VOLKSBANK WIEN

Impetus spurring us towards sustainable success.

Supporting each other through strong regional links.
Growing responsibly.

ANNUAL FINANCIAL REPORT 2024

KEY FIGURES OF VOLKSBANK WIEN AG

Euro million	31 Dec 2024	31 Dec 2023	31 Dec 2022
Statement of financial position			
Total assets	**16,036**	**15,100**	**14,460 ***
Loans and receivables customers	**6,060**	**5,858 ****	**5,557 ****
Amounts owed to customers	**6,674**	**6,531**	**6,765**
Debts evidenced by certificates	**3,449**	**3,323**	**1,723**
Subordinated liabilities	**1,237**	**402**	**399**
Own funds			
Common equity tier 1 capital (CET1)	830	781	676 *
Additional tier 1 capital (AT1)	0	220	220
Tier 1 capital (T1)	**830**	**1,001**	**896 ***
Tier 2 capital (T2)	1,150	300	380
Own funds	**1,979**	**1,301**	**1,276 ***
Risk weighted exposure amount credit risk	4,050	3,850	3,400
Total risk exposure amount market risk	18	23	21
Total risk exposure amount operational risk	692	662	597
Total risk for credit valuation adjustment	9	9	13
Total risk exposure amount	**4,770**	**4,543**	**4,032**
Common equity tier 1 capital ratio	**17.4 %**	**17.2 %**	**16.8 % ***
Tier 1 capital ratio	**17.4 %**	**22.0 %**	**22.2 % ***
Equity ratio	**41.5 %**	**28.6 %**	**31.7 % ***
Income statement	**1-12/2024**	**1-12/2023**	**1-12/2022**
Net interest income	154.8	184.6	130.4
Risk provision	-74.7	-23.5	-17.6 *
Net fee and commission income	75.4	64.2	59.9
Net trading income	5.2	3.2	1.7
Result from financial instruments and investment properties	-1.7	-1.4	-9.5
Other operating result	155.8	126.3	89.2
General administrative expenses	-271.2	-236.5	-207.2
Result from companies measured at equity	2.3	0.7	-0.2
Result before taxes	**46.0**	**117.5**	**46.7 ***
Income taxes	-3.0	16.5	20.0 *
Result after taxes	**43.0**	**133.9**	**66.7 ***
Result attributable to non-controlling interest	0.0	0.0	0.0
Result of the Group	**43.0**	**133.9**	**66.7 ***
Operating result	**118.3**	**140.3**	**64.4**
Key ratios	**1-12/2024**	**1-12/2023**	**1-12/2022**
Cost-income-ratio	**69.3 %**	**62.5 %**	**74.2 % ***
ROE before taxes	**4.6 %**	**11.3 %**	**4.9 % ***
ROE after taxes	**4.3 %**	**12.9 %**	**7.0 % ***
Net interest margin	**1.0 %**	**1.2 %**	**0.9 %**
NPL ratio	**6.6 %**	**3.1 %**	**1.7 %**
Leverage ratio	**5.9 %**	**7.9 %**	**7.7 %**
Net stable funding ratio	**192.1 %**	**181.5 %**	**174.6 %**
Liquidity Coverage ratio	**200.7 %**	**202.9 %**	**180.7 %**
Loan deposit ratio	**93.9 %**	**91.9 %**	**84.5 %**
Coverage ratio I	**29.4 %**	**31.4 %**	**34.8 %**
Coverage ratio III	**102.8 %**	**112.4 %**	**105.2 %**
Resources	**1-12/2024**	**1-12/2023**	**1-12/2022**
Staff average	**1,286**	**1,245**	**1,250**
Thereof domestic	1,286	1,245	1,250
	31 Dec 2024	**31 Dec 2023**	**31 Dec 2022**
Staff at end of period	**1,306**	**1,265**	**1,237**
Thereof domestic	1,306	1,265	1,237
Number of branches	**54**	**54**	**54**
Thereof domestic	54	54	54
Number of customers	**297,267**	**298,994**	**308,379**

The equity ratios are displayed in relation to total risk. The operating result is calculated from net interest income, net fee and commission income, net trading income, result from financial instruments and investment properties, other operating result and general administrative expenses. The cost-income-ratio is the ratio between operating income and operating expenses. Operating income includes net interest income, net fee and commission income, net trading income and if positive other operating result and result from discontinued operation. Operating expenses include general administrative expenses and if negative other operating result and result from discontinued operation. Other operating result and result from discontinued operation is displayed net of other taxes, deconsolidation result and valuation result according to IFRS 5. The ROE before taxes indicates the result before taxes in relation to average equity including non-controlling interest. The ROE after taxes indicates the result after taxes in relation to average equity including non-controlling interest. The net interest margin shows the net interest income in relation to total assets. The NPL ratio indicates the portfolio of non-performing loans in relation to the total exposure of all loans to and receivables from customers. The leverage ratio indicates the business volume (CCF-weighted off-balance positions plus derivatives add-on, replacement value of derivatives, disallowance of derivative claims and financial volume) in relation to the tier 1 capital (CET1 + AT1). The net stable funding ratio indicates the available stable funding in relation to the necessary stable funding. The liquidity coverage ratio (LCR) describes the ratio of highly liquid assets to net outflows over the next 30 days assuming a stress scenario, and thus the ability to cover short-term liquidity outflows. The loan deposit ratio indicates the total amount of loan accounts, overdraft facilities less syndicated loans in relation to the total amount of savings deposits, demand deposits and fixed term deposits. The coverage ratio I indicates the coverage ratio of non-performing loans by risk provisions. The coverage ratio III indicates the coverage ratio of non-performing loans by risk provisions and collaterals. Staff figures are calculated based on full-time equivalent.

* 2022 was restated in accordance with IAS 8.

** As at 31 December 2024, the changes in the value of the underlying transactions within the scope of portfolio fair value hedges were reclassified from the item loans and receivables to customers to a separate balance sheet item (fair value changes from portfolio hedges) within the balance sheet.

TABLE OF CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

INDIVIDUAL ANNUAL FINANCIAL STATEMENTS

OFFICERS AND ADRESSES

VOLKSBANK WIEN AG

VOLKSBANK WIEN AG

FOREWORD BY THE CHIEF EXECUTIVE OFFICER

Gerald Fleischmann

CEO and Chairman
of the Managing Board

Despite challenging conditions, VOLKSBANK WIEN AG has made further significant progress, both as the largest regional bank among Austrian Volksbanks and in its function as the central organisation for the entire Association of Volksbanks in Austria. The regional catchment area of VOLKSBANK WIEN AG comprises all of Vienna, Burgenland, and the eastern half of Lower Austria. Under the SPARDA-BANK brand, VOLKSBANK WIEN AG provides services to the target group of employees throughout Austria.

Politically speaking, 2024 was a year scarred by the war in Ukraine and the armed conflicts in Israel, Palestine, and other parts of the Arab region. Meanwhile, the transition to a new presidential regime in the USA prompted fresh uncertainty for the global economy. Following the high inflation seen in preceding years (8.6 % in 2022 and 7.8 % in 2023), the inflation rate dropped substantially in 2024 to 2.9 %. Interest rate cuts implemented by the European Central Bank to combat soaring inflation also brought down interest rates in Austria, where the national economy spent a second successive year in recession. This was due partly to a persistent sluggishness in industry and exports and partly to consumer sentiment remaining subdued – in spite of a sharp rise in income levels. Even by the end of the year, the macroeconomic environment was still proving challenging. A general economic recovery is not expected into 2025 at the earliest.

For VOLKSBANK WIEN AG, as for the financial sector as a whole, regulatory requirements continued to pose a considerable challenge in 2024. The restrictive guidelines for granting private real estate financing (imposed by Austria's Real Estate Financing Measures (KIM) Regulation) once again had a big impact on retail business. Falling interest rates, an exemption from land register and mortgage registration fees for private property purchases and, lastly, the announcement that the KIM Regulation would be phased out at the end of June 2025 ultimately led to the situation easing over the course of the year, giving rise to hopes that the market would steadily stabilize.

VOLKSBANK WIEN AG is continuing to work on streamlining its business model. By focusing on the core areas of deposits, loans and payment transactions, we are striving to achieve further efficiency increases in the medium term. In the service business with consumer credits, insurances, securities, leasing, real estate and other business segments, VOLKSBANK WIEN AG sells products sourced from partners such as TeamBank, ERGO Versicherung, IMMOcontract, and Union Investment, which – as one of the largest investment companies in Germany – offers exceptional expertise and top-quality services in these areas.

Service business with our product partners developed very positively in 2024. In the sphere of funds, we have enjoyed a fruitful working relationship with Union Investment since 2015. In 2024, we extended this partnership to take us through to 2035 – a clear indication of the trust between both parties and how much we appreciate working together. Union Investment offers excellent products, which also met with an extremely positive response from the Austrian market last year; net sales amounted to euro 64.4 million in VOLKSBANK WIEN AG alone. Last year, VOLKSBANK WIEN AG achieved sales of approximately euro 54.5 million through our cooperation – already going back several years – with TeamBank in the area of consumer financing. The insurance business with ERGO Versicherung was the focus of increased attention following the early extension of the partnership by a further twelve years in 2021.

The Volksbanks reached some significant milestones in terms of sustainability last year. One particular highlight was VOLKSBANK WIEN AG issuing its first green bond with a total volume of euro 500 million. This has opened up an opportunity for private investors to make an investment with revenues going towards financing and/or refinancing appropriate green (sustainable) assets within the region. Sustainability and regionality have been part of our business model and a crucial factor in our business activity for more than 170 years. In the last full year, the Association of Volksbanks provided its regional customers with financing amounting to euro 22.79 billion overall. This corresponds to approximately 96 % of all financing from the association of credit institutions.

VOLKSBANK WIEN AG's sustainability efforts are also bearing fruit on an international level. Sustainalytics, a leading agency in the field of sustainability ratings, assessed the ESG risk of VOLKSBANK WIEN AG in March 2022 and classified it as low, with a score of 17.4. Since the last rating update in the fourth quarter of 2024, its ESG risk rating has been 14.3 (low risk). Thanks to this highly encouraging rating, VOLKSBANK WIEN AG now ranks 107th out of the 1,024 banks rated globally (source: current ratings: https://www.sustainalytics.com – up to date as of 12.03.2025).

As first-time participant in the "Austrian Sustainability Reporting Award" (ASRA), which recognises the best sustainability reports issued by Austrian companies, VOLKSBANK WIEN AG made it into the top three in the category "Other companies legally required to report on sustainability".

To establish ESG factors even more firmly in the Volksbank's core business, the Sustainability Committee was put in place back in 2022 as an organ of the Managing Board with decision-making power and a mandate to provide supervision, coordination and monitoring on ESG issues. A sustainability ambassador has also been appointed for each division of VOLKSBANK WIEN AG to act as a multiplier, bring in fresh ideas, and offer advice and support to colleagues.

The retail branches, as the "Hausbank" ("relationship bank"), still serve as the main point of contact for customers at VOLKSBANK WIEN AG. The merger of individual branches in previous years has ensured that expert staff are on hand to help customers at all locations. This applies to both private and corporate customer business. All measures taken within the branch and sales organisation are aimed at putting an even greater focus on customers and the quality of the consultancy we provide. We keep improving our locations in both technical and functional terms. Obviously, this also includes making continuous investments in the professional training and development of our employees so we can keep raising our consultancy standards.

Digital applications are proving an important sales channel for all banks, making it easier for customers to carry out routine banking tasks. Seven years ago now, VOLKSBANK WIEN AG was already responding to this development with the launch of its new digital web presence. Digitisation in retail banking made further huge strides in 2024, with more improvements to digital applications very much in our pipeline for the next few years.

We have already significantly expanded the range of services we offer under the tag of "hausbanking". With numerous new product and service orders, customers can take care of various additional tasks relating to their financial transactions online. Owing to the modern infrastructure, standard tasks can be carried out within "hausbanking" by the customers themselves, while our consultants are available for individual meetings in case of complex consultancy requirements.

To prepare for the challenges facing us in the years ahead, we – together with all the other Volksbanks – developed a new brand strategy in 2024 with the aim of implementing it by 2030. Our vision for the future is built on the core values of humanity, creative drive, tangible impact, triple expertise, community and effective implementation. In 2024, we worked hard to firmly establish our new values and positioning and our vision for the future internally and to put them into practice in our day-to-day activities. Our aim for the new year is to successfully convey our strategy and new brand image externally too.

Following the early repayment of the final tranche of the government funds, we have managed to maintain the liquidity and capital base built up in recent years. This enables us to properly fulfil our economic core function, namely the financing of private individuals and businesses. Our focus is on small- and medium-sized enterprises in particular, which are a mainstay of the Austrian economy. Private customers appreciate the personalised nature of our consultancy, always conducted on equal terms, and the services tailored to their individual needs.

Last year's positive developments demonstrate once again that we are on the right path to achieving long-term growth built on solid foundations. This is thanks not only to our employees, but also to our officers and owners. But the most crucial factor of all in driving our growth is the trust and loyalty of our customers. We look forward to getting the new year off to a successful start together with fresh impetus!

Vienna, March 2025

Gerald Fleischmann
CEO and Chairman of the Managing Board

REPORT OF THE SUPERVISORY BOARD

pursuant to section 96 of the Austrian Stock Corporation Act (Aktiengesetz) for the 2024 business year

Robert Oelinger

Chairman
of the Supervisory Board

In four ordinary and three extraordinary meetings, along with further discussions and numerous committee meetings in the 2024 financial year, the Supervisory Board obtained information on the legality, expediency and efficiency of the management as well as on the situation, development and business strategy of the company. The Supervisory Board also dealt with the topics that VOLKSBANK WIEN AG as the central organisation of the Association of Volksbanks is responsible for pursuant to Section 30a of the Austrian Banking Act.

The relevant reports of the Managing Board were thoroughly discussed and acknowledged, and the required resolutions were passed.

The committee chairpersons reported to the Supervisory Board on the work of the Supervisory Board committees on a regular basis. Moreover, the records of all committees, except for the HR Committee, were made available to all Supervisory Board members. Hence, the Supervisory Board was given ample opportunity to comply with its duty to obtain information and with its supervisory duty.

The Supervisory Board has currently set up the following committees: the Working and Risk Committee, Audit Committee, Remuneration Committee, Nomination Committee, and HR Committee.

The Working and Risk Committee held four meetings in 2024, along with regular conference calls, where the investments falling within its sphere of competence, as well as the risk topics, the risk strategy, and the current risk situation of the company and of the Association of Volksbanks were dealt with. The Working and Risk Committee made some of its credit decisions by circular resolution.

The Audit Committee held four meetings in 2024. Apart from the audit of the annual financial statements, the consolidated financial statements and the annual financial statements of the Association of Volksbanks, these meetings focused particularly on planning, the internal control system, the risk management system and sustainability reporting, with regular reports from Internal Audit and the Compliance Office.

In two meetings in 2024, the Remuneration Committee dealt with the principles of the remuneration policy and with the remuneration report of VOLKSBANK WIEN AG and the Association of Volksbanks. The Remuneration Committee also approved payments to employees of the Association of Volksbanks for 2023 under the employee profit-sharing scheme, along with target agreements for 2024.

The Nomination Committee held three meetings in 2024, where the annual evaluation of the Managing Board and Supervisory Board members was conducted, and an update of the company's Fit & Proper Policy was approved. With Chairman of the Managing Board Gerald Fleischmann and Deputy Chairman Rainer Borns due to come to the end of their term in office on 31 May 2025, the Nomination Committee submitted a recommendation to the Supervisory Board that they be reappointed for a further term from 1 June 2025 to 31 May 2030. Furthermore, the Nomination Committee dealt with the finer details of the succession planning for members of the Managing Board of VOLKSBANK WIEN AG, as the central organisation of the Association of Volksbanks. A structured process is now being launched in relation to this.

The HR Committee did not hold any meetings in 2024 and was involved in a decision taken by circular resolution.

Attendance at the meetings of the Supervisory Board and its committees continued to be high.

Given the challenging economic situation in Austria, the Association of Volksbanks, and with it VOLKSBANK WIEN AG, was unable to match the previous year's record result in 2024. Risk provisions have grown significantly compared to the previous year in light of the sluggish economic development. Nevertheless, equity has been kept at a high level. Loans and deposits were successfully increased as part of the growth strategy. Net interest income has fallen due to interest rate cuts by the ECB, while net fee and commission income has risen further. Overall, the operating result was the second best achieved in the last five years. The aim of the "Aufwind" ("Impetus") growth programme is to continue this successful development over the coming years.

VOLKSBANK WIEN AG and the Association of Volksbanks have been paying particularly close attention to sustainability, with the aim of maintaining the "Low Risk" ESG risk rating awarded to VOLKSBANK WIEN AG by the independent international rating agency Sustainalytics. The Supervisory Board is regularly updated on progress in achieving the defined sustainability targets.

In view of the successful work performed by the Managing Board of VOLKSBANK WIEN AG to date, the Supervisory Board of VOLKSBANK WIEN AG has accepted the recommendation of the Nomination Committee and reappointed the Chairman and Deputy Chairman of the Managing Board, Gerald Fleischmann and Rainer Borns, for a further term from 1 June 2025 to 31 May 2030. The Supervisory Board is of the opinion that, with this tried-and-tested Managing Board team at the helm, VOLKSBANK WIEN AG and the Association of Volksbanks are in a stable and forward-looking position that will equip them well for facing future challenges.

Hermann Ehinger left the Supervisory Board as of 31 December 2023 due to his retirement. He was succeeded by Josef Heidegger as a member of the Supervisory Board delegated by the Works Council as of 18 January 2024.

Since the Audit Committee dealt with the selection of the new bank auditor for the 2025 financial year back in 2023 and submitted a proposal to the Supervisory Board in this regard, the Sustainability Board has approved this recommendation and submitted an election proposal to the General Meeting. In line with this election proposal, PwC Wirtschaftsprüfung GmbH has been elected by the General Meeting as the financial statements and bank auditor for the 2025 financial year.

The annual financial statements as at 31 December 2024, including the management report, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) and were given an unqualified audit certificate. The consolidated financial statements as at 31 December 2024, including the group management report, were also audited by KPMG and likewise provided with an unqualified audit certificate. The annual financial statements of the Association of Volksbanks as at 31 December 2024, including the management report of the Association, were also audited by KPMG and provided with an unqualified audit certificate.

The Supervisory Board has acknowledged the report submitted by the Managing Board and has examined the annual financial statements including the management report, the consolidated financial statements including the group management report and the annex to the audit report, as well as the financial statements of the Association including the management report of the Association and the annex to the audit report upon previous involvement of the Audit Committee pursuant to Section 96 (1) of the Austrian Stock Companies Act. Said examination by the Supervisory Board has not resulted in any objections; in particular, the Supervisory Board found that the annual financial statements, the consolidated financial statements and the financial statements of the Association had been prepared correctly.

Hence, the Supervisory Board approves the annual financial statements including the management report, meaning that the same are approved under Section 96 (4) of the Austrian Stock Companies Act, the consolidated financial statements including the group management report and the annex to the audit report, as well as the financial statements of the Association including the management report of the Association and the annex to the audit report. Moreover, the Supervisory Board concurs with the results of the year-end audit, which were thoroughly discussed with KPMG in the Audit Committee, and consents to the proposal for the appropriation of profits as submitted by the Managing Board.

VOLKSBANK WIEN AG prepares a summary consolidated non-financial report (sustainability report) in accordance with the legal requirements under Sections 243b and 267a of the Austrian Business Code, based on the European Sustainability Reporting Standards (ESRS), the European framework for sustainability reporting. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was tasked with auditing the sustainability report; the relevant audit report has been submitted to the Supervisory Board. The sustainability report submitted to the Supervisory Board was also reviewed by the Supervisory Board with reference to the audit report prepared by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The reviews or audits by the Supervisory Board and by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft did not result in any objections, and the Supervisory Board concurs with the results of the audit by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

In the past financial year, VOLKSBANK WIEN AG has again fulfilled the support function provided for by the shareholders and stipulated in Article 3 of the Articles of Association.

In conclusion, the Supervisory Board would like to thank the Managing Board and all employees for their commitment, which has been instrumental in achieving a positive outcome in the 2024 financial year in spite of the challenging economic environment.

Vienna, March 2025

For the Supervisory Board of VOLKSBANK WIEN AG:

Robert Oelinger,
born on 18.12.1955
Chairman of the Supervisory Board

THE MANAGING BOARD

Chairman:

Gerald Fleischmann

born on 27 February 1969

CEO

Areas of responsibility:

- Retail Branches
- Marketing & Communication
- Sustainability & Sustainability Officers
- Organisation & IT
- HR Management & Organizational Development
- Private Banking/ Treasury
- Corporate and Real Estate Financing
- Sales Management

Deputy Chairman:

Rainer Borns

born on 7 August 1970

Deputy-CEO

Areas of responsibility:

- Control
- Data Governance & Data Management
- Finance
- Legal
- VB Infrastructure and Real Estate Facility Management
- VB Infrastructure and Real Estate Property Management

Deputy Chairman:

Thomas Uher

born on 15 June 1965

Deputy-CEO

Areas of responsibility:

- Digital Transformation & Security
- Credit Risk Management, Restructuring & Recovery
- Risk Controlling
- VB Services für Banken MSC Aktiv and loan processing
- VB Services für Banken Handling of securities/payment transactions and MSC Passiv/KSC

Joint Managing Board

Areas of responsibility:

- Compliance
- Audit

THE SUPERVISORY BOARD

Robert Oelinger
Certified Public Accountant/tax consultant
Chairman

Heribert Donnerbauer
Donnerbauer & Hübner Rechtsanwälte GmbH
First Deputy Chairman

Helmut Hegen, M.B.L.
HOSP, HEGEN partnership of lawyers
Second Deputy Chairman

Wilfried Aichinger, M.B.L.-HSG
Business consultant
Member

Susanne Althaler
Member

Harald Berger
Member

Johann Joachim Bruckner
Attorney-at-law
Member

Birte Burtscher, M.A. (HSG)
Certified public accountant and tax consultant
Member

Christoph Herzeg, MBA, CSE
Member

Regina Ovesny-Straka
Member

Martina Rittmann-Müller
Tax consultant and certified public accountant
Member

Walter Übelacker
Real estate trustee, certified court expert
Member

Works council delegates:

Chairman of the Works Council Christian Rudorfer

Andrea Baier

Josef Heidegger
as of 18 January 2024

Christiane Spiegl

Iris Weber

Bettina Wicha

State Commissioners:

Katharina Schwaha
State Commissioner

Helmut Wiesenfellner
Deputy State Commissioner

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

Report on the business development and economic situation

Economic environment

Overall economic development 2024 in Austria

Real GDP growth Y/Y	Inflation rate according to HICP Y/Y	Unemployment rate National definition (AMS)
-1.0 %	2.9 %	7.0 %

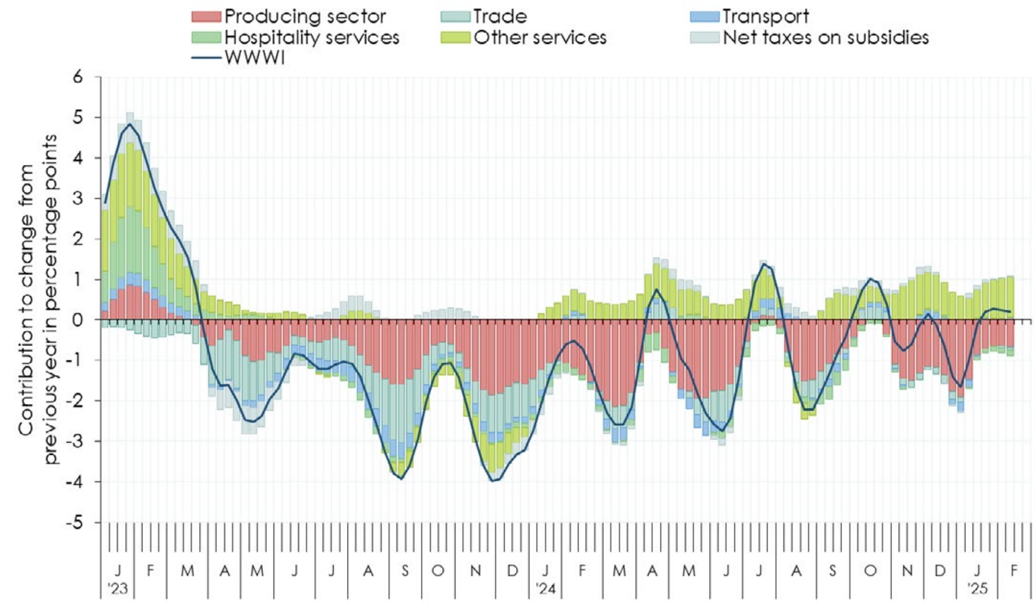
Source: WIFO, Statistics Austria and AMS, as at 31 Jan 2025

The Austrian economy continued to contract in 2024 at a similar rate to the previous year due to the ongoing recession in the industrial sector and the construction industry. Despite improvements in income, consumer spending by private households also declined once again, associated with a sharp increase in the savings rate from 8.7% in 2023 to 11.4% in 2024. Investment activity also slowed down once again in the case of equipment and even more so in the construction sector. This affected residential construction in particular, but also increasingly had an impact on the ancillary construction industry. The weakness in industry also weighed on exports of goods, which fell in particular in the first half of the year but stabilised somewhat over the course of the year. The issue of international competitiveness also came to the fore in foreign trade in goods and services in view of increased labour and energy costs. Consumer price inflation decreased for most of 2024, falling below the ECB target of 2%, mainly due to falling household energy prices, although there was a moderate increase here at year-end. Services remain important price drivers, including in particular hospitality services.

The economic downturn was reflected in the labour market by a rise in unemployment. The growth in employment was also low in 2024 and hours worked per employee were lower than in 2023. The industrial sector, construction industry and trade and retail all faced a decline in employment. The unemployment rate rose by around half a percentage point to 7.0% based on the national calculation method. The number of people registered as unemployed or in training was 9.4% higher on average over the year. The number of vacancies fell in parallel with this.

A total of 6,587 companies filed for bankruptcy in 2024 according to creditor protection association KSV, an increase of 22% over the previous year, with trade and retail, the construction industry and hospitality/gastronomy affected by this in particular. These also included many insolvencies classified as major insolvencies (86), which contributed to the fact that the total liabilities and equity affected increased by 35%, a much higher rise than the number of insolvencies. The high number of creditors in many cases was also highlighted, which increases the risk of subsequent insolvencies. The number of personal bankruptcies remained almost unchanged compared to the previous year, although there were some noticeable differences between the federal provinces. Not least due to the difficult economic situation that has been persisting for some time, the KSV points out that private bankruptcies typically lag behind those in the corporate sector.

According to the weekly economic index from the Austrian Institute of Economic Research (WIFO), there is no significant recovery yet in sight for the Austrian economy. Based on information that is updated at short intervals, the WWWI estimates the GDP and its components for individual calendar weeks (see chart). Economic output in December exceeded the figure for the same month in the previous year by 0.25%, although this fell to a minus of 1.25% in the first two weeks of January in a year-on-year comparison. Private consumer spending and gross capital investments likely stagnated in December, while net exports are likely to have made a negative contribution to growth once again. From the point of view of industry, the Weekly WIFO Economic Index (WWWI) shows declines in value added, particularly in the manufacturing sector which is also accompanied by falls in employment, but also in the construction industry as well as in tourism and trade for most weeks of 2024. There are signs of a recovery in retail sales, with some positive momentum coming primarily from other service sectors. Economic assessments also remained sceptical according to the WIFO economic test, with negative values for both the assessment of the current situation and economic expectations in December. According to the initial estimate from WIFO, GDP is likely to have stagnated in the fourth quarter as a whole compared with the three months before, with an annual rate of -1.0% calculated for the year as a whole.



Source: WIFO, Statistics Austria. – Producing sector NACE A to F, Trade NACE G, Transport NACE H, Hospitality services NACE I, Other services NACE J to T. – The sum of the growth contributions of the subcomponents may differ from the estimated GDP growth (residual).

Money market rates followed a clear downward trend in 2024 and, at the end of the year, the 3-month Euribor was only slightly above the level at the beginning of 2023. Since June 2024, the ECB has partially reversed its interest rate hikes of the previous year and cut the deposit rate by 100 basis points in four stages. The key interest rates at the turn of the year were 3.0% (deposits), 3.15% (main refinancing) and 3.4% (marginal lending). The direction of European capital market interest rates was less clear, with the yield on the German ten-year benchmark bond and on the ten-year Austrian federal bond barely changing by the end of the year compared with the start of the year. Expectations of falling inflation rates fell towards year-end, especially in the USA, reflected in rising yields around the turn of the year 2024/25. The stock indices in the USA trended upwards throughout the year despite some accompanying setbacks and were supported in the second half of the year by expectations regarding the new government's economic policy ('Trump trade'). Despite moving sideways in the second half of the year, with a few exceptions the European stock indices also ended the year with gains, although these were less pronounced than in the US.

Energy market

The energy price shock from 2022 subsided somewhat despite the ongoing war in Ukraine. Consumer price inflation was at a more moderate level once again, primarily due to cheaper petroleum products, although the aftershocks were still being felt in the service sector following the wave of price increases. However, European gas prices rose from November 2024 onwards when Gazprom stopped gas deliveries to OMV after the latter was awarded damages in arbitration proceedings. Gas flowing through Ukraine would have ended in 2024 in any case, but security of supply should be guaranteed by diversification measures. Just like gas prices, electricity prices on the Stock Exchange also remained above pre-pandemic levels.

The rate of inflation was 2.9% in 2024 as a whole according to both the national and the harmonised consumer price index. The contribution made by electricity prices was low due to various political interventions, such as the electricity price brake that came to an end in early 2025. Following the energy crisis, concern is also growing about the permanent loss of certain production facilities and loss of competitiveness over the longer term.

Credit market

The continued high cost of financing and a high propensity to save among private households as well as the recessionary industrial activity with weak order books and a reluctance to invest were also reflected in the lending business.

Loans to private households in Austria fell at an average annual rate of -1.4 % from January to December 2024, while loans to non-financial corporations grew only moderately by +1.4 %. The trend towards a slowdown had already set in for both categories by the start of 2023, following a strong year for corporate lending in particular in 2022. While the low point for loans to private households had already been reached by around the turn of the year 2023/2024 and the decline in December 2024 only amounted to approximately one-third of this figure, the increases in corporate loans were at their lowest in summer 2024. The increases in the last few months of the year were also higher again here and the change was not at any point negative compared to the previous year. The growth rates for loans to private households and companies are closer together for the eurozone as a whole, with the average annual rates from January to December 2024 amounting to 0.5 % for private households and 0.7 % for companies, and with these consistently fluctuating within the positive range. The bank lending survey for Austria from 2025 showed that demand for corporate loans continued to fall in the fourth quarter, while demand for private housing loans rose, as had also been the case in the first and third quarters.

Real estate market

On the Austrian residential real estate market, a long and marked price rally ended in the fourth quarter of 2022. The OeNB's real estate price index showed a negative annual growth rate for the second quarter of 2023 for the first time since the second quarter of 2008; the negative amount was 1.6 % for 2023 as a whole (2022: +10.3 %). The falls slowed down over the course of 2024 in a quarter-on-quarter comparison and were more pronounced in Vienna than in the rest of Austria. However, the annual rate was only positive in the third quarter of 2024 for new freehold flats outside of Vienna. A negative rate is also expected for 2024 as a whole, with the average index value for Q1-Q3 2024 around 2.4 % below the average value for the same period in the previous year, with pre-owned freehold flats becoming cheaper in particular.

Demand in the residential construction sector remains subdued, but the years of strong increases in supply are also over, too. The market has been characterised by a decline in building permits since as early as 2020, and residential construction investments in 2024 were almost 20 % below 2022 levels. However, the low point may have been reached as the mood improved somewhat at the end of 2024 according to the WIFO economic test, and the bank lending survey from January 2025 held out the prospect of a slight increase in demand for private residential construction loans for the second half of 2024 and the first quarter of 2025. While high financing costs and stricter lending standards have curbed demand in recent years, lower interest rates and an amendment to Austria's Real Estate Financing Measures (KIM) Regulation are if anything likely to provide new momentum.

Regional and sectoral development

	Austria	Burgenland	Carinthia	Lower Austria	Upper Austria	Salzburg	Styria	Tyrol	Vorarlberg	Vienna
Q2 2024 production value % Y/Y										
Manufacturing	-4.6	-4.7	-7.7	-5.2	-9.4	4.8	-2.5	1.5	0.4	-4.9
Construction	-2.3	-15.3	-1.1	-2.0	-0.4	0.9	-0.9	-2.8	-1.5	-5.1
Unemployment rate 2024 %	7.0	6.8	7.3	6.3	4.9	4.2	6.1	4.3	5.6	11.4
Tourism 2024:										
Overnight stays % Y/Y	2.1	4.5	-0.3	-0.3	2.2	0.1	1.7	1.6	2.3	9.3
Austria	0.9	4.7	-1.2	0.0	1.9	-0.5	0.4	0.4	-1.0	6.5
Foreign	2.5	3.8	0.3	-0.7	2.6	0.3	3.5	1.7	2.7	9.9

Source: WIFO, AMS, Statistics Austria

Some of the regional economic data from the first half of 2024 show marked differences. The WIFO flash estimate of real gross value added shows a positive trend in the first half of the year in Vienna only; Upper Austria was particularly affected by the industrial recession and contracted accordingly by 3.8 %. The slowdowns were also above average in Carinthia and Lower Austria, which also faced losses in material goods production, as well as in Burgenland. The nominal slowdown in construction output in the second quarter was lower throughout Austria than that of manufacturing. The noticeably large losses in the construction sector in Burgenland can also be explained by a high figure in the previous year. Otherwise, the construction sector saw a slowdown in Vienna in particular, although the city proved resilient in many other areas, such as in relation to employment trends, which significantly exceeded the Austrian average in the second quarter, albeit with a high unemployment rate compared with the other regions. The biggest fall in employment was in Upper Austria.

The 6.8% increase year-on-year in unemployment and trainees observed in December was particularly high in industry (+14%) and in retail and trade (+10%), despite the business over Christmas. Among the federal provinces, Upper Austria recorded the biggest increase followed by Salzburg. Unemployment rates rose in all federal states in 2024. Vienna continued to have the highest rate, while Salzburg continued to have the lowest rate, followed by Tyrol.

The number of accommodation facilities and beds increased by 2.3% year-on-year and 1.7% year-on-year respectively in the annual tourist season of 2023/24 (November 2023 until October 2024). The largest percentage increases were seen in terms of facilities in Burgenland and in the number of beds in Vienna. However, there were increases in all federal provinces with the exception of Tyrol. Bed occupancy at the facilities has still not been able to return to pre-pandemic levels. There has also been a shift in occupancy towards the summer ever since the pandemic.

The number of overnight stays in Austrian accommodation facilities amounted to around 154 million in 2024 as a whole, thereby exceeding the previous record set in 2019. There was an increase of 2.1% as compared with 2023, with the rise in international guests (+2.5%) being higher than that of Austrian guests (+0.9%). The highest increase in percentage terms compared with 2019 was recorded in Vienna, while the number of overnight stays only fell in Carinthia and Lower Austria compared with the previous year.

Retail sales increased over the course of the year despite continued restraint on the part of consumers. However, the slowdown in industry is likely to have continued to weigh on wholesalers. According to WIFO (December 2024), real gross value added in the retail sector is likely to have contracted by 2.0% over the year as a whole. However, registrations of new passenger cars rose once again in 2024, exceeding the previous year by 6.1%. The gap with 2019 reduced to 23% as a result. The fall in sales revenues in industry remained high at 8% in December 2024 compared with the same month in the previous year, while the construction sector recorded a small increase of 0.3% according to early estimates from Statistics Austria. Road freight transportation is also likely to have developed positively again for the first time in the fourth quarter according to the early estimate. The order situation remains subdued according to the WIFO business survey from autumn; order levels in the manufacturing sector were still below the five-year average in the October survey in all federal provinces with the exception of Burgenland. Only a partial stabilisation can be observed in the construction industry.

Again in 2024, healthcare counted among the comparatively stable sectors with a low number of insolvencies. Medical services continue to benefit from a partial shortage of supply and stable consumer trends in the sector, while the challenges of the retail sector and growing online services are also to some extent having an impact on the pharmacy environment. On the other hand, pharmacies were once again able to benefit from higher real disposable incomes.

Group result for the 2024 financial year

The result before taxes for the VBW Group in the 2024 financial year amounts to euro 46.0 million (2023: euro 117.5 million), while the Group result after taxes was euro 43.0 million (2023: euro 133.9 million) and the operating result[1] was euro 118.3 million (2023: euro 140.3 million).

Net interest income fell from euro 184.6 million in the same period of the previous year to euro 154.8 million in the 2024 financial year as a result of the key interest rate cuts by the ECB. On the income side, interest and similar income increased from euro 457.0 million to euro 512.2 million while on the expenses side, interest and similar expenses rose from euro -272.4 million to euro -357.4 million. This was mainly due to a euro +30.8 million increase in interest income from loans and receivables to customers and a euro -51.0 million increase in interest expenses owed to customers. Net interest income from the OeNB also increased by euro +51.9 million. There was also an increase in interest income from bonds and other fixed-income securities by euro +24.4 million to euro 66.9 million (2023: euro 42.5 million), an increase in interest expenses

1 The operating result is calculated from net interest income, net fee and commission income, net trading income, income from finan-cial instruments and investment properties, other operating income and general administrative expenses.

for debts evidenced by certificates by euro -27.3 million to euro -82.4 million (2023: euro -55.0 million) and an increase in subordinated liabilities by euro -28.4 million to euro -49.3 million (2023: euro -20.9 million).

The risk provisions increased by euro -51.1 million to euro -74.7 million compared to the previous 2023 financial year. This is reflected primarily in higher net allocations to individual loan loss provisions (including direct write-offs and income from loans and receivables written off) of euro -69.8 million (2023: net allowances of euro -27.0 million) and net allowances to portfolio loan loss provisions of euro -6.8 million (2023: net reversals of euro +4.4 million). The portfolio loan loss provisions include net reversals for post-model adjustments in the amount of euro +2.6 million. Details regarding the post-model adjustments are contained in the Notes, chapter Credit risk, Note 50) b). For off-balance-sheet business, net reversals of euro +1.8 million were effected (2023: net allowances of euro -1.0 million), which included net reversals for post-model adjustments of euro +0.2 million. An in-model adjustment of euro -1.6 million is also included in the form of collective staging.

Net fee and commission income in the reporting year amounts to euro 75.4 million, another improvement compared to the previous year (2023: euro 64.2 million). This increase in fee and commission income is mainly due to the lending business (euro +9.0 million), the securities business (euro +1.2 million) and the custody business (euro +1.2 million). This compares to lower net fee and commission income from the clearing business and payment transactions (euro -1.0 million).

Net trading income amounts to euro 5.2 million for the financial year and improved by euro +2.1 million compared to the previous year. This is crucially due to higher valuations of currency derivatives and valuations of foreign currencies, foreign exchange and precious metal transactions.

The result from financial instruments and investment properties for the reporting period amounts to euro -1.7 million and is thereby slightly below the comparative period (2023: euro -1.4 million). The partial repayment of a bond resulted in a loss of euro -6.8 million. This was offset by higher valuation gains of euro +3.2 million from issues recognised at fair value and the reverse effects of interest rate swaps used to hedge the issue and form an economic hedge. In addition, there were valuation gains of euro +2.1 million on loans and receivables recognised at fair value, euro +1.2 million on investment property and euro +0.9 million on securities.

The other operating result for the 2024 financial year amounts to euro 155.8 million (2023: euro 126.3 million). The increase is due to higher income from charged-out costs by VBW to the affiliated banks in the amount of euro +17.5 million and return flows from the cooperative fund in connection with Volksbanken Holding eG in the amount of euro +10.5 million. No contributions were paid in the reporting period to the deposit guarantee scheme and Single Resolution Fund (SRF) due to return flows from the insolvency proceedings of Commerzialbank Mattersburg im Burgenland AG and interest income from investments of money in the funds (2023: euro -2.9 million).

General administrative expenses of euro -271.2 million (2023: euro -236.5 million) represent a 14.7% increase compared to the same period in the previous year. Personnel expenses rose by euro -12.9 million to euro -147.0 million due to an increase in the number of employees and the collective labour agreements. Administrative expenses also increased by euro -21.4 million to euro -112.9 million. This was due to higher project costs for IT projects of euro -13.6 million, higher project and consulting costs of euro -6.1 million and higher expenses for advertising and representation of euro -1.8 million.

Taxes on income amount to euro -3.0 million in the 2024 financial year (2023: euro +16.5 million). The tax expenditure includes deferred tax expenses in the amount of euro -1.5 million (2023: deferred tax income of euro +21.4 million). Due to the tax planning for the next four years, it was possible to recognise deferred tax assets in the reporting period in the amount of euro 4.4 million (2023: euro 44.0 million) on part of the tax loss carryforwards. The current tax expense for 2024 including tax expense from previous periods amounts to euro -1.5 million (2023: euro -4.9 million).

Financial position

Total assets amounted to euro 16.0 billion as at 31 December 2024, euro 0.9 billion higher than the figure of euro 15.1 billion at the end of 2023. The increase is primarily due to investments in fixed-income securities and higher credit balances at the OeNB on the assets side, as well as higher time deposits and new issues on the liabilities side.

The liquid funds of euro 3.9 billion increased by euro 0.6 billion compared to the previous year due to higher deposits at the OeNB.

Loans and receivables to credit institutions in the amount of euro 1.8 billion are down on 2023 year-end (euro 2.6 billion) as a result of lower refinancing for the banks of the Association.

As of 31 December 2024, loans and receivables to customers increased to euro 6.1 billion compared to the end of the previous year (euro 5.9 billion) due to a slight increase in customer volumes. This is accompanied by higher risk provisions of euro -0.2 billion (2023: euro -0.09 billion).

The euro 0.9 billion growth in financial investments to euro 3.6 billion (2023: euro 2.7 billion) is attributable to purchases of fixed-interest securities.

Amounts owed to credit institutions in the amount of euro 3.1 billion represent an insignificant change compared to 31 December 2023 (euro 3.0 billion). Amounts owed to the OeNB decreased due to the full repayment of TLTRO refinancing in the amount of euro -0.6 billion, while refinancing with banks increased by euro +0.7 billion.

The increase in amounts owed to customers from euro 6.5 billion to euro 6.7 billion as at 31 December 2024 results from higher time deposits, thereby slightly exceeding the reductions in current account and uncommitted savings deposits.

The volume of debts evidenced by certificates amounted to euro 3.4 billion as at 31 December 2024 and increased compared to the previous year due to the issue of new retail issues (including a green bond in the amount of euro 0.1 billion).

Subordinated liabilities increased by euro 0.8 billion to euro 1.2 billion due to the issue of a euro 0.5 billion benchmark Tier 2 bond in March 2024 with a term of 10.25 years and a one-off cancellation right after 5.25 years and a second euro 0.5 billion benchmark Tier 2 bond in September with a term of 11.25 years and a one-off cancellation right after 6.25 years. The transaction was offered together with a redemption offer for the outstanding Tier 2 bond from 2017, which is no longer fully eligible as subordinated capital. A nominal amount with a face value of euro 0.2 billion of the euro 0.4 billion originally placed was repurchased from investors as part of the tender offer. The combination of new issue and buyback further improved the efficiency of the capital structure.

In April, the rating agency Moody's raised the credit rating of the Senior Unsecured bonds of VBW from A3 (positive outlook) to A2 (stable outlook). The Senior Unsecured and deposits ratings are therefore at the same level. All other ratings were confirmed as unchanged by Moody's, with the outlook stable overall.

Equity including non-controlling interests has decreased by euro -181.8 million to euro 912.6 million since the beginning of the year. This change is primarily due to the cancellation of the AT1 issue (euro -220 million), the coupon payment for the AT1 issue (euro -8.5 million), the distributions to shareholders (euro -7.6 million) and the comprehensive income of the Group for the 2024 financial year (euro 54.3 million). The total comprehensive income of the Group in the amount of euro 54.3 million consists of the net result for the 2024 financial year of euro 43.0 million and other comprehensive income of euro 11.3 million.

Report on branch establishments

The VBW Group does not have any branch establishments.

Financial performance indicators

The regulatory own funds of the VBW Group of credit institutions, including the allocation of profits amount to euro 2.0 billion as at 31 December 2024 (31 Dec 2023: euro 1.3 billion). The total risk exposure amount was euro 4.8 billion as at 31 December 2024 (31 Dec 2023: euro 4.5 billion). The CET1 capital ratio in relation to total risk amounts to 17.4 % (31 December 2023: 17.2 %), the own funds ratio in relation to total risk is 41.5 % (31 December 2023: 28.6 %).

Regulatory own funds, total risk exposure amount and the key indicators calculated therefrom were determined in accordance with the CRR (EU Regulation No. 575/2013). For more detailed information, please refer to Note 36).

Performance indicators	2024	2023	2022
Return on Equity before taxes	4.6 %	11.3 %	4.9 %
Return on Equity after taxes	4.3 %	12.9 %	7.0 %
Cost-income ratio	69.3 %	62.5 %	74.2 %

The ROE before taxes is determined as the ratio of the result before taxes and the mean value of equity at the balance sheet date and the balance sheet date of the previous year.

The ROE after taxes is determined as the ratio of the result after taxes and the mean value of equity at the balance sheet date and the balance sheet date of the previous year.

The cost-income ratio is calculated from operating income in relation to operating expenses. The operating income consists of net interest income, net fee and commission income, net trading income, as well as the other operating result, and result of a disposal group, if positive. Operating expenses include the general administrative expenses as well as the other operating result, and result of a disposal group, if negative. The other operating result and the result of a disposal group are adjusted for other taxes, deconsolidation result and IFRS 5 measurement.

The performance indicators shown are considered as customary within the industry and are essential factors for the credit rating of banks. Additionally, the cost-income ratio within VBW was defined as an early warning indicator for the Act on the Recovery and Resolution of Banks (BaSAG).

Related party transactions

For details on business relationships with related parties, please refer to the information contained in the Notes in the 2024 Annual Report, Note 45).

Non-financial performance indicators

Within the scope of Group reporting, VBW reports on concepts, results and risks relating to environmental matters, social and employee topics, human rights, corruption and bribery as well as diversity pursuant to the Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; NaDiVeG) and Article 8 of the EU Taxonomy Regulation in a separate sustainability report.

Report on the company's future development and risks

Future development of the company

Economic environment

Many of the factors that weighed on GDP already in 2024 will continue to act as inhibitors this year according to WIFO and OeNB forecasts, meaning that any growth in GDP is likely to be moderate at best. One major element of uncertainty in the forecasts is the required budget consolidation, which could act as an inhibitor given that no new government has been formed yet in Austria. Although the cancellation of expenditure decided during the energy crisis, together with higher network charges and CO_2 prices at the beginning of 2025, are driving inflation up, a slowdown in wage growth is likely to curb inflation and result in a lower rate of inflation for the year as a whole of just above the 2 % target, with this target not expected to be reached until 2026. The economy is likely to lack drivers for growth, even though sentiment outside of the industrial sector has improved somewhat. The industrial sector has not yet emerged from recession, although WIFO and OeNB expect a gradual recovery in construction investments, which should gradually also benefit the sector. Consumer spending continues to be hampered by a projected high savings rate, with revival driven by renewed increases in real wages not expected until sometime during 2025, once initially higher energy prices have been absorbed. Consumers are also facing a further expected increase in the rate of unemployment.

A cautious recovery is expected for Austrian exports in parallel with global trade, although the trade tariffs announced by the US are causing uncertainty but could also result in pre-emptive effects. There are many questions that remain regarding global trade policy in general in the wake of the major election year. The International Monetary Fund predicts below-average global growth rates of 3.3 % in 2025 and 2026 in its January 2025 update to the World Economic Outlook, but only factors the expected trade restrictions into this outlook by assuming a generally higher level of uncertainty in terms of trade policy. Stronger economic growth is projected for the USA than for the eurozone, while growth in Austria's largest trading partner Germany will remain very restrained at 0.3 % and 1.1 %.

In the absence of any upturn in the industrial sector and given the uncertainties with respect to trade policy and the need for government austerity measures, the outlook for investment – particularly for investments in equipment – is subdued despite monetary easing. Construction investments and the real estate market are likely to benefit from the housing and construction package adopted in 2024 and from the end of the KIM regulation as of 30 June 2025. The recent decline in residential construction activity, the increase in disposable income and the need for restructuring and renovation should also act as a support. The demand for securities investments may also benefit from the anticipated increases in income.

Economic forecasts for 2025

December 2024	Real GDP growth Y/Y	Inflation rate according to HICP Y/Y	Unemployment rate National definition (AMS)
WIFO	0.6 %	2.3 %	7.4 %
OeNB	0.8 %	2.4 %	7.4 %

The geopolitical conflicts in Ukraine and the Middle East with the potential implications of these on the raw materials markets remain risk factors for the Austrian economy. New trade restrictions could disrupt the recovery in investments as well as international trade routes and supply chains, and cause new increases in inflation, which would stand in the way of further monetary easing. A restrictive monetary policy involves risks given the already difficult economic situation and need for consolidation.

Business development

The regionally operating Volksbanks look after their customers locally, while Österreichische Ärzte- und Apothekerbank AG serves doctors and pharmacies throughout Austria. In order to be able to respond even better to the needs of Austrians, the Volksbanks, as their "Hausbank" ("relationship bank"), are consistently implementing the "Hausbank der Zukunft" ("relationship bank of the future") service concept within the Association. The customers and members of the cooperatives in all regions are the priority. The cooperative mission is therefore more relevant than ever before given the challenges faced. The structural and cultural changes effected over the past financial years have contributed to establishing the Association of Volksbanks and Österreichische Ärzte- und Apothekerbank AG as the most modern association of credit institutions in Austria.

The focus as the "Hausbank der Zukunft" rests on two pillars: the high quality of support for regional customers on the one hand and centralised control and settlement activities on the other.

In view of the challenging economic conditions, the focus for 2025 is on growing with the customers across the entire Association. For this purpose, we will continue to work on improving our processes and on intensifying digitisation.

In the course of medium-term planning, the Association of Volksbanks has set itself a number of strategic goals that will be a focus for management in the years to come. These include an improvement in the cost-income ratio to below 65 %, a Tier 1 capital ratio (CET 1) of at least 16 % at the level of the Association of Volksbanks, an NPL ratio (non-performing loans) of under 3.0 %, and a return on equity (RoE) after taxes of more than 7 %. As can be seen in the risk report Note 50), the NPL ratio rose sharply in the 2024 financial year and was well above the strategic target of a maximum of 3.0 % as at 31 December 2024. Due to the increased NPL ratio, an NPL reduction strategy is being worked on, which will be fully finalised in the second quarter of 2025. In addition, the highest levels of satisfaction among our customers thanks to a cooperatively sustainable business model and the successful implementation of the projects launched together with our new IT partner Accenture to modernise the company's IT infrastructure are the main goals to be achieved over the next years.

The Association of Volksbanks has defined sustainability goals that cover all ESG aspects. The expansion of sustainable products, decarbonisation of operations or employee development goals are continuously quantified, included in the planning of the individual areas, and monitored by the Sustainability Committee and the banks of the Association.

While the fall in short-term interest rates expected for next year and higher capital requirements due to Basel IV continue to require continuous streamlining of the cost structure and an increase in productivity, the risk situation is expected to ease. The forecasts expect the economy to return at least to moderate growth. The renewed increase in interest in the real estate market is an indicator of this.

The Federal Finance Court (Bundesfinanzgericht, BFG) referred a request for a preliminary ruling under Article 267 TFEU to the European Court of Justice (ECJ) on 28 June 2024. The BFG has made a request to the ECJ to decide whether the intermediate bank exemption pursuant to Section 6(1) no. 28 2nd sentence of the Austrian VAT Act (UStG) constitutes state aid within the meaning of Article 107(1) TFEU. Please refer to the notes to the consolidated financial statements for information on the estimates regarding the impact of any possible decision by the ECJ or the European Commission.

Significant risks and uncertainties

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 to have 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 is effected through General and, if necessary, Individual Instructions and corresponding working instructions in the affiliated banks.

The business model requires risks to be identified, assessed, measured, aggregated and managed 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 of solid risk management, the Risk Appetite Framework (RAF) is continuously being developed within VBW, in order to define risk appetite and/or the level of risk tolerance that VBW is prepared to accept to achieve its defined goals. The level of risk tolerance is reflected in the definition and validation of appropriate limits and controls. The framework is continuously verified and adjusted to regulatory requirements, changes of the market environment or the business model. VBW aims to develop, by way of this framework, a disciplined and constructive control environment where all employees understand and live up to their role and responsibility.

Risks in the Association of Volksbanks are managed by three decision-making bodies in VBW: (i) Risk Committee (RICO), (ii) Asset Liability Committee (ALCO), (iii) Credit Committee (KK). 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 of the Austrian Banking Act. Risk reporting in the affiliated banks takes place in the respective local boards.

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)

ESG risks have been integrated in all elements of the internal capital adequacy process; however, they were not included as a separate risk type but were mapped within the existing risk types. The methods, models and strategies used for ESG risks will be continuously developed over the next years and are meant to contribute to successively measuring inherent ESG risks more accurately.

ESG risks are analysed and assessed each year as part of the risk inventory using ESG heat maps. The ESG heat map is a tool to identify, analyse and assess the materiality of ESG risks and/or their risk drivers. In the ESG heat map, various risk events are described and evaluated for all relevant risk types of the Association of Volksbanks. The findings are then mapped in the risk inventory within the framework of existing risk types.

VBW is committed to a sustainable corporate culture and strives to establish ESG aspects in all areas of the company. The risk strategy was expanded to include a separate sub-risk strategy for ESG risks. It maps the ESG risks inherent in the existing risk types, which can be derived in particular from the ESG heat maps and the internal stress test. More information is shown in Note 50) Risk report.

For further explanations regarding financial instruments, the risk management targets and methods as well as the risk of price changes, default, liquidity, cash flow and ESG risks, please refer to the information contained in the Notes in the 2024 Annual Report (especially Risk Report, Note 50).

Report on research and development

VOLKSBANK WIEN AG does not carry out its own research and development activities. However, specific customer-focused approaches are being advanced as part of various digitisation campaigns.

The ‘hausbanking’ system (online banking of the Volksbank Group for private customers) is considered the most important digital interface for interactions with customers. Use of the banking system is continuously reviewed and examined with respect to the potential for optimisation and further development using targeted evaluations (e. g. login numbers, use of service orders, online transactions). Special service orders within hausbanking enable functions to be easily “tested” with customers before they are fully integrated into the bank’s system. In this way, IT engineers can check if the service lives up to customers’ expectations and find options for improvement if necessary (Fail Fast).

Digital target group management within VBW was expanded further in 2024 and the use of digital channels such as the ‘hausbanking’ system or the ‘hausbanking’ mobile app was expanded in a targeted manner. There has been a noticeable increase in the use of online services and online product transactions, as well as a continuous improvement in data quality among online customers.

Further potential innovation topics are being identified, prioritised and evaluated for use across the entire Association.

Report on key features of the internal control and risk management system with regard to the accounting process

Control environment

Compliance with all relevant legal provisions, as the ultimate ambition of the VBW Group, is ensured within the scope of financial reporting. The Managing Board is responsible for establishing and organising an appropriate internal control and risk management system with respect to the accounting process and provides a framework for implementation applicable to the entire group in the ICS group policy. Within the VBW Group, responsibility for implementation lies with the OPRISK and Risk Governance groups within VBW.

The aim of the internal control system is to support the management in such a way that it is able to ensure effective internal controls with respect to accounting. The Managing Board is responsible for establishing and designing a suitable internal control and risk management system for the accounting process. At VBW, an internal control system (ICS) has been installed according to the internationally recognised COSO standard. 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.

In all companies included in the consolidated financial statements, the responsibility to define and introduce an appropriate ICS for the respective company and to ensure compliance with group-wide policies and regulations lies with the respective managing board or with the management. In order to guarantee that the data supplied by the Group subsidiaries are transferred correctly, all data provided is initially checked for plausibility. The data is then processed using the Tagetik consolidation software. After the inspections, the department manager will perform another review.

Control measures are applied within the current business process to ensure that potential errors are prevented and/or deviations in financial reporting are revealed and corrected. The control measures range from revision of the various results for the period by the management up to specific reconciliations of accounts and items, and an analysis of the ongoing processes within group accounting.
In this context, two types of controls are distinguished:

- Operational controls include manual controls performed by employees according to specific tasks, automatic controls carried out by means of IT systems, as well as preventive controls aimed at avoiding errors and risks in advance through separation of functions, definition of responsibilities and access authorisations.

- Management controls serve to ensure, on the basis of spot checks by managers, that operational controls are complied with. The intervals of the checks are defined by the respective manager (division manager, department manager) depending on the degree of risk involved. The spot checks are documented in the control schedule in a manner comprehensible to third parties, and the results are reported semi-annually within the scope of management reporting.

Additionally, Internal Audit verifies compliance with internal regulations independently and regularly, also in the sphere of accounting. As a staff function, Internal Audit is directly allocated to the Managing Board, it reports directly to the Chairman of the Managing Board and also to the Supervisory Board on a quarterly basis.

Risk assessment

Risks relating to the accounting process are identified and monitored by the process owners with a focus on materiality.

In preparing the financial statements, estimates must regularly be made in areas where there is an inherent risk that actual future developments may diverge from the estimates. This applies, in particular, to the following items and facts of the consolidated financial statements: the recoverability of financial assets, banking risks, employee benefits, as well as the outcome of legal disputes. In some cases, publicly available sources will be used or external experts will be consulted in order to minimise the risk of inaccurate estimates.

Information and communication

Guidelines and regulations regarding financial reporting are regularly updated by the management and communicated to all employees concerned.

Employees in Group accounting are also provided with ongoing training on international accounting reforms, so that risks of unintentional false reporting can be identified at an early stage.

A quarterly management report contains information on the completeness, transparency, active implementation and effectiveness of the control system with regard to the accounting process.

Monitoring

Top management regularly receives summary financial reports, such as quarterly reports on the development of the respective segments and the most important financial performance indicators. Financial statements that must be published are subjected to a final check by executive employees within accounting, divisional management and the Managing Board before they are forwarded to the competent boards. The result of the supervisory activity relating to the accounting processes is stated in the management report, which contains a qualitative risk assessment of the processes as well as a documentation of the number of checks actually carried out against those specified.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

INCOME STATEMENT	Note	1-12/2024 Euro thousand	1-12/2023 Euro thousand	Changes Euro thousand	%
Interest and similar income		512,157	456,979	55,178	12.07 %
thereof using the effective interest method		490,246	433,040	39,314	9.08 %
Interest and similar expenses		-357,378	-272,420	-84,958	31.19 %
Net interest income	4	154,779	184,560	-29,780	-16.14 %
Risk provision	5	-74,651	-23,527	-51,125	> 200.00 %
Fee and commission income		88,845	84,580	4,265	5.04 %
Fee and commission expenses		-13,410	-20,425	7,015	-34.34 %
Net fee and commission income	6	75,435	64,155	11,280	17.58 %
Net trading income	7	5,223	3,157	2,067	65.46 %
Result from financial instruments and investment properties	8	-1,687	-1,378	-309	22.44 %
Other operating result	9	155,819	126,296	29,523	23.38 %
General administrative expenses	10	-271,237	-236,490	-34,747	14.69 %
Result from companies measured at equity	11	2,301	682	1,619	> 200.00 %
Annual result before taxes		**45,981**	**117,455**	**-71,474**	**-60.85 %**
Income taxes	12	-3,008	16,488	-19,496	-118.25 %
Annual result after taxes		**42,973**	**133,943**	**-90,970**	**-67.92 %**
Result attributable to shareholders of the parent company		**42,973**	**133,943**	**-90,970**	**-67.92 %**
Result attributable to non-controlling interest		0	0	0	0.00 %

OTHER COMPREHENSIVE INCOME	1-12/2024 Euro thousand	1-12/2023 Euro thousand	Changes Euro thousand	%
Annual result after taxes	**42,973**	**133,943**	**-90,970**	**-67.92 %**
Items that will not be reclassified to profit or loss				
Revaluation of obligation of defined benefit plans (including deferred taxes)	842	-1,252	2,094	-167.26 %
Revaluation reserve (including deferred taxes)	0	223	-223	-100.00 %
Fair value reserve - equity instruments (including deferred taxes)	10,142	11,313	-1,171	-10.35 %
Revaluation of own credit risk (including deferred taxes)	-57	938	-996	-106.12 %
Change from companies measured at equity	201	0	201	100.00 %
Total items that will not be reclassified to profit or loss	**11,128**	**11,222**	**-94**	**-0.84 %**
Items that may be reclassified to profit or loss				
Fair value reserve - debt instruments (including deferred taxes)				
Change in fair value	250	538	-288	-53.52 %
Cash flow hedge reserve (including deferred taxes)				
Change in fair value (effective hedge)	-274	308	-583	-188.94 %
Net amount transferred to profit or loss	163	126	37	29.52 %
Change from companies measured at equity	76	999	-923	-92.40 %
Total items that may be reclassified to profit or loss	**215**	**1,971**	**-1,757**	**-89.11 %**
Other comprehensive income total	**11,343**	**13,193**	**-1,851**	**-14.03 %**
Comprehensive income	**54,316**	**147,136**	**-92,820**	**-63.08 %**
Comprehensive income attributable to shareholders of the parent company	**54,316**	**147,136**	**-92,820**	**-63.08 %**
Comprehensive income attributable to non-controlling interests	0	0	0	0.00 %

Statement of financial position as at 31 December 2024

	Note	31 Dec 2024 Euro thousand	31 Dec 2023 Euro thousand	Changes Euro thousand	%
ASSETS					
Liquid funds	13	3,873,327	3,303,819	569,507	17.24 %
Loans and receivables to credit institutions	14, 15	1,798,682	2,593,652	-794,970	-30.65 %
Loans and receivables to customers	14, 15	6,059,981	5,857,918	202,063	3.45 %
Fair value changes of hedged items in portfolio hedge of interest rate risk		-20,959	-41,246	20,286	-49.18 %
Assets held for trading	16	22,598	24,771	-2,173	-8.77 %
Financial investments	17	3,632,232	2,694,737	937,495	34.79 %
Investment property	18	28,223	27,187	1,036	3.81 %
Companies measured at equity	19	28,757	42,150	-13,393	-31.77 %
Participations	20	96,044	77,878	18,166	23.33 %
Intangible assets	21	14,218	15,677	-1,460	-9.31 %
Tangible assets	22	128,463	124,191	4,272	3.44 %
Tax assets	23	73,929	73,724	206	0.28 %
Current taxes		4,836	0	4,836	100.00 %
Deferred taxes		69,094	73,724	-4,630	-6.28 %
Other assets	24	300,695	305,356	-4,661	-1.53 %
TOTAL ASSETS		**16,036,189**	**15,099,814**	**936,375**	**6.20 %**
LIABILITIES					
Amounts owed to credit institutions	25	3,069,555	2,988,163	81,392	2.72 %
Amounts owed to customers	26	6,673,557	6,531,108	142,449	2.18 %
Fair value changes of hedged items in portfolio hedge of interest rate risk		514	395	119	30.02 %
Debts evidenced by certificates	27	3,449,077	3,322,662	126,415	3.80 %
Lease liabillities	28	82,242	79,553	2,689	3.38 %
Liabilities held for trading	29	19,957	23,946	-3,989	-16.66 %
Provisions	30, 31	54,425	57,255	-2,830	-4.94 %
Tax liabilities	23	735	5,234	-4,499	-85.96 %
Current taxes		139	4,784	-4,645	-97.10 %
Deferred taxes		596	450	145	32.29 %
Other liabilities	32	536,213	595,170	-58,957	-9.91 %
Subordinated liabilities	33	1,237,365	401,973	835,392	> 200.00 %
Equity	35	912,551	1,094,355	-181,804	-16.61 %
TOTAL LIABILITIES		**16,036,189**	**15,099,814**	**936,375**	**6.20 %**

Changes in the Group's equity

Euro thousand	Subscribed capital	Additional tier 1 capital	Capital reserves	Retained earnings and other reserves	Shareholders' equity	Non-controlling interest	Equity
As at 01 Jan 2023	**137,547**	**217,722**	**269,779**	**351,119**	**976,168**	**80**	**976,248**
Consolidated net income				133,943	133,943		133,943
Other comprehensive income				13,193	13,193		13,193
Comprehensive income	0	0	0	147,136	147,136	0	147,136
Redemption AT1 emission					0		0
Dividends paid				-3,316	-3,316		-3,316
Coupon for the AT1 emission				-17,050	-17,050		-17,050
Repurchase treasury stocks	-1,873			-6,774	-8,646		-8,646
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation				63	63	-80	-17
As at 31 Dec 2023	**135,674**	**217,722**	**269,779**	**471,179**	**1,094,355**	**0**	**1,094,355**
Consolidated net income				42,973	42,973		42,973
Other comprehensive income				11,343	11,343		11,343
Comprehensive income	0	0	0	54,316	54,316	0	54,316
Redemption AT1 emission		-217,722		-2,278	-220,000		-220,000
Dividends paid				-7,595	-7,595		-7,595
Coupon for the AT1 emission				-8,525	-8,525		-8,525
Repurchase treasury stocks					0		0
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation					0		0
As at 31 Dec 2024	**135,674**	**0**	**269,779**	**507,097**	**912,551**	**0**	**912,551**

For further details see note 35) equity.

Cash flow statement

Euro thousand	Note	1-12/2024	1-12/2023
Annual result (before non-controlling interest)		**42,973**	**133,943**
Non-cash positions in annual result			
Net interest income	4	-154,779	-184,560
Income from participations	8	-2,259	-2,334
Depreciation, amortisation, impairment and reversal of impairment of financial instruments and fixed assets	8, 10	8,251	10,440
Allocation to and release of provisions, including risk provisions	5, 10	74,757	24,195
Result from the disposal of financial assets and liabilities, and tangible assets	8, 9	-6,320	-1,159
Income taxes	12	3,008	-16,488
Changes in assets and liabilities from operating activities			
Loans and advances to credit institutions	14	796,664	276,595
Loans and advances to customers	14	-295,158	-357,720
Trading assets	16	-676	-3,472
Financial investments	17	-37,774	-90,458
Other assets from operating activities	24	-3,867	-730
Amounts owed to credit institutions	25	83,420	-1,073,014
Amounts owed to customers	26	135,785	-240,495
Debts evidenced by certificates	27	119,487	1,567,866
Derivatives	16, 24, 29, 32	-20,125	-21,740
Other liabilities	32	5,464	251,420
Interest received		465,944	405,333
Interest paid		-286,656	-201,200
Dividends received	8	2,259	2,334
Dividends from equity-accounted investees	11	15,765	0
Income taxes paid		-11,300	4,000
Cash flow from operating activities		**934,865**	**482,757**
Proceeds from the sale or redemption of			
Financial investments at amortised cost	17	126,428	108,609
Participations	20	17,474	400
Intangible and tangible assets	21, 22	1,454	2,669
Disposal of subsidiaries (net of cash disposed)		0	57
Payments for the acquisition of			
Financial investments at amortised cost	17	-1,013,004	-602,665
Participations	20	-22,468	-1,422
Intangible and tangible assets	21, 22	-9,226	-4,771
Cash flow from investing activities		**-899,342**	**-497,123**
Repayment from the termination of the AT1 capital	35	-220,000	0
Redemption of own equity interests	35	-3,000	-3,000
Dividends paid and coupon for the AT 1 capital	35	-16,120	-20,366
Cash outflow of lease liabilities	28	-4,244	-3,824
Cash inflow of subordinated liabilities	33	993,240	0
Cash outflow of subordinated liabilities	33	-215,892	0
Disposal of non-controlling interest		0	-17
Cash flow from financing activities		**533,984**	**-27,207**
Cash and cash equivalents at the end of previous period	13	**3,303,819**	**3,345,392**
Cash flow from operating activities		934,865	482,757
Cash flow from investing activities		-899,342	-497,123
Cash flow from financing activities		533,984	-27,207
Cash and cash equivalents at the end of period	13	**3,873,327**	**3,303,819**

Details of the calculation method of cash flow statement are shown in note 3) kk).
Details to cash in- and outflow of subordinated liabilities are shown in note 33).

NOTES

1) General information

VOLKSBANK WIEN AG (VBW) with its registered office at Dietrichgasse 25, 1030 Vienna, is the parent company of subsidiaries operating in Austria and the central organisation (CO) of the Austrian Association of Volksbanks. In addition to Association business with the Volksbanks, the focus of private and corporate customer business is on Austria.

VBW, as CO pursuant to Section 30a of the Austrian Banking Act, is part of the association of credit institutions (liability and liquidity association). The Association of Volksbanks is required to comply with the regulatory provisions of Parts 2 to 8 of Regulation (EU) no. 575/2013 as well as Section 39a Austrian Banking Act, on the basis of the consolidated financial position (Section 30a (7) Austrian Banking Act). VBW must continue to comply with all applicable regulatory provisions on a single-entity level and on the level of the group of credit institutions. The members of the Association of Volksbanks have joint, unlimited liability and have contractually agreed to bear the costs and risks of the CO on a pro rata basis. By letter dated 29 June 2016, the European Central Bank (ECB) granted unlimited approval of the Association of Volksbanks without further requirements.

The accounts have been prepared on the assumption that the business will remain a going concern. The consolidated financial statements are reported in euros, as this is the Group's functional currency. All figures are indicated in thousands of euros unless specified otherwise. The following tables may contain rounding differences.

VBW reports concepts, results and risks in connection with environmental issues, social and employee concerns, human rights, corruption and bribery and diversity in accordance with the Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz - NaDiVeG) and Article 8 of the Taxonomy Regulation of the EU in a separate sustainability report. More information is shown in Note 50) Risk report.

These consolidated financial statements were signed by the Managing Board on 05 March 2025 and subsequently approved to be forwarded to the Supervisory Board.

2) Presentation of and changes to the scope of consolidation

There were no changes in the scope of consolidation of the VBW Group in the 2024 financial year.

Structural simplification concept

In June 2023, a structural simplification concept for crisis situations was adopted within the Association of Volksbanks. In addition to the joint liability scheme, this concept includes measures to improve the capital position of the affiliated banks and a simplification of the organisational structure, including the automatic formation of a group of companies with VBW as parent company and the other eight affiliated banks as subsidiaries, in the event of any significant deterioration of the liquidity, assets or earnings position within the Association of Volksbanks.

Number of consolidated companies

	31 Dec 2024			31 Dec 2023		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Fully consolidated companies						
Credit institutions	1	0	1	1	0	1
Financial institutions	0	0	0	0	0	0
Other companies	4	0	4	4	0	4
Total	**5**	**0**	**5**	**5**	**0**	**5**
Companies measured at equity						
Credit institutions	1	0	1	1	0	1
Other companies	1	0	1	1	0	1
Total	**2**	**0**	**2**	**2**	**0**	**2**

Number of unconsolidated companies

	31 Dec 2024			31 Dec 2023		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Affiliates	4	0	4	4	0	4
Associated companies	3	0	3	3	0	3
Companies total	**7**	**0**	**7**	**7**	**0**	**7**

The unconsolidated companies in their entirety were deemed immaterial to the presentation of a true and fair view of the net assets, financial position and results of operations of the Group. In addition to quantitative criteria like total assets and result after taxes, the effect of consolidation on specific positions as well as on the true and fair view of the consolidated financial statements is taken into account for the assessment of materiality. The calculation of the quantitative characteristics was based on the latest available financial statements of the companies and the Group's consolidated financial statements for 2024.

The list of companies included in the consolidated financial statements, of companies measured at equity, as well as of the unconsolidated companies including detailed information, can be found at the end of the Notes (see Notes 51), 52) and 53)).

3) Accounting principles

The following accounting principles have been applied consistently.

The 2024 consolidated financial statements and the comparative values for 2023 of VBW were prepared on the basis of all International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) applicable as at the balance sheet date, and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), in so far as these have also been adopted by the European Union in the endorsement process and their application is mandatory, and meet the requirements of Section 245a of the Austrian Business Code (UGB) and Section 59a of the Austrian Banking Act (BWG) that regulate 'befreiende Konzernabschlüsse', i.e. consolidated financial statements prepared in accordance with internationally recognised accounting principles that release a parent company from preparing subgroup accounts if the parent company is included in the consolidated financial statements of its higher-level parent.

The consolidated financial statements have been prepared in accordance with all IFRS/IAS published by the International Accounting Standards Board (IASB) in force on the balance sheet date as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) as endorsed by the European Union (EU).

The consolidated financial statements have been prepared based on 'at cost' measurement excluding the following items:

- Derivative financial instruments – measured at fair value
- Financial instruments in the category at fair value through profit or loss and at fair value through other comprehensive income (OCI)
- Investment property – measured at fair value
- Financial assets and liabilities which constitute underlying instruments for fair value hedges – amortised costs are adjusted for changes in fair value, which are to be allocated to hedged risks
- Financial liabilities measured at fair value through profit or loss (fair value option)
- Deferred taxes – for temporary differences between tax values and IFRS values, those amounts are recognised that result in a future tax burden or relief at the time of inversion
- Employee benefit provisions – recognised at net present value less the net present value of plan assets

The following two chapters present amended and new accounting standards.

Standards and interpretations applied for the first time

Standard	Mandatory application	Significant effects on VBW
Amendments to standards and interpretations		
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	01 Jan 2024	No
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	01 Jan 2024	No
Amendments to IAS 1 - Non-current Liabilities with Covenants	01 Jan 2024	No
Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements	01 Jan 2024	No

Standards and interpretations to be applied in the future

Standard	Mandatory application	Significant effects on VBW
Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01 Jan 2025	No
Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments	01 Jan 2026	No
Annual Improvements to IFRS Accounting Standards - Volume 11	01 Jan 2026	No
Amendments to IFRS 9 and IFRS 7 - Power Purchase Agreements refering to contracts for Renewable Electricity	01 Jan 2026	No
IFRS 18 Presentation and Disclosure in Financial Statements	01 Jan 2027	Yes
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01 Jan 2027	No

a) Standards and interpretations applied for the first time

No significant effects on the consolidated financial statements have resulted from the application of the standards and interpretations to be applied for the first time.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The amendment includes requirements for the subsequent valuation of leases within the scope of a sale and leaseback (SLB) with variable lease payments at the seller-lessee. It regulates the development of lease liabilities where variable lease payments were taken into account upon initial recognition. Basically, the effect of the amendment is that the variable lease payments expected at the beginning of the term must be taken into account during the subsequent valuation of lease liabilities within the scope of an SLB. In each period, the lease liability is reduced by the expected payments, and the difference to the actual payments is recognised in profit or loss. The first-time application of the amendment to IFRS 16 has no material effect on the consolidated financial statements, as the Association will usually not conclude any sale and leaseback agreements with variable lease payments.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendments to IAS 1 are meant to clarify the criteria for the classification of liabilities as current or non-current. In future, exclusively “rights” existing at the end of the reporting period shall be decisive for the classification of a liability. Moreover, complementary guidelines for interpreting the criterion “right to defer the discharge of the liability by a least 12 months” as well as explanations on the “discharge” characteristic were included. Another amendment with respect to the classification of liabilities as current or non-current makes clear that only covenants that a company must fulfil on or prior to the reporting date will influence said classification. However, companies must disclose information in the Notes that enable the recipients of the financial statements to understand the risk that non-current liabilities with covenants might become repayable within twelve months. The first-time application of the amendment to IAS 1 has no material effect on the consolidated financial statements.

Amendments to IAS 1 – Non-current Liabilities with Covenants

The amendments to IAS 1 regarding the classification of liabilities as current or non-current makes clear that only covenants that a company must fulfil on or prior to the reporting date will influence said classification. However, companies must disclose information in the Notes that enable the recipients of the financial statements to understand the risk that non-current liabilities with covenants might become repayable within twelve months. The first-time application of the amendment to IAS 1 has no material effect on the consolidated financial statements.

Amendments to IAS 7 and IFRS 7 – Disclosure of financing arrangements with suppliers

The amendment is intended to improve transparency regarding the effects of supply financing agreements on a company's liabilities, cash flows and liquidity risk. To this end, existing disclosure requirements are supplemented by additional and mandatory qualitative and quantitative disclosures. As the group has no supply financing agreements, this amendment has no effect on the consolidated financial statements.

b) Standards and interpretations to be applied in the future

Impact of exchange rate fluctuations - lack of exchangeability (Amendments to IAS 21)

The amendments relating to lack of exchangeability (amendments to IAS 21) result in IAS 21 being amended as follows: specification as to when a currency is and is not exchangeable for another currency; determination of how an entity determines the applicable closing rate if a currency is not exchangeable; additional information regarding how the lack of exchangeability of a currency affects the financial performance, financial position and cash flows of the company.

Changes of classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)

The amendments to IFRS 9 and IFRS 7 clarify in particular the treatment of specific issues regarding the classification of financial assets. In addition to clarifications regarding terms and conditions of contract that change the timing or amount of the contractual cash flows, the treatment of non-recourse financial assets, contractually linked instruments, the derecognition of a financial liability settled by electronic payment services, and disclosures on equity instruments measured at fair value through other comprehensive income.

Annual Improvements to IFRS Accounting Standards - Volume 11

The amendments relate to the following standards:

- IFRS 1 - Hedge accounting by a first-time adopter
- IFRS 7 – Financial Instruments: Disclosures, gain or loss on derecognition
- IFRS 7 – Financial Instruments: Disclosure of deferred difference between fair value and transaction price
- IFRS 7 – Financial Instruments: Introduction and credit risk disclosures
- IFRS 9 – Financial Instruments: Lessee derecognition of lease liabilities
- IFRS 9 – Financial Instruments: Transaction price definition
- IFRS 10 – Consolidated Financial Statements: Determination of a 'de facto agent'
- IAS 7 - Statement of Cash Flows: Concept of “cost method” no longer defined.

Power Purchase Agreements - Contracts for electricity from renewable sources (amendments to IFRS 9 and IFRS 7)

Contracts for electricity from renewable sources are aimed at ensuring the stability of and access to renewable electricity. These energy sources are usually dependent on nature, which means that their supply cannot be guaranteed. For this reason, the rules for own use in IFRS 9 are amended as follows: Incorporation of new factors when applying IFRS 9.2.4 to renewable energy contracts where the source of the power generation is renewable and the purchaser is essentially exposed to the entire quantitative risk. These contracts may be designated as hedging instruments in a hedge relationship; additional disclosure requirements regarding the impact of these contracts on the company's performance and on the amount, timing and uncertainty of cash flows. These amendments have no impact on VBW.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 aims to improve reporting on a company's financial performance and improve comparability between financial reports, with the existing standard IAS 1 replaced as part of this. The focus here is on the income statement, with predefined subtotals introduced for this and with new rules that will apply to categorising and summarising or breaking down items. Disclosures are also introduced on certain key performance indicators that are defined and used by company management.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The introduction of IFRS 19 enables certain subsidiaries to reduce the disclosures in the annual report provided that, in addition to its status as a subsidiary, it is not subject to any accountability obligations and the parent company publishes consolidated financial statements that are prepared in accordance with IFRS.

c) Accounting and valuation methods regarding ESG risks

ESG risks (Environmental Social Governance risks) refer to operational risk events or conditions affecting the climate, the environment, social affairs or corporate governance, the occurrence of which might negatively impact on the value of assets or on the net assets, financial position and results of operations, as well as the reputation of the issuer and/or the VBW Group. ESG risks arise because climate, environmental, social and corporate governance concerns may affect counterparties, customers and other contractual partners of the issuer and/or the VBW Group. ESG risks were not included as a separate risk type, but were mapped within the existing risk types.

A separate scoring system was developed for assessing the risks associated with ESG factors at the level of the individual borrower, which is applied to Corporate and Real Estate customers depending on credit exposure. After the assessment of soft facts by the account manager, the risks associated with ESG factors as well as the risk mitigating measures taken by the customer are measured within the scope of an ESG score. The soft facts matched to the customer segments comprise all three risk aspects (Environmental, Social and Governance). An assessment of the risks associated with ESG factors takes place within the scope of the lending and monitoring processes.

The methods, models and strategies used for ESG risks will be continuously developed over the next years and are meant to contribute to successively measuring inherent ESG risks more accurately. More information regarding ESG risks is shown in Note 50) Risk report.

As at 31 December 2024, as in the previous year, VBW has not invested in any bonds or loans or issued any bonds whose contractual cash flows are dependent on the fulfillment of certain contractually defined ESG targets.

d) Application of estimates and assumptions

Information about assumptions and estimation uncertainties as at 31 December 2024 that may be associated with a significant risk of causing a material adjustment to the carrying amounts of recognised assets and liabilities within the next financial year is included in the following Notes:

- Notes 11) and 23): The recognition of deferred tax assets is based on the assumption that sufficient taxable income will be generated in the future to utilise the existing loss carryforwards; where appropriate, no deferred tax assets are recognised. At the beginning of 2022, the legislator decided to gradually reduce the corporate income tax rate in Austria from 25 % to 23 %. The corporate income tax rate has been 23 % since 01 January 2024.

- Note 18): The assessment of the recoverability of investment properties is based on forward-looking assumptions.
- Note 20): Different valuation models are used for the valuation of the investments. The underlying parameters of the valuation models used are also based on forward-looking assumptions.
- Note 31): For the valuation of existing social capital obligations, assumptions are used for interest rate, retirement age, life expectancy and future salary increases.
- Note 50): The basis for determining expected credit losses is provided by scenarios relating to the expected cash flows of the debt instrument. Thus, in order to determine the impairments, assumptions and projections must be made regarding the payments still to be received from the borrower or from the realisation of the collaterals, and the probability of occurrence of the respective scenario must be estimated.

Information about discretionary decisions made in the application of accounting policies that have a significant effect on the amounts recognised in the financial statements is disclosed in the following Notes:

- Note 3) n): Derecognition and modification of a financial asset.
- Note 3) p) as well as Note 50) Risk report: Classification of financial instruments for measuring the amount of expected credit losses (valuation of the business model, SPPI assessment, stage allocation) as well as determining the methodology for considering forward-looking information and selecting models and scenario weightings to measure expected credit losses.

e) Consolidation principles

The consolidated financial statements are based on the separate financial statements of all fully consolidated companies prepared in accordance with IFRS. The figures reported in the individual financial statements of associated companies measured at equity have been adjusted to Group accounting principles where the effects on the consolidated financial statements were significant.

The financial statements of the fully consolidated companies and the companies consolidated using the equity method were prepared based on the balance sheet date of 31 December 2024.

Business combinations with a contract date on or after 31 March 2004 are accounted for using the purchase method set out in IFRS 3. Accordingly, all identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. If the cost of acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities, goodwill is recognised as an asset. The full goodwill method is not in use. Goodwill is not amortised over the estimated useful life, but instead is tested for impairment annually in accordance with IAS 36. Negative goodwill is recognised directly in income in accordance with IFRS 3 after re-examination. Any change in contingent consideration recognised as a liability at the acquisition date is recognised in profit or loss. Transactions, which do not lead to a loss of control are recognised directly in equity.

Subsidiaries under the direct or indirect control of VBW are fully consolidated if these are material for a true and fair view of the net assets, liabilities, financial position and profit or loss of the VBW Group. Companies in which VBW holds an equity interest of between 20 % and 50 % and for which controlling agreements do not exist are consolidated in the consolidated financial statements using the equity method; they are not consolidated if they are not significant for the Group.

Loans and other receivables, provisions and liabilities, as well as contingent assets and liabilities arising from relationships between the companies included in the consolidated financial statements, as well as relevant accruals and deferrals, have been offset within the scope of debt consolidation. Income and expenses between Group companies are eliminated in the course of the consolidation of expenditure/income, intragroup profits and losses are eliminated in the course of the elimination of intragroup profits and losses.

f) Currency translation

In accordance with IAS 21, foreign currency monetary assets and debts, non-monetary items measured at fair value and unsettled spot transactions are translated using the spot exchange mean rate, whereas unsettled forward transactions are translated at the forward exchange mean rate prevailing on the balance sheet date. Non-monetary assets and liabilities carried at amortised cost are recognised at the prevailing rate on the acquisition date.

The individual financial statements of fully consolidated companies prepared in currencies other than the euro are translated using the modified closing rate method set out in IAS 21. Under this method, all assets and liabilities are translated at the spot exchange mean rate effective on the balance sheet date, while the historical rate is applied for the translation of equity. Differences resulting from the translation of the financial statements of foreign subsidiaries are recognised in the currency reserve in OCI. Any goodwill and disclosed hidden reserves and burdens arising from the initial consolidation of foreign subsidiaries prior to 01 January 2005 have been translated at historical rates. Any goodwill and disclosed hidden reserves and burdens arising from business combinations after 01 January 2005 are translated at the spot exchange mean rate on the balance sheet date. As at 31 December 2024, the scope of consolidation of VBW does not include any foreign subsidiary in foreign currency, as was also the case in the previous year.

Income and expense items are translated at the average spot exchange mean rate for the reporting period, calculated on the basis of the end-of-month rates. Exchange differences between the closing rate applied for the translation of balance sheet items and the average rate used for translating income and expense items are recognised in the currency translation reserve in equity.

g) Net interest income

Interest income and interest expenses are recognised on an accrual basis in the income statement. Current or non-recurring income or expenses similar to interest, such as commitment fees, overdraft commissions or handling fees, are reported in net interest income in accordance with the effective interest method. Premiums and discounts are amortised over the term of the financial instrument using the effective interest method and reported in net interest income.

The unwinding effect resulting from the calculation of the risk provision is shown in interest income.

Net interest income consists of:

- Interest and similar income from credit and money market transactions (including unwinding effect from risk provsions)
- Interest and similar income from fixed-income securities
- Interest and similar expenses for deposits
- Interest and similar expenses for debts evidenced by certificates and subordinated liabilities
- Interest components of derivatives reported in the banking book
- Interest expenses from leases
- Modifications of financial assets, if they are due to market-induced contract modifications

Interest income and expenses from assets and liabilities held for trading are recognised in net trading income.

h) Risk provision

The item Risk provision includes movements of the impairments reported and risk provisions for financial assets (measured at amortised cost or at fair value through OCI) as well as for off-balance sheet obligations (essentially loan commitments and financial guarantees) based on the IFRS 9 impairment model of expected credit losses. Moreover, direct write-offs of receivables and receipts from receivables written off already are reported in the risk provision item. Gains or losses from modifications of financial assets are equally recognised in this item, if said modifications are related to credit rating.

i) Net fee and commission income

This item contains all income and expenses relating to the provision of services as accrued within the respective reporting period. Commissions and fees for services provided over a certain period of time are collected throughout the relevant period. This includes fees and commissions from lending business and clearing business, liability commissions as well as custody and management fees. However, commissions or fees for transaction-based services provided to third parties are collected upon completion of service provision. Essentially, this concerns the procurement of insurance policies, building loan contracts and loans as well as securities transactions. In those instances where an associated financial instrument exists, any commissions that are an integral component of the effective interest rate are shown as part of interest income.

j) Net trading income

All realised and unrealised results from financial investments, foreign currency positions and derivatives held for trading (assets and liabilities held for trading) are reported in this item. This includes results from changes in fair value as well as all interest income, dividends and refinancing expenses for assets held for trading. Results from the daily measurement of foreign currency positions are also reported in net trading income.

k) Result from financial instruments and investment properties

The result from financial instruments and investment properties consists of:

- Realised gains and losses from disposal of financial instruments
- Valuation gains and losses of financial instruments
- Result from hedge accounting
- Result from other derivative financial instruments
- Income from equities and other variable-yield securities
- Income from participations in unconsolidated affiliates, as well as companies with participating interests and other participations
- Income from operating lease and investment properties

Results from disposals of financial assets measured at amortised cost or debt instruments measured at fair value through OCI (with recycling) are shown in the realised gains or losses from the disposal of carrying amounts. In case of derecognition of debt instruments measured at fair value through OCI, a reclassification from fair value reserve – debt instruments to the income statement takes place.

The fair value changes of financial assets measured at fair value through profit or loss and of financial liabilities where the fair value option is applied are reported in valuation gains and losses of financial instruments.

l) Other operating result

This item contains, among others, disposals of tangible and intangible fixed assets, allocations to and releases of provisions, impairments of goodwill, valuations of IFRS 5 disposal groups and the deconsolidation result from the disposal of subsidiaries, as well as regulatory expenses and all other operating results.

m) General administrative expenses

General administrative expenses contain all expenditure incurred in connection with the business operations of the companies included in the financial statements.

Staff expenses include wages and salaries, statutory social security contributions and fringe benefits, payments to pension funds and internal pension plans, as well as all expenses resulting from severance and pension payments.

Administrative expenses (operating expenditure) include expenses for office space, office supplies and communication, advertising, PR and promotional expenses, expenses for legal advice and other consultancy, training, and IT expenses.

Depreciation, impairment and reversal of impairment of intangible and tangible assets – excluding impairment of goodwill – are also reported in this item.

n) Financial assets and liabilities

A financial asset or a financial liability is recognised in the balance sheet when the VBW Group becomes a party to a contract on the contractual terms of the financial instrument and, as a result, has the right to receive cash, equity instruments of another company or other financial assets or has a legal obligation to pay cash, provide other financial assets or fulfil contracts using the company's equity instruments Financial assets and liabilities are recognised or derecognised on the trading day. The trading day is the date when the Group undertakes to buy or sell the assets concerned, respectively to issue or redeem the financial obligations.

The Group classifies its financial assets and liabilities using the following categories. Upon initial recognition, financial instruments must be measured at fair value. In case of financial instruments that are not measured at fair value through profit or loss directly attributable transaction costs that increase the fair value of financial assets or decrease it when a financial liability is established must also be included in the fair values as incidental acquisition costs. Pursuant to IFRS 13, the fair value is defined as the current exit value. This is the price that market participants receive or pay within the scope of an ordinary transaction for the sale of an asset or transfer of a liability. The fair value is either a price determined on an active market or is determined using valuation models. The input parameters relevant for the respective valuation model may either be directly observable in the market or, if not observable in the market, determined by expert estimate. During subsequent measurement, financial instruments are recognised in the balance sheet either at amortised cost or at fair value, depending on the respective category.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method, unless the option of measuring them at fair value through profit or loss (fair value option) is exercised. For first-time recognition, the option is exercised on a voluntary and irrevocable basis in the valuation category 'measured at fair value through profit or loss', if this enables any measurement or recognition inconsistency to be avoided or reduced significantly. Moreover, financial liabilities may be designated as 'measured at fair value through profit or loss', if a group of financial liabilities or a group of financial assets and financial liabilities is controlled on the basis of their fair values and if their performance is measured on the basis of their fair values.

Derecognition and modification

Basically, a financial asset is derecognised on the date on which the contractual rights to its cash flows expire. The regulation for the derecognition of bad debts is described in Note 3) o). A financial liability is derecognised once it has been redeemed, i.e. when the liabilities agreed in the contract have either been settled, cancelled or have expired.

The VBW Group conducts transactions in which financial assets are transferred, but the opportunities or risks incident to the ownership of the asset remain with the Group. If the Group retains all or substantially all opportunities and risks, the financial asset is not derecognised, but still reported in the balance sheet. Such transactions include, for example, securities lending and repurchase agreements.

A financial asset is deemed modified whenever its contractual cash flows are renegotiated or otherwise adjusted. Renegotiation or modification may result from market-driven commercial components or prevention of default of a borrower in financial difficulties. Contract modifications may, but need not necessarily, lead to the derecognition of the old and recognition of the new financial instrument. To assess the economic substance and financial effect of such contract modifications, qualitative derecognition criteria such as change of debtor, change of currency, change of cash flow criterion, and change of collaterals were defined. The quantitative criterion for derecognition was defined as a deviation of more than 10 % from the gross carrying amount of the asset immediately prior to adjustment, in relation to the net present value of the modified cash flows (discounted using the effective interest rate before modification). Accordingly, a change in the present value of up to 10 % will not result in derecognition but must be shown separately in the result.

A contract amendment may either relate to creditworthiness (e.g. a borrower gets into financial difficulties) or be market-induced (e.g. competitive pressure). The distinction is relevant for accounting treatment:

- changes in the contract due to changes in creditworthiness must be recognised in the risk result
- market-induced contract changes must be recorded in net interest income

A non-exhaustive catalogue helps account managers to classify the modifications into creditworthiness-related and market-induced modifications.

Offsetting

Financial assets and liabilities are set off, and the net amount is presented in the balance sheet only if the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions, such as in the VBW Group’s trading activities.

Measured at amortised cost

Amortised cost of financial assets and liabilities is defined as the amount consisting of the original purchase price adjusted for redemption amounts, the amortisation of premiums or discounts over the term of the instrument in accordance with the effective interest method and value adjustments or depreciation due to impairment or uncollectibility.

Measured at fair value through profit or loss

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For the calculation of fair values, the following hierarchy is used showing the significance of the individual parameters.

Level 1: Quoted prices in active markets of identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available and reflect actual and regularly occurring market transactions between parties on an arm's length basis.

Level 2: Valuation techniques based on observable data – either directly as prices or indirectly derived from prices. Measurement parameters used in the measurement models include for instance the use of recent arm's length transactions between knowledgeable, willing parties and a comparison with the current fair value of another, essentially identical financial instrument. Other measurement methods may include analysing discounted cash flows and option pricing models, whereby all significant parameters are derived directly or indirectly from observable market data. All factors that market participants would consider when setting prices are taken into account. The measurement is consistent with accepted economic methodologies for pricing financial instruments. All estimates used for these calculation methods reflect reasonable market expectations and take into account all risk-return factors normally inherent in financial instruments.

Level 3: Measurement methods that largely use parameters which are not observable on the market. Measurement parameters that are not observable but which have a material impact on determining the fair value are placed in this category. This category also contains instruments which are measured by adjusting non-observable inputs, provided this adjustment is considerable. The classification of a parameter as level 3 does not necessarily mean that this parameter also has a material impact on the measurement. The significance of the parameter must be assessed in each individual case. This category also includes instruments for which the measurement is based on the adjustment of observable input parameters, provided that this adjustment is significant.

The valuation methods are realigned periodically and checked for validity, using prices of current observable market transactions or prices based on available observable market data for the same financial instrument. The fair value measurement of the loans is still effected by way of a discounted cash flow method, discounting the cash flows calculated on the basis of forward rates with the risk-free interest curve including an additional charge. This additional charge consists of risk costs, liquidity costs and a collective item for all pricing parameters not taken into account (Epsilon). The risk-free interest curve is derived from market data. The liquidity cost curve is modelled based on market data. The risk cost curve is deduced from the rating or the probability of default. The constant epsilon is calibrated in such a way that a transaction will not generate any fair value gain/loss at the time of conclusion.

For financial assets and liabilities in the banking book that are allocated to the category 'measured at fair value through profit or loss', interest, dividends as well as the related fee and commission income and expenses are reported separately in the respective items in the income statement. Valuation gains and losses are shown separately in result from financial instruments and investment properties.

Derivative financial instruments

Derivative financial instruments are measured at fair value through profit or loss. For fair value calculation, credit value adjustments (CVA) and debt value adjustments (DVA) are taken into account. Counterparty risk for fair values arising from unsecured derivatives is taken into account by means of CVA or DVA - approximating the potential future loss relating to counterparty default risk. The expected future exposure (EFE) is calculated using the Monte Carlo simulation. As no observable credit risk spreads are available for these counterparties on the market, the probabilities of default for the counterparties are based on internal ratings of the VBW Group.

Changes in the fair value of derivative financial instruments which are used for a fair value hedge are immediately recognised in the income statement, under result from financial instruments and investment properties. The change in fair value of the underlying transaction resulting from the hedged risk is also recognised under result from financial instruments and investment properties, regardless of its allocation to individual categories under IFRS 9. Fair value hedges are used to hedge interest rate risks and currency risks arising from fixed-income financial investments and liabilities, as well as foreign currency receivables and liabilities.

In case of cash flow hedges, the change in fair value of the derivative is recognised immediately in the hedging reserve in OCI, taking into account deferred taxes. The ineffective part of the hedge is recognised in the income statement. The underlying transaction is measured depending on its allocation to the individual categories.

Embedded derivatives that are subject to separate reporting are measured regardless of the financial instrument in which they are embedded, unless the structured financial instrument is designated at fair value through profit or loss. In case of hybrid financial instruments containing embedded derivatives, the SPPI-criterion must be verified based on the entire hybrid contract, without separating embedded derivatives from the underlying contract.

Own equity and debt instruments

Own equity instruments are measured at cost and deducted from equity on the liabilities side. Repurchased own issues are deducted from issues at their redemption amounts on the liabilities side of the balance sheet. The difference between redemption amount and acquisition cost is reported in the item Other operating result.

o) Loans and receivables credit institutions and customers

Loans and receivables credit institutions and customers are recognised in the balance sheet as soon as the Group becomes a contracting party. Loans and receivables are initially recognised at fair value plus all directly attributable transaction costs. The subsequent measurement is performed at amortised cost (see Note 3) r)), on the prerequisite that the SPPI criterion is met (cash flows of the financial instrument only consist of interest and redemption payments of the outstanding principal amount). These financial instruments are allocated to the ‘Hold to collect’ business model Interest income is calculated according to the effective interest method. If the SPPI criterion is not met, the financial instrument undergoes subsequent measurement at fair value through profit or loss.

In accordance with IFRS 9, the gross carrying amount of receivables is reduced if it cannot reasonably be expected to be realisable. Therefore, the decisive criterion for derecognition of receivables is their uncollectability. A receivable must be derecognised completely in any case if all prerequisites are fulfilled, i.e. no recoverable collaterals exist for the receivables concerned, no other assets of the debtor are known and if alternatively the debtor has not paid in spite of conviction and in spite of execution proceedings, the debtor is insolvent, unless there is any clear prospective quota, or in case of hopelessness of execution.

p) Risk provision

Based on individual and collective evaluation, risk provisions are effected for the special risk of banking business. Risk provisions for off-balance sheet transactions are reported under provisions.

Impairments

The impairment model pursuant to IFRS 9 is based on statistically calculated parameters, such as historical default and loss ratios. The methods and parameters used are validated regularly in order to approximate the estimated and actual defaults and losses. The process for determining the impairment is computer-aided, using an impairment tool specifically developed for the purpose. For further details on ascertaining the impairments please refer to Note 3) n) and to Note 50) Risk report b) Credit risk.

Impairments are based on expected credit losses (ECL) and are calculated using probability-weighted future cash flows. The essential model parameters for the measurement of ECL are the term-based probability of default (PD), the term-based loss given default (LGD), and the exposure at default (EAD). The difference between contractually agreed cash flows and anticipated cash flows is recognised as impairment.

Scope

The impairment model must be applied to the following financial instruments:

- Financial assets measured at amortised cost
- Financial assets mandatorily measured at fair value through OCI
- For purchased or originated credit-impaired financial assets (POCI) where the estimated loss amount has changed since addition, this is reported in risk provision using the credit risk-adjusted effective interest rate.
- Impairments are reported as provisions for irrevocable loan commitments and financial guarantees.

Impairments on debt instruments measured at fair value through profit or loss, as well as on equity instruments must be recognised as part of the fair value changes in the income statement or in OCI.

General approach

For the purpose of measuring the amount of anticipated credit losses, financial instruments are divided into three stages.

Stage 1 includes all financial instruments that have not shown any significant increase in default risk since first-time recognition (except for financial assets already impaired at the time of acquisition or granting). The impairment is recognised in the amount of 12-month ECL.

Stage 2 includes all financial instruments showing a significant increase in default risk since first-time recognition. The impairment recognised is equivalent to lifetime ECL.

A significant increase in credit risk is measured primarily on the basis of a rating deterioration. Additionally, default of performance of at least 30 days, classification as forborne or the customer’s transfer to intensive supervision are interpreted as a significant increase in credit risk.

Stage 3 includes financial instruments that meet the definition of default. The definition of default within the Group corresponds to the requirements of CRR I Art. 178. The impairment recognised is equivalent to lifetime ECL.

Options

- The option regarding the low credit risk exemption – that is the option available for low-risk instruments to start out from the assumption that the risk of default has not increased significantly since first-time recognition – is

exercised. The relevant instruments include loans and receivables customers and securities with a rating in the investment grade range. In case of securities with several external ratings, the second best rating is used. In this way, we can ensure that at least two rating agencies provide the issuer with an investment grade rating.
- The option to choose a simplified procedure for trade receivables and contractual assets pursuant to IFRS 15 with a significant financing component, as well as lease receivables was not exercised, as such receivables are of minor importance within the VBW Group.

Information regarding the calculation logic

The calculation logic may be described according to the following 6 dimensions:

- Time horizon: The expected losses are calculated either for a 12-month period or for the entire residual term.
- Individual or collective perspective: The calculation of the impairment at individual transaction level usually takes place for customers at Stage 3 with a certain minimum exposure. While for all other items, the calculation is also carried out for each transaction individually, the parameters used (PD, LGD, etc.) are derived from portfolios/groups with the same risk characteristics.
- Scenario analysis: The impairment is determined on the basis of at least two probability-weighted scenarios for all stages.
- Expected cash flows: The estimated expected cash flows are subject to certain requirements (determination of cash flows from collaterals, cash flows from current operations, etc.).
- Time value of money: The expected loss includes the “time value of money” and accordingly constitutes a discounted value.
- Taking into account available information: For the purpose of calculating the impairment, debtor-specific, transaction-specific and macroeconomic information about past events, current conditions and forecasts about the future are taken into account within the scope of the PD, LGD and cash flow models applied.

According to the instructions contained in the Group credit risk manual, customers with an internal rating of 4C to 4E (watchlist loans) and all other customers where other indications for an increased default risk exist, i.e. where repayment according to the contract appears jeopardised, are subjected to a more thorough examination.

For more detailed information about the impairment model, please refer to Note 50) Risk report b) Credit risk.

Post-model adjustments

Risks that are not fully mapped in the data model, or macroeconomic developments that are not fully reflected in the models, scenarios and assumptions are recorded as post-model adjustments. For detailed information, please refer to Note 50) Risk report b) Credit risk.

q) Assets and liabilities held for trading

Assets held for trading include all financial assets with a view to short-term sale or forming part of a portfolio which is intended to yield short-term profit. The items assets and liabilities held for trading also include all positive or negative fair values of derivative financial instruments that meet the regulatory requirements of the trading book. Derivative financial instruments used as hedging instruments to manage interest rate risks in the regulatory banking book are reported under other assets or other liabilities.

These items do not include any financial assets and liabilities that fall into the category of measured at fair value through profit or loss.

Both initial recognition and subsequent measurement are effected at fair value through profit or loss. Transaction costs are expensed as incurred. All changes in fair value and all interest income, dividend payments and refinancing costs attributable to the trading portfolio are reported in net trading income.

r) Financial investments

Financial investments comprise all securitised debt and equity instruments not classified as participations. Equity instruments are made up of shares of stock for the major part, without any relevance to the core business of the VBW Group, with optimisation of returns being of primary importance. Financial investments are initially recognised at fair value plus directly attributable transaction costs.

Classification of securitised debt instruments

Securitised debt instruments are classified based on the cash flow criterion and taking into account the respective business model. The following categories apply with this:

- Measured at amortised cost
  This category includes financial assets that exclusively include the right to interest and principal payments at certain points in time (SPPI criterion). These financial instruments are measured at amortised cost. The interest income is calculated according to the effective interest method. These assets are held as part of a business model whose objective is to hold the assets to collect.

- Measured at fair value through profit or loss
  This category relates to financial investments that are not allocated to the 'Hold to collect' business model or 'hold and sell' business model. It also includes financial instruments whose contractual cash flows do not exclusively represent payments of interest and principal on the outstanding capital. These financial instruments are measured at fair value through profit or loss.

- Measured at fair value through OCI
  Financial investments that are allocated to the 'Hold and sell' business model and whose contractual features exclusively provide for payments of interest and principal at specified times (SPPI criterion) are measured at fair value through OCI.

Classification of equity instruments

Equity instruments are measured at fair value through profit or loss. Upon initial recognition, however, an irrevocable option (OCI option) may be exercised, individually for each instrument. This option only applies to financial instruments that are not held for trading purposes. If the option is exercised, all changes to the fair value are reported in OCI (except for dividends, which are reported through profit or loss). Gains or losses reported in OCI can never be reclassified from equity to the income statement.

s) Investment property

All land and buildings that meet the definition of investment property as set out in IAS 40 are reported at fair value. Annual measurement is essentially based on RICS standards (Royal Institution of Chartered Surveyors). In accordance with IFRS 13, the RICS defines fair value as the estimated amount for which an investment property could be sold on the valuation date by a willing seller to a willing buyer in an arm's-length transaction in normal business operations, wherein the parties had each acted knowledgeably, prudently and without coercion. These calculations are earnings calculations, most of which are prepared following the discounted cash flow method based on current rent lists and lease expiry profiles. They are subject to assumptions regarding market developments and interest rates. The returns used are defined by the appraiser and reflect the current market situation as well as the advantages and disadvantages of the specific property.

The measurement for the real estate portfolio is completed exclusively by external appraisers who are selected among other things based on their documented professional qualifications and experience with regard to the respective locations and property categories.

Since parameters not based on market information are used to measure investment property, investment property is classified in Level 3 of the fair value hierarchy. The assumptions and parameters used in the valuation are updated on every valuation date.

Tenancy agreements are in place with commercial and private lessees; these vary due to the diversity of the portfolio. These tenancy agreements generally have longer terms of up to 10 years and are secured with deposits. Adjustments to indexes in line with the market are taken into account. Rents are not linked to revenue. Purchase options have been granted for some properties.

Rental income is recognised on a straight-line basis in accordance with the term of the respective contracts and reported in the result from financial instruments and investment properties.

t) Participations and investments in companies measured at equity

This item includes subsidiaries and participations established or acquired for strategic reasons. Strategic investments are companies that cover the areas of business of the VBW Group, 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 earnings situation of the VBW Group.

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 and 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 methods 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 VBW controls the company or exercises any management function, and hence budgets are available. If the company is not controlled, the fair value calculation is performed based on 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 valuation reports are prepared by external valuators, 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 Wirtschaftstreuhänder as well as of international financial data service providers and range between 8.5 - 12.7 % in the 2024 financial year (2023: 8.9 - 13.2 %). The market risk premium used for the calculation is 7.0 % (2023: 7.8 %), the beta values used range between 0.9 - 1.5 (2023: 0.9 - 1.4). 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 in other comprehensive income, 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 range for sensitivity are recognised respectively. If the fair value corresponds to the share capital, no sensitivity will be calculated.

u) Intangible and tangible assets

Intangible assets and tangible fixed assets are carried at cost less straight-line amortisation/depreciation and impairments. This item primarily comprises acquired goodwill, customer relationships and software.

All assets are reviewed at each balance sheet date for any indications that the asset may be impaired. Impairment expense must be recognised in all cases if the recoverable amount is below the carrying amount. The impairment expense must be recognised as an expense in the income statement. The test for impairment loss is performed regularly and in particular if there are any indications of an impairment loss.

The same method for the reversal of impairment losses is used as for recognition of impairments. A review takes place at each balance sheet date to determine whether there are any indications for a reversal of impairment. The carrying amount following the reversal of impairment may not exceed the carrying amount that would have resulted without a prior impairment loss (taking into account amortisation or depreciation). The reversal of the impairment must be recognised in the income statement.

Rights of use - lease

On the date of provision of the lease object, a right of use is recognised by the lessee in the balance sheet at acquisition cost. The cost of acquisition is made up as follows:

- Lease liability
- Lease payments made upon or prior to provision of the lease object, less lease incentives received
- Initial direct costs
- Any obligations to restore the object to its original condition, if applicable

All subsequent valuations take place at amortised cost. Amortisation of the rights of use is effected on a straight-line basis over the contractual term. For low-value lease objects and for short-term leases (< 12 months), use is made of simplified application, with payments being recognised in expenses on a straight-line basis. For contracts that also include non-lease components in addition to lease components, in the area of branches, use is made of the option to waive any separation of these components.

For existing leases, an assessment is effected regularly as to whether any essential parameters have changed and if this has any effect on the amount of the lease payments or the term of the lease. If, for instance, any adjustments to the rental index occur, the lease liability will be assessed anew. The newly determined present value will increase or reduce the original liability. As a rule, any such adjustments must be effected in the same amount with respect to the right of use.

Write-offs are recognised for permanent impairment. If the circumstances resulting in the recognition of a write-off cease to exist, the write-off is reversed up to a maximum of amortised cost.

The useful life is the period of time during which an asset is expected to be used and is calculated as follows:

Office furniture and equipment	up to 10 years
IT hardware (including calculators, etc.)	up to 5 years
Software	up to 4 years
Vehicles	up to 5 years
Customer relationships	up to 20 years
Strongrooms and safes	up to 20 years
Buildings, reconstructed buildings	up to 50 years
Rights of use - lease	up to 30 years

v) Tax assets and liabilities

This item is used to report current and deferred tax assets and liabilities.

Under IAS 12, tax deferral is determined according to the balance sheet liability method. Deferred taxes are derived from all temporary differences between the tax base of an asset or a liability and its carrying amount in the financial statements prepared in accordance with IFRS. Deferred taxes are calculated for subsidiaries based on the tax rates that apply or have been announced in the individual countries on the balance sheet date. Deferred tax assets are offset against deferred tax liabilities for each individual subsidiary.

Deferred tax assets in respect of unutilised tax loss carryforwards are recognised to the extent that it is probable that future taxable profit will be available at the same company against which the unused tax losses can be utilised or if sufficient taxable temporary differences exist. The assessment period for the recognition of deferred tax assets for unused tax loss carryforwards is four years. Deferred tax assets are not recognised for loss carryforwards, other assets or liabilities whose recoverability is not sufficiently certain. Deferred taxes are not discounted.

w) Other assets

Accrued items are used for accruing expenses and are shown in this item together with other assets. Value adjustments are recognised for impairments. This item also includes all positive fair values of derivative financial instruments that are used to manage interest rate risks in the banking book. With the exception of derivatives used in cash flow hedges, which are taken directly to other comprehensive income, changes in fair value are reported in result from financial instruments and investment properties.

x) Assets and liabilities held for sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (disposal group) must be available for immediate sale in its present condition on terms that are usual and customary for sales of such assets (or disposal groups), and the sale must be highly probable.

These criteria are met if the necessary board resolutions have been adopted, the assets can be sold without significant modification or restructuring, marketing of the assets has begun and, at the balance sheet date, either a binding offer has been made or a contract has already been signed and closing is expected within 12 months. Loans repaid early, directly by the debtor, do not meet the definition of a sale transaction, even if the early repayment was initiated by a group company through a discount on the loan amount.

A disposal group comprises non-current assets held for sale, other assets and liabilities that are sold together in a single transaction. The disposal group therefore does not include any liabilities that are repaid using the proceeds from the sale of the disposal group but are not transferred. Financial instruments that form part of a disposal group continue to be measured in accordance with the provisions of IFRS 9. Provided that a disposal group is classified as 'Held for sale' in the balance sheet, the relevant assets and liabilities are measured at fair value less costs to sell.

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, part of a single coordinated plan to dispose of a major line of business or geographical area of operations, or is a subsidiary that is acquired with the sole intention of reselling the same.

At VBW, a discontinued operation constitutes a reportable segment. A major line of business or geographical area of operations that reports to the Managing Board and has a significant effect on VBW's financial position is also presented as a discontinued operation if all conditions are met.

After classification as held for sale, non-current assets or groups of assets are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses are recognised in profit or loss under other operating expenses.

Non-current assets or disposal groups and associated liabilities classified as held for sale are presented separately from other assets and liabilities in the balance sheet.

For a discontinued operation, the statement of comprehensive income shall include the profit or loss after tax of the discontinued operation and the profit or loss after tax that would have been recognised had the assets or disposal groups constituting the discontinued operation been measured at fair value less cost to sell.

The income statement for the previous year must be adjusted accordingly.

y) Liabilities

The initial recognition of amounts owed to credit institutions and customers as well as debts evidenced by certificates is performed at fair value plus directly attributable transaction cost. Subsequent measurement is performed at amortised cost in accordance with the effective interest method, unless these liabilities were designated as liabilities at fair value through profit or loss. These are covered bonds (structured issues) of VBW, which are reported under debts evidenced by certificates. Financial liabilities for which the fair value option was chosen, gains and losses arising from a change in the company´s own credit risk must be recognised in OCI. Any remaining valuation changes are shown in the income statement.

Lease liability

The present value of the lease liability is reported in the balance sheet on the date of provision of the lease object. The present value is determined on the basis of the contractual lease payments, the respective residual terms and the incremental borrowing rate. The lease payments include the following components:

- fixed lease payments, less lease incentives to be provided by the lessor
- variable payments linked to any index or interest rate
- expected payments of residual value from residual value guarantees
- the exercise price of any purchase option, provided that the exercise of the option is estimated to be sufficiently certain

- any contractual penalties for terminating the lease, if the exercise of any right of termination has been taken account of in the term of the lease

In estimating lease terms, economic disadvantages are considered. Therefore the first option of termination will not be used when determining the lease term.

The lease payments are discounted using the interest rate implicitly underlying the lease relationship, if it is possible to determine that interest rate. Otherwise discounting will be effected using the incremental borrowing rate.

In the course of subsequent valuations, the lease liability will be increased by the interest expenditure and reduced by lease payments.

For existing leases, an assessment is effected regularly as to whether any essential parameters have changed and if this has any effect on the amount of the lease payments or the term of the lease. If, for instance, any adjustments to the rental index occur, the lease liability will be assessed anew. The newly determined present value will increase or reduce the original liability.

z) Employee benefits

Payments to defined contribution plans are expensed as incurred. Irregular payments are allocated to the respective reporting period.

The VBW Group has made commitments under defined benefit plans for individual staff members in the amount of future benefits. These plans are partly unfunded, i.e. the funds required as cover are retained and the VBW Group recognises the necessary provisions. These plans are funded exclusively by the Group. Employees are not required to make contributions to the plans. In the VBW Group, staff pension entitlements reported as transferred assets (plan assets) were transferred to BONUS Pensionskasse Aktiengesellschaft. There are no extraordinary risks, risks specific to the company or plans, or significant risk concentrations.

For those pension obligations transferred to it, BONUS Pensionskasse Aktiengesellschaft has established a structured multi-stage investment process based on risk management considerations. In this context, the pension fund is subject to the requirements of the Austrian Pension Fund Act as well as the Austrian Financial Market Authority's (FMA) Risk Management Regulation (Risikomanagementverordnung) and regularly reports to various boards about the investment.

The risk-bearing capacity, the determination of Strategic Asset Allocation (SAA) as well as a limit system constitute the framework for investment. The investment decisions are based on a thoroughgoing analysis of markets, asset classes and products, the aim being to achieve a high level of diversification. Apart from monitoring limit utilisation, Risk Management calculates various risk indicators, such as value at risk (VaR) or tracking error, on a current basis. Additionally, scenario analyses are performed regularly for the purpose of evaluating the effects of infrequent extreme market movements.

The respective liabilities side obligations as well as the portfolio structure within the Veranlagungs- und Risikogemeinschaft (VRG; investment and risk association) are checked on a current basis in order to recognise any changes and long-term deviations from the best-estimate actuarial assumptions used. The same applies to the valuation of those obligations that have not been transferred. As standard, the SAA is checked for compatibility with risk-bearing capacity at least once a year or in shorter intervals if necessary. Within the scope of this SAA review, the investment structure is reconciled with the liabilities side, the portfolio information and the respective liquidity requirements. This review is performed by the Risk Management function in close collaboration with the investment team. The ranges of fluctuation resulting from fluctuations of the parameters included are calculated and monitored as part of sensitivity analyses in order to assess the impact of possible fluctuations on the assets side of the balance sheet in a timely manner.

In accordance with the projected unit credit method, provisions for pensions and severance payments are calculated based on generally recognised actuarial principles for determining the present value of the overall entitlement and additional claims acquired in the reporting period. For severance payments, this procedure takes into account retirement due to attainment of pensionable age, occupational incapacity, disability or death, as well as the vested rights of surviving dependants.

Actuarial gains and losses are recognised directly in other comprehensive income for pension and severance payment obligations. Past service cost is recognised immediately through profit or loss when the plan is amended. All income and expenses connected with defined benefit plans are recognised under staff expenses.

Parameters for calculating employee benefit obligations

	2024	2023	2022	2021
Expected return on provisions for pensions	3.10 %	3.40 %	3.80 %	0.30 %
Expected return on provisions for severance payments	3.10 %	3.40 %	3.80 %	0.40 %
Expected return on anniversary provisions	3.10 %	3.40 %	3.80 %	0.40 %
Expected return on plan assets	3.40 %	4.00 %	3.80 %	0.30 %
Future salary increases	2.80 %	3.70 %	3.80 %	2.50 %
Future pension increases	2.30 %	3.20 %	3.00 %	1.70 %
Fluctuation rate	none	none	none	none

The fundamental biometric actuarial assumptions of the current Austrian scheme for calculating pension insurance for salaried employees are applied as the basis of calculation (AVÖ 2018 P – Rechnungsgrundlagen für die Pensionsversicherung – Angestelltenbestand).

The current retirement age limits are generally taken into account in these calculations. It is assumed that, as a rule, men will retire at the age of 65 years and women between the age of 60 and 65 years.

Pension obligations comprise claims of employees who were in active service for the Group on the valuation date as well as entitlements of pension recipients. These entitlements are defined in special agreements and in the Group's Articles of Association and represent legally binding and irrevocable claims.

aa) Provisions

Provisions are recognised if a past event has given rise to a present obligation and it is likely that meeting the obligation will result in an outflow of resources. They are made in the amount of the most probable future claims, taking into account cost estimates of contractual partners, experience and financial mathematical methods. A contingent liability is reported if a potential obligation exists and an outflow of resources does not appear probable or no reliable estimate of the amount of the obligation can be made.

Risk provisions comprise loan loss provisions for contingent liabilities (in particular financial guarantees). Other provisions contain pending litigations, interest claims in connection with loans and floors and restructuring. Risk provisions allocated and released are recorded under risk provisions in the income statement. Discounting is used for risk provisions.

bb) Other liabilities

Deferred items are used for accruing income, and are shown in this item together with other liabilities. This item also includes all negative fair values of derivative financial instruments that are used to manage interest rate risks in the banking book. With the exception of derivatives used in cash flow hedges, which are taken directly to other comprehensive income, changes in fair value are reported in Result from financial instruments and investment properties.

cc) Subordinated liabilities

Subordinated liabilities are initially recognised at fair value plus directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method, unless these liabilities were designated as liabilities at fair value through profit or loss.

In case of bankruptcy or the winding up of the enterprise, all amounts accounted for as subordinated liabilities may only be satisfied after the claims of all other non-subordinated creditors have been satisfied.

In addition to subordination, the contractual terms for supplementary capital contain a performance-based interest payment. Interest may only be paid insofar as this is covered by annual profit before changes in reserves of the company issuing the capital. Supplementary capital interests also participate in any loss. The repayment amount is reduced by current losses. Repayment at nominal value is only possible if the proven losses are covered by profits.

dd) Equity

Financial instruments issued which do not involve a contractual obligation to transfer cash or another financial asset to another entity or to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the issuer are reported in equity.

ee) Capital reserves

In accordance with IAS 32, the transaction costs of an equity transaction are accounted for as a deduction from equity, taking into account deferred taxes, to the extent that they constitute incremental costs that are directly attributable to the equity transaction. Furthermore, the difference between face value and repurchase value of treasury stocks, as far as it is covered in capital reserves, is shown here. If the difference exceeds capital reserves, this amount is deducted from retained earnings.

ff) Retained earnings

All legal and statutory reserves as well as other reserves, provisions against a specific liability as defined by Section 57 (5) of the Austrian Banking Act, untaxed reserves and all other undistributed profits are reported in retained earnings.

gg) Own funds

The company is subject to external capital requirements based on the European Union's CRD IV and CRR (Basel III). The rules on capital ratios specified there constitute the central management variable in the Group. These ratios reflect the relationship between regulatory own funds and credit, market and operational risk. Accordingly, the risk/return management of the VBW Group is based on the capital allocated to one business or, ultimately, one organisational unit and the income to be generated from this, taking into account the corresponding risk considerations.

Credit risk is determined by multiplying on-balance-sheet and off-balance-sheet exposures based on their relative risks by the risk weighting to be allocated to a counterparty. The procedures for determining risk-relevant parameters (exposure, risk weighting) are based on percentages specified by regulatory requirements (standard approach). There is also an equity capital requirement for credit valuation adjustments in derivatives transactions. This is derived from regulatory requirements and, in particular, reflects the counterparty risk in the derivatives transaction. The market risk component of the VBW Group is also calculated using the standard approach. The capital requirements for operational risk are calculated by multiplying the revenues with the percentages applicable to the respective business areas.

Regulatory own funds break down into three elements:

- Common Equity Tier 1 capital (CET1)
- Additional Tier 1 capital (AT1)
- Supplementary capital - Tier 2 (T2)

The first two components jointly comprise the Tier 1 capital.

CET1 comprises the capital shares and participation capital that meet the CRR requirements. These are the following: classification as equity with separate disclosure in the accounts, perpetual, fully loss-bearing, no reduction in the principal amount except in the case of winding up or repayment without particular incentive mechanisms, no obligation to make distributions, and distributions are not linked to the face value. CET1 also includes capital reserves, retained earnings, other reserves and minority interests used to meet the regulatory capital requirement. Intangible assets and goodwill, deferred tax assets and participations in other credit institutions constitute significant deductions.

Just like CET1 capital, AT1 capital is available for covering any losses on a current basis. In this context, the central requirement is the subordinate and permanent appropriation of funds, as well as the unrestricted discretion of the issuer as to whether distributions will be made or not. Additionally, it must be possible to convert the instruments into CET1 capital, or to write them off, as soon as the CET1 capital ratio falls below the threshold of 5.125 % in proportion to exposures at the latest.

T2 includes non-current subordinated liabilities.

The minimum own funds ratio (total of Tier 1 and Tier 2) is 8 %. Minimum core capital requirements are 4.5 % for CET1 and 6.0 % for Tier 1. The VBW Group complied with these relevant supervisory requirements throughout the entire reporting period and its own funds exceeded the minimum requirements.

Apart from the minimum capital requirements pursuant to Article 92 (1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, the combined capital buffer requirements as defined in Article 128 (6) of Directive 2013/36/EU, as well as the Pillar 2 capital requirements and guidances from the Supervisory Review and Evaluation Process (SREP) must be taken into account for the Association of Volksbanks. Further explanations regarding the mentioned own funds and buffer requirements are contained in Note 50) Risk report.

hh) Trust transactions

Transactions in which an affiliate of the Group acts as a trustee or in any other trusteeship function and thus manages or places assets on a third-party account are not shown in the balance sheet. Commission payments from such transactions are reported in net fee and commission income.

ii) Repurchase transactions

Under genuine repurchase agreements, the Group sells assets to a contractual partner and simultaneously undertakes to repurchase these assets at the agreed price on a predefined date. The assets remain in the consolidated balance sheet as no risk or rewards are transferred and are measured in accordance with the rules applying to the respective balance sheet items. At the same time, the received payment is recognised as a liability.

jj) Other contingent liabilities and financial obligations

Possible obligations for which an outflow of resources does not appear probable or no reliable estimate of the amount of the obligation can be made, are reported under contingent liabilities. Provisions are recognised for acceptances and endorsements as part of provisions for risks if future claims are likely.

Obligations arising from financial guarantees in accordance with IFRS 9 are recognised as soon as the Group becomes a contracting party, i.e. when the guarantee offer is accepted. The initial measurement of the financial guarantees is performed at fair value. The fair value generally corresponds to the value of the premium agreed.

Guaranteed amounts of members in the case of participations in cooperatives are reported under other contingent liabilities. A follow-up check is regularly performed in order to determine whether on-balance sheet recognition in the consolidated financial statements is necessary.

kk) Cash flow statement

The cash flow statement is calculated in accordance with the indirect method. Here, the net cash flow from operating activities is calculated based on the result after taxes and before non-controlling interests, with non-cash expenses and income during the business year being included or deducted first. Moreover, all expenses and income that did affect payments, but were not allocated to operating activities are eliminated. These payments are recognised in the cash flow from investing activities or financing activities. The interest, dividend and tax payments stated separately in the cash flow statement solely originate from operating activities.

Cash flows from non-current assets such as securities measured at amortised cost, participations and intangible and tangible assets are assigned to the cash flow from investing activities. The cash flow from financing activities includes all cash flows of the owners as well as changes to subordinated liabilities and non-controlling interest. Liquid funds have been defined as cash and cash equivalents and comprise balances with central banks as well as cash in hand. These balances are composed of the minimum reserve to be held according to statutory provisions and current investments with various central banks.

4) Net interest income

Euro thousand	2024	2023
Interest and similar income from	512,157	456,979
Deposits with credit institutions (incl. central banks)	120,585	102,692
Credit and money market transactions with credit institutions	74,269	90,372
Credit and money market transactions with customers	231,140	200,354
Bonds and other fixed-income securities	66,870	42,485
Derivative instruments	19,293	21,076
Interest and similar expenses for	-357,378	-272,420
Liquid funds	-10,047	-44,033
Deposits from credit institutions	-95,493	-85,779
Deposits from customers	-88,689	-37,685
Debts evidenced by certificates	-82,381	-55,035
Subordinated liabilities	-49,314	-20,960
Derivative instruments	-30,497	-28,466
Lease liabilities	-1,128	-1,001
Valuation result - modification	77	488
Valuation result - derecognition	95	50
Net interest income	**154,779**	**184,560**

Net interest income according to IFRS 9 categories

Euro thousand	2024	2023
Interest and similar income from	512,157	456,979
Financial assets measured at amortised cost	489,867	432,881
Financial assets measured at fair value through OCI	380	159
Financial assets measured at fair value through profit or loss - obligatory	2,618	2,863
Derivative instruments	19,293	21,076
Interest and similar expenses for	-357,378	-272,420
Financial liabilities measured at amortised cost	-324,158	-241,651
Financial liabilities measured at fair value through profit or loss - designated	-2,895	-2,840
Derivative instruments	-30,497	-28,466
Valuation result - modification	77	488
Valuation result - derecognition	95	50
Net interest income	**154,779**	**184,560**

5) Result from risk provisions

Euro thousand	2024	2023
Changes in risk provisions	-72,768	-22,230
Changes in provisions for risks	1,757	-960
Direct write-offs of loans and receivables	-5,103	-1,758
Income from loans and receivables previously written off	1,402	1,387
Valuation result modification/derecognition	61	34
Risk provision	**-74,651**	**-23,527**

6) Net fee and commission income

Euro thousand	2024	2023
Fee and commission income	88,845	84,580
Lending business	5,297	3,780
Securities and custody business	34,462	31,964
Payment transactions	37,854	37,274
Foreign exchange, foreign notes and coins and precious metals transactions	128	119
Financial guarantees	902	918
Other services	10,203	10,525
Fee and commission expenses	-13,410	-20,425
Lending business	-3,073	-10,511
Securities and custody business	-4,768	-4,627
Payment transactions	-5,477	-5,235
Other services	-93	-52
Net fee and commission income	**75,435**	**64,155**

Other service business mainly includes brokerage commissions for brokering loans to TeamBank AG Nuremberg. Net fee and commission income includes management fees for trust agreements in the amount of euro 174 thousand (2023: euro 115 thousand).

7) Net trading income

Euro thousand	2024	2023
Equity-related transactions	13	2
Exchange-rate-related transactions	3,552	1,421
Interest-rate-related transactions	1,658	1,734
Net trading income	**5,223**	**3,157**

8) Result from financial instruments and investment properties

Euro thousand	2024	2023
Other result from financial instruments	**-4,007**	**-2,625**
Result from financial investments and other financial assets and liabilities measured at fair value through profit or loss	514	-4,959
Valuation measured at fair value through profit or loss - obligatory	223	-2,029
Loans and receivables to credit institutions and customers	1,380	-695
Securities	1,108	245
Result from other derivative instruments	-2,031	-254
Exchange-rate-related transactions	-1,332	-773
Interest-rate-related transactions	-375	1,957
Others	-324	-1,438
Result from fair value hedge	-234	-1,054
Result (ineffectiveness) from cash flow hedge	0	-271
Interest-rate-related transactions	0	-271
Valuation measured at fair value through profit or loss - designated	266	-2,949
Debts evidenced by certificates	266	-2,949
Income from equities and other variable-yield securities	25	19
Result from financial investments and other financial assets and liabilities measured at amortised cost	-6,781	0
Realised losses from disposal	-6,781	0
Result from financial investments and other financial assets and liabilities measured at fair value through OCI	2,259	2,334
Realised gains from disposal	0	2
Realised losses from disposal	0	-2
Income from participations	2,259	2,334
Result from investment properties	**2,320**	**1,247**
Income from investment properties and operating leases	1,284	1,391
Valuation investment properties	1,036	-144
Result from financial instruments and investment properties	**-1,687**	**-1,378**

The losses realised from disposals from the carrying amount of euro -6,781 thousand are explained in Note 33).

9) Other operating result

Euro thousand	2024	2023
Other operating income	178,359	153,793
Other operating expenses	-20,259	-22,057
Deconsolidation result from consolidated affiliates	0	-1
Regulatory expenses	-2,281	-5,439
Other operating result	**155,819**	**126,296**

Regulatory expenses include the stability tax in the amount of euro -2,281 thousand (2023: euro -2,526 thousand), contributions to the deposit guarantee scheme in the amount of euro 0 thousand (2023: euro -862 thousand) and contributions to the Single Resolution Fund in the amount of euro 0 thousand (2023: euro -2,052 thousand).

Detailed presentation of other operating income and other operating expenses

Euro thousand	2024	2023
Income from allocation of costs	164,037	148,616
Realised gains from disposal of fixed assets and security properties	27	1,721
Return flows from Volksbanken-Gemeinschaftsfonds	10,500	0
Others	3,796	3,457
Other operating income	**178,359**	**153,793**
Allocation of costs	-18,429	-22,328
Realised losses from disposal of fixed assets and security properties	-419	-629
Other taxes	3	30
Others	-1,415	870
Other operating expenses	**-20,259**	**-22,057**

The euro 10.500 thousand (2023: euro 0 thousand) involves an agreed return flow from the Volksbanken-Gemeinschaftsfonds (GemFonds), which is managed as a special fund of the Österreichischer Genossenschaftsverband // Schulze-Delitzsch. The return flow originates among other things from the sale of shares in Volksbanken Holding eGen by Volksbanken-Beteiligungsgesellschaft m.b.H.

The income from allocation of costs in the amount of euro 164,037 thousand (2023: euro 148,616 thousand) relate mainly to staff and administrative expenses incurred by VBW in its function as the central organisation of the Association of Volksbanks and are allocated to the primary banks in the Association of Volksbanks according to the agreement on the assumption of the costs of the Association of Volksbanks.

10) General administrative expenses

Euro thousand	2024	2023
Staff expenses	-146,976	-134,077
Wages and salaries	-112,886	-103,774
Expenses for statutory social security	-27,137	-24,876
Fringe benefits	-1,757	-1,538
Expenses for retirement benefits	-3,423	-2,942
Allocation to provision for severance payments and pension funds	-1,773	-946
Administrative expenses	-112,879	-91,505
Office space expenses	-6,264	-6,595
Office supplies and communication expenses	-1,265	-1,090
Advertising, PR and promotional expenses	-7,195	-5,362
Legal, advisory and consulting expenses	-19,319	-13,252
IT expenses	-72,770	-59,194
Other administrative expenses (including training expenses)	-6,066	-6,013
Depreciation and reversal of impairment	-11,382	-10,908
Depreciation	-6,858	-6,828
Impairments/reversal of impairments	-217	0
Rights of use - lease amortisation	-4,307	-4,080
General administrative expenses	**-271,237**	**-236,490**

Staff expenses include payments for defined contribution plans and employee provision funds in the amount of euro 3,736 thousand (2023: euro 3,280 thousand).

The administrative expenses (operating expenditure) include expenses for managing investment property assets in the amount of euro 24 thousand (2023: euro 33 thousand). Expenses for leases for low-value assets are also included in the amount of euro 348 thousand (2023: euro 396 thousand).

For the business year, expenses for the auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft amounted to euro 2,209 thousand (2023: euro 1,705 thousand). Of this amount, euro 1,263 thousand (2023: euro 1,146 thousand) is attributable to the audit of the annual financial statements, consolidated financial statements and annual financial statements of the Association of Volksbanks, as well as of financial statements of individual affiliates and joint ventures, euro 935 thousand (2023: euro 526 thousand) to other certifications and euro 11 thousand (2023: euro 33 thousand) to other services. The group auditor does not provide any tax advice.

Information on compensation to board members

Euro thousand	31 Dec 2024	31 Dec 2023
Total compensation	**4,051**	**3,238**
Supervisory Board	627	445
Managing Board	2,972	2,371
Former board members and their surviving dependants	452	422
Expenses for severance payments and pensions		
Managing Board	622	689
Thereof defined contribution plans	382	267

Members of the Managing Board do not receive any success- or performance-based remuneration. The total compensation of Managing Board members consists of a fixed basic salary and other compensation (e.g. in-kind benefits). There is no stock-option or share-transfer scheme for members of the Managing Board.

Principles and prerequisites of the pension scheme

The pension scheme is a defined-contribution scheme for all members of the Managing Board. The collective pension-fund bargaining agreement for commercial credit cooperatives has been applied to members of the Managing Board. All members of the VBW Managing Board who have a valid contract and a mandate to serve on the Board are eligible to join the scheme.

Principles governing pension entitlements and claims of members of the Managing Board in case of termination of the function

All members of the Managing Board are subject to the new severance payment system ("Abfertigung Neu"). There is also a D&O insurance policy (directors' and officers' insurance).

Number of staff employed during the business year

	Average number of staff		Number of staff at end of period	
	1-12/2024	1-12/2023	31 Dec 2024	31 Dec 2023
Employees	1,282	1,241	1,302	1,261
Workers	4	4	4	4
Total number of staff	**1,286**	**1,245**	**1,306**	**1,265**

All staff are employed in Austria. The determination of figures is based on full-time equivalents.

11) Result from companies measured at equity

The result from companies measured at equity arises from the pro rata results in the amount of euro 4,850 thousand (2023: euro 5,906 thousand) and the impairment loss at Volksbank Kärnten eG in the amount of euro -2,549 thousand (2023: euro -5,224 thousand) due to devaluation of the recoverable income.

12) Income taxes

Euro thousand	31 Dec 2024	31 Dec 2023
Current income taxes	-1,376	-5,409
Deferred income taxes	-1,470	21,353
Income taxes for the current fiscal year	**-2,846**	**15,944**
Income taxes from previous periods continued operation	-163	544
Income taxes	**-3,008**	**16,488**

The reconciliation below shows the relationship between the imputed and reported tax expenditure:

Euro thousand	31 Dec 2024	31 Dec 2023
Result before taxes - continued operation	45,981	117,455
Result before taxes - total	**45,981**	**117,455**
Imputed income tax 23 % (2023: 24 %)	10,576	28,189
Tax relief resulting from		
Tax-exempt investment income	-4,193	-597
Investment allowances	-71	-18
Other tax-exempt earnings	-36	-243
Dividend distribution on AT1 capital	-1,961	-4,092
Measurement of participations	3,144	248
Re-inclusion of deferred tax assets	-4,403	-42,332
Changes in tax rates	0	3,556
Other differences	-210	-655
Income taxes for the current fiscal year	**2,846**	**-15,944**
Income taxes from previous periods	163	-544
Reported income taxes	**3,008**	**-16,488**
Effective tax rate - continued operation	**6.54 %**	**-14.04 %**

The effective tax rates differ from the statutory tax rate applicable in Austria, in particular due to deferred tax assets being offset against tax loss carryforwards.

The following effects from deferred taxes can be found in other comprehensive income:

	2024			2023		
Euro thousand	Other comprehensive income net	Income taxes	Other comprehensive income gross	Other comprehensive income net	Income taxes	Other comprehensive income gross
Valuation of obligations from defined benefit plans	1,094	-252	842	-1,617	365	-1,252
Revaluation reserve	0	0	0	289	-66	223
Fair value reserve - equity instruments	13,172	-3,029	10,142	14,523	-3,210	11,313
Valuation of own credit risk	-75	17	-57	1,202	-264	938
Fair value reserve - debt instruments	325	-75	250	708	-170	538
Cash flow hedge reserve	-144	33	-111	577	-143	435
Change from companies measured at equity	358	-81	277	649	350	999
Other comprehensive income total	**14,729**	**-3,387**	**11,343**	**16,331**	**-3,138**	**13,193**

Notes to the consolidated balance sheet

13) Liquid funds

Euro thousand	31 Dec 2024	31 Dec 2023
Cash in hand	43,229	42,156
Balances with central banks	3,830,098	3,261,663
Liquid funds	**3,873,327**	**3,303,819**

The balance sheet item Liquid funds includes cash in hand, the minimum reserve and receivables from the Oesterreichische Nationalbank due on demand.

14) Loans and receivables credit institutions and customers

Euro thousand	31 Dec 2024	31 Dec 2023
Loans and receivables to credit institutions		
Amortised cost	1,801,361	2,598,534
Gross carrying amount	1,801,361	2,598,534
Risk provision	-2,679	-4,882
Net carrying amount	**1,798,682**	**2,593,652**
Loans and receivables to customers		
Amortised cost	6,168,331	5,882,432
Fair value through profit or loss	48,133	65,729
Gross carrying amount	6,216,464	5,948,161
Risk provision	-156,483	-90,243
Net carrying amount	**6,059,981**	**5,857,918**
Loans and receivables to credit institutions and customers	**7,858,663**	**8,451,570**

Breakdown by residual term

Euro thousand	31 Dec 2024	31 Dec 2023
On demand	615,949	508,468
Up to 3 months	238,286	514,364
Up to 1 year	160,101	693,140
Up to 5 years	659,395	777,060
More than 5 years	127,630	105,503
Loans and receivables to credit institutions (gross)	**1,801,361**	**2,598,534**
On demand	404,667	402,934
Up to 3 months	51,119	42,673
Up to 1 year	263,482	115,387
Up to 5 years	470,663	666,691
More than 5 years	5,026,533	4,720,476
Loans and receivables to customers (gross)	**6,216,464**	**5,948,161**

As at 31 December 2024, the changes in the value of the underlying transactions within the scope of portfolio fair value hedges in the amount of euro -20,959 thousand (2023: euro -41,246 thousand) were reclassified from the item Loans and receivables to customers to a separate balance sheet item (fair value changes from portfolio hedges) within the balance sheet. This reclassification was made in order to meet the requirements for better transparency in balance sheet reporting.

Sensitivity analysis

Loans and receivables customers measured at fair value through profit or loss

As at 31 December 2024, there are loans and receivables to customers measured at fair value through profit or loss in the amount of euro 48,133 thousand (2023: euro 65,729 thousand).

The following table shows the changes in the fair value of the loans and receivables to customers measured at fair value through profit or loss following adjustment of the input factors:

Loans and receivables customers

Euro thousand **31 Dec 2024**	**Positive change in fair value**	**Negative change in fair value**
Change in risk markup +/- 10 bp	114	-114
Change in risk markup +/- 100 bp	1,172	-1,114
Change in rating 1 stage down / up	6	-7
Change in rating 2 stages down / up	9	-18
31 Dec 2023		
Change in risk markup +/- 10 bp	151	-150
Change in risk markup +/- 100 bp	1,543	-1,462
Change in rating 1 stage down / up	18	-11
Change in rating 2 stages down / up	24	-28

15) Risk provision

Risk provision – loans and receivables credit institutions

Euro thousand	Loan loss provision - Stage 1	Loan loss provision - Stage 2	Loan loss provision - Stage 3	Total
As at 01 Jan 2023	**9,402**	**0**	**0**	**9,402**
Increases due to origination and acquisition	2,675	0	0	2,675
Decreases due to derecognition	-7,209	0	0	-7,209
Changes due to change in credit risk	6	0	0	6
Thereof transfer to Stage 1	0	0	0	0
Thereof transfer to Stage 2	0	0	0	0
Thereof transfer to Stage 3	0	0	0	0
Changes due to modifications without derecognition	0	0	0	0
Post-Model Adjustment	0	0	0	0
Decrease in allowance account due to write-offs	0	0	0	0
Other adjustments	8	0	0	8
As at 31 Dec 2023	**4,882**	**0**	**0**	**4,882**
Increases due to origination and acquisition	826	0	0	826
Decreases due to derecognition	-3,024	0	0	-3,024
Changes due to change in credit risk	-4	0	0	-4
Thereof transfer to Stage 1	0	0	0	0
Thereof transfer to Stage 2	0	0	0	0
Thereof transfer to Stage 3	0	0	0	0
Changes due to modifications without derecognition	0	0	0	0
Post-Model Adjustment	0	0	0	0
Decrease in allowance account due to write-offs	0	0	0	0
Other adjustments	-2	0	0	-2
As at 31 Dec 2024	**2,679**	**0**	**0**	**2,679**

Risk provision – loans and receivables customers

Euro thousand	Loan loss provision - Stage 1	Loan loss provision - Stage 2	Loan loss provision - Stage 3	Total
As at 01 Jan 2023	**11,780**	**15,046**	**39,823**	**66,649**
Increases due to origination and acquisition	1,428	66	92	1,586
Decreases due to derecognition	-229	-398	-1,512	-2,140
Changes due to change in credit risk	-6,335	-1,759	29,065	20,972
Thereof transfer to Stage 1	1,540	-1,540	0	0
Thereof transfer to Stage 2	-2,232	2,249	-18	0
Thereof transfer to Stage 3	-21	-1,000	1,021	0
Changes due to modifications without derecognition	0	0	0	0
Post-model adjustment	5,674	727	0	6,402
Decrease in allowance account due to write-offs	0	0	-3,326	-3,326
Other adjustments	-310	-1,469	1,878	99
As at 31 Dec 2023	**12,009**	**12,214**	**66,020**	**90,243**
Increases due to origination and acquisition	588	445	1,835	2,868
Decreases due to derecognition	-141	-685	-1,194	-2,021
Changes due to change in credit risk	-5,791	7,429	76,066	77,704
Thereof transfer to Stage 1	1,058	-1,056	-2	0
Thereof transfer to Stage 2	-5,678	5,737	-59	0
Thereof transfer to Stage 3	-41	-9,785	9,826	0
Changes due to modifications without derecognition	0	0	0	0
Post-model adjustment	-577	-2,004	0	-2,581
Decrease in allowance account due to write-offs	0	0	-9,694	-9,694
Other adjustments	-1	-6	-30	-36
As at 31 Dec 2024	**6,088**	**17,393**	**133,003**	**156,483**

Risk provision – financial investments measured at amortised cost

Euro thousand	Loan loss provision - Stage 1	Loan loss provision - Stage 2	Loan loss provision - Stage 3	Total
As at 01 Jan 2023	**774**	**0**	**0**	**774**
Increases due to origination and acquisition	119	0	0	119
Decreases due to derecognition	-73	0	0	-73
Changes due to change in credit risk	-135	0	0	-135
Thereof transfer to Stage 1	0	0	0	0
Thereof transfer to Stage 2	0	0	0	0
Thereof transfer to Stage 3	0	0	0	0
Changes due to modifications without derecognition	0	0	0	0
Post-model adjustment	0	0	0	0
Decrease in allowance account due to write-offs	0	0	0	0
Other adjustments	0	0	0	0
As at 31 Dec 2023	**685**	**0**	**0**	**685**
Increases due to origination and acquisition	127	0	0	127
Decreases due to derecognition	-6	0	0	-6
Changes due to change in credit risk	-264	0	0	-264
Thereof transfer to Stage 1	0	0	0	0
Thereof transfer to Stage 2	0	0	0	0
Thereof transfer to Stage 3	0	0	0	0
Changes due to modifications without derecognition	0	0	0	0
Post-model adjustment	0	0	0	0
Decrease in allowance account due to write-offs	0	0	0	0
Other adjustments	0	0	0	0
As at 31 Dec 2024	**542**	**0**	**0**	**542**

Risk provision – financial investments measured at fair value through OCI

Euro thousand	Loan loss provision - Stage 1	Loan loss provision - Stage 2	Loan loss provision - Stage 3	Total
As at 01 Jan 2023	**3**	**0**	**0**	**3**
Increases due to origination and acquisition	1	0	0	1
Decreases due to derecognition	0	0	0	0
Changes due to change in credit risk	-2	0	0	-2
Thereof transfer to Stage 1	0	0	0	0
Thereof transfer to Stage 2	0	0	0	0
Thereof transfer to Stage 3	0	0	0	0
Changes due to modifications without derecognition	0	0	0	0
Post-model adjustment	0	0	0	0
Decrease in allowance account due to write-offs	0	0	0	0
Other adjustments	0	0	0	0
As at 31 Dec 2023	**2**	**0**	**0**	**2**
Increases due to origination and acquisition	0	0	0	0
Decreases due to derecognition	0	0	0	0
Changes due to change in credit risk	-1	0	0	-1
Thereof transfer to Stage 1	0	0	0	0
Thereof transfer to Stage 2	0	0	0	0
Thereof transfer to Stage 3	0	0	0	0
Changes due to modifications without derecognition	0	0	0	0
Post-model adjustment	0	0	0	0
Decrease in allowance account due to write-offs	0	0	0	0
Other adjustments	0	0	0	0
As at 31 Dec 2024	**1**	**0**	**0**	**1**

16) Assets held for trading

Euro thousand	31 Dec 2024	31 Dec 2023
Bonds and other fixed-income securities	4,621	3,996
Equities and other variable-yield securities	71	19
Positive fair values of derivative instruments	17,907	20,755
Interest-rate-related transactions	17,907	20,755
Assets held for trading	**22,598**	**24,771**

Breakdown by residual term

Euro thousand	31 Dec 2024	31 Dec 2023
Up to 3 months	0	1,452
Up to 1 year	77	819
Up to 5 years	4,296	1,725
More than 5 years	248	0
Bonds and other fixed-income securities	**4,621**	**3,996**

Since assumption of the CO function, the company has maintained a trading book. The face values of the trading book as at 31 December 2024 amount to euro 725,122 thousand (2023: euro 861,351 thousand).

17) Financial investments

Euro thousand	31 Dec 2024	31 Dec 2023
Financial investments		
Amortised cost	3,602,239	2,673,459
Fair value through OCI	24,423	18,667
Fair value through profit or loss	6,113	3,295
Risk provision	-542	-685
Carrying amount	**3,632,232**	**2,694,737**

Financial investments measured at fair value through profit or loss include equity instruments in the amount of euro 4,045 thousand (2023: euro 1,274 thousand).

Breakdown by residual term

Euro thousand	31 Dec 2024	31 Dec 2023
Up to 3 months	61,351	82,823
Up to 1 year	134,854	133,666
Up to 5 years	1,745,918	1,181,300
More than 5 years	1,686,607	1,296,358
Bonds and other fixed-income securities	**3,628,729**	**2,694,147**

Breakdown of securities in accordance with the Austrian Banking Act

Euro thousand	31 Dec 2024	31 Dec 2023
Listed securities	3,345,641	2,678,540
Bonds and other fixed-income securities	3,344,911	2,677,853
Equities and other variable-yield securities	730	687
Securities allocated to fixed assets	3,632,774	2,693,412
Securities eligible for rediscounting	3,352,784	2,684,984

All securities that the Group intends to hold for more than one year are recognised under securities allocated to fixed assets.

18) Investment property

Euro thousand	Investment properties
Acquisition costs as at 01 Jan 2023	**20,949**
Reclassification	1,042
Acquisition costs as at 31 Dec 2023	**21,991**
Reclassification	0
Acquisition costs as at 31 Dec 2024	**21,991**
Cumulative valuation 01 Jan 2023	**5,512**
Reclassification	-172
Impairments	-696
Valuation gains	552
Cumulative valuation 31 Dec 2023	**5,196**
Reclassification	0
Impairments	-200
Valuation gains	1,236
Cumulative valuation 31 Dec 2024	**6,232**
Carrying amount 01 Jan 2023	26,461
Carrying amount 31 Dec 2023	27,187
Carrying amount 31 Dec 2024	**28,223**

The valuations shown in the table above are included within Result from financial instruments and investment properties. These valuations include holdings of investment property assets in the amount of euro 1,036 thousand (2023: euro -144 thousand) at the balance sheet date.

Investment properties contain 11 completed properties (2023: 11) with a carrying amount of euro 16,494 thousand (2023: euro 16,362 thousand), as well as undeveloped land with a carrying amount of euro 11,729 thousand (2023: euro 10,825 thousand). At the reporting date, all investment properties were measured at fair value and are located in Austria.

The valuation of investment properties uses parameters which are not based on market data. Investment properties are therefore classified in Level 3 of the fair value hierarchy.

The non-observable input factors are provided by independent external experts and reflect the current market assessment taking into account the specific features of each property. The main input parameters are shown below, with a distinction being made between finished properties and undeveloped land. The minimum and maximum values are reported for each individual input parameter along with the average value weighted by carrying amount (average). The average value in the carrying amount line corresponds to the average value of each property. The parameter values therefore do not generally relate to one and the same property.

The sensitivity analysis was calculated for all investment properties.

Completed properties

	2024			2023		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Carrying amount in euro thousand	104	4,930	1,499	82	4,780	1,487
Rentable space in sqm	38	2,741	1,422	38	2,741	1,391
Occupancy rate	0 %	100 %	93 %	0 %	100 %	94 %
Discount rate	3.75 %	8.00 %	5.86 %	3.75 %	5.50 %	4.78 %

Sensitivity analysis

Euro thousand 31 Dec 2024	Changes in the carrying amount Increase of assumption	Decrease of assumption
Discount rate (0.25 % change)	-675	735
Discount rate (0.50 % change)	-1,297	1,539
31 Dec 2023		
Discount rate (0.25 % change)	-814	904
Discount rate (0.50 % change)	-1,551	1,913

Undeveloped land

	2024			2023		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Carrying amount in euro thousand	39	3,050	1,066	35	2,940	984
Plot size in sqm	540	48,263	15,720	540	48,263	16,280
Value per sqm in euro	6	295	162	6	241	142

Sensitivity analysis

Euro thousand 31 Dec 2024	Changes in the carrying amount Increase of assumption	Decrease of assumption
Land value (10 % change)	1,173	-1,173
Land value (5 % change)	586	-586
31 Dec 2023		
Land value (10 % change)	1,083	-1,083
Land value (5 % change)	541	-541

The Group has not assumed any significant maintenance obligations for investment properties that are subject to refinancing by third parties. There are no other obligations to purchase, construct, develop or maintain investment property beyond this.

19) Companies measured at equity

Euro thousand	Associates
Carrying amount as at 01 Jan 2023	39,856
Additions	682
Proportional comprehensive income	6,835
Received dividend	0
Impairment	-5,224
Carrying amount as at 31 Dec 2023	42,150
Additions	0
Proportional comprehensive income	5,127
Received dividend	-15,971
Impairment	-2,549
Carrying amount as at 31 Dec 2024	**28,757**

Associated companies

VBW holds shares in the two associated companies Volksbank Kärnten eGen (VB Kärnten) and VB Verbund-Beteiligung eG (VB Bet). None of the companies are listed on the stock exchange.

VBW holds a 26.79 % (2023: 26.59 %) share in VB Kärnten with registered office in Klagenfurt. The company's main business purpose consists of banking operations and bank-related brokering and services.

VBW holds a 30.47 % (2023: 30.45 %) share in VB Bet with registered office in Vienna. The main business of the company is the holding of participations within the Association of Volksbanks.

After allocating the share of total comprehensive income of the associated companies, an annual assessment is made as to whether there are any indications that the calculated carrying amount is higher than the recoverable amount. If the proportional carrying amount is below the recoverable amount, an impairment loss is recognised to the recoverable amount. In the 2024 financial year, VB Kärnten recorded an impairment loss of euro 2,549 thousand (2023: euro 5,224 thousand).

Additional information regarding associated companies

	VB Kärnten		VB Bet	
Euro thousand	**2024**	**2023**	**2024**	**2023**
Assets				
Liquid funds	9,108	8,660	0	0
Loans and receivables credit institutions (net)	333,179	238,482	13,861	46,104
Loans and receivables customers (net)	1,212,886	1,229,773	0	0
Financial investments	10,465	16,144	0	0
Other assets	57,262	58,815	63,377	69,017
Total assets	**1,622,901**	**1,551,875**	**77,238**	**115,120**
of which current assets	559,500	487,006	77,238	115,120
Liabilities and Equity				
Amounts owed to credit institutions	2,600	2,783	0	0
Amounts owed to customers	1,435,859	1,383,893	0	0
Lease liabilities	5,640	3,988	0	0
Subordinated liabilities	6,873	6,789	0	0
Other liabilities	32,244	23,261	9,563	3,426
Equity	139,684	131,161	67,675	111,695
Total liabilities and equity	**1,622,901**	**1,551,875**	**77,238**	**115,120**
of which current liabilities	1,430,165	1,343,187	9,563	3,426
Statement of comprehensive income				
Interest and similar income	63,013	54,364	1,541	1,316
Interest and similar expenses	-19,058	-9,099	0	0
Net interest income	43,954	45,265	1,541	1,316
Risk provision	-3,858	-1,276	0	0
Result before taxes	9,822	23,452	8,819	5,629
Income taxes	-1,966	-6,307	-709	-344
Result after taxes	7,856	17,145	8,110	5,285
Other comprehensive income	-12,144	2,609	-6,677	944
Comprehensive income	**-4,257**	**19,754**	**1,433**	**6,229**

Reconciliation

Euro thousand	2024	2023	2024	2023
Equity	139,684	131,161	67,675	111,695
Equity interest	26.79 %	26.59 %	30.47 %	30.45 %
Proportional equity	37,421	34,876	20,620	34,009
Cumulative impairment and reversals	-19,365	-16,817	0	0
Valuations previous years	-9,313	-9,313	-605	-605
Carrying amount as at 31 Dec	**8,743**	**8,746**	**20,014**	**33,404**

In the reconciliation, the proportional equity is reconciled with the carrying amount. The line Valuations previous years includes the fair value measurement of the contribution of the CO business unit.

According to the statutory provisions of the Cooperative Societies Act (GenG), VBW will only get back its original capital contribution if it terminates its shares in VB Kärnten or VB Bet (not in the event of liquidation or sale).

20) Participations

Euro thousand	31 Dec 2024	31 Dec 2023
Investments in unconsolidated affiliates	2,540	2,355
Investments in companies with participating interests	5,343	4,890
Investments in other participations	88,161	70,633
Participations	**96,044**	**77,878**

A list of unconsolidated affiliates is shown in Note 53).

The most significant participations in the item Other participations are Volksbank Oberösterreich AG with a carrying amount of euro 22,576 thousand (2023: euro 13,190 thousand), Volksbanken Holding eGen with a carrying amount of euro 22,349 thousand (2023: euro 26,525 thousand) and Österreichische Ärzte- und Apothekerbank AG with a carrying amount of euro 13,158 thousand (2023: euro 4,843 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 2,253 thousand (2023: euro 2,334 thousand) from participations measured at fair value through OCI.

VBW cancelled 40,918,507 of its original 54,078,682 shares with a face value of euro 0.02 each in Volksbanken Holding eGen as at 30 November 2023, i.e. shares with a face value of euro 818,370.14. Following the expiry of the one-year disbursement block pursuant to Section 79 of the Cooperative Societies Act (GenG), Volksbanken Holding eGen disbursed the share capital totalling euro 8,445,689.76 to VBW in December 2024, including euro 818,370.14 in pro rata nominal capital. The partial cancellation of the shares was carried out for the purposes of reducing the participation in Volksbanken Holding eGen. This cancellation resulted in derecognition of the carrying amount of euro 17,470 thousand.

Sensitivity analysis

VBW holds 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 5,468 thousand (2023: euro 5,472 thousand) as any change in the interest rate would have no impact on the measurement.

Participations, measured using the DCF method

Euro thousand		Proportional fair value Interest rate		
31 Dec 2024		**-0.50 %**	**ACTUAL**	**0.50 %**
	-10.00 %	10,849	10,526	10,244
Income component	**ACTUAL**	12,054	**11,498**	10,991
	10.00 %	13,259	12,648	12,090
31 Dec 2023				
	-10.00 %	9,434	9,168	8,925
Income component	**ACTUAL**	10,112	**9,817**	9,547
	10.00 %	10,790	10,466	10,169

Participations, measured by net assets

Euro thousand	Proportional fair value		
31 Dec 2024	**Decrease of assumption**	**ACTUAL**	**Increase of assumption**
Net assets (10 % change)	6,930	**7,634**	8,470
31 Dec 2023			
Net assets (10 % change)	5,708	**6,343**	6,976

Participations, measured based on external appraisals

Euro thousand			
31 Dec 2024	**Lower band**	**ACTUAL**	**Upper band**
Proportional fair value	64,269	**71,410**	78,551
31 Dec 2023			
Proportional fair value	50,605	**56,228**	61,851

21) Intangible assets

Euro thousand	Software	Others	Total
Acquisition costs as at 01 Jan 2023	**28,419**	**24,824**	**53,243**
Additions	242	0	242
Disposals	-2,695	0	-2,695
Acquisition costs as at 31 Dec 2023	**25,966**	**24,824**	**50,790**
Additions	20	0	20
Disposals	-248	0	-248
Acquisition costs as at 31 Dec 2024	**25,738**	**24,824**	**50,562**
Cumulative amortisation 01 Jan 2023	**-27,448**	**-8,440**	**-35,888**
Disposals	2,695	0	2,695
Amortisation	-628	-1,291	-1,919
Cumulative amortisation 31 Dec 2023	**-25,381**	**-9,731**	**-35,113**
Disposals	231	0	231
Amortisation	-171	-1,291	-1,462
Cumulative amortisation 31 Dec 2024	**-25,321**	**-11,023**	**-36,344**
Carrying amount 01 Jan 2023	971	16,384	17,355
Carrying amount 31 Dec 2023	585	15,093	15,677
Thereof with limited useful life	585	15,093	15,677
Carrying amount 31 Dec 2024	**417**	**13,801**	**14,218**
Thereof with limited useful life	417	13,801	14,218

Other intangible assets essentially comprise customer relationships which were capitalised in the course of a business combination in accordance with IFRS 3 and are subject to regular amortisation for a period of 20 years.

22) Tangible assets

Euro thousand	Land and buildings	IT equipment	Office furniture and equipment	Others	Total
Acquisition costs as at 01 Jan 2023	**90,886**	**1,592**	**49,018**	**2,131**	**143,627**
Reclassification	-1,981	0	939	0	-1,042
Additions	3,202	31	998	297	4,529
Disposals	-6,630	-501	-5,532	-292	-12,955
Acquisition costs as at 31 Dec 2023	**85,477**	**1,122**	**45,423**	**2,136**	**134,159**
Reclassification	-1,267	0	1,267	0	0
Additions	6,557	39	2,375	235	9,206
Disposals	-4,584	-6	-7,159	-151	-11,900
Acquisition costs as at 31 Dec 2024	**86,183**	**1,156**	**41,906**	**2,220**	**131,464**
Cumulative valuation 01 Jan 2023	**-48,525**	**-1,204**	**-41,567**	**-1,046**	**-92,343**
Reclassification	461	0	0	0	461
Disposals	5,786	501	5,400	278	11,965
Depreciation	-1,967	-147	-2,443	-352	-4,908
Impairment	0	0	0	0	0
Cumulative valuation 31 Dec 2023	**-44,245**	**-850**	**-38,610**	**-1,121**	**-84,826**
Reclassification	0	0	0	0	0
Disposals	2,813	6	7,102	151	10,072
Depreciation	-2,091	-96	-2,841	-367	-5,396
Impairment	-214	0	-3	0	-217
Cumulative valuation 31 Dec 2024	**-43,738**	**-941**	**-34,352**	**-1,337**	**-80,367**
Carrying amount 01 Jan 2023	42,361	388	7,451	1,084	51,284
Carrying amount 31 Dec 2023	41,232	272	6,813	1,015	49,333
Carrying amount 31 Dec 2024	**42,446**	**215**	**7,554**	**883**	**51,097**

Rights of use

Euro thousand	Branches	Administration buildings	Others	Total
31 Dec 2023				
Acquisition costs	60,816	34,625	123	95,565
Additions	173	0	123	297
Depreciation	-2,092	-1,983	-6	-4,080
Carrying amount	**47,310**	**27,430**	**118**	**74,858**
31 Dec 2024				
Acquisition costs	66,711	34,625	103	101,439
Additions	5,617	0	103	5,720
Depreciation	-2,279	-1,983	-45	-4,307
Carrying amount	**51,743**	**25,447**	**175**	**77,365**

VBW sold a building and then leased back the sales office located in the 2024 financial year; this effect of this transaction on earnings was merely insignificant. There were no sales in the previous year 2023.

23) Tax assets and liabilities

	31 Dec 2024		31 Dec 2023	
Euro thousand	**Tax assets**	**Tax liabilities**	**Tax assets**	**Tax liabilities**
Current tax	4,836	139	0	4,784
Deferred tax	69,094	596	73,724	450
Tax total	**73,929**	**735**	**73,724**	**5,234**

The table below shows the differences resulting from the balance sheet figures reported in accordance with Austrian tax legislation and IFRS giving rise to deferred tax assets and liabilities:

	31 Dec 2024		31 Dec 2023		Net deviation 2024		
Euro thousand	**Tax assets**	**Tax liabilities**	**Tax assets**	**Tax liabilities**	**Total**	**In income statement**	**In other compre-hensive income**
Loans and receivables to credit institutions (net)	816	615	1,362	1,120	-41	-41	0
Loans and receivables to customers (net)	15,081	0	20,303	0	-5,222	-5,222	0
Assets held for trading	2,475	0	2,847	0	-372	-372	0
Financial investments (net)	4,195	12,825	4,427	2,551	-10,505	-10,431	-75
Investment property	0	3,177	0	2,890	-287	-287	0
Participations	0	3,817	1,973	1,626	-4,164	-1,135	-3,029
Intangible and tangible assets	32	21,927	44	21,729	-210	-210	0
Amounts owed to customers	134	0	935	0	-801	-801	0
Debts evidenced by certificates and subordinated liabilities	3,035	3,692	0	17,558	16,901	16,884	17
Lease liabilities	18,916	0	18,297	0	618	618	0
Liabilities held for trading	0	2,631	0	2,787	156	156	0
Provisions for pensions, severance payments and other provisions	4,421	1,553	4,894	1,382	-644	-392	-252
Other assets and liabilities	54,012	41,299	61,610	48,440	-457	-490	33
Tax loss carryforwards	56,917	0	56,665	0	252	252	0
Deferred taxes before netting	**160,035**	**91,537**	**173,357**	**100,084**	**-4,775**	**-1,470**	**-3,305**
Offset between deferred tax assets and deferred tax liabilities	-90,942	-90,942	-99,633	-99,633	0	0	0
Reported deferred taxes	**69,094**	**596**	**73,724**	**450**	**-4,775**	**-1,470**	**-3,305**

Deferred tax assets and deferred tax liabilities are only offset if they are applicable within the same company and towards the same tax authority.

Deferred tax assets were recognised to the extent they can likely be realised within a reasonable period. A period of 4 years, in line with the Group’s tax planning, was used as a basis for examining the utilisation of tax loss carryforwards. The realisation of other deferred tax assets is based on long-term planning with an appropriate planning period.

For tax loss carryforwards in the amount of euro 206,276 thousand (2023: euro 230,556 thousand) no deferred taxes were recognised. Of these non-recognised tax loss carryforwards, euro 206,276 thousand (2023: euro 230,556 thousand) can be carried forward without restriction and primarily concern VBW itself.

In accordance with IAS 12.39, deferred tax liabilities for temporary differences relating to investments in subsidiaries in the amount of euro 1,398 thousand (2023: euro 1,341 thousand) and deferred tax assets in the amount of euro 1,990 thousand (2023: euro 3,597 thousand) were not recognised, as they are not expected to reverse in the forseeable future.

The new Minimum Taxation Act (MinBestG) came into force in Austria on 31 December 2023. On 20 December 2023, the Bundesrat approved the draft law submitted by the Nationalrat to implement Council Directive (EU) 2022/2523 to ensure a global minimum level of taxation for multinational enterprise groups and large domestic groups in the European

Union. The law was published in the Federal Law Gazette on 30 December 2023 (Federal Law Gazette I 2023/187).

The Minimum Taxation Act must be applied for the first time for financial years beginning after 31 December 2023. Business units covered by the scope of the Minimum Taxation Act will be subject to a minimum effective tax rate of 15 % in future. If, in any tax jurisdiction, the effective tax rate calculated in accordance with the regulations falls below the minimum tax rate of 15 %, this constitutes low taxation within the meaning of the Minimum Taxation Act, and a supplementary tax is to be levied at the level of the domestic business units concerned by means of a primary supplementary tax (Primärergänzungssteuer/PES or Income Inclusion Rule/IIR) or secondary supplementary tax (Sekundärergänzungssteuer/SES or Undertaxed Profits Rule/UTPR).

VBW is not currently covered by the scope of the Minimum Taxation Act, as the turnover limit of euro 750 million was not exceeded in at least two of the previous four financial years, on the basis of the IFRS consolidated financial statements.

24) Other assets

Euro thousand	31 Dec 2024	31 Dec 2023
Deferred items	4,639	3,882
Other receivables and assets	31,045	27,884
Positive fair values of derivative instruments	265,011	273,590
Other assets	**300,695**	**305,356**

Other receivables and assets essentially consist of open outgoing invoices and accruals in the amount of euro 16,642 thousand (2023: euro 11,773 thousand), auxiliary accounts of the banking business in the amount of euro 5,620 thousand (2023: euro 7,472 thousand) and receivables to employees in the amount of euro 3,947 thousand (2023: euro 3,751 thousand). In addition to derivatives that are used for hedge accounting in accordance with IFRS 9, the item Positive fair values from derivative financial instruments also includes derivatives in the amount of euro 70,726 thousand (2023: euro 76,854 thousand) that are used for managing interest rate risks in the banking book.

The table below shows the fair values of derivatives included in the position Other assets which are used in hedge accounting under IFRS 9:

	31 Dec 2024		31 Dec 2023	
Euro thousand	Fair value hedge	Cash flow hedge	Fair value hedge	Cash flow hedge
Interest rate related transactions	194,286	0	196,736	0
Positive fair values of derivative instruments	**194,286**	**0**	**196,736**	**0**

25) Amounts owed to credit institutions

Euro thousand	31 Dec 2024	31 Dec 2023
Central banks	0	616,157
Other credit institutions	3,069,555	2,372,006
Amounts owed to credit institutions	**3,069,555**	**2,988,163**

Amounts owed to credit institutions are measured at amortised cost.

In the 2024 financial year, the outstanding amount from the TLTRO refinancing in the amount of euro 600,000 thousand (31 Dec 2023: euro 600,000 thousand) was settled in full.

Breakdown by residual term

Euro thousand	31 Dec 2024	31 Dec 2023
On demand	2,501,849	2,202,916
Up to 3 months	378,393	69,080
Up to 1 year	3,989	619,453
Up to 5 years	116,756	11,471
More than 5 years	68,568	85,242
Amounts owed to credit institutions	**3,069,555**	**2,988,163**

The information about maturities of future cash flows is shown in Note 34).

26) Amounts owed to customers

Euro thousand	31 Dec 2024	31 Dec 2023
Savings deposits	764,598	1,014,407
Other deposits	5,908,959	5,516,701
Amounts owed to customers	**6,673,557**	**6,531,108**

Amounts owed to customers are measured at amortised cost.

Please refer to Note 14) for the change in recognition.

Breakdown by residual term

Euro thousand	31 Dec 2024	31 Dec 2023
On demand	5,339,213	5,540,231
Up to 3 months	500,382	126,349
Up to 1 year	769,330	635,019
Up to 5 years	64,630	229,506
More than 5 years	1	3
Amounts owed to customers	**6,673,557**	**6,531,108**

The information about maturities of future cash flows is shown in Note 34).

27) Debts evidenced by certificates

Euro thousand	31 Dec 2024	31 Dec 2023
Bonds	3,449,077	3,322,662
Amortised cost	3,378,008	3,252,536
Fair value through profit or loss - designated	71,069	70,126
Debts evidenced by certificates	**3,449,077**	**3,322,662**

The item Bonds - measured at fair value through profit or loss comprises the redemption amount at maturity of euro 50,000 thousand (2023: euro 50,000 thousand), the FV measurement and the interest accruals (including interest accruals for a zero-coupon bond). In the 2024 financial year, the fair value change of own credit risk in the amount of euro -57 thousand (2023: euro 938 thousand) was recognised in other comprehensive income. The cumulative amount of the fair value change of own credit risk was euro 1,842 thousand (2023: euro 1,899 thousand).

In the 2024 financial year, six (2023: 13) issues with a total face value of euro 258,500 thousand (2023: euro 1,457,350 thousand) were issued by VBW. The issue with the highest volume is a green bond in the amount of euro 100,000 thousand (2023: euro 500,000 thousand).

Breakdown by residual term

Euro thousand	31 Dec 2024	31 Dec 2023
Up to 3 months	1,668	2,270
Up to 1 year	141,571	185,063
Up to 5 years	3,106,868	2,188,962
More than 5 years	198,969	946,367
Debts evidenced by certificates	**3,449,077**	**3,322,662**

The information about maturities of future cash flows is shown in Note 34).

28) Lease liabilities

Presentation of the inflow and outflow of lease liabilities

Euro thousand	Lease liabilities
As at 01 Jan 2023	**82,248**
Cash outflow	-3,830
Non-cash changes	
Others	1,136
Total non-cash changes	1,136
As at 31 Dec 2023	**79,553**
Cash outflow	-4,244
Non-cash changes	
Others	6,933
Total non-cash changes	6,933
As at 31 Dec 2024	**82,242**

Breakdown by residual term

Euro thousand	31 Dec 2024	31 Dec 2023
Up to 3 months	1,074	1,008
Up to 1 year	3,224	2,965
Up to 5 years	21,526	19,352
More than 5 years	56,419	56,228
Lease liabilities	**82,242**	**79,553**

The information about maturities of future cash flows is shown in Note 34).

29) Liabilities held for trading

Euro thousand	31 Dec 2024	31 Dec 2023
Negative fair values of derivative instruments		
Interest-rate-related transactions	19,957	23,946
Liabilities held for trading	**19,957**	**23,946**

30) Provisions

Provisions for off-balance sheet risks

Euro thousand	Loan loss provision - Stage 1	Loan loss provision - Stage 2	Loan loss provision - Stage 3	Total
As at 01 Jan 2023	**2,587**	**1,813**	**4,205**	**8,605**
Increases due to origination and acquisition	822	24	29	876
Decreases due to derecognition	-1,138	-66	-205	-1,408
Changes due to change in credit risk	-1,045	106	1,878	938
Thereof transfer to Stage 1	128	-128	0	0
Thereof transfer to Stage 2	-217	221	-4	0
Thereof transfer to Stage 3	0	-42	42	0
Post-model adjustment	527	15	0	541
Other adjustments	-16	-199	216	0
As at 31 Dec 2023	**1,737**	**1,693**	**6,123**	**9,552**
Increases due to origination and acquisition	456	74	3,605	4,135
Decreases due to derecognition	-111	-252	-342	-705
Changes due to change in credit risk	-593	853	-5,341	-5,081
Thereof transfer to Stage 1	84	-84	0	0
Thereof transfer to Stage 2	-260	268	-8	0
Thereof transfer to Stage 3	-1	-75	77	0
Post-model adjustment	-197	0	0	-197
Other adjustments	0	-110	110	0
As at 31 Dec 2024	**1,292**	**2,258**	**4,154**	**7,704**

Further details regarding off-balance sheet credit risks are contained in Note 50) Risk report.

Other provisions

Euro thousand	Restructuring	Pending litigations	Others	Total
As at 01 Jan 2023	**1,699**	**445**	**2,657**	**4,801**
Utilisation	-122	-19	-510	-651
Release	-1,252	-28	-1,139	-2,419
Addition	90	0	175	265
As at 31 Dec 2023	**415**	**399**	**1,182**	**1,996**
Utilisation	-14	0	-64	-78
Release	0	-308	-636	-944
Addition	100	20	520	640
As at 31 Dec 2024	**501**	**111**	**1,002**	**1,613**

Provisions are recorded at the best possible estimate of the expected outflow of resources with economic benefits as at the balance sheet date, taking into account the risks and uncertainties expected to fulfil the obligation. Risks and uncertainties have been taken into account in making the estimates.

The Federal Fiscal Court (BFG) submitted a request on 28 June 2024 for a preliminary ruling to the European Court of Justice (ECJ) pursuant to Article 267 TFEU. The BFG has made a request to the ECJ to decide whether the interbank exemption pursuant to Section 6(1) no. 28 2nd sentence of the Austrian VAt Act (UStG) constitutes state aid within the meaning of Article 107(1) TFEU. Section 6(1) no. 28 2nd sentence of the Austrian VAT Act exempts services between companies that predominantly execute banking, insurance or pension fund transactions from the obligation to charge VAT if these services are used directly to execute tax-free transactions. VBW is not itself involved in the original legal dispute for the preliminary ruling stated above, but it has also made use of the interbank exemption pursuant to Section 6(1) no. 28 2nd sentence of the Austrian VAT Act in business transactions with other companies of the Association of Volksbanks until the end of 2024. The content and facts of the original legal dispute are not publicly accessible.

Austrian lawmakers have deleted the entire second sentence with effect from 1 January 2025 through the Tax Amendment Act 2024 in order to avoid any uncertainties for the future.

As a result of the particular situation of the Association of Volksbanks arising from Section 30a of the Banking Act (BWG) and the existing organisational structure, VBW together with the other members of the Association and other Association companies notified the competent tax authorities before 2024 year-end of the existence of a consolidated tax group in accordance with the Austrian VAT Act with effect from 1 January 2025, which means that the discontinuation of the interbank exemption within the Association of Volksbanks has no impact. The prerequisites for the Association-wide tax group were already met in the past from a material point of view since the Association of Volksbanks has been in existence pursuant to section 30a Austrian Banking Act (BWG). VBW is therefore convinced that any decisions by the ECJ or the European Commission on the previous application of the interbank exemption will have no impact on the Association of Volksbanks.

Services that fall outside the scope of the Association-wide tax group and were previously covered by the interbank exemption only exist in isolated cases and to a minor extent.

31) Employee benefits

Euro thousand	Provision for pensions	Provision for severance payments	Provision for anniversary bonuses	Total Employee benefits
Net present value as at 01 Jan 2023	**8,769**	**29,739**	**5,885**	**44,393**
Current service costs	23	1,225	323	1,571
Interest expenses	334	1,179	236	1,749
Payments	-958	-1,419	-440	-2,817
Actuarial gains or losses arising from changes in financial assumptions	577	1,040	308	1,926
Net present value as at 31 Dec 2023	**8,745**	**31,764**	**6,313**	**46,822**
Current service costs	24	1,322	353	1,699
Interest expenses	298	1,131	228	1,657
Payments	-929	-1,077	-524	-2,530
Actuarial gains or losses arising from changes in financial assumptions	186	-1,280	-259	-1,353
Net present value as at 31 Dec 2024	**8,324**	**31,861**	**6,111**	**46,295**

Net present value of plan assets

Euro thousand	Provision for pensions
Net present value of plan assets as at 01 Jan 2023	**994**
Result from plan assets	122
Net present value of plan assets as at 31 Dec 2023	**1,115**
Result from plan assets	73
Net present value of plan assets as at 31 Dec 2024	**1,188**

The provision for pensions is netted with the net present value of plan assets in this item.

Contribution payments to plan assets for 2024 are expected in the amount of euro 18 thousand (2023: euro 17 thousand).

Euro thousand	Provision for pensions	Provision for severance payments	Provision for anniversary bonuses	Total Employee benefits
31 Dec 2023				
Long-term employee provision	8,745	31,764	6,313	46,822
Net present value of plan assets	-1,115	0	0	-1,115
Net liability recognised in balance sheet	**7,630**	**31,764**	**6,313**	**45,707**
31 Dec 2024				
Long-term employee provision	8,324	31,861	6,111	46,295
Net present value of plan assets	-1,188	0	0	-1,188
Net liability recognised in balance sheet	**7,136**	**31,861**	**6,111**	**45,107**

Historical information

Euro thousand	2024	2023	2022	2021	2020
Net present value of obligations	46,295	46,822	44,393	55,061	57,404
Net present value of plan assets	1,188	1,115	994	1,029	987

Composition of plan assets

	31 Dec 2024			31 Dec 2023		
Euro thousand	Plan assets - quoted	Plan assets - unquoted	Plan assets - total	Plan assets - quoted	Plan assets - unquoted	Plan assets - total
Bond issues regional administrations	258	0	258	236	0	236
Bond issues credit institutions	64	0	64	68	0	68
Other bond issues	245	0	245	230	0	230
Shares EU countries	88	0	88	92	0	92
Shares USA and Japan	182	0	182	152	0	152
Other shares	126	0	126	100	0	100
Derivatives	52	32	84	65	17	82
Real estate	0	96	96	0	100	100
Fixed deposit	0	40	40	0	41	41
Cash in hand	0	5	5	0	12	12
Total	**1,014**	**173**	**1,188**	**945**	**170**	**1,115**

The column Plan assets - quoted shows all plan assets that have a market price that is quoted on an active market.

Sensitivity analysis

With all other variables kept constant, possible changes that could reasonably be expected in any of the significant actuarial assumptions as of the reporting date would have influenced the defined benefit obligation as follows.

	Change in the present value	
Euro thousand	Increase of assumption	Decrease of assumption
31 Dec 2023		
Discount rate (0.75 % change)	-2,656	3,541
Future wage and salary increases (0.50 % change)	1,723	-1,741
Future pension increases (0.25 % change)	191	-183
Future mortality (1 year change)	535	-514
31 Dec 2024		
Discount rate (0.75 % change)	-2,787	2,968
Future wage and salary increases (0.50 % change)	1,638	-1,665
Future pension increases (0.25 % change)	171	-164
Future mortality (1 year change)	503	-483

As at 31 December 2024, the weighted average term of defined-benefit obligations for pensions was 8.2 years (2023: 8.8 years) and for severance payments 9.8 years (2023: 9 years).

Although the analysis does not take into account the full distribution of cash flows expected based on the plan, it does provide an approximate value for the sensitivity of the assumptions presented.

32) Other liabilities

Euro thousand	31 Dec 2024	31 Dec 2023
Deferred items	2,044	1,723
Other liabilities	250,104	281,964
Negative fair values of derivative instruments	284,064	311,483
Other liabilities	**536,213**	**595,170**

The other liabilities are essentially composed of auxiliary accounts of banking business in the amount of euro 173,418 thousand (2023: euro 224,230 thousand), incoming invoices and deferred income in the amount of euro 26,062 thousand (2023: euro 16,432 thousand), taxes and fiscal liabilities in the amount of euro 21,917 thousand (2023: euro 8,383 thousand) and commitments to staff in the amount of euro 6,529 thousand (2023: euro 7,757 thousand).

In addition to derivatives that are used for hedge accounting in accordance with IFRS 9, the item Negative fair values of derivative instruments also includes derivatives in the amount of euro 62,011 thousand (2023: euro 78,022 thousand) that are used for managing interest rate risks in the banking book.

The table below shows the negative fair values of derivatives included in the item Other liabilities which are used in hedge accounting according to IFRS 9:

	31 Dec 2024		31 Dec 2023	
Euro thousand	Fair value hedge	Cash flow hedge	Fair value hedge	Cash flow hedge
Interest-rate-related transactions	221,474	580	232,748	713
Negative fair values of derivative instruments	**221,474**	**580**	**232,748**	**713**

33) Subordinated liabilities

Euro thousand	31 Dec 2024	31 Dec 2023
Subordinated capital	1,237,365	401,973
Amortised cost	1,237,365	401,973
Subordinated liabilities	**1,237,365**	**401,973**

In 2024, there were two subordinated Tier 2 bonds with a volume of euro 500,000 thousand issued in each case. The first Tier 2 bond with a volume of euro 500,000 thousand 5.75 % fixed to fixed was issued in March 2024 with a term until 21 June 2034 and a fixed interest rate of 5.75 % until 21 June 2029. The interest is due annually on 21 June and the interest rate is reset at the interest rate change date at the five-year euro mid-swap rate plus a margin of 3.10 % p.a. Repayment is made at the end of the term at 100 % of the face value. The issuer has a one-time right of cancellation in 2029.

The second euro 500,000 thousand Tier 2 bond was issued in September 2024 with a term until 4 December 2035 and a fixed interest rate of 5.5 % until 4 December 2030. The interest is due annually on 04 December and the interest rate is reset at the interest rate change date at the five-year euro mid-swap rate plus a margin of 3.05 % p.a. Repayment is made at the end of the term at 100 % of the face value. The issuer has a one-time right of cancellation in 2030.

A subordinated Tier 2 bond from 2017 with a face value of euro 209,500 thousand was repurchased from investors in September 2024 with the approval of the ECB as part of a tender offer. The outstanding face value of the issue as at 31 December 2024 was euro 190,500 thousand. A loss in the amount of euro -6,781 thousand was realised from the sale, which is reported in the Result from financial instruments and investment properties.

Presentation of the inflow and outflow of subordinated liabilities

Euro thousand	Subordinated liabilities
As at 01 Jan 2024	**398,817**
Cash inflow	0
Cash outflow	0
Non-cash changes	
Others	3,157
Total non-cash changes	3,157
As at 31 Dec 2023	**401,973**
Cash inflow	993,240
Cash outflow	-215,892
Non-cash changes	
Others	58,043
Total non-cash changes	58,043
As at 31 Dec 2024	**1,237,365**

Breakdown by residual term

Euro thousand	31 Dec 2024	31 Dec 2023
On demand	0	0
Up to 3 months	0	0
Up to 1 year	0	0
Up to 5 years	192,430	401,973
More than 5 years	1,044,935	0
Subordinated liabilities	**1,237,365**	**401,973**

34) Cash flows from liabilities based on maturities

The table below presents the future cash flows from liabilities classified according to their maturity:

Euro thousand	Up to 3 months	Up to 1 year	Up to 5 years	More than 5 years	Undiscounted cash flows	Carrying amount
31 Dec 2024						
Amounts owed to credit institutions	2,880,898	4,161	119,941	95,145	**3,100,145**	3,069,555
Amounts owed to customers	5,858,891	780,261	69,036	59,278	**6,767,466**	6,673,557
Debts evidenced by certificates	1,668	251,329	3,286,617	233,470	**3,773,084**	3,449,077
Lease liabilities	1,074	3,224	21,526	56,419	**82,242**	82,242
Derivative instruments trading book	0	0	0	0	**0**	19,957
Subordinated liabilities	0	66,141	434,881	1,336,757	**1,837,779**	1,237,365
Derivative instruments banking book	0	0	0	0	**0**	284,064
31 Dec 2023						
Amounts owed to credit institutions	2,272,985	619,706	16,840	128,781	**3,038,312**	2,988,163
Amounts owed to customers	5,701,648	645,166	244,062	47,837	**6,638,713**	6,531,108
Debts evidenced by certificates	2,270	304,728	2,465,719	999,390	**3,772,107**	3,322,662
Lease liabilities	1,008	2,965	19,352	56,228	**79,553**	79,553
Derivative instruments trading book	0	0	0	0	**0**	23,946
Subordinated liabilities	0	20,768	459,441	0	**480,209**	401,973
Derivative instruments banking book	0	0	0	0	**0**	311,483

Cash flows for contingent liabilities are shown in Note 43).

35) Equity

As at 31 December 2024, the subscribed capital of VBW before deduction of treasury stocks amounted to euro 137,547 thousand (2023: euro 137,547 thousand). It consists of no-par-value shares as follows:

		Euro thousand
1,467,163	Non-par-value shares	137,547

Changes in subscribed capital

Number of units	Shares
Shares outstanding as of 01 Jan 2023	1,467,163
Repurchase of own shares	-6,658
Shares outstanding as of 31 Dec 2023	1,460,505
Repurchase of own shares	-6,658
Shares outstanding as of 31 Dec 2024	**1,453,847**

Repurchase of own shares

As part of the implementation of the structural simplification concept for the event of a crisis in the Association of Volksbanks, VBW concluded a purchase agreement for a total of 19,974 own shares with a face value of euro 1,873 thousand, corresponding to 1.36 % of the shares in VBW, at a purchase price of euro 9,000 thousand, which will be settled in three tranches. In 2023, 6,658 shares were repurchased as part of the first tranche and in 2024 a total of 6,658 shares were repurchased as part of the second tranche under this purchase agreement. The final tranche is due in 2025. Equity as at 31 December 2024 was therefore reduced by the interest accrued on the shares repurchased and shares still to be repurchased in the amount of euro 8,948 thousand (2023: euro 8,646 thousand). The interest expense from compounding the liability recognised amounts to euro -152 thousand for the 2024 financial year (2023: euro -149 thousand).

Additional Tier 1 capital

An Additional Tier 1 bond was issued in April 2019 with a nominal amount of euro 220,000 thousand and an issue price of 100.00 %, which constituted additional Tier 1 capital in accordance with Article 52 of the CRR. The bond had an unlimited term with a right of termination on the part of the issuer for the first time on 9 April 2024; this right of termination was exercised with the approval of the ECB and the bond was repaid at 100 % of the nominal amount.

Dividend payment

Euro thousand	2024	2023
Dividend voting equity	7,595	3,316
Coupon for the AT1 issue	8,525	17,050
Total	**16,120**	**20,366**

Return on capital employed

The return on capital employed for the business year was 0.27 % (2023: 0.89 %) and was calculated as the ratio of result after taxes to total assets as at the reporting date.

Revaluation reserve

The revaluation reserve comprises revaluations resulting from the reclassification of tangible fixed assets to investment properties. The revaluation reserve remains unchanged until the remeasured assets are derecognised. The revaluation reserve is transferred to retained earnings with derecognition of the assets.

The following table shows a breakdown of and the changes to retained earnings and other reserves:

Euro thousand	Retained earnings	IAS 19 reserve	Revaluation reserve	Fair value reserve - equity instruments	Fair value reserve - debt instruments	Cash flow hedge reserve	Own credit risk reserve	Retained earnings and other reserves
		Other reserves						
As at 01 Jan 2023	**320,567**	**10,285**	**1,411**	**19,349**	**-694**	**-760**	**961**	**351,119**
Consolidated net income	133,943							133,943
Other comprehensive income	0	-1,267	223	12,289	576	435	938	13,193
Redemption AT1 emission	0							0
Dividends paid	-3,316							-3,316
Coupon for the AT1 emission	-17,050							-17,050
Repurchase treasury stocks	-6,774							-6,774
Reclassification fair value reserve due to sale	-2,354			2,354				0
Changes due to reclassification to non-controlling interests, capital increases and deconsolidation	63							63
As at 31 Dec 2023	**425,079**	**9,018**	**1,633**	**33,992**	**-117**	**-325**	**1,899**	**471,179**
Consolidated net income	42,973							42,973
Other comprehensive income	0	906	0	10,343	262	-111	-57	11,343
Redemption AT1 emission	-2,278							-2,278
Dividends paid	-7,595							-7,595
Coupon for the AT1 emission	-8,525							-8,525
Repurchase treasury stocks	0							0
Reclassification fair value reserve due to sale	-78,818			78,818				0
Changes due to reclassification to non-controlling interests, capital increases and deconsolidation	0							0
As at 31 Dec 2024	**370,837**	**9,924**	**1,633**	**123,153**	**144**	**-436**	**1,842**	**507,097**

The reclassification from the fair value reserve to retained earnings essentially relates to the cumulative measurement of Volksbanken Holding eGen. in the course of the disposal of shares.

36) Own funds

The own funds of the VBW credit institution group which were calculated pursuant to the Capital Requirement Regulation (CRR) break down as follows:

Euro thousand	31 Dec 2024	31 Dec 2023
Common Tier 1 capital: Instruments and reserves		
Capital instruments including share premium accounts	338,303	338,303
Retained earnings	332,562	370,830
Accumulated other comprehensive income (and other reserves)	250,337	157,476
Common Tier 1 capital before regulatory adjustments	921,202	866,609
Common Tier 1 capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-14,218	-15,677
Cash flow hedge reserve	436	325
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-1,842	-1,899
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	186	246
Value adjustments due to the requirement for prudent valuation	-854	-879
CET1 instruments of financial sector entities where the institution has a significant investment	0	-325
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-56,917	-56,319
Insufficient coverage for non-performing exposures	-3,877	-2,272
Regulatory adjustments - transitional provisions	1,893	4,039
Adjustments to be made due to transitional regulations under IFRS 9	1,893	4,039
Amount exceeding the threshold of 17.65 %	0	0
Additional CET1 deductions pursuant to article 3 CRR	-16,316	-12,554
Total regulatory adjustments	-91,509	-85,315
Common Equity Tier 1 capital - CET1	**829,693**	**781,293**
Additional Tier 1 capital: instruments		
Capital instruments including share premium accounts	0	220,000
Additional Tier 1 capital before regulatory adjustments	0	220,000
Additional Tier 1 capital: regulatory adjustments		
Total regulatory adjustments	0	0
Additional Tier 1 capital - AT1	**0**	**220,000**
Tier 1 capital (CET1 + AT1)	**829,693**	**1,001,293**
Tier 2 capital - instruments and provisions		
Capital instruments including share premium accounts	1,149,554	300,183
Tier 2 capital before regulatory adjustments	1,149,554	300,183
Tier 2 capital: regulatory adjustments		
Total regulatory adjustments	0	0
Tier 2 capital - T2	**1,149,554**	**300,183**
Own funds total - TC (T1 + T2)	**1,979,247**	**1,301,477**
Common Equity Tier 1 capital ratio	17.40 %	17.20 %
Tier 1 capital ratio	17.40 %	22.04 %
Equity ratio	41.50 %	28.65 %
each in relation to total risk exposure		

The risk-weighted assessment amounts as defined in the CRR break down as follows:

Euro thousand	31 Dec 2024	31 Dec 2023
Risk weighted exposure amounts - credit risk	4,050,271	3,849,585
Total risk exposure amount for position, foreign exchange and commodities risks	18,392	22,650
Total risk exposure amount for operational risk (OpR)	692,055	662,046
Total risk exposure amount for credit valuation adjustment (cva)	8,855	8,932
Total risk exposure amount	**4,769,572**	**4,543,212**

The following table shows the own funds of the VBW credit institution group pursuant to the CRR – fully loaded:

Euro thousand	31 Dec 2024	31 Dec 2023
Common Tier 1 capital: Instruments and reserves		
Capital instruments including share premium accounts	338,303	338,303
Retained earnings	332,562	370,830
Accumulated other comprehensive income (and other reserves)	250,337	157,476
Common Tier 1 capital before regulatory adjustments	921,202	866,609
Common Tier 1 capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-14,218	-15,677
Cash flow hedge reserve	436	325
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-1,842	-1,899
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	186	246
Value adjustments due to the requirement for prudent valuation	-854	-879
CET1 instruments of financial sector entities where the institution has a significant investment	0	-325
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-56,917	-56,319
Amount exceeding the threshold of 17.65 %	0	0
Insufficient coverage for non-performing exposures	-3,877	-2,272
Additional CET1 deductions pursuant to article 3 CRR	-16,316	-12,554
Total regulatory adjustments	-93,402	-89,355
Common Equity Tier 1 capital - CET1	**827,801**	**777,254**
Additional Tier 1 capital: instruments		
Capital instruments including share premium accounts	0	220,000
Additional Tier 1 capital before regulatory adjustments	0	220,000
Additional Tier 1 capital: regulatory adjustments		
Total regulatory adjustments	0	0
Additional Tier 1 capital - AT1	**0**	**220,000**
Tier 1 capital (CET1 + AT1)	**827,801**	**997,254**
Tier 2 capital - instruments and provisions		
Capital instruments including share premium accounts	1,149,554	300,183
Tier 2 capital before regulatory adjustments	1,149,554	300,183
Tier 2 capital: regulatory adjustments		
Total regulatory adjustments	0	0
Tier 2 capital - T2	**1,149,554**	**300,183**
Own funds total - TC (T1 + T2)	**1.977.354**	**1.297.437**
Common Equity Tier 1 capital ratio	17.36 %	17.12 %
Tier 1 capital ratio	17.36 %	21.97 %
Equity ratio	41.47 %	28.58 %
each in relation to total risk exposure		

The risk-weighted assessment amounts as defined in the CRR break down as follows:

Euro thousand	31 Dec 2024	31 Dec 2023
Risk weighted exposure amount - credit risk	4,048,562	3,846,176
Total risk exposure amount for position, foreign exchange and commodities risks	18,392	22,650
Total risk exposure amount for operational risk (OpR)	692,055	662,046
Total risk exposure amount for credit valuation adjustment (cva)	8,855	8,932
Total risk exposure amount	**4,767,863**	**4,539,804**

Group issues which are included in Tier 1 or Tier 2

31 Dec 2024 ISIN	Name	Identification IFRS	Redemption date	Conditions	Face value in euro thousand
Tier 2 issues					
AT000B121967	Subordinated 17-27	Subordinated liabilities at amortised cost	06 Oct 2027	2.75% p.a.; from 6 Oct 2023 5Y-Mid Swap + 255 bp p.a.	190,500
AT000B122270	Subordinated 24-34	Subordinated liabilities at amortised cost	21 Jun 2034	5,75 % p.a.; from 21 June 2029 5Y-Mid Swap + 310 bp p.a.	500,000
AT000B122296	Subordinated 24-35	Subordinated liabilities at amortised cost	04 Dec 2035	5,5 % p.a.; from 4 December 2030 6Y-Mid Swap + 305 bp p.a.	500,000
31 Dec 2023					
AT1					
AT000B121991	Additional Tier 1 capital	Additional Tier 1 capital	perpetual	7,75 % p.a.; from 9 April 2024 every 5 Y with 5Y-CMS plus 788 bp	220,000
Tier 2 issues					
AT000B121967	Subordinated 17-27	Subordinated liabilities at amortised cost	06 Oct 2027	2.75% p.a.; from 6 Oct 2023 5Y-Mid Swap + 255 bp p.a.	400,000

In accordance with IFRS reporting, the scope of consolidation differs from the scope of consolidation under the CRR as the IFRS provide for the inclusion of other entities not belonging to the financial sector. According to the CRR, companies in the financial sector that are under the control of the parent or where the Group holds a majority of shares either directly or indirectly, are fully consolidated. Institutions, financial institutions and providers of ancillary services that are subject to control but are not material for the presentation of the credit institution group in accordance with Article 19(1) CRR are deducted from own funds provided that they exceed the threshold value.

Subsidiaries which are managed jointly with non-Group companies are consolidated proportionately. Shares in companies in the financial sector with a stake of between 10 % and 50 % where there is no joint management, as well as participations in companies in the financial sector with a stake of less than 10 %, are also deducted from own funds if the threshold is exceeded, unless they are included voluntarily on a pro rata basis.

All credit institutions under control or where the Group holds a majority of shares either directly or indirectly are considered in the scope of consolidation according to the CRR.

In the 2024 financial year, there were no substantive, practical or legal impediments to the transfer of own funds or the repayment of liabilities between the parent institution and its subordinate companies.

37) Financial assets and liabilities

The table below shows financial assets and liabilities in accordance with their individual categories and their fair values:

Euro thousand	Amortised cost	Fair value through OCI	Fair value through profit or loss	Carrying amount - total	Fair value
31 Dec 2024					
Liquid funds	3,873,327	0	0	3,873,327	3,873,327
Loans and receivables to credit institutions	1,798,682	0	0	1,798,682	1,803,546
Loans and receivables to customers	6,011,848	0	48,133	6,059,981	5,941,300
Assets held for trading	0	0	22,598	22,598	22,598
Financial investments	3,601,697	24,423	6,113	3,632,232	3,565,619
Participations	0	96,044	0	96,044	96,044
Derivative instruments	0	0	265,011	265,011	265,011
Financial assets total	**15,285,553**	**120,467**	**341,856**	**15,747,876**	**15,567,446**
Amounts owed to credit institutions	3,069,555	0	0	3,069,555	3,067,171
Amounts owed to customers	6,673,557	0	0	6,673,557	6,678,324
Debts evidenced by certificates	3,378,008	0	71,069	3,449,077	3,458,245
Lease liabilities	82,242	0	0	82,242	82,242
Liabilities held for trading	0	0	19,957	19,957	19,957
Derivative instruments	0	0	284,064	284,064	284,064
Subordinated liabilities	1,237,365	0	0	1,237,365	1,236,915
Financial liabilities total	**14,440,727**	**0**	**375,090**	**14,815,817**	**14,826,919**
31 Dec 2023					
Liquid funds	3,303,819	0	0	3,303,819	3,303,819
Loans and receivables to credit institutions	2,598,534	0	0	2,598,534	2,595,414
Loans and receivables to customers	5,792,189	0	65,729	5,857,918	5,857,482
Assets held for trading	0	0	24,771	24,771	24,771
Financial investments	2,673,459	18,667	3,295	2,695,421	2,642,940
Participations	0	77,878	0	77,878	77,878
Derivative instruments	0	0	273,590	273,590	273,590
Financial assets total	**14,368,001**	**96,545**	**367,385**	**14,831,931**	**14,775,893**
Amounts owed to credit institutions	2,988,163	0	0	2,988,163	2,964,106
Amounts owed to customers	6,531,108	0	0	6,531,108	6,599,136
Debts evidenced by certificates	3,252,536	0	70,126	3,322,662	3,313,725
Lease liabilities	79,553	0	0	79,553	79,553
Liabilities held for trading	0	0	23,946	23,946	23,946
Derivative instruments	0	0	311,483	311,483	311,483
Subordinated liabilities	401,973	0	0	401,973	395,552
Financial liabilities total	**13,253,333**	**0**	**405,555**	**13,658,889**	**13,687,501**

Please refer to Note 14) for the change in recognition for loans and receivables to customers.

The table below shows all assets and liabilities which are measured at fair value according to their fair value hierarchy:

Euro thousand	Level 1	Level 2	Level 3	Total
31 Dec 2024				
Loans and receivables to customers	0	0	48,133	48,133
Assets held for trading	4,529	18,070	0	22,598
Financial investments	26,491	1,329	2,716	30,536
Fair value through profit or loss	2,068	1,329	2,716	6,113
Fair value through OCI	24,423	0	0	24,423
Participations	0	0	96,010	96,010
Fair value through OCI - designated	0	0	96,010	96,010
Derivative instruments	0	265,011	0	265,011
Financial assets total	**31,019**	**284,410**	**146,859**	**462,288**
Debts evidenced by certificates	0	71,069	0	71,069
Liabilities held for trading	0	19,957	0	19,957
Derivative instruments	0	284,064	0	284,064
Financial liabilities total	**0**	**375,090**	**0**	**375,090**
31 Dec 2023				
Loans and receivables to customers	0	0	65,729	65,729
Assets held for trading	4,016	20,755	0	24,771
Financial investments	20,688	1,274	0	21,963
Fair value through profit or loss	2,021	1,274	0	3,295
Fair value through OCI	18,667	0	0	18,667
Participations	0	0	77,860	77,860
Fair value through OCI - designated	0	0	77,860	77,860
Derivative instruments	0	273,590	0	273,590
Financial assets total	**24,704**	**295,619**	**143,589**	**463,913**
Debts evidenced by certificates	0	0	70,126	70,126
Liabilities held for trading	0	23,946	0	23,946
Derivative instruments	0	311,483	0	311,483
Financial liabilities total	**0**	**335,429**	**70,126**	**405,555**

Please refer to Note 3) t) for a description of the valuation procedures used for participations. Participations with a carrying amount of euro 34 thousand (2023: euro 18 thousand) were measured at amortised cost due to their immateriality.

When determining fair values for Level 2 financial investments, VBW only uses prices based on observable market data. If systems deliver price information for inactive traded positions, this is checked based on secondary market data or transactions in comparable products performed on active markets. The system prices are then adjusted accordingly if necessary. The main Level 2 input factors are interest rates including associated interest rate volatilities, foreign exchange swap points, exchange rates, share prices, index rates, including related volatilities and credit spreads obtained from brokers on a daily basis. Market valuation adjustments are made through linear interpolations of the directly obtained broker data. The input factors used undergo daily quality assurance and are archived in the valuation system.

In 2024, as in the previous year, there were no reclassifications of financial instruments between Levels 1 and 2.

Development of Level 3 fair values of financial assets and liabilities:

Euro thousand	Loans and receivables to customers	Financial investments	Participations	Financial assets total	Debts evidenced by certificates	Financial liabilities total
As at 01 Jan 2023	**81,069**	**0**	**62,997**	**144,066**	**67,301**	**67,301**
Reallocation	0	0	0	0	0	0
Additions	273	0	740	1,013	1,078	1,078
Disposals	-14,919	0	-400	-15,319	0	0
Valuations						
Through profit or loss	-695	0	0	-695	2,949	2,949
Through OCI	0	0	14,523	14,523	-1,202	-1,202
As at 31 Dec 2023	**65,729**	**0**	**77,860**	**143,589**	**70,126**	**70,126**
Reallocation	0	0	0	0	-70,126	-70,126
Additions	39	1,711	22,451	24,201	0	0
Disposals	-19,015	0	-17,474	-36,489	0	0
Valuations						
Through profit or loss	1,380	1,005	0	2,385	0	0
Through OCI	0	0	13,172	13,172	0	0
As at 31 Dec 2024	**48,133**	**2,716**	**96,010**	**146,859**	**0**	**0**

The valuations shown in the table above are included in the item Result from financial instruments and investment properties (income statement) or the fair value reserve (other comprehensive income). The valuations recorded in the income statement include holdings of financial assets and liabilities in the amount of euro 2,477 thousand (2023: euro -3,694 thousand) at the balance sheet date.

The debts evidenced by certificates were reclassified to the Level 2 category as at the current balance sheet date due to a remeasurement.

The value of loans and receivables is assessed by discounting the cash flows of these loans using the risk-free swap curve plus markup. The markups used for discounting are the standard risk costs and the liquidity costs. The liquidity costs are derived from the market (spreads of senior unsecured bank issues in Austria and Germany; spreads of covered bonds for loans in the coverage fund and loans eligible for credit claims). The standard risk costs are used after clustering of the loans according to rating. The remaining components of the preliminary calculation are summarised in one factor (epsilon factor) upon conclusion of the deal and frozen for subsequent measurement.

Please refer to Note 14) for further details regarding the sensitivities regarding the fair values of loans and receivables to credit institutions and customers.

The sensitivities regarding the fair values of investment properties (IAS 40) are shown in Note 18).

The sensitivities regarding the fair values of participations are shown in Note 20).

The fair value of financial instruments which are not measured at fair value is calculated solely for disclosure purposes within the Notes. Therefore, it has no influence on the consolidated balance sheet and the consolidated statement of comprehensive income.

The following table assigns all financial assets and liabilities not measured at fair value to various fair value hierarchies:

Euro thousand	Level 1	Level 2	Level 3	Fair value total	Carrying amount
31 Dec 2024					
Liquid funds	0	3,873,327	0	3,873,327	3,873,327
Loans and receivables to credit institutions	0	0	1,803,546	1,803,546	1,798,682
Loans and receivables to customers	0	0	5,893,167	5,893,167	6,011,848
Financial investments	3,276,904	258,180	0	3,535,084	3,601,697
Financial assets total	**3,276,904**	**4,131,507**	**7,696,712**	**15,105,123**	**15,285,553**
Amounts owed to credit institutions	0	0	3,067,171	3,067,171	3,069,555
Amounts owed to customers	0	0	6,678,324	6,678,324	6,673,557
Debts evidenced by certificates	2,479,408	907,768	0	3,387,176	3,378,008
Lease liabilities	0	0	82,242	82,242	82,242
Subordinated liabilities	1,236,915	0	0	1,236,915	1,237,365
Financial liabilities total	**3,716,324**	**907,768**	**9,827,737**	**14,451,829**	**14,440,727**
31 Dec 2023					
Liquid funds	0	3,303,819	0	3,303,819	3,303,819
Loans and receivables to credit institutions	0	0	2,595,414	2,595,414	2,598,534
Loans and receivables to customers	0	0	5,791,752	5,791,752	5,792,189
Financial investments	2,620,082	895	0	2,620,977	2,673,459
Financial assets total	**2,620,082**	**3,304,715**	**8,387,166**	**14,311,963**	**14,368,001**
Amounts owed to credit institutions	0	0	2,964,106	2,964,106	2,988,163
Amounts owed to customers	0	0	6,599,136	6,599,136	6,531,108
Debts evidenced by certificates	0	0	3,243,599	3,243,599	3,252,536
Lease liabilities	0	0	79,553	79,553	79,553
Subordinated liabilities	0	0	395,552	395,552	401,973
Financial liabilities total	**0**	**0**	**13,281,946**	**13,281,946**	**13,253,333**

Please refer to Note 14) for the change in recognition for loans and receivables to customers.

For financial instruments that are largely short-term in nature, the carrying amount is an adequate estimate of fair value.

For long-term financial instruments, the fair value is calculated by discounting contractual cash flows. In the case of assets, interest rates are used that could have been obtained for assets with similar residual durations and default risks (especially estimated defaults for lending receivables). For liabilities, the interest rates used are those with which corresponding liabilities with similar residual durations could have been assumed or issued as at the reporting date.

Fair value hierarchy

Financial instruments recognised at fair value are allocated to the three IFRS fair value hierarchy categories.

Level 1 – Financial instruments measured at quoted prices in active markets, whose fair value can be derived directly from prices on active, liquid markets and where the financial instrument observed on the market is representative of the financial instrument owned by the Group that requires measurement.

Level 2 – Financial instruments measured using procedures based on observable market data, whose fair value can be determined using similar financial instruments traded on active markets or using procedures whose inputs are observable.

Level 3 – Financial instruments measured using procedures based on unobservable parameters, whose fair value cannot be determined using data observable on the market. Financial instruments in this category have a value component that is not observable, and which has a significant influence on fair value.

38) Derivatives

Derivative financial instruments

Euro thousand			Face value			
2024	**Up to 3 months**	**Up to 1 year**	**Up to 5 years**	**More than 5 years**	**Total**	**Fair value**
Interest-rate-related transactions	46,077	206,025	6,112,256	4,981,212	11,345,570	-20,016
Caps & Floors	521	1,823	72,153	83,799	158,296	-453
Interest rate swaps	45,557	204,202	6,040,102	4,897,414	11,187,274	-19,564
Exchange-rate-related transactions	297,341	72,597	213,733	0	583,671	-503
Cross currency interest rate swaps	0	0	213,733	0	213,733	1,617
FX swaps	297,341	72,597	0	0	369,938	-2,120
Other transactions	7,466	1,162	2,066	37,663	48,357	-583
Options	7,466	1,162	2,066	37,663	48,357	-583
Total	**350,884**	**279,784**	**6,328,055**	**5,018,875**	**11,977,598**	**-21,103**
2023						
Interest-rate-related transactions	40,739	563,380	4,372,150	4,310,362	9,286,631	-29,792
Caps & Floors	978	4,074	77,751	99,438	182,240	-871
Interest rate swaps	39,761	559,307	4,294,399	4,210,925	9,104,391	-28,921
Exchange-rate-related transactions	222,333	187,426	105,558	104,560	619,875	-10,388
Cross currency interest rate swaps	0	155,699	105,558	104,560	365,816	-11,671
FX swaps	222,333	31,727	0	0	254,060	1,283
Other transactions	5,610	4,897	0	27,172	37,680	-904
Options	5,610	4,897	0	27,172	37,680	-904
Total	**268,682**	**755,703**	**4,477,707**	**4,442,094**	**9,944,187**	**-41,084**

All derivative financial instruments are OTC products.

The following table shows fair values divided into balance sheet items:

Euro thousand 31 Dec 2024	Assets	Liabilities	Total
Interest-rate-related transactions	17,907	19,957	-2,050
Trading portfolio	**17,907**	**19,957**	**-2,050**
Interest-rate-related transactions	261,705	279,671	-17,966
Exchange-rate-related transactions	2,986	3,489	-503
Other transactions	321	905	-583
Other assets / liabilities	**265,011**	**284,064**	**-19,053**
Total	**282,918**	**304,021**	**-21,103**
Sum interest-rate-related transactions	279,612	299,628	-20,016
Sum exchange-rate-related transactions	2,986	3,489	-503
Sum other transactions	321	905	-583

31 Dec 2023			
Interest-rate-related transactions	20,755	23,946	-3,191
Trading portfolio	**20,755**	**23,946**	**-3,191**
Interest-rate-related transactions	269,945	296,546	-26,601
Exchange-rate-related transactions	3,596	13,984	-10,388
Other transactions	49	953	-904
Other assets / liabilities	**273,590**	**311,483**	**-37,893**
Total	**294,345**	**335,429**	**-41,084**
Sum interest-rate-related transactions	290,700	320,492	-29,792
Sum exchange-rate-related transactions	3,596	13,984	-10,388
Sum other transactions	49	953	-904

39) Hedging

The interest rate risk is hedged using fair value hedge and cash flow hedge accounting. Although the strict 80 % to 125 % hedge effectiveness requirement has been removed by IFRS 9, it is still applied within the VBW Goup in order to detect any potential ineffectiveness promptly and restore effectiveness by adjusting the hedge ratio. The effectiveness is measured with the dollar offset method on a monthly basis, which compares the fair value changes in the hedged as well as in the hedging instrument.

Apart from micro fair value hedge and micro cash flow hedge accounting, VBW applies the regulations for the recognition of the fair value hedge of a portfolio against interest rate risks. From the portfolio identified, VBW will define an amount of sight deposits and/or loans and receivables customers as the underlying transaction to be hedged. For sight deposits, VBW applies the EU carve-out under IAS 39 that permits to designate sight deposits as part of a hedging relationship on the basis of the expected or modelled withdrawal dates and maturities. The additions to and disposals from the sight deposits are initially allocated to the non-designated part of the portfolios identified, using the bottom layer approach. For loans and receivables to customers, the loans are clustered by similar fixed interest term and design (redemptions, payment dates). Moreover, the customer segment is taken into account in selecting the portfolios (commercial loans, private housing loans). This is done because of the potentially different customer behaviour in terms of early repayments.

For balance sheet recognition purposes, the changes in value of the underlying transactions of portfolio hedges that are attributable to the hedged risk are presented in separate lines on the balance sheet under fair value changes from portfolio hedges, while the changes in value for micro hedges are presented in the underlying financial instrument. Changes in value for the underlying and hedging transaction are reported in the same period, in the income statement in the item Result from fair value (see Note 8)).

In the financial year 2024, no single hedging relationship required an adjustment of the hedge ratio.

The ineffectiveness from hedge relationships recognised in the result from fair value hedges amounts to euro -234 thousand at VBW in the 2024 financial year (2023: euro -1,054 thousand), whereas the face value of the hedged underlying transactions as at 31 December 2024 amounts to a total of euro 7,913,659 thousand (2023: euro 6,447,265 thousand). Ineffectiveness therefore corresponds to 0.00 % (2023: 0.02 %) of the hedge portfolio. The hedging strategy in VBW is therefore highly effective. For hedging relationships that have been terminated, the fair value adjustment of the underlying transaction is amortised over the residual duration of the hedged transaction and recognised in the income statement under net interest income.

The following tables provide detailed information on hedging instruments and hedged items for fair value hedges and cash flow hedges. The hedging instruments are recognised in the balance sheet under other assets or other total liabilities and equity. The ineffectiveness of fair value hedges and cash flow hedges is presented separately in Note 8). The amounts reclassified from the cash flow hedge reserve are reported in net interest income.

Only micro hedges are used for the balance sheet items financial investments, debts evidenced by certificates and subordinated liabilities. By contrast, the balance sheet items loans and receivables to customers and amounts owed to customers are hedged almost exclusively using portfolio hedges.

The face value of derivatives designated as hedging instruments for fair value hedges is as follows, according to balance sheet items that include the underlying transactions:

	Interest rate swaps				
Euro thousand **31 Dec 2024**	**Up to 3 months**	**Up to 1 year**	**Up to 5 years**	**More than 5 years**	**Total**
Loans and receivables customers	0	26,750	95,388	725,678	847,816
Financial investments	29,500	54,700	1,136,950	1,400,950	2,622,100
Amounts owed to customers	0	0	0	20,000	20,000
Debts evidenced by certificates and subordinated liabilities	0	97,000	3,710,850	620,500	4,428,350
31 Dec 2023					
Loans and receivables customers	0	250,000	137,294	559,228	946,522
Financial investments	9,500	22,000	866,850	1,020,650	1,919,000
Amounts owed to customers	0	0	0	20,000	20,000
Debts evidenced by certificates and subordinated liabilities	0	185,000	2,794,350	587,000	3,566,350

The face value of derivatives designated as hedging instruments for cash flow hedges is as follows, according to balance sheet items that include the underlying transactions:

	Interest rate swaps				
Euro thousand **31 Dec 2024**	**Up to 3 months**	**Up to 1 year**	**Up to 5 years**	**More than 5 years**	**Total**
Loans and receivables customers	0	0	0	4,402	4,402
31 Dec 2023					
Loans and receivables customers	0	0	0	4,688	4,688

The following table shows interest rate swaps designated as hedging instruments in fair value hedges broken down by the type of the related hedged items:

Euro thousand 31 Dec 2024	Face value	Carrying amount assets	Carrying amount liabilities	Changes in fair value used for calculating hedge ineffectiveness for the current year	Ineffectiveness recognised in profit or loss
Loans and receivables customers measured at amortised cost	847,816	30,118	12,173	-20,107	132
Financial investments measured at amortised cost	2,622,100	52,752	127,222	-40,595	1,336
Amounts owed to customers	20,000	618	0	103	-15
Debts evidenced by certificates and subordinated liabilities - bonds measured at amortised cost	4,428,350	110,798	82,079	66,668	-1,687
Interest rate swaps total	**7,918,266**	**194,286**	**221,474**	**6,070**	**-234**
31 Dec 2023					
Loans and receivables customers measured at amortised cost	946,522	46,681	5,702	-34,832	520
Financial investments measured at amortised cost	1,919,000	77,051	100,156	-89,005	-1,259
Amounts owed to customers	20,000	515	2	632	-1
Debts evidenced by certificates and subordinated liabilities - bonds measured at amortised cost	3,566,350	72,489	126,888	131,237	-315
Interest rate swaps total	**6,451,872**	**196,736**	**232,748**	**8,032**	**-1,054**

The following table shows a breakdown of the corresponding hedged items:

Euro thousand 31 Dec 2024	Carrying amount assets	Carrying amount liabilities	Basis adjustment	Changes in value used for calculating hedge ineffectiveness for the current year	Status of the basis adjustment to be amortised of hedged items that are no longer in a hedging relationship
Loans and receivables customers measured at amortised cost	847,809	0	-21,262	20,239	152
thereof loans and receivables customers hedged with portfolio hedges	844,299	0	-21,111	20,134	152
Financial investments measured at amortised cost	2,616,733	0	58,328	41,931	0
Amounts owed to customers	0	20,000	514	-119	0
thereof amounts owed to customers hedged with portfolio hedges	0	20,000	514	-119	0
Debts evidenced by certificates and subordinated liabilities - bonds measured at amortised cost	0	4,415,769	-2,983	-68,354	1,019
Hedged items of interest rate swaps total	**3,464,541**	**4,435,769**	**34,596**	**-6,304**	**1,171**
31 Dec 2023					
Loans and receivables customers measured at amortised cost	946,515	0	-41,500	35,353	0
thereof loans and receivables customers hedged with portfolio hedges	942,269	0	-41,246	35,175	0
Financial investments measured at amortised cost	1,908,923	0	16,397	87,746	0
Amounts owed to customers	0	20,000	395	-633	0
thereof amounts owed to customers hedged with portfolio hedges	0	20,000	395	-633	0
Debts evidenced by certificates and subordinated liabilities - bonds measured at amortised cost	0	3,556,107	-71,338	-131,552	2,078
Hedged items of interest rate swaps total	**2,855,438**	**3,576,107**	**-96,046**	**-9,086**	**2,078**

The following table shows interest rate swaps designated as hedging instruments in cash flow hedges broken down by the type of the related hedged items:

Euro thousand 31 Dec 2024	Face value	Carrying amount assets	Carrying amount liabilities	Changes in fair value used for calculating hedge ineffectiveness for the current year	Ineffectiveness recognised in profit or loss	Change in fair value (effective hedge)	Net amount transferred to profit or loss
Loans and receivables customers measured at amortised cost	4,402	0	580	52	0	-111	163
Interest rate swaps total	**4,402**	**0**	**580**	**52**	**0**	**-111**	**163**
31 Dec 2023							
Loans and receivables customers measured at amortised cost	4,688	0	713	226	-209	309	126
Interest rate swaps total	**4,688**	**0**	**713**	**226**	**-209**	**309**	**126**

The following table shows a breakdown of the corresponding hedged items:

Euro thousand 31 Dec 2024	Carrying amount assets	Changes in value used for calculating hedge ineffectiveness for the current year
Loans and receivables customers measured at amortised cost	4,402	-134
Hedged items of interest rate swaps total	**4,402**	**-134**
31 Dec 2023		
Loans and receivables customers measured at amortised cost	4,688	-299
Hedged items of interest rate swaps total	**4,688**	**-299**

40) Assets and liabilities denominated in foreign currencies

At the balance sheet date, assets denominated in foreign currencies totalled euro 211,097 thousand (2023: 338,796 thousand), whereas liabilities denominated in foreign currencies amounted to euro 66,030 thousand (2023: euro 70,746 thousand).

41) Trust transactions

Euro thousand	31 Dec 2024	31 Dec 2023
Trust assets		
Loans and receivables to credit institutions	74,883	80,500
Loans and receivables to customers	65,816	69,867
Trust liabilities		
Amounts owed to credit institutions	74,883	80,500
Amounts owed to customers	65,816	69,867

42) Assets pledged as collaterals for the Group's liabilities

Euro thousand		
Assets pledged as collateral		
Loans and receivables to customers	505,477	532,498
Financial investments	7,911	7,783
Liabilities for which assets have been pledged as collateral		
Amounts owed to credit institutions	505,477	532,498
Amounts owed to customers	7,911	7,783

In the context of corporate funding via Oesterreichische Kontrollbank AG (OeKB), loans and receivables to customers in the amount of euro 39,781 thousand (2023: euro 51,831 thousand) were provided as collaterals. These loans and receivables are guaranteed by means of Austrian government default guarantees, private insurance policies and draft guarantees. OeKB cannot repledge or sell these loans and receivables customers if the Group performs in accordance with the contract.

Loans and receivables customers in the amount of euro 465,695 thousand (2023: euro 480,668 thousand) were provided as collaterals for OeNB refinancing of VBW in the 2024 business year.

Within the scope of gilt-edged savings deposits, financial investments in the amount of euro 7,911 thousand (2023: euro 7,783 thousand) are held as securities.

43) Contingent liabilities and commitments

Euro thousand	31 Dec 2024	31 Dec 2023
Contingent liabilities		
Liabilities arising from guarantees	129,535	142,856
Others (amounts guaranteed)	6,614	6,012
Commitments		
Unutilised loan commitments	3,831,412	3,108,787

Based on the management's estimation of cash outflow for financial guarantees, a provision was made for off-balance sheet risks in the amount of the probable cash outflow taking account of possible available collaterals. This amounts to euro 4,154 thousand (2023: euro 6,123 thousand).

VBW is involved in various judicial proceedings both as plaintiff and as defendant. These proceedings are due to current banking business. The volume of the proceedings is not unusual. The outcome of the proceedings is not expected to have any significant impact on the financial situation and profitability of VBW.

Beyond that, there are no government interventions, judicial or arbitral proceedings (including those that are still pending or might yet be initiated according to the knowledge of VBW) that have existed or were completed within the last twelve months and have a significant impact on the financial situation or profitability of the VBW Group or have recently had such an impact.

The table below presents future cash flows of contingent liabilities classified according to their contractual maturity, for guarantees also according to their expected maturity:

Euro thousand	Loan commitments	Guarantees as contracted	Guarantees expected
31 Dec 2024			
Carrying amount	3,831,412	129,535	0
Undiscounted cash flows	**3,831,412**	**129,535**	**4,154**
Up to 3 months	3,831,412	129,535	415
Up to 1 year	0	0	1,662
Up to 5 years	0	0	2,077
More than 5 years	0	0	0
31 Dec 2023			
Carrying amount	3,108,787	142,856	0
Undiscounted cash flows	**3,108,787**	**142,856**	**6,123**
Up to 3 months	3,108,787	142,856	612
Up to 1 year	0	0	2,449
Up to 5 years	0	0	3,061
More than 5 years	0	0	0

As for loan commitments, the first possible time of utilisation was used for the presentation of the contractual term. Contracted guarantees are reported when full utilisation is possible for the first time, while the column Guarantees expected shows management estimates of the expected utilisation during the different terms.

44) Repurchase transactions and other transferred assets

As at 31 December 2024, VBW as pledgor had buy-back commitments under genuine repurchase agreements to euro 298,198 thousand (2023: euro 0 thousand).

The balance sheet does not contain any further financial assets for which material risks and rewards were retained.

45) Related party disclosures

Euro thousand	Unconsolidated affiliates	Companies in which the Group has a participating interest	Companies measured at equity
31 Dec 2024			
Loans and receivables to credit institutions	0	0	2,600
Loans and receivables to customers	0	0	0
Amounts owed to credit institutions	0	0	323,456
Amounts owed to customers	90	5,432	10,861
Business transactions	116	9,240	290,345
Administrative expenses	0	96	2
Other operating income	13	0	11,256
Other operating expenses	0	0	-9
31 Dec 2023			
Loans and receivables to credit institutions	0	0	2,783
Loans and receivables to customers	0	6,500	0
Amounts owed to credit institutions	0	0	228,324
Amounts owed to customers	173	1,287	101
Business transactions	382	18,400	245,423
Administrative expenses	0	-1,416	0
Other operating income	12	44	10,637
Other operating expenses	0	0	-3

Business transactions are measured as the average receivables and liabilities from/to credit institutions and customers. The calculation is based on the figures at the quarterly reporting dates during the period under review, which are summed up irrespective of whether the figures are positive or negative (plus/minus).

Transfer prices between the VBW Group and its related parties are geared to usual market conditions. As in the previous year, the VBW Group does not have any other liabilities for unconsolidated affiliates or associated companies on the balance sheet date.

Loans and receivables granted to key management personnel during the business year

Euro thousand	31 Dec 2024	31 Dec 2023
Outstanding loans and receivables	103	114
Redemptions	24	20

At the VBW Group, the Managing Board members and the members of the Supervisory Board of the parent company are classified as management members in key positions. The presentation of the remuneration of key personnel is included in Note 10). No further contracts were concluded with key personnel.

As at 31 December 2024 loans and receivables to credit institutions/customers contained settlements with the Volksbank sector amounting to euro 1,679,428 thousand (2023: euro 2,459,339 thousand), and amounts owed to credit institutions/customers included settlements with the Volksbank sector amounting to euro 2,632,523 thousand (2023: euro 2,210,213 thousand).

46) Disclosures on mortgage banking in accordance with the Austrian Mortgage Bank Act, including covered bonds

Euro thousand	Covering loans	Coverage requirements debts evidenced by certificates	Surplus cover
31 Dec 2024			
Covered bonds			
Amortised cost	4,969,692	1,977,627	2,992,065
Fair value through profit or loss	128,161	51,000	77,161
Total	**5,097,853**	**2,028,627**	**3,069,226**
31 Dec 2023			
Covered bonds			
Amortised cost	4,511,700	297,840	4,213,860
Fair value through profit or loss	772,551	51,000	721,551
Total	**5,284,251**	**348,840**	**4,935,411**

The required coverage for debts evidenced by certificates includes a surplus cover of 2 % calculated based on the face value of all outstanding covered bonds.

47) Branches

	31 Dec 2024	31 Dec 2023
Branches domestic	**54**	54

48) Subsequent events

There were no significant operational risk events after the end of the reporting period.

49) Segment reporting

The VBW Group has two business segments - retail and CO which correspond to strategic business segments. These segments fulfil a variety of tasks and are controlled in varying ways in accordance with the internal management and reporting structure. In this process, a business unit is organised as a profit centre, which means that all results are allocated to the business unit, irrespective of whether these results are generated in the business unit (as separate legal entity) itself or in the parent company.

A report is submitted to the Managing Board and management for each business segment. These reports are based on VBW's and the subsidiaries' separate financial statements. Interest results of the profit centres are calculated according to the principles of the market interest method. Transfer prices for investments and refinancing between entities within the Group are in line with standard market conditions. Expenses are divided between business segments based on proportional service performance. The cost of Group projects is also allocated to business segments.

Retail

The retail segment comprises the standard banking services provided to private customers, SMEs and commercial clients in terms of investment and financing, advisory and investment services for securities, payment services, brokerage of insurance products, and foreign exchange business.

Services are typically performed through the branches as well as through internet and direct sales. Accordingly, this segment includes the results for the branches and the commercial clients profit centres.

CO

The CO segment comprises the top institution activities as well as the CO tasks for the entire Austrian Association of Volksbanks. Treasury is primarily responsible for obtaining liquidity on the money and capital markets and for balancing liquidity within the Association of Volksbanks. Liquidity management in connection with regulatory requirements through management of the banking book in the areas of liquidity and interest rate risk is another key component of VBW's tasks as top institution and CO.

The syndicate financing division including large-scale housing construction is another profit centre. VBW provides its services as a syndicate partner for large loan commitments held by commercial clients of the Volksbanks. This item also includes the results of VB Services für Banken Gesellschaft m.b.H., which provides the Volksbanks with services in the area of technical processing of payment transactions and securities, loan processing and other back office services, and VB Infrastruktur und Immobilien GmbH, which provides facility management and infrastructure services.

Finally, all other activities that are undertaken in managing the Association of Volksbanks and performed by VBW as the CO within the meaning of the CRR and the Austrian Banking Act are reported.

Consolidation

Consolidation matters are reported separately from other activities in the Consolidation column. These items contain amounts arising from consolidation processes that are not performed within a segment.

Segment reporting by business segments

Euro thousand 1-12/2024	Retail	CO	Consolidation	Total
Net interest income	177,004	-22,225	0	154,779
Risk provision	-77,496	2,845	0	-74,651
Net fee and commission income	68,185	7,141	109	75,435
Net trading income	241	4,982	0	5,223
Result from financial instruments and investment properties	2,910	-4,597	0	-1,687
Other operating result	7,116	222,361	-73,658	155,819
General administrative expenses	-161,818	-182,969	73,550	-271,237
Result from companies measured at equity	2,207	94	0	2,301
Result before taxes	**18,349**	**27,632**	**0**	**45,981**
Income taxes	903	-3,912	0	-3,008
Result after taxes	**19,253**	**23,720**	**0**	**42,973**
31 Dec 2024				
Total assets	**7,815,743**	**9,882,972**	**-1,662,526**	**16,036,189**
Loans and receivables to customers	6,047,162	12,819	0	6,059,981
Companies measured at equity	18,239	10,518	0	28,757
Amounts owed to customers	5,915,912	769,623	-11,978	6,673,557
Debts evidenced by certificates, including subordinated liabilities	350,957	4,335,485	0	4,686,442

1-12/2023				
Net interest income	185,669	-1,109	0	184,560
Risk provision	-30,008	6,482	0	-23,527
Net fee and commission income	68,392	-4,352	115	64,155
Net trading income	179	2,978	0	3,157
Result from financial instruments and investment properties	907	-2,285	0	-1,378
Other operating result	4,317	185,724	-63,746	126,296
General administrative expenses	-143,616	-156,505	63,631	-236,490
Result from companies measured at equity	1,319	-637	0	682
Result before taxes	**87,159**	**30,296**	**0**	**117,455**
Income taxes	4,643	11,845	0	16,488
Result after taxes	**91,802**	**42,141**	**0**	**133,943**
31 Dec 2023				
Total assets	**6,925,394**	**9,422,817**	**-1,248,397**	**15,099,814**
Loans and receivables to customers	5,778,052	79,866	0	5,857,918
Companies measured at equity	33,404	8,746	0	42,150
Amounts owed to customers	5,613,899	940,333	-23,124	6,531,108
Debts evidenced by certificates, including subordinated liabilities	94,474	3,630,161	0	3,724,636

With respect to the change in recognition for loans and receivables to customers and amounts owed to customers, please refer to Note 14).

50) Risk report

General

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 Association of Volksbanks, 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 self-assessment process:

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

Current developments

The consolidated own funds under the CRR are composed of Common Equity Tier 1 (CET1), Additional Tier 1 capital (AT1), and supplementary capital (Tier 2, T2).

In addition, 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 2024, this results in a combined buffer requirement (CBR) for the Association of Volksbanks of 3.95 % (2023: 3.79 %) consisting of capital conservation buffer of 2.50 % (2023: 2.50 %), systemic risk buffer of 0.50 % (2023: 0.50 %), buffer for systemically important institutions of 0.90 % (2023: 0.75 %), countercyclical buffer (CCyB) of 0.05 % (2023: 0.04 %). The capital buffers must be met in full with CET1 capital, and they relate to total risk.

The Association of Volksbanks again submitted to the annual SREP (Supervisory Review and Evaluation Process) within the scope of the Single Supervisory Mechanism (SSM) of the ECB. This resulted in a Pillar 2 Requirement (P2R) of 2.25 % at the consolidated level as at 31 December 2024 (2023: 2.50 %).

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).

Based on the SREP decision of November 2023 and taking into account the changed composition of the additional own funds requirement (P2R), the capital requirements and capital recommendations for the Association of Volksbanks as at 31 December 2024 are as shown in the table. Any shortfall in AT1/Tier 2 will increase the CET1 requirement accordingly.

Minimum capital requirements and capital buffers

Pillar 1	31 Dec 2024	31 Dec 2023
CET1 minimum requirement	4.50 %	4.50 %
Tier1 minimum requirement	6.00 %	6.00 %
Total minimum requirement for own funds	8.00 %	8.00 %
Combined buffer requirement (CBR)	**3.95 %**	**3.79 %**
Capital conservation buffer (CCB)	2.50 %	2.50 %
Systemic risk buffer (SRB)	0.50 %	0.50 %
Buffer for other systemically important institutions (O-SIIB)	0.90 %	0.75 %
Countercyclical capital buffer (CCyB)	0.05 %	0.04 %
Pillar 2	**2.25 %**	**2.50 %**
CET1 minimum requirement	1.27 %	1.41 %
Tier1 minimum requirement	1.69 %	1.88 %
Total minimum requirement for own funds	2.25 %	2.50 %
Total CET1 requirement	**9.72 %**	**9.70 %**
Total Tier1 requirement	**11.64 %**	**11.67 %**
Total capital requirement	**14.20 %**	**14.29 %**
Pillar 2 Guidance	**1.25 %**	**1.25 %**
CET1 minimum guidance	10.97 %	10.95 %
Tier1 minimum guidance	12.89 %	12.92 %
Total own funds guidance	15.45 %	15.54 %

During the 2024 financial year, the Association of Volksbanks complied with the minimum capital requirements and/or capital guidances resulting from the SREP.

The result of the 2024 Supervisory Review and Evaluation Process (SREP) was forwarded to VBW as the central organisation of the Association of Volksbanks in the official SREP decision from December 2024. The SREP requirement (P2R) remains unchanged at 2.25 % in 2025. The SREP guidance (P2G) remains unchanged at 1.25 % compared to the reporting year. The buffer for systemically important institutions (O-SIIB) at consolidated level will decrease from 0.90 % to 0.45 % in 2025.

Risk policy principles

The risk policy principles 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. Applying the risk management principles, the associated risks are comprehensively managed by creating an appropriate organisational structure and corresponding business processes.

Organisation of risk management

VBW has taken all required organisational precautions to meet the requirements regarding modern risk management. There is a clear separation between front office 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 of solid risk management, the Risk Appetite Framework (RAF) for VBW is continuously being developed, in order to define risk appetite and the level of risk tolerance that VBW is prepared to accept to achieve its defined goals. The level of risk tolerance manifests itself in the definition and monitoring of appropriate limits and controls, in particular. The framework is verified and developed with respect to regulatory requirements, changes of the market environment or the business model on a current basis. The Association of Volksbanks aims to develop, by way of this framework, a disciplined and constructive control environment where all employees understand and live up to their role and responsibility.

Within the Association of Volksbanks, risks are controlled 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 topics 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 bodies.

The RICO serves to control all material risks, with a focus at portfolio level, ensuring that risk policy decisions are in compliance with the 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 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.

Additionally, a sustainability committee (NAKO) with the power to adopt resolutions was set up for reporting purposes and to manage key sustainability topics.

Regulatory requirements

The implementation of regulatory requirements at VBW is as follows:

Pillar 1: Minimum own funds 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

By way of the Internal Capital & Liquidity Adequacy Assessment process, VBW as CO of the Association of Volksbanks takes all measures required to ensure that all risks arising from current and proposed business activities are counterbalanced by an adequate liquidity and capital base at all times. The detailed design of the Internal Capital & Liquidity Adequacy Assessment process depends on the regulatory requirements and 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 requirements in accordance with 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 Disclosure / VBW.

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 topics across the Association, as well as for 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 the risk management function in a binding and uniform manner. The risk strategy for the Association of Volksbanks is also issued in the form of a 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 very important. In order to allow for professional exchange in a working context, an RMF Jour Fixe (expert committee) was set up in Risk Control. Each affiliated bank must dispose of its own Risk Control Function (RCF) 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 the current environment by the Risk Control unit 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.

a) 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 set up 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 the process of risk quantification and aggregation, determination of risk-bearing capacity, limitation, and concludes with ongoing risk monitoring and the measures derived therefrom. Explanations regarding the ILAAP are presented in item d) 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 the risk-bearing capacity calculation, annually for risk inventory and 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 risks. The risk inventory results are summarised and analysed for VBW. The findings from the risk inventory process are collected, evaluated for VBW 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 using ESG heat maps. The ESG heat map is a tool to identify, analyse and assess the materiality of ESG risks and/or their risk drivers. In the ESG heat map, various risk events are described and evaluated for all relevant risk types of the Association of Volksbanks. The findings are then mapped in the risk inventory within the framework of existing risk types.

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. VBW's local risk strategy essentially builds on the Association's risk strategy and defines regional specifications and local specifics. The risk strategy is reviewed for up-to-dateness and adequacy at least annually and adjusted to the respective current general conditions. It provides the rules for the handling of risks and ensures risk-bearing capacity 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.

VBW 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 ESG heat maps and the internal stress test.

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 deepening indicators helps the Managing Board to implement central strategic goals of VBW, specifying the same. Moreover, a comprehensive set of additional RAS indicators is considered regularly.

The risk appetite, meaning 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 VBW 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, it can be ensured that deviations from the risk strategy are identified swiftly and that countermeasures can be initiated in a timely manner. The RAS set of indicators is essentially made up of the following strategic and more detailed RAS indicators:

- Capital-based ratios (e.g. CET1 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)

Indicators with an ESG focus (physical risks or ESG score coverage of the portfolio) have been integrated into the RAS set of indicators since 2024.

Risk-bearing capacity statement

The risk-bearing capacity statement 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 internal capital 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 internal capital. 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 stipulated under the law and constitutes a minimum requirement. The composition of the regulatory total risk exposure of VBW corresponds to that of any regionally operating retail bank.

The economic perspective contributes to ensuring the continued existence of VBW by foregrounding the economic value within the assessment of the capital adequacy. The risk-bearing capacity under the economic perspective derives from a comparison of economic risks with internal capital (risk covering potentials). Economic risks are risks that may impair the economic value of the bank, and hence may negatively affect the adequacy of capital resources 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. 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 normative perspective ensures that VBW is able, throughout a period of several years, to meet its own funds requirement 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 the P&L 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 risk, as well as for operational risk, specific stress tests resp. risk analyses are performed regularly, with crisis scenarios being conceived in such a way that the occurrence of events that are highly unlikely, but not impossible, is simulated and 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 test, recommended actions are defined and transposed into measures if necessary.

ESG-related scenarios (especially with regard to climate and environmental risks) are also 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 based on the assumptions of the Network for Greening the Financial System (NGFS) and are continuously extended to include the latest 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. The last EBA/ECB stress test was carried out in 2023. The results of the stress tests for the Association of Volksbanks were used by the ECB to assess the capital requirement (Pillar 2 Guidance) within the SREP.

Risk reporting

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

The monthly, and 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 the significant risks and containing comprehensive qualitative and quantitative information. 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. Complementing the aggregate bank risk report, various risk-specific reports (e.g. analyses within credit risk regarding the development of individual sub-portfolios) are provided in addition to the reporting framework.

Recovery and resolution planning

As the Association of Volksbanks was classified as a significant institution in Austria, the Association must prepare a recovery & resolution 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.

b) Credit risk

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

Credit risk management organisation

Within VBW, the responsibilities associated with credit risk are taken care of by the Credit Risk Management divisions 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 FMA’s ordinance regarding real estate financing measures by credit institutions (KIM-VO) for newly agreed private real estate financing transactions are complied with and have been separately monitored since their taking effect.
- The topic 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.

Decision-making process

In all units of VBW that generate credit risk, there is a strict separation of sales and risk management functions. All decisions in individual instances are taken strictly observing the dual-control principle; clear processes have been defined for this purpose. 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, the requirements on the level of the Association of Volksbanks differ from 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 and limits for the industry sectors and the real estate sector are being defined at present. 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.

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, and accordingly also within VBW, 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 identification: 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, VBW 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 and accordingly within VBW 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 of more than 90 days, pursuant to the CRR, 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 and VBW saw positive development until 2022 and in the years before this, but a significant increase can be seen from the second half of 2023 and especially in 2024 (NPL ratio at VBW 2024: 6.6 % / NPL ratio at VBW 2023: 3.1 %), as larger defaults could no longer be offset by portfolio reductions, particularly in the Real Estate segment. The highest increase in new defaults in 2024 is seen in the Real Estate sector. The Austrian real estate market did not recover in 2024 despite previous expectations. The following factors in particular led to a significant drop in transactions on the Austrian residential real estate market in 2023 and 2024:

- significant increase in the interest rate 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 delivery difficulties subsequently followed by high inflation

The associated high strain on cash and cash equivalents and delayed loan repayments has also led to a significant increase in intensified credit risk management due to the resulting key forbearance indicators and/or rating downgrades

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 assessment, 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.

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

Sustainability/ESG factors

Physical risks: The physical risks to which the financed business partners of the Association of Volksbanks are exposed are currently determined on a regular basis. For this purpose, an externally developed model is used for Austrian-based companies and real estate located in Austria; this model determines results for the commonly used RCP models RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5. A differentiation is made between acute risks (such as e.g. flood, rainfall, snowfall, hail, etc.) and chronic risks (e.g. heat stress, water stress, crop failure, etc.).

ESG score: Since autumn 2022 already, ESG factors have been taken into account in the lending process through the internal ESG score developed within the association of credit institutions, integrating the consideration of environmental, social and ethical governance risks and strengths in the process to reach a credit decision.

Based on the data generated by the external IT tool (CO_2 emissions and physical risks) as well as the internal ESG score, initial KPIs have been defined within the RAS set of indicators, and a monitoring process has been implemented, starting in 2024. Further development takes place on a continuous basis.

Quantitative credit risk management and credit risk control

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 the credit risk is conducted 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 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.

Counterparty default risk

The counterparty risk from unsecured derivatives is taken into account by way of 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.

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 fair value, appraisal 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.

Factors influencing the estimate of Expected Credit Losses (ECL) for the purpose of determining impairments

Data at the level of the Association is decisive for developing the models for determining the ECL and for regular recalibration of the risk parameters. This includes, for instance, default time series or portfolio compositions. External data, such as macroeconomic forecasts of the ECB, equally apply to the entire Association. Hence, uniform methods are generally used for all aspects of determining impairments in all affiliated banks. Methods or procedures specific to any particular bank of the Association will be applied in exceptional cases only and are subject to strict governance within the Association.

Various influencing factors, assumptions and methods are used to measure any significant increase of credit risk.

Rating systems

Upon initial recognition, each exposure is allocated to a credit risk rating based on the information available about the borrower. The exposures are monitored continuously, and the risk management guidelines of the bank require credit risk renewal at least once a year. The established governance processes, including RAS limits (Risk Appetite Statement), ensure that valid credit assessments exist for more than 98 % of exposures.

The bank disposes of a comprehensive set of rating systems to cover all relevant types of receivables. The most important elements of the rating systems for the major portfolios are shown in the following table:

Portfolio	Main influencing factors of the rating systems
SME and Corporates	• Information that was obtained during the regular review of annual financial statements and management accounts (economic circumstances of the owners) of the borrower. • Actual and expected material changes of the regulatory, technological or economic environment of the borrower. • Qualitative assessment of borrower management, the transparency of information provided by the borrower, the adequacy of the borrower's accounting processes and other soft facts. • New and/or expected changes of the financial situation of the borrower not reflected in the most recent financial statements. • Internally obtained information about the borrower's conduct, e.g. overdrawing of advances on current account and utilisation of credit facilities. • To the extent available, ratings of the borrower or of the borrower's parent company by external rating agencies.
Private Customers	• Credit standing indicators as well as sociodemographic assessment of the request • Information obtained from credit agencies • For new lending business with existing customers and for current monitoring – internally collected data regarding the customers' account conduct, e.g. delays in payment and changes with respect to incoming or outgoing payments.
Banks	• Information that was obtained during the regular review of annual financial statements, disclosures and reports of the borrower • Qualitative assessment of market position, asset quality and concentration risk of the counterparty's portfolio • Implicit support or explicit guarantees from states, governments or parent companies.

All rating systems are regularly validated according to qualitative and quantitative criteria by an independent unit within Risk Control, including backtesting for actual rating migrations and defaults.

All rating systems apply the Volksbank master scale that consists of 20 rating levels (1A to 4E) plus 5 additional levels (5A to 5E) for defaulted customers. To each rating level, the master scale will allocate intervals of probabilities of default (PD) that do not overlap. The PDs of the rating system are modelled as long-term through-the-cycle (TTC) probabilities of default over a period of 12 months. Ratings by external rating agencies are also reproduced on the VB master scale by way of statistical analyses of the historical default rates published by the rating agencies.

VB Master scale

Short description	Rating class	Mean PD	Rating notch	External ratings Moody's	External ratings S & P's
Best creditworthiness		0.01 %	1A	Aaa,Aa1	AAA,AA+
Best creditworthiness		0.02 %	1B	Aa2	AA
Best creditworthiness	K1	0.03 %	1C	Aa3	AA-
Best creditworthiness		0.04 %	1D		
Best creditworthiness		0.05 %	1E	A1	A+
Excellent creditworthiness		0.07 %	2A	A2,A3	A,A-
Excellent creditworthiness		0.11 %	2B	Baa1	BBB+
Very good creditworthiness	K2	0.16 %	2C		BBB
Very good creditworthiness		0.24 %	2D	Baa2	
Very good creditworthiness		0.35 %	2E	Baa3	BBB-
Good creditworthiness		0.53 %	3A	Ba1	BB+
Good creditworthiness		0.80 %	3B	Ba2	BB
Good to medium creditworthiness	K3	1.20 %	3C	Ba3	BB-
Medium creditworthiness		1.79 %	3D	B1	
Acceptable creditworthiness		2.69 %	3E	B2	B+
Poor creditworthiness		4.04 %	4A	B3	B
Poor creditworthiness		6.05 %	4B		B-
Watch list	K4	9.08 %	4C		
Watch list		13.62 %	4D		
Watch list		20.44 %	4E	Caa-C	CCC/C
Default of payment: 90 d. / 30 d. (forb.)		D	5A		
Specific provisions		D	5B		
Restructuring / call in	K5	D	5C		
Insolvency		D	5D		
Write-off		D	5E		

Lifetime Probability of Default

Ratings provide essential input for determining the lifetime PD for ECL calculation. At each balance sheet date, the bank will assess whether the default risk for a financial instrument has increased significantly since first-time recognition. To identify any significant increases in default risk, companies may combine financial instruments into groups based on common default risk properties, and in this way may carry out an analysis aimed at being able to promptly identify any significant increases in default risk. For the purpose of analysing lifetime PD, the portfolio of Volksbank is divided into the following segments:

- SME and Corporates, incl. special financing
- Private Customers
- Banks
- Sovereigns and international organisations rated by external rating agencies
- Other Exposures (mainly municipalities and other public-sector enterprises and organisations that are not dealt with using the usual rating systems for SME or Corporates)

For the segments Private Customers, SME and Corporates including special financing, the bank extracts long-term, representative samples of internal ratings and defaults that cover all material subsegments and rating categories. Statistical models are used to analyse the data collected and to prepare estimates regarding residual term PD and the way these are expected to change over the course of time.

For the Banks and Sovereign States segments, the bank uses long-term default studies of the external rating agencies to determine the lifetime PD by rating category. For Other Exposures, the balance sheet data of Austrian municipalities are used, a default approximation is defined on the basis of a business analysis, and lifetime PD is estimated.

Forward-looking information

The bank takes account of forward-looking information, both in assessing whether the credit risk of any instrument has increased significantly since its initial recognition, and in measuring the ECL. The forward-looking information includes both macroeconomic projections and existing information at individual customer level. Information at the individual customer level, such as new and/or expected changes in the borrower's financial situation that are not reflected in the most recent financial statements, are recorded and evaluated as part of the rating process.

The ECB's macroeconomic projections are used as an anchor for determining the real economic scenarios. Based on the analysis carried out by economists of the bank's research department and taking into account additional market data, two or more scenarios are defined. In any case, a base case scenario for the future development of the relevant economic variables is defined. The base case scenario represents the most likely outcome and is broadly consistent with the ECB's Baseline scenario. The scenario is also reconciled with information used by the bank for other purposes, such as strategic planning and budgeting. In addition, further possible prognostic scenarios are defined that represent an outcome of the relevant economic variables that deviates from the base case. The number and design of the other scenarios are based on the ECB's specifications.

The prognostic process comprises both the forecast of the development of the relevant economic variables over the course of the next three years and the estimate of probability for each scenario. The bank performs regular (semi-annual) stress tests with shocks to quantify the effects of a massive deterioration of economic conditions and to analyse the necessity of re-calibration of the base case scenario and/or of the other prognostic scenarios.

Consideration of forward-looking information

The bank performs a thorough analysis to identify and calibrate the relationships between changing default rates and changes of the most important macroeconomic factors.

For Private Customers and for Corporate Customers (SME and Corporates incl. special financing), the analysis is based on a time series of average default rates estimated on the basis of the internally available data set. For portfolios with only few defaults (banks, sovereign states, municipalities), the downgrade and default time series of the external rating agencies and/or the balance sheet data of the municipalities are used. Based on historical time series, the most selective macroeconomic variables are determined using statistical methods. In the process, multivariate regression analyses are performed for each portfolio. Adverse macroeconomic scenarios are mapped using a second set of regression coefficients specifically calibrated to negative observations. Explanatory variables are, among others, total GDP growth and the change in the unemployment rate in Austria and the euro zone, as well as market-based indicators (credit spreads, especially spreads between the 10-year Austrian and German government bonds, and stock indices that are representative of the euro zone).

Definition of Stage 'default' (Stage 3)

A financial asset is considered to be in default (Stage 3) if:

- it is unlikely that the borrower is going to meet its loan obligations in full without recourse to certain measures, such as the realisation of collateral (if available); or
- if the borrower has been in default with respect to any material loan obligation for more than 90 days.

The definition of default is fully in line with the default definition of the bank for capital adequacy purposes (CRR). Volksbank uses a default identification process with this which takes account of both automatically determined and manually determined default events, ensuring the downgrade of the customer concerned to rating class 5. The default events include the following:

Default event	Triggered	Rating level
Payment default of 90 days	automatically	5A
Default of 30 days in case of forbearance	automatically	5A
Repayment vehicle event	automatically or manually	5A
Formation of an individual loan loss provision	automatically	5B
Insufficient expected cash flows	manually	5B
Derecognition	automatically	5E
Restructuring	manually	5C
Repeated forbearance	automatically	5C
Distressed restructuring	automatically	5C
Call-in on the account (unsuccessful dunning procedure)	automatically	5C
Debt restructuring at a loss	manually	5C
Waiver of ILLP due to sufficient collateralisation	manually	5B
Opening of insolvency proceedings; bankruptcy	manually	5D
Restructuring proceedings	manually	5D
Other call-in	manually	5C

Any default may be deferred and transferred back to Stage 1 or Stage 2 six months after commencement of the period of good conduct at the earliest, provided that good conduct is shown within said period of six months, and the other prerequisites set down in the CRR and the internal guidelines are met.

Timely identification of defaults and Stage 2 transfers

For the purpose of identifying defaults in time, Volksbank applies an unlikeliness-to-pay (UTP) measurement process that is supported by a comprehensive early warning system (EWS). The EWS uses various qualitative and quantitative indicators to identify potential significant increases in credit risk, including (but not limited to) rating downgrades, negative observations regarding account conduct or deteriorations of certain financial ratios of the borrower.

Exposures to borrowers the redemption of which is considered unlikely will be allocated to Stage 3 for impairment loss purposes. Borrowers with any less substantial, but still significant increase in credit risk (customers under intensive supervision) will be rated as Stage 2 for impairment purposes. Thus, the essential qualitative criteria for default identification and for allocation to Stage 2 are determined within the same process and on the basis of uniform data to inform the decision.

Moreover, additional fully automated criteria are used for allocation to Stage 2:

- Borrowers with payments overdue (in default) for more than 30 days for material exposures,
- accounts subject forbearance measures,
- all financial instruments where the bank is not able to assess the credit rating upon initial recognition or the credit rating at the balance sheet date. It should be noted in this context that due to the procedures and guidelines implemented, it is almost exclusively immaterial exposures that are affected by this.

Apart from the qualitative criteria, Volksbank also uses quantitative criteria for the transfer to Stage 2. The bank calibrates a bidirectional illustration of the changes to expected credit losses over the term and the rating migration from initial recognition until the current date, taking into account the respective current forward-looking information. Hence, the quantitative stage transfers are derived from significant downgrades of the customer’s current rating compared to the credit risk upon initial recognition. Based on the VB master scale with 20 (performing) rating levels, the number of rating class downgrades leading to Stage 2 is 1 to 5, depending on the original maturity and residual term of the respective financial instrument, on the initial rating, on the customer segment and on the current forward-looking information. Financial assets with a rating in the investment grade range at the measurement date – corresponds to a rating level of 2E or better, based on the VB master scale – are classified as Stage 1 (“Low Credit Risk Exemption”, IFRS 9.5.5.10).

The transfer from Stage 2 to Stage 1 takes place immediately on the measurement date upon the qualitative and quantitative Stage 2 criteria lapsing (without consideration of any periods of good conduct).

Measurement of Expected Credit Loss (ECL)

The bank determines ECL on the basis of the individual instrument, regardless of the materiality of the exposure. Collective parameters and assumptions are used if applicable.

The impairment model generally determines the risk provision in the amount of expected credit losses:

- over a period of 12 months for financial instruments in Stage 1 (including financial instruments with a low default risk ("Low Credit Risk Exemption"),
- over the residual term for financial instruments in Stage 2 or Stage 3.

Performing portfolio

For the performing portfolio (Stage 1 and Stage 2), measurement is based on model parameters derived from internally developed statistical models and other historical data.

The most important model parameters for ECL measurement are:

- Probability of Default (PD);
- Exposure at Default (EAD), subdivided into secured EAD and unsecured EAD; and
- Loss Given Default (LGD).

The PD parameters depend on the current rating and on the segment of the borrower and are reconciled with forward-looking information as described above.

The EAD parameter is measured as the projected future exposure of the relevant financial instrument. The projection is based on the cash flow plan of the instrument. For ECL calculation, the bank uses the cash flow plan from the Asset Liability Management (ALM) system. It is used to reconcile the ECL calculation and the strategic interest rate and liquidity risk management with each other. The cash flow plan is based on the contractual terms of the financial instrument, including amortisation, and is adjusted in line with the comprehensive ALM models of the bank, including (but not limited to) interest rate forecasts for variable-yield instruments. For off-balance-sheet financial instruments, such as credit facilities or guarantees, the bank uses Credit Conversion Factors (CCF) to determine the amount of the exposure in case of default (off-balance EAD). The CCF parameters are estimated using the account conduct information of previously defaulted customers over a period of twelve months prior to default. The bank uses the regulatory CCF benchmarks set down in the CRR for product types where only limited internal standard data is available.

The EAD is subdivided into secured EAD and unsecured EAD components that depend on the value of the collaterals pledged by the borrower. The starting point for secured EAD calculations are the lending values of the collaterals. These lending values are regularly verified and updated in line with the bank's risk management guidelines. The secured EAD is that part of the EAD that is covered by collaterals (limited to 100 % of EAD). The unsecured EAD is considered as the rest of the EAD.

The LGD is the amount of probable loss upon default. The secured LGD and unsecured LGD parameters are determined separately. The secured LGD parameter reflects the residual risk that derives from the probability that a certain collateral cannot be liquidated at a sustainable price at the time of default. The unsecured LGD parameter reflects any defaulted borrower's readiness and ability to pay back the obligations beyond the lending value of available collaterals. Both LGD parameters combined measure the realisation risk, including the cost of liquidating collaterals, as well as the time value of money (based on the effective interest rate of the defaulted assets).

For the main customer groups (Private Customers, Corporates incl. special financing), the bank determines the LGD parameters on the basis of the history of the rates of recovery of claims against defaulted customers. The historical data includes both the main operational risk event data (date of default, date of conclusion, event status, etc.) and the individual postings undertaken (redemptions, realisations, write-offs). Statistical procedures are used to counter any possible bias in the historical data. The analysis of historical data takes into account, in particular, the default rating category, the treatment category and the amount of collateral.

For certain portfolios, where the bank does not dispose of any, or any sufficient, historical default event data, an expert estimate will be effected. The following serve as a basis for the estimate:

- Regulatory benchmarks set down in the CRR
- Business scenario analyses
- External and internal research and documentation

Expected losses for financial instruments in Stage 1 are projected over the shorter of a period of 12 months or the maturity of the instrument. For Stage 2 financial instruments, the expected losses are projected for the entire term of the instrument. The maturity coincides with the contractual term. In case of financial instruments such as loan commitments and guarantees, the contractual maturity is determined based on the first day when the bank is entitled to request redemption or to terminate any loan commitment or guarantee. In cases where the contractual term could not be determined (e.g. for loans and receivables with no predefined repayment structure and with very short notice periods, which are usually cancelled if a deterioration in risk is identified due to the implemented risk management), the total term of the instrument is set at 20 years.

The ECL is calculated as the present value of the expected losses as forecast. Discounting is effected using the effective interest rate of the instrument.

Defaulted exposures

In case of defaulted customers (Stage 3), measurement depends on the significance of the exposure.

For defaulted customers with a total exposure of more than euro 750 thousand and for a limited number of special cases, the ECL estimate will be performed without applying statistical model parameters. Instead, the bank will estimate the cash flows primarily on the basis of the individual instruments in two scenarios:

- Going concern: After restructuring and forbearance measures, the borrower is able to meet the obligations.
- Gone concern: The borrower is not able to cover the obligations, and the bank liquidates the collateral.

The recovery cash flows and the probabilities of both scenarios will be estimated at the level of the individual instrument, taking into account documented benchmarks and guidelines. If required, additional scenarios are defined, weighted and used to map particularly positive (recovery or return to the performing portfolio) or particularly negative (complete loss in cases of workout) developments.

ECL is calculated as the difference between carrying amount of the financial instruments and the probability-weighted average present value of the return flows in both scenarios. Discounting is effected using the effective interest rate of the instrument.

For defaulted borrowers not treated specially as described above, the statistical model approach is applied. The ECL is determined by multiplying the carrying amount of the financial instrument with LGD. The LGD parameter is estimated using the same historical random sample data that are used for LGD in the performing portfolio. The amount of the collateral, in particular, is taken into account by dividing the defaulted exposure into a secured and an unsecured component, and by applying the secured LGD and the unsecured LGD. LGD parameters are set according to customer segment, default rating category and treatment category. The approach does not require any additional discounting, as the present value effect is incorporated in the LGD estimate.

Design of the macroeconomic scenarios

The design of the macroeconomic scenarios depends on the scenarios published by the ECB/OeNB. The individual relevant indicators and the scenarios used in the previous year (equally based on the scenarios published by the ECB/OeNB) are shown in the table below.

Scenario	Period	GDP growth Austria	Spread to Germany (bp AT-DE 10y)	Unemployment Eurozone (change in bp)	GDP Growth Eurozone	Shareprices Eurostoxx 50
	Macro model	Companies, private customers	Companies, states	Private customers, municipalities	Banks	Banks
Median value	2008-2021	1.2 %	26	-30	1.5 %	3.9 %
Worst case	2008-2021	-7.1 %	94	230	-6.5 %	-43.3 %
Balance sheet date 31 Dec 2024						
BASELINE 2024	2025	1.2 %	50	0	1.4 %	5 %
BASELINE 2024	2026	1.5 %	50	0	1.5 %	5 %
BASELINE 2024	2027	1.2 %	50	-10	1.3 %	5 %
ADVERSE 2024	2025	-0.2 %	60	70	0.0 %	-5 %
ADVERSE 2024	2026	0.5 %	60	20	0.4 %	-5 %
ADVERSE 2024	2027	0.7 %	55	-50	0.8 %	0 %
POSITIV 2024	2025	2.6 %	40	-70	2.8 %	10 %
POSITIV 2024	2026	2.5 %	40	-20	2.6 %	8 %
POSITIV 2024	2027	1.7 %	40	30	1.8 %	7 %
Balance sheet date 31 Dec 2023						
BASELINE 2023	2024	1.4 %	55	-7	1.5 %	5 %
BASELINE 2023	2025	1.8 %	50	-17	1.9 %	5 %
BASELINE 2023	2026	1.8 %	50	10	1.8 %	5 %
ADVERSE 2023	2024	-0.5 %	80	69	-0.4 %	-5 %
ADVERSE 2023	2025	0.9 %	90	50	1.0 %	-5 %
ADVERSE 2023	2026	1.4 %	90	10	1.4 %	0 %
POSITIV 2023	2024	2.6 %	50	-51	2.7 %	10 %
POSITIV 2023	2025	3.0 %	40	-30	3.1 %	8 %
POSITIV 2023	2026	2.3 %	35	-10	2.3 %	7 %

The baseline scenario assumes a restrained upturn in the first two years, followed by a return to potential growth. GDP growth will initially be driven by consumption, from 2026 also by investments. The main stress factors are an intensification in trade barriers, the uncertainty among consumers and investors due to the previous surge in inflation which also affects price competitiveness, as well as geopolitics. These factors have an inhibiting effect (to a decreasing extent) in the baseline scenario.

The adverse scenario is the lower band of the baseline scenario, in other words the adjustment processes that dampen the basic scenario are even slower here. This concerns primarily the manufacturing sector, which suffers from a combination of cost pressure, an increasingly protectionist environment, new competitors, and transitory risks associated with climate policy, for instance observance of the emission targets by the European automotive industry, affecting additional parts of the Austrian industry sector, its suppliers, service providers and employees. There is also generally a higher degree of uncertainty (geopolitics and trade policy), which tends to keep energy prices high. The stagnating economy accelerates monetary easing which in turn tends to decelerate disinflation. Apart from the weakness in demand prevailing throughout Europe, especially in Austria and Germany, below-average snow conditions count among the unfavourable factors negatively affecting domestic tourism, which is partly compensated by advantages over long-distance travelling (low distance, cost savings, geopolitics). Overall, the adverse scenario does not include any economic shocks, but rather burdens that are higher than expected.

The positive scenario is the upper band of the baseline scenario, meaning it is construed as mirror image of the adverse scenario. The adjustment processes dampening the baseline scenario take place very quickly, and quick economic recovery is assumed already at the beginning of the period.

Weighting of the macroeconomic scenarios

In weighting the macroeconomic scenarios, the risk situation and the composition of the portfolio of the Association are taken into account in particular.

The starting point for the internal methodology for determining the weightings is an approach based on 3 scenarios: Baseline scenario, with a weighting of 60 %, as well as two scenarios deviating from the Baseline scenario (one optimistic, one pessimistic), with a weighting of 20 % each. The starting point has not changed compared with the previous year.

Following this, indicators specific to the Association are determined to define an adjusted weighting. The following Association-specific indicators are applied in this context:

- The development of gross value added in the individual sectors by comparison with the average development of economic performance in Austria, weighted using the respective exposures and probabilities of default. The fact that the industry mix of the Association portfolio does not coincide with the composition of Austria's overall economy is taken into account in this context. The analyses performed indicate that the expected gross value added in 2024 is slightly below-average in the sectors that are of key importance to the Association. These include in particular the trade, gastronomy & tourism sector, as well as construction sectors. Some sectors, such as information and communication technology, have shown above-average performance, but their share in the portfolio of the Association is not high.
- The rating migrations observed during the reference period of one year. Rating downgrades (especially the significant downgrades to the lower rating levels) are interpreted as an indicator of an expected (negative) trend in terms of portfolio quality. In the course of the analyses, a slightly negative trend for ratings was observed throughout the reference period.

The development of gross value added in individual sectors as well as the rating migrations observed in the portfolio are aggregated according to the defined method, thus shifting the initial weightings of the scenarios. Applying the internal method to determine the scenario weighting results in a weighting of 49 % (2023: 48 %) for the Baseline scenario, 35 % (2023: 35 %) for the Adverse scenario and 16 % (2023: 17 %) for the Optimistic scenario.

The weightings determined methodically are subsequently analysed in the overall context in order to make any qualitative adjustment as necessary. The current and expected future development of relevant risk indicators for the Association of Volksbanks is taken into account in particular in this process. Default rates were above average in 2024 at the overall portfolio level (2023: at average level). A negative trend was also observed for other risk indicators such as the forbearance ratio (2023: slightly positive trend). The NPL ratio within the Association of Volksbanks increased by approx. 260 basis points in 2024, from around 2.5 % to approx. 5.1 %. This development is due in particular to defaults in the commercial real estate sector. Customers with speculative property financing in accordance with CRR and customers with projects under construction were badly affected in particular by this. The essential systematic reasons for this development were:

- sharp rises in interest rates until early 2024 which had a significant impact on the ability of customers with variable-rate loans to repay their loans
- poor demand for new real estate due primarily to regulatory intervention (the KIM-V regulation)
- general macroeconomic developments (recession, weak consumption, stagnating real estate prices): materialisation of the adverse scenario from the end of 2023.
- Volksbank has also tightened and intensified the unlikeliness-to-pay criteria in the commercial real estate sector in 2025, primarily in order to implement new regulatory requirements in lending and risk monitoring.

Looking to the future, a drop in the interest burden is expected, driven by the ECB's monetary policy easing. A general increase in demand for new real estate properties can be expected once the KIM-V regulation ceases to apply in 2025 It was possible to see the first signs of this already in Q4/2024. Further tightening of the default criteria in the commercial real estate sector would also result in an adjustment or strengthening of the repayment ability of the remaining performing customers. The current risk situation for the Association's portfolio therefore reflects the risk increases that have already occurred, while at the same time, no indications of a further significant deterioration can be identified.

The weightings were adjusted in the previous year to 75 % adverse and 25 % baseline, primarily due to the expected operational risk events on the Austrian real estate market and the comparatively high macroeconomic uncertainties. This adjustment is no longer necessary from today's perspective and looking towards the future, which is why the weightings determined methodically were used unchanged for the ECL calculation as at 31 December 2024.

Scenario		Starting point for methodological weighting	Methodical weighting	Final weighting
			Rating migrations, industry composition, industry forecasts	Further geopolitical or macroeconomic uncertainties
Balance sheet date 31 Dec 2024				
BASELINE 2024	31 Dec 2024	60.0 %	49.0 %	49.0 %
ADVERSE 2024	31 Dec 2024	20.0 %	35.0 %	35.0 %
POSITIV 2024	31 Dec 2024	20.0 %	16.0 %	16.0 %
Balance sheet date 31 Dec 2023				
BASELINE 2023	31 Dec 2023	60.0 %	48.0 %	25.0 %
ADVERSE 2023	31 Dec 2023	20.0 %	35.0 %	75.0 %
POSITIV 2023	31 Dec 2023	20.0 %	17.0 %	0.0 %

Based on the selected weighting of 49 % Baseline, 35 % Adverse and 16 % Optimistic, the amount of risk provisions under IFRS 9 for the performing portfolio within the Association exceeds the 1-year expected losses under the ICAAP/CRR definition (determined using the through-the-cycle probabilities of default over a period of one year) by a factor of 2.7. At the peak of the COVID-19 crisis (balance sheet date 31 December 2020) and at the peak of the uncertainties relating to inflation and the war between Russia and Ukraine (balance sheet date 31 December 2022), this factor was 4.2. Before the COVID-19 crisis (balance sheet date 31 December 2019), the factor was around 2.1. The factor would currently be 2.5 at present with symmetrical weighting of 60 % Baseline, 20 % Adverse and 20 % Optimistic. The difference between the factors 2.7 (current result based on the weightings chosen) and 2.5 (result against a background of minor to no uncertainties of the overall economy) is considered as risk measure for the valuation of current uncertainties. The difference of 0.2 is approx. 1/10 of the historical maximum.

Post-model adjustments

Post-model adjustments (PMAs) are adjustments made outside of the primary risk provision model. PMAs can close gaps in models, take expert judgements into account and map risks/uncertainties that are not or cannot be captured in the primary models. The PMA amount for risk provisions and other provisions is recognised in the balance sheet in addition to the risk provisions and other provisions from the primary models.

The process for recognising risk provisions provides for an assessment of the current risk situation in the last quarter or following recalibration of the IFRS 9 parameters in connection with the up-to-date nature of the data and the appropriateness of the 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.

Up-to-date nature of the data

With regard to the up-to-date nature of the underlying data, the fact that a recalibration of the rating model for reporting companies was in progress as at 2024 year-end but had not yet been used as at the reporting date of 31 December 2024 was taken into account. The effects of this future rating calibration were mapped in the 2024 consolidated financial statements as post-model adjustments. A customer-specific simulation of the rating after recalibration was calculated for this purpose. If the simulation resulted in a rating downgrade and therefore an increase in risk provisions, a difference to the existing risk provisions was determined based on this and was recognised as a post-model adjustment. The post-model adjustment for this future rating calibration for VBW as at 31 December 2024 amounts to euro 1.4 million.

The expected effects of the recalibration of the rating model for special financing of projects (IPRE) in 2024 were recognised in the previous year as a post-model adjustment (approx. euro 2.4 million for VBW).

New types of risks

In terms of consideration of new types of risk drivers that are not fully reflected in the models, scenarios and assumptions, a comprehensive and systematic analysis was implemented in the following steps:

- Risk identification: Definition of the new type of risk driver, including delimitation exclusively to impact channels with an influence on the expected credit risk loss in accordance with IFRS 9
- Materiality: Qualitative review taking into account quantitative information and threshold values
- Coverage: Analysis regarding whether and to what extent the risks are already covered in the model or by the macroeconomic scenarios used
- Quantification: Analytical or simulation-based procedures for determining post-model adjustments are defined for material risks and any risks not covered.

The following risk categories were analysed as at 31 December 2024:

- 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

Geopolitical risks

Geopolitical risks are not material due to the structure of the portfolio with a heavy focus on Austria. Indirect geopolitical risks, which primarily comprise the risks due to trade restrictions, are also categorised as immaterial and these risks are adequately accounted for via the mapping in the baseline and adverse macro scenarios.

Climate and environmental risks

The climate and environmental risks are analysed in depth as part of the comprehensive sustainability strategy and examined from a wide range of strategic and operational perspectives,e.g. in the stress testing or in the credit portfolio model. The formation of a PMA, where the focus is on expected and measurable changes in default rates or collaterals, is not considered to be appropriate in this context.

Energy costs, prices of raw materials and supply chain risks

Further distortions on the energy markets are expected in connection with the war between Russia and Ukraine and these will have a heavy impact on energy-intensive branches of industry. A rating downgrade of 2 rating levels was simulated and posted as a PMA for these customers. This PMA amounts to approximately euro 1.0 million for VBW as at 31 December 2024.

Inflation and risks of increasing interest rates

The macroeconomic scenarios assume that inflation will return to normal levels and that interest rates will fall. Further negative effects on borrowers resulting from a sharp rise in interest rates are currently considered to be low.

Macroeconomic uncertainties

Macroeconomic uncertainties are assessed using a range of quantitative and qualitative indicators, which are based in turn on internal and external data. The following factors were examined in particular:

- The difference in the macroeconomic forecasts (baseline vs. adverse)
- The development of real estate prices and gross value added for key industry sectors in the forecasts
- Increase in the number of insolvencies reported according to credit protection association KSV
- Rating downgrades in the Bank’s credit portfolios

The analysis showed that the ‘properties and housing’ and ‘construction’ sectors were impacted to a disproportionate extent. The customers for which an increase in the probability of default has been observed are assigned to Stage 2 by means of simulation and a PMA is booked for this. This PMA amounts to approximately euro 1.8 million for VBW as at 31 December 2024.

Summary of PMAs

Overall, an allocation to risk provisions in the amount of euro 4.2 million was recognised for VBW. Post-model adjustments were formed in the previous year to the amount of euro 6.9 million.

31 Dec 2024:

Amounts in Euro million Customer type	PMA determination	Total expo-sure	Actual RP as at 31 Dec 2024	Total PMAs	Of which rating recalibra-tion	Of which new types of risks	RP incl. PMA
Customers with a high gas or energy dependency	Downgrade 2 rating levels, if necessary rating recalibration	88.7	0.8	1.1	0.1	1.0	1,9
Customers in the real estate and construction industries	Tightening of the Stage 2 criteria, if neces-sary rating recalibration	162.5	0.4	2.0	0.2	1.8	2,3
Other companies (preparing a balance sheet)	Rating recalibration	695.4	1.1	1.1	1.1	0.0	2,2
Total		**946,6**	**2.2**	**4.2**	**1.4**	**2.7**	**6.4**

31 Dec 2023:

Amounts in Euro million Customer type	PMA determination	Total expo-sure	Actual RP as at 31 Dec 2023	Total PMAs	Of which rating recalibra-tion	Of which new types of risks	RP incl. PMA
Customers with specula-tive real estate financing	Collective Stage 2 transfer, IPRE rating recalibration	473.3	1.2	2.7	0.2	0.0	3,8
IPRE proper-ty/construction phase (without spec. real estate financing)	Collective Stage 2 transfer, IPRE rating recalibration	116.4	0.3	2.1	0.0	0.0	2,4
IPRE operating phase (without spec. real estate financing)	IPRE rating recalibration	253.4	0.4	1.1	1.1	0.0	1,5
Private customers with a rating below/equal to 3C and variable loan	Private Customers rating recalibration	48.2	0.8	1.1	1.1	0.0	1,9
Total		**891,3**	**2.7**	**6.9**	**2.4**	**0.0**	**9.6**

In summary, the risk provisions for the performing portfolio (Stages 1 and 2, including provisions for off-balance sheet receivables) are as follows:

2024	in euro million	in % of risk provision
Risk provisions (Stage 1+2 portfolio including provisions), standard model	22.3	100.0 %
+ In-model adjustment based on the scenario weights	0.0	0.0 %
+ Post-model adjustment	4.2	18.7 %
Risk provisions (Stage 1+2), final	**26.4**	**118.7 %**

2023	in euro million	in % of risk provision
Risk provisions (Stage 1+2 portfolio including provisions), standard model	16.6	100.0 %
+ In-model adjustment based on the scenario weights	3.5	21.0 %
+ Post-model adjustment	6.9	41.7 %
Risk provisions (Stage 1+2), final	**27.1**	**162.7 %**

The portfolio of risk provisions stated above (standard model) in the amount of euro 22.3 million includes an amount of euro 1.6 million as an in-model adjustment. The reason for this in-model adjustment was collective staging carried out in the first half of 2024 for customers with speculative real estate financing and pure property financing. A structured review of this loan portfolio was carried out in the second half of 2024. As at 31 December 2024, there are no quantitative signals for allocation to Stage 2 for some of this loan portfolio. These customers will continue to be monitored via intensive management and thus remain in Stage 2.

Sensitivity analyses of risk provisions

Sensitivity analyses are performed to quantify the estimation uncertainties of the models for ECL measurement in the current situation.

Staging is always made at the individual customer or individual account level and presupposes that the bank can adequately perform an individual customer credit assessment. In order to illustrate the effects of estimation uncertainties in the underlying assumptions, the effects of a hypothetical allocation of the total portfolio of loans and receivables to customers to Stage 2 or Stage 1 is analysed.

Stage 2 or Stage 1 allocation of the overall portfolio (year 2024):

	in euro million	in % of risk provisions
Risk provisions portfolio (Stage 1 + 2, incl. off-balance-sheet provisions without PMA)	22.3	100.0 %
All receivables transferred to Stage 2	28.9	129.5 %
All receivables transferred to Stage 1	-15.5	-69.3 %

Stage 2 or Stage 1 allocation of the overall portfolio (year 2023):

	in euro million	in % of risk provisions
Risk provisions portfolio (Stage 1 + 2, incl. off-balance-sheet provisions without PMA)	20.1	100.0 %
All receivables transferred to Stage 2	+34.5	171.4 %
All receivables transferred to Stage 1	-10.5	-52.3 %

Impairments Stage 3

The ECL measurement for Stage 3 customers uses current estimates for the fair values of the collaterals. Sensitivities to real estate market values are shown as Volksbank's portfolio is collateralised primarily using real estate collaterals.

The NPL ratio rose in 2024 due primarily to defaults among commercial real estate customers, which also led to a significant year-on-year increase in the sensitivities in the NPL area (in absolute terms).

Sensitivities of the NPL portfolio (year 2024):

	in euro million	in basis points Coverage Ratio
Risk provisions (Stage 3 portfolio)	133.7	29.4 %
Depreciation of real estate collaterals by 15 %	39.5	8.7 %
Depreciation of collaterals by 25 %	58.6	12.9 %

Sensitivities of the NPL portfolio (year 2023):

	in euro million	in basis points Coverage Ratio
Risk provisions (Stage 3 portfolio)	72.1	33.3 %
Depreciation of real estate collaterals by 15 %	+17.0	7.9 %
Depreciation of real estate collaterals by 25 %	+27.5	12.7 %

When calculating the ECL for Stage 1 and 2 customers, estimates of the collaterals are also taken into account via the LGD risk parameters. Due to the worsening liquidity situation in the Austrian real estate market, sensitivities with respect to the fair values of real estate collaterals are also shown for Stages 1 and 2 customers as of the balance sheet date of 31 December 2024.

	in euro million	LGD in %
Risk provisions portfolio (Stage 1 + 2, incl. off-balance-sheet provisions without PMA)	22.3	14.6 %
Depreciation of real estate collaterals by 15 %	5.6	3.7 %
Depreciation of real estate collaterals by 25 %	7.3	4.8 %

A simplified methodology was used to estimate the sensitivities with regard to the devaluation of the real estate collaterals. Devaluations of real estate collaterals are simulated at the customer level first of all. The simulation takes into account any excess collateralisation as at the balance sheet date as a risk-mitigating buffer for the devaluation. Complex scenarios, including in particular simultaneous mortgages that encompass multiple real estate properties and collateralise multiple accounts potentially for several customers at the same time, are represented in a simplified manner in the simulation. In order to avoid double-counting properties, a suboptimal calculation is accepted at this point, or individual properties are intentionally disregarded in the simulation in a way that increases the perceived risk. Other non-mortgage real estate collaterals are simulated without any changes. No further effects are considered for either Stage 3 or Stage 1 and 2 customers, with no second-round effects on the probabilities of default or on other risk parameters or assumptions considered in particular.

For customers in Stage 3, the resulting effective devaluations of the collaterals are presented as a sensitivity amount, assuming that the devaluations are covered in full by Stage 3 risk provisions. For customers in Stages 1 and 2, the resulting effective devaluations of the collaterals are translated into an increase in the portfolio's average LGD. The Bank's average LGD rate as at the balance sheet date of 31 December 2024 for instance was approximately 14.6 %. If collaterals are depreciated by 15 %, the average LGD is expected to increase by 3.7 % to 18.3 %. The risk provisions determined as at the balance sheet date (without post-model adjustments) are then scaled up with the ratio of the average LGDs before and after depreciation of the collaterals in order to determine an estimate of the risk provisions following depreciation

Regulatory risk provision – NPL backstop

Due to the requirements for the minimum coverage of non-performing exposures pursuant to the CRR, additional capital may be required for the exposures concerned. These provisions supplement the ECB requirements previously applicable to the Association of Volksbanks (Supervisory Coverage Expectations for NPE) and the requirements submitted by means of the SREP notice. Hence, all non-performing exposures are subject to one of the aforementioned requirements and may be subject to regulatory provisioning in the form of deductions from equity in Pillar 1 or Pillar 2. The determination of this provision is fully automated within the Association of Volksbanks.

In order to limit the equity effects to the extent possible, a restriction on the retention period in the NPL portfolio was introduced.

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 for a certain reporting date and to report the same to the entire Managing Board. Relevant reports are prepared for VBW, the major units and the key areas of business. The information is also included in the credit risk section 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 form part of the report:

- Portfolio distribution
- Development of new business
- Distribution of credit ratings
- Non-performing loans (NPL)
- 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 year-end 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.

Development of the credit risk-related portfolio in the 2024 financial year

Definition of credit risk-related portfolio

The credit risk-related portfolio summarises all positions that include a credit risk in the narrower sense. Credit risk-related positions are included in the following balance sheet and off-balance sheet items:

- Liquid funds excl. cash in hand, since the latter does not include any credit risk
- Loans and receivables credit institutions, gross
- Loans and receivables customers, gross
- Assets held for trading: only fixed-income securities are included, but no positive fair values from derivatives, as they do not include any credit risk in the narrower sense
- Financial investments: here, too, only fixed-income securities are included. Equities are excluded, as they do not include any credit risk in the narrower sense
- Contingent liabilities: liabilities arising from guarantees, contingencies and letters of credit are included, other liabilities are excluded
- Credit risks: include commitments not utilised yet

The following table shows the credit risk-related portfolio as at 31 December 2024 compared to the previous year. The relevant figure is the gross value before deduction of any impairments, collaterals or other credit risk mitigating securities.

Credit risk-related portfolio

Euro thousand	31 Dec 2024	31 Dec 2023
Liquid funds	3,830,098	3,261,663
Loans and receivables to credit institutions	1,801,361	2,598,534
At amortised cost	1,801,361	2,598,534
Loans and receivables to customers	6,216,464	5,948,161
At amortised cost	6,168,331	5,882,432
At fair value	48,133	65,729
Assets held for trading - fixed-income securities	4,621	3,996
At fair value	4,621	3,996
Financial investments - fixed-income securities	3,628,729	2,694,147
At amortised cost	3,602,239	2,673,459
At fair value	26,491	20,688
Contingent liabilities	129,535	142,856
Credit risks	3,831,412	3,108,787
Total	**19,442,221**	**17,758,144**

As at 31 December 2024, the total credit risk-related portfolio amounted to euro 19,442,221 thousand (2023: euro 17,758,144 thousand). Loans and receivables to customers constitute the biggest group of receivables, which corresponds to the business model of classic lending business with a focus on Private Customers and SME. At VBW, there are no receivables from finance leases.

The securities portfolio primarily contains securities that are used to manage the liquidity of the Association of Volksbanks. It mainly includes European government bonds and covered bonds issued by European banks in the investment grade segment. VBW has also been building up a securities portfolio as a CO since 2024, the main objective of which is to generate profits from price developments. However, this only represents a very small part of the total securities portfolio. Loans and receivables to credit institutions are primarily used to manage liquidity and include a comparatively low credit risk. As liquidity risk is controlled centrally by VBW in its role as CO of the Association of Volksbanks, there are hardly any credit risk-related items in the securities portfolio within the other Volksbanks.

Among off-balance sheet items, it is mainly unutilised loan commitments and liabilities from guarantees and contingencies that are of significance.

Therefore, the internal focus of credit risk control is on balance sheet and off-balance sheet loans and receivables to customers.

Development by customer segments[1]

The following tables show the distribution of the credit risk-related portfolio by balance sheet items and customer segments. As VBW assumes the central liquidity management function within the Association of Volksbanks, an essential customer segment of credit risk-related positions is the public sector. This segment includes the amounts owed by the central bank and the major part of financial investments. As at 31 December 2024, the largest customer segment of the credit risk-relevant items in loans and receivables to customers is the SME segment in the amount of euro 2,663,659 thousand (2023: euro 2,801,200 thousand) that is internally broken down into SME Retail, SME and SME Corporate followed by the Private Customer segment.

[1] *The definition of customer segments is derived from the regulatory classification criteria.*

Portfolio distribution by customer segments

Euro thousand

31 Dec 2024	Banks	Retail private	SME	Corporates	Public sector	Others	Total
Liquid funds	0	0	0	0	3,830,098	0	3,830,098
Loans and receivables to credit institutions	1,801,361	0	0	0	0	0	1,801,361
At amortised cost	1,801,361	0	0	0	0	0	1,801,361
Loans and receivables to customers	0	2,135,600	2,663,659	642,774	82,149	692,281	6,216,464
At amortised cost	0	2,101,026	2,651,363	642,765	81,826	691,351	6,168,331
At fair value	0	34,575	12,296	10	323	930	48,133
Assets held for trading - fixed-income securities	3,287	0	0	1,335	0	0	4,621
At fair value	3,287	0	0	1,335	0	0	4,621
Financial investments - fixed-income securities	2,475,594	0	0	69,249	1,083,886	0	3,628,729
At amortised cost	2,455,307	0	0	69,249	1,077,683	0	3,602,239
At fair value	20,287	0	0	0	6,204	0	26,491
Contingent liabilities	370	28,397	65,259	33,731	109	1,670	129,535
Credit risks	3,045,377	259,527	362,955	85,814	26,805	50,934	3,831,412
Total	**7,325,989**	**2,423,524**	**3,091,873**	**832,903**	**5,023,047**	**744,885**	**19,442,221**

31 Dec 2023	Banks	Retail private	SME	Corporates	Public sector	Others	Total
Liquid funds	0	0	0	0	3,261,663	0	3,261,663
Loans and receivables to credit institutions	2,598,534	0	0	0	0	0	2,598,534
At amortised cost	2,598,534	0	0	0	0	0	2,598,534
Loans and receivables to customers	0	2,086,477	2,801,200	326,264	46,201	688,019	5,948,161
At amortised cost	0	2,043,740	2,786,127	326,226	45,757	680,581	5,882,432
At fair value	0	42,737	15,073	38	443	7,438	65,729
Assets held for trading - fixed-income securities	0	0	0	3,996	0	0	3,996
At fair value	0	0	0	3,996	0	0	3,996
Financial investments - fixed-income securities	1,748,939	0	0	51,840	893,368	0	2,694,147
At amortised cost	1,732,169	0	0	51,840	889,449	0	2,673,459
At fair value	16,770	0	0	0	3,918	0	20,688
Contingent liabilities	460	27,080	110,051	2,828	99	2,337	142,856
Credit risks	2,292,012	249,771	389,499	65,501	17,857	94,146	3,108,787
Total	**6,639,945**	**2,363,329**	**3,300,751**	**450,430**	**4,219,187**	**784,503**	**17,758,144**

Development by currencies

In line with the risk strategy, the major part of the loan portfolio is denominated in euros; the FX holdings within loans and receivables to customers – especially FX loans – are gradually reduced.

Portfolio distribution by currencies

Euro thousand **31 Dec 2024**	**EUR**	**CHF**	**Others**	**Total**
Liquid funds	3,830,098	0	0	3,830,098
Loans and receivables to credit institutions	1,659,234	134,973	7,153	1,801,361
At amortised cost	1,659,234	134,973	7,153	1,801,361
Loans and receivables to customers	6,148,033	67,610	821	6,216,464
At amortised cost	6,099,900	67,610	821	6,168,331
Thereof Retail private	2,051,148	49,857	21	2,101,026
Thereof SME	2,632,810	17,753	800	2,651,363
Thereof Corporates	642,765	0	0	642,765
Thereof other	773,177	0	0	773,177
At fair value	48,133	0	0	48,133
Thereof Retail private	34,575	0	0	34,575
Thereof SME	12,296	0	0	12,296
Thereof Corporates	10	0	0	10
Thereof other	1,253	0	0	1,253
Assets held for trading - fixed-income securities	4,621	0	0	4,621
At fair value	4,621	0	0	4,621
Financial investments - fixed-income securities	3,628,729	0	0	3,628,729
At amortised cost	3,602,239	0	0	3,602,239
Thereof Banks	2,455,307	0	0	2,455,307
Thereof Corporates	69,249	0	0	69,249
Thereof Public sector	1,077,683	0	0	1,077,683
At fair value	26,491	0	0	26,491
Thereof Banks	20,287	0	0	20,287
Thereof Public sector	6,204	0	0	6,204
Contingent liabilities	129,493	42	0	129,535
Thereof Banks	327	42	0	370
Thereof Retail private	28,397	0	0	28,397
Thereof SME	65,259	0	0	65,259
Thereof Corporates	33,731	0	0	33,731
Thereof other	1,779	0	0	1,779
Credit risks	3,830,548	0	864	3,831,412
Thereof Banks	3,045,377	0	0	3,045,377
Thereof Retail private	259,527	0	0	259,527
Thereof SME	362,091	0	864	362,955
Thereof Corporates	85,814	0	0	85,814
Thereof other	77,739	0	0	77,739
Total	**19,230,757**	**202,627**	**8,837**	**19,442,221**

Euro thousand 31 Dec 2023	EUR	CHF	Others	Total
Liquid funds	3,261,663	0	0	3,261,663
Loans and receivables to credit institutions	2,352,078	230,342	16,114	2,598,534
At amortised cost	2,352,078	230,342	16,114	2,598,534
Loans and receivables to customers	5,855,804	90,463	1,894	5,948,161
At amortised cost	5,790,075	90,463	1,894	5,882,432
Thereof Retail private	1,978,342	64,848	550	2,043,740
Thereof SME	2,759,168	25,615	1,344	2,786,127
Thereof Corporates	326,226	0	0	326,226
Thereof other	726,339	0	0	726,339
At fair value	65,729	0	0	65,729
Thereof Retail private	42,737	0	0	42,737
Thereof SME	15,073	0	0	15,073
Thereof Corporates	38	0	0	38
Thereof other	7,881	0	0	7,881
Assets held for trading - fixed-income securities	3,996	0	0	3,996
At fair value	3,996	0	0	3,996
Financial investments - fixed-income securities	2,694,147	0	0	2,694,147
At amortised cost	2,673,459	0	0	2,673,459
Thereof Banks	1,732,169	0	0	1,732,169
Thereof Corporates	51,840	0	0	51,840
Thereof Public sector	889,449	0	0	889,449
At fair value	20,688	0	0	20,688
Thereof Banks	16,770	0	0	16,770
Thereof Public sector	3,918	0	0	3,918
Contingent liabilities	142,813	43	0	142,856
Thereof Banks	417	43	0	460
Thereof Retail private	27,080	0	0	27,080
Thereof SME	110,051	0	0	110,051
Thereof Corporates	2,828	0	0	2,828
Thereof other	2,436	0	0	2,436
Credit risks	3,107,995	0	792	3,108,787
Thereof Banks	2,292,012	0	0	2,292,012
Thereof Retail private	249,771	0	0	249,771
Thereof SME	388,707	0	792	389,499
Thereof Corporates	65,501	0	0	65,501
Thereof other	112,004	0	0	112,004
Total	**17,418,495**	**320,849**	**18,800**	**17,758,144**

Development of repayment vehicle and foreign currency loans

As at 31 December 2024, the total borrowings under repayment vehicle and foreign currency loans amounted to euro 96,801 thousand (2023: euro 125,810 thousand).

Development by countries

The main business activity of the Association of Volksbanks, and thus of VBW, focuses on the Austrian market. This is also evident from the following tables: As at 31 December 2024, Austrian exposures accounted for 86.8 % of the credit risk-related portfolio (2023: 88.2 %).

Portfolio distribution by countries

Euro thousand **31 Dec 2024**	**Austria**	**Germany**	**Others**	**Total**
Liquid funds	3,830,098	0	0	3,830,098
Loans and receivables to credit institutions	1,687,549	52,494	61,318	1,801,361
At amortised cost	1,687,549	52,494	61,318	1,801,361
Loans and receivables to customers	6,104,780	82,442	29,242	6,216,464
At amortised cost	6,057,242	82,442	28,647	6,168,331
Thereof Retail private	2,085,016	6,214	9,795	2,101,026
Thereof SME	2,636,689	12,499	2,174	2,651,363
Thereof Corporates	590,338	36,660	15,766	642,765
Thereof other	745,198	27,068	911	773,177
At fair value	47,538	0	594	48,133
Thereof Retail private	33,980	0	594	34,575
Thereof SME	12,296	0	0	12,296
Thereof Corporates	10	0	0	10
Thereof other	1,253	0	0	1,253
Assets held for trading - fixed-income securities	4,621	0	0	4,621
At fair value	4,621	0	0	4,621
Financial investments - fixed-income securities	1,292,365	511,047	1,825,318	3,628,729
At amortised cost	1,281,704	506,220	1,814,315	3,602,239
Thereof Banks	844,557	349,769	1,260,982	2,455,307
Thereof Corporates	1,044	16,025	52,180	69,249
Thereof Public sector	436,104	140,426	501,153	1,077,683
At fair value	10,661	4,827	11,003	26,491
Thereof Banks	4,458	4,827	11,003	20,287
Thereof Public sector	6,204	0	0	6,204
Contingent liabilities	129,020	182	334	129,535
Thereof Banks	362	7	0	370
Thereof Retail private	27,948	145	304	28,397
Thereof SME	65,200	30	29	65,259
Thereof Corporates	33,731	0	0	33,731
Thereof other	1,779	0	0	1,779
Credit risks	3,827,414	2,854	1,144	3,831,412
Thereof Banks	3,045,377	0	0	3,045,377
Thereof Retail private	258,716	232	579	259,527
Thereof SME	362,359	32	564	362,955
Thereof Corporates	83,224	2,590	0	85,814
Thereof other	77,739	0	0	77,739
Total	**16,875,848**	**649,019**	**1,917,354**	**19,442,221**

Euro thousand 31 Dec 2023	Austria	Germany	Others	Total
Liquid funds	3,261,663	0	0	3,261,663
Loans and receivables to credit institutions	2,467,823	51,003	79,708	2,598,534
At amortised cost	2,467,823	51,003	79,708	2,598,534
Loans and receivables to customers	5,839,716	71,505	36,941	5,948,161
At amortised cost	5,774,706	71,476	36,249	5,882,432
Thereof Retail private	2,027,043	7,686	9,011	2,043,740
Thereof SME	2,773,751	9,717	2,659	2,786,127
Thereof Corporates	277,703	25,767	22,757	326,226
Thereof other	696,209	28,307	1,823	726,339
At fair value	65,009	28	691	65,729
Thereof Retail private	42,018	28	691	42,737
Thereof SME	15,073	0	0	15,073
Thereof Corporates	38	0	0	38
Thereof other	7,881	0	0	7,881
Assets held for trading - fixed-income securities	3,996	0	0	3,996
At fair value	3,996	0	0	3,996
Financial investments - fixed-income securities	843,449	374,483	1,476,214	2,694,147
At amortised cost	837,592	368,222	1,467,645	2,673,459
Thereof Banks	484,649	241,262	1,006,258	1,732,169
Thereof Corporates	3,939	0	47,901	51,840
Thereof Public sector	349,004	126,960	413,486	889,449
At fair value	5,857	6,261	8,570	20,688
Thereof Banks	4,330	6,261	6,179	16,770
Thereof Public sector	1,527	0	2,391	3,918
Contingent liabilities	142,227	304	325	142,856
Thereof Banks	363	97	0	460
Thereof Retail private	26,680	123	276	27,080
Thereof SME	109,973	30	48	110,051
Thereof Corporates	2,774	54	0	2,828
Thereof other	2,436	0	0	2,436
Credit risks	3,099,773	8,262	751	3,108,787
Thereof Banks	2,292,012	0	0	2,292,012
Thereof Retail private	248,589	436	747	249,771
Thereof SME	386,658	2,837	5	389,499
Thereof Corporates	60,511	4,990	0	65,501
Thereof other	112,004	0	0	112,004
Total	**15,658,648**	**505,558**	**1,593,939**	**17,758,144**

Development by sectors[2]

The most important sectors within loans and receivables to customers of VBW are the commercial sector of real estate with 43.8 % (2023: 43.0 %), followed by private households with 34.4 % as at 31 December 2024 (2023: 35.1 %).

As at 31 December 2024, the largest commercial sectors in loans and receivables to customers in the SME segment are the following:

- the real estate sector with a share of 60.90 % (2023: 64.51 %)
- the trade and repairs sector with a share of 6.77 % (2023: 6.32 %).

As at 31 December 2024, the largest commercial sector in loans and receivables to customers in the Corporates segment is:

- the real estate sector with a share of 63.27 % (2023: 31.68 %).

Portfolio distribution by sectors

Euro thousand 31 Dec 2024	Private households	Financial services incl. Banks	Public authorities	Real estate	Construction industry
Liquid funds	0	0	3,830,098	0	0
Loans and receivables to credit institutions	0	1,801,361	0	0	0
At amortised cost	0	1,801,361	0	0	0
Loans and receivables to customers	2,135,600	135,179	82,149	2,720,649	85,707
At amortised cost	2,101,026	135,144	81,826	2,717,289	84,726
At fair value	34,575	35	323	3,359	981
Assets held for trading - fixed-income securities	0	3,287	0	0	0
At fair value	0	3,287	0	0	0
Financial investments - fixed-income securities	0	2,470,387	1,083,886	0	0
At amortised cost	0	2,450,100	1,077,683	0	0
At fair value	0	20,287	6,204	0	0
Contingent liabilities	28,397	37,402	109	9,695	8,481
Credit risks	259,527	3,066,813	26,805	172,274	34,233
Total	**2,423,524**	**7,514,428**	**5,023,047**	**2,902,619**	**128,422**

	Tourism	Trade and repairs	Physicians/ healthcare	Food/ agriculture and forestry	Others	Total
Liquid funds	0	0	0	0	0	3,830,098
Loans and receivables to credit institutions	0	0	0	0	0	1,801,361
At amortised cost	0	0	0	0	0	1,801,361
Loans and receivables to customers	112,135	193,911	83,849	136,861	530,423	6,216,464
At amortised cost	111,968	192,830	81,953	132,462	529,106	6,168,331
At fair value	167	1,081	1,896	4,399	1,317	48,133
Assets held for trading - fixed-income securities	0	0	0	0	1,335	4,621
At fair value	0	0	0	0	1,335	4,621
Financial investments - fixed-income securities	0	0	0	0	74,456	3,628,729
At amortised cost	0	0	0	0	74,456	3,602,239
At fair value	0	0	0	0	0	26,491
Contingent liabilities	4,516	12,344	2,155	1,202	25,235	129,535
Credit risks	13,197	63,719	16,719	34,645	143,479	3,831,412
Total	**129,848**	**269,974**	**102,723**	**172,709**	**774,928**	**19,442,221**

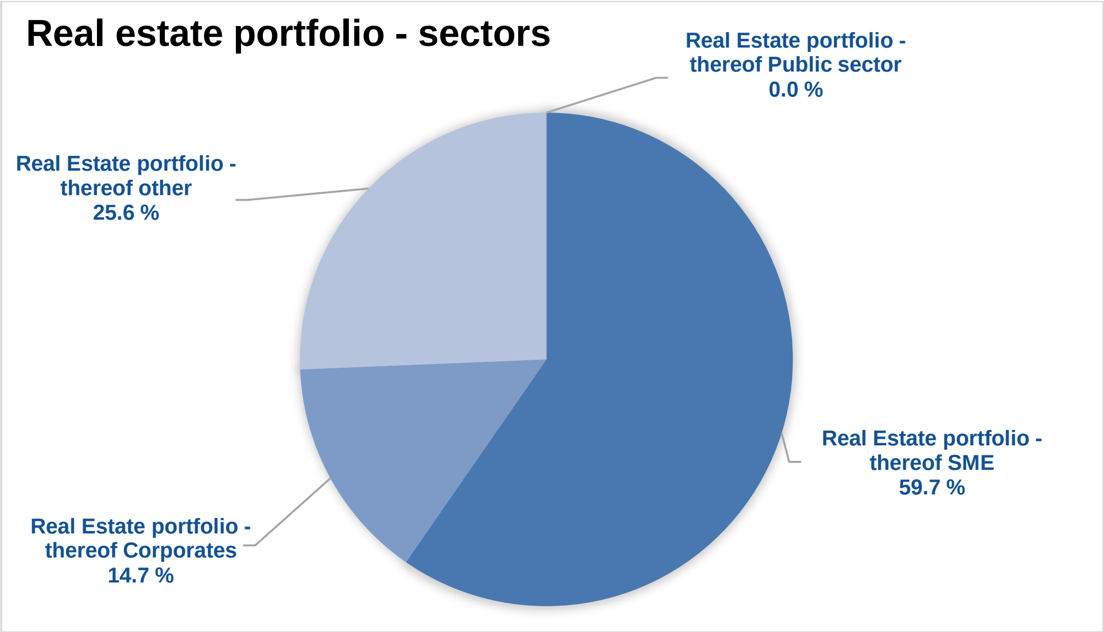
[2] *The definition of the sector is largely aligned with the ÖNACE codes and cannot be compared directly with customer segments, where a different classification logic is applied.*

Euro thousand 31 Dec 2023	Private households	Financial services incl. Banks	Public authorities	Real estate	Construction industry
Liquid funds	0	0	3,261,663	0	0
Loans and receivables to credit institutions	0	2,598,534	0	0	0
At amortised cost	0	2,598,534	0	0	0
Loans and receivables to customers	2,086,477	140,407	46,201	2,557,174	79,352
At amortised cost	2,043,740	140,384	45,757	2,546,908	78,263
At fair value	42,737	23	443	10,266	1,089
Assets held for trading - fixed-income securities	0	0	0	1,525	0
At fair value	0	0	0	1,525	0
Financial investments - fixed-income securities	0	1,737,643	893,368	0	0
At amortised cost	0	1,720,873	889,449	0	0
At fair value	0	16,770	3,918	0	0
Contingent liabilities	27,080	49,047	99	13,967	8,538
Credit risks	249,771	2,311,269	17,857	238,487	34,542
Total	**2,363,329**	**6,836,900**	**4,219,187**	**2,811,154**	**122,431**

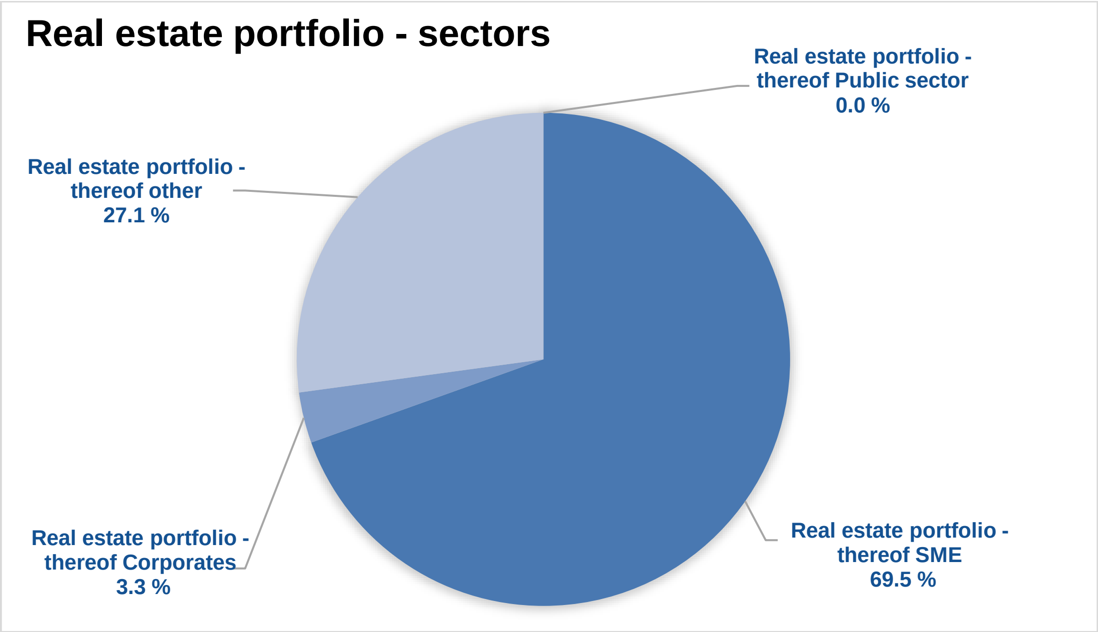
	Tourism	Trade and repairs	Physicians/ healthcare	Food/ agriculture and forestry	Others	Total
Liquid funds	0	0	0	0	0	3,261,663
Loans and receivables to credit institutions	0	0	0	0	0	2,598,534
At amortised cost	0	0	0	0	0	2,598,534
Loans and receivables to customers	99,277	194,941	81,591	129,814	532,927	5,948,161
At amortised cost	96,981	193,720	81,322	123,970	531,387	5,882,432
At fair value	2,296	1,221	269	5,844	1,540	65,729
Assets held for trading - fixed-income securities	0	0	0	0	2,471	3,996
At fair value	0	0	0	0	2,471	3,996
Financial investments - fixed-income securities	0	0	0	0	63,137	2,694,147
At amortised cost	0	0	0	0	63,137	2,673,459
At fair value	0	0	0	0	0	20,688
Contingent liabilities	5,278	12,223	3,179	1,304	22,141	142,856
Credit risks	16,788	75,921	5,688	24,736	133,728	3,108,787
Total	**121,343**	**283,085**	**90,458**	**155,854**	**754,403**	**17,758,144**

The following charts show the distribution of the real estate portfolio by segments, and the proportion of non-performing loans within the real estate portfolio. The major part of the real estate portfolio is found in the SME segment with 59.7 % (2023: 69.5 %), at 11.2 % (2023: 4.2 %) the NPL ratio in the real estate portfolio is above the NPL ratio of internal risk control for VBW of 6.6 % (2023: 3.1 %) as at 31 December 2024.

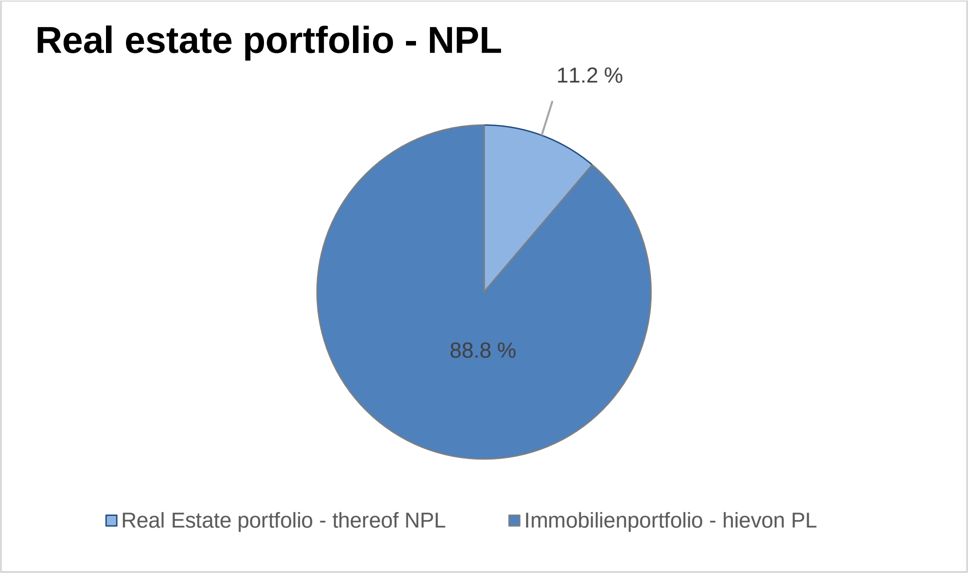
Real estate portfolio – sectors as at 31 December 2024:



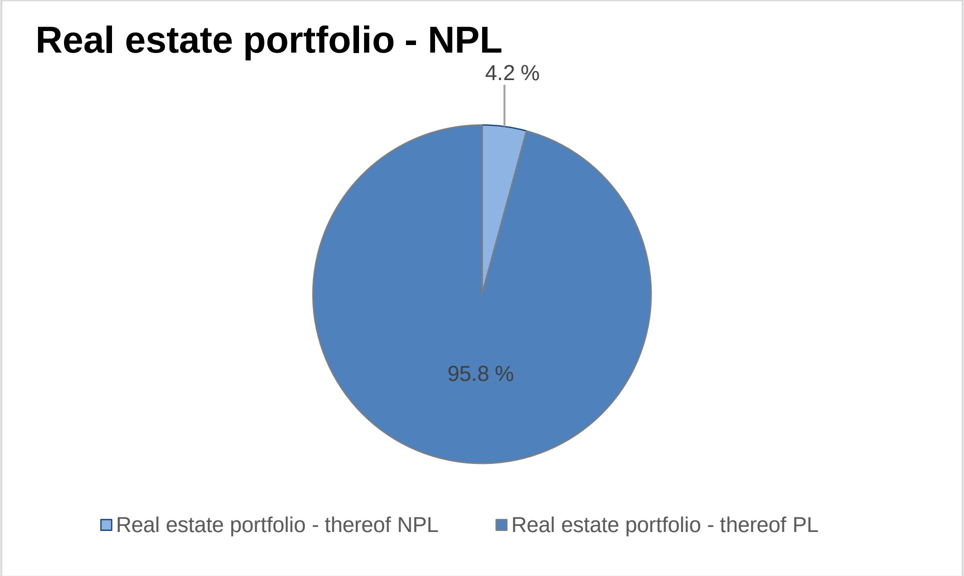
Real estate portfolio – sectors as at 31 December 2023:



Real estate portfolio – NPL ratio as at 31 December 2024:



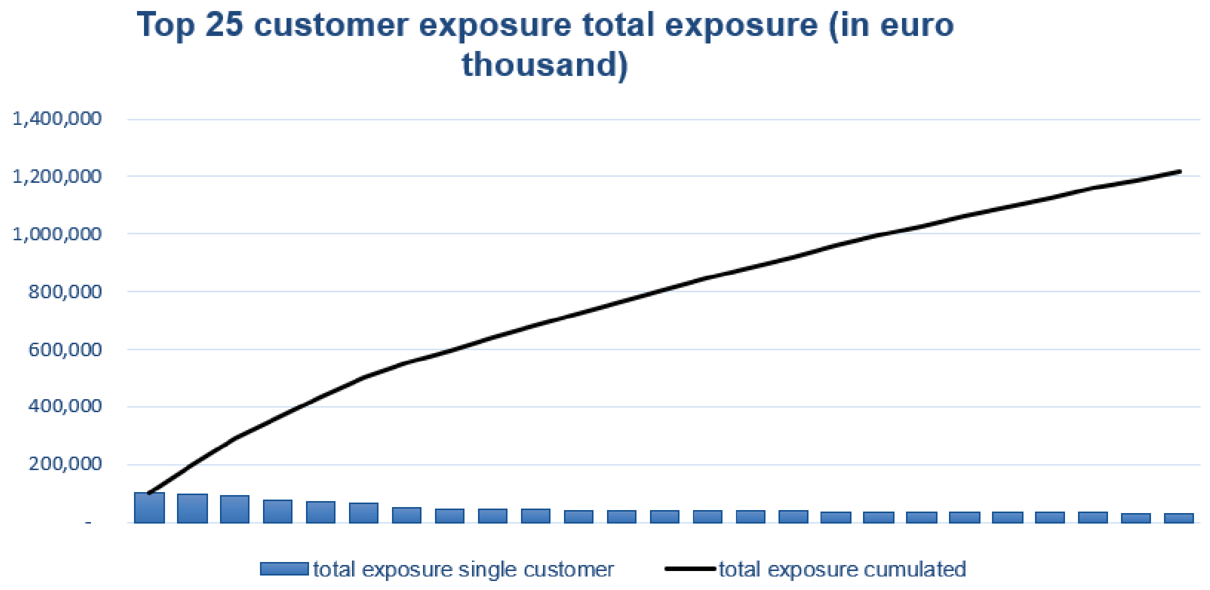
Real estate portfolio – NPL ratio as at 31 December 2023:



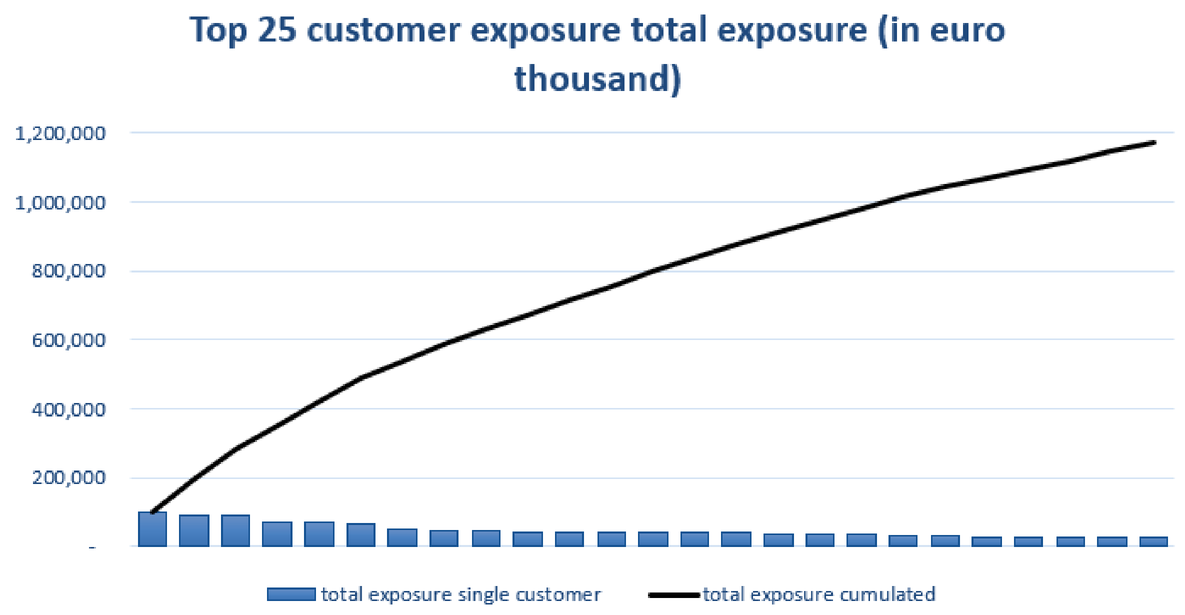
Presentation of the Top 25 exposures

The following chart shows the Top 25 loans and receivables customers of VBW as at 31 December 2024 with the total exposure per individual customer as well as the cumulative total exposure of euro 1,216,174 thousand (2023: euro 1,171,838 thousand), and reflects the business model of VBW with a focus on small-volume private and SME customers. The Top 25 loans and receivables customers correspond to some 17.1 % (2023: 17.1 %) of total loans and receivables customers of VBW (Top no. 1 customer: 1.4 % of total loans and receivables to customers). The values are shown in line with the internal risk perspective, meaning loans and receivables to customers as well as credit risks and contingent liabilities customers excluding internal transactions within the Association and the portion of the Association's guarantee that is not allocated to VBW.

Top 25 customers total exposure as at 31 December 2024:



Top 25 customers total exposure as at 31 December 2023:



Development by ratings

The division of the individual risk categories is effected according to the internal rating levels applicable within the Association. Receivables of risk category 1 have the highest credit rating (lowest expected default rate), while receivables of risk category 4 have the lowest credit rating, and receivables of risk category 5 constitute defaulted receivables (non-performing loans, NPLs). The NR category primarily comprises exposures below the threshold for mandatory rating.

Portfolio distribution by ratings and stages

Euro thousand	Risk category						
31 Dec 2024	**1 (1A - 1E)**	**2 (2A - 2E)**	**3 (3A - 3E)**	**4 (4A - 4E)**	**5 (5A - 5E)**	**6 (NR)**	**Total**
Liquid funds	3,830,098	0	0	0	0	0	3,830,098
Loans and receivables to credit institutions	81,816	1,719,488	57	0	0	0	1,801,361
At amortised cost	81,816	1,719,488	57	0	0	0	1,801,361
Thereof Stage 1	81,816	1,719,488	25	0	0	0	1,801,329
Thereof Stage 2	0	0	32	0	0	0	32
Thereof Stage 3	0	0	0	0	0	0	0
Loans and receivables to customers	249,073	3,064,455	2,172,661	282,000	447,803	473	6,216,464
At amortised cost	245,767	3,032,809	2,163,002	280,043	446,237	473	6,168,331
Thereof Stage 1	244,473	2,970,046	1,454,426	10,354	0	206	4,679,506
Thereof Stage 2	1,294	62,763	708,576	269,689	0	267	1,042,588
Thereof Stage 3	0	0	0	0	446,237	0	446,237
At fair value	3,306	31,645	9,659	1,957	1,566	0	48,133
Assets held for trading - fixed-income securities	0	3,541	1,080	0	0	0	4,621
At fair value	0	3,541	1,080	0	0	0	4,621
Financial investments - fixed-income securities	2,254,644	1,374,085	0	0	0	0	3,628,729
At amortised cost	2,232,926	1,369,312	0	0	0	0	3,602,239
Thereof Stage 1	2,232,926	1,369,312	0	0	0	0	3,602,239
Thereof Stage 2	0	0	0	0	0	0	0
Thereof Stage 3	0	0	0	0	0	0	0
At fair value	21,718	4,772	0	0	0	0	26,491
Contingent liabilities	14,006	63,376	46,032	4,089	1,726	307	129,535
Thereof Stage 1	12,264	58,601	38,074	556	0	294	109,789
Thereof Stage 2	1,741	4,775	7,959	3,533	0	13	18,020
Thereof Stage 3	0	0	0	0	1,726	0	1,726
Credit risks	139,531	3,395,578	249,534	24,114	20,828	1,827	3,831,412
Thereof Stage 1	133,686	3,379,998	189,792	2,977	0	440	3,706,892
Thereof Stage 2	5,846	15,580	59,743	21,137	0	1,387	103,692
Thereof Stage 3	0	0	0	0	20,828	0	20,828
Total	**6,569,168**	**9,620,522**	**2,469,365**	**310,203**	**470,357**	**2,607**	**19,442,221**

Euro thousand 31 Dec 2023	Risk category 1 (1A - 1E)	2 (2A - 2E)	3 (3A - 3E)	4 (4A - 4E)	5 (5A - 5E)	6 (NR)	Total
Liquid funds	3,261,663	0	0	0	0	0	3,261,663
Loans and receivables to credit institutions	74,401	2,524,082	51	0	0	0	2,598,534
At amortised cost	74,401	2,524,082	51	0	0	0	2,598,534
Thereof Stage 1	74,401	2,524,082	8	0	0	0	2,598,491
Thereof Stage 2	0	0	43	0	0	0	43
Thereof Stage 3	0	0	0	0	0	0	0
Loans and receivables to customers	195,922	2,985,788	2,419,430	145,925	200,295	801	5,948,161
At amortised cost	192,218	2,948,405	2,405,847	144,222	190,939	801	5,882,432
Thereof Stage 1	190,944	2,911,562	2,114,272	12,951	0	230	5,229,959
Thereof Stage 2	1,274	36,843	291,575	131,270	0	572	461,534
Thereof Stage 3	0	0	0	0	190,939	0	190,939
At fair value	3,704	37,383	13,583	1,704	9,356	0	65,729
Assets held for trading - fixed-income securities	0	1,475	2,521	0	0	0	3,996
At fair value	0	1,475	2,521	0	0	0	3,996
Financial investments - fixed-income securities	1,573,478	1,120,669	0	0	0	0	2,694,147
At amortised cost	1,561,496	1,111,962	0	0	0	0	2,673,459
Thereof Stage 1	1,561,496	1,111,962	0	0	0	0	2,673,459
Thereof Stage 2	0	0	0	0	0	0	0
Thereof Stage 3	0	0	0	0	0	0	0
At fair value	11,982	8,707	0	0	0	0	20,688
Contingent liabilities	13,826	61,290	63,809	1,916	1,968	48	142,856
Thereof Stage 1	12,381	56,547	57,199	233	0	43	126,404
Thereof Stage 2	1,445	4,742	6,610	1,682	0	5	14,484
Thereof Stage 3	0	0	0	0	1,968	0	1,968
Credit risks	128,083	2,683,181	265,389	16,066	14,312	1,757	3,108,787
Thereof Stage 1	123,977	2,669,892	250,936	1,098	0	557	3,046,460
Thereof Stage 2	4,106	13,289	14,453	14,967	0	1,200	48,016
Thereof Stage 3	0	0	0	0	14,312	0	14,312
Total	**5,247,372**	**9,376,484**	**2,751,201**	**163,907**	**216,574**	**2,606**	**17,758,144**

Effects from contract amendments

For 2024, the effect on profit or loss from changes in contracts for financial instruments is euro -5,492 thousand (2023: euro +572 thousand). Within the Association of Volksbanks, this concerns loans and receivables to customers exclusively.

Development of NPL portfolio

Receivables are considered defaulted if there is a default of payment of more than 90 days, pursuant to the CRR, and/or if it is unlikely that the borrower is going to meet its loan obligations in full without recourse to certain measures, such as the liquidation of any collateral (if available). The defaulted loans or NPLs are allocated to risk category 5 within the Association of Volksbanks. Internal control is effected according to the NPL ratio for balance sheet and off-balance sheet loans and receivables to customers. While defaults are monitored for the remaining types of receivables as well, in the past they have been of minor importance for the purpose of control.

As at 31 December 2024, the NPL ratio within internal risk control amounted to 6.6 % for VBW (2023: 3.1 %).

The NPL coverage ratio through risk provisions or Coverage Ratio I for internal reporting amounts to 29.4 % for VBW as at 31 December 2024 (2023: 31.4 %).

The NPL coverage ratio through risk provisions and collaterals or Coverage Ratio III for internal reporting amounts to 102.8 % for VBW as at 31 December 2024 (2023: 112.4 %).

These ratios under the internal risk perspective exclusively refer to loans and receivables to customers as well as credit risks and contingent liabilities towards customers excluding internal transactions within the Association. For this reason, these figures are different from the values presented in the following table. The credit risks and contingent liabilities in the table below also include transactions concluded with other Volksbanks. The items substantially increase the NPL denominator, thus reducing, for instance, the NPL ratio significantly (see explanatory notes below); accordingly, this perspective is less relevant for risk control.

The loan volume relevant for calculating the NPL ratio amounted to euro 7,112,309 thousand (2023: euro 6,834,406 thousand) in internal reporting. As mentioned already, this amount excludes the internal transactions of the Association and is accordingly much lower than the euro 10,177,412 thousand shown in the following table as at 31 December 2024 (2023: euro 9,199,804 thousand).

Portfolio distribution NPL Portfolio:

Euro thousand 31 Dec 2024	Loan volume - total	NPL	NPL Ratio	Risk provisions for NPL
Liquid funds	3,830,098	0	0.00 %	0
Loans and receivables credit institutions	1,801,361	0	0.00 %	0
At amortised cost	1,801,361	0	0.00 %	0
Loans and receivables customers	6,216,464	447,803	7.20 %	133,003
At amortised cost	6,168,331	446,237	7.23 %	133,003
Thereof Retail private	2,101,026	34,690	1.65 %	8,541
Thereof SME	2,651,363	167,505	6.32 %	50,860
Thereof Corporates	642,765	22,703	3.53 %	12,188
Thereof other	773,177	221,339	28.63 %	61,414
At fair value	48,133	1,566	3.25 %	0
Thereof Retail private	34,575	1,170	3.39 %	0
Thereof SME	12,296	395	3.22 %	0
Thereof Corporates	10	0	0.00 %	0
Thereof other	1,253	0	0.00 %	0
Assets held for trading - fixed-income securities	4,621	0	0.00 %	0
At fair value	4,621	0	0.00 %	0
Financial investments - fixed-income securities	3,628,729	0	0.00 %	0
At amortised cost	3,602,239	0	0.00 %	0
At fair value	26,491	0	0.00 %	0
Contingent liabilities	129,535	1,726	1.33 %	1,285
Credit risks	3,831,412	20,828	0.54 %	2,872
Total	**19,442,221**	**470,357**	**2.42 %**	**137,160**
Loans and receivables customers, contingent liabilities, credit risks	10,177,412	470,357	4.62 %	137,160
Liquid funds, loans and receivables credit institutions and customers	11,847,923	447,803	3.78 %	133,003

	NPL coverage ratio (Risk provision)	Collaterals for NPL	NPL coverage ratio (Risk provision + collaterals)
Liquid funds	0.00 %	0	0.00 %
Loans and receivables to credit institutions	0.00 %	0	0.00 %
At amortised cost	0.00 %	0	0.00 %
Loans and receivables to customers	29.70 %	346,944	107.18 %
At amortised cost	29.81 %	345,427	107.21 %
Thereof Retail private	24.62 %	28,450	106.63 %
Thereof SME	30.36 %	134,430	110.62 %
Thereof Corporates	53.68 %	8,176	89.69 %
Thereof other	27.75 %	174,371	106.53 %
At fair value	0.00 %	1,517	96.89 %
Thereof Retail private	0.00 %	1,122	95.86 %
Thereof SME	0.00 %	395	99.92 %
Thereof Corporates	0.00 %	0	0.00 %
Thereof other	0.00 %	0	0.00 %
Assets held for trading - fixed-income securities	0.00 %	0	0.00 %
At fair value	0.00 %	0	0.00 %
Financial investments - fixed-income securities	0.00 %	0	0.00 %
At amortised cost	0.00 %	0	0.00 %
At fair value	0.00 %	0	0.00 %
Contingent liabilities	74.48 %	1,480	160.23 %
Credit risks	13.79 %	0	13.79 %
Total	**29.16 %**	**348,424**	**103.24 %**
Loans and receivables to customers, contingent liabilities, credit risks	29.16 %	348,424	103.24 %
Liquid funds, loans and receivables to credit institutions and customers	29.70 %	346,944	107.18 %

Euro thousand 31 Dec 2023	Loan volume - total	NPL	NPL Ratio	Risk provisions for NPL
Liquid funds	3,261,663	0	0.00 %	0
Loans and receivables credit institutions	2,598,534	0	0.00 %	0
At amortised cost	2,598,534	0	0.00 %	0
Loans and receivables customers	5,948,161	200,295	3.37 %	66,020
At amortised cost	5,882,432	190,939	3.25 %	66,020
Thereof Retail private	2,043,740	28,301	1.38 %	6,994
Thereof SME	2,786,127	75,878	2.72 %	27,049
Thereof Corporates	326,226	4,795	1.47 %	3,358
Thereof other	726,339	81,966	11.28 %	28,619
At fair value	65,729	9,356	14.23 %	0
Thereof Retail private	42,737	2,209	5.17 %	0
Thereof SME	15,073	624	4.14 %	0
Thereof Corporates	38	0	0.00 %	0
Thereof other	7,881	6,522	82.76 %	0
Assets held for trading - fixed-income securities	3,996	0	0.00 %	0
At fair value	3,996	0	0.00 %	0
Financial investments - fixed-income securities	2,694,147	0	0.00 %	0
At amortised cost	2,673,459	0	0.00 %	0
At fair value	20,688	0	0.00 %	0
Contingent liabilities	142,856	1,968	1,38 %	512
Credit risks	3,108,787	14,312	0.46 %	5,613
Total	**17,758,144**	**216,574**	**1.22 %**	**72,146**
Loans and receivables customers, contingent liabilities, credit risks	9,199,804	216,574	2.35 %	72,146
Liquid funds, loans and receivables credit institutions and customers	11,808,358	200,295	1.70 %	66,020

	NPL coverage ratio (Risk provision)	Collaterals for NPL	NPL coverage ratio (Risk provision + collaterals)
Liquid funds	0.00 %	0	0.00 %
Loans and receivables to credit institutions	0.00 %	0	0.00 %
At amortised cost	0.00 %	0	0.00 %
Loans and receivables to customers	32.96 %	167,920	116.80 %
At amortised cost	34.58 %	162,777	119.83 %
Thereof Retail private	24.71 %	22,007	102.48 %
Thereof SME	35.65 %	54,913	108.02 %
Thereof Corporates	70.04 %	2,028	112.35 %
Thereof other	34.92 %	83,829	137.19 %
At fair value	0.00 %	5,142	54.97 %
Thereof Retail private	0.00 %	2,114	95.66 %
Thereof SME	0.00 %	610	97.71 %
Thereof Corporates	0.00 %	0	0.00 %
Thereof other	0.00 %	2,419	37.09 %
Assets held for trading - fixed-income securities	0.00 %	0	0.00 %
At fair value	0.00 %	0	0.00 %
Financial investments - fixed-income securities	0.00 %	0	0.00 %
At amortised cost	0.00 %	0	0.00 %
At fair value	0.00 %	0	0.00 %
Contingent liabilities	26.02 %	3,521	204.95 %
Credit risks	39.22 %	0	39.22 %
Total	**33.31 %**	**171,440**	**112.47 %**
Loans and receivables to customers, contingent liabilities, credit risks	33.31 %	171,440	112.47 %
Liquid funds, loans and receivables to credit institutions and customers	32.96 %	167,920	116.80 %

The following table shows the development of NPL holdings in the business year:

Euro thousand	Total
NPL as at 01 Jan 2023	**115,364**
Classified as impaired during the year	136,360
Transferred to not-impaired during the year	-5,369
Write off - NPL	-21,194
Net repayments and other movements	-8,586
NPL as at 31 Dec 2023	**216,574**
Classified as impaired during the year	324,690
Transferred to not-impaired during the year	-5,193
Write off - NPL	-31,689
Net repayments and other movements	-34,025
NPL as at 31 Dec 2024	**470,357**

Development forbearance portfolio

Forbearance refers to contractual 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 are classified as forborne are subject to special monitoring regulations within the Association of Volksbanks.

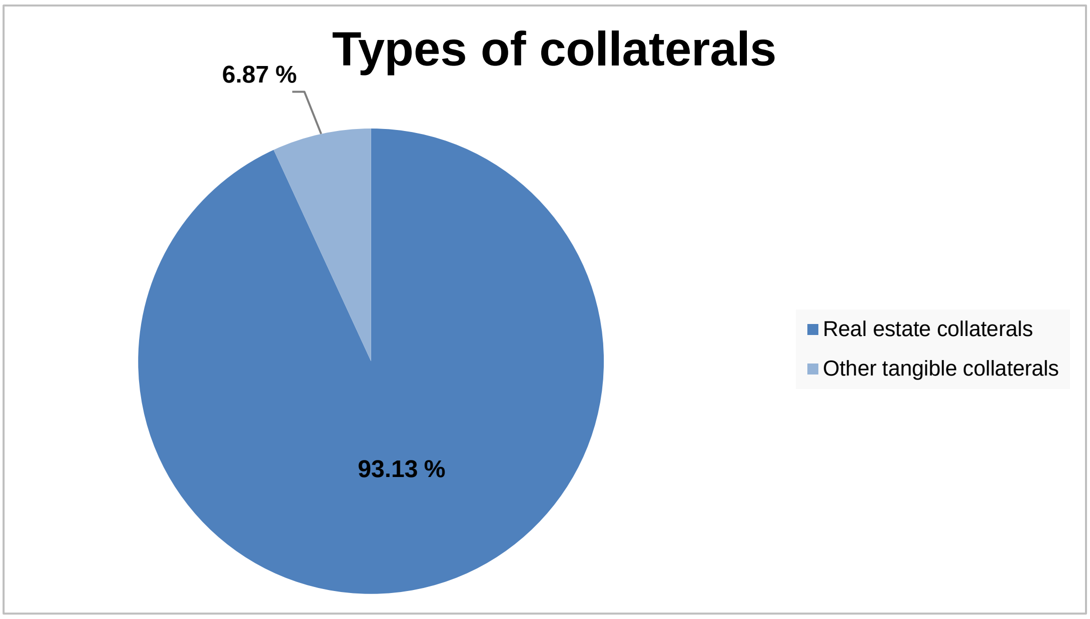
With respect to customer loans, forbearance was agreed for a total carrying amount of euro 329,940 thousand (2023: euro 115,805 thousand) for financial reasons. This amount relates to performing forborne loan exposure in the amount of euro 74,313 thousand (2023: euro 51,154 thousand) and non-performing forborne loan exposure in the amount of euro 255,627 thousand (2023: euro 64,651 thousand).

Development of the portfolio of collaterals:

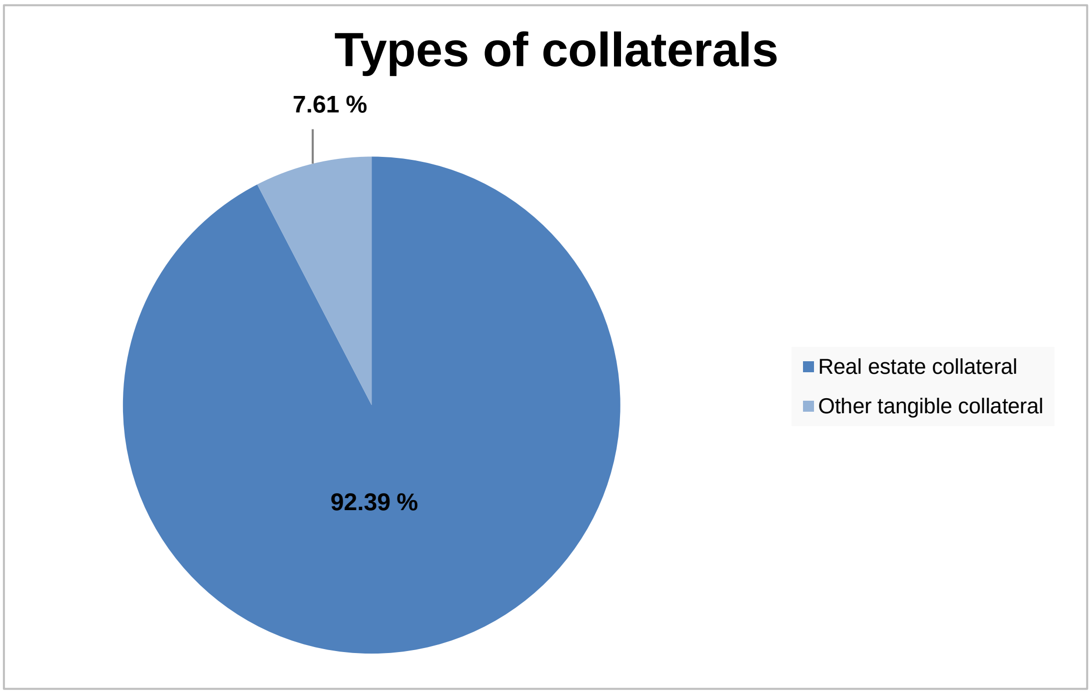
The following charts and table show the development of the portfolio of collaterals, with real estate collaterals accounting for the major part at VBW. The values reported represent the eligible value of the collaterals (after measurement and cap based on the amount of the receivable secured).

In the 2024 business year, no significant changes to the principles – applicable across the Association – for the management of loan collaterals occurred.

Types of collaterals as at 31 December 2024:



Types of collaterals as at 31 December 2023:



Euro thousand 31 Dec 2024	Loan volume - total	Allowable collateral amount - total	Real estate collaterals	Other tangible collaterals	Risk porvision	Provision	Loan volume - total, by collaterals and risk provision
Liquid funds	3,830,098	0	0	0	0	0	3,830,098
Loans and receivables to credit institutions	1,801,361	73,680	0	73,680	2,679	0	1,725,002
At amortised cost	1,801,361	73,680	0	73,680	2,679	0	1,725,002
Loans and receivables to customers	6,216,464	5,619,188	5,313,401	305,788	156,483	0	440,793
At amortised cost	6,168,331	5,575,514	5,272,431	303,084	156,483	0	436,334
Thereof Retail private	2,101,026	2,039,058	1,979,770	59,287	13,213	0	48,756
Thereof SME	2,651,363	2,416,455	2,212,185	204,367	66,344	0	168,564
Thereof Corporates	642,765	452,510	422,101	30,312	12,939	0	177,315
Thereof other	773,177	667,492	658,375	9,117	63,987	0	41,699
At fair value	48,133	43,674	40,970	2,704	0	0	4,459
Thereof Retail private	34,575	31,288	29,208	2,080	0	0	3,286
Thereof SME	12,296	11,417	10,793	624	0	0	879
Thereof Corporates	10	10	10	0	0	0	0
Thereof other	1,253	959	959	0	0	0	294
Assets held for trading - fixed-income securities	4,621	0	0	0	0	0	4,621
At fair value	4,621	0	0	0	0	0	4,621
Financial investments - fixed-income securities	3,628,729	0	0	0	542	0	3,628,187
At amortised cost	3,602,239	0	0	0	542	0	3,601,697
At fair value	26,491	0	0	0	0	0	26,491
Contingent liabilities	129,535	39,379	25,213	14,166	0	3,411	86,745
Credit risks	3,831,412	0	0	0	0	4,293	3,827,120
Total	**19,442,221**	**5,732,247**	**5,338,614**	**393,633**	**159,704**	**7,704**	**13,542,566**

31 Dec 2023							
Liquid funds	3,261,663	0	0	0	0	0	3,261,663
Loans and receivables to credit institutions	2,598,534	81,277	0	81,277	4,882	0	2,512,376
At amortised cost	2,598,534	81,277	0	81,277	4,882	0	2,512,376
Loans and receivables to customers	5,948,161	5,554,455	5,217,124	337,332	90,243	0	303,462
At amortised cost	5,882,432	5,498,466	5,163,965	334,500	90,243	0	293,723
Thereof Retail private	2,043,740	1,979,807	1,907,179	72,628	12,426	0	51,507
Thereof SME	2,786,127	2,608,330	2,402,395	205,935	43,152	0	134,645
Thereof Corporates	326,226	216,542	183,325	33,217	4,232	0	105,452
Thereof other	726,339	693,787	671,067	22,720	30,433	0	2,119
At fair value	65,729	55,990	53,158	2,831	0	0	9,739
Thereof Retail private	42,737	38,571	36,345	2,227	0	0	4,166
Thereof SME	15,073	13,993	13,390	603	0	0	1,080
Thereof Corporates	38	38	38	0	0	0	0
Thereof other	7,881	3,387	3,386	2	0	0	4,493
Assets held for trading - fixed-income securities	3,996	0	0	0	0	0	3,996
At fair value	3,996	0	0	0	0	0	3,996
Financial investments - fixed-income securities	2,694,147	0	0	0	685	0	2,693,462
At amortised cost	2,673,459	0	0	0	685	0	2,672,774
At fair value	20,688	0	0	0	0	0	20,688
Contingent liabilities	142,856	43,899	30,481	13,418	0	2,489	96,468
Credit risks	3,108,787	0	0	0	0	7,063	3,101,724
Total	**17,758,144**	**5,679,631**	**5,247,604**	**432,026**	**95,810**	**9,552**	**11,973,152**

Acquisition of real estate collaterals

In the past, real estate collaterals were only acquired in individual instances within VBW. This instrument is not applied currently.

Development of the netting positions

The following tables show the netting positions in the portfolio of VBW:

Euro thousand

31 Dec 2024

Derivatives	Assets	Liabilities	Net values
Banking book	241,426	-233,674	7,751
Trading book	18,065	-32,624	-14,560
Cash collaterals	**Pledged**	**Received**	**Net values**
Banking book	259,490	-266,298	-6,808
Total			**-13,616**

31 Dec 2023

Derivatives	Assets	Liabilities	Net values
Banking book	254,260	-242,950	11,310
Trading book	20,003	-35,936	-15,933
Cash collaterals	**Pledged**	**Received**	**Net values**
Banking book	274,262	-278,886	-4,624
Total			**-9,247**

c) Market risk

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. VBW distinguishes the following types of market risk:

- Interest rate risk in the banking book
- Credit spread risk in the banking book
- Market risk in the trading book
- Foreign exchange risk (open FX positions)
- Other valuation risks (IFRS fair value change)

Interest rate risk in the banking book

Interest rate risks emerge primarily through term transformation, which arises from different fixed interest rates between assets and liabilities. VBW 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 item mainly results from retail banking, where fixed interest loans are also 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 VBW mainly arises from index-linked loans and loans with fixed interest rates, from non-maturing deposits or deposits with limited bonus in the form of sight and savings deposits and 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

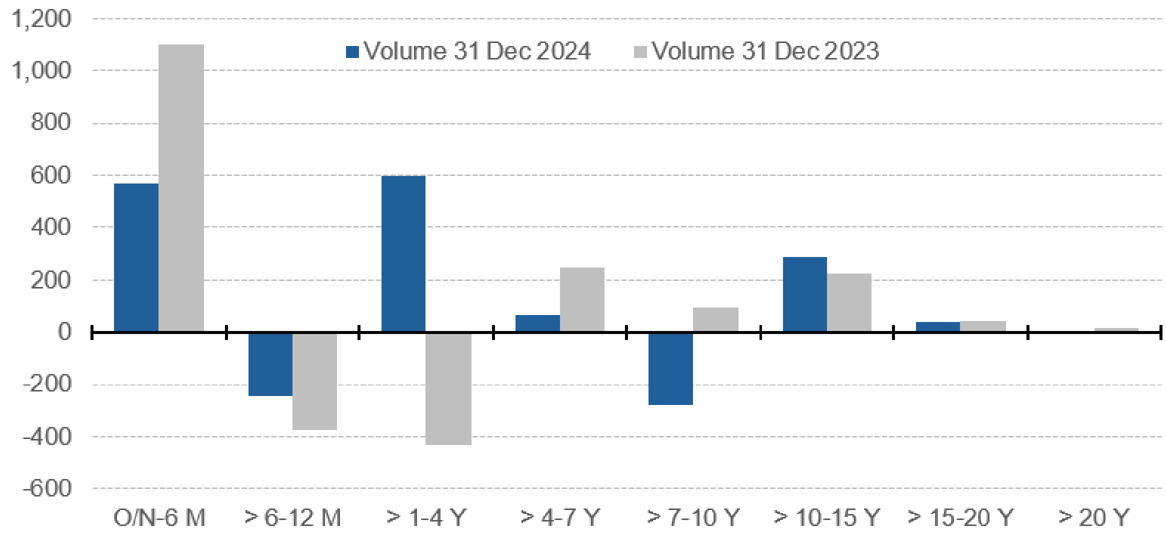
Code (UGB). Micro hedges for securities positions, issues and individual loans can also be used. Retail business without maturity and with no fixed interest period or with a limited bonus is included in interest rate risk modelling by way of replication assumptions, in order to show sensitivity to interest rate changes (e.g. for demand and savings deposits and current account loans and receivables).

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. The VaR is included in the ICAAP as part of the risk-bearing capacity calculation. Net interest income risk is measured using the NII coefficient (equally 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, VBW has a positive term transformation, measured using the regulatory EVE coefficient and PVBP. In case of positive term transformation, the present value interest rate risk consists in increasing interest rates. Due to continued growth in fixed interest loans and reallocations of index-linked to fixed interest loans, hedges were required in the first half of 2024 to comply with the internal trigger. The EVE coefficient markedly decreased in July 2024, due to a recalibration and remodelling of the replication assumptions, and has not triggered any need for hedging transactions ever since. Monthly volatility of the coefficient mainly arose from the usual effects of payment transactions and fixing.

As opposed to present value interest rate risk, the 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. The NII coefficient markedly increased in July 2024 due to the recalibration and remodelling of the replication assumptions, which caused a need for hedging transactions, which was achieved by the reversal of existing layer hedges.

VBW interest rate gap (in euro million)



A distinguishing feature of the interest rate gap is the net asset position in the maturity band up to 6 months, which mainly arises through the index-linked loan portfolio. In the maturity bands up to 10 years, the customer deposits modelled on the basis of interest rate replicates reduce the interest rate gap. In the long-term range of more than 10 years, asset overhangs result from fixed interest loans.

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 department of the CO. Interest rate risk is controlled both under a present-value perspective and under a periodic/P&L perspective.

Concentration risk

No concentration risks exist within interest rate risk.

Credit spread risk

The portfolio relevant for the credit spread risk includes both the company's own bond portfolio and receivables from 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.

Risk 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. For loans and receivables to customers designated as FVPL, new investments are only possible in exceptional cases, which means that no material risk arises in this area either. The major part of the bond portfolio is allocated to the AC category (amortised cost) under IFRS 9. The volume of loans and receivables to customers designated as FVPL is small. Therefore, the credit spread risk that affects P&L and OCI is low.

Credit spread sensitivities of VBW

Euro thousand 31 Dec 2024	100 bps shift At amortised cost	Fair value through OCI	Fair value through profit or loss	Total
Section 30a of the Austrian Banking Act - Association of Volksbanks	-168,811	-947	-1,295	-171,053
31 Dec 2023				
Section 30a of the Austrian Banking Act - Association of Volksbanks	-136,133	-638	-346	-137,117

Concentration risk

Concentration risks within credit spread risk can arise at the level of issuers or risk clusters in case of similar issuers. The risk clusters are reported in the ALCO. As at 31 December 2024, 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.

Portfolio distribution by credit rating

Euro thousand	31 Dec 2024	31 Dec 2023
Risk category 1 (1A - 1E)	3,122,930	2,461,037
Risk category 2 (2A - 2E)	514,203	185,244
Risk category 3 (3A - 3E)	8,031	35,057
Risk category 4 (4A - 4E)	1,532	0
Risk category 5 (5A - 5E)	0	0
Risk category 6 (NR)	0	0
Total	**3,646,697**	**2,681,339**

Risk cluster

Euro thousand 31 Dec 2024	Amortised cost Carrying amount	Fair value through OCI Carrying amount	Fair value through profit or loss Carrying amount	Total Carrying amount
Covered EUR AAA	1,963,391	18,015	0	1,981,406
Sovereigns Austria	419,887	6,182	0	426,069
Financials EUR BBB	262,867	0	1,714	264,582
Sovereigns Germany	151,180	0	0	151,180
Financials EUR AA	142,535	0	0	142,535
Sovereigns France	105,856	0	0	105,856
Other Sovereigns EUR AAA	105,742	0	0	105,742
Sovereigns Slovakia	63,026	0	0	63,026
Sovereigns Belgium	46,843	0	0	46,843
Sovereigns Poland	42,373	0	0	42,373
Carrying amount < euro 42,000 thousand	271,960	0	45,126	317,085
Total	**3,575,659**	**24,197**	**46,840**	**3,646,697**
31 Dec 2023				
Covered EUR AAA	1,592,505	14,650	0	1,607,155
Sovereigns Austria	361,891	1,527	0	363,418
Sovereigns Germany	130,504	0	0	130,504
Sovereigns France	100,075	0	0	100,075
Financials EUR AA	91,846	0	0	91,846
Other Sovereigns EUR AAA	62,098	2,389	0	64,487
Sovereigns Slovakia	52,879	0	0	52,879
Sovereigns Belgium	47,922	0	0	47,922
Sovereigns Spain	39,279	0	0	39,279
Sovereigns Portugal	35,057	0	0	35,057
Carrying amount < euro 30,000 thousand	146,068	0	2,650	148,717
Total	**2,660,123**	**18,566**	**2,650**	**2,681,339**

Portfolio structure by IFRS 9 categories

Euro thousand 31 Dec 2024	Bond	Loan & SSD	Fund & Equity	Total
Amortised cost	3,575,659	0	0	3,575,659
Fair value through OCI	24,197	0	0	24,197
Fair value through profit or loss	2,740	44,100	0	46,840
Total	**3,602,597**	**44,100**	**0**	**3,646,697**
31 Dec 2023				
Amortised cost	2,660,123	0	0	2,660,123
Fair value through OCI	18,566	0	0	18,566
Fair value through profit or loss	2,650	0	0	2,650
Total	**2,681,339**	**0**	**0**	**2,681,339**

Market risk in the trading book

The market risk in the trading book of VBW is of subordinate 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 income. The trading book volume is continuously below the regulatory threshold of euro 500 million (Art. 325a CRR).

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 VBW is relatively low and mainly arises from euro interest rate positions.

Interest, interest volatility and credit spread sensitivities in the trading book

Euro thousand 31 Dec 2024	Interest +1 basis point	Interest volatility +1 %	Credit spread +1 basis point
Trading book	-1	-4	-3
31 Dec 2023			
Trading book	-1	-6	-2

Foreign exchange risk (open foreign exchange positions)

The foreign exchange risk from open FX positions is immaterial at VBW. 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 liquidity management.

Open foreign exchange positions:

Euro thousand Currency	31 Dec 2024	31 Dec 2023
USD	-133	-307
CHF	-37	666
CZK	28	-276
GBP	16	-23
JPY	0	-9
Others	984	779
Total	**858**	**830**

d) Liquidity risk

The most important source of funding of VBW consists of highly diversified customer deposits, which have proven to be a stable source of funding. Obviously, this is responsible for the major part of liquidity risk. The stability of customer deposits has become apparent again during the COVID pandemic in 2020/2021.

The capital market offers opportunities for refinancing through securities issues, mainly covered bonds, to VBW as CO of the Association of Volksbanks. Due to balance sheet growth, in spite of the two benchmark issues, the share of capital market funding in total assets is still small. 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.

Both short-term operational liquidity management and medium- to long-term liquidity management are performed in a centralised manner at VBW for the Association. The affiliated banks cover their refinancing requirements and invest their excess liquidity through VBW. The monitoring and limitation of liquidity risk across the Association, as well as the methodological requirements regarding risk measurement are taken care of by the Market and Liquidity Risk Control department at VBW. The ALCO respectively Treasury is responsible for controlling the liquidity position of the Association of Volksbanks within the scope of risk limits defined by Risk Control and approved by the Managing Board. Liquidity risk reporting within the ALCO is taken care of by the Market and Liquidity Risk Control department.

Operational liquidity management is taken care of by the Liquidity Management department in Treasury. It is also responsible for transfer pricing, the central management of collaterals across the Association, the determination of the funding structure, the disposition of available liquid funds, and compliance with the refinancing strategy.

In liquidity risk, a distinction is made between illiquidity risk and funding risk. Illiquidity risk is the risk to be unable to settle payment obligations when they are due. For the Association, which consists of retail banks, illiquidity risk typically consists in the risk of a bank run. This occurs when, due to a loss of confidence, customers withdraw large deposit volumes and at the same time alternative funding sources are not accessible. 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 national bank, of ECB tender potential, and covered bond issue potential. The liquidity of the liquidity buffer is tested regularly. The funding risk is the risk that, while there is access to funding, this funding is getting more expensive. The funding risk constitutes a burden on the income statement. It is accounted for as P&L risk within the ICAAP.

The measurement and limitation of illiquidity risk is effected through the regulatory indicators LCR and NSFR, the survival period from internal liquidity stress testing. The LCR aims to ensure the short-term financial solvency of banks under stressed conditions over a short-term horizon of 30 calendar days. The NSFR limits the liquidity term transformation by determining a minimum of stable refinancing, depending on the liquidity characteristics of the assets and other off-balance sheet transactions of a bank. The survival period is the period during which, under a given stress scenario, the liquidity buffer held is sufficient to cover cumulated net liquidity outflows. The ratios are calculated on a monthly basis and, additionally, the LCR on a weekly basis. The funding risk is measured by way of a scenario analysis that takes into account the effect on funding costs, considering general planning uncertainties and adverse idiosyncratic conditions. These calculations provide input to the ICAAP as well as stress testing activities across the Association.

Liquidity position and liquidity ratios in 2024:

The association of credit institutions will continue to have a comfortable liquidity position in 2024. In 2024, customer deposits continued to increase as planned. The reallocations from giro/savings deposits to time deposits decreased with decreasing interest rates, and towards year-end a movement back to giro/savings deposits from time deposits was observed. Additional liquidity was raised on the capital market through two Tier 2 benchmark issues. Further issues in the retail sphere will not lead to any material liquidity inflows, as this liquidity usually originates from deposits. At the same time, the additional liquidity requirement from lending business was low. The last tranche of the central bank funds raised in 2020/2021 (TLTRO) was paid back in June 2024. Loans and receivables to customers continue to be almost entirely refinanced by customer deposits.

Following an increase to 242 % by May 2024, the LCR fell to 179 % in June due to the TLTRO repayment before rising once again. As at 31 December 2024, the LCR was 201 % (2023: 203 %). The survival period also shows high values in the bank run scenario, analogous to the LCR. It was over 200 days at all times in 2024 (as was also the case in 2023). The NSFR was stable in 2024 at a high level of between 180 % and 200 %, demonstrating the solid liquidity structure of the Association and therefore of VBW over the longer term also.

Concentration risk

Due to diversified funding through customer deposits, concentration risk is not material. Risk clusters might 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 within the scope of liquidity risk management.

e) Operational risk

VBW defines operational risk as the risk of losses due to the inadequacy or failure of internal procedures (processes), people, systems or to external 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 standard approach. An internal method based on loss data and risk scenarios is used for the economic perspective.

Organisation

At VBW, line management is responsible for the management of operational risks (OpRisk Management). It is supported in this function by centrally or decentrally based experts from the spheres 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 (with Compliance, Internal Audit, as well as Security & Outsourcing Governance, in particular) 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:

- 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 VBW, 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.

f) Other risks

In terms of other significant risks, the Association of Volksbanks faces strategic risk, equity risk, direct real estate risk, ESG risks, compliance risks, as well as risks due to money laundering, the financing of terrorism, sanctions and embargoes.

Strategic risk is the risk of negative effects on capital and earnings due to business policy decisions or insufficient adjustment to changes of the economic environment.

The Association of Volksbanks defines equity risk as the risk of an instable composition of internal equity in relation to the bank's type and size, or difficulties in quickly raising additional internal capital if needed.

The direct real estate risk describes the risk of negative value changes in the real estate portfolio (real estate in the company's own balance sheet or in the balance sheet of any subsidiary).

Other risks such as conduct risks, compliance risks, legal risks, model risks, as well as IT and system risks, outsourcing risks are taken into account, among others, in the compliance framework, in the framework for operational risks, and in the outsourcing framework.

ESG risks refer to events or conditions affecting the climate, the environment, social affairs or corporate governance, the occurrence of which could have an actually or potentially 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.

Organisational and process-based measures, in particular, have been implemented to manage these risks. ESG risks are mapped within existing risk categories

51) Fully consolidated companies

Company names and headquarters	Type*	Equity interest	Share in voting rights	Nominal capital in euro thousand
3V-Immobilien Errichtungs-GmbH; Vienna	HD	100.00 %	100.00 %	35
VB Infrastruktur und Immobilien GmbH; Vienna	HD	100.00 %	100.00 %	35
VB Services für Banken Ges.m.b.H.; Vienna	HD	100.00 %	100.00 %	327
VOBA Vermietungs- und Verpachtungsges.m.b.H.; Baden	HD	100.00 %	100.00 %	36

All fully consolidated companies are under control.

52) Companies measured at equity

Company names and headquarters	Type*	Equity interest	Share in voting rights	Nominal capital in euro thousand
VB Verbund-Beteiligung eG; Vienna	HO	30.47 %	30.47 %	51,742
Volksbank Kärnten eG; Klagenfurt	KI	26.79 %	26.79 %	32,700

53) Unconsolidated affiliated companies

Company names and headquarters	Type*	Equity interest	Share in voting rights	Nominal capital in euro thousand
ARZ-Volksbanken Holding GmbH; Vienna	HO	74.54 %	74.54 %	256
UVB-Holding GmbH; Vienna	SO	100.00 %	100.00 %	35
VB ManagementBeratung GmbH in Liqu.; Vienna	SO	100.00 %	100.00 %	36
VBKA-Holding GmbH; Vienna	SO	100.00 %	100.00 %	35

*Abbreviations Type

KI	credit institution
HD	ancillary banking service
SO, HO	other enterprise

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

VOLKSBANK WIEN AG,
Vienna,

and its subsidiaries („the Group"), which comprise the Consolidated Statement of Financial Position as at December 31, 2024, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and the Section 59a BWG (Austrian Banking Act).

Basis for our Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 („AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the „Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Valuation of receivables from customers at amortised cost

Risk for the Consolidated Financial Statements

Receivables from customers at amortised cost („receivables from customers") amount to 6,168.3 million EUR in the consolidated statement of financial position. The Managing Board of VOLKSBANK WIEN AG describes the approach to determine loan loss provisions in Notes 3o, 3p and 50b of the Notes to the consolidated financial statements.

As part of monitoring receivables from customers, it is evaluated whether loan loss provisions need to be recognized. This includes evaluating whether customers are able to meet the contractual repayment obligation in full.

The calculation of loan loss provisions for individually significant defaulted receivables from customers is based on an individual analysis of the expected and scenario weighted future repayments. This analysis is subject to the assessment of the economic condition and performance of the respective customer, the evaluation of collateral and an estimate of the amount and timing of the repayments derived therefrom.

For defaulted receivables from customers not individually significant, the calculation of the loan loss provisions is based on statistically determined common risk attributes. These loan loss provisions are calculated based on the rating level for defaulted customers and the exisiting collateral using statistical loss given default. Loss given default is derived from selected portfolios obtained externally or determined internally.

AUDITOR'S REPORT

For non-defaulted receivables from customers, a loan loss provision for the expected credit loss („ECL") based on statistical principles is recognized as well. Generally, the 12-month ECL (stage 1) is used. If the credit risk increases significantly, the ECL is calculated based on the lifetime expected credit loss (stage 2). The determination of ECL requires estimation and assumptions. These comprise rating-based probabilities of default and loss given default, which take information about current conditions and forecasts of future economic conditions into account. In order to take into account the deteriorated economic conditions for certain customers, in particular customers from energy-intensive industries and the industries construction and investment property (commercial real estate) the loan loss provisions calculated using the ECL model were increased („post-model adjustments").

This results in the risk for the consolidated financial statements that the calculation of loan loss provisions including the post-model adjustments is subject to significant estimation and assumptions, resulting in room for discretion as well as estimation uncertainty in respect of the amount of the loan loss provisions.

Our response

In testing the recoverability of receivables from customers we performed the following significant procedures:
- We analysed the process documentation and internal guidelines regarding the monitoring and recognition of loan loss provisions and evaluated whether they are suitable to identify events of default and to adequately determine the recoverability of these receivables from customers. We compiled the relevant key controls, assessed their design and implementation, and tested their effectiveness on a sample basis.
- On a sample basis selected from different portfolios, we evaluated whether evidence of credit default exists. Sampling was performed risk-oriented, subject to special consideration of rating levels and the investment property portfolio, where the focus was on the commercial real estate segment.
- In case of default of individually significant receivables from customers, the underlying assumptions were tested for conclusiveness, consistency as well as timing and amount of the expected repayments and mathematically evaluated. We assessed the valuation of real estate collaterals with the involvement of valuation specialists.
- For receivables from customers defaulted individually not significant and non-defaulted for which the loan loss provisions are calculated statistically, we evaluated the models taking into account internal validations. Additionally, we assessed the models and risk parameters (in particular the default probability and loss given default) used therein as to whether they are suitable to determine the loan loss provisions in adequate amounts. In addition, we assessed the calculations in the validation reports which monitor the appropriateness of the underlying assumptions of the parameters for selected models. We evaluated the allocation to stage 1 and stage 2 based on the relevant qualitative and quantiative criteria. The selection and dimensioning of forward-looking macro scenarios were analyzed and their consideration in the estimation of the default probability was assessed. We evaluated the derivation and rationale of the post-model adjustments made in 2024, as well as the underlying assumptions regarding their appropriateness. We tested the mathematical accuracy of the loan loss provisions by means of a simplified recalculation of the portfolio loan loss provisions for stage 1 and 3 (not significant) exposures and by recalculating stage 2 exposures on a sample basis. For these procedures we involved our financial risk management specialists.

Recognition of deferred tax assets on tax loss carryforwards

Risk for the Consolidated Financial Statements

The deferred tax assets on tax loss carryforwards based on future expected taxable income amounting to 56.9 million EUR in the consolidated statement of financial position. The Managing Board of VOLKSBANK WIEN AG describes the approach to recognize deferred tax assets in Notes 3v and 23 of the Notes to the consolidated financial statements.

Recognition of deferred tax assets on tax loss carryforwards highly depends on estimates made by the Managing Board in respect of the future availability of sufficient taxable profit and the reversal of deferred tax liabilities. The assessment of the realisation of tax loss carryforwards, mainly in VOLKSBANK WIEN AG, is based on forecasts and is subject to uncertainties and therefore represents a risk to the consolidated financial statements.

Our response

In assessing the recognition of deferred taxes for tax loss carryforwards, we performed the following significant procedures:
- We assessed the appropriateness of the assumptions made by using externally available data, such as macroeconomic forecasts, and the past results in respect of their planning accuracy. For these procedures, we consulted our valuation specialists.

AUDITOR'S REPORT

- Furthermore, we evaluated the assumptions underlying the forecast of future taxable profit on which tax loss carry-forwards are expected to be utilised, for traceability and plausibility. For this purpose, we compared the key input parameters for the forecast of future taxable profit with budgets and the derived tax calculations.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as Section 59a BWG (Austrian Banking Act) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, which require the audit to be conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:
- We identify and assess the risks of material misstatements in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

AUDITOR'S REPORT

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and conduct the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence on the financial information of the components within the Group, in order to form an audit opinion. We are responsible for directing, supervising and reviewing the audit activities carried out for the purposes of auditing the consolidated financial statements. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

AUDITOR'S REPORT

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on April 27, 2023, and were appointed by the supervisory board on May 2, 2023 to audit the consolidated financial statements of the Company for the financial year ending on December 31, 2024.

We have been auditors of the Company, without interruption, since the consolidated financial statements at December 31, 2015.

We declare that our opinion expressed in the „Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement Partner

The engagement partner is Mr. Christian Grinschgl.

Vienna, March 5, 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Christian Grinschgl
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

STATEMENT OF ALL LEGAL REPRESENTATIVES

VOLKSBANK WIEN AG
Statement of all Legal Representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

Vienna, March 5, 2025

Gerald Fleischmann
Chairman of the Managing Board

Rainer Borns
Deputy Chairman of the Managing Board

Thomas Uher
Deputy Chairman of the Managing Board

INDIVIDUAL ANNUAL FINANCIAL STATEMENTS VOLKSBANK WIEN AG

INDIVIDUAL ANNUAL FINANCIAL STATEMENTS VOLKSBANK WIEN AG

BALANCE SHEET

Assets			31 Dec 2024		31 Dec 2023
		Euro	Euro	Euro Thousand	Euro Thousand
1.	Cash in hand, balances with central banks		3,873,326,633.55		3,303,819
2.	Debt instruments issued by public bodies and similar securities		1,134,711,287.20		922,746
3.	Loans and advances to credit institutions				
	a) Due on demand	615,949,493.19		580,646	
	b) Other receivables	1,450,825,769.55	2,066,775,262.74	2,017,012	2,597,658
4.	Loans and advances to customers		6,091,375,917.65		5,890,758
5.	Bonds and other fixed-income securities				
	a) From public issuers	0.00		0	
	b) From other issuers	2,181,687,286.22	2,181,687,286.22	1,764,170	1,764,170
	Of which: In-house issues Euro 3,618,595.44 (2023: Euro thousand 2,074)				
6.	Shares and other variable-yield securities		2,519,818.93		758
7.	Participations Of which: in credit institutions Euro 40,910,671.88 (2023: Euro thousand 28,370)		92,992,998.30		85,734
8.	Investments in affiliates		8,253,154.73		15,802
9.	Intangible non-current assets		414,582.00		582
10.	Tangible fixed assets Of which: Land and buildings used by the credit institution within the scope of its own activities Euro 20,722,028.62 (2023: Euro thousand 24,162)		50,931,303.68		48,784
11.	Other assets		112,235,156.33		93,249
12.	Deferred items		16,502,974.92		13,734
13.	Deferred tax assets		17,870,551.97		19,115
Total assets			**15,649,596,928.22**		**14,756,910**
Off-balance sheet items					
1.	Foreign assets		2,544,514,274.28		2,102,004

Liabilities	Euro	31 Dec 2024 Euro	Euro Thousand	31 Dec 2023 Euro Thousand
1. Amounts owed to credit institutions				
a) Due on demand	2,501,849,282.67		2,202,966	
b) With agreed term or period of notice	567,705,947.77	3,069,555,230.44	785,247	2,988,213
2. Amounts owed to customers				
a) Saving deposits				
aa) Due on demand	738,730,356.18		991,853	
bb) With agreed term or period of notice	25,867,346.90		22,553	
	764,597,703.08		1,014,407	
b) Other liabilities				
aa) Due on demand	4,610,828,768.18		4,570,343	
bb) With agreed term or period of notice	1,310,978,400.24		971,102	
	5,921,807,168.42	6,686,404,871.50	5,541,445	6,555,851
3. Debts evidenced by certificates				
a) Issued debt securities	3,014,746,709.60		2,723,729	
b) Other debts evidenced by certificates	464,932,551.87	3,479,679,261.47	678,221	3,401,950
4. Other liabilities		285,652,91.05		329,103
5. Deferred items		8,720,809.01		7,215
6. Provisions				
a) Provisions for severance payments	20,105,675.00		19,305	
b) Provisions for pensions	8,100,598.00		9,356	
c) Provisions for taxes	0.00		4,670	
d) Other	41,779,318.79	69,985,591.79	37,702	71,032
7. Supplementary capital pursuant to Part 2, Title I, Chapter 4 of Regulation (EU) No 575/2013		1,224,169,466.74		400,000
8. Additional Tier 1 capital pursuant to Part 2, Title I, Chapter 3 of Regulation (EU) No 575/2013		0.00		220,000
9. Subscribed capital				
a) Share capital	137,546,531.25		137,547	
b) Nominal value of treasury shares held	-1,248,375.00	136,298,156.25	-624	136,922
10. Capital reserves				
a) appropriated	235,976,862.73		235,977	
b) unappropriated	41,943,830.99	277,920,693.72	41,944	277,921
11. Retained earnings				
a) Other reserves	359,905,816.06		313,127	
b) Reserve for treasury stocks	1,248,375.00	361,154,191.06	624	313,751
12. Liability reserve pursuant to section 57 (5) BWG		50,019,308.55		47,319
13. Net profit		36,446.64		7,631
Total liabilities and equity		**15,649,596,928.22**		**14,756,910**
Off-balance sheet items				
1. Contingent liabilities and liabilities from sureties, guarantees and provision of collateral		134,772,183.41		148,290
2. Credit risks		3,826,443,607.56		3,101,082
3. Liabilities from fiduciary transactions		134,499,475.41		150,367
4. Eligible capital pursuant to Part 2 of Regulation (EU) No 575/2013 Of which: Supplementary capital pursuant to Part 2, Title I, Chapter 4 of Regulation (EU) No 575/2013 Euro 1,148,631,202.51 (2023: Euro thousand 318,095)		1,952,240,362.89		1,297,950
5. Capital requirement pursuant to Article 92 of Regulation (EU) No 575/2013 Of which: Capital requirement pursuant to Article 92 (1)		4,586,901,462.28		4,327,478
(a) of Regulation (EU) No 575/2013 (Common Equity Tier 1 capital ratio in %)		17.52 %		17.56 %
(b) of Regulation (EU) No 575/2013 (Tier 1 capital ratio in %)		17.52 %		22.64 %
(c) of Regulation (EU) No 575/2013 (Total capital ratio in %)		42.56 %		29.99 %
6. Foreign liabilities		2,840,167,879.86		1,564,051

INCOME STATEMENT

				1-12 2024		1-12 2023
			Euro	Euro	Euro Thousand	Euro Thousand
	1.	Interest and similar income		549,717,781.26		478,300
		Of which: From fixed-income securities	103,506,923.70		66,600	
	2.	Interest and similar expenses		-407,511,418.71		-318,835
I.		NET INTEREST INCOME		142,206,362.55		159,465
	3.	Income from securities and investments				
		a) Income from shares, other ownership interests and variable-yield securities	22,397.37		14	
		b) Income from investments	20,709,219.49		1,704	
		c) Income from shares in affiliates	11,354,742.25	32,086,359.11	2,737	4,454
	4.	Fee and commission income		91,958,808.01		88,392
	5.	Fee and commission expenses		-17,543,728.79		-22,813
	6.	Net trading income/expenses		3,515,947.78		3,548
	7.	Other operating income		169,254,984.57		146,579
II.		OPERATING INCOME		421,478,733.23		379,625
	8.	General administrative expenses				
		a) Staff expenses				
		aa) Salaries	-86,291,002.89		-79,177	
		bb) Expenses for statutory social contributions and remuneration- related charges and compulsory contributions	-20,766,919.10		-18,903	
		cc) Other social expenses	-1,415,392.56		-1,263	
		dd) Expenses for retirement benefits and support	-1,993,124.59		-1,681	
		ee) Allocation to provision for pensions	329,049.58		-1,003	
		ff) Allocation to provision for severance payments and employee welfare funds	-3,092,785.47		-2,516	
			-113,230,175.03		-104,543	
		b) Other administrative expenses (administrative expenses)	-137,616,083.06	-250,846,258.09	-112,977	-217,520
	9.	Value adjustments on assets within items 9 and 10		-5,575,142.21		-5,565
	10.	Other operating expenses		-27,858,634.95		-28,038
III.		OPERATING EXPENSES		-284,280,035.25		-251,123
IV.		OPERATING PROFIT		137,198,697.98		128,502
	11.	Balance from impairments on receivables and allocations to provisions for contingent liabilities and for credit risks as well as from securities held within the liquidity reserve as well as income from the reversal of impairments on receivables and from provisions for contingent liabilities and for credit risks as well as from securities held within the liquidity reserve		-74,572,512.33		-24,221
	12.	Balance from impairments on securities measured as financial assets, as well as on participations and shares in affiliates and income from impairments on securities measured as financial assets, as well as on participations		-5,060,738.81		9,113
V.		RESULT FROM ORDINARY OPERATIONS		57,565,446.84		113,394
	13.	Income taxes		-2,821,312.35		-9,588
	14.	Other taxes not shown under item 13		-2,264,840.05		-2,459
VI.		ANNUAL SURPLUS		52,479,294.44		101,347
	15.	Movement in reserves		-52,479,294.44		-93,900
		Of which: allocation to the liability reserve in accordance with section 57 (5) Austrian Banking Act	-2,700,000.00		-2,500	
VII.		ANNUAL RESULT		0.00		7,447
	16.	Profit carried forward		36,446.64		184
VIII.		NET PROFIT		36,446.64		7,631

NOTES FOR THE FINANCIAL YEAR 2024

1. Accounting and valuation principles

General information

Since the 2015 business year, apart from retail business, VOLKSBANK WIEN AG (hereinafter also referred to as "VBW", "VB Wien" or the "company") has been performing the function of the central organisation of the Austrian Association of Volksbanks (hereinafter also referred to as the "Association") pursuant to section 30a of the Austrian Banking Act (BWG), which is associated with far-reaching management and steering functions (in particular within the sphere of risk and liquidity management). The members of the Association of Volksbanks (hereinafter also referred to as "affiliated banks") have unlimited liability among themselves, the pro-rata assumption of the costs and risks of the central organisation has been contractually agreed between the members. The regulatory provisions of Parts 2 to 8 of Regulation (EU) no. 575/2013 as well as section 39a Austrian Banking Act must be met by the Association of Volksbanks on the basis of the consolidated financial situation (section 30a (7) Austrian Banking Act). Furthermore, VBW must meet all regulatory provisions on the single-entity and consolidated levels.

The annual financial statements of VBW as at 31 December 2024 were prepared by the Managing Board in accordance with the Austrian Business Code (UGB) and the Austrian Banking Act. The annual financial statements have been prepared in accordance with the principles of proper accounting, as well as in compliance with the general standard to present a true and fair view of the net worth, financial and earnings position of the company.

Pursuant to section 221 (3) of the Austrian Business Code (UGB), the company is classified as a large corporation, and is a public interest entity under section 43 (1a) of the Austrian Banking Act (BWG) in connection with section 189a Austrian Business Code.

The principle of completeness was observed during preparation of the annual financial statements, and the principle of individual valuation and the going-concern principle were observed during the valuation of assets and debts.

The principle of prudence was taken into account, in particular, in that only profits already realised on the balance sheet date are reported. All identifiable risks and imminent losses that have arisen in the 2024 financial year or in any previous financial year were taken into account if known.

The previous form of presentation was applied again during preparation of the present annual financial statements.

The comparable prior-year figures are rounded to full thousand euros and added in brackets in the Notes; accordingly, rounding differences cannot be excluded in the totals stated in the annual financial statements.

Receivables of current financial assets are recognised at acquisition costs, the stock exchange price or market price if lower. If a stock exchange price or market price cannot be determined, and if the acquisition costs exceed the fair value, the receivables are depreciated to the (lower) fair value (strictly according to the principle of the lower of cost or market).

For loans and receivables to credit institutions and to customers representing financial instruments held as current assets and meeting the characteristics of receivables and financial instruments similar to receivables within the meaning of AFRAC 14 margin no. 51 (intention and ability to hold the instrument until final maturity), the subsequent measurement takes place at acquisition costs less impairments. In that case, this is the relevant type of fair value. The impairment result from default risks in the form of risk provisions/impairments and is explained below.

Determination of risk provisions/impairments on loan receivables

Principle of determination

Data at the level of the Association are essential for developing the models for determining the ECL and for the regular recalibration of the risk parameters. This includes, for instance, default time series or portfolio compositions. External data, such as macroeconomic forecasts of the ECB, equally apply to the entire Association. Hence, uniform methods are generally used for all aspects of determining impairments in all affiliated banks. Methods or procedures specific to any particular bank within the Association may be applied in exceptional cases only and are subject to strict governance within the Association.

General approach to risk provisions: Expected losses will be reported on the basis of either 12-M ECL or lifetime ECL. This depends on whether the credit risk for the financial instrument has increased significantly since first-time recognition. Changes of the amount of the risk provision must be reported as an write-up or impairment loss in the income statement.

There is a monthly procedure for valuating loan receivables according to which the organisational units responsible for risk are required to make a proposal for risk provisioning based on current developments. In this context, the impairment model is based on the proposition to represent expected losses. In this way, not only losses that have already occurred, but also expected losses are recognised. A distinction is made as to whether or not the default risk of financial assets has deteriorated significantly since their addition. If the default risk has not increased significantly at the balance sheet date, compared to initial recognition, the expected loss is valuated in the amount of the 12-month expected credit loss ("12-M ECL"; Stage 1). In case of any material deterioration or default, all lifetime expected credit losses must be recognised with effect from that date ("lifetime ECL"; Stages 2 and 3).

Exceptions exist for trade receivables. For these assets, all expected losses must (receivables without any significant financing component) or may (receivables with a significant financing component and lease receivables) be taken into account already at the time of addition. The option to choose a simplified procedure for trade receivables or lease receivables was not exercised, as such receivables either do not occur at present or, if they do, are immaterial.

A significant increase in credit risk is measured primarily based on a rating deterioration. If the latter exceeds a predefined threshold, the financial asset is classified by lifetime ECL. Additionally, default of performance of at least 30 days, a forbearance measure or the customer's transfer to intensive supervision are interpreted as a significant increase in credit risk.

Any objective evidence of impairment is equated with a downgrade of the customer's rating to the default rating category; this downgrade can basically be triggered by 15 defined default events. The definition of default corresponds to the requirements of CRR Art. 178.

Information regarding the calculation logic:
- Time horizon: The expected losses are calculated either for a 12-month period or for the entire residual term.
- Individual transaction or portfolio perspective: The calculation of the impairment at individual transaction level usually takes place for customers at Stage 3 from a certain minimum exposure (so-called Verbund-Metakunden-Obligo; meta-customer exposure of the Association) of euro 750 thousand (individual loan loss provisions). While for all other credit exposures the calculation is carried out for each transaction individually as well, the parameters used (PD, LGD, etc.) are derived from portfolios/groups with the same risk characteristics (portfolio loan loss provisions and collective allowances/provisions for impairment).
- Scenario analysis: The impairment is determined on the basis of at least two probability-weighted scenarios.
- Expected cash flows: With respect to determination of the expected losses, there are requirements for estimating the expected cash flows (determination of cash flows from collaterals, cash flows from current operations, etc.).
- Time value of money: The expected loss includes the "time value of money" and accordingly constitutes a discounted value.
- Taking into account available information: For the purpose of calculating the impairment, debtor-specific, transaction-specific and macroeconomic information about past events, current conditions and forecasts about the future are taken into account within the scope of the PD, LGD and cash flow models applied.

According to internal guidelines, credit customers that were identified through the early warning programme of the Association are monitored or managed within the so-called Early Warning System (EWS) or within Problem Loan Management (PLM). As repayment in accordance with the contract appears to be at risk, customers are examined more closely. For unsecured or only partially secured exposures, an appropriate risk provision requirement is reported. In case of non-performing loans (rating category 5A-5E), the appropriateness of the amount of risk provision is checked regularly, if the individual loan loss provision method is used.

For irrevocable loan commitments and financial guarantees, impairments are determined by applying the procedure used for loan receivables and reported as provisions.

The process of determining the risk provisions is carried out using an impairment tool specifically developed for the purpose.

Post-model adjustments
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. In 2023, post-model adjustments were reported for two sub-portfolios, namely customers with speculative real estate financing and special financing of projects (IPRE) that are still in the property acquisition or construction phase. These post-model adjustments were released in full in 2024.

At year-end 2024, the effects of a future rating recalibration were preponed in the form of a post-model adjustment. This concerns the "UA" rating model (companies preparing a balance sheet) where recalibrations have been completed already, but the model has not yet been used productively. Moreover, a post-model adjustment was made based on a rating downgrade of 2 notches for customers from energy-intensive sectors, as high energy prices and/or high energy price volatility are expected to continue in future. Another post-model adjustment was made on the basis of a Stage 2 transfer for certain customers in the construction industry and real estate sectors, as some marked increases in insolvencies have occurred and marked increases in the critical rating classes (from a rating of 4A) are observed in the portfolio.

Design of the macroeconomic scenarios
The assumptions in the macroeconomic scenarios are based on the forecasts published by the ECB/OeNB, WIFO, EU Commission and IWF. The basic scenario includes a cautious upturn in 2025/26, followed by a return to growing potential. GDP growth will initially be driven by consumption, from 2026 also by investments. Foreign trade also counts among the positive drivers, while consumers' and investors' uncertainty due to the previous price surge, which also affects competitiveness in price terms, and to geopolitics and other factors has a stunting effect on growth (to a decreasing extent). Inflation is still declining and will reach the ECB target of 2% in 2027. In total, the expected growth of the credit market in 2025 corresponds to the WIFO forecast of loans and receivables to Austrian non-banks (2.7%). As private households are the first to recover, credit growth in that sector will be somewhat higher than in the corporate sector in 2025. Real estate prices and credit growth are adversely affected by the prolonged economic downturn, while benefitting from the accelerated decrease in interest rates.

An upper and lower band are determined for more favourable (positive scenario) and less favourable (adverse scenario) general conditions respectively. The adverse scenario is the lower band of the basic scenario, in other words the adjustment processes that dampen the basic scenario are even slower here. This concerns primarily the manufacturing sector, which suffers from a combination of cost pressure, an increasingly protectionist environment, new competitors, and transitory risks associated with climate policy, for instance observance of the emission targets by the European automotive industry, affecting major parts of the Austrian industry sector, its suppliers, service providers, and employees. Additionally, there is generally a higher degree of uncertainty (geopolitics and trade policy), which tends to keep energy prices high. The stagnating economy accelerates monetary easing which in turn tends to decelerate disinflation. Apart from the weakness in demand prevailing throughout Europe, especially in Austria and Germany, below-average snow conditions count among the unfavourable factors negatively affecting domestic tourism, which is partly compensated by advantages over long-distance travelling (low distance, cost savings, geopolitics). Overall, the adverse scenario does not include any economic shocks, but rather burdens that are higher than expected.

The positive scenario is the upper band of the basic scenario, meaning it is construed as mirror image of the adverse scenario. The adjustment processes dampening the basic scenario take place very quickly, and quick economic recovery is assumed already at the beginning of the period.

For the calculation of impairment loss, macroeconomic parameters such as "GDP growth Austria", "spread against Germany – BP AT-DE 10", "unemployment rate eurozone – change in BP", "stock price Eurostoxx 50" are defined for each scenario and for each year from 2025 to 2027 and subsequently used to estimate credit risk parameters.

Weighting of the macroeconomic scenarios
In weighting the macroeconomic scenarios, the risk situation and the composition of the portfolio of the Association are taken into account in particular.

This internal method starts out from an approach based on three scenarios: Baseline scenario, with a weighting of 60%, as well as two scenarios deviating from the Baseline scenario (one optimistic, one pessimistic), with a weighting of 20% each.

Following this, indicators specific to the Association are determined to define an adjusted weighting. The following Association-specific indicators are applied in this context:
- The development of gross value added in the individual sectors by comparison with the average development of economic performance in Austria, weighted using the respective exposures and probabilities of default. The fact that the industry mix of the Association portfolio does not coincide with the composition of Austria's overall economy is taken into account in this context. The analyses performed indicate that the expected gross value added in 2024 is slightly below-average in the sectors that are of key importance to the Association. This includes tourism, gastronomy as well as the construction sector, in particular. Some sectors, such as information and communication technology, have shown above-average performance, but their share in the portfolio of the Association is not high.
- The rating migrations observed during the reference period of one year. Rating downgrades (especially the significant downgrades to the lower rating levels) are interpreted as an indicator of an expected (negative) trend in terms of portfolio quality.

The development of gross value added in individual sectors as well as the rating migrations observed in the portfolio are aggregated according to the defined method, thus shifting the initial weightings of the scenarios. Applying the internal method to determine the scenario weighting results in a weighting of 49% (2023: 48%) for the Baseline scenario and of 35% (2023: 35%) for the Adverse scenario and 16% (2023: 17%) for the Optimistic scenario.

In previous years, the systematically determined weightings were rejected, and accordingly an overlay or in-model adjustment was made. The main reason for this was the risk from potential extreme operational risk events such as suspension of energy supplies in Austria, stagflation or further interest rate hikes and the uncertainties associated therewith. Therefore, instead of the weighting determined using the method described above, a weighting of 25% Baseline and 75% Adverse was adopted. From today's point of view and looking forward, these uncertainties have decreased, and accordingly the safety margins included in the model may be considered sufficient even without any overlays.

For financial contracts that are debt instruments, the following accounting and valuation principle (observing the principle of materiality) is applied: If there was no corresponding option for a contract adjustment in the original contract, an impairment of the present value of the debt instrument is recognised in the event of a subsequent – immaterial – contract adjustment. In the event of a material contract adjustment, the carrying amount of the (old) debt instrument before contract adjustment is derecognised and the fair value of the (new) debt instrument after contract adjustment is recognised.

As in the previous year, use was made of the option under section 57 (1) Austrian Banking Act.

The criterion for reporting securities in financial assets is the intention to hold the relevant instrument in the portfolio in the long term. These securities, which are permanently designated for operations, are reported at amortised cost and depreciated to the fair value if lower, if a permanent impairment loss is likely. No use is made of the option under section 204 (2) Austrian Business Code to effect impairments if the impairment is not expected to be permanent. Securities held as current assets are measured at amortised cost and reported in the balance sheet strictly according to the lower of cost or market, taking account of the stock exchange price or market price if lower, or if no such price can be determined, of the fair value if lower, with the fair value being determined in accordance with the decision tree in the annex to AFRAC 14. Reversals of impairments are effected if the reasons for impairment lapse, subject to the acquisition cost principle. For fixed-income securities designated as financial assets, the difference (premium/discount) between acquisition costs and redemption amount under section 56(2) and (3) Austrian Banking Act is spread over the residual duration in net interest income on a straight-line basis.

Currency conversion: The main currencies were evaluated at the mean rates of exchange of the European Central Bank (ECB) as published on 31 December 2024. Other currencies were converted at the mean rate of exchange of the balance sheet date. The foreign exchange portfolios were converted at the reference mean rate.

VBW holds equity interests in various companies (participations and shares in affiliates). Participations/shares in affiliates are measured at acquisition costs, applying the moderate lower of cost or market principle. Use is made of optional depreciation to the fair value if lower, even if the impairment loss is not expected to be permanent. If the reasons for impairment lapse, reversals of impairments are effected to the fair value, which has increased accordingly, observing the acquisition cost principle. None of these participations/shares in affiliates is listed at a stock exchange, and accordingly there is no active market. The participations are measured by means of valuation methods and, to a certain extent, non-observable input factors. The valuations are effected according to the discounted cash flow method and peer group approach. Various calculation models are applied. The income approach is used if VBW is in control or exercises any management function and if, accordingly, budgets are available. 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 co-operatives, the share capital is used as the market value, provided the subscription of new shares and the cancellation of existing shares are possible at any time. If valuation reports for participations are prepared by external valuators, 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 Wirtschaftstreuhänder ("Expert Committee of the Austrian Chamber of Chartered Accountants and tax Consultants") as well as of international financial data service providers. The market risk premium used for the calculation is around 7.00 % (2023: 7.78 %), the beta values applied for the various sectors range between 0.85 – 1.45 (2023: 0.86 – 1.41). Additional country risks did not have to be considered. Discounts due to fungibility and exercise of control are effected for two participations.

The valuation of tangible assets (land, buildings, office equipment and furniture) was performed at the cost of acquisition or production less scheduled depreciation. Intangible assets are capitalised at the cost of acquisition if they were acquired for money. Scheduled depreciation is effected on a straight-line basis. The depreciation period ranges between 10 and 66 years for buildings, between 3 and 20 years for office equipment and furniture, and between 2 and 5 years for intangible assets. Impairments to a fair value that is lower on the reporting date are performed where the impairments are likely to be permanent. Impairments are reversed if the reasons for the impairment have lapsed. Reversal of the impairment is effected to not more than the net carrying amount derived after taking account of ordinary impairments that would have had to be effected in the meantime. Low-value assets of an individual acquisition value of up to euro 1,000.00 (2023: euro 1,000.00) are written down in full in the year of addition and shown in the fixed asset movement schedule as additions and disposals.

Accounting of deferred taxes is effected by the asset and liability approach based on the temporary concept. Deferred tax assets for future tax receivables from tax loss carried forward are not recognised.

Liabilities from banking business are measured at the amount repayable.

Premiums and discounts for debts evidenced by certificates accrue over the term of the liabilities. Issuing costs and commissions for additional contributions are recognised as fundraising expenditure at the time of issuing the bond.

Provisions for pensions and severance payments are determined according to generally recognised actuarial principles using the entry age normal method based on a discount rate of 1.67 % (2023: 1.43 %), planned salary increases of 2.8 % (2023: 3.7 %), and pension increases of 2.3 % (2023: 3.2 %), as well as a retirement age of 60-65 years (2023: 60-65 years) for women and 65 years (2023: 65 years) for men. The measurement of retirement pension obligations includes legitimate claims of employees that were in active service at the measurement date, as well as the entitlements of current pension recipients. The accrual period extends until retirement age is reached. As regards expected mortality, the calculation tables "AVÖ 2018 P-Rechnungsgrundlagen für die Pensionsversicherung – Angestelltenbestand" are applied. Termination of employment due to reaching the age limit and also due to invalidity or death, as well as the vested rights of surviving dependants are taken into account, but no fluctuation discount.

The discount rate used is derived from the 7-year average interest rate for 9-year maturities (2023: 7-year average interest rate for 10-year maturities), as published by Deutsche Bundesbank at 30 September 2024 (previous year: 30.9.2023) (cf. AFRAC statement 27 "Provisions for post-employment benefits (Austrian Business Code)"). Interest expenses as well as the effects from a change of interest rate are reported in the item Staff costs together with allocations and reversals.

Other provisions were recorded in the expected amount repayable; they take account of all identifiable risks and liabilities of yet uncertain amount. Significant non-current provisions are discounted using a market interest rate. Other provisions include obligations to pay anniversary bonuses under the collective bargaining agreement. Said provisions are determined according to the accounting and valuation methods applied to provisions for severance payments.

The item Supplementary capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) no. 575/2013 shows those supplementary capital instruments that are eligible as Tier 2 capital without restrictions under the conditions of the CRR.

As at 31 December 2023, the item Additional Tier 1 capital pursuant to Part 2 Title I Chapter 3 of Regulation (EU) no. 575/2013 shows the Additional Tier 1 issue (ISIN AT000B121991) that was issued under the value date 9 April 2019 with a nominal amount of euro 220 million and an issue price of 100.00 %. The issue was credited as additional Tier 1 capital under Article 52 CRR.

The face value of off-balance-sheet transactions is shown in the items below the balance sheet. Provisions for expected losses are recorded for off-balance-sheet transactions in case of imminent use.

Measurement and accounting of derivative financial instruments

Derivative financial instruments of the banking book

Derivatives in a hedging relationship under AFRAC statement 15 (December 2020) are reported in the balance sheet as a valuation unit, i.e. neither the derivative nor the underlying transaction is recorded at fair value in the balance sheet. Derivatives in the banking book that are in no hedging relationship under AFRAC statement 15 (December 2020) are reported as a provision for contingent losses. The interest relating to the period as well as any compensation payments are allocated to the respective reporting period and reported in net interest income.

As for the positions in the banking book, VBW is primarily exposed to the risk of fair value fluctuations due to changes of interest rates and exchange rates.

One key instrument used by VBW to hedge these risks in economic terms and to control the balance sheet structure are derivative financial instruments. Interest rate swaps are used as primary hedging instruments for hedging against fair value fluctuations of investments in fixed-income securities for own fixed-income issues as well as loans and receivables to customers and amounts owed to customers.

Moreover, cross currency swaps, forward exchange transactions and currency swaps serve to hedge against interest rate and foreign exchange risks from loans and receivables, as well as amounts owed, to credit institutions and customers, as well as from issues denominated in foreign currencies.

As standard, hedging instruments are directly concluded with the counterparty, and subsequently (if clearing is mandatory) the transaction is subjected to clearing. External and internal derivatives are used for the accounting of valuation units. No new internal derivatives are concluded for hedging relationships.

The valuation units established pursuant to AFRAC statement 15 "Derivatives and hedging instruments (Austrian Business Code)" comprise own fixed-income issues and investments in fixed-income securities as well as loans and receivables, and amounts owed, to credit institutions and customers. The hedging instruments exclusively used in that context are interest rate swaps.

The dollar offset method is exclusively used to measure the retrospective effectiveness of the valuation units. Under the dollar offset method, the value changes of the underlying and the hedging transaction that are due to the risk hedged are set in relation to each other.

Derivative financial instruments of the trading book

Derivative financial instruments of the trading book comprise stock exchange traded futures, options, forward transactions, interest rate swaps, swaptions, and caps/floors/collars. Measurement is effected taking account of the fair value, and the measurement result is reported in the income statement in profit or loss.

The business strategy for the trading book is based on the product and customer requirements of the Association of Volksbanks. The focus is on servicing the primary level, on the transformation and hedging of risk positions, as well as on generating profits.

The monitoring of market risks in trading is performed by a unit, independent of the front office, within Risk Management.

Determination of fair value

The fair value is the amount at which an asset can be exchanged between knowledgeable arm's length business partners willing to conclude a contract, or at which an obligation can be settled between such partners. In case of quoted/listed financial instruments, the fair value is equal to the market price. If no market price is available, the future cash flows of a financial instrument are discounted to the measurement date according to the respective interest rate curve. In doing so, internationally common mathematical calculation methods are used for the calculation.

VBW has managed all trading and banking book positions of derivatives in its MUREX front office and risk management system, which is directly connected to various price information systems. That means that the market prices of different products are updated in real time. Products for which no direct price is available are measured using valuation models based on market data (market risk factors) within this standard software. Structured or exotic products whose model prices cannot be determined using the standard software are measured in external price calculators that are regularly re-calibrated using liquid tradeable products in the market.

2. Explanatory notes regarding the balance sheet

2.1 Explanatory notes on assets

Breakdown of loans and receivables to credit institutions:

Residual term:	31.12.2024 Euro	31.12.2023 Euro thousand
repayable on demand	615,949,493.19	580,646
up to 3 months	313,505,834.15	550,452
more than 3 months up to 1 year	162,028,977.09	672,484
more than 1 year up to 5 years	962,140,282.51	775,864
more than 5 years	13,150,675.80	18,212
not repayable on demand	1,450,825,769.55	2,017,012
Loans and receivables to credit institutions, total	**2,066,775,262.74**	**2,597,658**

As at 31 December 2024, as in the previous year, there were no subordinate assets.

Breakdown of loans and receivables to customers:

Residual term:	31.12.2024 Euro	31.12.2023 Euro thousand
repayable on demand	404,528,279.48	402,740
up to 3 months	50,009,031.94	42,176
more than 3 months up to 1 year	258,865,704.58	115,496
more than 1 year up to 5 years	464,460,004.04	663,682
more than 5 years	4,913,512,897.61	4,666,664
not repayable on demand	5,686,847,638.17	5,488,018
Loans and receivables to customers, total	**6,091,375,917.65**	**5,890,758**

Loans and receivables to affiliates and participating interests:

	31.12.2024		31.12.2023	
	to affiliates Euro	to participations Euro	to affiliates Euro thousand	to participations Euro thousand
Loans and receivables to credit institutions	0.00	462,239,483.77	0	711,719
Loans and receivables to customers	0.00	193,175,522.66	0	104,874
	0.00	655,415,006.43	0	816,593

Composition of risk provisions:

	31.12.2024 Risk provision Euro	31.12.2024 Collective allowance pursuant to sec. 57 (1) of the Austrian Banking Act Euro	31.12.2023 Risk provision Euro thousand	31.12.2023 Collective allowance pursuant to sec. 57 (1) of the Austrian Banking Act Euro thousand
Loans and receivables to credit institutions	2,678,077.57	0.00	4,881	0
Loans and receivables to customers	154,610,658.26	17,870,754.88	96,048	17,871
Provisions for off-balance sheet transactions	7,416,699.62	0.00	9,551	0
	164,705,435.45	17,870,754.88	110,480	17,871

The risk provisions for loans and receivables to customers include post-model adjustments in the amount of euro 3,821,085.60 (31.12.2023: euro 6,402 thousand). The provisions for off-balance sheet transactions include post-model adjustments in the amount of euro 334,647.71 (31.12.2023: euro 541 thousand).

Breakdown of securities, participations and shares in affiliates admitted for stock exchange trading of balance sheet items 2, 5, 6, 7 and 8 (excluding accrued interest reported in the balance sheet) into listed and unlisted securities:

31.12.2024:	Listed Euro	Unlisted Euro
Debt instruments issued by public bodies and similar securities	1,107,143,400.47	5,949,452.96
Bonds and other fixed-income securities	2,160,784,403.05	0.00
Equities and other variable-yield securities	724,917.25	1,780,868.51

31.12.2023:	Listed Euro thousand	Unlisted Euro thousand
Debt instruments issued by public bodies and similar securities	905,265	0
Bonds and other fixed-income securities	1,751,196	0
Equities and other variable-yield securities	725	19

As in the previous year, VBW did not hold any own supplementary capital or subordinated capital in its asset portfolio as at 31 December 2024. Own bonds in the amount of euro 3,618,595.44 (31.12.2023: euro 2,074 thousand) were recognised at the balance sheet date.

Breakdown of securities admitted to stock exchange trading of balance sheet items 2, 5 and 6 (excl. the accrued interest reported in the balance sheet) in fixed and current assets:

31.12.2024:	Fixed assets Euro	Current assets (incl. trading book) Euro
Debt instruments issued by public bodies and similar securities	1,107,143,400.47	0.00
Bonds and other fixed-income securities	2,155,870,245.80	4,914,157.25
Equities and other variable-yield securities	724,917.25	0.00

31.12.2023:	Fixed assets Euro thousand	Current assets (incl. rading book) Euro thousand
Debt instruments issued by public bodies and similar securities	905,265	0
Bonds and other fixed-income securities	1,743,238	7,957
Equities and other variable-yield securities	725	0

The classification into fixed or current assets is effected as determined within the Asset Liability Committee (ALCO).

The difference between the acquisition costs and the fair value, if higher, of securities not classified as fixed assets (current assets incl. trading book) and admitted to stock exchange trading amounts to euro 10,020.93 as at 31 December 2024 (31.12.2023: euro 37 thousand).

Other information on securities

The difference, to be written down pro rata temporis over the residual term, between historical cost and redemption amount in case of non-current securities amounts to euro 22,824,368.03 in total (31.12.2023: euro 21,080 thousand). As at 31 December 2024, euro 11,417,782.61 of that amount (31.12.2023: euro 6,725 thousand) need to be written down over the residual duration yet.

The difference, to be written up pro rata temporis over the residual term, between historical acquisition costs and redemption amount in case of non-current securities amounts to euro 17,468,501.80 in total (31.12.2023: euro 14,918 thousand). As at 31 December 2024, euro 12,151,225.69 of that amount (31.12.2023: euro 11,137 thousand) need to be written up over the residual term yet.

With respect to the below-mentioned non-current securities that were reported above fair value, unscheduled depreciation was omitted, as an intention to hold them and service them in full – accordingly full recoverability – is assumed. In the 2024 financial year, as in the 2023 financial year, no contractual violations and no delays in payment were found due to serious financial difficulties of the issuers.

31.12.2024:	Fair value in Euro	Carrying amount in Euro	Difference in Euro
Debt instruments issued by public bodies and similar securities	341,701,657.00	360,074,167.46	-18,372,510.46
Loans and advances to credit institutions	1,621,412.93	1,628,187.38	-6,774.45
Loans and receivables to customers	902,650.00	999,781.18	-97,131.18
Bonds and other fixed-income securities	1,232,141,081.50	1,314,835,495.80	-82,694,414.30
Equities and other variable-yield securities	716,554.14	724,917.28	-8,363.14
	1,577,083,355.57	1,678,262,549.10	-101,179,193.53

31.12.2023:	Fair value in Euro thousand	Carrying amount in Euro thousand	Difference in Euro thousand
Debt instruments issued by public bodies and similar securities	296,644	319,458	-22,814
Loans and advances to credit institutions	2,085	2,131	-46
Loans and receivables to customers	889	1,000	-111
Bonds and other fixed-income securities	1,167,392	1,275,883	-108,491
Equities and other variable-yield securities	673	725	-52
	1,467,683	1,599,197	-131,514

Securities with market prices from inactive markets are primarily designated as fixed assets and are periodically reviewed with a view to any required unscheduled depreciations.

An inactive market exists if due to low trading volume or trading activity, there is no market liquidity any more.

Externally provided fair values are reviewed for plausibility according to available market data on an ongoing basis. In case of deviating assessments, the fair value measurement is effected by considering previous transactions, by comparison with current fair values of another essentially identical financial instrument or by means of the discounted cash flow method. Overall, such adjusted fair values are of subordinate importance.

In 2025, receivables from bonds and other fixed-income securities in the amount of euro 95,343,591.32 will mature (in 2024 for 2023: euro 90,382 thousand).

The carrying amount of securities delivered in repo transactions – genuine repurchase transactions – is euro 255,509,262.67 (31.12.2023: euro 0 thousand).

The credit institution keeps a trading book. As at 31 December 2024, securities with a fair value of euro 11,972,148.25 (31.12.2023: euro 6.402 thousand) and other financial instruments with a fair value including accrued interest in the amount of euro -2,432,640.42 (31.12.2023: euro -2,960 thousand) have been designated for this trading book, of which an amount of euro -15,941,620.96 (31.12.2023: euro -17,844 thousand) with external counterparties.

In 2024, no securities were reclassified from current assets (trading book) to fixed assets. No reclassifications of fixed assets to current assets were effected either.

Equities and other variable-yield securities

The item equities and other variable-yield securities includes participation certificates.

Participations and shares in affiliates

Composition of participations:

Name of entity	Share %	Annual financial statements	Total equity Euro thousand	Annual result Euro thousand	Carrying amount as at 31.12.2024 Euro
Volksbank Kufstein-Kitzbühel Holding eG 6330 Kufstein, Unterer Stadtplatz 21	42.29 %	31.12.2023	71,605	11,715	727,050.00
Wiener Landwirtschaftliche Siedlungsgesellschaft mbH i. L. 1220 Vienna, Kagraner Platz 48	33.33 %	31.12.2023	9	-29	31,000.00
VB Verbund-Beteiligung eG 1030 Vienna, Dietrichgasse 25	30.47 %	31.12.2023	113,201	8,660	19,359,060.56
VB Weinviertel Verwaltung eG 2130 Mistelbach, Hauptplatz 11-12	29.31 %	31.12.2023	20,122	127	200,000.00
Volksbanken - Versicherungsdienst - Gesellschaft m.b.H. i. L. 1010 Vienna, Löwelstrasse 14/2nd floor	29.13 %	31.12.2023	1,575	1,304	196,275.24
VB Niederösterreich Süd eG 2700 Wiener Neustadt, Herzog-Leopold Strasse 3	28.24 %	31.12.2023	30,559	307	413,016.00
Volksbank Kärnten eG 9020 Klagenfurt, Pernhartgasse 7	26.79 %	31.12.2023	126,527	12,184	8,760,073.00
VB Beteiligung Obersdorf-Wolkersdorf-Deutsch-Wagram eG 2120 Obersdorf, Hauptstraße 57	26.45 %	31.12.2023	9,188	-7	160,040.00
ARZ Allgemeines Rechenzentrum GmbH 6020 Innsbruck, Hypo-Passage 2	25.99 %	31.12.2023	22,446	-384	294,473.45
Volksbanken Holding eGen 1013 Wien, Löwelstraße 14	23.08 %	30.06.2023	118,355	18,653	19,864,000.00
VB Südburgenland Verwaltung eG 7400 Oberwart, Hauptplatz 10	23.04 %	31.12.2023	17,993	84	318,772.50
VB-Beteiligungsgenossenschaft der Obersteiermark eG 8700 Leoben, Hauptplatz 4	20.23 %	31.12.2023	19,566	106	1,500,047.27
Österreichische Ärzte- und Apothekerbank AG 1090 Wien, Spitalgasse 31	11.94 %	31.12.2023	80,826	13,828	7,503,389.71
Volksbank Oberösterreich AG 4600 Wels, Pfarrgasse 5	10.72 %	31.12.2023	227,132	25,719	17,404,713.65
Schulze-Delitzsch Ärzte und Freie Berufe e. Gen. 1090 Wien, Spitalgasse 31	9.84 %	31.12.2023	15,915	2,155	1,720,100.00
"Wohnungseigentümer" Gemeinnützige Wohnbaugesellschaft m.b.H. 2340 Mödling, Bahnhofplatz 1	8.95 %	31.12.2023	211,372	17,224	650,336.56
PSA Payment Services Austria GmbH 1200 Wien, Handelskai 92/Gate 2 / 6. OG	6.89 %	31.12.2023	72,871	17,339	3,828,767.48
NÖ Bürgschaften und Beteiligungen GmbH Seidengasse 9-11, 1070 Wien	5.75 %	31.12.2023	23,461	1,137	641,416.55
Volksbank Steiermark AG 8010 Graz, Schmiedgasse 31	5.11 %	31.12.2023	273,737	40,259	5,751,434.52

Name of entity	Share %	Annual financial statements	Total equity Euro thousand	Annual result Euro thousand	Carrying amount as at 31.12.2024 Euro
Oesterreichische Kontrollbank Aktiengesellschaft 1010 Wien, Am Hof 4	1.50 %	31.12.2023	723,495	48,873	1,180,061.00
Wiener Börse AG 1014 Wien, Wallnerstraße 8	1.41 %	31.12.2023	192,230	39,545	1,377,582.14
WKBG Wiener Kreditbürgschafts- und Beteiligungsbank AG 1030 Wien, Strohgasse 14 C/4. OG	1.22 %	31.12.2023	25,490	-883	311,000.00
remaining participations					800,388.67
					92,992,998.30

The information about total equity and annual result corresponds to the most recent annual financial statements under the Austrian Business Code.

Information on mutual participations:

Share of VBW	Participations	Share in VBW
30.47 %	VB Verbund-Beteiligung eG	8.31 %
29.31 %	VB Weinviertel Verwaltung eG	3.75 %
28.24 %	VB Niederösterreich Süd eG	7.06 %
26.79 %	Volksbank Kärnten eG	2.96 %
26.45 %	VB Beteiligung Obersdorf-Wolkersdorf-Deutsch-Wagram eG	1.73 %
23.08 %	Volksbanken Holding eGen	0.84 %
23.04 %	VB Südburgenland Verwaltung eG	4.15 %
11.94 %	Österreichische Ärzte- und Apothekerbank AG	2.72 %
10.72 %	Volksbank Oberösterreich AG	4.83 %
8.77 %	VB Ost Verwaltung eG	8.89 %
6.81 %	VB Baden Beteiligung e.Gen.	11.08 %
5.11 %	Volksbank Steiermark AG	6.80 %

Composition of shares in affiliates:

Name of entity	Share %	Annual financial statements	Total equity Euro thousand	Annual result Euro thousand	Carrying amount as at 31.12.2024 Euro
VB ManagementBeratung GmbH 1030 Vienna, Dietrichgasse 25	100.00 %	31.12.2023	53	-13	21,000.00
VBKA-Holding GmbH 1030 Vienna, Dietrichgasse 25	100.00 %	31.12.2023	18	-2	1.00
3V-Immobilien Errichtungs-GmbH 1030 Vienna, Dietrichgasse 25	100.00 %	31.12.2023	8,010	-33	509,971.13
VB Infrastruktur und Immobilien GmbH 1030 Vienna, Dietrichgasse 25	100.00 %	31.12.2023	886	1	434,928.38
VOBA Vermietungs- und Verpachtungsges.m.b.H. 2500 Baden, Hauptplatz 9-13	100.00 %	31.12.2023	14,389	464	6,666,463.17
VB Services für Banken Ges.m.b.H. 1030 Vienna, Dietrichgasse 25	100.00 %	31.12.2023	1,609	282	389,505.80
UVB-Holding GmbH 1030 Vienna, Dietrichgasse 25	100.00 %	31.12.2023	21	-2	0.00
ARZ-Volksbanken Holding GmbH 1030 Vienna, Dietrichgasse 25	74.54 %	30.06.2024	250	-3	231,285.25
					8,253,154.73

Relationships with affiliates

Since 2010, VBW has been the group leader of a group of companies pursuant to section 9 Corporate Income Tax Act (KStG). The stand-alone method is applied, which starts from the assumption of fiscal independence of the individual group member when calculating the distribution of the tax burden. Furthermore, the tax liability of the group members must be paid to VBW on 30 September of the following year, tax receivables will either be carried forward by VBW in years when the group makes a profit, or the group member may offset its tax receivables against tax liabilities in subsequent years. Any final settlement of tax receivables is compensated with the present value of the (notional) future tax saving from the respective member's as yet unused loss carry-forwards. Discounting of loss carry-forwards is effected based on an adequate interest rate linked to the 12-month EURIBOR or, if this is not available any more, any comparable reference interest rate. Due to the existing loss carry-forwards of the group leader for the 2024 calendar year, the group allocation agreements provide for an allocation rate of 5.75 % (previous year: 6 %).

As at 31 December 2024, the number of group members is 5 (31.12.2023: 5).

Tangible fixed assets

The value of developed and undeveloped land amounts to euro 8,617,053.20 (31.12.2023: euro 8,760 thousand). As for the development of tangible fixed assets, please refer to Annex 1 of these Notes.

Breakdown of other assets

	31.12.2024 Euro	31.12.2023 Euro thousand
Fair values of derivative financial instruments	80,013,335.17	69,149
Auxiliary accounts of banking business	882,675.10	755
Receivables from taxes and charges	4,890,476.23	50
Sundry other receivables	26,448,669.83	23,295
	112,235,156.33	**93,249**

Income in the amount of euro 52,073,056.22 (31.12.2023: euro 37,658 thousand) is included in the item Other assets, which will be received only after the balance sheet date. Other assets include items with maturities of more than one year in the amount of euro 28,847.59 (31.12.2023: euro 24 thousand).

Accrued items

Accruals in the amount of euro 16,502,974.92 (31.12.2023: euro 13,734 thousand) essentially include disagio from issued bonds and the accrual of a building cost subsidy.

Deferred tax assets

As at the balance sheet date, deferred tax assets were established for temporary differences between the value recognised for the following items under fiscal and under company law:

	31.12.2024 Euro	31.12.2023 Euro thousand
Portfolio loan loss provisions and impairments as per section 57 (1) Austrian Banking Act	25,403,978.03	32,937
Participations	12,589,920.98	19,273
Impairments on loans and receivables and provisions for credit risks (Stage 3)	8,692,834.98	6,494
Modification	6,217,581.20	0
Provision for severance payments	5,578,779.00	6,008
Provision for pensions	3,089,716.00	4,315
Distribution of flotation cost	5,310,818.29	3,949
Provision for anniversary bonuses	2,850,082.69	3,079
Non-current securities	2,719,206.44	2,207
Fifth part of severance payments	614,509.43	619
General provision	1,039,174.98	424
Tangible fixed assets and intangible assets	271,322.32	237
LIVEBank	100,000.00	167
Non-current provisions	20,236.90	42
	74,498,161.23	79,751
Deferred tax assets from differences determined (tax rate: 23%; previous year 23%)	17,134,577.08	18,343
Deferred tax assets of group members from (contractual) tax rate differences	735,974.89	773
Deferred tax assets (tax rate 23%; previous year 23%)	17,870,551.97	19,115

The effects of movements in deferred taxes on profit or loss are as follows:

	Euro
As at 31.12.2023	19,115,411.27
Change in profit or loss	-1,244,859.30
As at 31.12.2024	17,870,551.97

2.2 Explanatory notes on liabilities

Breakdown of amounts owed to credit institutions:

Residual term:	31.12.2024 Euro	31.12.2023 Euro thousand
repayable on demand	2,501,849,282.67	2,202,966
up to 3 months	378,393,374.70	69,080
more than 3 months up to 1 year	3,988,930.64	619,453
more than 1 year up to 5 years	116,755,638.45	11,471
more than 5 years	68,568,003.98	85,242
not due on demand	567,705,947.77	785,247
Amounts owed to credit institutions, total	**3,069,555,230.44**	**2,988,213**

Breakdown of amounts owed to customers:

Residual term:	31.12.2024 Euro	31.12.2023 Euro thousand
repayable on demand	5,349,559,124.36	5,562,196
up to 3 months	502,382,148.83	129,128
more than 3 months up to 1 year	769,831,970.99	635,019
more than 1 year up to 5 years	64,630,153.70	229,506
more than 5 years	1,473.62	3
not due on demand	1,336,845,747.14	993,655
Amounts owed to customers, total	**6,686,404,871.50**	**6,555,851**

At the balance sheet date, trust savings deposits amount to euro 7,910,626.02 (31.12.2023: euro 7,783 thousand). The underlying stock designated for this purpose consists of investment grade securities and amounts to euro 9,408,384.51 (31.12.2023: euro 9,875 thousand).

Amounts owed to affiliates and participating interests

	31.12.2024 to affiliates Euro	31.12.2024 to participations Euro	31.12.2023 to affiliates Euro thousand	31.12.2023 to participations Euro thousand
Amounts owed to credit institutions	0.00	1,288,925,599.77	0	1,038,110
Amounts owed to customers	12,065,557.90	59,299,430.41	23,649	74,488
	12,065,557.90	1,348,225,030.18	23,649	1,112,598

Debts evidenced by certificates

Issued bonds and other debts evidenced by certificates in the amount of euro 142,519,000.00 will mature in the 2025 financial year (in 2024 for 2023: euro 187.270 thousand).

Under the value date of 23 March 2021, senior non-preferred eligible bonds (ISIN AT000B122080) in the nominal amount of euro 500 million and with an issue price of 99.456 % were issued. The bonds have a term of 5 years, will mature on 23 March 2026 and will be redeemed at a rate of 100 % of the face value. The fixed interest rate was set at 0.875 % p.a. and is payable annually on 23 March. The bonds are meant to constitute instruments of eligible liabilities serving compliance with the statutory MREL requirements, and meet the requirements of section 131 (3) (1) to (3) of the Federal Act on the Recovery and Resolution of Banks (BaSAG).

Under the value date of 15 March 2023, the first green bond of VBW was issued in the form of the 4.75 % Green Ordinary Senior Eligible Notes (ISIN AT000B122155) in the nominal amount of euro 500 million and with an issue price of 99.387 %. The bonds have a term of 4 years, will mature on 15 March 2027 and will be redeemed at a rate of 100 % of the face value. The fixed interest rate was set at 4.75 % p.a. and is payable annually on 15 March. The bonds are meant to constitute instruments of eligible liabilities serving compliance with the statutory MREL requirements, and meet the requirements of section 131 (3) (1) to (3) of the Federal Act on the Recovery and Resolution of Banks (BaSAG).

In 2024, a senior preferred bond was launched as private placement, and three other senior preferred bonds were placed in Retail. The total volume of the four senior preferred issues launched amounts to euro 120.5 million. Moreover, two mortgage bonds with a total volume of euro 138 million were placed in Retail.

For more information on the issued supplementary capital as well as additional Tier 1 capital, please refer to the relevant details in the Notes.

Other liabilities

	31.12.2024 Euro	31.12.2023 Euro thousand
PSA Clearing – SEPA payments	176,902,788.47	224,218
Liabilities from derivative financial instruments	65,350,089.73	70,460
CO settlement	13,725,807.12	13,861
Liabilities from taxes and charges	20,890,818.46	7,785
Accrued interest for own issues	0.00	8,746
Purchase price liability from the purchase of treasury stocks	4,219,892.61	0
Sundry other liabilities	4,563,504.66	4,032
	285,652,901.05	329,103

Expenses in the amount of euro 29,910,956.64 (31.12.2023: euro 29,419 thousand) are included in the item Other liabilities, which are payable only after the balance sheet date.

Other liabilities (excluding fair values of derivative financial instruments) include items with a term of less than one year in the amount of euro 253,537,031.30 (31.12.2023: euro 279,658 thousand).

As at 31.12.2024, interest accruals for own issues in the amount of euro 33,669,466.74 are reported in supplementary capital.

Deferred items

Deferred items in the amount of euro 8,720,809.01 (31.12.2023: euro 7,215 thousand) essentially concern the deferral of handling fees. This item includes a deferral of the COVID-19 investment subsidy in the amount of euro 210,637.82 (previous year: euro 260 thousand).

Other provisions

Other provisions break down as follows:

	31.12.2024 Euro	31.12.2023 Euro thousand
Unpaid incoming invoices	16,157,465.34	9,488
Losses and risks due to the granting of loans and guarantees	8,265,269.81	10,350
Anniversary bonuses	5,990,512.00	6,170
Imminent losses from derivative financial instruments	4,988,338.97	3,921
Leave not yet taken	3,438,984.98	3,028
Other liabilities	2,115,364.91	3,884
Redimensioning	823,382.78	860
	41,779,318.79	37,702

Abolition of VAT exemption for transactions between banks ("Zwischenbankenbefreiung")

The Federal Finance Court (Bundesfinanzgericht, BFG) referred a request for a preliminary ruling under Article 267 TFEU to the European Court of Justice (ECJ) on 28 June 2024. The BFG has made a request to the ECJ to decide whether the so-called interbank exemption pursuant to Section 6(1) no. 28 2nd sentence of the Austrian Vat Act (UStG) constitutes state aid within the meaning of Article 107(1) TFEU. Section 6(1) no. 28 2nd sentence of the Austrian VAT Act exempts services between companies that predominantly execute banking, insurance or pension fund transactions from the obligation to charge VAT if these services are used directly to execute tax-free transactions. VBW is not itself involved in the original legal dispute for the preliminary ruling stated above, but it has also made use of the interbank exemption pursuant to Section 6(1) no. 28 2nd sentence of the Austrian VAT Act in business transactions with other companies of the Volksbank Group until the end of 2024. The content and facts of the original legal dispute are not publicly accessible.

Austrian lawmakers have deleted the entire second sentence with effect from 1 January 2025 through the Tax Amendment Act 2024 in order to avoid any uncertainties for the future.

As a result of the particular situation of the Association of Volksbanks arising from Section 30a of the Banking Act (BWG) and the existing organisational structure, VBW together with the other members of the Association and other entities of the Association notified the competent tax authorities before the end of 2024 of the existence of a consolidated tax group in accordance with the Austrian VAT Act with effect from 1 January 2025, which means that the discontinuation of the interbank exemption within the Association of Volksbanks has no impact. The prerequisites for the Association-wide tax group were already met in the past from a material point of view since the Association of Volksbanks has been in existence pursuant to Section 30a Austrian Banking Act (BWG). VBW is therefore convinced that any decisions by the ECJ or the European Commission on the previous application of the interbank exemption will have no impact on the Association of Volksbanks.

Services that fall outside the scope of the Association-wide tax group and were previously covered by the interbank exemption only exist in isolated cases and to a minor extent. Due to the immaterial amounts involved, the facts were not examined in detail, and no provision was made.

Issued subordinated liabilities and supplementary capital and additional Tier 1 capital

	31.12.2024 Euro	31.12.2023 Euro thousand
Supplementary capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013	1,224,169,466.74	400,000

	31.12.2024 Euro	31.12.2023 Euro thousand
Additional Tier 1 capital pursuant to Part 2 Title I Chapter 3 of Regulation (EU) No. 575/2013	0.00	220,000

As at 31.12.2024, interest accruals for own issues in the amount of euro 33,669,466.74 are reported in supplementary capital. As at 31.12.2023, interest accruals for own issues in the amount of euro 8.746 thousand were reported in other liabilities.

As at 31.12.2024, the terms of the subordinated and supplementary capital issued are as follows:

ISIN	AT000B121967	AT000B122270	AT000B122296
Description	2.75% VBWIEN FIX TO FIX 17-27	VBWIEN SUB. NTS. 24-34	VBWIEN SUB. NTS. 24-35
Current face value	190,500,000	500,000,000	500,000,000
Unit	Euro	Euro	Euro
Interest rate (end of December)	5.192 %	5.750 %	5.500 %
Redemption	06.10.2027	21.06.2034	04.12.2035
Permanent issue	no	no	no
Right of termination	issuer	issuer	issuer
Conversion into capital	none	none	none
Carrying amount as at 31.12.2024	190,500,000.00	500,000,000.00	500,000,000.00
Balance sheet item	Supplementary capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013	Supplementary capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013	Supplementary capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013

Expenses for subordinated liabilities and supplementary capital amount to euro 49,112,324.44 (2023: euro 20.856 thousand).

At the value date of 6 October 2017, a subordinated Tier 2 bond (ISIN AT000B121967) in the nominal amount of euro 400 million and with an issue price of 99.747 % was issued, which represents supplementary capital under Article 63 of the CRR. The bond will mature on 6 October 2027 and will be redeemed at a rate of 100 % of the face value. Until 6 October 2022, the fixed interest rate was up to 2.75 % p.a., and since the coupon was newly fixed in October 2022, the interest rate has amounted to 5.192 % p.a. for the remaining term. Interest payments will be effected on 6 October each year. The issuer has not exercised its one-time right of termination on 6 October 2022. In September 2024, with the approval of the European Central Bank (ECB), a face value of euro 209,500 thousand was bought back by investors within the scope of a buyback offer, and accordingly the outstanding face value of the issue amounts to euro 190,500 thousand as at 31 December 2024.

In 2024, two subordinated Tier 2 bonds with a volume of euro 500 million each were issued, which constitute supplementary capital under Article 63 CRR. Under the value date of 21 March 2024, the euro 500,000,000 5.75 % Fixed to Fixed 10.25NC5.25 Subordinated Notes (Tier 2) with an Interest Rate Change Date on 21 June 2029 (ISIN AT000B122270), with a term until 21 June 2034 and a fixed interest rate of 5.75 % until 21 September 2029 was launched. The interest is due annually on 21 June, and the interest rate is reset at the interest rate change date at the five-year euro mid-swap rate plus a margin of 3.10 % p.a. Repayment takes place at the end of the term at 100 % of the face value. The issuer has a one-time right of cancellation in 2029.

Under the value date of 4 September 2024, the euro 500,000,000 5.500 per cent Fixed to Fixed 11.25NC6.25 Subordinated Notes (Tier 2) with an Interest Rate Change Date on 04 December 2030 (ISIN AT000B122296), with a term until 04 December 2035 and a fixed interest rate of 5.5 % until 4 December 2030 was launched. The interest is due annually on 04 December, and the interest rate is reset at the interest rate change date at the five-year euro mid-swap rate plus a margin of 3.05 % p.a. Repayment takes place at the end of the term at 100 % of the face value. The issuer has a one-time right of cancellation in 2030.

Under the value date of 9 April 2019, an Additional Tier 1 bond (ISIN AT000B121991 or WKN A191M4) in the nominal amount of euro 220 million and with an issue price of 100.00 % was issued, representing additional Tier 1 capital under Article 52 of the CRR. The bond had an unlimited term with a right of termination on the part of the issuer for the first time on 9 April 2024, which was exercised with the approval of the ECB, and the bond was repaid at 100 % of the face value.

Equity

As at 31 December 2024, the (issued) subscribed capital of VBW amounted to euro 136,298,156.25 (31.12.2023: euro 136,922 thousand). It consists of subscribed capital in the amount of euro 137,546,531.25 (31.12.2023: euro 137,547 thousand) and the reported deductions "Nominal amount of treasury stocks in the bank's own portfolio" in the amount of euro 1,248,375 (31.12.2023: euro 624 thousand). The subscribed capital consists of 1,467,163 no-par shares (31.12.2023: 1,467,163). The shares are registered ordinary shares.

The following shareholders participate in the susbscribed capital as at 31 December 2024:

	Euro thousand	%
Volksbanks	60,327	43.86 %
VB Baden Beteiligung e.Gen.	15,236	11.08 %
VB Ost Verwaltung eG	12,226	8.89 %
VB Verbund-Beteiligung eGen	11,431	8.31 %
VB Niederösterreich Süd eG	9,706	7.06 %
VB Wien Beteiligung eG	6,761	4.92 %
VB Südburgenland Verwaltung eG	5,711	4.15 %
VB Weinviertel Verwaltung eG	5,153	3.75 %
WV Beteiligung eG	4,255	3.09 %
VB Beteiligung Obersdorf-Wolkersdorf-Deutsch-Wagram eG	2,376	1.73 %
Verwaltungsgenossenschaft Gärtnerbank e.Gen.	1,479	1.08 %
Volksbank Holding eGen	1,152	0.84 %
Volksbank Wien AG – treasury stocks	1,248	0.91 %
SPARDA AUSTRIA Holding eG	485	0.35 %
	137,546	100.00 %

On 30 June 2024, VBW purchased 6,658 treasury stocks for the purpose of structural simplification within the Association of Volksbanks. The repurchased shares have a face value of euro 624,187.50 and constitute a share of 0.45 % in the subscribed capital of VBW. Overall, the own portfolio as at 31.12.2024 is 13,316 shares with a face value of euro 1,248,375 or 0.91 % of subscribed capital.

Capital reserves and retained earnings

At the end of the financial year, retained earnings amount to euro 361,154,191.06 (2023: euro 314 thousand). Euro 49,779,294.44 of the annual surplus in the amount of euro 52,479,294.44 were allocated to unappropriated retained earnings, and euro 2,700,000.00 to liability reserves. A fixed reserve of euro 1,248,375.00 is included in retained earnings for the repurchase of own shares effected in the business year and in the previous year. In total, the transaction resulted in a reduction of retained earnings in the amount of euro 2,375,840.72.

Liability reserve pursuant to section 57 (5) Austrian Banking Act

As at 31 December 2024, the liability reserve amounts to euro 50,019,308.55 (31.12.2023: euro 47,319 thousand).

2.3 Explanatory notes on contingencies

Composition of contingent liabilities:

	31.12.2024 Euro	31.12.2023 Euro thousand
Sureties and guarantees	130,267,519.01	143,577
Haftsummenzuschläge (guaranteed amounts)	6,613,679.16	6,012
less: provisions	-2,109,014.76	-1,300
	134,772,183.41	148,290

Composition of credit risks:

	31.12.2024 Euro	31.12.2023 Euro thousand
Loan commitments	3,831,416,644.71	3,108,792
less: provisions	-4,973,037.15	-7,709
	3,826,443,607.56	3,101,082

2.4 Other financial obligations

Composition of liabilities from trust transactions:

	31.12.2024 Euro	31.12.2023 Euro thousand
Loans on a trust basis/deposits	59,616,475.41	69,867
Other assets from trust transactions	74,883,000.00	80,500
	134,499,475.41	150,367

Letter of Comfort VB Forum

The main tenant of the headquarters of VB Wien (the VB Forum) is VOBA Vermietungs- und Verpachtungsgesellschaft m.b.H. (VOBA), a 99 % subsidiary of VB Wien. VB Wien and the group companies VB Services für Banken GmbH, VB Infrastruktur und Immobilien GmbH and Volksbank Akademie have acquired the rental and usage rights to the office premises and parking spaces rented from VOBA on the basis of a verbal agreement. The pro rata costs (rent, operating costs, administrative costs, cost of guarantees of the main lessor) are charged by VOBA to these companies.

With a view to moving into the VB Forum in 2019, VB Wien has provided a written statement to the external lessor of VOBA: in the event of termination with notice of the entire lease agreement, or any parts thereof, by VOBA, VB Wien undertakes vis-à-vis the external lessor to nominate a new tenant (that meets certain requirements) for a successor lease agreement, unless the lease agreement is terminated with notice by VOBA with effect on certain fixed dates. In the event of VOBA giving notice of the lease with effect on any date not so fixed and simultaneous failure to conclude any successor lease, VB Wien undertakes to put the external lessor in the same position, in economic terms, as if a successor lease had been concluded. This results in a maximum effect of this other financial obligation in the amount of euro 4,824,107 (2023: euro 8,717 thousand).

2.5 Eligible own funds

As at 31 December 2024, the eligible own funds of VBW pursuant to Part 2 of Regulation (EU) no. 575/2013 (CRR) amount to euro 1,952,240,362.89 (31.12.2023: euro 1,297,950 thousand) and break down as follows:

	31.12.2024 Euro	31.12.2023 Euro thousand
Core capital (Tier 1)		
CET1 capital (Common Equity Tier 1)		
Subscribed capital	137,546,531.25	137,547
Own CET1 capital instruments	-1,248,375.00	-624
Open reserves	689,094,193.33	638,991
Eligible profit carried forward	36,446.64	184
	825,428,796.22	776,097
less:		
Deductions		
Value adjustment (Art. 35 and Art. 105 CRR)	-245,776.64	-235
Intangible assets (Art. 36 (1) lit b CRR)	-414,582.00	-582
Under Article 3 CRR	-18,014,598.59	-16,950
Cross-shareholdings	-1,249,461.41	-1,249
	-19,924,418.64	-19,017
Shortfall non-performing loans	-3,880,288.28	-2,274
IFRS 9 transitional provisions	1,985,071.07	5,049
	-21,819,635.84	-16,242
CET1 capital (Common Equity Tier 1)	803,609,160.38	759,855
Additional Tier 1 capital	0.00	220,000
	803,609,160.38	**979,855**
Supplementary capital (Tier 2)		
Supplementary capital	1,224,169,466.74	400,000
§ 57/1	17,870,754.88	17,871
	1,242,040,221.62	417,871
less:		
Correction for ineligible equity	-93,409,019.11	-99,776
	1,148,631,202.51	**318,095**
Eligible own funds pursuant to Part 2 CRR	**1,952,240,362.89**	**1,297,950**

The eligible profit carried forward includes the profit carried forward in the amount of euro 36,446.64 (2023: euro 184 thousand).

As regards the breakdown of consolidated eligible own funds, please refer to the consolidated financial statements of VBW.

2.6 Additional disclosures

Breakdown of assets pledged as collateral for liabilities:

	31.12.2024 Euro	31.12.2023 Euro thousand
Loans and receivables to customers	3,484,684,678.61	3,157,899
Debt instruments issued by public bodies, bonds and other fixed-income securities	7,910,626.02	7,783
	3,492,595,304.63	3,165,682
Assets were pledged as collateral for the following obligations		
Amounts owed to credit institutions	505,476,601.37	532,498
Debts evidenced by certificates	2,979,208,077.24	2,625,401
Amounts owed to customers (savings deposits)	7,910,626.02	7,783
	3,492,595,304.63	3,165,682

Assets pledged as collaterals include the underlying stock for covered bonds in the amount of euro 2,979,208,077.24 (31.12.2023: euro 2,625,401 thousand).

For the following financial year, the total amount of obligations from using tangible assets not reported in the balance sheet is euro 5,776,861.15 (31.12.2023: euro 5,828 thousand), of which affiliates euro 2,174,035.56 (31.12.2023: euro 2,174 thousand), and for the following five financial years euro 7,306,446.79 (31.12.2023: euro 7,174 thousand), of which affiliates euro 1,087,017.78 (31.12.2023: euro 1.087 thousand).

Total amount of assets and liabilities denominated in foreign currencies:

	31.12.2024 Euro	31.12.2023 Euro thousand
Foreign currency assets	211,096,647.63	338,796
Foreign currency liabilities	66,029,989.44	70,746

The table containing information on derivative financial instruments (fair values including accrued interest) is enclosed as Annex 2.

This table contains information on derivative financial instruments (fair values including accrued interest):

TOTAL									31 DEC 2024
Euro thousand	up to 3 months	Nominal value up to 1 year	Nominal value 1-5 years	Nominal value 5 years	Nominal value Total	Market value	thereof hedge	Other receiveables	Other liabilities
INTEREST RATE RELATED TRANSACTIONS	46,077	206,025	6,112,256	4,981,212	11,345,570	-20,005	-26,748	75,739	61,252
Caps&Floors	521	1,823	72,153	83,799	158,296	-453		444	975
IRS	45,557	204,202	6,040,102	4,897,414	11,187,274	-19,553	-26,748	75,294	60,277
EXCHANGE RATE RELATED TRANSACTIONS	297,341	72,597	213,733	-	583,671	-487	-	3,982	4,042
Cross Currency Interest Rate Swaps	-	-	213,733	-	213,733	1,634	-	2,328	284
Forward exchange transactions/FX SWAPS	297,341	72,597	-	-	369,938	-2,120	-	1,654	3,758
OTHER TRANSACTIONS	7,466	1,162	2,066	37,663	48,357	-1,956	-	250	-
Market price guarantees Pension provision/guarantee funds	-	-	-	37,663	37,663	-2,279	-	-	-
Optionen	7,466	1,162	2,066	-	10,694	323	-	250	-
TOTAL	**350,884**	**279,784**	**6,328,055**	**5,018,875**	**11,977,598**	**-22,448**	**-26,748**	**79,971**	**65,295**
of which internal	-	-	150,164	60,185	210,349	-	-13,509	12	-

TRADING BOOK									31 DEC 2024
Euro thousand	up to 3 months	Nominal value up to 1 year	Nominal value 1-5 years	Nominal value 5 years	Nominal value Total	Market value	thereof hedge	Other receiveables	Other liabilities
INTEREST RATE RELATED TRANSACTIONS	7,777	27,575	334,245	343,451	713,048	-2,433	-	30,364	34,246
Caps&Floors	521	1,823	66,108	83,799	152,251	-448	-	444	892
IRS	7,257	25,752	268,137	259,652	560,797	-1,985	-	29,919	33,355
TOTAL TRADING BOOK	**7,777**	**27,575**	**334,245**	**343,451**	**713,048**	**-2,433**	**-**	**30,364**	**34,246**
of which internal	-	-	75,082	30,093	105,175	13,509	-	12	-

BANKING BOOK									31 DEC 2024
Euro thousand	up to 3 months	Nominal value up to 1 year	Nominal value 1-5 years	Nominal value 5 years	Nominal value Total	Market value	thereof hedge	Other receiveables	Other liabilities
INTEREST RATE RELATED TRANSACTIONS	38,300	178,450	5,778,011	4,637,761	10,632,522	-17,573	-26,748	45,375	27,006
Caps&Floors	-	-	6,045	-	6,045	-5	-	-	84
IRS	38,300	178,450	5,771,966	4,637,761	10,626,477	-17,568	-26,748	45,375	26,922
EXCHANGE RATE RELATED TRANSACTIONS	297,341	72,597	213,733	-	583,671	-487	-	3,982	4,042
Cross Currency Interest Rate Swaps	-	-	213,733	-	213,733	1,634	-	2,328	284
Forward exchange transactions/FX SWAPS	297,341	72,597	-	-	369,938	-2,120	-	1,654	3,758
OTHER TRANSACTIONS	7,466	1,162	2,066	37,663	48,357	-1,956	-	250	-
Market price guarantees Pension provision/guarantee funds	-	-	-	37,663	37,663	-2,279	-	-	-
Optionen	7,466	1,162	2,066		10,694	323		250	
TOTAL BANKING BOOK	**343,107**	**252,209**	**5,993,810**	**4,675,424**	**11,264,550**	**-20,016**	**-26,748**	**49,607**	**31,048**
of which internal	-	-	75,082	30,093	105,175	-13,509	-13,509	-	-

										31 DEC 2023
Provisions	up to 3 months	Nominal value up to 1 year	Nominal value 1-5 years	Nominal value 5 years	Nominal value Total	Market value	thereof hedge	Other receiveables	Other liabilities	Provisions
1,415	40,739	563,380	4,372,150	4,310,362	9,286,631	-29,809	-36,214	64,941	56,672	1,590
-	978	4,074	77,751	99,438	182,240	-871	-	937	1,904	-
1,415	39,761	559,307	4,294,399	4,210,925	9,104,391	-28,938	-36,214	64,004	54,768	1,590
1,295	222,333	187,426	105,558	104,560	619,875	-10,318	-	4,143	13,719	1,163
427	-	155,699	105,558	104,560	365,816	-11,602	-	2,254	13,093	856
868	222,333	31,727	-	-	254,060	1,283	-	1,889	627	307
2,279	5,610	4,897	-	27,172	37,680	-1,119	-	14	-	1,168
2,279	-	-	-	27,172	27,172	-1,168	-	-	-	1,168
-	5,610	4,897	-	-	10,508	49	-	14	-	-
4,988	**268,682**	**755,703**	**4,477,707**	**4,442,094**	**9,944,187**	**-41,247**	**-36,214**	**69,098**	**70,391**	**3,921**
-	-	872	150,246	60,202	211,320	-	-14,883	13,583	2,965	-

										31 DEC 2023
Provisions	up to 3 months	Nominal value up to 1 year	Nominal value 1-5 years	Nominal value 5 years	Nominal value Total	Market value	thereof hedge	Other receiveables	Other liabilities	Provisions
1	31,239	105,944	367,271	350,446	854,900	-2,960	-	35,066	39,329	1
-	978	4,074	71,376	99,438	175,865	-852	-	937	1,789	-
1	30,261	101,871	295,895	251,008	679,035	-2,109	-	34,128	37,540	1
1	**31,239**	**105,944**	**367,271**	**350,446**	**854,900**	**-2,960**	**-**	**35,066**	**39,329**	**1**
-	-	436	75,123	30,101	105,660	14,883	-	13,583	2,965	-

										31 DEC 2023
Provisions	up to 3 months	Nominal value up to 1 year	Nominal value 1-5 years	Nominal value 5 years	Nominal value Total	Market value	thereof hedge	Other receiveables	Other liabilities	Provisions
1,414	9,500	457,436	4,004,879	3,959,916	8,431,731	-26,849	-36,214	29,875	17,343	1,588
-	-	-	6,375	-	6,375	-19	-	-	115	-
1,414	9,500	457,436	3,998,504	3,959,916	8,425,356	-26,829	-36,214	29,875	17,228	1,588
1,295	222,333	187,426	105,558	104,560	619,875	-10,318	-	4,143	13,719	1,163
427		155,699	105,558	104,560	365,816	-11,602	-	2,254	13,093	856
868	222,333	31,727	-	-	254,060	1,283	-	1,889	627	307
2,279	5,610	4,897	-	27,172	37,680	-1,119	-	14	-	1,168
2,279	-	-	-	27,172	27,172	-1,168	-	-	-	1,168
	5,610	4,897			10,508	49		14		
4,988	**237,443**	**649,759**	**4,110,436**	**4,091,648**	**9,089,287**	**-38,286**	**-36,214**	**34,033**	**31,062**	**3,919**
-	-	436	75,123	30,101	105,660	-14,883	-14,883	-	-	-

3. EXPLANATORY NOTES REGARDING THE INCOME STATEMENT

Net interest income

	2024 Euro	2023 Euro thousand
Interest and similar income		
from loan and investment transactions		
for loans and receivables to credit institutions	194,668,993.36	192,889
for loans and receivables to customers	239,565,795.53	207,074
fees and commissions equivalent to interest	4,531,155.87	4,487
from bonds and other fixed-income securities	103,506,923.70	66,600
from other assets – total	7,444,912.80	7,249
	549,717,781.26	478,300
Interest and similar expenses		
from refinancing transactions		
for amounts owed to credit institutions	-104,118,356.45	-129,357
for amounts owed to customers	-89,031,288.58	-37,784
for debts evidenced by certificates	-212,453,338.10	-151,119
fees and commissions equivalent to interest	-1,908,435.58	-576
	-407,511,418.71	-318,835
	142,206,362.55	**159,465**

Income from securities and participations

	2024 Euro	2023 Euro thousand
a) Income from equities, other share rights and variable-yield securities	22,397.37	14
b) Income from participations	20,709,219.49	1,704
c) Income from shares in affiliates	11,354,742.25	2,737
	32,086,359.11	4,454

Net fee and commission income

	2024 Euro	2023 Euro thousand
Fee and commission income		
from payment transactions	37,858,055.71	37,267
from securities business	34,461,057.00	31,964
from lending business	9,309,573.15	8,517
from other service business	10,202,616.34	10,525
from foreign exchange, foreign notes and coins, precious metals business	127,505.81	119
	91,958,808.01	88,392
Fee and commission expenses		
for payment transactions	5,585,317.28	5,350
for securities business	8,792,904.14	6,901
for lending business	3,072,311.31	10,510
for other service business	93,196.06	52
	17,543,728.79	22,813
	74,415,079.22	**65,580**

Income/expenses from financial transactions

	2024 Euro	2023 Euro thousand
Result from financial transactions		
Equity-related transactions	14,552.92	2
Interest rate-related transactions	1,694,692.05	1,640
Foreign exchange business	739,009.37	807
Foreign notes and coins, and precious metals business	1,110,020.48	896
Other financial transactions	-42,327.04	202
	3,515,947.78	3,548

Other operating income breaks down as follows:

	2024 Euro	2023 Euro thousand
Charged-out staff expenses and administrative expenses	122,945,944.95	94,642
Charged-out issuing costs	23,479,883.38	31,392
Income from the payment of the cooperative fund (Gemeinschaftsfonds)	10,500,000.00	0
Charged-out contributions to Single Resolution Fund (SRF)	0.00	6,251
Income from derivative financial instruments	5,771,979.60	2,441
Income from the release of provisions	2,737,065.76	5,614
Income from letting and leasing	2,242,367.25	2,303
Income from the disposal of assets	401,048.16	1,855
From other transactions	1,176,695.47	2,080
	169,254,984.57	146,579

Charged-out staff expenses and administrative expenses essentially include the expenses incurred by VBW in its capacity as the central organisation of the Association of Volksbanks and charged out to the primary banks of the Volksbank Sector according to the agreement on the assumption of the costs of the Association.

In 2024, impairments of the assets included in asset items 9 and 10 (tangible assets and intangible assets) include impairments effected in relation to land and buildings reported in tangible assets in the amount of euro 217,340.73 (2023: euro 271 thousand).

Pension expenses for commitments for which provisions are recorded amount to euro 954,632.13 (2023: euro 1,059 thousand) in the financial year. Expenditure from the allocation of provisions for anniversary bonuses is included in the item Wages and salaries in the amount of euro 297,597.56 (2023: allocation of euro 654 thousand).

Other operating expenses break down as follows:

	2024 Euro	2023 Euro thousand
Charged-out expenses	15,139,807.64	15,643
Losses on redemption	9,362,432.61	2,237
Charged-out contributions to Single Resolution Fund (SRF)	0.00	8,303
Other expenses	3,356,394.70	1,855
	27,858,634.95	28,038

Charged-out expenses primarily include amounts charged out from joint advertising, as well as costs incurred under regulatory provisions.

Result from valuations and disposals:

	2024 Euro	2023 Euro thousand
Result from valuations and disposals	**-79,633,251.14**	**-15,108**
Impairments on loans and receivables, and allocations to provisions for contingent liabilities and for credit risks	-114,577,645.07	-65,161
Lending business	-114,565,091.43	-65,153
Securities held as current assets	-12,553.64	-8
Income from the reversal of impairments on receivables and from provisions for contingent liabilities and for credit risks	40,005,132.74	40,940
Lending business	40,005,132.74	40,762
Securities held as current assets	0.00	178
Balance Item 11 of the income statement	**-74,572,512.33**	**-24,221**
Impairments on securities valued as financial assets, as well as on participations and shares in affiliates	-7,685,365.27	-42
Non-current securities	0.00	-1
Participations, shares in affiliates	-7,685,365.27	-41
Income from impairments on securities valued as financial assets, as well as on participations and shares in affiliates	2,624,626.46	9,155
Non-current securities	227,693.26	133
Participations, shares in affiliates	2,396,933.20	9,022
Balance Item 12 of the income statement	**-5,060,738.81**	**9,113**

Taxes on income and earnings

Income taxes only relate to the result from ordinary operations. The tax expense in the amount of euro 2,821,312.35 (2023: 9.588 thousand) essentially comprises a tax expense from current corporate income tax in the amount of euro 1,383,740.21 (2023: euro 5,437 thousand), tax expense from previous periods in the amount of euro 162,758.45 (2023: tax income of euro 544 thousand), a tax expense from the change in deferred taxes in the amount of euro 1,244,859.30 (2023: euro 4,747 thousand), as well as corporate income tax expense from current offsetting within the Austrian tax group of euro 30,045.35 (2023: income of euro 45 thousand).

Other taxes, unless they must be reported in item 13

Other taxes in the amount of euro 2,264,840.05 (2023: euro 2,459 thousand) essentially include the 2024 bank levy under the Stability Tax Act (Stabilitätsabgabegesetz) in the amount of euro 2,280,564.63 (2023: euro 2,526 thousand) as well as income from sales tax refunds for previous years in the amount of euro 287,384.65 (2023: euro 207 thousand).

Movements of capital reserves and retained earnings in the income statement

In the 2024 financial year, euro 49,779,294.44 (2023: euro 91,400 thousand) were transferred to retained earnings ("other reserves") and euro 2,700,000.00 to the liability reserve under section 57 (6) Austrian Banking Act (2023: euro 2.500 thousand). No change was effected in capital reserves in the current financial year (2023: euro 0 thousand).

4. Other information

As the central organisation, VBW prepares the consolidated financial statements pursuant to section 59 Austrian Banking Act and the annual financial statements of the Association of Volksbanks pursuant to section 59a Austrian Banking Act. Disclosure of the annual financial statements of the Association is effected by VBW, domiciled in Vienna, with Vienna Commercial Court.

The company is the parent company of the VBW Group and prepares the consolidated financial statements for the largest and the smallest group of companies. The consolidated financial statements are available at Vienna Commercial Court.

Within the scope of Group reporting, VBW reports on concepts, results and risks relating to environmental matters, social and employee topics, human rights, corruption and bribery as well as diversity pursuant to the Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; NaDiVeG) in a separate sustainability report.

In 2024, the average headcount was 936.76 (2023: 896.63) With 936.76 (2023: 896.63) white-collar employees and no (2023: 0) blue-collar employees, corresponding to full-time equivalents.

Expenses for severance payments and contributions to employee pension funds include expenses from statutory severance payments in the amount of euro 2,174,349.66 (2023: euro 1,718 thousand).

The auditing expenses for the financial year are reported in the Notes to the consolidated financial statements of VOLKSBANK WIEN AG.

Return on total capital employed

Pursuant to section 64 (1) (19) Austrian Banking Act, the return on capital employed is 0.34 % (31.12.2023: 0.69 %). Return on capital employed under the Austrian Banking Act is the quotient of annual surplus divided by total assets at the balance sheet date.

Disclosures regarding transactions with related parties

Expenses for severance payments and pensions amount to euro 622,202.68 (2023: euro 689 thousand) for both active and former members of the Managing Board. Expenses for severance payments and pensions for employees amount to euro 4,134,657.80 (2023: euro 4,511 thousand).

The total compensation of the Supervisory Board members active in the financial year amounts to euro 626,511.36 (2023: euro 445 thousand). The total compensation of the Managing Board (without incidental wage costs) amounted to euro 2,971,755.02 (2023: euro 2,371 thousand). The total compensation of former Managing Board members and their surviving dependants amounted to euro 452,359.37 (2023: euro 422 thousand) in the financial year.

As at 31 December 2024, there are loans or utilised credit lines to members of the Managing Board in the amount of euro 9,768.27 (2023: euro 0 thousand).

As at 31 December 2024, the loans granted to members of the Supervisory Board, as well credit lines utilised by them, amount to euro 93,273.02 (2023: euro 114 thousand). In the 2024 financial year, euro 24,149.21 (2023: euro 20 thousand) were paid back.

All transactions with related parties were carried out on arm's length terms exclusively in the financial year.

Significant subsequent events

After the close of the financial year, no events of particular importance have occurred that have any significant effect on the present annual financial statements.

Appropriation of net income

The Managing Board and the Supervisory Board of Volksbank Wien AG propose to use the net profit for the year as shown in the annual financial statements as at 31 December 2024 as follows:

The net profit for the year in the amount of euro 36,446.64 is carried forward to new account.

Managing Board

Managing Board:

Gerald Fleischmann
Chairman of the Managing Board

Rainer Borns
Deputy Chairman of the Managing Board

Thomas Uher
Deputy Chairman of the Managing Board

Supervisory Board:

Robert Oelinger
Certified public accountant/tax consultant
Chairman

Heribert Donnerbauer
Donnerbauer & Hübner Rechtsanwälte GmbH
First Deputy Chairman

Helmut Hegen
HOSP, HEGEN partnership of lawyers
Second Deputy Chairman

Wilfried Aichinger
Business consultant
Member

Susanne Althaler
Member

Harald Berger
Member

Johann Joachim Bruckner
Attorney-at-law
Member

Birte Burtscher
Certified public accountant and tax consultant
Member

Christoph Herzeg
Member

Regina Ovesny-Straka
Member

Martina Rittmann-Müller
Certified public accountant and tax consultant
Member

Walter Übelacker
Real estate trustee, certified court expert
Member

Works Council delegates:

Christian Rudorfer
Chairman of the Works Council

Andrea Baier
Josef Heidegger as of 18.01.2024
Christiane Spiegl
Iris Weber
Bettina Wicha

State commissioners:

Katharina Schwaha
State commissioner

Helmut Wiesenfellner
Deputy state commissioner

The Managing Board

Vienna, 24 February 2025

Gerald Fleischmann
Chairman of the Managing Board

Rainer Borns
Deputy Chairman of the Managing Board

Thomas Uher
Deputy Chairman of the Managing Board

Disclosure pursuant to Article 431 CRR is effected on the Internet on the website of VBW at www.volksbankwien.at

Movement in non-current assets 2024
(section 226 (1) Austrian Business Code (UGB) in conjunction with section 43 (1) Austrian Banking Act (BWG); all figures are in euro)

Non-current assets	ACQUISITION 1 January 2024	Additions	Disposals	Transfers and currency conversions	31 December 2024
Securities					
2. Debt instruments issued by public bodies and similar securities	906,321,405.80	160,760,694.00	55,360,024.78	102,201,049.00	1,113,923,124.02
3. Loans and advances to credit institutions (securities)	2,529,334.50	300,625,095.00	586,180.69	-42,625,095.00	259,943,153.81
4. Loans and advances to customers (securities)	13,378,069.61	40,607,815.39	0.00	-37,014,766.00	16,971,119.00
5. Bonds and other fixed-income securities	1,743,294,538.04	522,073,104.69	88,871,216.30	-20,624,588.00	2,155,871,838.43
6. Shares and other variable-yield securities	724,955.29	1,710,688.48	0.00	0.00	2,435,643.77
Total	**2,666,248,303.24**	**1,025,777,397.56**	**144,817,421.77**	**1,936,600.00**	**3,549,144,879.03**
Participations					
7. Participations	209,099,107.93	22,468,494.34	103,488,415.35	0.00	128,079,186.92
Total	**209,099,107.93**	**22,468,494.34**	**103,488,415.35**	**0.00**	**128,079,186.92**
Investments in affiliates					
8. Investments in affiliates	108,472,846.16	0.00	0.00	0.00	108,472,846.16
Total	**108,472,846.16**	**0.00**	**0.00**	**0.00**	**108,472,846.16**
Intangible fixed assets					
9. Intangible fixed assets	2,739,613.03	2,196.00	1,818.00	0.00	2,739,991.03
10. Fixed assets	139,121,582.04	9,191,359.85	11,704,165.37	0.00	136,608,776.52
Total	**141,861,195.07**	**9,193,555.85**	**11,705,983.37**	**0.00**	**139,348,767.55**
Total	**3,125,681,452.40**	**1,057,439,447.75**	**260,011,820.49**	**1,936,600.00**	**3,925,045,679.66**

DEPRECIATION					CARRYING AMOUNT	
Cumulated depreciation 1 January 2024	Depreciation in fiscal year	Appreciation	Disposals	Cumulated depreciation 31 December 2024	31 December 2024	2023 thousand Euro
1,056,855.64	0.00	0.00	226,585.05	830,270.59	1,113,092,853.43	905,265
0.00	0.00	0.00	0.00	0.00	259,943,153.81	2,529
0.00	0.00	0.00	0.00	0.00	16,971,119.00	13,378
56,388.60	0.00	0.00	54,795.97	1,592.63	2,155,870,245.80	1,743,238
38.01	0.00	0.00	0.00	38.01	2,435,605.76	725
1,113,282.25	**0.00**	**0.00**	**281,381,02**	**831,901.23**	**3,548,312,977.80**	**2,665,135**
123,364,881.45	137,000.00	2,396,429.20	86,019,263.63	35,086,188.62	92,992,998.30	85,734
123,364,881.45	**137,000.00**	**2,396,429.20**	**86,019,263.63**	**35,086,188.62**	**92,992,998.30**	**85,734**
92,671,326.16	7,548,365.27	0.00	0.00	100,219,691.43	8,253,154.73	15,802
92,671,326.16	**7,548,365.27**	**0.00**	**0.00**	**100,219,691.43**	**8,253,154.73**	**15,802**
2,157,896.25	169,330.78	0.00	1,818.00	2,325,409.03	414,582.00	582
90,337,087.19	5,405,811.43	0.00	10,065,425.78	85,677,472.84	50,931,303.68	48,784
92,494,983.44	**5,575,142.21**	**0.00**	**10,067,243.78**	**88,002,881.87**	**51,345,885.68**	**49,366**
309,644,473.30	**13,260,507.48**	**2,396,429.20**	**96,367,888.43**	**224,140,663.15**	**3,700,905,016.51**	**2,816,037**

MANAGEMENT REPORT

MANAGEMENT REPORT

1 Report on the business development and economic situation

1.1 Economic environment

Overall economic development 2024 in Austria

Real GDP growth Y/Y	Inflation rate according to HICP Y/Y	Unemployment rate National definition (AMS)
-1.0 %	2.9 %	7.0 %

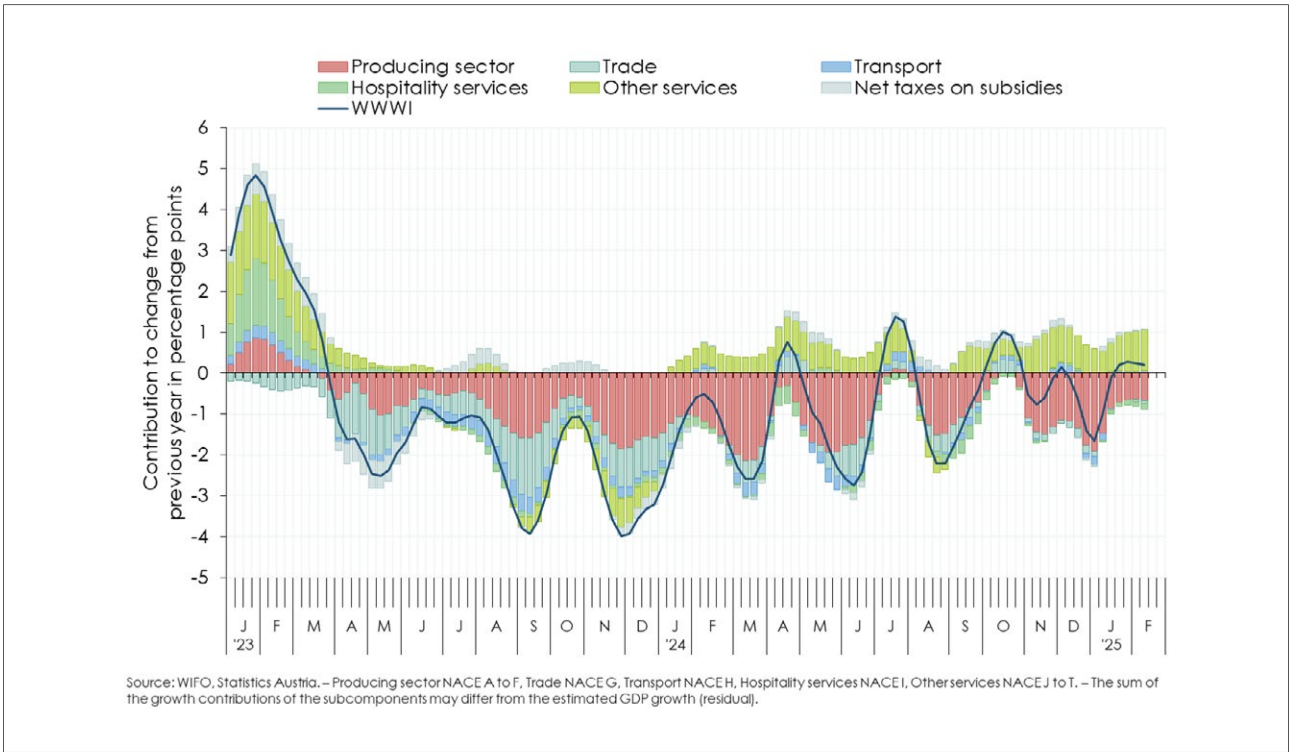
Source: WIFO, Statistics Austria and AMS, as at 31.01.2025

The Austrian economy continued to contract in 2024 at a similar rate to the previous year due to the ongoing recession in the industrial sector and the construction industry. Despite improvements in income, consumer spending by private households also declined once again, associated with a sharp increase in the savings rate from 8.7 % in 2023 to 11.4 % in 2024. Investment activity also slowed down once again in the case of equipment and even more so in the construction sector. This affected residential construction in particular, but also increasingly had an impact on the ancillary construction industry. The weakness in industry also weighed on exports of goods, which fell in particular in the first half of the year but stabilised somewhat over the course of the year. The issue of international competitiveness also came to the fore in foreign trade in goods and services in view of increased labour and energy costs. Consumer price inflation decreased for most of 2024, falling below the ECB target of 2 %, mainly due to falling household energy prices, although there was a moderate increase here at year-end. Services remain important price drivers, including in particular hospitality services.

The economic downturn was reflected in the labour market by a rise in unemployment. The growth in employment was also low in 2024 and hours worked per employee were lower than in 2023. The industrial sector, construction industry and retail all faced a decline in employment. The unemployment rate rose by around half a percentage point to 7.0 % based on the national calculation method. The number of people registered as unemployed or in training was 9.4 % higher on average over the year. The number of vacancies fell in parallel with this.

A total of 6,587 companies filed for bankruptcy in 2024 according to creditor protection association KSV, an increase of 22 % over the previous year, with trade and retail, the construction industry and hospitality/gastronomy affected by this in particular. These also included 86 insolvencies classified as major insolvencies, which contributed to the fact that the total liabilities and equity affected increased by 35 %, a much higher rise than the number of insolvencies. The high number of creditors in many cases was also highlighted, which increases the risk of subsequent insolvencies. The number of personal bankruptcies remained almost unchanged compared to the previous year, although there were some noticeable differences between the federal provinces. Not least due to the difficult economic situation that has been persisting for some time, the KSV points out that private bankruptcies typically lag behind those in the corporate sector.

According to the weekly economic index from the Austrian Institute of Economic Research (WIFO), there is no significant recovery yet in sight for the Austrian economy. Based on information that is updated at short intervals, the WWWI estimates the GDP and its components for individual calendar weeks (see chart). Economic output in December exceeded the figure for the same month in the previous year by 0.25 %, although this fell to a minus of 1.25 % in the first two weeks of January in a year-on-year comparison. Private consumer spending and gross capital investments likely stagnated in December, while net exports are likely to have made a negative contribution to growth once again. From the point of view of industry, the Weekly WIFO Economic Index (WWWI) shows declines in value added, particularly in the manufacturing sector which is also accompanied by falls in employment, but also in the construction industry as well as in tourism and trade for most weeks of 2024. There are signs of a recovery in retail sales, with some positive momentum coming primarily from other service sectors. Economic assessments also remained sceptical according to the WIFO economic test, with negative values for both the assessment of the current situation and economic expectations in December. According to the initial estimate from WIFO, GDP is likely to have stagnated in the fourth quarter as a whole compared with the three months before, with an annual rate of -1.0 % calculated for the year as a whole.



Source: WIFO

Money market rates followed a clear downward trend in 2024 and, at the end of the year, the 3-month Euribor was only slightly above the level at the beginning of 2023. Since June 2024, the ECB has partially reversed its interest rate hikes of the previous year and cut the deposit rate by 100 basis points in four stages. The key interest rates at the turn of the year were 3.0% (deposits), 3.15% (main refinancing) and 3.4% (marginal lending). The direction of European capital market interest rates was less clear, with the yield on the German ten-year benchmark bond and on the ten-year Austrian federal bond barely changing by the end of the year compared with the start of the year. Expectations of falling inflation rates fell towards year-end, especially in the USA, reflected in rising yields around the turn of the year 2024/25. The stock indices in the USA trended upwards throughout the year despite some accompanying setbacks, and were supported in the second half of the year by expectations regarding the new government's economic policy ('Trump trade'). Despite moving sideways in the second half of the year, with a few exceptions the European stock indices also ended the year with gains, although these were less pronounced than in the US.

Energy market

The energy price shock from 2022 subsided somewhat despite the ongoing war in Ukraine. Consumer price inflation was at a more moderate level once again due to cheaper petroleum products, although the aftershocks were still being felt in the service sector following the wave of price increases. However, European gas prices rose from November 2024 onwards when Gazprom stopped gas deliveries to OMV after the latter was awarded damages in arbitration proceedings. Gas flowing through Ukraine would have ended in 2024 in any case, but security of supply should be guaranteed by diversification measures. Just like gas prices, electricity prices on the Stock Exchange also remained above pre-pandemic levels.

The rate of inflation was 2.9% in 2024 as a whole according to both the national and the harmonised consumer price index. The contribution made by electricity prices was low due to various political interventions, such as the electricity price brake that came to an end in early 2025. Following the energy crisis, concern is also growing about the permanent loss of certain production facilities and loss of competitiveness over the longer term.

Credit market

The continued high cost of financing and a high propensity to save among private households as well as the recessionary industrial activity with weak order books and a reluctance to invest were also reflected in the lending business.

Loans to private households in Austria fell at an average annual rate of -1.4 % from January to December 2024, while loans to non-financial corporations grew only moderately by +1.4 %. The trend towards a slowdown had already set in for both categories by the start of 2023, following a strong year for corporate lending in particular in 2022. While the low point for loans to private households had already been reached by around the turn of the year 2023/2024 and the decline in December 2024 only amounted to approximately one-third of this figure, the increases in corporate loans were at their lowest in summer 2024. The increases in the last few months of the year were also higher again here and the change was not at any point negative compared to the previous year. The growth rates for loans to private households and companies are closer together for the eurozone as a whole, with the average annual rates from January to December 2024 amounting to 0.5 % for private households and 0.7 % for companies, and with these consistently fluctuating within the positive range. The bank lending survey for Austria from 2025 showed that demand for corporate loans continued to fall in the fourth quarter, while demand for private housing loans rose, as had also been the case in the first and third quarters.

Real estate market

On the Austrian residential real estate market, a long and marked price rally ended in the fourth quarter of 2022. The OeNB's real estate price index showed a negative annual growth rate for the second quarter of 2023 for the first time since the second quarter of 2008; the negative amount was 1.6 % for 2023 as a whole (2022: +10.3 %). The falls slowed down over the course of 2024 in a quarter-on-quarter comparison and were more pronounced in Vienna than in the rest of Austria. However, the annual rate was only positive in the third quarter of 2024 for new freehold flats outside of Vienna. A negative rate is also expected for 2024 as a whole, with the average index value for Q1-Q3 2024 around 2.4 % below the average value for the same period in the previous year, with pre-owned freehold flats becoming cheaper in particular.

Demand in the residential construction sector remains subdued, but the years of strong increases in supply are over, too. The market has been characterised by a decline in building permits since as early as 2020, and residential construction investments in 2024 were almost 20 % below 2022 levels. However, the low point may have been reached as the mood improved somewhat at the end of 2024 according to the WIFO economic test, and the bank lending survey from January 2025 held out the prospect of a slight increase in demand for private residential construction loans for the second half of 2024 and the first quarter of 2025. While high financing costs and stricter lending standards have curbed demand in recent years, lower interest rates and an amendment to Austria's Real Estate Financing Measures (KIM) Regulation are if anything likely to provide new momentum.

Regional and sectoral development

	Austria	Burgenland	Carinthia	Lower Austria	Upper Austria	Salzburg	Styria	Tyrol	Vorarlberg	Vienna
Q2 2024 production value % Y/Y										
Manufacturing	-4.6	-4.7	-7.7	-5.2	-9.4	4.8	-2.5	1.5	0.4	-4.9
Construction	-2.3	-15.3	-1.1	-2.0	-0.4	0.9	-0.9	-2.8	-1.5	-5.1
Unemployment rate 2024 %	7.0	6.8	7.3	6.3	4.9	4.2	6.1	4.3	5.6	11.4
Tourism 2024:										
Overnight stays % Y/Y	2.1	4.5	-0.3	-0.3	2.2	0.1	1.7	1.6	2.3	9.3
Austria	0.9	4.7	-1.2	0.0	1.9	-0.5	0.4	0.4	-1.0	6.5
Foreign	2.5	3.8	0.3	-0.7	2.6	0.3	3.5	1.7	2.7	9.9

Source: WIFO, AMS, Statistics Austria

Some of the regional economic data from the first half of 2024 show marked differences. The WIFO flash estimate of real gross value added shows a positive trend in the first half of the year in Vienna only; Upper Austria was particularly affected by the industrial recession and contracted accordingly by 3.8 %. The slowdowns were also above average in Carinthia and Lower Austria, which also faced losses in material goods production, as well as in Burgenland. The nominal slowdown in construction output in the second quarter was lower throughout Austria than that of manufacturing. The noticeably large losses in the construction sector in Burgenland can also be explained by a high figure in the previous year. Otherwise, the construction sector saw a slowdown in Vienna in particular, although the city proved resilient in many other areas, such as in relation to employment trends, which significantly exceeded the Austrian average in the second quarter, albeit with a high unemployment rate compared with the other regions. The biggest fall in employment was in Upper Austria.

The 6.8% increase year-on-year in unemployment and trainees observed in December was particularly high in industry (+14%) and in retail and trade (+10%), despite the business over Christmas. Among the federal provinces, Upper Austria recorded the biggest increase followed by Salzburg. Unemployment rates rose in all federal states in 2024. Vienna continued to have the highest rate, while Salzburg continued to have the lowest rate, followed by Tyrol.

The number of accommodation facilities and beds increased by 2.3% year-on-year and 1.7% year-on-year respectively in the annual tourist season of 2023/24 (November 2023 until October 2024). The largest percentage increases were seen in terms of facilities in Burgenland and in the number of beds in Vienna. However, there were increases in all federal provinces with the exception of Tyrol. Bed occupancy at the facilities has still not been able to return to pre-pandemic levels. There has also been a shift in occupancy towards the summer ever since the pandemic.

The number of overnight stays in Austrian accommodation facilities amounted to around 154 million in 2024 as a whole, thereby exceeding the previous record set in 2019. There was an increase of 2.1% as compared with 2023, with the rise in international guests (+2.5%) being higher than that of Austrian guests (+0.9%). The highest increase in percentage terms compared with 2019 was recorded in Vienna, while the number of overnight stays only fell in Carinthia and Lower Austria compared with the previous year.

Retail sales increased over the course of the year despite continued restraint on the part of consumers. However, the slowdown in industry is likely to have continued to weigh on wholesalers. According to WIFO (December 2024), real gross value added in the retail sector is likely to have contracted by 2.0% over the year as a whole. However, registrations of new passenger cars rose once again in 2024, exceeding the previous year by 6.1%. The gap with 2019 reduced to 23% as a result. The fall in sales revenues in industry remained high at 8% in December 2024 compared with the same month in the previous year, while the construction sector recorded a small increase of 0.3% according to early estimates from Statistics Austria. Road freight transportation is also likely to have developed positively again for the first time in the fourth quarter according to the early estimate. The order book situation remains subdued according to the WIFO business survey from autumn; order levels in the manufacturing sector were still below the five-year average in the October survey in all federal provinces with the exception of Burgenland. Only a partial stabilisation can be observed in the construction industry.

Again in 2024, healthcare counted among the comparatively stable sectors with a low number of insolvencies. Medical services continue to benefit from a partial shortage of supply and stable consumer trends in the sector, while the challenges of the retail sector and growing online services are also to some extent having an impact on the pharmacy environment. On the other hand, pharmacies might benefit from real disposable incomes increasing again.

1.2 Analysis of business development

1.2.1 Explanatory notes regarding the income statement

Net interest income in the business year amounts to euro 142.2 million (2023: euro 159.5 million) and consists of the following: On the income side, interest and similar income of euro 549.7 million was generated (2023: euro 478.3 million). This includes interest on loans and receivables to customers amounting to euro 239.6 million (2023: euro 207.1 million), interest on loans and receivables to credit institutions in the amount of euro 194.7 million (2023: euro 192.9 million), interest on bonds and other fixed-income securities in the amount of euro 103.5 million (2023: euro 66.6 million), interest on other assets in the amount of euro 7.4 million (2023: euro 7.2 million), and fees and commissions equivalent to interest in the amount of euro 4.5 million (2023: euro 4.5 million). Interest income from other assets includes compensation payments from interest rate swaps and cross-currency swaps.

By comparison with the previous year, interest and similar expenses increased from euro 318.8 million by euro 88.7 million to euro 407.5 million. Interest expense for amounts owed to credit institutions amounted to euro 104.1 million (2023: euro 129.4 million) in the financial year and mainly includes interest payments for deposits of members of the Association of Volksbanks with VBW (CO). The interest expense for amounts owed to credit institutions includes interest expenses from participation in the TLTRO III programme in the amount of euro 10.0 million (2023: euro 44.0 million). By comparison with the previous year, interest expenses for amounts owed to customers increased from euro 37.8 million to euro 89.0 million, and is mainly due to an increase in interest expenses for fixed and time deposits with agreed maturities. This is essentially due to the increase in the volume of deposits. (Volume as at 31.12.2024: euro 1.3 billion, previous year euro 1.0 billion). The interest expense for debts evidenced by certificates in the amount of euro 212.5 million (2023: euro 151.1 million) is mainly composed of interest on covered bonds, interest on Tier 2 issues, and interest on supplementary capital.

Income from participations and shares in affiliates amounted to euro 32.1 million in the financial year (2023: euro 4.5 million).

Compared to the previous year, net fee and commission income increased from euro 65.6 million to euro 74.4 million. Fee and commission income amounts to euro 92.0 million (2023: euro 88.4 million). Fee and commission income from payment transactions of euro 37.9 million (2023: euro 37.3 million) and from other services in the amount of euro 10.2 million (2023: euro 10.5 million) have remained more or less constant. Fee and commission income in the lending business of euro 9.3 million (2023: euro 8.5 million) and in the securities business in the amount of euro 34.5 million (2023: euro 32.0 million) has increased against the previous year. Fee and commission expenses amount to euro 17.5 million (2023: euro 22.8 million). In the securities business, expenses in the financial year were higher than in the previous year at euro 8.8 million (2023: euro 6.9 million). Fee and commission expenses in the lending business (euro 3.1 million) were lower than in the previous year (2023: euro 10.5 million). In financial year 2024, the charging of fees and commissions to the affiliated banks was changed for covered bonds and credit claims; the fee and commission expense charged for the lending business increased by euro 8.4 million in the previous year. In the financial year, expenses in the amount of euro 5.6 million (2023: euro 5.3 million) for fees and commissions in payment transactions remained more or less constant compared to the previous financial year.

At euro 3.5 million (2023: euro 3.5 million), the result from financial transactions remained stable in the business year, essentially consisting of the net trading income and valuation result from fixed-income securities of the trading portfolio in the amount of euro 1.7 million (2023: euro 1.6 million), the valuation result from the foreign notes and coins, and precious metals business in the amount of euro 1.1 million (2023: euro 0.9 million), and the valuation result from foreign exchange transactions in the amount of euro 0.7 million (2023: euro 0.8 million).

Other operating income increased against the previous year by euro 22.7 million from euro 146.6 million to euro 169.3 million, mainly including expenses of VBW, in its capacity as central organisation of the Association of Volksbanks, that were charged out to the banks of the Association (charged-out "CO costs"). Other operating income includes income from funds that have become available from the Volksbanken-Gemeinschaftsfonds in the amount of euro 10.5 million that were received by VBW as agreed. For further breakdowns of other operating income, please refer to the Notes to the 2024 annual financial statements.

The general administrative expenses in the amount of euro 250.8 million essentially include staff expenses and other administrative expenses and increased by euro 33.3 million in the financial year compared to the previous year. The higher staff expenses in the amount of euro 113.2 million (2023: euro 104.5 million) are mainly due to the inflation-related valorisation of salaries and to the increase in headcount against the previous year (average staff number 2024: 936.71 full-time equivalents, 2023: 896.63 full-time equivalents).

Other administrative expenses (operating expenditure) amounted to euro 137.6 million in the 2024 financial year, and accordingly have increased against the previous year (euro 113.0 million). Apart from the inflation-related increase, the company recorded increased expenses for IT projects. Other administrative expenses include expenses for data processing of euro 68.5 million (2023: euro 55.3 million), general administrative expenses of euro 16.7 million (2023: euro 15.1 million), legal, auditing and consultancy expenses of euro 19.6 million (2023: euro 13.5 million), as well as current fees for banking operations of euro 9.9 million (2023: euro 8.4 million).

Impairments on the assets included in items 9 and 10 included depreciations of fixed assets and at euro 5.6 million have remained constant against the previous year (2023: euro 5.6 million).

By comparison with the previous year, other operating expenses decreased slightly from euro 28.0 million to euro 27.9 million. The major part of other operating expenses, at euro 14.7 million (2023: euro 22.0 million), is accounted for by expenses charged out to the members of the Association of Volksbanks. These expenses mainly include costs for joint advertising and regulatory costs. Other operating expenses include realised price losses for the partial redemption of a Tier 2 issue in the second half of 2024 in the amount of euro 6.4 million.

Due to the effects described above, the operating result improved from euro 128.5 million to euro 137.2 million.

On the other hand, the result from valuations and disposals for the financial year shows an increase in expenses against the previous year in the amount of euro 79.6 million (2023: euro 15.1 million). Result from valuations and disposals includes the following material effects:

The negative result from impairments on loans and receivables and allocations to provisions for contingent liabilities and for credit risks, as well as income from the release of impairments on loans and receivables and from provisions for contingent liabilities and for credit risks, as well as to securities held in the liquidity reserve amounts to euro 74.6 million in the financial year (2023: expense of euro 24.2 million). This result is influenced by the conservative provision for potential default risks of credit losses (mainly due to the financing of residential and commercial real estate projects). Moreover, additional risk provisions were formed for credit risks and/or macroeconomic trends that are not fully mapped in the models, scenarios and assumptions (so-called „post-model adjustments"). Overall, therefore, increased expenses resulted from the lending business for provisions for credit risks in the amount of euro 114.6 million (2023: euro 65.2 million). On the other hand, income of euro 40.0 million from the release of loan loss provisions remained constant compared to the previous year (2023: euro 40.9 million).

The negative valuation balance from impairments on securities measured as financial assets and on participations as well as income from impairments on securities measured as financial assets and on participations of euro 5.1 million affected the result from valuations and disposals (2023: income of euro 9.1 million). For further details and breakdowns, please refer to the breakdown of the result from valuations and disposals in the Notes to the annual financial statements.

The changes in reserves are described in the following chapter "Explanatory notes concerning the balance sheet and own funds".

The composition and development of income tax expenses and of expenses from other taxes are shown in the Notes in item "3. Explanatory notes concerning the income statement".

1.2.2 Explanatory notes concerning the balance sheet and own funds

Total assets increased by approx. euro 0.9 billion to approx. euro 15.6 billion compared to the previous year. On the assets side, the rise is mainly due to the increase in balances with central banks as well as to investments in bonds and other fixed-income securities. Cash in hand and balances with central banks increased from euro 3.3 billion to euro 3.9 billion against the end of the previous year. Bonds and other fixed-interest securities exclusively consist of bonds denominated in euro and amount to euro 2.2 billion (2023: euro 1.8 billion) at the end of the financial year.

Loans and receivables to credit institutions primarily include the refinancing volume of the banks of the Association and decreased by euro 0.5 billion to euro 2.1 billion compared to the previous year.

Loans and receivables to customers increased from euro 0.2 billion to euro 6.1 billion against the end of the previous year. As regards the development of the impairments on loans and receivables, we refer to the above explanations on the result from valuations and disposals as well as to the breakdown of impairments in the Notes to the annual financial statements („Composition of risk provisions").

As at 31 December 2024, other assets amounted to euro 112.2 million (31.12.2023: euro 93.2 million), and accordingly have increased by euro 19.0 million against the previous year. This position mostly includes "other receivables" as well as "positive fair values and accrued interest from interest rate hedging transactions" in the trading book (interest rate swaps) in the amount of euro 29.9 million (2023: euro 34.1 million). A breakdown of other assets is shown in the Notes in item "2.1 Explanatory notes on assets".

Amounts owed to credit institutions increased from euro 3.0 billion to euro 3.1 billion in the course of business, and primarily include overnight deposits from members of the Association of Volksbanks. The refinancing within the scope of the TLTRO III programme of the European Central Bank, which was still outstanding at the end of the previous year in the amount of euro 0.6 billion, was paid back in full in the first half of 2024.

The major part of amounts owed to customers consists of overnight deposits denominated in euro, recording slight growth from euro 6.6 billion to euro 6.7 billion in the course of business.

Due to high demand by customers for Retail issues, the volume of debts evidenced by certificates increased from euro 3.4 billion to euro 3.5 billion in the course of the financial year. Debts evidenced by certificates include covered bond issues in the amount of euro 1.9 billion (2023: euro 1.9 billion). In October, for the first time, VBW launched a green bond in accordance with its Sustainability Bond Framework to Retail customers (maturity: 4.25 years, fixed coupon: 2.75 %, volume: euro 40 million).

Other liabilities in the amount of euro 285.7 million (2023: euro 329.1 million) mostly include current payment transactions. Other liabilities also include negative market values and interest accruals from interest rate hedging transactions (interest rate swaps) in the trading book in the amount of euro 33.4 million (2023: euro 37.5 million). A breakdown of other liabilities is shown in the Notes in item "2.2 Explanatory notes on liabilities".

In the financial year, 6,658 own shares of VOLKSBANK WIEN AG were repurchased for the purpose of structural simplification within the Association of Volksbanks. Hence, the subscribed capital was reduced by the face value of euro 0.6 million and amounts to euro 136.3 million at the balance sheet date (2023: euro 136.9 million). See Notes to the annual financial statements „Equity".

In March 2024, VBW placed a euro 500 million benchmark Tier 2 bond with a term of 10.25 years and a one-off cancellation right after 5.25 years in order to strengthen its own funds. Owing to significant market interest, the issue could be priced with an attractive spread of +310 bps. The successful placement of the Tier 2 benchmark bond in March and the increase in equity enabled VBW to optimise its capital structure and exercise its call option on the outstanding euro 220 million AT1 issue in order to redeem the Additional Tier 1 capital as of 09 April 2024.

In September, a second euro 500 million benchmark Tier 2 bond with a term of 11.25 years, an issue surcharge of MS +305 bps, and a one-off cancellation right after 6.25 years was placed on the capital market. The transaction was offered together with a redemption offer for the outstanding Tier 2 bond from 2017, which is no longer fully eligible as subordinated capital. A face value of euro 209.5 million of the euro 400 million originally placed was repurchased from investors as part of the tender offer. The combination of new issue and buyback further improved the efficiency of the capital structure.

In April, the rating agency Moody's raised the credit rating of the Senior Unsecured bonds of VBW from A3 (positive outlook) to A2 (stable outlook). The Senior Unsecured and deposits ratings are therefore at the same level. All other ratings were confirmed as unchanged by Moody's, with the outlook stable overall.

At the end of the financial year, retained earnings amount to euro 361.2 million (2023: euro 313.8 million). Euro 49.8 million of the annual surplus in the amount of euro 52.5 million were allocated to unappropriated retained earnings, and euro 2.7 million to liability reserves. A fixed reserve of euro 1.2 million is included in retained earnings for the repurchase of own shares effected in the business year and in the previous year. In total, the transaction resulted in a reduction of retained earnings in the amount of euro 2.4 million.

Pursuant to Art 92 CRR, VBW as a single institution must meet the following own funds requirements at all times:
a) a CET1 capital ratio of 4.5 %,
b) a Tier 1 capital ratio of 6.0 % and
c) a total capital ratio of 8.0 %.

The assessment basis for own funds requirements is the total risk exposure amount, which is euro 4.6 billion at year-end (31.12.2023: euro 4.3 billion).

For information on the own funds requirements/capital ratios of the Association of Volksbanks, please refer to section "2.2.1 Current developments" of this management report.

1.3 Report on branch establishments

VBW does not have any branch establishments.

1.4 Financial performance indicators

VBW's own funds under banking law amount to euro 1,952.2 million as at 31 December 2024 (31.12.2023: euro 1,298.0 million). At the end of 2024, the risk-weighted assets amounted to euro 4.6 billion, having increased compared to the end of 2023 (euro 4.3 billion) by euro 0.3 billion.

Available own funds exceed the regulatory requirement by euro 1,585.3 million.
- The CET1 capital ratio in relation to total risk amounts to 17.5% (31.12.2023: 17.6%)
- The Tier 1 capital ratio in relation to total risk amounts to 17.5% (31.12.2023: 22.6%)
- The total capital ratio is 42.6% (31.12.2023: 30.0%)

The minimum requirements for VBW in absolute amounts are a CET 1 capital of euro 206.4 million, a core capital of euro 275.2 million, and a total capital of euro 367.0 million. The actual CET 1 capital ratio amounts to 17.5%, meaning that the own funds requirements were over-accomplished by euro 597.2 million at the reporting date. The Tier 1 capital ratio amounts to 17.5% and was over-accomplished by euro 528.4 million. The total capital ratio is 42.6%. Accordingly, at the reporting date, the statutory own funds requirements were over-accomplished by euro 1,585.3 million.

Due to the function as central organisation performed by VBW for the Association of Volksbanks, the following indicators are comparable to those of other retail banks only with certain limitations.

In the reporting year, the loan-to-deposit ratio I amounts to 796.7% (2023: 580.7%). The loan-to-deposit ratio I is calculated as the quotient between loans and receivables to customers and savings deposits.

In the reporting year, the loan-to-deposit ratio II amounts to 59.9% (2023: 59.2%). The loan-to-deposit ratio II is calculated as the quotient between loans and receivables to customers and the sum of amounts owed to customers and debts evidenced by certificates.

In the financial year, the commission margin amounts to 0.5% (2023: 0.4%). The commission margin is calculated as the quotient between the balance of fee and commission income and fee and commission expenses, and total assets.

In the financial year, the operating income margin amounts to 2.7% (2023: 2.6%). The operating income margin is calculated as the quotient between operating income and total assets.

In the financial year, the operating expenses margin amounts to 1.8% (2023: 1.7%). The operating expenses margin is calculated as the quotient between operating expenses and total assets.

1.5 Sustainability

Within the scope of Group reporting, VBW reports on concepts, results and risks relating to environmental matters, social and employee topics, human rights, corruption and bribery as well as diversity pursuant to the Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; NaDiVeG) in a separate sustainability report.

2 Report on the company's future development and risks

2.1 Economic environment and future development of the company

2.1.1 Economic environment

Many of the factors that weighed on GDP already in 2024 will continue to act as inhibitors this year according to WIFO and OeNB forecasts, meaning that any growth in GDP is likely to be moderate at best. One major element of uncertainty in the forecasts is the required budget consolidation, which could act as an inhibitor given that no new government has been formed yet in Austria. Although the cancellation of expenditure decided during the energy crisis, together with higher network charges and CO2 prices at the beginning of 2025, are driving inflation up, a slowdown in wage growth is likely to curb inflation and result in a lower rate of inflation for the year as a whole of just above the 2 % target, with this target not expected to be reached until 2026. The economy is likely to lack drivers for growth, even though sentiment outside of the industrial sector has improved somewhat. The industrial sector has not yet emerged from recession, although WIFO and OeNB expect a gradual recovery in construction investments, which should gradually also benefit the sector. Consumer spending continues to be hampered by a projected high savings rate, with revival driven by renewed increases in real wages not expected until sometime during 2025, once initially higher energy prices have been absorbed. Consumers are also facing a further expected increase in the rate of unemployment.

A cautious recovery is expected for Austrian exports in parallel with global trade, although the trade tariffs announced by the US are causing uncertainty but could also result in pre-emptive effects. There are many questions that remain regarding global trade policy in general in the wake of the major election year. The International Monetary Fund predicts below-average global growth rates of 3.3 % in 2025 and 2026 in its January 2025 update to the World Economic Outlook, but only factors the expected trade restrictions into this outlook by assuming a generally higher level of uncertainty in terms of trade policy. Stronger economic growth is projected for the USA than for the eurozone, while growth in Austria's largest trading partner Germany will remain very restrained at 0.3 % and 1.1 %.

In the absence of any upturn in the industrial sector and given the uncertainties with respect to trade policy and the need for government austerity measures, the outlook for investment – particularly for investments in equipment – is subdued despite monetary easing. Construction investments and the real estate market are likely to benefit from the housing and construction package adopted in 2024 and from the end of the KIM regulation as of 30 June 2025. The recent decline in residential construction activity, the increase in disposable income and the need for restructuring and renovation should also act as a support. The demand for securities investments may also benefit from the anticipated increases in income.

Economic forecasts for 2025

Dec. 24	Real GDP growth Y/Y	Inflation rate according to HICP Y/Y	Unemployment rate National definition (AMS)
WIFO	0.6 %	2.3 %	7.4 %
OeNB	0.8 %	2.4 %	7.4 %

The geopolitical conflicts in Ukraine and the Middle East with the potential implications of these on the raw materials markets remain risk factors for the Austrian economy. New trade restrictions could disrupt the recovery in investments as well as international trade routes and supply chains, and cause new increases in inflation, which would stand in the way of further monetary easing. A restrictive monetary policy involves risks given the already difficult economic situation and need for consolidation.

2.1.2 Expected development of the company

The regionally operating Volksbanks look after their customers locally, while Österreichische Ärzte- und Apothekerbank AG serves doctors and pharmacies throughout Austria. In order to be able to respond even better to the needs of Austrians, the Volksbanks, as their "Hausbank" ("relationship bank"), are consistently implementing the "Hausbank der Zukunft" ("relationship bank of the future") service concept within the Association. The customers and members of the cooperatives in all regions are the priority. The cooperative mission is therefore more relevant than ever before given the challenges faced. The structural and cultural changes effected over the past financial years have contributed to establishing the Association of Volksbanks and Österreichische Ärzte- und Apothekerbank AG as the most modern association of credit institutions in Austria.

The focus as „Hausbank der Zukunft" rests on two pillars: the high quality of support for regional customers on the one hand and centralised control and settlement activities on the other.

In view of the challenging economic conditions, the focus for 2025 is on growing with the customers across the entire Association. For this purpose, we will continue to work on improving our processes and on intensifying digitisation.

In the course of medium-term planning, the Association of Volksbanks has set itself a number of strategic goals that will be a focus for management in the years to come. These include an improvement in the cost-income ratio to below 65.0 %, a Tier 1 capital ratio (CET 1) of at least 16.0 % at the level of the Association of Volksbanks, an NPL ratio (non-performing loans) of under 3.0%, and a return on equity (RoE) after taxes of more than 7.0 %. In addition, the highest levels of satisfaction among our customers thanks to a cooperatively sustainable business model and the successful implementation of the projects launched together with our new IT partner Accenture to modernise the company's IT infrastructure are the main goals to be achieved over the next years.

The Association of Volksbanks has defined sustainability goals that cover all ESG aspects. The expansion of sustainable products, decarbonisation of operations or employee development goals are continuously quantified, included in the planning of the individual areas, and monitored by the Sustainability Committee and the banks of the Association.

While the fall in short-term interest rates expected for next year and higher capital requirements due to Basel IV continue to require continuous streamlining of the cost structure and an increase in productivity, the risk situation is expected to ease. The forecasts expect the economy to return at least to moderate growth. The renewed increase in interest in the real estate market is an indicator of this.

The Federal Finance Court (Bundesfinanzgericht, BFG) referred a request for a preliminary ruling under Article 267 TFEU to the European Court of Justice (ECJ) on 28 June 2024. The BFG has made a request to the ECJ to decide whether the intermediate bank exemption pursuant to Section 6(1) no. 28 2nd sentence of the Austrian VAT Act (UStG) constitutes state aid within the meaning of Article 107(1) TFEU. Please refer to the notes to the annual financial statements for information on the estimates regarding the impact of any possible decision by the ECJ or the European Commission.

2.2 Significant risks and uncertainties

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 to have 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 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)

2.2.1 Current developments
If available, the consolidated own funds applicable to VBW under the CRR are composed of Common Equity Tier 1 (CET1), Additional Tier 1 capital (AT1), and supplementary capital (Tier 2, T2).

In addition, 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. In December 2024, this results in a combined buffer requirement (CBR) for the Association of Volksbanks of 3.95 % (previous year: 3.79 %) 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 0.90 % (previous year: 0.75 %, countercyclical buffer (CCyB) of 0.05 % (previous year: 0.04 %). The capital buffers must be met in full with CET1 capital, and they relate to total risk.

The Association of Volksbanks again submitted to the annual SREP (Supervisory Review and Evaluation Process) within the scope of the Single Supervisory Mechanism (SSM) of the ECB. This resulted in a Pillar 2 Requirement (P2R) of 2.25 % at the consolidated level as at December 2024.

The result of the Supervisory Review and Evaluation Process (SREP) also took into account the ECB's SSM stress test conducted 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).

Based on the SREP decision of November 2023 and taking into account the composition of the additional own funds requirement (P2R), the capital requirements and capital recommendations for the Association of Volksbanks as at 31 December 2024 are as shown in the table (any shortfall in AT1/Tier 2 will increase the CET1 requirement accordingly):

	31 Dec 2024	31 Dec 2023
Pillar 1		
CET1 minimum requirement	4.50 %	4.50 %
TIER1 minimum requirement	6.00 %	6.00 %
Total own funds minimum requirement	8.00 %	8.00 %
Combined buffer requirement (CBR)	**3.95 %**	**3.79 %**
Capital conservation buffer (CCB)	2.50 %	2.50 %
Systemic Risk Buffer (SRB)	0.50 %	0.50 %
O-SII buffer (O-SIIB)	0.90 %	0.75 %
Countercyclical capital buffer (CCyB)	0.05 %	0.04 %
Pillar 2	**2.25 %**	**2.50 %**
CET1 minimum requirement	1.27 %	1.41 %
Tier1 minimum requirement	1.69 %	1.88 %
Total own funds minimum requirement	2.25 %	2.50 %
CET1 total capital requirement	**9.72 %**	**9.70 %**
Tier1 total capital requirement	**11.64 %**	**11.67 %**
Total capital requirement	**14.20 %**	**14.29 %**
Pillar 2 Guidance	**1.25 %**	**1.25 %**
CET1 minimum recommendation	10.97 %	10.95 %
Tier1 minimum recommendation	12.89 %	12.92 %
Total own funds minimum recommendation	15.45 %	15.54 %

During the 2024 financial year, the Association of Volksbanks complied with the minimum capital requirements and/or capital guidances resulting from the SREP.

The result of the 2024 Supervisory Review and Evaluation Process (SREP) was forwarded to VBW as the central organisation of the Association of Volksbanks in the official SREP decision from December 2024. The SREP requirement (P2R) remains unchanged at 2.25 % in 2025. The SREP guidance (P2G) remains unchanged at 1.25 % compared to the reporting year. The buffer for systemically important institutions (O-SIIB) at consolidated level will decrease from 0.90 % to 0.45 % in 2025.

2.2.2 Risk policy principles

The risk policy principles 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.

2.2.3 Organisation of risk management

VBW has taken all required organisational precautions to meet the requirements regarding modern risk management. There is a clear separation between front office 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.

Our business model requires risks to be identified, assessed, measured, aggregated and managed 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 VBW and the Association of Volksbanks is continuously refined to define the risk appetite or the degree of risk tolerance that VBW or the Association of Volksbanks is willing to accept in order to achieve their defined objectives. The level of risk tolerance is reflected in the definition and validation of appropriate limits and controls. The framework is continuously verified and adjusted to regulatory requirements, changes of the market environment or the business model. VBW / the Association of Volksbanks aims to develop, by way of this framework, a disciplined and constructive control environment where all employees understand and live up to their role and responsibility.

Risks within the Association of Volksbanks are managed by three decision-making bodies in VBW: (i) Risk Committee (RICO), (ii) Asset Liability Committee (ALCO), (iii) Credit Committee (KK). 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 (hence Managing Board of the CO) 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 „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.

Additionally, a sustainability committee (NAKO), with a reach extending across the Association and the power to adopt resolutions, was set up for reporting purposes and to manage key sustainability topics.

2.2.4 Regulatory requirements

Implementation of regulatory requirements at VBW, as the CO of the Association of Volksbanks, is effected as follows:

Pillar 1: Minimum own funds 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 operational risk, the respective regulatory standard approaches for determining the minimum own funds requirements apply.

Pillar 2: Internal Capital & Liquidity Adequacy Assessment

By way of the Internal Capital & Liquidity Adequacy Assessment process, VBW as CO of the Association of Volksbanks takes all measures required to ensure that all risks arising from current and proposed business activities are counterbalanced by an adequate liquidity and capital base at all times. The detailed design of the Internal Capital & Liquidity Adequacy Assessment process depends on the regulatory requirements and 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 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.volksbankwien.at/investoren/offenlegung*.

2.2.5 Risk management across the Association

The Risk Control function within VBW and of VBW as CO of the Association of Volksbanks 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 CRM) and the downstream manuals of the Association govern the risk management activities in a binding and uniform manner. The risk strategy for the Association of Volksbanks is also issued in the form of a 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 very important. In order to allow for a professional exchange in a working context, an RMF Jour Fixe (expert committee) was set up for risk control. Each affiliated bank must dispose of its own Risk Control Function (RCF) that is responsible for independent monitoring and communication of risks in 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 unit of the 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.

a) 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 in item d) Liquidity risk.

The individual elements of this cycle are performed at varying intervals (e.g. daily for market risk / trading book risk measurement, quarterly for the risk-bearing capacity calculation, annually for risk inventory and determination of the risk strategy). All the activities described within the cycle are reviewed for up-to-dateness and adequacy at least annually, and promptly adjusted to the respective current environment; they are approved by the Managing Board of VBW / the Managing Board of the CO. In the last years, ESG requirements (E=Environment, S=Social, G=Governance) and/or requirements to address sustainability risks were integrated into the capital adequacy process. Accordingly, the requirements regarding ESG risks are considered in the elements of the Internal Capital Adequacy Assessment Process.

ESG risks are not included as a separate risk type, but are mapped within the existing risk types. The methods, models and strategies used for ESG risks will be continuously developed within VBW and within the Association of Volksbanks and are meant to contribute to successively measuring inherent ESG risks more accurately, and to integrate them into the process of providing for a sustainable, risk-adequate capital base.

Risk inventory

The risk inventory aims to define the materiality of existing and newly assumed risks. The risk inventory results are summarised and analysed for VBW. The findings from the risk inventory process are collected, evaluated within VBW, or the CO, 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 using ESG heat maps. The ESG heat map is a tool to identify, analyse and assess the materiality of ESG risks and/or their risk drivers. In the ESG heat map, various risk events are described and evaluated for all relevant risk types of the Association of Volksbanks. The findings are then mapped in the risk inventory within the framework of existing risk types.

Risk strategy

The risk strategy of the Association of Volksbanks, which is implemented at VBW – and mandated by the Managing Board of VBW – is based on the business strategy of the Association of Volkbanks, thus creating a consistent framework and providing the principles for uniform risk management throughout the Association of Volksbanks. VBW's local risk strategy essentially builds on the risk strategy of the Association, defining regional specifications and local specifics. The risk strategy is reviewed for up-to-dateness and adequacy at least annually and adjusted to the respective current general conditions. It provides the rules for the handling of risks and ensures risk-bearing capacity 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.

VBW has explicitly committed to a sustainable corporate culture and strives to establish ESG aspects in all areas of the company, in line with the uniform specifications for the Association of Volksbanks. 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 so-called ESG heat maps and the internal stress test.

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 deepening indicators helps the Managing Board to implement central strategic goals of VBW, specifying the same. Moreover, a comprehensive set of additional RAS indicators is considered regularly.

The risk appetite, meaning the indicators of the RAS, is/are derived from the business model, the current risk profile, the risk capacity and the revenue 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 VBW 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 more detailed RAS indicators:
- Capital-based ratios (e.g. CET1 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)

Since 2024, additional indicators with an ESG focus (carbon intensity, physical risks or ESG score coverage of 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 internal capital 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 internal capital. 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 stipulated under the law and constitutes a minimum requirement. The composition of the regulatory total risk exposure of VBW corresponds to that of any regionally operating retail bank.

The economic perspective contributes to ensuring the continued existence of VBW by foregrounding the economic value during the management of capital resources. 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 bank, and hence may negatively affect the adequacy of capital resources 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. 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 normative perspective ensures that VBW is able, throughout a period of several years, to meet its own funds requirements / those of the Association of Volksbanks, 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 the P&L 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.

ESG-related scenarios (especially with regard to climate and environmental risks) 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 based on the assumptions of the Network for Greening the Financial System (NGFS) and are continuously extended to include the latest 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. The last EBA/ECB stress test was carried out in 2023. The results of the stress tests for the Association of Volksbanks were used by the ECB to assess the capital requirement (Pillar 2 Guidance) within the SREP.

Risk reporting

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

The monthly, and 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 the significant risks and containing comprehensive qualitative and quantitative information. The aggregate bank risk report provides the VBW Managing Board, which is also the CO Managing Board, with management-related information on a monthly basis and is sent to the Supervisory Board of VBW quarterly. Complementing the aggregate bank risk report, various risk-specific reports (e.g. analyses within credit risk regarding the development of individual sub-portfolios) are provided in addition to the reporting framework.

Recovery and resolution planning

As the Association of Volksbanks was classified as a significant institution in Austria, it must prepare a recovery plan and submit the same to the European Central Bank. VBW in its function as the CO of the Association of Volksbanks is responsible for drawing up said Group Recovery Plan (GRP) for the Association of Volksbanks. No separate recovery plan is being prepared for VBW itself. This recovery plan is updated at least once a year and takes into account changes in the business activities of VBW / the Association of Volksbanks, as well as changes in regulatory requirements.

b) Credit risk

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

Credit risk management organisation

Within VBW, the responsibilities associated with credit risk are taken care of by the divisions Credit Risk Management and Risk Control. The departments Credit Risk Management Retail Branches, Credit Risk Management Real Estate & Corporate Financing, Restructuring & Workout are responsible for operational credit risk management. The Risk Control function 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 are complied with and have been monitored separately since their entry into force.
- The topic 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.

Decision-making process

In all units of VBW that generate credit risk, there is a strict separation of sales and risk management functions. All decisions in individual instances are taken strictly observing the dual-control principle; clear processes have been defined for this purpose. 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, the requirements on the level of the Association of Volksbanks differ from 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 and limits for the industry sectors and the real estate sectors are being defined at present. 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.

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

Intensified credit risk management

Within the Association of Volksbanks, and accordingly also within VBW, 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: 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, VBW 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 and accordingly within VBW 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 of more than 90 days, pursuant to the CRR, and/or if complete settlement of the debt is considered unlikely without realising any collaterals. The Association of Volksbanks has internally 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.

Problem Loan Management

Within the Problem Loan Management system (PLM) applicable throughout the Association of Volksbanks, 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).

Different processes have been set up consistently within the Association of Volksbanks depending on the customer and the respective situation.

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, thus enabling sector-specific early warning.

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

Sustainability/ESG factors

Physical risks: Currently, the physical risks to which the financed business partners of VBW and the Association of Volksbanks are exposed are determined regularly. For this purpose, an externally developed model is used for Austrian-based companies and real estate located in Austria; this model determines results for the commonly used RCP models RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5.

The exposure of the credit portfolio to physical climate risks is allocated on the basis of geographical locations of the exposures. The following physical climate risks are analysed:

- Acute risks: river flooding; coastal flooding; rain; snow; hail; wind; cyclones; landslide; fires; heatwave; cold temperatures; frost days; ice days; drought
- Chronic risks: heat stress; water stress; crop failure; soil erosion.

Based on the address of the relevant asset, a score is calculated for each of the risks mentioned (normalised to interval [0;1]).

Following the introduction of an IT tool (Climcycle), it should be possible to determine physical risks in the future as part of the loan application process in order to set up improved monitoring.

ESG score: Since autumn 2022 already, ESG factors have been taken into account in the lending process through the internal ESG score developed within the Association of Volksbanks, integrating the consideration of environmental, social and ethical governance risks and strengths in the process to reach a credit decision. If a customer achieves a poor ESG overall score or a poor „Environment" score, warnings must be added to the customer rating.

Based on the data generated by the external IT tool (CO2 emissions and physical risks) as well as the internal ESG score, initial KPIs have been defined within the RAS set of indicators, and a monitoring process has been implemented, starting in 2024.

Strategic credit risk management and credit risk control

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 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.

Counterparty default risk

The counterparty risk from unsecured derivatives is taken into account by way of 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 default risk.

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.

Factors influencing the estimate of Expected Credit Losses (ECL) for the purpose of determining impairments

Data at the level of the Association is decisive for developing the models for determining the ECL and for regular recalibration of the risk parameters. This includes, for instance, default time series or portfolio compositions. External data, such as macroeconomic forecasts of the ECB, equally apply to the entire Association. Hence, uniform methods are generally used for all aspects of determining impairments in all banks of the Association. Methods or procedures specific to any particular bank of the Association will be applied in exceptional cases only and are subject to strict governance within the Association.

Various influencing factors, assumptions and methods are used to measure any significant increase of credit risk (see below).

Rating systems

Upon initial recognition, each exposure is allocated to a credit risk rating based on the information available about the borrower. The exposures are monitored continuously, and the risk management guidelines of the bank require credit risk renewal at least once a year. The established governance processes, including RAS limits (Risk Appetite Statement), ensure that valid credit assessments exist for more than 98 % of exposures.

The bank disposes of a comprehensive set of rating systems to cover all relevant types of receivables. The most important elements of the rating systems for the major portfolios are shown in the following table:

Portfolio	Main influencing factors of the rating systems
SME and Corporates	– Information that was obtained during the regular review of annual financial statements and management accounts (economic circumstances of the owners) of the borrower – Actual and expected material changes of the regulatory, technological or economic environment of the borrower – Qualitative assessment of borrower management, the transparency of information provided by the borrower, the adequacy of the borrower's accounting processes and other soft facts – New and/or expected changes of the financial situation of the borrower not reflected in the most recent financial statements – Internally obtained information about the borrower's conduct, e.g. overdrawing of advances on current account and utilisation of credit facilities – To the extent available, ratings of the borrower or of the borrower's parent company by external rating agencies
Private customers	– Credit standing indicators as well as sociodemographic assessment of the request – Information obtained from credit agencies – For new lending business with existing customers and for current monitoring – internally collected data regarding the customers' account conduct, e.g. delays in payment and changes with respect to incoming or outgoing payments
Banks	– Information that was obtained during the regular review of annual financial statements, disclosures and reports of the borrower – Qualitative assessment of market position, asset quality and concentration risk of the counterparty's portfolio – Implicit support or explicit guarantees from states, governments or parent companies

All rating systems are regularly validated according to qualitative and quantitative criteria by an independent unit within Risk Control, including backtesting for actual rating migrations and defaults.

All rating systems apply the Volksbank master scale that consists of 20 rating levels (1A to 4E) plus 5 additional levels (5A to 5E) for defaulted customers. To each rating level, the master scale will allocate intervals of probabilities of default (PD) that do not overlap. The PDs of the rating system are modelled as long-term through-the-cycle (TTC) probabilities of default over a period of 12 months. Ratings by external rating agencies are also reproduced on the VB master scale by way of statistical analyses of the historical default rates published by the rating agencies.

VB master scale				External ratings	
Short description	Rating class	Mean PD	Rating notch	Moody's	S & P's
Best credit rating		0.01 %	1A	Aaa,Aa1	AAA,AA+
Best credit rating		0.02 %	1B	Aa2	AA
Best credit rating	K1	0.03 %	1C	Aa3	AA-
Best credit rating		0.04 %	1D		
Best credit rating		0.05 %	1E	A1	A+
Excellent credit rating		0.07 %	2A	A2,A3	A,A-
Excellent credit rating		0.11 %	2B	Baa1	BBB+
Very good credit rating	K2	0.16 %	2C		BBB
Very good credit rating		0.24 %	2D	Baa2	
Very good credit rating		0.35 %	2E	Baa3	BBB-
Good credit rating		0.53 %	3A	Ba1	BB+
Good credit rating		0.80 %	3B	Ba2	BB
Good to medium credit rating	K3	1.20 %	3C	Ba3	BB-
Medium credit rating		1.79 %	3D	B1	
Acceptable credit rating		2.69 %	3E	B2	B+
Poor credit rating		4.04 %	4A	B3	B
Poor credit rating		6.05 %	4B		B-
Watch List	K4	9.08 %	4C		
Watch List		13.62 %	4D		
Watch List		20.44 %	4E	Caa-C	CCC/C

VB master scale				External ratings	
Short description	Rating class	Mean PD	Rating notch	Moody's	S & P's
Payment default: 90 d / 30 d (forb.)		D	5A		
Individual loan loss provision		D	5B		
Restructuring / acceleration	K5	D	5C		
Insolvency		D	5D		
Derecognition		D	5E		

Lifetime Probability of Default

Ratings provide essential input for determining the lifetime PD and subsequently for ECL calculation. At each balance sheet date, the bank will assess whether the default risk for a financial instrument has increased significantly since first-time recognition. To identify any significant increases in default risk, companies may combine financial instruments into groups based on common default risk properties, and in this way may carry out an analysis aimed at being able to promptly identify any significant increases in default risk. For the purpose of analysing lifetime PD, the portfolio of Volksbank is divided into the following segments:

- SME and Corporates, incl. special financing
- Private Customers
- Banks
- Sovereign states and international organisations rated by external rating agencies
- Other Exposures (mainly municipalities and other public enterprises and organisations that are not dealt with using the usual rating systems for SME or Corporates)

For the Private Customers, SME and Corporates incl. special financing segments, the bank extracts long-term, representative samples of internal ratings and defaults that cover all material subsegments and rating categories. Statistical models are used to analyse the data collected and to prepare estimates regarding residual term PD and the way these are expected to change over the course of time.

For the segments Banks and Countries, the bank uses long-term default studies of the external rating agencies to determine the lifetime PD by rating class. For Other Exposures, the balance sheet data of Austrian municipalities are used, a default approximation is defined on the basis of a business analysis, and lifetime PD is estimated.

Forward-looking information

The bank takes account of forward-looking information, both in assessing whether the credit risk of any instrument has increased significantly since its initial recognition, and in measuring ECL. The forward-looking information includes both macroeconomic projections and existing information at individual customer level. Information at the individual customer level, such as new and/or expected changes in the borrower's financial situation that are not reflected in the most recent financial statements, are recorded and evaluated as part of the rating process.

The ECB's macroeconomic projections are used as an anchor for determining the real economic scenarios. Based on the analysis carried out by economists of the bank's research department and taking into account additional market data, two or more scenarios are defined. In any case, a base case scenario for the future development of the relevant economic variables is defined. The base case scenario represents the most likely outcome and is broadly consistent with the ECB's Baseline scenario. The scenario is also reconciled with information used by the bank for other purposes, such as strategic planning and budgeting. In addition, further possible prognostic scenarios are defined that represent an outcome of the relevant economic variables that deviates from the base case. The number and design of the other scenarios are based on the ECB's specifications.

The prognostic process comprises both the forecast of the development of the relevant economic variables over the course of the next three years and the estimate of probability for each scenario. VBW and the Association of Volksbanks perform regular (semi-annual) stress tests with „shocks" to quantify the effects of a massive deterioration of economic conditions and to analyse the necessity of re-calibration of the base case scenario and/or of the other prognostic scenarios.

Consideration of forward-looking information

The bank performs a thorough analysis to identify and calibrate the relationships between changing default rates and changes of the most important macroeconomic factors.

For Private Customers and for corporate customers (SME and Corporates incl. special financing), the analysis is based on a time series of average default rates estimated on the basis of the internally available data set. For portfolios with only few defaults (banks, sovereign states, municipalities), the downgrade and default time series of the external rating agencies and/or the balance sheet data of the municipalities are used. Based on historical time series, the most selective macroeconomic variables are determined using statistical methods. In the process, multivariate regression analyses are performed for each portfolio. Adverse macroeconomic scenarios are mapped using a second set of regression coefficients specifically calibrated to negative observations. Explanatory variables are, among others, total GDP growth and the change in the unemployment rate in Austria and the euro zone, as well as market-based indicators (credit spreads, especially spreads between the 10-year Austrian and German government bonds, and stock indices that are representative of the euro zone).

Definition of „default" (Stage 3)

The definition of default is fully in line with the default definition of VBW for capital adequacy purposes (CRR). A financial asset is considered to be in default (Stage 3) if:

A financial asset is considered to be in default (Stage 3) if:
- it is unlikely that the borrower is going to meet its loan obligations in full without recourse to certain measures, such as the realisation of collateral (if available); or
- if the borrower has been in default with respect to any material loan obligation for more than 90 days.

VBW uses a default identification process based on uniform rules across the Association, which takes account of both automatically determined and manually determined default events, ensuring the downgrade of the customer concerned to rating class 5.

The default events include the following:

Default event	Triggered	Rating level
Payment default of 90 days	automatically	5A
Default of 30 days in case of forbearance	automatically	5A
Repayment vehicle event	automatically or manually	5A
Formation of an individual loan loss provision	automatically	5B
Insufficient expected cash flows	manually	5B
Derecognition	automatically	5E
Restructuring	manually	5C
Repeated forbearance	automatically	5C
Distressed restructuring	automatically	5C
Call-in on the account (unsuccessful dunning procedure)	automatically	5C
Debt restructuring at a loss	manually	5C
Waiver of ILLP due to sufficient collateralisation	manually	5B
Opening of insolvency proceedings; bankruptcy	manually	5D
Restructuring proceedings	manually	5D
Other call-in	manually	5C

Any credit exposure in default may be deferred and transferred back to Stage 1 or Stage 2 six months after commencement of the period of good conduct at the earliest, provided that good conduct is shown within said period of six months, and the other prerequisites set down in the CRR and the internal guidelines are met.

Timely identification of defaults and Stage 2 transfers – default identification process

For the purpose of identifying defaults in time, Volksbank applies an unlikeliness-to-pay (UTP) valuation process that is supported by a comprehensive early warning system (EWS). The EWS uses various qualitative and quantitative indicators to identify potential significant increases in credit risk, including (but not limited to) rating downgrades, negative observations regarding account conduct or deteriorations of certain financial ratios of the borrower. Exposures to borrowers, the repayment of which is considered unlikely will be allocated to Stage 3 for impairment purposes (see above).

Borrowers with any less substantial, but still significant increase in credit risk (customers under intensive supervision) will be rated as Stage 2 for impairment purposes. Thus, the essential qualitative criteria for default identification and for allocation to Stage 2 are determined within the same process and on the basis of uniform data to inform the decision.

Moreover, additional fully automated criteria are used for allocation to Stage 2:
- borrowers with payments overdue (in default) for more than 30 days for material exposures,
- accounts subject forbearance measures,
- all financial instruments where the bank is not able to assess the credit rating upon initial recognition or the credit rating at the balance sheet date. It should be noted in this context that due to the procedures and guidelines implemented, it is almost exclusively immaterial exposures that are affected by this.

Apart from the qualitative criteria, Volksbank also uses quantitative criteria for the transfer to Stage 2. The bank calibrates a bidirectional illustration of the changes to expected credit losses over the term and the rating migration from initial recognition until the current date, taking into account the respective current forward-looking information. Hence, the quantitative stage transfers are derived from significant downgrades of the customer's current rating compared to the credit risk upon initial recognition. Based on the VB master scale with 20 (performing) rating levels, the number of rating class downgrades leading to Stage 2 is 1 to 5, depending on the original maturity and residual term of the respective financial instrument, on the initial rating, on the customer segment and on the current forward-looking information. Financial assets with a rating in the investment grade range at the measurement date – corresponds to a rating level of 2E or better, based on the VB master scale – are classified as Stage 1 (in line with the so-called "Low Credit Risk Exemption", IFRS 9.5.5.10).

The transfer from Stage 2 to Stage 1 takes place immediately on the measurement date upon the qualitative and quantitative Stage 2 criteria lapsing (without consideration of any periods of good conduct).

Measurement of Expected Credit Loss (ECL)

The bank determines ECL on the basis of the individual instrument, regardless of the materiality of the exposure. Collective parameters and assumptions are used if applicable.

The impairment model used generally determines the risk provision in the amount of expected credit losses:
- over a period of 12 months for financial instruments in Stage 1 (including financial instruments with a low default risk ("Low Credit Risk Exemption"),
- over the residual term for financial instruments in Stage 2 or Stage 3.

Performing portfolio ECL

For the performing portfolio (Stage 1 and Stage 2), measurement is based on model parameters derived from internally developed statistical models and other historical data.

The most important model parameters for ECL measurement are:
- Probability of Default (PD);
- Exposure at Default (EAD), subdivided into secured EAD and unsecured EAD; and
- Loss Given Default (LGD).

The PD parameters depend on the current rating and on the segment of the borrower and are reconciled with future-oriented information as described above.

The EAD parameter is measured as the projected future exposure of the relevant financial instrument. The projection is based on the cash flow plan of the instrument. For ECL calculation, the bank uses the cash flow plan from the Asset Liability Management (ALM) system. It is used to reconcile the ECL calculation and the strategic interest rate and liquidity risk management with each other. The cash flow plan is based on the contractual terms of the financial instrument, including amortisation, and is adjusted in line with the comprehensive ALM models of the bank, including (but not limited to) interest rate forecasts for variable-yield instruments. For off-balance-sheet financial instruments, such as credit facilities or guarantees, the bank uses Credit Conversion Factors (CCF) to determine the amount of the receivable in case of default (off-balance EAD). The CCF parameters are estimated using the account conduct information of previously defaulted customers over a period of 12 months prior to default. The bank uses the regulatory CCF benchmarks set down in the CRR for product types where only limited internal standard data is available.

The EAD is subdivided into secured EAD and unsecured EAD components that depend on the value of the collaterals pledged by the borrower. The starting point for secured EAD calculations are the lending values of the collaterals. These lending values are regularly verified and updated in line with the bank's risk management guidelines. The secured EAD is that part of the EAD that is covered by collaterals (limited to 100 % of EAD). The unsecured EAD is considered as the rest of the EAD.

The LGD is the amount of probable loss upon default. The secured LGD and unsecured LGD parameters are determined separately. The secured LGD parameter reflects the residual risk that derives from the probability that a certain collateral cannot be liquidated at a sustainable price at the time of default. The unsecured LGD parameter reflects any defaulted borrower's readiness and ability to pay back the obligations beyond the lending value of available collaterals. Both LGD parameters combined measure the realisation risk, including the cost of liquidating collaterals, as well as the time value of money (based on the effective interest rate of the defaulted assets).

For the main customer groups (Private Customers, Corporates incl. special financing), the bank determines the LGD parameters on the basis of the history of the rates of recovery of claims against defaulted customers. The historical data includes both the main operational risk event data (date of default, date of conclusion, event status, etc.) and the individual postings made (redemptions, realisations, write-offs). Statistical procedures are used to counter any possible bias in the historical data. The analysis of historical data takes into account, in particular, the default rating category, the treatment category and the amount of collateral.

For certain portfolios, where the bank does not dispose of any, or any sufficient, historical default event data, an expert estimate will be effected. The following serve as a basis for the estimate:
- Regulatory benchmarks set down in the CRR
- Business scenario analyses
- External and internal research and documentation

Expected losses for financial instruments in Stage 1 are projected over the shorter of a period of 12 months or the maturity of the instrument. For Stage 2 financial instruments, the expected losses are projected for the entire term of the instrument. The maturity coincides with the contractual term. In case of financial instruments such as loan commitments and guarantees, the contractual maturity is determined based on the first day when the bank is entitled to request redemption or to terminate any loan commitment or guarantee. In cases where the contractual term could not be determined (e.g. if the borrower has an unlimited option for extension), the total maturity of the instrument is determined to be 20 years.

The ECL is calculated as the present value of the expected losses as forecast. Discounting is effected using the effective interest rate of the instrument.

ECL exposures in default

In case of defaulted customers (Stage 3), measurement depends on the significance of the exposure.

For defaulted customers with a total exposure of more than euro 750 thousand and for a limited number of special cases, the ECL estimate will be performed without applying statistical model parameters. Instead, the VBW will estimate the cash flows primarily on the basis of the individual instruments in two scenarios:
- Going concern: After restructuring and forbearance measures, the borrower is able to meet the obligations.
- Gone concern: The borrower is not able to cover the obligations, and the bank liquidates the collateral.

The recovery cash flows and the probabilities of both scenarios will be estimated at the level of the individual instrument, taking into account documented benchmarks and guidelines. If required, additional scenarios are defined, weighted and used to map particularly positive (recovery or return to the performing portfolio) or particularly negative (complete loss in cases of workout) developments.

The ECL is calculated as the difference between carrying amount of the financial instruments and the probability-weighted average present value of the return flows in both scenarios. Discounting is effected using the effective interest rate of the instrument.

For defaulted borrowers not treated specially as described above, the statistical model approach is applied. The ECL is determined by multiplying the carrying amount of the financial instrument with LGD. The LGD parameter is estimated using the same historical random sample data that are used for LGD in the performing portfolio. The amount of collateral, in particular, is taken into account by dividing the defaulted exposure into a secured and an unsecured component, and by applying the secured LGD and the unsecured LGD. LGD parameters are set according to customer segment, default rating category and treatment category. The approach does not require any additional discounting, as the present value effect is incorporated in the LGD estimate.

As regards the design and weighting of the macroeconomic scenarios, please refer to the information on the determination of risk provisions/impairments of loan receivables in the Notes.

Post-model adjustments
Additional risk provisions were formed for credit risks and/or macroeconomic developments that are not fully mapped in the models, scenarios and assumptions (adaptation of the standard method used by the system, recording of post-model adjustments). Please refer to the information in the Notes regarding the determination of risk provisions/impairments of loan receivables – post-model adjustments.

As regards existing post-model adjustments at the end of the financial year, we refer to the information contained in the Notes to the annual financial statements „2.1 Explanatory notes regarding assets – composition of risk provisions".

Impairments Stage 3
The NPL ratio of the bank increased in 2024, mainly due to new defaults among commercial Real Estate customers. By comparison with the extremely successful resolutions of NPL exposures until the end of 2022, the past financial year was within the historical average as regards resolution.

Sensitivity analyses of risk provisions
Sensitivity analyses are performed to quantify the estimation uncertainties of the models for ECL measurement in the current novel situation.

Staging is always made at the individual customer or individual account level and presupposes that the bank can adequately perform an individual customer credit assessment. In order to illustrate the effects of estimation uncertainties in the underlying assumptions, the effects of a hypothetical allocation of the total portfolio of loans and receivables to customers to Stage 2 or Stage 1 is analysed.

The macroeconomic scenarios are based on the forecasts published by the ECB/OeNB, WIFO, EU Commission and IWF. The basic scenario includes a cautious upturn in 2025/26, followed by a return to growing potential. GDP growth will initially be driven by consumption, from 2026 also by investments. Foreign trade also counts among the positive drivers, while consumers' and investors' uncertainty due to the previous price surge, which also affects competitiveness in price terms, and to geopolitics and other factors has a stunting effect on growth (to a decreasing extent). Inflation is still declining and will reach the ECB target of 2% in 2027. In total, the expected growth of the credit market in 2025 corresponds to the WIFO forecast of loans and receivables to Austrian non-banks (2.7%). As private households are the first to recover, credit growth in that sector will be somewhat higher than in the corporate sector in 2025. Real estate prices and credit growth are adversely affected by the prolonged economic downturn, while benefitting from the accelerated decrease in interest rates. For IFRS 9 accounting, an upper and lower band are determined for more favourable (positive scenario) and less favourable (adverse scenario) general conditions respectively.

Macroeconomic parameters such as „GDP growth Austria", „spread against Germany - BP AT-DE 10", „unemployment rate eurozone - change in BP", „stock price Eurostoxx 50" are defined for each scenario and for each year from 2025 to 2027 and subsequently used to estimate credit risk parameters.

The ECL measurement for Stage 3 customers uses current estimates for the fair values of collaterals, and sensitivity analyses are performed for these fair values. In addition, customers subject to restructuring tend to have lower risk provisions than those subject to debt enforcement (workout). The effects of a transition of the restructuring portfolio to workout are also taken into account as part of the sensitivities in the NPL area.

Regulatory risk provision – NPL backstop
Due to the requirements for the minimum coverage of non-performing exposures pursuant to the CRR, additional capital may be required for the exposures concerned. These provisions supplement the ECB requirements previously applicable

to the Association of Volksbanks (Supervisory Coverage Expectations for NPE) and the requirements submitted by means of the SREP notice. Hence, all non-performing exposures are subject to one of the aforementioned requirements and may be subject to regulatory provisioning in the form of deductions from equity in Pillar 1 or Pillar 2. The determination of this provision is fully automated within the Association of Volksbanks.

In order to limit the equity effects to the extent possible, a restriction on the retention period in the NPL portfolio was introduced.

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 VBW, for the key units, and for 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)
- 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 year-end 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.

c) Market risk

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.

VBW distinguishes the following types of market risk:
- Interest rate risk in the banking book
- Credit spread risk in the banking book
- Market risk in the trading book
- Foreign exchange risk (open FX positions)
- Other valuation risks (IFRS fair value change)

Interest rate risk in the banking book

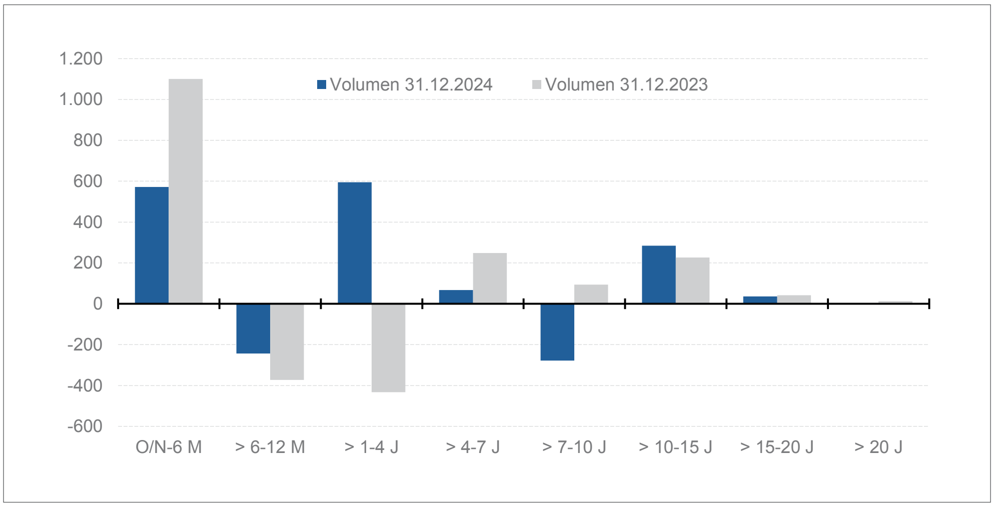
Interest rate risks emerge primarily through term transformation, which arises from different fixed interest rates between assets and liabilities. VBW pursues a strategy of positive term transformation, where the fixed interest period of the assets is longer than that of the liabilities, and which represents 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 also 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 VBW mainly arises from index-linked loans and loans with fixed interest rates, from non-maturing deposits or deposits with limited bonus in the form of sight and savings deposits and 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 and without fixed interest rates or with a limited bonus 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 giro receivables).

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. The VaR is included in the ICAAP as part of the risk-bearing capacity calculation. Net interest income risk is measured using the NII coefficient (equally 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, VBW has a positive term transformation, measured using the regulatory EVE coefficient and PVBP. In case of positive term transformation, the present value interest rate risk consists in increasing interest rates. Due to continued growth in fixed-interest loans and reallocations of index-linked to fixed-interest loans, hedges were required in the first half of 2024 to comply with the internal trigger. The EVE coefficient markedly decreased in July 2024, due to a recalibration and remodelling of the replication assumptions, and has not triggered any need for hedging transactions ever since. Monthly volatility of the coefficient mainly arose from the usual effects of payment transactions and fixing.

As opposed to present value interest rate risk, the 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. The NII coefficient markedly increased in July 2024, due to the recalibration and remodelling of the replication assumptions, which caused a need for hedging transactions.



A distinguishing feature of the interest rate gap is the net asset position in the maturity band up to 6 months, which mainly arises through the index-linked loan portfolio. In the maturity bands up to 10 years, the customer deposits modelled on the basis of interest rate replicates reduce the interest rate gap. In the long-term range of more than 10 years, asset overhangs result from fixed-interest loans.

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 department of the CO. Interest rate risk is controlled both under a present-value perspective and under a periodic/P&L perspective.

Concentration risk
No concentration risks exist within interest rate risk.

Credit spread risk
The portfolio relevant to credit spread risk consists of the company's own bond portfolio and of loans and receivables to customers that fail to meet the SPPI criterion under IFRS 9 and accordingly must be measured „at fair value through profit or loss" (FVTPL) in the consolidated financial statements of VBW, prepared in accordance with IFRS/IAS, according to the provisions of IFRS 9.

The bank's own bond portfolio is primarily held as a liquidity buffer, and centrally at VBW for the major part. Therefore, it is mainly invested in public sector bonds of European countries with good credit ratings and in covered bonds, and is eligible for the regulatory liquidity coverage ratio (LCR) for the major part. Moreover, since financial year 2024, an opportunity portfolio has been developed through investments in Corporates and Senior Financials, to invest liquidity reserves as profitably as possible. As, in the event of liquidity being required, any hidden burdens in the bond portfolio will be realised in exceptional cases, these positions measured at amortised cost (AC) under IFRS 9 will equally be taken into account in credit spread risk.

The SPPI non-compliant loans and receivables to customers under IFRS 9, designated as FVTPL under IFRS 9, constitute a maturing portfolio. New business will only be concluded in exceptional cases here. Other balance sheet items subject to a credit spread are not classified as credit spread-sensitive, as any existing 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 purpose 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.

Risk 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. For the customer exposure classified as FVTPL under IFRS 9, new investments are only possible in exceptional cases (see above), so that no material risk arises here either. The major part of the bond portfolio is classified as AC under IFRS 9. The volume of loans and receivables to customers classified and measured as FVTPL is small.

Concentration risk
Concentration risks within credit spread risk can arise at the level of issuers or risk clusters in case of similar issuers. The risk clusters are reported in the ALCO. As at 31 December 2024, 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 VBW is of subordinate importance. The trading book is kept centrally at the CO. The affiliated banks do not keep any 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 is continuously below the regulatory threshold of euro 500 million (Art. 325a CRR).

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 VBW is relatively low and mainly arises from interest rate positions denominated in euros.

Foreign exchange risk (open FX positions)

Foreign exchange risk (open FX positions)

The foreign exchange risk from open FX positions is immaterial at VBW. 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 liquidity management.

d) Liquidity risk

The most important sources of funding of VBW consist of highly diversified customer deposits, which have proven to be a stable source of funding, and of deposits of the Volksbanks. Obviously, this is responsible for the major part of liquidity risk. The stability of our customer deposits has become apparent again during the COVID pandemic in 2020/2021. The Volksbanks successfully generate customer funds which VBW as CO is obliged to invest.

The capital market offers opportunities for refinancing through securities issues, mainly covered bonds, to VBW as CO of the Association of Volksbanks. Due to balance sheet growth, in spite of the two benchmark issues, the share of capital market funding in total assets is still small. 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.

Both short-term operational liquidity management and medium- to long-term liquidity management are performed in a centralised manner at VBW for the Association. The affiliated banks cover their refinancing requirements and invest their excess liquidity through VBW. The monitoring and limitation of liquidity risk across the Association, as well as the methodological requirements regarding risk measurement are taken care of by the Market and Liquidity Risk Control department at VBW. The ALCO and CO (VBW) Treasury are responsible for controlling the liquidity position of the Association of Volksbanks within the scope of risk limits defined by Risk Control and approved by the Managing Board. Operational liquidity management is taken care of by the Liquidity Management department in Treasury. It is also responsible for transfer pricing, the central management of collaterals across the Association, the determination of the funding structure, the disposition of available liquid funds, and compliance with the refinancing strategy.

In liquidity risk, a distinction is made between illiquidity risk and funding risk. Illiquidity risk is the risk to be unable to settle payment obligations when they are due. For the Association, which consists of retail banks, illiquidity risk typically consists in the risk of a bank run. This occurs when, due to a loss of confidence, customers withdraw large deposit volumes and at the same time alternative funding sources are not accessible. 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 national bank, of ECB tender potential, and covered bond issue potential. The liquidity of the liquidity buffer is tested regularly. The funding risk is the risk that, while there is access to funding, this funding is getting more expensive. The funding risk constitutes a burden on the income statement. It is accounted for as P&L risk within the ICAAP.

The measurement and limitation of illiquidity risk is effected through the regulatory indicators LCR and NSFR, the survival period from internal liquidity stress testing. The LCR aims to ensure the short-term financial solvency of banks under stressed conditions over a short-term horizon of 30 calendar days. The NSFR limits the liquidity term transformation by determining a minimum of stable refinancing, depending on the liquidity characteristics of the assets and other off-balance sheet transactions of a bank. The survival period is the period during which, under a given stress scenario, the liquidity buffer held is sufficient to cover cumulated net liquidity outflows. The ratios are calculated on a monthly basis and, additionally, the LCR on a weekly basis. The funding risk is measured by way of a scenario analysis that takes into account the effect on funding costs, considering general planning uncertainties and adverse idiosyncratic conditions. These calculations provide input to the ICAAP as well as stress testing activities across the Association.

Liquidity position and liquidity ratios in 2024:
VBW continues to have a comfortable liquidity position in 2024. In financial year 2024, customer deposits continued to increase as planned. The reallocations from giro/savings deposits to time deposits decreased with decreasing interest rates, and towards year-end a movement back to giro/savings deposits from time deposits was observed. Additional liquidity was raised on the capital market through two Tier 2 benchmark issues. Further issues in the retail sphere will not lead to any material liquidity inflows, as this liquidity usually originates from deposits. At the same time, the additional liquidity requirement from lending business was low. The last tranche of the central bank funds raised in 2020/2021 (TLTRO) was paid back in June 2024. Loans and receivables to customers continue to be almost entirely refinanced by customer deposits.

As at 31 December 2024, the LCR was 201 % (2023: 203 %). In 2024, the NSFR was stable at a high level of between around 180 % and 200 %, demonstrating the solid liquidity structure of VBW as central organisation of the Association of Volksbanks, also in the longer term.

Concentration risk
Due to diversified funding through customer deposits, concentration risk is not material. Risk clusters might 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 within the scope of liquidity risk management.

e) Operational risk
VBW defines operational risk as the risk of losses due to the inadequacy or failure of internal procedures (processes), people, systems or to external 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 standard approach. An internal method based on loss data and risk scenarios is used for the economic perspective.

Organisation
At VBW, line management is responsible for the management of operational risks (OpRisk Management). It is supported in this function by centrally or decentrally based experts from the spheres 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 (with Compliance, Internal Audit, as well as Security & Outsourcing Governance, in particular) 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:
- 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 VBW, 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 entire 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 also within VBW.

f) Other risks

In terms of other significant risks, the Association of Volksbanks faces strategic risk, equity risk, direct real estate risk, ESG risks, compliance risks, as well as risks due to money laundering, the financing of terrorism, sanctions and embargos.

Strategic risk is the risk of negative effects on capital and earnings due to business policy decisions or insufficient adjustment to changes of the economic environment.

The Association of Volksbanks defines equity risk as the risk of an instable composition of internal equity in relation to the bank's type and size, or difficulties in quickly raising additional internal capital if needed.

The direct real estate risk describes the risk of negative changes in value in the real estate portfolio (real estate in the balance sheet of VBW or in the balance sheet of any subsidiary).

Other risks, e.g., conduct risks, compliance risks, legal risks, model risks, IT and system risks, as well as outsourcing risks are taken into account, among others, in the compliance framework, in the framework for operational risks, and in the outsourcing framework.

ESG risks refer to 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 earnings situation, as well as the reputation of the Association of Volksbanks.

Organisational and process-based measures, in particular, have been implemented to manage these risks. ESG risks are mapped within existing risk categories.

Investment risk is defined by the bank as the risk that any participation held is lost. The risk of loss of participations is calculated using the credit value-at-risk model and reported within the scope of credit risk reporting as well as taken into account in the UGB-compliant financial statements, with not only participations in the classic sense being considered within this type of risk, but also loans to such participations that meet the definition of IAS 24 Related Parties.

As at 31 December 2024, the volume of participations at acquisition values amounts to euro 236.6 million (2023: euro 317.6 million), of which euro 108.5 million (2023: euro 108.5 million) from affiliates and euro 128.1 million (2023:

euro 209.1 million) from participations. The participations and shares in affiliates are primarily attributable to the financial service sector. As at 31 December 2024, cumulated impairments on shares in affiliates amount to euro 100.2 million (2023: euro 92.7 million) and to euro 35.1 million (2023: euro 123.4 million) on participations. Impairments of participations and of shares in affiliates were effected in the amount of euro 7.7 million (2023: euro 41 thousand) in 2024. In the financial year, reversals of impairments were effected in the amount of euro 2.4 million (2023: euro 9.0 million).

2.3 Use of financial instruments

At VBW, interest rate- and currency-related as well as other derivative financial instruments are used. As regards the volumes (schedule of derivatives) and information on financial instruments pursuant to section 238 Austrian Business Code, please refer to the Notes ("Additional disclosures") of the annual financial statements as at 31 December 2024. In the banking book, financial instruments are primarily used for hedging purposes, i.e. to hedge liquidity, foreign currency and interest rate risks.

The regulations regarding corporate-law accounting of derivatives and hedging instruments pursuant to AFRAC statement "Derivatives and hedging instruments (Austrian Business Code)", as well as the FMA Circular on accounting issues relating to derivatives (December 2012) are applied. The hedging of interest rate risks is effected through micro-hedges and macro-hedges (layer hedge). Other risks and imminent losses from derivative financial instruments that have arisen in the 2024 financial year were taken into account in the amount of the negative fair values through allocation to provisions. Effectivity measurements are performed for valuation units on a current basis. Appropriate risk provisions are set up for negative fair values from ineffective valuation units as well as for the ineffective portion of effective hedging relationships (negative market value backlog of the derivative).

In the trading book, financial instruments are used for the purpose of controlling customer cash flows, and to capitalise on existing or expected differences between purchase and selling prices or market price fluctuations in the short term. Compliance with the limits, both in the trading book and in the banking book, is permanently monitored by a separate market risk department and is regulated in the market risk policy. For the purpose of market risk control in the trading book, backtesting calculations are performed to check the plausibility and reliability of risk indicators through reverse comparisons (backtesting) on a daily basis.

The counterparty risk for positive market values from unsecured interest rate management derivatives of the trading book is taken into account by way of credit value adjustments (CVA) – as approximation function of the potential future loss associated with counterparty default risk. The CVA charge (adjustment of credit valuation) is the adjustment of a portfolio of transactions with a counterparty at the mean market value. Said adjustment reflects the market value of the counterparty's credit risk in relation to the bank, but not the market value of the bank's credit risk in relation to the counterparty. For all unlisted derivatives of the trading book, the calculation is effected with respect to all business activities of a bank (incl. securities financing transactions, if the regulatory authority finds any significant CVA risk in this respect).

3 Report on research and development

VOLKSBANK WIEN AG does not carry out any own research and development activities. However, specific customer-focused approaches are being advanced as part of various digitisation campaigns. The 'hausbanking' system (online banking of the Volksbank Group for private customers) is considered the most important digital interface for interactions with customers. Use of the banking system is continuously monitored and examined with respect to the potential for optimisation and further development using targeted evaluations (e.g. login numbers, use of service orders, online transactions). Special service orders within hausbanking enable functions to be easily "tested" with customers before they are fully integrated into the bank's system. In this way, IT engineers can check if the service lives up to customers' expectations and find options for improvement if necessary (Fail Fast).

Digital target group management within VBW was expanded further in 2024 and the use of digital channels such as the 'hausbanking' system or the 'hausbanking' mobile app was expanded in a targeted manner. There has been a noticeable increase in the use of online services and online product transactions, as well as a continuous improvement in data quality among online customers. Further potential innovation topics are being identified, prioritised and evaluated for use across the entire Association.

4 Report on key features of the internal control and risk management system with regard to the accounting process

The aim of the internal control system is to support the management in such a way that it is able to ensure effective internal controls with respect to accounting. The Managing Board is responsible for establishing and designing a suitable internal control and risk management system for the accounting process.

At VBW, an internal control system (ICS) has been installed according to the internationally recognised COSO standard. 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 verifies compliance with internal regulations independently and regularly, also in the sphere of accounting. As a staff function, Internal Audit is allocated to the Managing Board, and the head of Internal Audit directly reports to the entire Managing Board and also to the Supervisory Board on a quarterly basis.

4.1 Control environment

Observance of all relevant legal provisions is the ultimate ambition of VBW within the scope of financial reporting. The Managing Board is responsible for establishing and organising an appropriate internal control and risk management system with respect to the accounting process and provides a framework for implementation applicable to the entire group in the ICS group policy. Within VBW, responsibility for implementation lies with the OPRISK and Risk Governance group. For entries in the general ledger, observance of the dual-control principle has been provided for. The employee posting the entry is electronically documented in the general ledger accounting system. Electronic accounting documents are released according to the dual-control principle in terms of system engineering.

4.2 Risk assessment

Risks relating to the accounting process are identified and monitored by process managers to ensure, in particular, complete and accurate recording of all transactions, timely transfer of invoices and correct calculation and timely payment of taxes. In the process, the focus is on risks that are to be considered significant.

In preparing the financial statements, estimates must regularly be made in areas where there is an inherent risk that actual future developments may diverge from the estimates. This applies to the following items and facts of the financial statements in particular: the recoverability of financial assets, banking risks, social capital, as well as the outcome of legal disputes. In some cases, publicly available sources will be used or external experts will be consulted in order to minimise the risk of inaccurate estimates.

4.3 Control measures

Control measures are applied within the current business process to ensure that potential errors are prevented and/or deviations in financial reporting are revealed and corrected. These control measures range from a review of the various results for the period by the management to reconciliation of specific accounts and items and analysis of ongoing accounting processes. A distinction is made between two types of control in the internal control system.

Operational controls include manual controls performed by employees according to specific tasks, automatic controls carried out by means of IT systems, and preventive controls aimed at avoiding errors and risks in advance through separation of functions, competence rules and access authorisations.

Management controls serve to ensure, on a random sample basis, that operational controls are observed by executives. An internal control plan has been prepared in which the relevant manager (division manager, department manager, group manager) has determined how frequently checks are to be performed, depending on the level of risk. The spot checks must be documented in the control plan in a way that is verifiable by third parties. The results are reported to the immediate line manager at half-yearly intervals (management reporting).

The entire control documentation (operational controls and management controls) is effected by means of the ADOGRC software.

Additionally, Internal Audit verifies compliance with internal regulations independently and regularly, also in the sphere of accounting. As a staff function, Internal Audit is directly allocated to the Managing Board, it reports directly to the Chairman of the Managing Board and also to the Supervisory Board on a quarterly basis.

4.4 Information and communication

Guidelines and regulations regarding financial reporting are regularly updated by the management and communicated to all employees concerned.

Employees in accounting are also provided with ongoing training on accounting reforms, so that risks of unintentional false reporting can be identified at an early stage.

A quarterly management report contains information on the completeness, transparency, active implementation and effectiveness of the control system with regard to the accounting process.

4.5 Monitoring

The Managing Board regularly receives summary financial reports, such as monthly and quarterly reports on the development of the respective segments and the most important financial performance indicators. Financial statements that must be published are subjected to a final check by executive employees within accounting, divisional management and the Managing Board before they are forwarded to the competent bodies.

The results of monitoring activities in relation to accounting processes are reported within the management report. The report includes a qualitative risk assessment of the processes. Moreover, the report contains documentation as to how many controls were carried out in relation to the control requirements.

In addition, the „Internal Audit" staff unit performs a monitoring and supervisory function.

Vienna, 24 February 2025

The Managing Board

Gerald Fleischmann
Chairman of the Managing Board

Rainer Borns
Deputy Chairman of the Managing Board

Thomas Uher
Deputy Chairman of the Managing Board

AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have audited the financial statements of

VOLKSBANK WIEN AG,
Vienna,

which comprise the Balance Sheet as at December 31, 2024, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements comply with the legal requirements and present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles of the Austrian Commercial Code and Austrian Banking Act.

Basis for our Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 („AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the „Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

Valuation of receivables from customers

Risk for the Financial Statements

Receivables from customers amount to 6,091.4 million EUR in the balance sheet. The Managing Board of VOLKSBANK WIEN AG describes the approach to determine loan loss provisions in the section „Accounting and valuation principles" of the Notes to the financial statements.

As part of monitoring receivables from customers, it is evaluated whether loan loss provisions need to be recognized. This includes evaluating whether customers are able to meet the contractual repayment obligation in full.

The calculation of loan loss provisions for individually significant defaulted receivables from customers is based on an individual analysis of the expected and scenario weighted future repayments. This analysis is subject to the assessment of the economic condition and performance of the respective customer, the evaluation of collateral and an estimate of the amount and timing of the repayments derived therefrom.

For defaulted receivables from customers not individually significant, the calculation of the loan loss provisions is based on statistically determined common risk attributes. These loan loss provisions are calculated based on the rating level for defaulted customers and the exisiting collateral using statistical loss given default. Loss given default is derived from selected portfolios obtained externally or determined internally.

AUDITOR'S REPORT

For non-defaulted receivables from customers, a loan loss provision for the expected credit loss („ECL") based on statistical principles is recognized as well. Generally, the 12-month ECL (stage 1) is used. If the credit risk increases significantly, the ECL is calculated based on the lifetime expected credit loss (stage 2). The determination of ECL requires estimation and assumptions. These comprise rating-based probabilities of default and loss given default, which take information about current conditions and forecasts of future economic conditions into account. In order to take into account the deteriorated economic conditions for certain customers, in particular customers from energy-intensive industries and the industries construction and investment property (commercial real estate) the loan loss provisions calculated using the ECL model were increased („post-model adjustments").

This results in the risk for the financial statements that the calculation of loan loss provisions including the post-model adjustments is subject to significant estimation and assumptions, resulting in room for discretion as well as estimation uncertainty in respect of the amount of the loan loss provisions.

Our response

In testing the recoverability of receivables from customers we performed the following significant procedures:

- We analysed the process documentation and internal guidelines regarding the monitoring and recognition of loan loss provisions and evaluated whether they are suitable to identify events of default and to adequately determine the recoverability of these receivables from customers. We compiled the relevant key controls, assessed their design and implementation, and tested their effectiveness on a sample basis.
- On a sample basis selected from different portfolios, we evaluated whether evidence of credit default exists. Sampling was performed risk-oriented, subject to special consideration of rating levels and the investment property portfolio, where the focus was on the commercial real estate segment.
- In case of default of individually significant receivables from customers, the underlying assumptions were tested for conclusiveness, consistency as well as timing and amount of the expected repayments and mathematically evaluated. We assessed the valuation of real estate collaterals with the involvement of valuation specialists.
- For receivables from customers defaulted individually not significant and non-defaulted for which the loan loss provisions are calculated statistically, we evaluated the models taking into account internal validations. Additionally, we assessed the models and risk parameters (in particular the default probability and loss given default) used therein as to whether they are suitable to determine the loan loss provisions in adequate amounts. In addition, we assessed the calculations in the validation reports which monitor the appropriateness of the underlying assumptions of the parameters for selected models. We evaluated the allocation to stage 1 and stage 2 based on the relevant qualitative and quantiative criteria. The selection and dimensioning of forward-looking macro scenarios were analyzed and their consideration in the estimation of the default probability was assessed. We evaluated the derivation and rationale of the post-model adjustments made in 2024, as well as the underlying assumptions regarding their appropriateness. We tested the mathematical accuracy of the loan loss provisions by means of a simplified recalculation of the portfolio loan loss provisions for stage 1 and 3 (not significant) exposures and by recalculating stage 2 exposures on a sample basis. For these procedures we involved our financial risk management specialists.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the financial statements, the management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact.

AUDITOR'S REPORT

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles as well as other legal or regulatory requirements and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, which require the audit to be conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:
- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

AUDITOR'S REPORT

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

Management Report
In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports.

Opinion
In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement
Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Additional Information in accordance with Article 10 AP Regulation
We were elected as auditors at the Annual General Meeting on April 27, 2023, and were appointed by the supervisory board on May 2, 2023 to audit the financial statements of the Company for the financial year ending on December 31, 2024.

We have been auditors of the Company, without interruption, since the financial statements at December 31, 2015.

We declare that our opinion expressed in the „Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

Engagement Partner
The engagement partner is Mr. Christian Grinschgl.

Vienna, February 24, 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Christian Grinschgl
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

STATEMENT OF ALL LEGAL REPRESENTATIVES

VOLKSBANK WIEN AG
Statement of all Legal Representatives

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, February 24, 2025

Gerald Fleischmann
Chairman of the Managing Board

Rainer Borns
Deputy Chairman of the Managing Board

Thomas Uher
Deputy Chairman of the Managing Board

OFFICERS AND ADRESSES

OFFICERS AND ADRESSES

VOLKSBANK WIEN AG

HEADQUARTERS

VOLKSBANK WIEN AG
A-1030 Vienna, Dietrichgasse 25
Telephone: +43 (1) 40137-0
Telefax: +43 (1) 40137-7600
e-Mail: kundenservice@volksbankwien.at
Internet: www.volksbankwien.at

CONTACTS

Digital Transformation & Security
Horst Weichselbaumer-Lenck
e-mail: horst.weichselbaumer-lenck@volksbankwien.at
Telephone: +43 (1) 40137-4883
Telefax: +43 (1) 40137-84883

Retail Branches
Bernhard Bregesbauer
e-mail: bernhard.bregesbauer@volksbankwien.at
Telephone: +43 (1) 40137-7530
Telefax: +43 (1) 40137-87530

Finance
Martin Scheibenreif
e-mail: martin.scheibenreif@volksbankwien.at
Telephone: +43 (1) 40137-3386
Telefax: +43 (1) 40137-83386

Investor Relations
Karl Kinsky
e-mail: investorrelations@volksbankwien.at
Telephone: +43 (1) 40137-3338
Telefax: +43 (1) 40137-83338

Marketing & Communication
Sonja Schörgenhofer
e-mail: sonja.schoergenhofer@volksbankwien.at
Telephone: +43 (1) 40137-7030
Telefax: +43 (1) 40137-87030

HR Management & Organizational Development
Alexander Riess
e-mail: alexander.riess@volksbankwien.at
Telephone: +43 (1) 40137-5471
Telefax: +43 (1) 40137-85471

Private Banking / Treasury
Florian Dangl
e-mail: florian.dangl@volksbankwien.at
Telephone: +43 (1) 40137-1268
Telefax: +43 (1) 40137-81268

Corporate and Real Estate Financing
Martin Rosar
e-mail: martin.rosar@volksbankwien.at
Telephone: +43 (1) 40137-3399
Telefax: +43 (1) 40137-83399

TERMINOLOGY

Association of credit institutions under section 30a of the Austrian Banking Act (BWG)

The association of credit institutions comprises the affiliated credit institutions and VOLKSBANK WIEN AG as the central organisation.

Affiliated credit institutions

The affiliated credit institutions include seven regional Volksbanks[1)] as well as Österreichische Ärzte- und Apothekerbank.

VOLKSBANK WIEN AG[1)]

is one of the regional Volksbanks and also acts as the central organisation of the Association of Volksbanks.

Austrian Cooperative Association

Within the Association of Volksbanks, auditing and the representation of interests are effected by Österreichischer Genossenschaftsverband (Schulze-Delitzsch) (Austrian Cooperative Association) – ÖGV for short. Moreover, pursuant to the BWG, the ÖGV is responsible for the early warning process for its members, ever since the beginning of 2019 together the Austrian deposit guarantee scheme (Einlagensicherung Austria).

1) VOLKSBANK WIEN AG is a regional Volksbank, but due to its function as central organisation of the Association it does not count among the affiliated credit institutions.

IMPRINT

Media owner and producer:
VOLKSBANK WIEN AG
A-1030 Vienna, Dietrichgasse 25
Telephone: +43 (1) 40137-0
e-Mail: kundenservice@volksbankwien.at
Internet: www.volksbankwien.at

Annual Report-Team and Editors:
Robert Bortolotti, Christian Haberer, Philipp Ackerl,
Karin Werner

Design and Production:
Andrea Bubnik
VOLKSBANK WIEN AG
A-1030 Vienna, Dietrichgasse 25

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The Association of Volksbanks is committed to diversity and the equality of all genders. For reasons of readability, male, female and diverse word forms are not used simultaneously. All words designating persons refer to all genders in equal measure.

1) In relation to total risk
2) End-of-period figure Austrian Business Code/unconsolidated
3) Staff at end-of-period based on full-time equivalent
As at 31 December 2024, VOLKSBANK WIEN AG including the function as central organisation