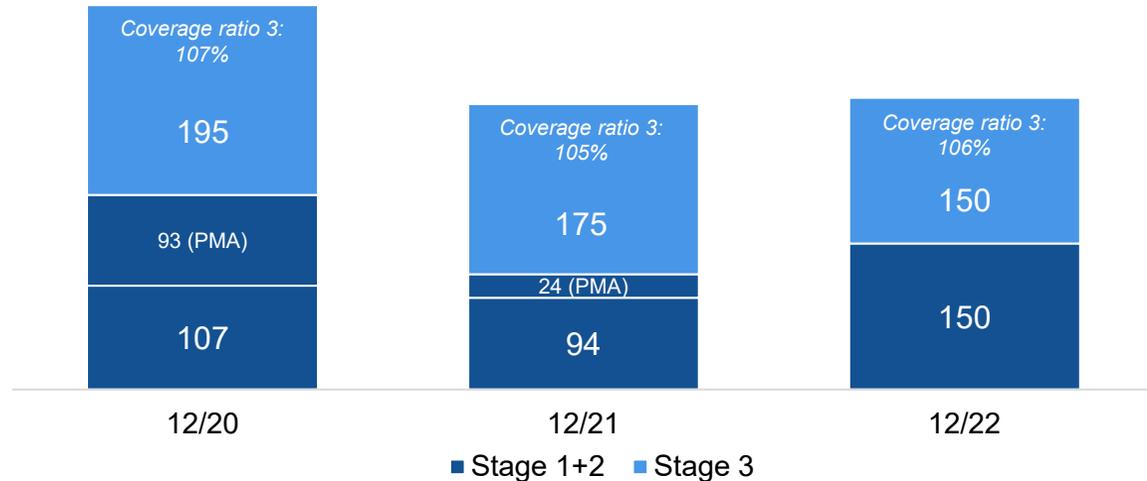
Association of Volksbanks



- A **stringent NPL management process** including a standardised early warning system, an optimised dunning system and an improved management of loans at risk has been established
- The implementation of this Association-wide NPL management system resulted in a **significant reduction of the Association's and Volksbank Wien's NPL ratios**, the positive trend continued in 2022

3 Association: development of risk provisions

Stock of risk provisions (EUR mn)



Risk provisions p&l (EUR mn)

Association	FY 2020	FY 2021	FY 2022
Stage 1+2	-129	72	-39
Stage 3	5	12	17
Other ¹⁾	-2	6	-9
Total	-126	89	-31
Total (bp)	-49	35	-12

Stock of risk provisions

- Despite declining risk provisions in the non-performing portfolio (stage 3), the **Association's NPL coverage** in form of the coverage ratio 3 (risk provisions plus loan collateral after haircuts) was kept above the target value of >104% in 2022
- **Post-model adjustments (PMA)** formed in 2020 and 2021 due to the Corona pandemic were fully released at the end of 2022
- Due to macroeconomic uncertainties, **provisioning in the performing portfolio (stage 1+2)** increased significantly in 2022 by way of model adjustments and model overlays. Stage 1+2 risk provisions grew by approx. 27% to EUR 150 mn, compared to an increase of the credit exposure of approx. 3%

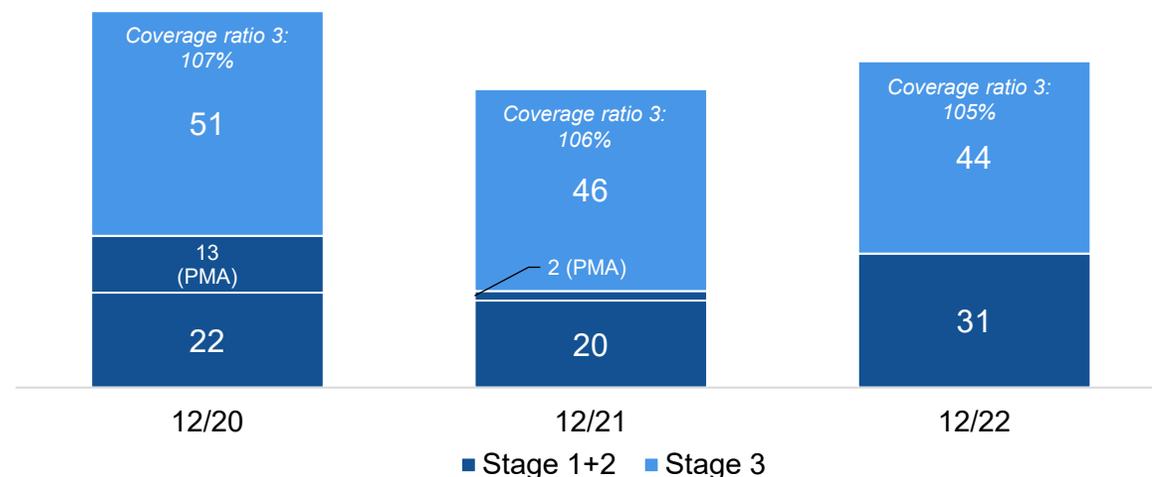
Risk provisions p&l

- Negative **risk costs in the stage 1+2 portfolio** of **EUR -39 mn** result primarily from model adjustments and model overlays
- Positive **stage 3 risk costs** of **EUR +17 mn** are mainly attributable to the high level of loan loss provisions that could be reversed following the realisation of collateral and the restructuring of debt

1) Direct write-offs, income from loans and receivables previously written off, valuation results modification/de-recognition, risk provisions for the securities business

3 Volksbank Wien: development of risk provisions

Stock of risk provisions (EUR mn)



Stock of risk provisions

- The **coverage ratio 3** was kept above the target value of >104% at Volksbank Wien as well
- **Volksbank Wien's PMAs** from the years 2020 and 2021 were fully released
- **Risk provisions in the performing portfolio** were increased by approx. 38% in 2022 and stood at 31 mn at year-end, while Volksbank Wien's credit exposure grew by approx. 5%

Risk provisions p&l (EUR mn)

VB Wien	FY 2020	FY 2021	FY 2022
Stage 1+2	-20	11	-10
Stage 3	-8	3	-1
Other ¹⁾	2	2	1
Total	-27	17	-10
Total (bp)	-42	26	-14

Risk provisions p&l

- As for the Association, **stage 1+2 risk costs were negative (EUR -10 mn)** for Volksbank Wien due to model adjustments and model overlays
- Volksbank Wien's **stage 3 risk costs were only slightly negative** in 2022 (high level of provisions that could be reversed following the realisation of collateral and the restructuring of debt)

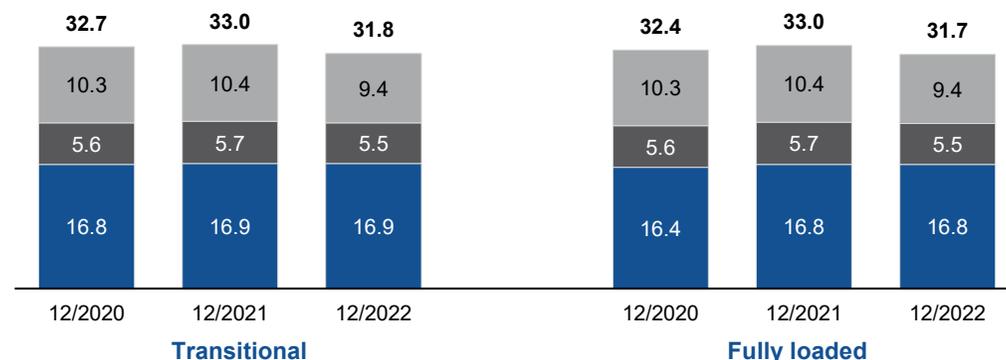
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Table of contents

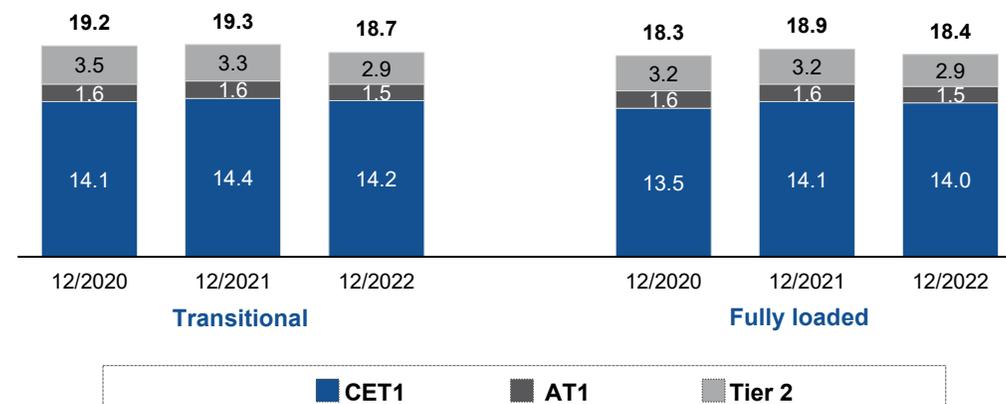
1	Overview Volksbank Wien and Association
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4 Capital ratios clearly above requirements

Capital ratios Volksbank Wien (%)



Capital ratios Association (%)



- **SREP ratios:** CET1 pillar 1 requirement 4.5%, pillar 2 requirement (P2R) 2.5%, capital conservation buffer 2.5%, systemic risk buffer 0.5%, systemically important institutions buffer 0.5%, pillar 2 guidance (P2G) 1.25%
- The **effective CET1 requirement** (excl. P2G) is **9.8%** (transitional) and includes a CET1 requirement for P2R of 1.41%¹⁾ as well as CET1 necessary to cover an AT1 shortfall of 0.42%
- The **overall capital requirement is 14%** (excl. P2G)
- Volksbank Wien as central organisation of the Association has to fulfil the **SREP capital requirements** on a consolidated basis, the Association as a whole has to fulfill the capital requirements as well
- The Association participated in the 2021 **ECB stress test** which resulted in a P2G of 1.25% (bucketing approach) and is currently participating in the ECB stress test 2023
- The **MREL requirement** is set at **26.5%** (including a 3.5% combined buffer requirement, the subordination requirement is 0), is applicable on the Association level and has to be met by year-end 2024. The interim MREL target 2022 is 16.5% (excluding the combined buffer requirement); and the Association's MREL ratio stood at 22.7% as of 12/2022
- **Risk-weighted assets as of 12/2022**
 - Association RWAs: **EUR 14.2 bn** (91% credit risk)
 - Volksbank Wien RWAs: **EUR 4.0 bn** (85% credit risk)

1) CET1 requirement for P2R 1.41%: 56.25% of 2.5%

4 Funding structure and maturity profile¹⁾

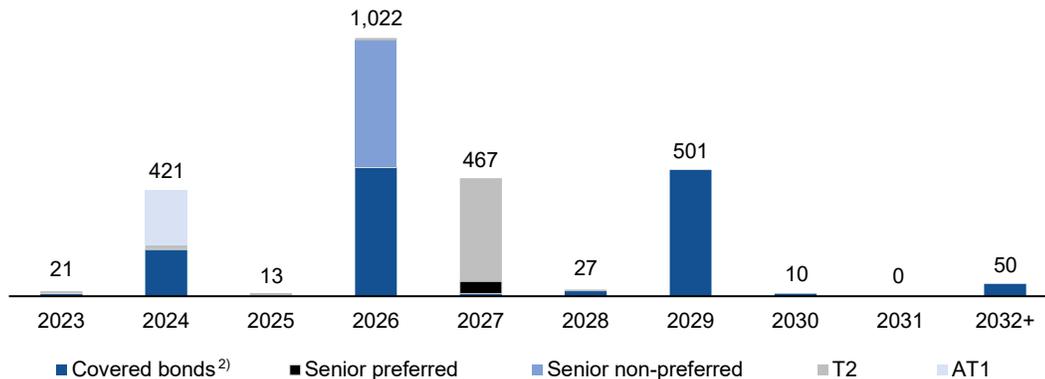
Breakdown of VBW and AoV funding as of 12/2022

Volksbank Wien: EUR 12.5 bn

Association: EUR 25.6 bn



Maturity profile of AoV issues as of 12/2022 (EUR mn)



- The funding mix of the Association is dominated by an approx. **80% share of customer deposits**; wholesale funding needs are limited
- **Loan deposit ratios** as of 12/2022: 102.9% (Association) and 84.5% (VBW)
- Member institutions are obliged to **place excess funding at the central organisation**
- The Association of Volksbanks participated in two tranches in **ECB's TLTRO III program** with a total amount of **EUR 3.5 bn**, these funds were deposited with the ECB. After repayment of EUR 2.2 bn in November 2022, TLTRO III funds currently amount to **EUR 1.3 bn**
- **Leverage ratios** as of 12/2022: 7.4% (Association) and 7.0% (VBW)
- The Association of Volksbanks has a **covered bond program** backed by mortgages of the regional Volksbanks at its disposal
- Long-term liquidity can therefore be generated through the **issuance of covered bonds rated Aaa by Moody's**
- From a **liquidity perspective**, currently there is no need for benchmark issues

¹⁾ The amounts shown reference nominal amounts (not balance sheet figures)

²⁾ Apart from the CBs placed externally shown above, covered bonds in an amount of approx. EUR 1.3 bn were placed as collateral at ECB

Table of contents

1	Overview Volksbank Wien and Association
2	Financial performance H1 2022
3	Asset quality and risk provisions
4	Capital and funding & liquidity
5	Volksbank Wien's ESG strategy
	Annex: Association's structure and governance

5 Sustainability is part of the Association's corporate DNA

Sustainability is in our roots and forms a strong foundation for the future



Sustainability has been an integral part of the business model of the cooperative Association of Volksbanks for 170 years, "**trust, regionality and customer proximity**" are the core values of the Association



Traditionally, Volksbank's clients are also their owners. The **cooperative principle** promotes the regional economic cycle and ensures that capital and liquidity are employed regionally. The Volksbanks operate within their respective regions with the statutory goal of **supporting economic development in their region**



Volksbank Wien and the Association aim at a **further increase of sustainable products and services** offered and attach **great importance to sustainability** when selecting **product partners and suppliers**



Early engagement in international initiatives

- **Global Compact** signed in 2018
- **First sustainability report according to GRI-standards** for the business year 2019
- Commitment to the UN's **SDGs**



Volksbank Wien issued its **first green bond in 2023**



Together with the other members of the Association, Volksbank Wien is one of the most important lenders in the segment of **project financing for renewable energy** in Austria. The Association of Volksbanks aims at **carbon neutral operations by 2030** (scope 1+2)

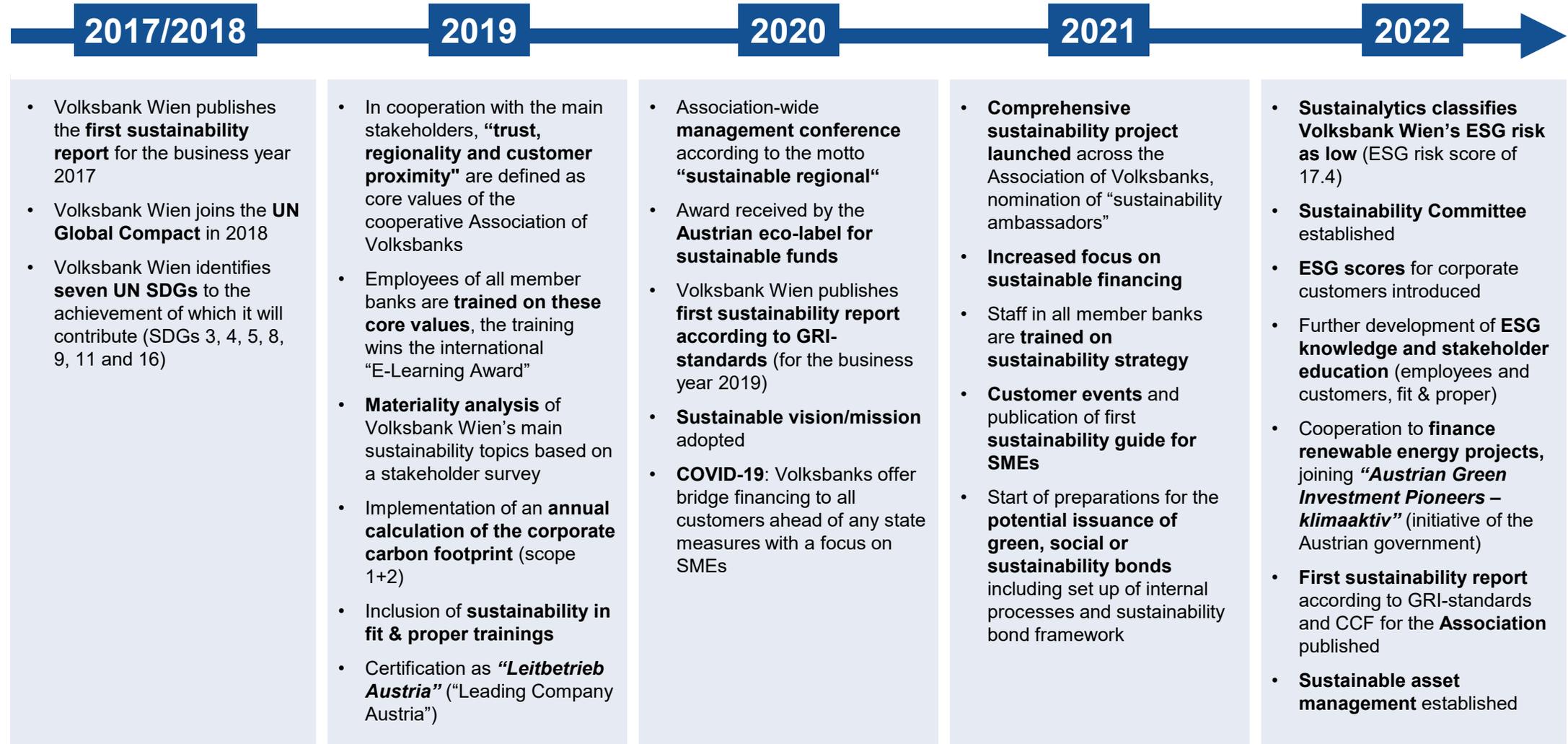


ESG rating of "**Low ESG Risk**" from Sustainalytics



Integration of ESG risks into Volksbank Wien's risk management, especially in the lending business and in project financing

5 ESG management - milestones



5 Strategies and objectives

Acting in an eco-minded and climate-conscious manner, improving sustainability across all areas

- Establishment of a climate strategy
- Continuous reduction of indirect CO₂ emissions from the core business (e.g. from financings and investments)
- Regular monitoring of the carbon footprint
- Carbon footprint reduction as important goal in the banking book, improve on the already very low CO₂ footprint of 15.1 t / million euros turnover on average
- Operation is climate neutral by 2030
- Continuous y-o-y growth in the areas of subsidised housing and social cooperative housing
- Further increase in offered range of sustainable products and services
- Increase the amount of real estate financing suitable for a green bond issue by 5% compared to 2020
- Share of financing abroad not to exceed 5% of loan book
- Focus on providing financing for renewable energy projects
- Proportion of women in managerial positions to grow by 10% between 2021 and 2023
- Promoting good working conditions

Based on a materiality analysis updated in 2021, Volksbank Wien has assigned the material topics to specific SDGs

Climate action 	Decent work and economic growth, quality education 	Good health and well-being 	Sustainable cities and communities 	Gender equality 	Industry, innovation and infrastructure
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5 ESG rating, certifications, memberships



Volksbank Wien is rated „Low Risk“ by Sustainalytics with an ESG Risk Rating score of 17.4

ESG Risk Exposure Low at 34.0:

„The company's overall exposure is low and is similar to subindustry average“

ESG Risk Management Strong at 51.4:

„VBW's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's overall management of material ESG issues is strong“

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Certifications

Three sustainable funds were certified with the Austrian eco-label (UI)



“der faire Credit”: further award for service and advisory quality



Volksbank Wien recertified as “Leading Company”

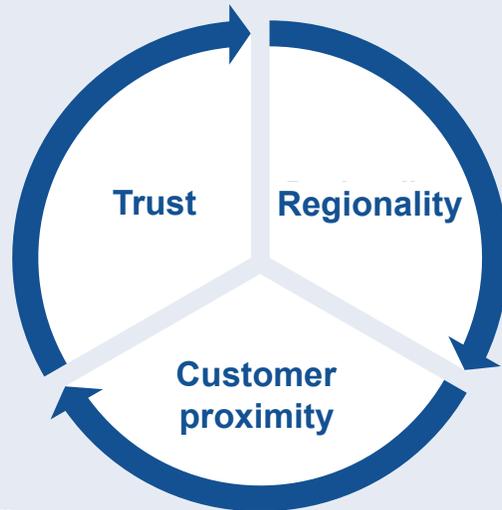


Memberships in ESG-related initiatives



5 Volksbank Wien's sustainability principles

Three pillars form the basis of Volksbank Wien's sustainable actions, the focus is on the topic of "regional sustainability"



Volksbank Wien

- Operates sustainably in the region based on cooperative values
- Takes responsibility for the long-term well-being of customers and employees
- Acts in an environmentally and climate conscious manner

Volksbank Wien

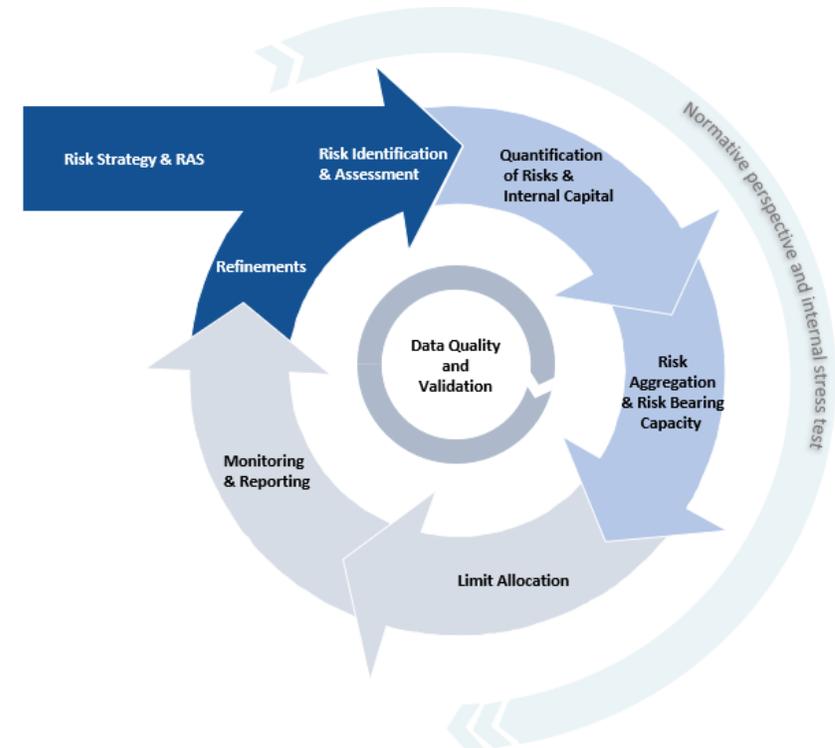
- Is committed to the **Paris Agreement on Climate Protection**
- Aligns its business strategy with the **SDGs of the United Nations** and thus contributes to their achievement
- Through its **membership in the UN Global Compact**, Volksbank Wien underlines the importance of sustainability in its business activities and **supports the 10 principles of the UN Global Compact** for the development of a sustainable world economy for the benefit of all people, communities and markets
- By adhering to these principles, the bank is committed to **responsible corporate governance** and anchors **sustainability as an integral part of its corporate culture**
- Volksbank Wien aims at **appropriately managing ESG risks** and enhancing positive impacts of its business activities on environment and people
- Enables responsible cooperation with clients by offering **sustainable products and services**

5 ESG risks are included in the risk management process and in the credit risk framework (1/2)

ESG risks were integrated into the risk frameworks and thus represent an integral part of the risk management process for the entire Association of Volksbanks

- The Association of Volksbanks is an **ECB-supervised institution** and therefore complies with high supervisory standards
- ESG risks are managed centrally by the **risk management function**
- **Executive board** is involved in the process of management of ESG risks
- Coverage of ESG risks in **regular risk reporting**, with **quarterly reporting to the supervisory board** on progress in the integration of ESG risks
- Standardised identification of ESG risks in the **risk inventory via ESG heat maps**
- ESG risks are also quantified in the **risk-bearing capacity calculation**
- Calculation of **ESG-related scenarios** in the internal stress test
- The **Association's risk strategy** reflects the results of the internal stress test and the risk inventory
- Evaluation of ESG aspects in the **new product process**

Risk management process



5 ESG risks are included in the risk management process and in the credit risk framework (2/2)

- The composition of the overall risk position corresponds to the pattern of a **regionally active retail bank**. Credit risk accounts for the largest share of the overall risk position
- The focus of sustainability-related measures is on **commercial customers and real estate customers**
- ESG risks have been included in the credit decision since 2021:
 - The assessment of **debt servicing capacity** is carried out taking into account **physical and transitory risks**
 - Risks are also taken into account in **regular credit reviews**
 - Financed transactions must comply with **environmental protection regulation**
 - **No business** is conducted in **environmentally or socially harmful areas**
 - The list of undesirable sectors includes **ethically questionable sectors and business areas** as well as **environmentally and socially questionable sectors**
- Since mid-2021, **ESG aspects have been included in property valuations**
 - In addition, environmental impacts, energy efficiency and the use of fossil fuels in buildings are documented

5 Volksbank Wien has defined 10 specific targets for the areas environment, social and governance



- We maintain a maximum ESG rating of 20 from Sustainalytics and thus remain in Sustainalytics' "low risk" rating category
- We continue to further align our lending standards with ESG standards and we define adequate procedures for all customer segments to take ESG criteria into account in lending decisions
- We are gradually achieving the highest share of ESG products in the Austrian market (own products and products of our partners)
- By 2030, operations of the Association of Volksbanks will be climate-neutral in terms of CO₂ (scope 1+2) emissions



- We score highest in terms of customer satisfaction in the Austrian banking market and significantly increase the satisfaction of our employees
- We increase diversity within the Association of Volksbanks significantly
- We promote sustainable economic projects in the region through the cooperative dividend cycle and are building a sustainability hub to interconnect sustainable activities



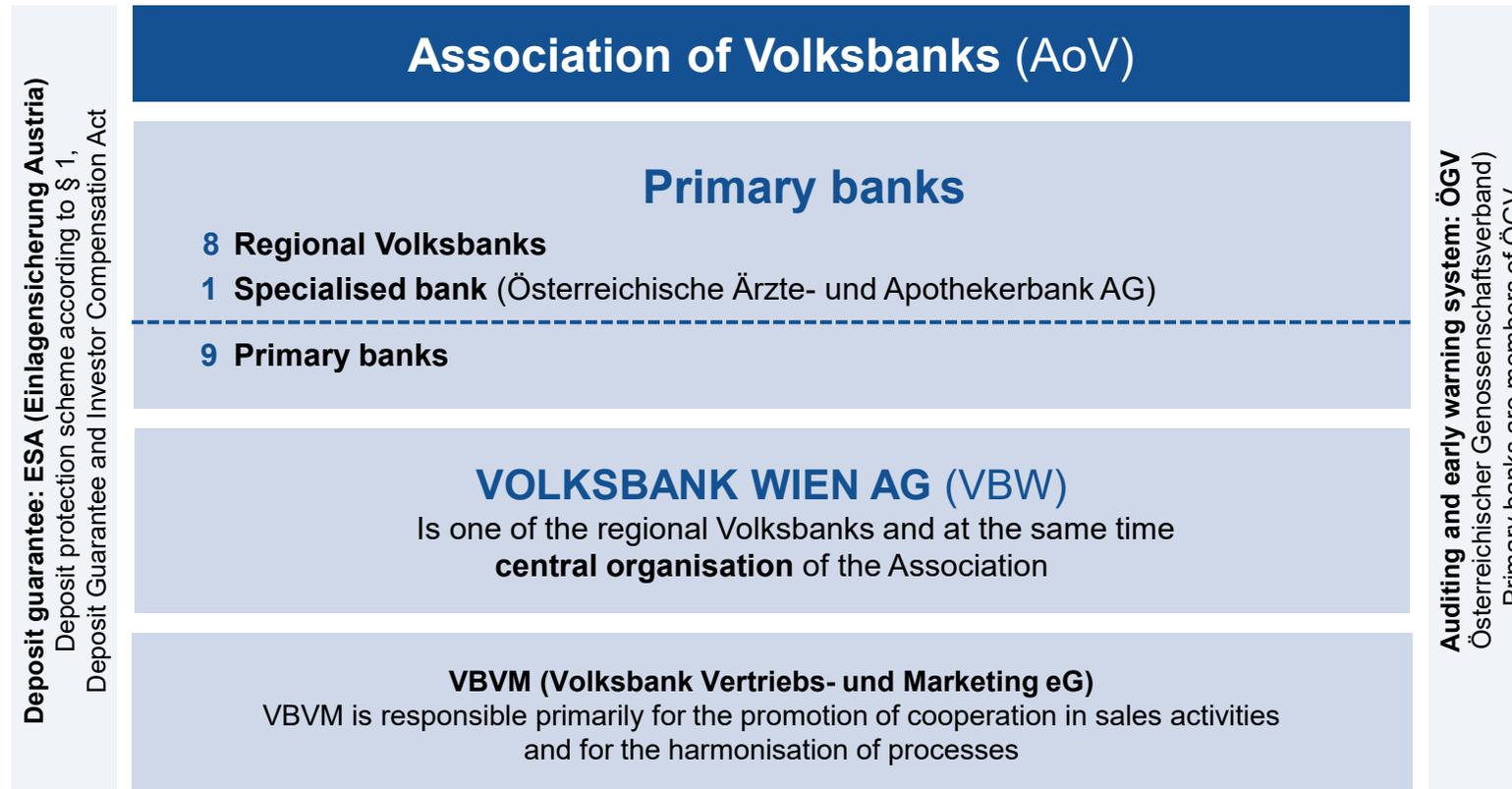
- We create transparency in the disclosure of GAR¹⁾, CO₂ emissions, governance structure, and bonus schemes with regard to sustainability
- A sustainability committee has been established in 2022 according to plan
- We integrate sustainability in the "three lines of defense" model

1) GAR: green asset ratio

Table of contents

1	Overview Volksbank Wien and Association
2	Financial performance FY 2022
3	Asset quality and risk provisions
4	Capital, funding and liquidity, MDA and ADI
5	Volksbank Wien's ESG strategy
	Annex: Association's structure and governance

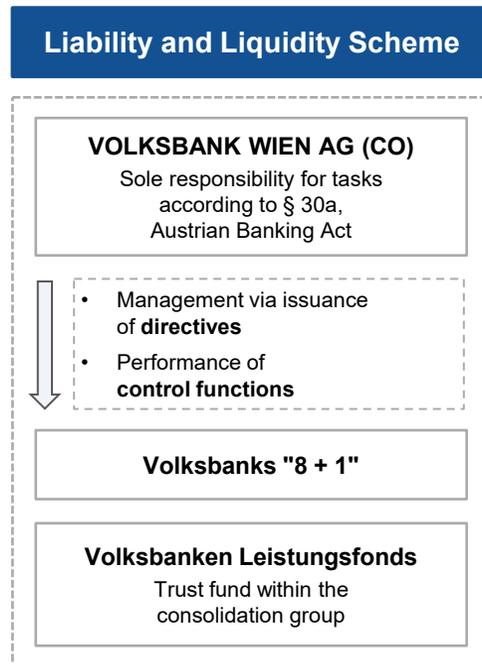
Association of Volksbanks: structure



Deposit guarantee: ESA (Einlagensicherung Austria)
 Deposit protection scheme according to § 1,
 Deposit Guarantee and Investor Compensation Act

Auditing and early warning system: ÖGV
 Österreichischer Genossenschaftsverband
 Primary banks are members of ÖGV

Association of Volksbanks: governance



- The **CO Volksbank Wien and the regional Volksbanks** have established a **joint liability scheme**:
 - They are mutually obliged to jointly support a member institution should difficulties arise.
 - Liabilities and contributions are unlimited.¹⁾
 - The Association contract forms the basis of the liability scheme:
 - The CO performs significant control functions, is responsible for compliance with regulatory requirements and has the right to issue directives.
 - The CO's management can impose remedial actions on troubled primary banks if early-warning indicators (macroeconomic, market-based or breaches of capital, liquidity, profitability or asset-quality ratios) deteriorate (without consent of the bank concerned or preliminary consultation with the Association's members).
 - These remedial actions may take the form of equity injections, purchase of assets, short- and medium-term liquidity support, guarantees and other liabilities, subordinated loans, payment of third-party claims, lost grants and management support.
 - For covering CET1 shortfalls the central organisation has access to the trust fund (Leistungsfonds).
-
- The Association's members together form a **liquidity scheme**. The **CO is obligated to control liquidity in the Association** to ensure compliance with all material supervisory regulations at all times. The Association's member institutions are obligated to invest their liquidity at the CO.

- **Volksbanken Leistungsfonds (VL)** is a trust fund established to enable the CO to take immediate remedial action to support the CET1 basis of any Association member to prevent a threatening deterioration of its financial position.
- With EUR 100 mn the fund has reached its target size in 2021.
- If the CO estimates that VL is insufficient to cover support needs as these arise, it can call unilaterally for additional unlimited contributions from the other VBs.¹⁾
- Assets of VL are included in the Association's core capital.

The Association of Volksbanks serves to ensure both the **regulated transfer of liquidity between its members and mutual liability**, thereby providing an indirect guarantee for the creditors of all members of the Association of Volksbanks.

¹⁾ Liabilities and contributions are limited however in the case of the CO to the point where the CO still has to fulfil regulatory capital requirements and in the case of the other members to the point where any member would come close to non viability

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