VOLKSBANK

# ANNUAL REPORT

## ASSOCIATION OF VOLKSBANKS

## 2024

## KEY FIGURES OF THE ASSOCIATION OF VOLKSBANKS

| Euro million | 31 Dec 2024 | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|---|
| **Balance sheet** | | | |
| **Total assets** | **32,065** | **30,482** | **29,224** |
| **Loans and receivables customers** | **23,224** | **22,800*** | **22,255*** |
| **Amounts owed to customers** | **23,256** | **22,180** | **22,105** |
| **Debts evidenced by certificates** | **3,490** | **3,281** | **1,682** |
| **Subordinated liabilities** | **1,273** | **450** | **454** |
| **Own funds** | | | |
| Common equity tier 1 capital (CET1) | 2,408 | 2,332 | 2,025 |
| Additional tier 1 capital (AT1) | 0 | 220 | 220 |
| **Tier 1 capital (T1)** | **2,408** | **2,552** | **2,245** |
| Tier 2 capital (T2) | 1,162 | 319 | 409 |
| **Own funds** | **3,570** | **2,872** | **2,654** |
| Risk weighted exposure amount credit risk | 14,102 | 13,762 | 12,915 |
| Total risk exposure amount market risk | 20 | 28 | 21 |
| Total risk exposure amount operational risk | 1,447 | 1,420 | 1,269 |
| Total risk for credit valuation adjustment | 9 | 9 | 13 |
| **Total risk exposure amount** | **15,577** | **15,218** | **14,218** |
| **Common equity tier 1 capital ratio** | **15.5 %** | **15.3 %** | **14.2 %** |
| **Tier 1 capital ratio** | **15.5 %** | **16.8 %** | **15.8 %** |
| **Equity ratio** | **22.9 %** | **18.9 %** | **18.7 %** |
| **Income statement** | **1-12/2024** | **1-12/2023** | **1-12/2022** |
| Net interest income | 646.2 | 705.1 | 467.6 |
| Risk provision | -220.5 | -65.0 | -31.3 |
| Net fee and commission income | 279.6 | 262.4 | 255.4 |
| Net trading income | 7.1 | 5.3 | 4.0 |
| Result from financial instruments and investment properties | -7.4 | -1.1 | -15.0 |
| Other operating result | -0.1 | -8.9 | -84.5 |
| General administrative expenses | -588.6 | -535.7 | -479.2 |
| Result from companies measured at equity | 40.7 | 2.7 | -0.6 |
| **Result before taxes** | **156.9** | **364.8** | **116.4** |
| Income taxes | -25.5 | -38.5 | -1.5 |
| **Result after taxes** | **131.5** | **326.3** | **114.9** |
| Result attributable to non-controlling interest | 0.0 | 0.0 | 0.0 |
| **Result of the Group** | **131.5** | **326.3** | **114.8** |
| **Operating result** | **336.8** | **427.1** | **148.2** |
| **Key ratios** | **1-12/2024** | **1-12/2023** | **1-12/2022** |
| **Cost-income-ratio** | **62.8 %** | **55.5 %** | **76.9 %** |
| **ROE before taxes** | **5.9 %** | **14.0 %** | **4.9 %** |
| **ROE after taxes** | **4.9 %** | **12.6 %** | **4.8 %** |
| **Net interest margin** | **2.0 %** | **2.3 %** | **1.6 %** |
| **NPL ratio** | **5.1 %** | **2.5 %** | **1.7 %** |
| **Leverage ratio** | **7.3 %** | **8.1 %** | **7.4 %** |
| **Liquidity coverage ratio** | **198.2 %** | **192.6 %** | **164.9 %** |
| **Net stable funding ratio** | **138.4 %** | **135.0 %** | **135.4 %** |
| **Loan deposit ratio** | **103.0 %** | **105.3 %** | **102.9 %** |
| **Coverage ratio I** | **28.7 %** | **32.9 %** | **33.2 %** |
| **Coverage ratio III** | **104.7 %** | **109.6 %** | **105.6 %** |
| **Resources** | **1-12/2024** | **1-12/2023** | **1-12/2022** |
| **Staff average** | **3,135** | **3,053** | **3,071** |
| Thereof domestic | 3,135 | 3,053 | 3,071 |
| | **31 Dec 2024** | **31 Dec 2023** | **31 Dec 2022** |
| **Staff at end of period** | **3,158** | **3,108** | **3,033** |
| Thereof domestic | 3,158 | 3,108 | 3,033 |
| **Number of branches** | **231** | **232** | **236** |
| Thereof domestic | 231 | 232 | 236 |
| **Number of customers** | **960,344** | **966,082** | **987,933** |

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.

* 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.

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# ASSOCIATION MANAGEMENT REPORT

# MANAGEMENT REPORT OF THE ASSOCIATION OF VOLKSBANKS

## 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 % |

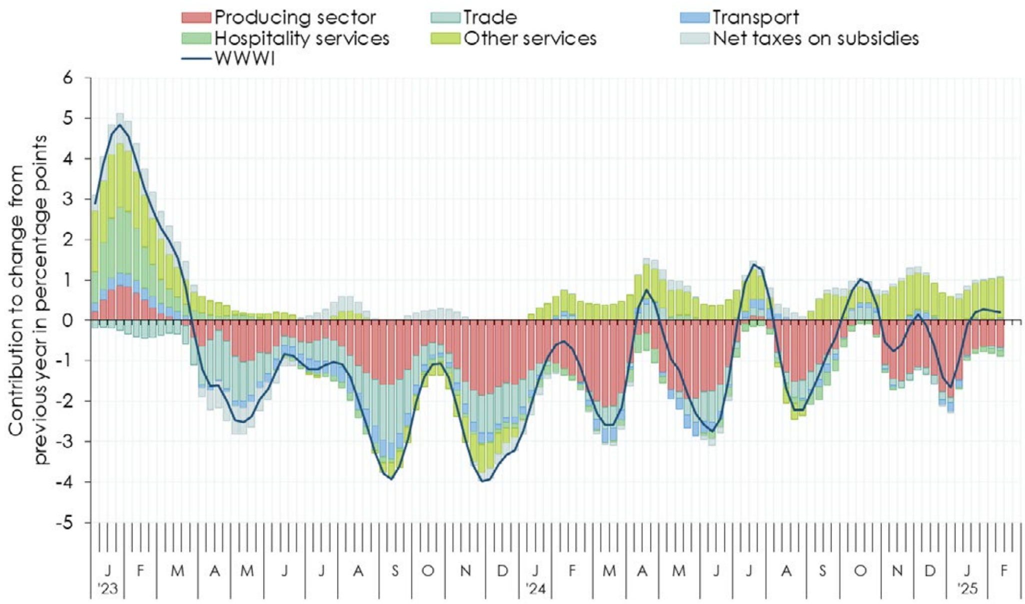
Source: WIFO, Statistics Austria and AMS, as at 31 Jan 2025

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 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.

### Result of the Association for the 2024 financial year

The result before taxes for the Association of Volksbanks in 2024 amounts to euro 156.9 million (2023: euro 364.8 million), while the result of the Association after taxes was euro 131.5 million (2023: euro 326.3 million) and the operating result[1] was euro 336.8 million (2023: euro 427.1 million).

Net interest income fell from euro 705.1 million in the same period of the previous year to euro 646.2 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 1,036.3 million to euro 1,179.9 million while on the expenses side, interest and similar expenses rose from euro -331.3 million to euro -533.8 million. This was mainly due to a euro +105.3 million increase in interest income from loans and receivables to customers and a euro -186.1 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 +19.3 million to euro 65.5 million (2023: euro 46.2 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 -27.1 million to euro -82.0 million (2023: euro -54.9 million) and an increase in subordinated liabilities by euro -27.8 million to euro -50.7 million (2023: euro -22.9 million).

The risk provisions increased by euro -155.5 million to euro -220.5 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 -166.8 million (2023: euro -67.7 million) and net allocations to portfolio loan loss provisions of euro -49.3 million (2023: net reversals of euro +3.5 million). The portfolio loan loss provisions include net allocations for post-model adjustments in the amount of euro -4.0 million. Details regarding the post-model adjustments are contained in the Notes, chapter Credit risk, Note 50) b). For off-balance-sheet business, net allocations of euro -4.5 million (2023: euro -0.9 million) were effected. These included net allocations for post-model adjustments of euro -1.7 million. An in-model adjustment of euro -5.7 million is also included in the form of collective staging.

Net fee and commission income in the reporting year amounts to euro 279.6 million, another improvement compared to the previous year (2023: euro 262.4 million). This increase in fee and commission income is mainly due to the securities business (euro +6.7 million), the clearing business and payment transactions (euro +5.0 million), the custody business (euro +4.2 million) and the lending business (euro +1.0 million).

Net trading income amounts to euro 7.1 million for the financial year and improved by euro +1.7 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 -7.4 million and is thereby euro -6.3 million below the comparative period (2023: euro -1.1 million). The partial repayment of a bond resulted in a loss of euro -6.8 million. The valuation losses of loans and receivables recognised at fair value increased by euro -7.4 million to euro -9.9 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. There were also valuation gains on investment property of euro +2.3 million and securities of euro +0.9 million.

The other operating result for the 2024 financial year amounts to euro -0.1 million (2023: euro -8.9 million). The change results from return flows of euro +10.5 million from the cooperative fund in connection with Volksbanken Holding eG, as well as the allocation to provisions for loss events in the amount of euro -11.6 million. Furthermore no contributions were paid in the reporting period to the deposit guarantee scheme and Single Resolution Fund (SRF) in the reporting period 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 -11.4 million).

General administrative expenses of euro -588.6 million (2023: euro -535.7 million) represent a 9.9 % increase compared to the same period in the previous year. Personnel expenses rose by euro -21.2 million to euro -335.9 million due to an increase in the number of employees and the collective labour agreements. Administrative expenses also increased by euro -31.6 million. This was due to higher costs for IT projects of euro -19.2 million, higher project and consulting costs of euro -7.5 million, and higher expenses for advertising and representation of euro -5.2 million.

Taxes on income amount to euro -25.5 million in the 2024 financial year (2023: euro -38.5 million). The tax expenditure includes deferred tax expenses in the amount of euro -8.6 million (2023: deferred tax income of euro +15.4 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 9.7 million (2023: euro 45.8 million) on part of the tax loss carryforwards. The current tax expense for 2024 including tax expense from previous periods amounts to euro -16.9 million (2023: euro -53.9 million).

## Financial position

Total assets amounted to euro 32.1 billion as at 31 December 2024, euro 1.6 billion higher than the figure of euro 30.5 billion at the end of 2023. The increase is primarily due to investments in fixed-income securities, higher credit balances at the OeNB and a slight increase in the customer volume on the assets side, as well as higher time deposits and new issues on the liabilities side.

The liquid funds of euro 4.0 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 0.2 billion are unchanged compared to 2023 year-end (euro 0.2 billion).

As of 31 December 2024, loans and receivables to customers increased to euro 23.2 billion compared to the end of the previous year (euro 22.8 billion) due to a slight increase in customer volumes. This is accompanied by higher risk provisions of euro -0.5 billion (31 December 2023: euro -0.3 billion).

The euro 0.6 million growth in financial investments to euro 3.5 billion (2023: euro 2.9 billion) is attributable to purchases of fixed-interest securities.

Amounts owed to credit institutions in the amount of euro 0.5 billion have fallen by euro -0.3 billion compared to 31 December 2023 (euro 0.8 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 +0.3 billion.

The increase in amounts owed to customers from euro 22.2 billion to euro 23.3 billion as at 31 December 2024 results from higher time deposits, thereby exceeding the reductions in current account and uncommitted savings deposits.

The volume of debts evidenced by certificates  amounted to euro 3.5 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 1.3 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 -157.1 million to euro 2.6 billion since the beginning of the year. This change is primarily due to the cancellation of the AT1 issue (euro -220 million), the acquisition of the Association's treasury shares (euro -68.7 million), the distributions to shareholders (euro -13.0 million), the coupon payment for the AT1 issue (euro -8.5 million) and the comprehensive income of the Group for the 2024 financial year (euro 154.5 million). The total comprehensive income of the Group in the amount of euro 154.5 million consists of the net result for the 2024 financial year of euro 131.5 million and other comprehensive income of euro 23.0 million.

### Report on branch establishments

The Association of Volksbanks does not have any branch establishments.

### Financial performance indicators

The regulatory own funds of the group of credit institutions (the Association of Volksbanks), including the allocation of profits amount to euro 3.6 billion as at 31 December 2024 (31 Dec 2023: euro 2.9 billion). The total risk exposure amount was euro 15.6 billion as at 31 December 2024 (31 Dec 2023: euro 15.2 billion). The CET1 ratio in relation to total risk amounts to 15.5% (31 December 2023: 15.3%), the own funds ratio in relation to total risk is 22.9% (31 December 2023: 18.9%).

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 | 5.9 % | 14.0 % | 4.9 % |
| Return on Equity after taxes | 4.9 % | 12.6 % | 4.8 % |
| Cost-income ratio | 62.8 % | 55.5 % | 76.9 % |

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, within the Association of Volksbanks, the cost-income ratio was defined as 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 of the Association, Note 45).

## Non-financial performance indicators

### Human Resources

The Association of Volksbanks has developed its brand strategy even further to ensure sustainable growth. The focus here was on redefining six key brand values, developing a clear brand target vision and ensuring precise definition of the target groups. The German term *'Füreinander'* (solidarity) was defined as the one-word value and increases the profile of the Association of Volksbanks. The customers of the Association of Volksbanks and potential employees have a clearer perception of the Association this way, and it stands out more distinctly from competitors.

A Net Promoter Score (NPS) survey is conducted regularly as part of the "Employee Satisfaction" sustainability goal within the Association of Volksbanks. The NPS value of VOLKSBANK WIEN AG (not including subsidiaries) in the 2024 survey increased by 30 points compared to the survey three years ago, and by 3 points against last year. The NPS score for 2024 was a very good 13 points.

This positive development confirms that, apart from steering towards economic success, we are also relying on the right topics such as flexible working models, options for personal development and career perspectives, monetary recognition and a culture of appreciative leadership. Numerous measures from the 2023 employee survey were implemented in 2024:

- Introduction of pre-onboarding training including a template with relevant contacts, training and networks for managers and buddies
- Expansion of the training programme offered by the Academy for the company
- Preparations for the introduction of a community app to promote social exchange outside of work
- Optimisation of the working environment in the retail branches and at head office

As in the past year, the relationship and identification of employees with the banks of the Association of Volksbanks was surveyed. The feedback shows that the vast majority of employees identify with the company strongly or very strongly. At 7.1, the score of identification with VOLKSBANK WIEN AG is high and has increased against 2023 (7.0).

With respect to diversity, the Association has set itself the long-term goal of increasing the proportion of female managers by an average of 5 % each year. As at 31 December 2024, a share of 28.3 % (including managing board members) was achieved, representing an increase by 5.6 % compared to 31 December 2023.

## Report on the future development and risks of the Association

### Future development of the Association

#### 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

| 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.

### Business development
The regionally operating Volksbanks look after their customers locally, while Österreichische Ärzte- und Apothekerbank 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 Arti-cle 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 of the Association of Volksbanks 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) for the Association of Volksbanks is continuously refined to define the risk appetite and/or the level of risk tolerance that the Association of Volksbanks is willing to accept in order to achieve its defined objectives. The level of risk tolerance is reflected in the definition and validation of appropriate limits and controls. The framework is continuously verified and adjusted to regulatory requirements, changes of the market environment or the business model. 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 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.

The Association of Volksbanks is committed to a sustainable corporate culture and strives to establish ESG aspects in all areas of the company. The risk strategy 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) of the 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 of the Association (especially Risk Report, Note 50).

## Report on research and development

The Association of Volksbanks 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 in the Association of Volksbanks 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 Association of Volksbanks is ensured within the scope of financial reporting, through a General Instruction on Accounting. The Managing Board of the CO 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 Association in the ICS group policy. Within the Association of Volksbanks, responsibility for implementation lies with the OPRISK and Risk Governance group at VBW.

An internal control system (ICS) has been installed within the Association of Volksbanks 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 annual financial statements of the Association of Volksbanks, the responsibility to define and introduce an appropriate ICS for the respective company and to ensure compliance with Association-wide policies and regulations lies with the respective managing board or with the management. In order to guarantee that the data supplied by the members of the Association is 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 annual financial statements of the Association of Volksbanks: 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.

# 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 | | 1,179,916 | 1,036,333 | 143,583 | 13.85 % |
| thereof using the effective interest method | | 1,121,525 | 981,185 | 140,340 | 14.30 % |
| Interest and similar expenses | | -533,750 | -331,253 | -202,497 | 61.13 % |
| Net interest income | 4 | 646,166 | 705,080 | -58,914 | -8.36 % |
| Risk provision | 5 | -220,546 | -65,005 | -155,541 | > 200.00 % |
| Fee and commission income | | 306,805 | 286,366 | 20,440 | 7.14 % |
| Fee and commission expenses | | -27,231 | -24,007 | -3,224 | 13.43 % |
| Net fee and commission income | 6 | 279,575 | 262,359 | 17,215 | 6.56 % |
| Net trading income | 7 | 7,058 | 5,314 | 1,744 | 32.82 % |
| Result from financial instruments and investment properties | 8 | -7,370 | -1,090 | -6,280 | > 200.00 % |
| Other operating result | 9 | -90 | -8,902 | 8,812 | -98.99 % |
| General administrative expenses | 10 | -588,571 | -535,687 | -52,884 | 9.87 % |
| Result from companies measured at equity | 11 | 40,709 | 2,736 | 37,973 | > 200.00 % |
| **Annual result before taxes** | | **156,930** | **364,805** | **-207,875** | **-56.98 %** |
| Income taxes | 12 | -25,474 | -38,497 | 13,023 | -33.83 % |
| **Annual result after taxes** | | **131,456** | **326,308** | **-194,852** | **-59.71 %** |
| **Result attributable to shareholders of the parent company** | | **131,456** | **326,308** | **-194,852** | **-59.71 %** |
| Result attributable to non-controlling interests | | 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** | **131,456** | **326,308** | **-194,852** | **-59.71 %** |
| **Items that will not be reclassified to profit or loss** | | | | |
| Revaluation of obligation of defined benefit plans (including deferred taxes) | 4,443 | -3,521 | 7,963 | < -200.00 % |
| Revaluation reserve (including deferred taxes) | 0 | 251 | -251 | -100.00 % |
| Fair value reserve - equity instruments (including deferred taxes) | 17,500 | 29,234 | -11,734 | -40.14 % |
| Revaluation of own credit risk (including deferred taxes) | -57 | 938 | -996 | -106.12 % |
| Change from companies measured at equity | -191 | 0 | -191 | 100.00 % |
| **Total items that will not be reclassified to profit or loss** | **21,693** | **26,902** | **-5,209** | **-19.36%** |
| **Items that may be reclassified to profit or loss** | | | | |
| Fair value reserve - debt instruments (including deferred taxes) | | | | |
| Change in fair value | 947 | 2,708 | -1,761 | -65.02 % |
| Net amount transferred to profit or loss | -1 | 0 | -1 | 100.00 % |
| Cash flow hedge reserve (including deferred taxes) | | | | |
| Change in fair value (effective hedge) | -642 | 2,056 | -2,699 | -131.22 % |
| Net amount transferred to profit or loss | 1,088 | 574 | 513 | 89.36 % |
| Change in deferred taxes arising from untaxed reserve | 0 | 9 | -9 | -100.00 % |
| Change from companies measured at equity | 0 | 773 | -773 | -100.00 % |
| **Total items that may be reclassified to profit or loss** | **1,392** | **6,121** | **-4,728** | **-77.25%** |
| **Other comprehensive income total** | **23,086** | **33,023** | **-9,937** | **-30.09 %** |
| **Comprehensive income** | **154,542** | **359,331** | **-204,789** | **-56.99 %** |
| **Comprehensive income attributable to shareholders of the parent company** | **154,542** | **359,331** | **-204,789** | **-56.99 %** |
| 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 | 4,007,513 | 3,434,659 | 572,854 | 16.68 % |
| Loans and receivables to credit institutions | 14, 15 | 228,634 | 234,118 | -5,484 | -2.34 % |
| Loans and receivables to customers | 14, 15 | 23,223,813 | 22,800,371 | 423,443 | 1.86 % |
| Fair value changes of hedged items in portfolio hedge of interest rate risk | | -25,417 | -62,241 | 36,824 | -59.16 % |
| Assets held for trading | 16 | 19,419 | 24,931 | -5,512 | -22.11 % |
| Financial investments | 17 | 3,535,239 | 2,925,083 | 610,156 | 20.86 % |
| Investment property | 18 | 37,726 | 36,777 | 949 | 2.58 % |
| Companies measured at equity | 19 | 64,173 | 98,987 | -34,814 | -35.17 % |
| Participations | 20 | 115,896 | 163,833 | -47,937 | -29.26 % |
| Intangible assets | 21 | 677 | 869 | -191 | -22.04 % |
| Tangible assets | 22 | 407,768 | 386,854 | 20,914 | 5.41 % |
| Tax assets | 23 | 130,335 | 120,065 | 10,269 | 8.55 % |
| Current taxes | | 30,095 | 4,179 | 25,916 | > 200.00 % |
| Deferred taxes | | 100,240 | 115,886 | -15,646 | -13.50 % |
| Other assets | 24 | 319,367 | 317,089 | 2,278 | 0.72 % |
| Assets held for sale | 25 | 349 | 306 | 42 | 13.81 % |
| **TOTAL ASSETS** | | **32,065,493** | **30,481,704** | **1,583,789** | **5.20 %** |
| **LIABILITIES** | | | | | |
| Amounts owed to credit institutions | 26 | 471,243 | 811,615 | -340,372 | -41.94 % |
| Amounts owed to customers | 27 | 23,255,897 | 22,179,542 | 1,076,355 | 4.85 % |
| Fair value changes of hedged items in portfolio hedge of interest rate risk | | 514 | 395 | 119 | 30.02 % |
| Debts evidenced by certificates | 28 | 3,489,918 | 3,280,580 | 209,338 | 6.38 % |
| Lease liabillities | 29 | 177,905 | 170,410 | 7,495 | 4.40 % |
| Liabilities held for trading | 30 | 19,499 | 22,967 | -3,467 | -15.10 % |
| Provisions | 31, 32 | 184,481 | 176,093 | 8,388 | 4.76 % |
| Tax liabilities | 23 | 6,546 | 31,926 | -25,379 | -79.49 % |
| Current taxes | | 2,336 | 27,961 | -25,625 | -91.64 % |
| Deferred taxes | | 4,210 | 3,965 | 245 | 6.19 % |
| Other liabilities | 33 | 586,104 | 600,570 | -14,467 | -2.41 % |
| Subordinated liabilities | 34 | 1,273,288 | 450,386 | 822,902 | 182.71 % |
| Total nominal value cooperative capital shares | 35 | 5,411 | 5,818 | -408 | -7.00 % |
| Subscribed capital | 35 | 269,853 | 282,198 | -12,345 | -4.37 % |
| Additional tier 1 capital | 35 | 0 | 217,722 | -217,722 | -100.00 % |
| Reserves | 35 | 2,324,835 | 2,251,480 | 73,355 | 3.26 % |
| **TOTAL LIABILITIES** | | **32,065,493** | **30,481,704** | **1,583,789** | **5.20 %** |

## Changes in equity and cooperative capital shares

| Euro thousand | Subscribed capital [1)] | Additional tier 1 capital [3)] | Capital reserves | Retained earnings and other reserves | Shareholders' equity | Non-controlling interest | Equity | Cooperative capital shares [2)] | Equity and cooperative capital shares |
|---|---|---|---|---|---|---|---|---|---|
| **As at 01 Jan 2023** | **288,346** | **217,722** | **511,126** | **1,415,640** | **2,432,834** | **80** | **2,432,914** | **3,016** | **2,435,930** |
| Consolidated net income | | | | 326,308 | 326,308 | | 326,308 | | 326,308 |
| Other comprehensive income | | | | 33,023 | 33,023 | | 33,023 | | 33,023 |
| Comprehensive income | 0 | 0 | 0 | 359,331 | 359,331 | 0 | 359,331 | 0 | 359,331 |
| Redemption AT1 emission | | | | | 0 | | 0 | | 0 |
| Dividends paid | | | | -6,194 | -6,194 | | -6,194 | | -6,194 |
| Coupon for the AT1 emission | | | | -17,050 | -17,050 | | -17,050 | | -17,050 |
| Changes in base amount regulation | -3,357 | | | | -3,357 | | -3,357 | 3,357 | 0 |
| Purchase Association of Volksbanks own shares | | | | -35 | -35 | | -35 | 0 | -35 |
| Change in cooperative capital and participation capital | -922 | | | -4,692 | -5,614 | | -5,614 | -555 | -6,169 |
| Repurchase own shares [4)] | -1,873 | | | -6,774 | -8,646 | | -8,646 | | -8,646 |
| Change in treasury stocks participation capital | 5 | | 29 | | 35 | | 35 | | 35 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | | | | 99 | 99 | -80 | 19 | | 19 |
| **As at 31 Dec 2023** | **282,198** | **217,722** | **511,156** | **1,740,325** | **2,751,401** | **0** | **2,751,401** | **5,818** | **2,757,219** |
| Consolidated net income | | | | 131,456 | 131,456 | | 131,456 | | 131,456 |
| Other comprehensive income | | | | 23,086 | 23,086 | | 23,086 | | 23,086 |
| Comprehensive income | 0 | 0 | 0 | 154,542 | 154,542 | 0 | 154,542 | 0 | 154,542 |
| Redemption AT1 emission | | -217,722 | | -2,278 | -220,000 | | -220,000 | | -220,000 |
| Dividends paid | | | | -13,039 | -13,039 | | -13,039 | | -13,039 |
| Coupon for the AT1 emission | | | | -8,525 | -8,525 | | -8,525 | | -8,525 |
| Changes in base amount regulation | 117 | | | 0 | 117 | | 117 | -117 | 0 |
| Purchase Association of Volksbanks own shares | -12,283 | | -2,926 | -53,512 | -68,721 | | -68,721 | | -68,721 |
| Change in cooperative capital and participation capital | -179 | | | -907 | -1,086 | | -1,086 | -291 | -1,377 |
| Repurchase own shares | | | | | 0 | | 0 | | 0 |
| Change in treasury stocks participation capital | | | | | 0 | | 0 | | 0 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | | | | | 0 | | 0 | | 0 |
| **As at 31 Dec 2024** | **269,853** | **0** | **508,229** | **1,816,606** | **2,594,688** | **0** | **2,594,688** | **5,411** | **2,600,099** |

1) Subscribed capital incl. participation capital and cooperative capital shares, pursuant to IFRIC 2 eligible as equity.
2) Cooperative capital shares, pursuant to IFRIC 2 not eligible as equity.
3) AT1-capital is shown in Additional tier 1 capital.
4) In the course of implementing the structural simplification concept for crisis situations within the Association of Volksbanks own shares were repurchased by VBW.

Details are shown in note 35) Equity.

## Cash flow statement

| In euro thousand | Note | 1-12/2024 | 1-12/2023 |
|---|---|---|---|
| **Annual result (before non-controlling interest)** | | **131,456** | **326,308** |
| Non-cash positions in annual result and other adjustments | | | |
| Net interest income | 4 | -646,166 | -697,345 |
| Income from participations | 8 | -3,067 | -3,016 |
| Depreciation, amortisation, impairment and reversal of impairment of financial instruments and fixed assets | 8, 10 | -13,530 | 26,732 |
| Allocation to and release of provisions, including risk provisions | 5, 10 | 246,782 | 77,327 |
| Result from the disposal of financial assets and liabilities, and tangible assets | 8, 9 | -6,546 | -3,284 |
| Income taxes | 12 | 25,474 | 38,497 |
| Changes in assets and liabilities from operating activities | | | |
| Loans and advances to credit institutions | 14 | 3,112 | -107,805 |
| Loans and advances to customers | 14 | -679,148 | -678,902 |
| Trading assets | 16 | 2,681 | -3,472 |
| Financial investments | 17 | -42,235 | -98,471 |
| Other assets from operating activities | 24 | -6,399 | 8,390 |
| Amounts owed to credit institutions | 26 | -332,522 | -1,004,477 |
| Amounts owed to customers | 27 | 1,055,770 | 33,763 |
| Debts evidenced by certificates | 28 | 200,823 | 1,567,658 |
| Derivatives | 16, 24, 30, 33 | -14,420 | 24,343 |
| Other liabilities | 33 | 34,421 | 227,788 |
| Interest received | | 1,138,128 | 972,044 |
| Interest paid | | -453,618 | -219,194 |
| Dividends received | 8 | 3,067 | 3,016 |
| Dividends from equity-accounted investees | 11 | 75,332 | 0 |
| Income taxes paid | | -66,108 | -22,932 |
| **Cash flow from operating activities** | | **653,289** | **466,968** |
| Proceeds from the sale or redemption of | | | |
| Financial investments at amortised cost | 17 | 189,933 | 157,925 |
| Participations | 20 | 81,371 | 1,447 |
| Intangible and tangible assets | 21, 22 | 3,749 | 11,175 |
| Investment property | 18 | 0 | 955 |
| Disposal of subsidiaries (net of cash disposed) | 2 | 0 | 57 |
| Payments for the acquisition of | | | |
| Financial investments at amortised cost | 17 | -757,256 | -604,756 |
| Participations | 20 | -10,571 | -1,984 |
| Intangible and tangible assets | 21, 22 | -28,550 | -23,677 |
| Investment property | 18 | -269 | 0 |
| **Cash flow from investing activities** | | **-521,593** | **-458,858** |
| Change in cooperative capital and participation capital | 35 | -1,377 | -6,134 |
| Redemption of own equity interests | 35 | -71,721 | -3,000 |
| Repayment from the termination of the AT1 capital | 35 | -220,000 | 0 |
| Dividends paid and coupon for the AT1 capital | 35 | -21,564 | -23,244 |
| Cash outflow of lease liabilities | 29 | -8,217 | -7,658 |
| Cash inflow of subordinated liabilities | 34 | 993,240 | 0 |
| Cash outflow of subordinated liabilities | 34 | -229,102 | -6,800 |
| Disposal of non-controlling interest | | 0 | -17 |
| **Cash flow from financing activities** | | **441,259** | **-46,854** |
| | | | |
| **Cash and cash equivalents at the end of previous period** | 13 | **3,434,660** | **3,473,152** |
| Cash flow from operating activities | | 653,289 | 466,968 |
| Cash flow from investing activities | | -521,593 | -458,858 |
| Cash flow from financing activities | | 441,259 | -46,854 |
| Effect of currency translation | | -100 | 251 |
| **Cash and cash equivalents at the end of period** | 13 | **4,007,513** | **3,434,660** |

Details of the calculation method of cash flow statement are shown in note 3) jj).
Details to the changes in subordinated liabilities are shown in note 34).

# NOTES

## 1) General information

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

The financial statements of the Association are basically prepared in accordance with all the latest valid versions of the IFRS/IAS as at the reporting date, as published by the International Accounting Standards Board (IASB), as well as with all interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretations Committee (SIC), if adopted by the European Union in its endorsement process, and with additional requirements pursuant to Section 245a of the Austrian Business Code and Section 59a of the Austrian Banking Act.

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

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

In accordance with IFRS, a full consolidation can only take place if a company has decision-making authority for the associated company, hence, if it has the ability to influence returns on equity by its power of disposition (IFRS 10.6). The Association's CO has the right to issue instructions, but doesn't receive returns from the affiliated banks; therefore the CO has no control as defined by IFRS 10. In the absence of an ultimate controlling parent company, a consolidated presentation can only be prepared in the sense of a group of equals, despite the CO's extensive powers to issue instructions. It was therefore necessary to define a set of rules for preparing the Association's financial statements.

The accounts have been prepared using the going concern assumption. The Association of Volksbanks consolidated financial statements are reported in euros, as this is the Association's functional currency. All figures are indicated in thousands of euro unless specified otherwise. The following tables may contain rounding differences.

The present annual financial statements of the Association of Volksbanks were signed by the Managing Board of VBW on 5 March 2025 and subsequently released for distribution to the Supervisory Board.

## a) Accounting principles for the Association

The following exceptions to the application of individual IFRS apply to the 2024 and 2023 annual financial statements of the Association of Volksbanks:

### Exceptions affecting the overall scope of consolidation

IFRS 3 Business Combinations: Due to the CO's lack of control within the meaning of IFRS 10, the equity components of the CO and of the banks of the Association are combined. When aggregating the included companies' investments in Volksbanks and VBW, the aggregated carrying amounts of the investments are deducted from the aggregated equity components. Aggregation as a group of companies which are legally separate entities, but under unified control without a parent company means that the capital consolidation does not result in any minority interests. The general principles of IFRS/IAS are applied to the consolidation of companies subject to control by another company included in the financial statements.

IFRS 8 Operating Segments: IFRS 8 is not applied. The reporting structure for the Association is described in the Notes, in the chapter Segment reporting.

IAS 1 Presentation of Financial Statements – Comparative information: No comparative figures are provided for items in the Notes that were not included in the previous year.

IAS 1 Presentation of Financial Statements – disclosures regarding shares: As this information cannot reasonably be provided in a group of companies with legally separate entities, but under unified control without a parent company (Gleichordnungskonzern), it is not included in the presentation.

IAS 1 Presentation of Financial Statements – amount of the dividend or dividend amount per share: As this information cannot reasonably be provided in a group of companies with legally separate entities, but under unified control without a parent company, it is not included in the presentation.

IAS 24 Related Party Disclosure: As this standard is also based on the concept of control, the following shall apply here:

The key management personnel are:

1. Members of the VBW Supervisory Board
2. Members of the VBW Managing Board
3. The Managing Board members and managing directors of the included Volksbanks

Information on significant agreements, outstanding loans, liabilities assumed, compensation to board members and expenditure for severance payments and pensions in relation to these key management personnel is contained in the notes. If a member of the key management personnel occupies several board positions, he/she is recorded only once and at the highest applicable level of the hierarchy listed above.

Balances and transactions with companies controlled by one of the companies included in the financial statements, but not included in the statements themselves, are also reported.

IFRS 7 Financial Instruments Disclosure: Due to a lack of data, undiscounted maturity analyses in accordance with IFRS 7.39a and 7.39b are not provided.

## 2) Presentation of and changes to the scope of consolidation

There were no changes in the scope of consolidation of the Association of Volksbanks 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 | 9 | 0 | 9 | 9 | 0 | 9 |
| Financial institutions | 3 | 0 | 3 | 3 | 0 | 3 |
| Other companies | 10 | 0 | 10 | 10 | 0 | 10 |
| **Total** | **22** | **0** | **22** | **22** | **0** | **22** |
| | | | | | | |
| **Companies measured at equity** | | | | | | |
| Credit institutions | 0 | 0 | 0 | 0 | 0 | 0 |
| Other companies | 2 | 0 | 2 | 2 | 0 | 2 |
| **Total** | **2** | **0** | **2** | **2** | **0** | **2** |

Number of unconsolidated companies

| | 31 Dec 2024 | | | 31 Dec 2023 | | |
|---|---|---|---|---|---|---|
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| Affiliates | 14 | 1 | 15 | 18 | 1 | 19 |
| Associated companies | 4 | 0 | 4 | 4 | 0 | 4 |
| **Companies total** | **18** | **1** | **19** | **22** | **1** | **23** |

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 Association. 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 annual financial statements of the Association of Volksbanks 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 annual financial statements of the Association of Volksbanks for the 2024 financial year.

The list of fully consolidated companies included in the consolidated financial statements of the Association, of companies measured at equity, as well as of the unconsolidated companies including detailed information, is shown at the end of the Notes (see Note 51), 52), 53), 54).

## 3) Accounting principles

The following accounting principles have been applied consistently.

The consolidated financial statements of the Association 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 transactions 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 and IFRS values, those amounts are recognised resulting in a future tax burden or relief at the time of inversion
- Long-term employee 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 the Association |
|---|---|---|
| **Amendments to standards and interpretations** | | |
| Lease Liability in a Sale and Leaseback (amendments toIFRS 16) | 01 Jan 2024 | No |
| Classification of Liabilities as Current or Non-current (amendments to IAS 1) | 01 Jan 2024 | No |
| Non-current Liabilities with Covenants (amendments to IAS 1) | 01 Jan 2024 | No |
| Disclosure of Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) | 01 Jan 2024 | No |

**Standards and interpretations to be applied in the future**

| Standard | Mandatory application | Significant effects on the Association |
|---|---|---|
| Effects of changes in foreign exchange rates- lack of exchangeability (amendments to IAS 21) | 01 Jan 2025 | No |
| Amendments to the Classification and Measurement of financial instruments (amendments to IFRS 9 and IFRS 7) | 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 of the Association 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 annual financial statements of the Association of Volksbanks, 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

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 annual financial statements of the Association of Volksbanks.

#### 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 annual financial statements of the Association of Volksbanks.

#### Amendments to IAS 7 and IFRS 7 – Disclosure of Supplier Finance Arrangements

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 Association of Volksbanks has no supply financing agreements, this amendment has no effect on the annual financial statements of the Association of Volksbanks.

### b) Standards and interpretations to be applied in the future

#### Effects of changes in foreign exchange rates- 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 explanations 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 were clarified.

### 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: Disclosure of 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 referring to contracts for Renewable Electricity (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 the Association of Volksbanks.

#### 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 (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 situation, as well as the reputation of the issuer and/or the Association of Volksbanks. ESG risks arise because climate, environmental, social and governance concerns may affect counterparties, customers and other contractual partners of the issuer and/or the Association of Volksbanks. 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. By means of the assessment of soft facts by account managers, the risks associated with ESG factors as well as the risk-mitigating measures taken by the customers are evaluated in the context of an ESG score. The soft facts, which are tailored to the customer segments, cover all three risk aspects (environmental, social and governance). 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, the Association of Volksbanks 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 12) and 23): The recognition of deferred tax assets is based on the assumption that sufficient taxable income will be generated in the future to utilize 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 1 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 32): For the valuation of existing social capital obligations, assumptions are used for interest rate, retirement age, life expectancy and future salary increases.
- Note 50) Risk report): 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

These consolidated financial statements of the Association are based on consolidated financial statements prepared in accordance with IFRS and single-institution financial statements of the included entities prepared in accordance with the regulations. 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 of the Association were significant.

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

Due to the lack of an ultimate controlling parent company, the equity components reported in the financial statements, reconciled in accordance with the relevant principles of the affiliated credit institutions, were aggregated according to the list of companies in section 53). When aggregating the included companies' investments in Volksbanks and VBW, the aggregated carrying amounts of the investments are deducted from the aggregated equity components. Consolidation as a group of companies which are legally separate entities, but under unified control without a parent company means that the capital consolidation does not result in any minority interests. Cooperative shares of the affiliated credit institutions are reported under total nominal value of members' shares.

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 of the Association, are recognised directly in equity with no impact on profit or loss.

Subsidiaries under the direct or indirect control of the Association 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 Association. Companies in which the Association holds an equity interest of between 20 % and 50 % and for which controlling agreements do not exist are consolidated using the equity method; they are not consolidated if they are not significant for the Association.

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 of the Association, as well as relevant accruals, have been offset within the scope of debt consolidation. Income and expenses between companies of the Association 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 positions stated 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 foreign subsidiaries 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 1 January 2005 have been translated at historical rates. Any goodwill and disclosed hidden reserves and burdens arising from business combinations after 1 January 2005 are translated at the spot exchange mean rate on the balance sheet date. As in the previous year, no foreign subsidiary in a foreign currency was included in the annual financial statements of the Association of Volksbanks as at 31 December 2024.

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 nonrecurring 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 provisions)
- 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 interest expenses from assets and liabilities held for trading are recognised in net trading income.

## h) Risk provision

The risk provision item 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 loss 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 changes in market value as well as all interest income, dividends and refinancing expenses for assets held for trading. Results from the daily measurement of foreign currency items 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, 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 and losses from the sale of financial investments. 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 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 if the Association of Volksbanks becomes a party to the contractual provisions 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 Association 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. Beyond that, 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 Association conducts transactions in which financial assets are transferred, but the risks or rewards incident to the ownership of the asset remain with the Association. If the Association retains all or substantially all risks and rewards, the financial asset is not derecognised, but instead continues to be 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 Association 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 trading activities of the Association.

### 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 position for all pricing parameters (epsilon) not taken into account. 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 determined by means of the Monte Carlo method. For those counterparties where no observable credit spreads are available on the market, probabilities of default are based on internal ratings of the Association.

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 market 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 to credit institutions and customers

Loans to and receivables to credit institutions and customers are recognised in the balance sheet as soon as the Association 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 risks 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 please refer to note 3) n), 3) o) and 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 comprises 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 to 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 Association.

*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 carried out for each transaction individually as well, 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 credit risk manual of the Association, 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 Associaition of Volksbanks, 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 here:

- 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. 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. External appraisals are obtained essentially from IMMO-CONTRACT Maklerges.m.b.H. External appraisers are paid a fixed fee which does not depend on the appraised market value of the property.

Since parameters are used to measure investment property which are not based on market information, 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 owing 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 companies measured at equity

This item includes subsidiaries and participations established or acquired for strategic reasons. Strategic participations are companies that cover the areas of business of the Association, as well as companies that support those areas of business. Subsidiaries are fully consolidated if they are material for the presentation of a true and fair view of the net assets, financial position and results of operations of the Association.

Companies on which a material influence is exerted are measured according to the equity method. All other participations are reported at fair value, except if their acquisition costs are less than euro 50,000 and if the related equity share does not exceed the carrying amount by more than euro 100,000. 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 the Association of Volksbanks controls the company or exercises any management function, and budgets are available accordingly. If the company is not controlled, the fair value calculation is performed on the basis of the dividend paid as well as the annual results of the last five years. In case of companies whose object does not permit any regular income or the result of which is controlled by the parent company through settlements, the net assets are used as valuation criterion. In case of participations in co-operatives, 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, in the 2024 financial year, range between 8.5 – 12.7 % (2023: 8.9 and 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 commencement date a right of use is recognized by the lessee for the lease object in the balance sheet at acquistion costs. 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 contain lease components as well as non-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 relationship | up to 20 years |
| Strongrooms and safes | up to 20 years |
| Buildings, reconstructed buildings | up to 50 years |
| Rights of use - lease | up to 41 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. For subsidiaries, deferred taxes are calculated on the basis of 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 are recognised for, among other things, unused tax loss carryforwards if it is probable that sufficient taxable profits will be available in the same company in the future or if there are sufficient taxable temporary differences. 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 the 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 such sale must be highly probable.

These criteria are fulfilled if the necessary decisions by management bodies have been made, the assets can be sold without significant modification or restructuring, marketing of the assets has begun and there is either a binding offer or a signed contract on the balance sheet date with closing expected within the next 12 months. Loans repaid early by the borrower do not meet the definition of a sales transaction, even if a company within the Association initiates the early repayment by reducing 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.

Within the Association, a discontinued operation represents a reportable segment. A major line of business or geographical area of operations that is reported to the Managing Board and has a significant impact on the Association´s financial situation is presented as a discontinued operation if all the requirements are met. If the Association discontinues business activities in a particular country, this only constitutes a discontinued operation if certain size-related criteria are exceeded. If the Association discontinues business activities in an entire region, this always constitutes a discontinued operation regardless of the above-mentioned size criteria. A region is any area presented separately in the Annual Report in the regional allocation of total receivables to the strategic areas of business.

After being classified as held for sale, non-current assets or groups of assets are reported at the lower of the carrying amount and fair value less cost 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 the Association of Volksbanks, which are reported under debts evidenced by certificates. In case of financial liabilities for which the fair value option was chosen, gains or 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 Association of Volksbanks has made defined benefit commitments for individual staff members for the amounts of future benefits. These plans are partly unfunded, i.e. the funds required as cover are retained and the Association recognises the necessary provisions. These plans are funded exclusively by the Association. Employees are not required to make contributions to the plans. In the Association, 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 pensions | 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 employees will retire upon reaching standard pensionable age, which is 65 years for men and between 60 and 65 years for women.

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/or in the bylaws, 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 such an 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 these 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 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 redemption amount is reduced by current losses. Redemption at face 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.

Capital management is done on the basis of regulatory own funds. For further details see Note ff) Own funds.

There is no ultimate parent company in the Association as the CO does not exercise control as defined by IFRS 10. The equity components of the non-controlled companies included are aggregated and the aggregated carrying amounts of the investments in these member companies are then subtracted. The remaining equity components are reported as equity under the relevant items. This type of consolidation does not result in any minority interests.

The Volksbanks' cooperative capital is reported separately under cooperative capital shares. According to IAS 32, cooperative capital is not eligible for inclusion as equity since it is “puttable” – the holder may request redemption at any time, subject to a notice period. If, however, the redemption of shares is fully or partially prohibited, IFRIC 2 permits these shares to be classified as equity. Therefore, shares subject to this prohibition are recognised in subscribed capital. Shares that are redeemable at any time are reported as a separate item alongside equity, because these are included as Tier 1 capital in eligible own funds, and capital management takes place on the basis of regulatory capital.

### ee) Reserves

The item reserves includes capital reserves, retained earnings and valuation 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 cost 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.

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.

Currency reserves for currency conversions relating to foreign subsidiaries, the fair value reserve, the hedging reserve, and the revaluation reserve are reported as valuation reserves. Any deferred taxes are deducted from the reserves.

### ff) 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 Association. These ratios reflect the relationship between regulatory own funds and credit, market and operational risk. Accordingly, the risk/return management of the Association 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 Association 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 can be broken down into three elements:
- Common equity Tier 1 (CET1)
- Additional Tier 1 (AT1)
- Supplementary capital or Tier 2 capital (T2)

The first two components 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 Association complied with these relevant supervisory limits throughout the entire reporting period and 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 demands (requirements) and recommendations (guidances) from the Supervisory Review and Evaluation Process (SREP) must be taken into account for the Association of Volksbanks. Further explanations regarding the above-mentioned capital and buffer requirements are contained in Note 50) Risk report.

Please refer to Note 35) for the presentation of regulatory own funds.

### gg) Trust transaction

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.

### hh) Repurchase transactions

Under genuine repurchase agreements, the Association 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 risks or rewards are transferred, and they 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.

### ii) 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 Association 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.

### jj) 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 flows from investment activity or financing activity. 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 financial instruments, participations and intangible and tangible assets measured at cost are allocated to the cash flow from investing activities. The cash flow from financing activity includes all cash flows of the owners as well as the redemption share of lease liabilities, changes to subordinated liabilities, and non-controlling interests. 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 | 1,179,916 | 1,036,333 |
| Deposits with credit institutions (incl. central banks) | 120,585 | 102,692 |
| Credit and money market transactions with credit institutions | 4,385 | 5,050 |
| Credit and money market transactions with customers | 948,998 | 843,743 |
| Bonds and other fixed-income securities | 65,525 | 46,236 |
| Derivative instruments | 40,423 | 38,612 |
| Interest and similar expenses for | -533,750 | -331,253 |
| Liquid funds | -10,047 | -44,033 |
| Deposits from credit institutions | -11,024 | -11,482 |
| Deposits from customers | -346,607 | -160,511 |
| Debts evidenced by certificates | -82,009 | -54,862 |
| Subordinated liabilities | -50,715 | -22,898 |
| Derivative instruments | -31,425 | -29,154 |
| Lease liabilities | -2,800 | -2,722 |
| Valuation result - modification | 299 | -5,736 |
| Valuation result - derecognition | 578 | 145 |
| **Net interest income** | **646,166** | **705,080** |

Net interest income according to IFRS 9 categories

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Interest and similar income from | 1,179,916 | 1,036,333 |
| Financial assets measured at amortised cost | 1,120,142 | 980,295 |
| Financial assets measured at fair value through OCI | 1,383 | 889 |
| Financial assets measured at fair value through profit or loss - obligatory | 17,968 | 16,536 |
| Derivative instruments | 40,423 | 38,612 |
| Interest and similar expenses for | -533,750 | -331,253 |
| Financial liabilities measured at amortised cost | -499,800 | -293,366 |
| Financial liabilities measured at fair value through profit or loss - designated | -3,402 | -3,142 |
| Derivative instruments | -31,425 | -29,154 |
| Valuation result - modification | 299 | -5,736 |
| Valuation result - derecognition | 578 | 145 |
| **Net interest income** | **646,166** | **705,080** |

## 5) Result from risk provision

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Changes in risk provision | -209,591 | -63,465 |
| Changes in provision for risks | -4,482 | -918 |
| Direct write-offs of loans and receivables | -10,260 | -5,066 |
| Income from loans and receivables previously written off | 3,854 | 4,482 |
| Valuation result modification/derecognition | -67 | -38 |
| **Risk provision** | **-220,546** | **-65,005** |

## 6) Net fee and commission income

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Fee and commission income | 306,805 | 286,366 |
| Lending business | 20,724 | 17,471 |
| Securities and custody business | 110,118 | 98,708 |
| Payment transactions | 133,432 | 127,808 |
| Foreign exchange, foreign notes and coins and precious metals transactions | 1,268 | 1,146 |
| Financial guarantees | 5,350 | 5,704 |
| Other services | 35,913 | 35,528 |
| Fee and commission expenses | -27,231 | -24,007 |
| Lending business | -4,865 | -2,629 |
| Securities and custody business | -7,763 | -7,346 |
| Payment transactions | -14,416 | -13,745 |
| Foreign exchange, foreign notes and coins and precious metals transactions | 0 | -4 |
| Financial guarantees | -33 | -51 |
| Other services | -154 | -232 |
| **Net fee and commission income** | **279,575** | **262,359** |

Other service business mainly includes brokerage commissions for brokering loans to TeamBank AG Nürnberg. Net fee and commission income includes management fees for trust agreements in the amount of euro 359 thousand (2023: euro 269 thousand).

## 7) Net trading income

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Equity-related transactions | 13 | 2 |
| Exchange-rate-related transactions | 5,375 | 3,340 |
| Interest-rate-related transactions | 1,669 | 1,972 |
| **Net trading income** | **7,058** | **5,314** |

## 8) Result from financial instruments and investment properties

| Euro thousand | 2024 | 2023 |
|---|---|---|
| **Other result from financial instruments** | **-11,371** | **-2,902** |
| Result from financial investments and other financial assets and liabilities measured at fair value through profit or loss | -7,659 | -5,919 |
| Valuation measured at fair value through profit or loss - obligatory | -7,930 | -2,974 |
| Loans and receivables to credit institutions and customers | -9,916 | -2,542 |
| Securities | 1,123 | 249 |
| Result from other derivative instruments | 185 | 600 |
| Exchange-rate-related transactions | -1,454 | -250 |
| Interest-rate-related transactions | -599 | 875 |
| Others | 2,238 | -24 |
| Result from fair value hedge | 361 | -1,473 |
| Result (ineffectiveness) from cash flow hedge | 318 | 192 |
| Interest-rate-related transactions | 318 | 192 |
| 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 | 5 | 5 |
| 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 | 3,068 | 3,016 |
| Realised gains from disposal | 1 | 0 |
| Income from participations | 3,067 | 3,016 |
| **Result from investment properties** | **4,001** | **1,811** |
| Income from investment properties and operating leases | 1,870 | 1,937 |
| Valuation investment properties | 2,131 | -126 |
| **Result from financial instruments and investment properties** | **-7,370** | **-1,090** |

The losses realised from disposals from the carrying amount of euro -6,781 thousand are explained in more detail in Note 34).

## 9) Other operating result

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Other operating income | 27,680 | 18,906 |
| Other operating expenses | -24,047 | -12,679 |
| Deconsolidation result from consolidated affiliates | 0 | -1 |
| Regulatory expenses | -3,723 | -15,129 |
| **Other operating result** | **-90** | **-8,902** |

Regulatory expenses include primarily the stability tax in the amount of euro -3,723 thousand (2023: euro -3,690 thousand), contributions to the deposit guarantee scheme in the amount of euro 0 thousand (2023: euro -3,136 thousand) and contributions to the Single Resolution Fund in the amount of euro 0 thousand (2023: euro -8,303 thousand).

Detailed presentation of other operating income and other operating expenses

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Income from allocation of costs | 3,151 | 5,110 |
| Realised gains from disposal of fixed assets and security properties | 392 | 4,450 |
| Rental and leasing income | 5,477 | 4,491 |
| Return flows from the Volksbanken-Gemeinschaftsfonds | 10,500 | 0 |
| Others | 8,160 | 4,855 |
| **Other operating income** | **27,680** | **18,906** |
| | | |
| Allocation of costs | -4,550 | -5,345 |
| Realised losses from disposal of fixed assets and security properties | -372 | -1,169 |
| Release of provision for negative interest | 220 | 0 |
| Allocation/release of provision for legal risks | 11 | 24 |
| Expenses for buildings | -772 | -539 |
| Claims | -15,928 | -3,615 |
| Other taxes | -1,309 | -1,361 |
| Others | -1,347 | -675 |
| **Other operating income** | **-24,047** | **-12,679** |

The item claims relates primarily to the allocation to a provision for possible claims arising from a malversation.

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.

## 10) General administrative expenses

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Staff expenses | -335,908 | -314,751 |
| Wages and salaries | -256,296 | -241,381 |
| Expenses for statutory social security | -62,875 | -58,674 |
| Fringe benefits | -4,499 | -4,165 |
| Expenses for retirement benefits | -7,667 | -6,699 |
| Allocation to provision for severance payments and pension funds | -4,571 | -3,831 |
| Administrative expenses | -223,206 | -191,594 |
| Office space expenses | -19,947 | -21,542 |
| Office supplies and communication expenses | -4,986 | -4,488 |
| Advertising, PR and promotional expenses | -25,817 | -20,629 |
| Legal, advisory and consulting expenses | -31,401 | -23,853 |
| IT expenses | -125,754 | -106,510 |
| Other administrative expenses (including training expenses) | -15,302 | -14,573 |
| Depreciation and reversal of impairment | -29,457 | -29,342 |
| Depreciation | -20,125 | -19,815 |
| Impairments/reversals of impairments | -372 | -954 |
| Rights of use - lease amortisation | -8,960 | -8,572 |
| **General administrative expenses** | **-588,571** | **-535,687** |

Staff expenses include payments for defined contribution plans totalling euro 7,981 thousand (2023: euro 7,042 thousand).

The administrative expenses (operating expenditure) include expenses for managing investment properties in the amount of euro 24 thousand (2023: euro 34 thousand). Expenses for leases for low-value assets are also included in the amount of euro 986 thousand (2023: euro 1,551 thousand).

For the business year, expenses for the auditor of the annual financial statements of the Association of Volksbanks, 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 and consolidated financial statements and annual financial statements of the Association of Volksbanks, as well as of financial statements of individual affiliates and joint ventures included in the annual financial statements of the Association of Volksbanks, euro 935 thousand (2023: euro 526 thousand) to other certifications and euro 11 thousand (2023: euro 33 thousand) to other services. The auditor does not provide any tax advice.

### Information on compensation to board members

| Euro thousand | 2024 | 2023 |
|---|---|---|
| **Total compensation** | **10,324** | **8,165** |
| Supervisory board VBW | 703 | 452 |
| Managing board VBW | 2,972 | 2,371 |
| Member of the managing board / Managing directors Volksbanks | 6,650 | 5,342 |
| | | |
| **Expenses for severance payments and pension** | **1,435** | **1,380** |
| Supervisory board VBW | 0 | 0 |
| Managing board VBW | 622 | 689 |
| Member of the managing board / Managing directors Volksbanks | 812 | 691 |

The definition of key management personnel can be found in Note 1) a).

### Number of staff employed during the business year

| | Average number of staff | | Number of staff at end of period | |
|---|---|---|---|---|
| | 2024 | 2023 | 31 Dec 2024 | 31 Dec 2023 |
| Employees | 3,115 | 3,031 | 3,139 | 3,086 |
| Workers | 20 | 22 | 19 | 22 |
| **Total number of staff** | **3,135** | **3,053** | **3,158** | **3,108** |

All staff are employed in Austria. The figures are determined based on full-time equivalents.

## 11) Result from companies measured at equity

The result from companies measured at equity arises from the proportional results in the amount of euro 33,923 thousand (2023: euro 3,608 thousand) as well as the measurement of VBW eins Beteiligung eG at the proportional fair value of euro 6,787 thousand (2023: euro -872 thousand).

## 12) Income taxes

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Current income taxes | -12,349 | -53,888 |
| Deferred income taxes | -8,590 | 15,386 |
| **Income taxes for the current fiscal year** | **-20,940** | **-38,502** |
| Income taxes from previous periods continued operation | -4,534 | 5 |
| **Income taxes** | **-25,474** | **-38,497** |

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

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Result before taxes - continued operation | 156,930 | 364,805 |
| **Result before taxes - total** | **156,930** | **364,805** |
| Imputed income tax 23 % (2023: 24 %) | 36,094 | 87,553 |
| Tax relief resulting from | | |
| Tax-exempt investment income | -20,024 | -1,566 |
| Investment allowances | -96 | -32 |
| Other tax-exempt earnings | -319 | -462 |
| Dividend distribution on AT1 capital | -1,961 | -4,092 |
| Measurement of participations | 14,149 | 4,296 |
| Non-inclusion of deferred tax assets | 93 | 0 |
| Re-inclusion of deferred tax assets on tax loss carryforwards | -5,006 | -51,501 |
| Changes in tax rates | 0 | 4,990 |
| Other differences | -1,991 | -685 |
| **Income taxes for the current fiscal year** | **20,940** | **38,502** |
| Income taxes from previous periods | 4,534 | -5 |
| **Reported income taxes** | **25,474** | **38,497** |
| **Effective tax rate - continued operation** | **16.23 %** | **10.55 %** |

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 | 5,770 | -1,327 | 4,443 | -4,554 | 1,034 | -3,521 |
| Revaluation reserve | 0 | 0 | 0 | 325 | -75 | 251 |
| Fair value reserve - equity instruments | 22,727 | -5,227 | 17,500 | 37,643 | -8,409 | 29,234 |
| Valuation of own credit risk | -75 | 17 | -57 | 1,202 | -264 | 938 |
| Fair value reserve - debt instruments | 1,229 | -283 | 946 | 3,648 | -940 | 2,708 |
| Cash flow hedge reserve | 579 | -133 | 446 | 3,430 | -799 | 2,631 |
| Change in deferred taxes of untaxed reserve | 0 | 0 | 0 | 0 | 9 | 9 |
| Change from companies measured at equity | -247 | 55 | -191 | 27 | 745 | 773 |
| **Other comprehensive income total** | **29,984** | **-6,898** | **23,086** | **41,721** | **-8,698** | **33,023** |

### Information on the balance sheet of the Association

## 13) Liquid funds

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Cash in hand | 177,416 | 172,996 |
| Balances with central banks | 3,830,098 | 3,261,663 |
| **Liquid funds** | **4,007,513** | **3,434,659** |

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

## 14) Loans and receivables to credit institutions and customers

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Loans and receivables to credit institutions | | |
| Amortised cost | 228,639 | 234,134 |
| Gross carrying amount | 228,639 | 234,134 |
| Risk provision | -5 | -16 |
| **Net carrying amount** | **228,634** | **234,118** |
| | | |
| Loans and receivables to customers | | |
| Amortised cost | 23,394,438 | 22,740,145 |
| Fair value through profit or loss | 351,866 | 390,007 |
| Gross carrying amount | 23,746,304 | 23,130,152 |
| Risk provision | -522,490 | -329,781 |
| **Net carrying amount** | **23,223,813** | **22,800,371** |
| **Loans and receivables to credit institutions and customers** | **23,452,447** | **23,034,489** |

Breakdown by residual term

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| On demand | 124,476 | 66,329 |
| Up to 3 months | 49,990 | 145,655 |
| Up to 1 year | 44,732 | 0 |
| Up to 5 years | 1,561 | 17,115 |
| More than 5 years | 7,879 | 5,035 |
| **Loans and receivables to credit institutions (gross)** | **228,639** | **234,134** |

| | | |
|---|---|---|
| On demand | 746,540 | 727,782 |
| Up to 3 months | 800,274 | 644,683 |
| Up to 1 year | 1,663,379 | 1,504,651 |
| Up to 5 years | 5,116,894 | 5,442,271 |
| More than 5 years | 15,419,217 | 14,810,765 |
| **Loans and receivables to customers (gross)** | **23,746,304** | **23,130,152** |

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 -25,417 thousand (2023: euro -62,241 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.

### Finance lease disclosures

| Euro thousand | Until 1 year | Until 5 years | More than 5 | Total |
|---|---|---|---|---|
| **2024** | | | | |
| Total gross investment | 28,068 | 132,163 | 16,169 | 176,399 |
| Less paid non-interest-bearing deposits | -2,301 | -8,778 | -274 | -11,353 |
| Less unearned financial income | -1,940 | -7,640 | -1,594 | -11,175 |
| **Present value of minimum lease payments** | **23,827** | **115,744** | **14,300** | **153,872** |
| **Total unguaranteed residual value** | | | | **4,717** |
| | | | | |
| **2023** | | | | |
| Total gross investment | 30,730 | 154,207 | 19,108 | 204,046 |
| Less paid non-interest-bearing deposits | -2,005 | -9,823 | -319 | -12,147 |
| Less unearned financial income | -2,280 | -10,009 | -1,470 | -13,760 |
| **Present value of minimum lease payments** | **26,445** | **134,375** | **17,319** | **178,139** |
| **Total unguaranteed residual value** | | | | **5,596** |

The net present value of minimum lease payments is measured at amortised cost and reported in loans and receivables to credit institutions and customers.

The net present value of minimum lease payments corresponds to the fair value of financial lease transactions, as such contracts are based on variable interest rates.

## 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 351,866 thousand (2023: euro 390,007 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 to customers

| Euro thousand<br>31 Dec 2024 | Positive change in fair value | Negative change in fair value |
|---|---|---|
| Change in risk markup +/- 10 bp | 883 | -877 |
| Change in risk markup +/- 100 bp | 9,107 | -8,511 |
| Change in rating 1 stage down / up | 1,008 | -962 |
| Change in rating 2 stages down / up | 1,580 | -2,488 |
| | | |
| **31 Dec 2023** | | |
| Change in risk markup +/- 10 bp | 1,124 | -1,116 |
| Change in risk markup +/- 100 bp | 11,621 | -10,803 |
| Change in rating 1 stage down / up | 846 | -1,344 |
| Change in rating 2 stages down / up | 1,352 | -3,367 |

## 15) Risk provision

Risk provision – loans and receivables to 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** | **11** | **0** | **0** | **11** |
| Increases due to origination and acquisition | 3 | 0 | 0 | 3 |
| Decreases due to derecognition | -3 | 0 | 0 | -3 |
| 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 |
| Post-Model Adjustment | 0 | 0 | 0 | 0 |
| Decrease in allowance account due to write-offs | 0 | 0 | 0 | 0 |
| Other adjustments | 1 | 0 | 0 | 1 |
| **As at 31 Dec 2023** | **16** | **0** | **0** | **16** |
| Increases due to origination and acquisition | 0 | 0 | 0 | 0 |
| Decreases due to derecognition | -5 | 0 | 0 | -6 |
| 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 |
| 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** | **5** | **0** | **0** | **5** |

Risk provision – loans and receivables to customers

| Euro thousand | Loan loss provision - Stage 1 | Loan loss provision - Stage 2 | Loan loss provision - Stage 3 | Total |
|---|---|---|---|---|
| **As at 01 Jan 2023** | **54,230** | **79,510** | **141,263** | **275,003** |
| Increases due to origination and acquisition | 5,812 | 2,669 | 692 | 9,173 |
| Decreases due to derecognition | -1,697 | -3,355 | -4,579 | -9,632 |
| Changes due to change in credit risk | -30,808 | -6,588 | 78,623 | 41,227 |
| Thereof transfer to Stage 1 | 9,020 | -9,012 | -8 | 0 |
| Thereof transfer to Stage 2 | -12,405 | 12,899 | -494 | 0 |
| Thereof transfer to Stage 3 | -117 | -6,042 | 6,159 | 0 |
| Changes due to modifications without derecognition | 0 | 0 | 0 | 0 |
| Post-model adjustment | 20,047 | 4,750 | 0 | 24,797 |
| Decrease in allowance account due to write-offs | 0 | 0 | -11,037 | -11,037 |
| Other adjustments | -625 | -5,864 | 6,739 | 250 |
| **As at 31 Dec 2023** | **46,958** | **71,122** | **211,702** | **329,781** |
| Increases due to origination and acquisition | 3,326 | 5,326 | 4,945 | 13,598 |
| Decreases due to derecognition | -772 | -2,765 | -7,272 | -10,809 |
| Changes due to change in credit risk | -21,616 | 29,659 | 206,193 | 214,235 |
| Thereof transfer to Stage 1 | 6,750 | -6,746 | -3 | 0 |
| Thereof transfer to Stage 2 | -23,214 | 24,010 | -797 | 0 |
| Thereof transfer to Stage 3 | -382 | -32,971 | 33,353 | 0 |
| Changes due to modifications without derecognition | 0 | 0 | -5,800 | -5,800 |
| Post-model adjustment | 9,153 | -5,528 | 0 | 3,625 |
| Decrease in allowance account due to write-offs | 0 | 0 | -22,039 | -22,039 |
| Other adjustments | -6 | -29 | -66 | -101 |
| **As at 31 Dec 2024** | **37,042** | **97,785** | **387,663** | **522,490** |

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** | **792** | **0** | **0** | **792** |
| Increases due to origination and acquisition | 120 | 0 | 0 | 120 |
| Decreases due to derecognition | -74 | 0 | 0 | -74 |
| Changes due to change in credit risk | -143 | 0 | 0 | -143 |
| 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** | **694** | **0** | **0** | **694** |
| Increases due to origination and acquisition | 127 | 0 | 0 | 127 |
| Decreases due to derecognition | -9 | 0 | 0 | -9 |
| Changes due to change in credit risk | -268 | 0 | 0 | -268 |
| 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** | **545** | **0** | **0** | **545** |

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** | **15** | **0** | **0** | **15** |
| Increases due to origination and acquisition | 2 | 0 | 0 | 2 |
| Decreases due to derecognition | -1 | 0 | 0 | -1 |
| Changes due to change in credit risk | -7 | 0 | 0 | -7 |
| 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 |
| 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** | **9** | **0** | **0** | **9** |
| Increases due to origination and acquisition | 1 | 0 | 0 | 1 |
| Decreases due to derecognition | -1 | 0 | 0 | -1 |
| Changes due to change in credit risk | -3 | 0 | 0 | -3 |
| 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 |
| 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** | **5** | **0** | **0** | **5** |

## 16) Assets held for trading

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Bonds and other fixed-income securities | 1,335 | 3,996 |
| Equities and other variable-yield securities | 0 | 19 |
| Positive fair values of derivative instruments | 18,085 | 20,915 |
| Interest-rate-related transactions | 18,085 | 20,915 |
| **Assets held for trading** | **19,419** | **24,931** |

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 | 1,010 | 1,725 |
| More than 5 years | 248 | 0 |
| **Bonds and other fixed-income securities** | **1,335** | **3,996** |

VBW as the CO maintains 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 | 3,434,006 | 2,825,755 |
| Fair value through OCI | 95,381 | 96,414 |
| Fair value through profit or loss | 6,397 | 3,608 |
| Risk provision | -545 | -694 |
| **Carrying amount** | **3,535,239** | **2,925,083** |

Financial investments measured at fair value through profit or loss include equity instruments in the amount of euro 3,315 thousand (2023: euro 587 thousand).

Breakdown by residual term

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Up to 3 months | 71,269 | 95,969 |
| Up to 1 year | 164,882 | 202,773 |
| Up to 5 years | 1,567,188 | 1,275,504 |
| More than 5 years | 1,729,130 | 1,350,944 |
| **Bonds and other fixed-income securities** | **3,532,469** | **2,925,190** |

Breakdown of debt securities in accordance with the Austrian Banking Act

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Listed securities | 3,506,203 | 2,908,218 |
| Bonds and other fixed-income securities | 3,506,203 | 2,908,218 |
| Securities allocated to fixed assets | 3,535,784 | 2,923,768 |
| Securities eligible for rediscounting | 3,513,045 | 2,914,317 |

## 18) Investment property

| Euro thousand | Investment properties |
|---|---|
| **Acquisition costs as at 01 Jan 2023** | **30,065** |
| Reclassification | 2,548 |
| Additions | 0 |
| Disposals | -1,073 |
| **Acquisition costs as at 31 Dec 2023** | **31,541** |
| Reclassification | -2,071 |
| Additions | 269 |
| Disposals | 0 |
| **Acquisition costs as at 31 Dec 2024** | **29,739** |

| Euro thousand | Investment properties |
|---|---|
| **Cumulative valuation 01 Jan 2023** | **6,374** |
| Reclassification | -1,178 |
| Disposals | 167 |
| Impairments | -1,012 |
| Valuation gains | 886 |
| **Cumulative valuation 31 Dec 2023** | **5,236** |
| Reclassification | 620 |
| Disposals | 0 |
| Impairments | -246 |
| Valuation gains | 2,377 |
| **Cumulative valuation 31 Dec 2024** | **7,987** |

| Euro thousand | Investment properties |
|---|---|
| Carrying amount 01 Jan 2023 | 36,439 |
| Carrying amount 31 Dec 2023 | 36,777 |
| **Carrying amount 31 Dec 2024** | **37,726** |

The measurements mapped in the table above are included within result from financial instruments and investment properties. These measurements include an amount of euro 2,131 thousand (2023: euro -225 thousand) attributable to holdings of investment properties as at the balance sheet date.

In financial year 2024, investment properties with a carrying amount of euro 0 thousand (2023: euro 906 thousand) were disposed of.

Investment properties contain 27 completed properties (2023: 27) with carrying amounts of euro 25,997 thousand (2023: 24,501 thousand), as well as undeveloped land with a carrying amount of euro 11,729 thousand (2023: euro 12,276 thousand). At the reporting date, all investment properties were measured at fair value and are located in Austria.

The valuation of investment property uses parameters that are not based on market data. Investment properties are therefore classified in the level 3 fair value category.

The non-observable input factors are provided by independent internal and external experts and reflect the current market assessment considering the specific features of each property. The main input parameters are shown below, with a distinction 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 | 55 | 4,930 | 963 | 59 | 4,780 | 907 |
| Rentable space in sqm | 38 | 2,741 | 1,024 | 38 | 2,741 | 1,045 |
| Occupancy rate | 0.00 % | 100.00 % | 92.75 % | 0.00 % | 100.00 % | 94.00 % |
| Discount rate | 0.10 % | 8.00 % | 4.87 % | 0.10 % | 6.00 % | 4.31 % |

**Sensitivity analysis**

| | Changes in the carrying amount | |
|---|---|---|
| **Euro thousand** | **Increase of** | **Decrease of** |
| **31 Dec 2024** | **assumption** | **assumption** |
| Discount rate (0.25 % change) | -1,268 | 1,405 |
| Discount rate (0.50 % change) | -2,419 | 2,971 |
| **31 Dec 2023** | | |
| Discount rate (0.25 % change) | -1,342 | 1,507 |
| Discount rate (0.50 % change) | -2,545 | 3,212 |

Undeveloped land

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Minimum | Maximum | Average | Minimum | Maximum | Average |
| Carrying amount in euro thousand | 39 | 3,050 | 1,066 | 35 | 2,940 | 1,023 |
| Plot size in sqm | 540 | 48,263 | 15,720 | 540 | 48,263 | 15,312 |
| Value per sqm in euro | 6 | 295 | 162 | 6 | 241 | 147 |

**Sensitivity analysis**

| | Changes in the carrying amount | |
|---|---|---|
| **Euro thousand** | **if assumption** | **if assumption** |
| **31 Dec 2024** | **is increased** | **is decreased** |
| Land value (10 % change) | 1,173 | -1,173 |
| Land value (5 % change) | 586 | -586 |
| **31 Dec 2023** | | |
| Land value (10 % change) | 1,228 | -1,228 |
| Land value (5 % change) | 614 | -614 |

The Association 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** | **94,234** |
| Additions | 1,244 |
| Proportional comprehensive income | 4,381 |
| Dividend received | 0 |
| Impairment | -872 |
| Reversal of impairment | 0 |
| **Carrying amount as at 31 Dec 2023** | **98,987** |
| Additions | 0 |
| Proportional comprehensive income | 33,731 |
| Dividend received | -75,332 |
| Impairment | 0 |
| Reversal of impairment | 6,787 |
| **Carrying amount as at 31 Dec 2024** | **64,173** |

### Associated companies

The Association holds 79.2 % (2023: 79.2 %) of the shares in VB Verbund Beteiligungs eG (VB Verb). The company is domiciled in Vienna and holds participations in companies in the financial sector.

In addition, the Association holds 78.6 % (2023: 78.6 %) of shares in VBW eins Beteiligung eG in liqu. (VBW eins). VBW eins is domiciled in Vienna and holds participations in companies in the financial sector.

None of these companies is listed on the stock exchange.

Below, the financial information for VB Verbund-Beteiligung eG and VBW eins Beteiligung eG in Liqu. is presented together, as none of the companies is considered material based on the proportionate financial information attributable to the Association.

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 or lower than the recoverable amount. In the 2024 financial year, VBW eins recorded a measurement of euro 6,787 thousand (2023: euro -872 thousand).

Additional information regarding associates

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Assets | | |
| Loans and receivables credit institutions | 32,466 | 46,395 |
| Other assets | 66,591 | 93,133 |
| **Total assets** | **99,056** | **139,529** |
| of which current assets | 99,056 | 139,529 |
| | | |
| Liabilities and Equity | | |
| Other liabiliites | 15,728 | 3,722 |
| Equity | 83,328 | 135,807 |
| **Total liabilities and equity** | **99,056** | **139,529** |
| of which current liabilities | 15,728 | 3,722 |
| | | |
| Statement of comprehensive income | | |
| Interest and similar income | 1,563 | 1,316 |
| Net interest income | 1,563 | 1,316 |
| Result before taxes | 49,307 | 5,875 |
| Income taxes | -6,051 | -344 |
| Result after taxes | 43,256 | 5,531 |
| Other comprehensive income | 13,214 | 1,285 |
| **Comprehensive income** | **56,470** | **6,816** |

Reconciliation

| Euro thousand | 2024 | 2023 |
|---|---|---|
| Equity | 83,328 | 135,807 |
| Equity interest | n.a. | n.a. |
| Equity proportional | 65,900 | 107,366 |
| Cumulative impairment and reversals | -1,231 | -8,018 |
| Valuation previous years | -496 | -361 |
| **Carrying amount as at 31 Dec** | **64,173** | **98,987** |

In the reconciliation, the proportionate equity is reconciled with the carrying amount. As the other companies are aggregated, it is not possible to state the equity interest.

## 20) Participations

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Investments in unconsolidated affiliates | 11,633 | 14,464 |
| Investments in companies with participating interests | 8,934 | 8,147 |
| Investments in other participations | 95,329 | 141,222 |
| **Participations** | **115,896** | **163,833** |

A list of unconsolidated affiliates can be found in Note 54).

In the financial year, participations with a carrying amount of euro 79,032 thousand (2023: euro 1,047 thousand) were sold. The most significant participations in the item Other participations are Volksbanken Holding eGen with a carrying amount of euro 68,540 thousand (2023: euro 117,707 thousand), PSA Payment Services Austria GmbH with a carrying amount of euro 5,305 thousand (2023: euro 4,033 thousand) and Schulze-Delitzsch Ärzte und Freie Berufe e.Gen. with a carrying amount of euro 4,691 thousand (2023: euro 4,691 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 3,101 thousand from participations measured at fair value through OCI (2023: euro 2,966 thousand).

VBW and the affiliated credit institutions (Volksbanks) cancelled 201,766,539 of its original 266,658,516 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 4,035,330.78. Following the expiry of the one-year disbursement block pursuant to Section 79 of the Cooperative Societies Act (GenG), Volksbanken Holding eGen disbursed the business assets totalling euro 77,519,253.74 to VBW in December 2024, including euro 4,035,330.78 in proportional 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 disposal of a carrying amount of euro 68,540 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 9,641 thousand (2023: euro 9,557 thousand) as any change in the interest rate would have no impact on the measurement.

Participations measured by using the DCF method

| **Propotional fair value**<br>**Euro thousand** | | Interest rate | | |
|---|---|---|---|---|
| **31 Dec 2024** | | **-0.50 %** | **Actual** | **0.50 %** |
| | -10.00 % | 14,727 | 14,244 | 13,820 |
| Income component | **Actual** | 16,363 | **15,587** | 14,881 |
| | 10.00 % | 18,000 | 17,146 | 16,369 |
| **31 Dec 2023** | | | | |
| | -10.00 % | 13,104 | 12,687 | 12,307 |
| Income component | **Actual** | 14,112 | **13,649** | 13,227 |
| | 10.00 % | 15,120 | 14,611 | 14,146 |

Participations measured by net assets

| | **Proportional fair value** | | |
|---|---|---|---|
| **Euro thousand**<br>**31 Dec 2024** | **Decrease of assumption** | **Actual** | **Increase of assumption** |
| Net assets (10 % change) | 16,613 | **18,392** | 20,305 |
| **31 Dec 2023** | | | |
| Net assets (10 % change) | 17,564 | **19,515** | 21,468 |

Participations measured based on external appraisals

| **Euro thousand** | **Proportional fair value** | | |
|---|---|---|---|
| **31 Dec 2024** | **Lower band** | **Actual** | **Upper band** |
| Proportional fair value | 64,758 | **71,953** | 79,148 |
| **31 Dec 2023** | | | |
| Proportional fair value | 108,731 | **120,809** | 132,893 |

## 21) Intangible assets

| Euro thousand | Software | Others | Total |
|---|---|---|---|
| **Acquisition costs as at 01 Jan 2023** | **33,645** | **555** | **34,199** |
| Additions | 252 | 0 | 252 |
| Disposals | -4,279 | -9 | -4,288 |
| **Acquisition costs as at 31 Dec 2023** | **29,618** | **546** | **30,164** |
| Additions | 26 | 0 | 26 |
| Disposals | -648 | 0 | -648 |
| **Acquisition costs as at 31 Dec 2024** | **28,996** | **546** | **29,542** |
| | | | |
| **Cumulative amortisation 01 Jan 2023** | **-32,538** | **-288** | **-32,826** |
| Disposals | 4,279 | 9 | 4,288 |
| Amortisation | -742 | -15 | -757 |
| **Cumulative amortisation 31 Dec 2023** | **-29,001** | **-294** | **-29,295** |
| Disposals | 630 | 0 | 630 |
| Amortisation | -185 | -15 | -200 |
| **Cumulative amortisation 31 Dec 2024** | **-28,556** | **-309** | **-28,865** |
| | | | |
| Carrying amount 01 Jan 2023 | 1,107 | 266 | 1,373 |
| Carrying amount 31 Dec 2023 | 617 | 252 | 869 |
| Thereof with limited useful life | 617 | 252 | 869 |
| **Carrying amount 31 Dec 2024** | **440** | **237** | **677** |
| Thereof with limited useful life | 440 | 237 | 677 |

## 22) Tangible assets

| Euro thousand | Land and buildings | IT-equipment | Office furniture and equipment | Others | Total |
|---|---|---|---|---|---|
| **Acquisition costs as at 01 Jan 2023** | **396,629** | **10,547** | **179,527** | **6,509** | **593,212** |
| Change in the scope of consolidation | 0 | 0 | 0 | 0 | 0 |
| Reclassification | -4,293 | 0 | 1,703 | 0 | -2,590 |
| Additions | 11,640 | 101 | 10,284 | 1,401 | 23,425 |
| Disposals | -10,081 | -4,942 | -19,923 | -1,098 | -36,044 |
| Assets held for sale | 0 | 0 | 0 | 0 | 0 |
| **Acquisition costs as at 31 Dec 2023** | **393,895** | **5,706** | **171,591** | **6,811** | **578,003** |
| Change in the scope of consolidation | 8,541 | 0 | 1 | 0 | 8,542 |
| Reclassification | 408 | 0 | 1,663 | 0 | 2,071 |
| Additions | 15,949 | 107 | 11,169 | 1,299 | 28,524 |
| Disposals | -8,263 | -440 | -13,886 | -1,531 | -24,120 |
| Assets held for sale | -1,120 | 0 | 0 | 0 | -1,120 |
| **Acquisition costs as at 31 Dec 2024** | **409,411** | **5,372** | **170,538** | **6,580** | **591,901** |
| | | | | | |
| **Cumulative valuation 01 Jan 2023** | **-200,627** | **-9,537** | **-150,038** | **-3,771** | **-363,973** |
| Change in the scope of consolidation | 0 | 0 | 0 | 0 | 0 |
| Reclassification | 1,553 | 0 | -7 | 0 | 1,545 |
| Disposals | 8,980 | 4,940 | 19,496 | 982 | 34,397 |
| Assets held for sale | 0 | 0 | 0 | 0 | 0 |
| Depreciation | -8,887 | -421 | -8,719 | -1,031 | -19,058 |
| Impairment | -954 | 0 | 0 | 0 | -954 |
| **Cumulative valuation 31 Dec 2023** | **-199,936** | **-5,019** | **-139,268** | **-3,820** | **-348,043** |
| Change in the scope of consolidation | -47 | 0 | -1 | 0 | -47 |
| Reclassification | -620 | 0 | -1 | 0 | -620 |
| Disposals | 4,942 | 440 | 13,699 | 1,312 | 20,394 |
| Assets held for sale | 771 | 0 | 0 | 0 | 771 |
| Depreciation | -9,281 | -345 | -9,149 | -1,150 | -19,925 |
| Impairment | -369 | 0 | -3 | 0 | -372 |
| **Cumulative valuation 31 Dec 2024** | **-204,540** | **-4,923** | **-134,723** | **-3,658** | **-347,843** |
| | | | | | |
| Carrying amount 01 Jan 2023 | 196,001 | 1,010 | 29,490 | 2,738 | 229,239 |
| Carrying amount 31 Dec 2023 | 193,959 | 687 | 32,323 | 2,992 | 229,960 |
| **Carrying amount 31 Dec 2024** | **204,871** | **449** | **35,816** | **2,922** | **244,057** |

Right of use

| Euro thousand | Vehicles | Branches | Administration buildings | Others | Total |
|---|---|---|---|---|---|
| **31 Dec 2023** | | | | | |
| Amortised cost | 518 | 162,851 | 34,625 | 252 | 198,247 |
| Additions | 237 | 2,434 | 0 | 241 | 2,913 |
| Depreciation | -45 | -6,521 | -1,983 | -24 | -8,572 |
| **Carrying amount** | **290** | **128,946** | **27,430** | **228** | **156,894** |
| | | | | | |
| **31 Dec 2024** | | | | | |
| Amortised cost | 1,007 | 185,065 | 34,625 | 953 | 221,650 |
| Additions | 364 | 13,372 | 0 | 471 | 14,207 |
| Depreciation | -149 | -6,750 | -1,983 | -78 | -8,960 |
| **Carrying amount** | **505** | **137,138** | **25,447** | **622** | **163,711** |

In the 2024 financial year, one building (2023: one building) was sold and the branches located within this were subsequently leased back. As in the previous year, this transaction had only an insignificant impact on earnings.

## 23) Tax assets and liabilities

| | 31 Dec 2024 | | 31 Dec 2023 | |
|---|---|---|---|---|
| **Euro thousand** | **Tax assets** | **Tax liabilities** | **Tax assets** | **Tax liabilities** |
| Current tax | 30,095 | 2,336 | 4,179 | 27,961 |
| Deferred tax | 100,240 | 4,210 | 115,886 | 3,965 |
| **Tax total** | **130,335** | **6,546** | **120,065** | **31,926** |

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 comprehensive income** |
| Loans and receivables to credit institutions | 12 | 698 | 5 | 1,278 | 588 | 588 | 0 |
| Loans and receivables to customers | 40,320 | 27,144 | 54,837 | 31,622 | -10,040 | -10,040 | 0 |
| Assets held for trading | 2,431 | 0 | 2,794 | 0 | -364 | -364 | 0 |
| Financial investments | 675 | 12,834 | 789 | 2,551 | -10,397 | -10,114 | -283 |
| Investment property | 0 | 4,315 | 0 | 3,746 | -569 | -569 | 0 |
| Participations | 0 | 13,141 | 2,607 | 4,423 | -11,325 | -6,098 | -5,227 |
| Intangible and tangible assets | 31,069 | 39,109 | 36,490 | 37,393 | -6,793 | -6,793 | 0 |
| Amounts owed to credit institutions | 0 | 0 | 3 | 0 | -3 | -3 | 0 |
| Amounts owed to customers | 687 | 0 | 1,082 | 0 | -395 | -395 | 0 |
| Debts evidenced by certificates and subordinated liabilities | 3,349 | 4,040 | 30 | 17,934 | 17,213 | 17,196 | 17 |
| Lease liabilities | 40,918 | 0 | 39,194 | 0 | 1,724 | 1,724 | 0 |
| Liabilities held for trading | 0 | 2,589 | 0 | 2,732 | 143 | 143 | 0 |
| Provisions for pensions, severance payments and other provisions | 16,455 | 1,813 | 18,759 | 1,636 | -2,480 | -1,153 | -1,327 |
| Other assets and liabilities | 56,868 | 53,069 | 64,550 | 64,162 | 3,415 | 3,548 | -133 |
| Other balance sheet items | 0 | 201 | 0 | 201 | 0 | 0 | 0 |
| Tax loss carryforwards | 62,200 | 0 | 58,460 | 0 | 3,740 | 3,740 | 0 |
| **Deferred taxes before netting** | **254,983** | **158,953** | **279,600** | **167,678** | **-15,543** | **-8,590** | **-6,953** |
| Offset between deferred tax assets and deferred tax liabilities | -154,743 | -154,743 | -163,714 | -163,714 | 0 | 0 | 0 |
| **Reported deferred taxes** | **100,240** | **4,210** | **115,886** | **3,965** | **-15,543** | **-8,590** | **-6,953** |

Deferred tax assets and deferred tax liabilities are only netted 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.

No deferred taxes were recognised for tax loss carryforwards in the amount of euro 206,682 thousand (2023: euro 230,613 thousand). Of these non-recognised tax loss carryforwards, euro 206,682 thousand (2023: euro 230,613 thousand) can be carried forward without restriction and primarily concern VBW itself.

In accordance with IAS 12.39 deferred tax liabilities for temporary differences regarding participations in subsidiaries in the amount of euro 43,708 thousand (2023: euro 48,026 thousand) as well as deferred tax assets in the amount of euro 4,368 thousand (2023: euro 6,076 thousand) were not recognised as a reversal is not expected soon.

## 24) Other assets

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Deferred items | 6,448 | 5,409 |
| Other receivables and assets | 71,505 | 61,886 |
| Positive fair values of derivative instruments | 241,414 | 249,795 |
| **Other assets** | **319,367** | **317,089** |

Other receivables and assets essentially consist of open outgoing invoices and accruals in the amount of euro 29,520 thousand (2023: euro 24,382 thousand), auxiliary accounts of the banking business in the amount of euro 23,264 thousand (2023: euro 19,812 thousand) and loans and receivables to employees in the amount of euro 5,602 thousand (2023: euro 5,338 thousand), taxes and fiscal payments in the amount of euro 1,023 thousand (2023: euro 607 thousand) and receivables from property sales in the amount of euro 50 thousand (2023: euro 825 thousand).

In addition to derivatives that are used for hedge accounting in accordance with IFRS 9, the item Positive fair values from derivative instruments also includes derivatives in the amount of euro 12,587 thousand (2023: euro 9,564 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 | 224,751 | 4,076 | 237,048 | 3,183 |
| **Positive fair values of derivative instruments** | **224,751** | **4,076** | **237,048** | **3,183** |

## 25) Assets held for sale

This position includes all assets held for sale in accordance with IFRS 5. The amount consists of the following:

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Tangible assets | 349 | 0 |
| Other assets | 0 | 306 |
| **Assets held for sale** | **349** | **306** |

## 26) Amounts owed to credit institutions

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Central banks | 0 | 616,157 |
| Other credit institutions | 471,243 | 195,458 |
| **Amounts owed to credit institutions** | **471,243** | **811,615** |

Amounts owed to credit institutions are measured at amortised cost.

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

Breakdown by residual term

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| On demand | 46,099 | 44,667 |
| Up to 3 months | 357,798 | 54,575 |
| Up to 1 year | 393 | 616,484 |
| Up to 5 years | 7,337 | 12,776 |
| More than 5 years | 59,615 | 83,112 |
| **Amounts owed to credit institutions** | **471,243** | **811,615** |

## 27) Amounts owed to customers

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Savings deposits | 3,404,561 | 4,190,213 |
| Other deposits | 19,851,335 | 17,989,328 |
| **Amounts owed to customers** | **23,255,897** | **22,179,542** |

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 | 18,263,866 | 17,689,426 |
| Up to 3 months | 1,656,185 | 866,198 |
| Up to 1 year | 2,905,429 | 2,751,728 |
| Up to 5 years | 399,517 | 840,590 |
| More than 5 years | 30,899 | 31,600 |
| **Amounts owed to customers** | **23,255,897** | **22,179,542** |

## 28) Debts evidenced by certificates

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Bonds | 3,489,918 | 3,280,580 |
| Amortised cost | 3,418,849 | 3,210,454 |
| Fair value through profit or loss - designated | 71,069 | 70,126 |
| **Debts evidenced by certificates** | **3,489,918** | **3,280,580** |

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 fair value 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, 13 issues (2023: 13 issues) with a total face value of euro 600,500 thousand (2023: euro 1,457,350 thousand) were launched by VBW. The issue with the highest volume is a green bond in the amount of euro 114,000 thousand. (2023: euro 500,000 thousand).

### Breakdown by residual term

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Up to 3 months | 1,694 | 2,270 |
| Up to 1 year | 141,437 | 185,000 |
| Up to 5 years | 3,147,818 | 2,189,375 |
| More than 5 years | 198,969 | 903,935 |
| **Debts evidenced by certificates** | **3,489,918** | **3,280,580** |

# 29) Lease liabilities

Presentation of the inflow and outflow of lease liabilities

| Euro thousand | Lease liabilities |
|---|---|
| **As at 01 Jan 2023** | **171,893** |
| Cash inflow | 0 |
| Cash outflow | -7,658 |
| Non-cash changes | |
| Others | 6,174 |
| Total non-cash changes | 6,174 |
| **As at 31 Dec 2023** | **170,410** |
| Cash inflow | 0 |
| Cash outflow | -8,217 |
| Non-cash changes | |
| Others | 15,712 |
| Total non-cash changes | 15,712 |
| **As at 31 Dec 2024** | **177,905** |

Breakdown by residual term

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Up to 3 months | 2,105 | 2,038 |
| Up to 1 year | 6,276 | 5,724 |
| Up to 5 years | 39,788 | 36,225 |
| More than 5 years | 129,735 | 126,424 |
| **Lease liabilities** | **177,905** | **170,410** |

## 30) Liabilities held for trading

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Negative fair values of derivative instruments | | |
| Interest-rate-related transactions | 19,499 | 22,967 |
| **Liabilities held for trading** | **19,499** | **22,967** |

## 31) 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** | **6,233** | **9,471** | **8,620** | **24,324** |
| Increases due to origination and acquisition | 2,619 | 680 | 365 | 3,664 |
| Decreases due to derecognition | -386 | -507 | -489 | -1,382 |
| Changes due to change in credit risk | -5,153 | -940 | 3,028 | -3,066 |
| Thereof transfer to Stage 1 | 574 | -574 | 0 | 0 |
| Thereof transfer to Stage 2 | -810 | 822 | -12 | 0 |
| Thereof transfer to Stage 3 | -1 | -116 | 117 | 0 |
| Post-model adjustment | 1,456 | 106 | 0 | 1,562 |
| Other adjustments | -276 | -165 | 441 | 0 |
| **As at 31 Dec 2023** | **4,493** | **8,646** | **11,963** | **25,102** |
| Increases due to origination and acquisition | 2,292 | 1,791 | 4,745 | 8,828 |
| Decreases due to derecognition | -272 | -1,136 | -1,052 | -2,459 |
| Changes due to change in credit risk | -2,652 | 2,732 | -4,155 | -4,076 |
| Thereof transfer to Stage 1 | 342 | -342 | 0 | 0 |
| Thereof transfer to Stage 2 | -897 | 926 | -29 | 0 |
| Thereof transfer to Stage 3 | -3 | -144 | 147 | 0 |
| Post-model adjustment | 1,727 | -3 | 0 | 1,724 |
| Other adjustments | -179 | -1,362 | 1,542 | 1 |
| **As at 31 Dec 2024** | **5,408** | **10,667** | **13,043** | **29,119** |

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

### Other provisions

| Euro thousand | Restructuring | Interest claims in connection with loans with floors | Pending litigations | Others | Total |
|---|---|---|---|---|---|
| **As at 1 Jan 2023** | **2,344** | **220** | **2,510** | **8,016** | **13,091** |
| Utilisation | -317 | 0 | -353 | -1,721 | -2,391 |
| Release | -1,252 | 0 | -208 | -3,035 | -4,495 |
| Addition | 243 | 0 | 2,245 | 3,631 | 6,118 |
| **As at 31 Dec 2023** | **1,018** | **220** | **4,194** | **6,891** | **12,323** |
| Utilisation | -156 | 0 | -1,343 | -679 | -2,178 |
| Release | -461 | -220 | -807 | -964 | -2,452 |
| Addition | 433 | 0 | 12,214 | 2,494 | 15,141 |
| **As at 31 Dec 2024** | **834** | **0** | **14,258** | **7,742** | **22,834** |

Provisions are recorded at the best possible estimate of the expected outflow of resources with economic benefits as at the reporting date, considering 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. The Association of Volksbanks is not itself involved in the original legal dispute for the preliminary ruling stated above, but it had also made use of the interbank exemption pursuant to Section 6(1) no. 28 2nd sentence UStG by the end of 2024 in business transactions with other companies of the Association of Volksbanks. 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 (Abgabenänderungsgesetz) 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.

## 32) 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** | **33,366** | **85,204** | **15,434** | **134,004** |
| Current service costs | -64 | 3,507 | 871 | 4,313 |
| Interest expenses | 1,266 | 3,377 | 620 | 5,262 |
| Payments | -3,200 | -4,818 | -1,038 | -9,056 |
| Actuarial gains or losses arising from changes in financial assumptions | 1,667 | 2,905 | 688 | 5,260 |
| **Net present value as at 31 Dec 2023** | **33,034** | **90,174** | **16,575** | **139,784** |
| Current service costs | 36 | 3,724 | 962 | 4,722 |
| Interest expenses | 1,144 | 3,199 | 597 | 4,940 |
| Payments | -3,155 | -4,739 | -1,226 | -9,119 |
| Actuarial gains or losses arising from changes in financial assumptions | 1,067 | -6,836 | -840 | -6,610 |
| **Net present value as at 31 Dec 2024** | **32,126** | **85,522** | **16,068** | **133,716** |

## 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.

Contribution payments to plan assets are expected in the amount of euro 18 thousand in 2024 (2023: euro17 thousand).

| Euro thousand | Provision for pensions | Provision for severance payments | Provision for anniversary bonuses | Total Employee benefits |
|---|---:|---:|---:|---:|
| **31 Dec 2023** | | | | |
| Long-term employee provision | 33,034 | 90,174 | 16,575 | 139,784 |
| Net present value of plan assets | -1,115 | 0 | 0 | -1,115 |
| **Net liability recognised in balance sheet** | **31,919** | **90,174** | **16,575** | **138,669** |
| **31 Dec 2024** | | | | |
| Long-term employee provision | 32,126 | 85,522 | 16,068 | 133,716 |
| Net present value of plan assets | -1,188 | 0 | 0 | -1,188 |
| **Net liability recognised in balance sheet** | **30,939** | **85,522** | **16,068** | **132,528** |

## Historical information

| Euro thousand | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---:|---:|---:|---:|---:|
| Net present value of obligations | 133,716 | 139,784 | 134,004 | 166,861 | 181,023 |
| 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 with a market price quoted on an active market.

### Sensitivity analysis

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

| Euro thousand | Change in the present value<br>increase of assumption | decrease of assumption |
|---|---|---|
| **31 Dec 2023** | | |
| Discount rate (0.75 % change) | -7,788 | 11,835 |
| Future wage and salary increases (0.50 % change) | 5,757 | -4,482 |
| Future pension increases (0.25 % change) | 1,321 | -219 |
| Future mortality (1 year change) | 2,429 | -1,287 |
| | | |
| **31 Dec 2024** | | |
| Discount rate (0.75 % change) | -8,360 | 9,216 |
| Future wage and salary increases (0.50 % change) | 4,713 | -4,548 |
| Future pension increases (0.25 % change) | 727 | -697 |
| Future mortality (1 year change) | 1,742 | -1,684 |

As at 31 December 2024, the weighted average term of defined-benefit obligations for pensions was 8.3 years (2023: 8.9 years) and for severance payments 10.2 years (2023: 9.4 years).

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

## 33) Other liabilities

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Deferred items | 2,866 | 2,601 |
| Other liabilities | 334,746 | 326,735 |
| Negative fair values of derivative instruments | 248,492 | 271,235 |
| **Other liabilities** | **586,104** | **600,570** |

Other liabilities and equity are essentially composed of auxiliary accounts of the banking business in the amount of euro 189,826 thousand (2023: euro 238,592 thousand), taxes and fiscal liabilities in the amount of euro 76,382 thousand (2023: euro 26,027 thousand), deferrals and trade payables in the amount of euro 35,501 thousand (2023: euro 23,398 thousand) and commitments to staff in the amount of euro 17,901 thousand (2023: euro 24,483 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 2,917 thousand (2023: euro 17,634 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 | 244,995 | 580 | 252,888 | 713 |
| **Negative fair values of derivative instruments** | **244,995** | **580** | **252,888** | **713** |

## 34) Subordinated liabilities

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Subordinated capital | 1,271,733 | 448,641 |
| Supplementary capital | 1,555 | 1,745 |
| **Subordinated liabilities** | **1,273,288** | **450,386** |

Subordinated liabilities are measured at amortised cost.

In 2024, two subordinated Tier 2 bonds with a volume of euro 500,000 thousand each were issued. 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.

Breakdown by residual term

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Up to 3 months | 7,515 | 8,061 |
| Up to 1 year | 2,355 | 5,000 |
| Up to 5 years | 218,484 | 425,299 |
| More than 5 years | 1,044,935 | 12,026 |
| **Subordinated liabilities** | **1,273,288** | **450,386** |

Cash inflow and cash outflow of subordinated liabilities

| Euro thousand | Subordinated liabilities |
|---|---|
| **As at 01 Jan 2023** | **454,062** |
| Cash inflow | 0 |
| Cash outflow | -6,800 |
| Non-cash changes | |
| Others | 3,124 |
| Total non-cash changes | 3,124 |
| **As at 31 Dec 2023** | **450,386** |
| Cash inflow | 993,240 |
| Cash outflow | -229,102 |
| Non-cash changes | |
| Others | 58,764 |
| Total non-cash changes | 58,764 |
| **As at 31 Dec 2024** | **1,273,288** |

## 35) Equity

Due to the requirements imposed by CRR, in the 2013 business year the Volksbanks began to amend the cooperatives' articles of association and to introduce a base amount for cooperative capital. This prevents redemption of a cooperative share if such redemption would cause the total nominal value of members' shares to fall below a certain percentage of the maximum total nominal value reported on a balance sheet date (base amount). This percentage has been set at 95 % for the Volksbanks. Under IFRIC 2 – Members' Shares in Cooperative Entities and Similar Instruments – cooperative capital may only be reported as equity if there is an unconditional prohibition on redemption of members' shares. An unconditional prohibition may also be partial. Beginning in the 2013 business year, members' shares within the base amount in cooperatives that have already legally implemented the base amount rule were therefore reclassified as subscribed capital. Shares held in the Association reduce the members' shares within the base amount. The reclassification is shown on a separate line in the statement of changes in equity. All shares have been fully paid up.

### 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 treasury stocks 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 compounding of 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, which was exercised with the approval of the ECB, and the bond was repaid at 100 % of the face value.

### Return on capital employed

The return on capital employed for the 2024 financial year is 0.4 % (2023: 1.1 %) and is calculated as the ratio between result after taxes and total assets at the balance sheet 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 upon derecognition of the assets.

The following table shows the breakdown and development of the 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** | **2,341,281** | **-12,653** | **2,294** | **-907,828** | **-7,655** | **-760** | **961** | **1,415,640** |
| Consolidated net income | 326,308 | | | | | | | 326,308 |
| Other comprehensive income | 9 | -3,521 | 251 | 30,007 | 2,708 | 2,631 | 938 | 33,023 |
| Redemption AT1 emission | | | | | | | | 0 |
| Dividends paid | -6,194 | | | | | | | -6,194 |
| Coupon for the AT1 emission | -17,050 | | | | | | | -17,050 |
| Purchase Association of Volksbanks own shares | -35 | | | | | | | -35 |
| Change in cooperative capital and participation capital | -4,692 | | | | | | | -4,692 |
| Repurchase own shares | -6,774 | | | | | | | -6,774 |
| Reclassification fair value reserve due to sale | -13,489 | | | 13,489 | | | | 0 |
| Change due to reclassifications to non-controlling interests, capital increases and deconsolidation | 99 | | | | | | | 99 |
| **As at 31 Dec 2023** | **2,619,463** | **-16,174** | **2,545** | **-864,332** | **-4,947** | **1,871** | **1,899** | **1,740,325** |
| Consolidated net income | 131,456 | | | | | | | 131,456 |
| Other comprehensive income | 0 | 4,443 | 0 | 17,308 | 946 | 446 | -57 | 23,086 |
| Redemption AT1 emission | -2,278 | | | | | | | -2,278 |
| Dividends paid | -13,039 | | | | | | | -13,039 |
| Coupon for the AT1 emission | -8,525 | | | | | | | -8,525 |
| Purchase Association of Volks-banks own shares | -53,512 | | | | | | | -53,512 |
| Change in cooperative capital and participation capital | -907 | | | | | | | -907 |
| Repurchase own shares | 0 | | | | | | | 0 |
| Reclassification fair value reserve due to sale | -613,861 | | | 613,861 | | | | 0 |
| Change due to reclassifications to non-controlling interests, capital increases and deconsolidation | 0 | | | | | | | 0 |
| **As at 31 Dec 2024** | **2,058,797** | **-11,731** | **2,545** | **-233,162** | **-4,001** | **2,317** | **1,842** | **1,816,606** |

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 Association of Volksbanks, calculated pursuant to the Capital Requirement Regulations (CRR) breaks down als follows:

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Common Tier 1 capital: Instruments and reserves | | |
| Capital instruments including share premium accounts | 766,616 | 781,709 |
| Retained earnings | 1,398,385 | 1,923,206 |
| Accumulated other comprehensive income (and other reserves) | 429,390 | -195,457 |
| Common Tier 1 capital before regulatory adjustments | 2,594,390 | 2,509,457 |
| Common Tier 1 capital: regulatory adjustments | | |
| Regulatory value adjustments | 0 | 0 |
| Intangible assets (net of related tax liability) | -677 | -869 |
| Cash flow hedge reserve | -2,317 | -1,871 |
| 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 | 3 | 5 |
| Value adjustments due to the requirement for prudent valuation | -1,209 | -1,330 |
| Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities | -62,200 | -56,460 |
| Insufficient coverage for non-performing exposures | -13,156 | -5,867 |
| Other foreseeable tax charges | -201 | -201 |
| Regulatory adjustments - transitional provisions | 14,107 | 20,525 |
| Adjustments to be made due to transitional regulations under IFRS 9 | 14,107 | 20,525 |
| Qualifying AT1 deductions that exceeds the AT1 capital of the institution | 0 | 0 |
| Additional CET1 deductions pursuant to article 3 CRR | -118,702 | -129,449 |
| Total regulatory adjustments | -186,195 | -177,416 |
| **Common equity Tier 1 capital - CET1** | **2,408,196** | **2,332,041** |
| 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)** | **2,408,196** | **2,552,041** |
| Tier 2 capital - instruments and provisions | | |
| Capital instruments including share premium accounts | 1,162,135 | 319,495 |
| Tier 2 capital before regulatory adjustments | 1,162,135 | 319,495 |
| Tier 2 capital: regulatory adjustments | | |
| Total regulatory adjustments | 0 | 0 |
| **Tier 2 capital - T2** | **1,162,135** | **319,495** |
| **Own funds total - TC (T1 + T2)** | **3,570,331** | **2,871,536** |

| | | |
|---|---|---|
| Common equity Tier 1 capital ratio | 15.46 % | 15.32 % |
| Tier 1 capital ratio | 15.46 % | 16.77 % |
| Equity ratio | 22.92 % | 18.87 % |
| each in relation to total risk exposure amount | | |

The risk-weighted amounts as defined in CRR breaks down as follows:

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Risk weighted exposure amount - credit risk | 14,101,551 | 13,762,343 |
| Total risk exposure amount for position, foreign exchange and commodities risks | 20,354 | 27,599 |
| Total risk exposure amount for operational risk | 1,446,516 | 1,419,566 |
| Total risk exposure amount for credit valuation adjustment (cva) | 8,855 | 8,932 |
| **Total risk exposure amount** | **15,577,276** | **15,218,439** |

The following table shows the own funds of the Association of Volksbanks 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 | 766,616 | 781,709 |
| Retained earnings | 1,398,385 | 1,923,206 |
| Accumulated other comprehensive income (and other reserves) | 429,390 | -195,457 |
| Common Tier 1 capital before regulatory adjustments | 2,594,390 | 2,509,457 |
| Common Tier 1 capital: regulatory adjustments | | |
| Regulatory value adjustments | 0 | 0 |
| Intangible assets (net of related tax liability) | -677 | -869 |
| Cash flow hedge reserve | -2,317 | -1,871 |
| 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 | 3 | 5 |
| Value adjustments due to the requirement for prudent valuation | -1,209 | -1,330 |
| Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities | -62,200 | -56,460 |
| Insufficient coverage for non-performing exposures | -13,156 | -5,867 |
| Other foreseeable tax charges | -201 | -201 |
| Qualifying AT1 deductions that exceeds the AT1 capital of the institution | 0 | 0 |
| Additional CET1 deductions pursuant to article 3 CRR | -118,702 | -129,449 |
| Total regulatory adjustments | -200,302 | -197,941 |
| **Common equity Tier 1 capital - CET1** | **2,394,089** | **2,311,516** |
| 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)** | **2,394,089** | **2,531,516** |
| Tier 2 capital - instruments and provisions | | |
| Capital instruments including share premium accounts | 1,162,135 | 319,495 |
| Tier 2 capital before regulatory adjustments | 1,162,135 | 319,495 |
| Tier 2 capital: regulatory adjustments | | |
| Total regulatory adjustments | 0 | 0 |
| **Tier 2 capital - T2** | **1,162,135** | **319,495** |
| **Own funds total - TC (T1 + T2)** | **3,556,224** | **2,851,011** |
| Common equity Tier 1 capital ratio | 15.38 % | 15.21 % |
| Tier 1 capital ratio | 15.38 % | 16.65 % |
| Equity ratio | 22.85 % | 18.75 % |
| each in relation to total risk exposure amount | | |

The risk-weighted amounts as defined in CRR can be broken down as follows:

| **Euro thousand** | **31 Dec 2024** | **31 Dec 2023** |
|---|---|---|
| Risk weighted exposure amount - credit risk | 14,089,936 | 13,745,961 |
| Total risk exposure amount for position, foreign exchange and commodities risks | 20,354 | 27,599 |
| Total risk exposure amount for operational risk | 1,446,516 | 1,419,566 |
| Total risk exposure amount for credit valuation adjustment (cva) | 8,855 | 8,932 |
| **Total risk exposure amount** | **15,565,661** | **15,202,057** |

VBW has concluded a banking association agreement with the Volksbanks in accordance with section 30a of the Austrian Banking Act. The purpose of this banking association agreement is to create a joint liability scheme between the primary sector institutions and to monitor and ensure compliance with the standards of the Austrian Banking Act at association level. According to article 10 CRR in conjunction with article 11 (4) CRR the CO must comply with the CRR's own funds requirements based on the consolidated overall position of the CO and its affiliated institutions. The own funds of the Association of Volksbanks are calculated by aggregating VBW's own funds and those of the member institutions. When aggregating the included companies' participations in Volksbanks and VBW, the aggregated carrying amounts of the investments are deducted from the aggregated equity components. Superior financial holding companies and holding companies, provided they fulfil the requirements of section 30a of the Austrian Banking Act, are also added and participations in these deducted. The aggregation as a group of companies which are legally separate entities, but under unified control without a parent company, means that the capital consolidation does not result in any minority interests. Subordinated companies are included in accordance with the method described below.

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 direct or indirect, 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 other participations are included in the assessment basis at their carrying amounts.

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 | 4,007,513 | 0 | 0 | 4,007,513 | 4,007,513 |
| Loans and receivables to credit institutions | 228,634 | 0 | 0 | 228,634 | 229,285 |
| Loans and receivables to customers | 22,871,947 | 0 | 351,866 | 23,223,813 | 22,821,959 |
| Assets held for trading | 0 | 0 | 19,419 | 19,419 | 19,419 |
| Financial investments | 3,433,461 | 95,381 | 6,397 | 3,535,239 | 3,448,867 |
| Participations | 0 | 115,896 | 0 | 115,896 | 115,896 |
| Derivative instruments | 0 | 0 | 241,414 | 241,414 | 241,414 |
| **Financial assets total** | **30,541,556** | **211,277** | **619,096** | **31,371,929** | **30,884,354** |
| | | | | | |
| Amounts owed to credit institutions | 471,243 | 0 | 0 | 471,243 | 467,723 |
| Amounts owed to customers | 23,255,897 | 0 | 0 | 23,255,897 | 23,284,039 |
| Debts evidenced by certificates | 3,418,849 | 0 | 71,069 | 3,489,918 | 3,497,251 |
| Lease liabilities | 177,905 | 0 | 0 | 177,905 | 177,905 |
| Liabilities held for trading | 0 | 0 | 19,499 | 19,499 | 19,499 |
| Derivative instruments | 0 | 0 | 248,492 | 248,492 | 248,492 |
| Subordinated liabilities | 1,273,288 | 0 | 0 | 1,273,288 | 1,271,004 |
| **Financial liabilities total** | **28,597,181** | **0** | **339,060** | **28,936,241** | **28,965,913** |
| | | | | | |
| **31 Dec 2023** | | | | | |
| Liquid funds | 3,434,659 | 0 | 0 | 3,434,659 | 3,434,659 |
| Loans and receivables to credit institutions | 234,134 | 0 | 0 | 234,134 | 225,869 |
| Loans and receivables to customers | 22,410,364 | 0 | 390,007 | 22,800,371 | 22,504,941 |
| Assets held for trading | 0 | 0 | 24,931 | 24,931 | 24,931 |
| Financial investments | 2,825,755 | 96,414 | 3,608 | 2,925,777 | 2,850,704 |
| Participations | 0 | 163,833 | 0 | 163,833 | 163,833 |
| Derivative instruments | 0 | 0 | 249,795 | 249,795 | 249,795 |
| **Financial assets total** | **28,904,913** | **260,248** | **668,341** | **29,833,501** | **29,454,733** |
| | | | | | |
| Amounts owed to credit institutions | 811,615 | 0 | 0 | 811,615 | 784,971 |
| Amounts owed to customers | 22,179,542 | 0 | 0 | 22,179,542 | 22,245,813 |
| Debts evidenced by certificates | 3,210,454 | 0 | 70,126 | 3,280,580 | 3,269,249 |
| Lease liabilities | 170,410 | 0 | 0 | 170,410 | 170,410 |
| Liabilities held for trading | 0 | 0 | 22,967 | 22,967 | 22,967 |
| Derivative instruments | 0 | 0 | 271,235 | 271,235 | 271,235 |
| Subordinated liabilities | 450,386 | 0 | 0 | 450,386 | 440,965 |
| **Financial liabilities total** | **26,822,407** | **0** | **364,327** | **27,186,734** | **27,205,610** |

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 | 351,866 | 351,866 |
| Assets held for trading | 1,335 | 18,085 | 0 | 19,419 |
| Financial investments | 97,835 | 1,227 | 2,716 | 101,778 |
| Fair value through profit or loss | 3,083 | 599 | 2,716 | 6,397 |
| Fair value through OCI | 94,753 | 628 | 0 | 95,381 |
| Participations | 0 | 0 | 115,572 | 115,572 |
| Fair value through OCI - designated | 0 | 0 | 115,572 | 115,572 |
| Derivative instruments | 0 | 241,414 | 0 | 241,414 |
| **Financial assets total** | **99,170** | **260,726** | **470,154** | **830,050** |
| | | | | |
| Debts evidenced by certificates | 0 | 71,069 | 0 | 71,069 |
| Liabilities held for trading | 0 | 19,499 | 0 | 19,499 |
| Derivative instruments | 0 | 248,492 | 0 | 248,492 |
| **Financial liabilities total** | **0** | **339,060** | **0** | **339,060** |
| | | | | |
| **31 Dec 2023** | | | | |
| Loans and receivables to customers | 0 | 0 | 390,007 | 390,007 |
| Assets held for trading | 4,016 | 20,915 | 0 | 24,931 |
| Financial investments | 98,757 | 1,265 | 0 | 100,023 |
| Fair value through profit or loss | 3,021 | 587 | 0 | 3,608 |
| Fair value through OCI | 95,736 | 678 | 0 | 96,414 |
| Participations | 0 | 0 | 163,530 | 163,530 |
| Fair value through OCI - designated | 0 | 0 | 163,530 | 163,530 |
| Derivative instruments | 0 | 249,795 | 0 | 249,795 |
| **Financial assets total** | **102,773** | **271,975** | **553,536** | **928,285** |
| | | | | |
| Debts evidenced by certificates | 0 | 0 | 70,126 | 70,126 |
| Liabilities held for trading | 0 | 22,967 | 0 | 22,967 |
| Derivative instruments | 0 | 271,235 | 0 | 271,235 |
| **Financial liabilities total** | **0** | **294,201** | **70,126** | **364,327** |

Please refer to Note 3) t) for a description of the valuation procedures used for participations. Participations with a carrying amount of euro 324 thousand (2023: euro 304 thousand) were measured at amortised cost due to their immateriality.

When determining fair values for Level 2 financial investments, the Association 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 and equity 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** | **396,364** | **0** | **126,594** | **522,958** | **67,301** | **67,301** |
| Reallocation | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 36,797 | 0 | 740 | 37,537 | 1,078 | 1,078 |
| Disposals | -40,613 | 0 | -1,447 | -42,059 | 0 | 0 |
| Valuations | | | | | | |
| Through profit or loss | -2,542 | 0 | 0 | -2,542 | 2,949 | 2,949 |
| Through OCI | 0 | 0 | 37,643 | 37,643 | -1,202 | -1,202 |
| **As at 31 Dec 2023** | **390,007** | **0** | **163,530** | **553,536** | **70,126** | **70,126** |
| Reallocation | 0 | 0 | 0 | 0 | -70,126 | -70,126 |
| Additions | 19,320 | 1,711 | 10,549 | 31,580 | 0 | 0 |
| Disposals | -47,545 | 0 | -81,233 | -128,778 | 0 | 0 |
| Valuations | | | | | | |
| Through profit or loss | -9,916 | 1,005 | 0 | -8,911 | 0 | 0 |
| Through OCI | 0 | 0 | 22,727 | 22,727 | 0 | 0 |
| **As at 31 Dec 2024** | **351,866** | **2,716** | **115,572** | **470,154** | **0** | **0** |

The valuations shown in the table above are included in the item income from financial instruments and investment properties (income statement) or the fair value reserve (other comprehensive income). Of the measurements recognised in the income statement, an amount of euro -8,776 thousand (2023: euro -5,097 thousand) relates to the holdings of financial assets and liabilities as at the balance sheet date.

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.

The development of the sensitivity analyses for the fair values of loans and receivables to credit institutions and customers is described in Note 14).

The development of the sensitivity analyses for the fair values of investment property (IAS 40) is described in Note 18).

The development of the sensitivity analyses for the fair values of participations is described 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 Group´s balance sheet and the Group´s 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 | 4,007,513 | 0 | 4,007,513 | 4,007,513 |
| Loans and receivables to credit institutions | 0 | 0 | 229,285 | 229,285 | 228,634 |
| Loans and receivables to customers | 0 | 0 | 22,470,094 | 22,470,094 | 22,871,947 |
| Financial investments | 3,347,089 | 0 | 0 | 3,347,089 | 3,433,461 |
| **Financial assets total** | **3,347,089** | **4,007,513** | **22,699,379** | **30,053,981** | **30,541,556** |
| | | | | | |
| Amounts owed to credit institutions | 0 | 0 | 467,723 | 467,723 | 471,243 |
| Amounts owed to customers | 0 | 0 | 23,284,039 | 23,284,039 | 23,255,897 |
| Debts evidenced by certificates | 2,479,408 | 946,774 | 0 | 3,426,182 | 3,418,849 |
| Lease liabilities | 0 | 0 | 177,905 | 177,905 | 177,905 |
| Subordinated liabilities | 1,236,915 | 32,795 | 1,293 | 1,271,004 | 1,273,288 |
| **Financial liabilities total** | **3,716,324** | **979,569** | **23,930,960** | **28,626,853** | **28,597,181** |
| | | | | | |
| **31 Dec 2023** | | | | | |
| Liquid funds | 0 | 3,434,659 | 0 | 3,434,659 | 3,434,659 |
| Loans and receivables to credit institutions | 0 | 0 | 225,869 | 225,869 | 234,134 |
| Loans and receivables to customers | 0 | 0 | 22,114,934 | 22,114,934 | 22,410,364 |
| Financial investments | 2,743,720 | 6,962 | 0 | 2,750,682 | 2,825,755 |
| **Financial assets total** | **2,743,720** | **3,441,621** | **22,340,804** | **28,526,145** | **28,904,913** |
| | | | | | |
| Amounts owed to credit institutions | 0 | 0 | 784,971 | 784,971 | 811,615 |
| Amounts owed to customers | 0 | 0 | 22,245,813 | 22,245,813 | 22,179,542 |
| Debts evidenced by certificates | 0 | 0 | 3,199,123 | 3,199,123 | 3,210,454 |
| Lease liabilities | 0 | 0 | 170,410 | 170,410 | 170,410 |
| Subordinated liabilities | 0 | 0 | 440,965 | 440,965 | 450,386 |
| **Financial liabilities total** | **0** | **0** | **26,841,282** | **26,841,282** | **26,822,407** |

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 2024 | Face value Up to 3 months | Up to 1 year | Up to 5 years | More than 5 years | Total | Fair value |
|---|---|---|---|---|---|---|
| Interest-rate-related transactions | 41,677 | 203,593 | 5,905,023 | 4,035,663 | 10,185,956 | -8,986 |
| Caps & Floors | 521 | 2,200 | 71,112 | 56,850 | 130,683 | -369 |
| Interest rate swaps | 41,157 | 201,393 | 5,833,911 | 3,978,813 | 10,055,273 | -8,617 |
| Swaptions | 0 | 0 | 0 | 0 | 0 | 0 |
| Exchange-rate-related transactions | 133,720 | 72,597 | 213,733 | 0 | 420,050 | 1,077 |
| Cross currency interest rate swaps | 0 | 0 | 213,733 | 0 | 213,733 | 1,617 |
| FX swaps | 133,720 | 72,597 | 0 | 0 | 206,317 | -540 |
| 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** | **182,863** | **277,353** | **6,120,822** | **4,073,325** | **10,654,363** | **-8,493** |
| **2023** | | | | | | |
| Interest-rate-related transactions | 32,676 | 562,284 | 4,266,973 | 3,408,180 | 8,270,112 | -6,046 |
| Caps & Floors | 976 | 4,074 | 78,101 | 68,241 | 151,392 | -707 |
| Interest rate swaps | 31,700 | 558,210 | 4,188,872 | 3,339,939 | 8,118,721 | -5,339 |
| Swaptions | 0 | 0 | 0 | 0 | 0 | 0 |
| Exchange-rate-related transactions | 91,123 | 187,426 | 105,558 | 104,560 | 488,666 | -13,979 |
| Cross currency interest rate swaps | 0 | 155,699 | 105,558 | 104,560 | 365,816 | -11,671 |
| FX swaps | 91,123 | 31,727 | 0 | 0 | 122,850 | -2,308 |
| Other transactions | 5,610 | 4,897 | 0 | 52,432 | 62,940 | -3,466 |
| Options | 5,610 | 4,897 | 0 | 52,432 | 62,940 | -3,466 |
| **Total** | **129,409** | **754,607** | **4,372,530** | **3,565,172** | **8,821,718** | **-23,491** |

All derivative financial instruments are OTC products.

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

| Euro thousand 2024 | Assets | Liabilities | Total |
|---|---|---|---|
| Interest-rate-related transactions | 18,085 | 19,499 | -1,415 |
| **Trading portfolio** | **18,085** | **19,499** | **-1,415** |
| Interest-rate-related transactions | 238,107 | 245,679 | -7,572 |
| Exchange-rate-related transactions | 2,986 | 1,909 | 1,077 |
| Other transactions | 321 | 905 | -583 |
| **Other assets / liabilities** | **241,414** | **248,492** | **-7,078** |
| **Total** | **259,499** | **267,991** | **-8,493** |
| | | | |
| Sum Interest-rate-related transactions | 256,192 | 265,178 | -8,986 |
| Sum exchange-rate-related transactions | 2,986 | 1,909 | 1,077 |
| Sum other transactions | 321 | 905 | -583 |
| **2023** | | | |
| Interest-rate-related transactions | 20,915 | 22,967 | -2,051 |
| **Trading portfolio** | **20,915** | **22,967** | **-2,051** |
| Interest-rate-related transactions | 249,741 | 253,736 | -3,995 |
| Exchange-rate-related transactions | 5 | 13,984 | -13,979 |
| Other transactions | 49 | 3,515 | -3,466 |
| **Other assets / liabilities** | **249,795** | **271,235** | **-21,440** |
| **Total** | **270,710** | **294,201** | **-23,491** |
| | | | |
| Sum Interest-rate-related transactions | 270,657 | 276,703 | -6,046 |
| Sum exchange-rate-related transactions | 5 | 13,984 | -13,979 |
| Sum other transactions | 49 | 3,515 | -3,466 |

## 39) Hedging

The interest rate risk is hedged using fair value hedge and cash flow hedge accounting. Although the strict 80 - 125 % hedge effectiveness requirement has been removed by IFRS 9, it is still applied within the Association of Volksbanks 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, the Association of Volksbanks applies the regulations for the recognition of the fair value hedge of a portfolio against interest rate risks. From the portfolio identified, the Association of Volksbanks will define an amount of sight deposits and/or loans and receivables customers as the underlying transaction to be hedged. For sight deposits, the Association of Volksbanks 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. Value changes of 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 361 thousand at the Association of Volksbanks (2023: euro -1,473 thousand), whereas the face value of the hedged underlying transactions as at 31 December 2024 amounts to a total of euro 8,774,586 thousand (2023: euro 7,308,195 thousand). Ineffectiveness therefore corresponds to 0.00 % (2023: 0.02 %) of the hedge portfolio. The hedging strategy in the Association of Volksbanks 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:

| Euro thousand | Interest rate swaps | | | | |
|---|---|---|---|---|---|
| **31 Dec 2024** | **Up to 3 months** | **Up to 1 year** | **Up to 5 years** | **More than 5 years** | **Total** |
| Loans and receivables to customers | 4,400 | 26,750 | 133,946 | 1,543,647 | **1,708,743** |
| 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 | 0 | 97,000 | 3,794,850 | 620,500 | **4,512,350** |
| **31 Dec 2023** | | | | | |
| Loans and receivables to customers | 0 | 250,000 | 235,800 | 1,321,653 | **1,807,453** |
| 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 | 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:

| Euro thousand | Interest rate swaps | | | | |
|---|---|---|---|---|---|
| **31 Dec 2024** | **Up to 3 months** | **Up to 1 year** | **Up to 5 years** | **More than 5 years** | **Total** |
| Loans and receivables to customers | 0 | 0 | 0 | 174,190 | **174,190** |
| **31 Dec 2023** | | | | | |
| Loans and receivables to customers | 0 | 0 | 0 | 101,388 | **101,388** |

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 to customers measured at amortised cost | 1,708,743 | 58,260 | 35,687 | -36,041 | 749 |
| 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 | 4,512,350 | 113,121 | 82,086 | 67,987 | -1,709 |
| **Interest rate swaps total** | **8,863,193** | **224,751** | **244,995** | **-8,546** | **361** |
| **31 Dec 2023** | | | | | |
| Loans and receivables to customers measured at amortised cost | 1,807,453 | 86,993 | 25,842 | -76,424 | 100 |
| 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** | **7,312,803** | **237,048** | **252,888** | **-33,559** | **-1,473** |

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

| Euro thousand<br>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 to customers measured at amortised cost | 1,708,736 | 0 | -25,884 | 36,791 | 134 |
| thereof loans and receivables customers hedged with portfolio hedges | 1,702,840 | 0 | -25,551 | 36,603 | 134 |
| 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 | 4,499,658 | -1,642 | -69,696 | 1,019 |
| **Hedged items of interest rate swaps total** | **4,325,468** | **4,519,658** | **31,316** | **8,907** | **1,153** |
| **31 Dec 2023** | | | | | |
| Loans and receivables to customers measured at amortised cost | 1,807,445 | 0 | -62,674 | 76,524 | 0 |
| thereof loans and receivables customers hedged with portfolio hedges | 1,800,442 | 0 | -62,154 | 76,194 | 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** | **3,716,369** | **3,576,107** | **-117,220** | **32,085** | **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 hedge items:

| Euro thousand<br>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 to customers measured at amortised cost | 174,190 | 4,076 | 580 | 1,851 | 318 | 446 | 1,088 |
| **Interest rate swaps total** | **174,190** | **4,076** | **580** | **1,851** | **318** | **446** | **1,088** |
| **31 Dec 2023** | | | | | | | |
| Loans and receivables to customers measured at amortised cost | 101,388 | 3,183 | 713 | 2,779 | 148 | 2,057 | 574 |
| **Interest rate swaps total** | **101,388** | **3,183** | **713** | **2,779** | **148** | **2,057** | **574** |

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

| Euro thousand<br>31 Dec 2024 | Carrying amount assets | Changes in value used for calculating hedge ineffectiveness for the current year |
|---|---|---|
| Loans and receivables to customers measured at amortised cost | 174,190 | -1,064 |
| **Hedged items of interest rate swaps total** | **174,190** | **-1,064** |
| **31 Dec 2023** | | |
| Loans and receivables to customers measured at amortised cost | 101,388 | -2,960 |
| **Hedged items of interest rate swaps total** | **101,388** | **-2,960** |

## 40) Assets and liabilities denominated in foreign currencies

At the balance sheet date, assets denominated in foreign currencies totalled euro 502,945 thousand (2023: euro 537,155 thousand), whereas liabilities denominated in foreign currencies amounted euro 342,976 thousand (2023: euro 204,589 thousand).

## 41) Trust transactions

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| **Trust assets** | | |
| Loans and receivables to customers | 65,816 | 69,867 |
| Other assets | 1,422 | 869 |
| **Trust liabilities** | | |
| Amounts owed to customers | 65,816 | 69,867 |
| Other liabilities | 1,422 | 869 |

## 42) Assets pledged as collateral for the Group's liabilities

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| **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) are 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 to customers in the amount of euro 465,695 thousand (2023: euro 480,668 thousand) were provided as collaterals for OeNB refinancing 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 collaterlas.

## 43) Contingent liabilities and commitments

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| **Contingent liabilities** | | |
| Liabilities arising from guarantees | 629,477 | 638,477 |
| Others (amounts guaranteed) | 14,410 | 24,589 |
| **Commitments** | | |
| Unutilised loan commitments | 2,972,439 | 3,029,931 |

Based on the management's estimation of cash outflow for financial guarantees, a Stage 3 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 13,043 thousand (2023: euro 11,963 thousand).

The Association of Volksbanks 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 significant impact on the financial situation and profitability of the Association of Volksbanks.

Additionally, 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 the Association of Volksbanks) that have existed or were completed within the last twelve months and have a significant impact on the financial situation or profitability of the Association of Volksbanks or have recently had such an impact.

## 44) Repurchase transactions and other transferred assets

As at 31 December 2024, the Association as pledgor had buy-back commitments under genuine repurchase agreements in the amount of 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 participating interests | Companies measured at equity |
|---|---|---|---|
| **31 Dec 2024** | | | |
| Loans and receivables to customers | 21 | 0 | 0 |
| | | | |
| Amounts owed to customers | 5,209 | 8,441 | 13,861 |
| Provisions | 4 | 0 | 0 |
| Contingent liabilities arising from guarantees | 1,500 | 0 | 0 |
| Business transactions | 9,160 | 14,197 | 32,106 |
| | | | |
| Administrative expenses | -84 | 780 | 0 |
| Other operating income | 463 | 0 | 246 |
| | | | |
| **31 Dec 2023** | | | |
| Loans and receivables to customers | 3,663 | 6,517 | 0 |
| | | | |
| Amounts owed to customers | 8,992 | 7,734 | 33,291 |
| Provisions | 6 | 0 | 4 |
| Contingent liabilities arising from guarantees | 1,500 | 0 | 11,094 |
| Business transactions | 13,437 | 24,801 | 28,170 |
| | | | |
| Administrative expenses | -480 | -3,628 | 0 |
| Other operating income | 551 | 44 | 199 |

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 Association and its related parties are geared to usual market conditions. As in the previous year, the Association 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 | 3,204 | 2,635 |
| Redemptions | 347 | 156 |
| Interest payments | 71 | 58 |

The definition of key management personnel can be found in Note 1) a).

## 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 surplus cover of 2 % calculated based on the face value of all outstanding mortgage bonds and all outstanding covered bonds.

## 47) Branches

| | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| **Branches domestic** | **231** | **232** |

## 48) Subsequent events

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

## 49)Segment reporting

The Association has ten segments corresponding to its strategic business areas. The segments correspond to the eight regional banks and the specialist institution.  In addition, the CO function of VBW is reported separately. These divisions reflect the different regions and services of the Association and are controlled in varying ways in accordance with the internal management and reporting structure. Control is based on the individual merger groups/regional banks and their subordinate entities. In the case of VBW, reporting is based on allocation to the CO or Retail profit centres, which means that all results of VBW and its subordinate entities are allocated to these two profit centres.

The measurement and accounting principles used in the annual financial statements of the Association are also applied to segment reporting. Net interest income of profit centres is calculated according to the market interest method. Transfer prices for investments and refinancing between corporate entities are in line with standard market conditions.

### 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.

### Regional banks

The eight regional bank segments comprise standard banking services for private customers, SMEs and corporate customers in the areas of investment and financing, advisory and investment services for securities, payment services, brokerage of insurance products, and foreign exchange and foreign currency business in the individual regions.

Services are typically performed through the branches as well as through internet and direct sales. The subordinate companies of the individual regional banks are also recognised in the respective segments.

### ÖÄAB

The segment ÖÄAB comprises Österreichische Ärzte- und Apothekerbank AG which provides services of the Association of Volksbanks to their specific customer groups.

### 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 business division.

| 1-12/2024<br>Euro thousand | CO | Vienna | Lower Austria | Styria | Carinthia |
|---|---|---|---|---|---|
| Net interest income | -23,994 | 175,740 | 93,701 | 75,420 | 44,795 |
| Risk provision | 672 | -77,496 | -49,341 | -16,563 | -3,924 |
| Net fee and commission income | 7,141 | 68,185 | 38,503 | 26,739 | 16,297 |
| Net trading income | 5,006 | 241 | 493 | 160 | 133 |
| Result from financial instruments and investment properties | 3,831 | 6,466 | -4,088 | -3,085 | 44 |
| Other operating result | 222,109 | 7,279 | 2,995 | 121 | -9,361 |
| General administrative expenses | -182,969 | -160,440 | -88,309 | -61,931 | -40,448 |
| Result from companies measured at equity | 267 | 2,205 | 21,810 | 577 | 514 |
| **Annual result before taxes** | **32,063** | **22,180** | **15,764** | **21,437** | **8,051** |
| Income taxes | -3,054 | 840 | -2,963 | -3,803 | -2,065 |
| **Annual result after taxes** | **29,009** | **23,020** | **12,801** | **17,634** | **5,986** |
| **31 Dec 2024** | | | | | |
| **Total assets** | **9,894,326** | **7,799,902** | **3,898,165** | **2,844,166** | **1,616,299** |
| Loans and receivables to customers | 14,448 | 6,055,841 | 3,096,464 | 2,406,829 | 1,199,736 |
| Companies measured at equity | 1,523 | 16,273 | 6,670 | 4,212 | 5,417 |
| Amounts owed to customers | 769,623 | 5,915,912 | 3,420,631 | 2,142,880 | 1,425,225 |
| Debts evidenced by certificates, including subordinated liabilities | 4,335,906 | 350,957 | 115,824 | 38,336 | 6,873 |

| 1-12/2023 | | | | | |
|---|---|---|---|---|---|
| Net interest income | -2,294 | 184,631 | 101,458 | 77,152 | 46,200 |
| Risk provision | 1,129 | -30,008 | -15,519 | -7,758 | -1,180 |
| Net fee and commission income | -4,352 | 68,392 | 36,507 | 26,181 | 15,812 |
| Net trading income | 3,223 | 179 | 491 | 146 | 173 |
| Result from financial instruments and investment properties | -369 | 907 | -504 | 605 | 307 |
| Other operating result | 185,724 | 4,321 | 239 | -605 | -2,021 |
| General administrative expenses | -156,505 | -142,235 | -82,708 | -57,234 | -37,268 |
| Result from companies measured at equity | 0 | 2,736 | 0 | 0 | 0 |
| **Annual result before taxes** | **26,557** | **88,922** | **39,963** | **38,486** | **22,023** |
| Income taxes | 15,239 | 6,467 | -9,909 | -4,550 | -6,489 |
| **Annual result after taxes** | **41,795** | **95,388** | **30,054** | **33,936** | **15,534** |
| **31 Dec 2023** | | | | | |
| **Total assets** | **9,438,089** | **6,932,437** | **3,719,667** | **2,823,796** | **1,551,822** |
| Loans and receivables to customers | 82,121 | 5,788,031 | 3,075,639 | 2,405,883 | 1,220,011 |
| Companies measured at equity | 0 | 50,111 | 6,565 | 4,577 | 5,742 |
| Amounts owed to customers | 940,333 | 5,613,899 | 3,154,508 | 2,051,726 | 1,381,397 |
| Debts evidenced by certificates, including subordinated liabilities | 3,630,520 | 94,474 | 1,701 | 1,300 | 6,789 |

| Upper Austria | Salzburg | Tyrol | Vorarlberg | ÖÄAB | Consolidation | Total |
|---|---|---|---|---|---|---|
| | | | | | | |
| 53,233 | 87,659 | 76,145 | 35,064 | 28,579 | -178 | 646,166 |
| -19,738 | -28,726 | -16,644 | -6,351 | -2,434 | 0 | -220,546 |
| 29,362 | 33,091 | 35,521 | 17,528 | 8,963 | -1,757 | 279,575 |
| 226 | -6 | 182 | 606 | 31 | -14 | 7,058 |
| 1,778 | 1,907 | -451 | 776 | 263 | -14,812 | -7,370 |
| 315 | 1,147 | 934 | -1,633 | -431 | -223,566 | -90 |
| -62,489 | -70,000 | -78,701 | -44,762 | -24,004 | 225,481 | -588,571 |
| 7,917 | 2,336 | 5 | 3 | 5,075 | 0 | 40,709 |
| **10,605** | **27,409** | **16,992** | **1,232** | **16,043** | **-14,845** | **156,930** |
| -1,537 | -6,338 | -3,632 | 98 | -3,031 | 11 | -25,474 |
| **9,068** | **21,071** | **13,360** | **1,330** | **13,011** | **-14,834** | **131,456** |
| | | | | | | |
| **2,771,713** | **3,149,623** | **3,480,315** | **2,059,739** | **1,212,877** | **-6,661,632** | **32,065,493** |
| 2,165,276 | 2,590,241 | 2,940,086 | 1,779,288 | 982,837 | -7,233 | 23,223,813 |
| 15,828 | 9,566 | 40 | 18 | 4,625 | 0 | 64,173 |
| 2,364,672 | 2,583,818 | 2,398,436 | 1,253,578 | 993,100 | -11,978 | 23,255,897 |
| 78,046 | 6,789 | 75,669 | 27,843 | 32,022 | -305,060 | 4,763,206 |
| | | | | | | |
| | | | | | | |
| 59,869 | 87,321 | 84,376 | 35,803 | 30,564 | -1 | 705,080 |
| -4,339 | -4,061 | 2,303 | -3,449 | -2,121 | 0 | -65,005 |
| 28,213 | 31,512 | 35,460 | 17,946 | 8,546 | -1,860 | 262,359 |
| 227 | -6 | 204 | 696 | -19 | 0 | 5,314 |
| -562 | 1,519 | 344 | -7 | 144 | -3,472 | -1,090 |
| 143 | -167 | -1,163 | -810 | -427 | -194,135 | -8,902 |
| -57,988 | -63,741 | -70,133 | -41,179 | -22,677 | 195,981 | -535,687 |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,736 |
| **25,563** | **52,377** | **51,391** | **9,001** | **14,009** | **-3,488** | **364,805** |
| -5,836 | -13,914 | -12,549 | -3,736 | -3,223 | 5 | -38,497 |
| **19,727** | **38,463** | **38,843** | **5,265** | **10,786** | **-3,482** | **326,308** |
| | | | | | | |
| **2,598,664** | **3,095,040** | **3,495,050** | **1,988,499** | **1,095,275** | **-6,256,636** | **30,481,704** |
| 2,117,607 | 2,516,907 | 2,963,530 | 1,725,914 | 913,909 | -9,181 | 22,800,371 |
| 16,253 | 10,358 | 43 | 20 | 5,317 | 0 | 98,987 |
| 2,204,431 | 2,458,459 | 2,298,670 | 1,196,987 | 902,256 | -23,124 | 22,179,542 |
| 0 | 14,692 | 7,223 | 17,435 | 0 | -43,167 | 3,730,967 |

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

## 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 CO of the association of credit institutions under section 30a Austrian Banking Act, consisting of VBW and the affiliated banks of the Volksbank-Sector, VBW performs this central task for the Association of Volksbanks, so that the latter has in place administrative, accounting and control mechanisms for the capture, assessment, management and monitoring of the risks arising from banking transactions and banking operations as well as of the remuneration strategy and practices (section 39 (2) 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

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

The business model requires risks to be identified, assessed, measured, aggregated and controlled effectively. Risks and capital are managed by means of a framework of principles, organisational structures as well as measuring and monitoring processes that are closely aligned with the activities of the departments and divisions. As a prerequisite and basis for sound risk management, the Risk Appetite Framework (RAF) for the Association of Volksbanks is continuously refined to define the risk appetite or the degree of risk tolerance that the Association of Volksbanks is willing to accept in order to achieve its defined objectives. The level of risk tolerance is reflected in the definition and validation of appropriate limits and controls. The framework is verified and developed with respect to regulatory requirements, changes of the market environment or the business model on a current basis. 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 regulations regarding regulatory requirements at Association of Volksbanks are implemented as follows:

#### Pillar 1: Minimum capital requirements

Within the scope of Pillar 1, the fulfilment of the minimum regulatory requirements is ensured. For credit risk, market risk and operational risk, the respective regulatory standard approaches for determining the minimum own funds requirements are applied.

#### 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 of the Association of Volksbanks 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 rules pursuant to Regulation (EU) no. 575 / 2013 (CRR) and Directive 2013/36/EU (CRD IV), as well as the applicable Regulation (EU) no. 2019/876 (CRR II) and Directive no. 2019/878 (CRD V) on the bank’s own website under Volksbanken-Verbund / Verbund-Offenlegung (Association of Volksbanks/Disclosure).

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

Additionally, ESG risks are analysed and assessed annually as part of the risk inventory 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. 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 management of risks and ensures risk-bearing capacity within the Association of Volksbanks at all times. The risk strategy is prepared in the course of business planning. The contents of the risk strategy and of the business planning of the Association of Volksbanks are linked up by incorporating the targets of the Risk Appetite Statement in the GI Strategy, Planning and Reporting.

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

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

### Risk Appetite Statement (RAS) and limit system

The core element of the risk strategy is a Risk Appetite Statement (RAS) and integrated limit system in line with the business strategy. The RAS set of indicators comprising strategic and additional indicators helps the Managing Board of the CO to implement central strategic goals of the Association of Volksbanks, specifying the same in operational terms. 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 earnings expectations and/or the strategic planning process. The limit system broken down by risk subtypes and the RAS provide the framework for the maximum risk that the Association of Volksbanks is ready to accept to achieve its strategic targets. As a rule, the RAS indicators are provided with a target, a trigger and a limit value and are monitored on a current basis, as are the aggregate bank and partial risk limits. In this way, 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, utilization 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, asset encumbrance ratio, 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, leverage ratio, compliance risk, IT system availability)

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 provided for under the law and constitutes a minimum requirement. The composition of the regulatory aggregate risk position of the Association of Volksbanks corresponds to that of any regionally active retail bank.

The economic perspective contributes to ensuring the continued existence of the Association of Volksbanks by foregrounding the economic value within the assessment of capital adequacy. The risk-bearing capacity under the economic perspective derives from a comparison of economic risks with internal capital. 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. The prerequisite for capital adequacy under an economic perspective is that the internal capital is sufficient to cover the risks and to support the strategy on an ongoing basis.

The normative perspective ensures that the Association of Volksbanks is able, throughout a period of several years, to meet its own funds requirements and to cope with other external financial constraints. It represents the risk-bearing capacity on the basis of strategic planning under normal and adverse conditions, essentially comprising a simulation of income statement and own funds items 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 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 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 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 the Association of Volksbanks, the responsibilities associated with credit risk are taken care of by the Credit Risk Management division and certain subdivisions of Risk Control. The Credit Risk Management Restructuring & Workout division is responsible for operational credit risk management. 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.
- 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.
- Syndicated credits will basically be concluded together with the CO.

### *Decision-making process*

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

### *Monitoring of exposures and collaterals*

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

### *Limits*

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

Within the Association of Volksbanks, the group of connected clients (GcC) is used as the basis for limits in case of new lending and for current monitoring. As regards the limits, 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 at monthly intervals by Risk Control.

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

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

### *Intensified credit risk management*

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

Early 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, the Association of Volksbanks is put in a position to counteract potential defaults early on. The early identification of customers threatened by default is governed within a uniform early warning system throughout the Association.

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

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

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

The NPL ratio of the Association of Volksbanks saw very 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 2023: 1.9 % / NPL ratio 2024: 5.1 %), 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 debt enforcement (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 effected by means of the Credit Value at Risk (CVaR) method. For this purpose, the Association of Volksbanks has chosen a statistical simulation method. A refined Merton model, adjusted to internal requirements, is used for modelling the credit exposures in the loan portfolio in detail.

*Concentrations*

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

*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 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.

*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 Corporate | • Information that was obtained during the regular review of annual financial statements and management accounts (economic circumstances of the owners) of the borrower<br>• Actual and expected material changes of the regulatory, technological or economic environment of the borrower<br>• 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<br>• New and/or expected changes of the financial situation of the borrower not reflected in the most recent financial statements<br>• Internally obtained information about the borrower's conduct, e.g. overdrawing of advances on current account and utilisation of credit facilities<br>• 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<br>• Information obtained from credit agencies<br>• 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<br>• Qualitative assessment of market position, asset quality and concentration risk of the counterparty's portfolio<br>• 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 | 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 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 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 "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 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) 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.

Loans and receivables to borrowers the redemption of which is considered unlikely will be allocated to Stage 3 for impairment 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 to 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 – to a rating leval of 2E or better, based on the VB master scale – are classified as level 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 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 the 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 determined depending on the 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 EZB / OeNB) are shown in the table below:

| Scenario | Period | GDP growth Austria | Spread to Germany (bp AT-DE 10J) | Unemployment Eurozone (change in bp) | GDP Growth Eurozone | Share prices 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 % | 5.0 % |
| BASELINE 2024 | 2026 | 1.5 % | 50 | 0 | 1.5 % | 5.0 % |
| BASELINE 2024 | 2027 | 1.2 % | 50 | -10 | 1.3 % | 5.0 % |
| | | | | | | |
| ADVERSE 2024 | 2025 | -0.2 % | 60 | 70 | 0.0 % | -10.0 % |
| ADVERSE 2024 | 2026 | 0.5 % | 60 | 20 | 0.4 % | -5.0 % |
| ADVERSE 2024 | 2027 | 0.7 % | 55 | -50 | 0.8 % | 2.5 % |
| | | | | | | |
| POSITIV 2024 | 2025 | 2.6 % | 40 | -70 | 2.8 % | 10.0 % |
| POSITIV 2024 | 2026 | 2.5 % | 40 | -20 | 2.6 % | 5.0 % |
| POSITIV 2024 | 2027 | 1.7 % | 40 | 30 | 1.8 % | 5.0 % |
| **Balance sheet date 31 Dec 2024** | | | | | | |
| BASELINE 2023 | 2024 | 1.4 % | 55 | -7 | 1.5 % | 5.0 % |
| BASELINE 2023 | 2025 | 1.8 % | 50 | -17 | 1.9 % | 5.0 % |
| BASELINE 2023 | 2026 | 1.8 % | 50 | 10 | 1.8 % | 5.0 % |
| | | | | | | |
| ADVERSE 2023 | 2024 | -0.5 % | 80 | 69 | -0.4 % | -5.0 % |
| ADVERSE 2023 | 2025 | 0.9 % | 90 | 50 | 1.0 % | -5.0 % |
| ADVERSE 2023 | 2026 | 1.4 % | 90 | 10 | 1.4 % | 0.0 % |
| | | | | | | |
| POSITIV 2023 | 2024 | 2.6 % | 50 | -51 | 2.7 % | 10.0 % |
| POSITIV 2023 | 2025 | 3.0 % | 40 | -30 | 3.1 % | 8.0 % |
| POSITIV 2023 | 2026 | 2.3 % | 35 | -10 | 2.3 % | 7.0 % |

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 sectors, as well as the construction sector. 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 mainly due to defaults in the field of commercial real estate. Customers with speculative real estaste financing in accordance with the CRR and customers with projects under construction, in particular, were badly affected 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 methodologically 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 | 60.0 % | 49.0 % | 49.0 % |
| ADVERSE 2024 | 20.0 % | 35.0 % | 35.0 % |
| POSITIV 2024 | 20.0 % | 16.0 % | 16.0 % |
| **Balance sheet date 31 Dec 2023** | | | |
| BASELINE 2023 | 60.0 % | 48.0 % | 25.0 % |
| ADVERSE 2023 | 20.0 % | 35.0 % | 75.0 % |
| POSITIV 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 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 the Association of Volksbanks as at 31 December 2024 amounts to approx. euro 16.3 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 11.7 million).

### *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 risk driver, including delimitation exclusively to impact channels with an influence on the expected credit risk losses 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 3.6 million for the Association of Volksbanks 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 10.4 million for the Association of Volksbanks as at 31 December 2024.

### *Summary of PMAs*

Overall, an allocation to risk provisions in the amount of euro 30.4 million was recognised for the Association of Volksbanks. Post-model adjustments of euro 24.7 million were recognised for the Association of Volksbanks in the previous year.

**31 Dec 2024:**

| in euro million Customer type | PMA determination | Total expo-sure | Actual risk provisions as of 31 Dec 2024 | PMA | of which PMA ra-ting recalibra-tion | of which new types of risks | Actual risk provisi-ons incl. PMA |
|---|---|---|---|---|---|---|---|
| Customers with a high gas or energy dependency | Downgrade 2 rating levels, if necessary rating recalibration | 467.9 | 2.4 | 4.76 | 1.2 | 3.6 | 7.2 |
| Customers in the real estate and construction sectors | Tightening of the Stage 2 criteria, if necessary rating recalibration | 678.9 | 2.1 | 11.3 | 0.9 | 10.4 | 13.4 |
| Other companies (reporting) | Rating recalibration | 3,847.5 | 11.2 | 14.3 | 14.3 | 0.0 | 25.5 |
| **Total** | | **4,994.4** | **15.7** | **30.4** | **16.4** | **14.0** | **46.1** |

**31 Dec 2023:**

| in euro million Customer type | PMA determination | Total exposure | Actual risk provisions as of 31 Dec 2023 | PMA | of which PMA rating recalibration | of which new types of risks | Actual risk provisions incl. PMA |
|---|---|---|---|---|---|---|---|
| Customers with speculative real estate financing | Collective Stage 2 Transfer, IPRE-rating recalibration | 1,273.0 | 3.6 | 7.6 | 0.8 | 0.0 | 11.2 |
| IPRE Proper-ty/construction phase (without spec. real estate financing) | Collective Stage 2 Transfer, IPRE-Rating recalibration | 327.9 | 1.1 | 7.0 | 0.7 | 0.0 | 8.1 |
| IPRE Operating phase (without spec. real estate financing) | IPRE-Rating recalibration | 573.8 | 1.1 | 3.5 | 3.5 | 0.0 | 4.6 |
| Private customers with a rating worse than/equal to 3C and variable credit | Private customer rating recalibration | 288.2 | 5.2 | 6.6 | 6.6 | 0.0 | 11.8 |
| **Total** | | **2,463.0** | **11.0** | **24.7** | **11.7** | **0.0** | **35.7** |

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 EUR Mio. | in % |
|---|---|---|
| Risk provisions (Stage 1+2 portfolio including provisions), standard model | 120,8 | 100,0 % |
| + In-model adjustment based on the scenario weights | 0,0 | 0,0 % |
| + Post-model adjustment | 30,4 | 25,1 % |
| **Risk provisions (Stage 1+2), final** | **151,2** | **125,1 %** |

2023:

| | in EUR Mio. | in % |
|---|---|---|
| Risk provisions (Stage 1+2 portfolio including provisions), standard model | 88,0 | 100,0 % |
| + In-model adjustment based on the scenario weights | 18,5 | 21,0 % |
| + Post-model adjustment | 24,7 | 28,0 % |
| **Risk provisions (Stage 1+2), final** | **131,2** | **149,0 %** |

The above-mentioned risk provisions (standard model) totalling EUR 120.8 million include an amount of EUR 5.7 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 property 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 Portfolio (Performing) |
|---|---|---|
| Risk provisions (Stage 1 & 2 portfolio, incl. off-balance provisions without PMA) | 120.8 | 100.0 % |
| All receivables transferred to Stage 2 | 120.6 | 99.8 % |
| All receivables transferred to Stage 1 | -82.5 | -68.3 % |

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

| | in euro million | in % of risk provisions Portfolio (Performing) |
|---|---|---|
| Risk provisions (Stage 1 & 2 portfolio, incl. off-balance provisions without PMA) | 106.5 | 100.0 % |
| All receivables transferred to Stage 2 | 146.7 | 137.6 % |
| All receivables transferred to Stage 1 | -61.5 | -57.7 % |

### 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 I |
|---|---|---|
| Risk provisions NPL (Stage 3 portfolio) | 394.4 | 29.0 % |
| Depreciation by 15 % | 172.5 | 12.7 % |
| Depreciation by 25 % | 235.4 | 17.3 % |

Sensitivities of the NPL portfolio (year 2023):

| | in euro million | in basis points Coverage Ratio I |
|---|---|---|
| Risk provisions NPL (Stage 3 portfolio) | 217.8 | 32.1 % |
| Depreciation by 15 % | 59.0 | 8.7 % |
| Depreciation by 25 % | 86.8 | 12.8 % |

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 Stage 1 and 2 customers as of the balance sheet date of 31 December 2024.

| | in euro million | LGD in % |
|---|---|---|
| Risk provisions (Stage 1 & 2 portfolio, incl. off-balance provisions without PMA) | 120.8 | 16.0 % |
| Depreciation by 15 % | 21.2 | 2.9 % |
| Depreciation by 25 % | 29.4 | 4.0 % |

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 being 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 devaluation.

### *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 the Association, the major units and the key areas of business. The information is also included in the credit risk portions of the aggregate bank risk report.

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

The following analyses are part of the report:

- Portfolio distribution
- Development of new business
- Distribution of credit ratings
- Non-performing loans (NPL)
- 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 2024

*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 effects.

Credit-risk-relevant portfolio

| Euro thousand | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| Liquid funds | 3,830,098 | 3,261,663 |
| Loans and receivables to credit institutions | 228,639 | 234,134 |
| At amortised cost | 228,639 | 234,134 |
| Loans and receivables to customers | 23,746,304 | 23,130,152 |
| At amortised cost | 23,394,438 | 22,740,145 |
| At fair value | 351,866 | 390,007 |
| Assets held for trading - fixed-income securities | 1,335 | 3,996 |
| At fair value | 1,335 | 3,996 |
| Financial investments - fixed-income securities | 3,532,469 | 2,925,190 |
| At amortised cost | 3,434,006 | 2,825,755 |
| At fair value | 98,464 | 99,435 |
| Contingent liabilities | 629,477 | 638,477 |
| Credit risks | 2,972,439 | 3,029,931 |
| **Total** | **34,940,761** | **33,223,545** |

As at 31 December 2024, the total credit risk-related portfolio amounted to euro 34,940,761 thousand (2023: euro 33,223,545 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. As at 31 December 2024, loans and receivables to customers include receivables from finance leases in the amount of euro 153,872 thousand (2023: euro 178,139 thousand). Due to the low share of 0.6 % (2023: 0.8 %) of total loans and receivables to customers, the leasing portfolio is not presented separately.

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. VB Wien 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 VB Wien 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-relevant portfolio by balance sheet items and customer segments. At euro 13,817,760 thousand as at 31 December 2024 (2023: euro 13,933,526 thousand), the largest customer segment of the credit risk-relevant items is the SME segment (which is broken down internally into SME Retail, SME and SME Corporates) followed by the Private Customer segment.

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

Portfolio diveded by customer segments

| Euro thousand<br>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 | 228,639 | 0 | 0 | 0 | 0 | 0 | 228,639 |
| At amortised cost | 228,639 | 0 | 0 | 0 | 0 | 0 | 228,639 |
| Loans and receivables to customers | 0 | 8,534,311 | 11,703,843 | 1,162,588 | 396,013 | 1,949,549 | 23,746,304 |
| At amortised cost | 0 | 8,430,667 | 11,602,647 | 1,158,475 | 393,850 | 1,808,798 | 23,394,438 |
| At fair value | 0 | 103,644 | 101,197 | 4,112 | 2,162 | 140,750 | 351,866 |
| Assets held for trading – fixed-income securities | 0 | 0 | 0 | 1,335 | 0 | 0 | 1,335 |
| At fair value | 0 | 0 | 0 | 1,335 | 0 | 0 | 1,335 |
| Financial investments – fixed-income securities | 2,302,354 | 0 | 0 | 70,908 | 1,159,207 | 0 | 3,532,469 |
| At amortised cost | 2,229,657 | 0 | 0 | 70,280 | 1,134,069 | 0 | 3,434,006 |
| At fair value | 72,698 | 0 | 0 | 628 | 25,138 | 0 | 98,464 |
| Contingent liabilities | 232 | 85,248 | 468,192 | 70,554 | 289 | 4,962 | 629,477 |
| Credit risks | 1,477 | 854,366 | 1,646,725 | 213,576 | 107,690 | 149,606 | 2,972,439 |
| **Total** | **2,532,702** | **9,473,925** | **13,817,760** | **1,518,960** | **5,493,297** | **2,104,117** | **34,940,761** |
| **31 Dec 2023** | | | | | | | |
| Liquid funds | 0 | 0 | 0 | 0 | 3,261,663 | 0 | 3,261,663 |
| Loans and receivables to credit institutions | 234,134 | 0 | 0 | 0 | 0 | 0 | 234,134 |
| At amortised cost | 234,134 | 0 | 0 | 0 | 0 | 0 | 234,134 |
| Loans and receivables to customers | 0 | 8,541,053 | 11,742,761 | 744,105 | 274,045 | 1,828,189 | 23,130,152 |
| At amortised cost | 0 | 8,416,118 | 11,620,565 | 739,384 | 271,163 | 1,692,916 | 22,740,145 |
| At fair value | 0 | 124,935 | 122,196 | 4,721 | 2,882 | 135,273 | 390,007 |
| 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 | 1,844,668 | 0 | 0 | 53,550 | 1,026,972 | 0 | 2,925,190 |
| At amortised cost | 1,770,847 | 0 | 0 | 52,872 | 1,002,036 | 0 | 2,825,755 |
| At fair value | 73,821 | 0 | 0 | 678 | 24,936 | 0 | 99,435 |
| Contingent liabilities | 413 | 83,727 | 512,842 | 35,361 | 221 | 5,914 | 638,477 |
| Credit risks | 1,940 | 846,747 | 1,677,924 | 194,822 | 96,143 | 212,356 | 3,029,931 |
| **Total** | **2,081,155** | **9,471,527** | **13,933,526** | **1,031,834** | **4,659,044** | **2,046,459** | **33,223,545** |

***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 customers – especially FX loans – are gradually reduced.

Portfolio distribution by currencies

| Euro thousand<br>31 Dec 2024 | EUR | CHF | Others | Total |
|---|---|---|---|---|
| Liquid funds | 3,830,098 | 0 | 0 | 3,830,098 |
| Loans and receivables to credit institutions | 224,294 | 54 | 4,291 | 228,639 |
| At amortised cost | 224,294 | 54 | 4,291 | 228,639 |
| Loans and receivables to customers | 23,360,633 | 381,389 | 4,282 | 23,746,304 |
| At amortised cost | 23,008,767 | 381,389 | 4,282 | 23,394,438 |
| Thereof Retail private | 8,137,603 | 290,949 | 2,114 | 8,430,667 |
| Thereof SME | 11,510,902 | 89,582 | 2,163 | 11,602,647 |
| Thereof Corporates | 1,158,408 | 63 | 5 | 1,158,475 |
| Thereof other | 2,201,853 | 795 | 0 | 2,202,649 |
| At fair value | 351,866 | 0 | 0 | 351,866 |
| Thereof Retail private | 103,644 | 0 | 0 | 103,644 |
| Thereof SME | 101,197 | 0 | 0 | 101,197 |
| Thereof Corporates | 4,112 | 0 | 0 | 4,112 |
| Thereof other | 142,913 | 0 | 0 | 142,913 |
| Assets held for trading - fixed-income securities | 1,335 | 0 | 0 | 1,335 |
| At fair value | 1,335 | 0 | 0 | 1,335 |
| Financial investments - fixed-income securities | 3,532,469 | 0 | 0 | 3,532,469 |
| At amortised cost | 3,434,006 | 0 | 0 | 3,434,006 |
| Thereof Banks | 2,229,657 | 0 | 0 | 2,229,657 |
| Thereof Corporates | 70,280 | 0 | 0 | 70,280 |
| Thereof Public sector | 1,134,069 | 0 | 0 | 1,134,069 |
| Thereof other | 0 | 0 | 0 | 0 |
| At fair value | 98,464 | 0 | 0 | 98,464 |
| Thereof Banks | 72,698 | 0 | 0 | 72,698 |
| Thereof Corporates | 628 | 0 | 0 | 628 |
| Thereof Public sector | 25,138 | 0 | 0 | 25,138 |
| Thereof other | 0 | 0 | 0 | 0 |
| Contingent liabilities | 625,725 | 2,110 | 1,643 | 629,477 |
| Thereof Banks | 232 | 0 | 0 | 232 |
| Thereof Retail private | 83,563 | 1,685 | 0 | 85,248 |
| Thereof SME | 466,172 | 377 | 1,643 | 468,192 |
| Thereof Corporates | 70,506 | 48 | 0 | 70,554 |
| Thereof other | 5,252 | 0 | 0 | 5,252 |
| Credit risks | 2,961,224 | 4,601 | 6,614 | 2,972,439 |
| Thereof Banks | 1,477 | 0 | 0 | 1,477 |
| Thereof Retail private | 851,505 | 2,854 | 7 | 854,366 |
| Thereof SME | 1,641,389 | 1,748 | 2,588 | 1,645,725 |
| Thereof Corporates | 209,557 | 0 | 4,019 | 213,576 |
| Thereof other | 257,296 | 0 | 0 | 257,296 |
| **Total** | **34,535,777** | **388,155** | **16,829** | **34,940,761** |

| 31 Dec 2023 | EUR | CHF | Others | Total |
|---|---|---|---|---|
| Liquid funds | 3,261,663 | 0 | 0 | 3,261,663 |
| Loans and receivables to credit institutions | 223,282 | 202 | 10,651 | 234,134 |
| At amortised cost | 223,282 | 202 | 10,651 | 234,134 |
| Loans and receivables to customers | 22,645,492 | 476,294 | 8,366 | 23,130,152 |
| At amortised cost | 22,256,007 | 475,772 | 8,366 | 22,740,145 |
| Thereof Retail private | 8,059,961 | 352,193 | 3,964 | 8,416,118 |
| Thereof SME | 11,492,729 | 123,438 | 4,398 | 11,620,565 |
| Thereof Corporates | 739,297 | 83 | 4 | 739,384 |
| Thereof other | 1,964,020 | 58 | 0 | 1,964,079 |
| At fair value | 389,485 | 521 | 0 | 390,007 |
| Thereof Retail private | 124,413 | 521 | 0 | 124,935 |
| Thereof SME | 122,196 | 0 | 0 | 122,196 |
| Thereof Corporates | 4,721 | 0 | 0 | 4,721 |
| Thereof other | 138,155 | 0 | 0 | 138,155 |
| 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 | 2,925,190 | 0 | 0 | 2,925,190 |
| At amortised cost | 2,825,755 | 0 | 0 | 2,825,755 |
| Thereof Banks | 1,770,847 | 0 | 0 | 1,770,847 |
| Thereof Corporates | 52,872 | 0 | 0 | 52,872 |
| Thereof Public sector | 1,002,036 | 0 | 0 | 1,002,036 |
| Thereof other | 0 | 0 | 0 | 0 |
| At fair value | 99,435 | 0 | 0 | 99,435 |
| Thereof Banks | 73,821 | 0 | 0 | 73,821 |
| Thereof Corporates | 678 | 0 | 0 | 678 |
| Thereof Public sector | 24,936 | 0 | 0 | 24,936 |
| Thereof other | 0 | 0 | 0 | 0 |
| Contingent liabilities | 635,153 | 2,170 | 1,154 | 638,477 |
| Thereof Banks | 413 | 0 | 0 | 413 |
| Thereof Retail private | 81,993 | 1,734 | 0 | 83,727 |
| Thereof SME | 511,300 | 387 | 1,154 | 512,842 |
| Thereof Corporates | 35,312 | 49 | 0 | 35,361 |
| Thereof other | 6,135 | 0 | 0 | 6,135 |
| Credit risks | 3,022,665 | 2,352 | 4,915 | 3,029,931 |
| Thereof Banks | 1,940 | 0 | 0 | 1,940 |
| Thereof Retail private | 845,799 | 933 | 15 | 846,747 |
| Thereof SME | 1,673,742 | 1,419 | 2,763 | 1,677,924 |
| Thereof Corporates | 192,685 | 0 | 2,137 | 194,822 |
| Thereof other | 308,499 | 0 | 0 | 308,499 |
| **Total** | **32,717,441** | **481,018** | **25,085** | **33,223,545** |

### *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 546,133 thousand (2023: euro 600,000 thousand).

***Development by countries***

The main business activity of the Association of Volksbanks focuses on the Austrian market. This is also evident from the following tables: at 31 December 2024, Austrian exposures accounted for 89.9 % of the credit risk-relevant portfolio (2023: 90.6 %).

Portfolio distribution by countries

| **Euro thousand**<br>**31 Dec 2024** | **Austria** | **Germany** | **Others** | **Total** |
|---|---|---|---|---|
| Liquid funds | 3,830,098 | 0 | 0 | 3,830,098 |
| Loans and receivables to credit institutions | 113,568 | 52,494 | 62,577 | 228,639 |
| At amortised cost | 113,568 | 52,494 | 62,577 | 228,639 |
| Loans and receivables to customers | 22,788,899 | 779,759 | 177,645 | 23,746,304 |
| At amortised cost | 22,447,155 | 772,430 | 174,852 | 23,394,438 |
| Thereof Retail private | 8,130,921 | 201,057 | 98,689 | 8,430,667 |
| Thereof SME | 11,236,673 | 308,406 | 57,568 | 11,602,647 |
| Thereof Corporates | 1,070,941 | 71,767 | 15,766 | 1,158,475 |
| Thereof other | 2,008,620 | 191,200 | 2,828 | 2,202,649 |
| At fair value | 341,744 | 7,329 | 2,793 | 351,866 |
| Thereof Retail private | 99,616 | 1,312 | 2,716 | 103,644 |
| Thereof SME | 97,283 | 3,837 | 77 | 101,197 |
| Thereof Corporates | 4,112 | 0 | 0 | 4,112 |
| Thereof other | 140,732 | 2,180 | 0 | 142,913 |
| Assets held for trading - fixed-income securities | 1,335 | 0 | 0 | 1,335 |
| At fair value | 1,335 | 0 | 0 | 1,335 |
| Financial investments - fixed-income securities | 1,143,924 | 526,451 | 1,862,095 | 3,532,469 |
| At amortised cost | 1,105,517 | 506,220 | 1,822,269 | 3,434,006 |
| Thereof Banks | 612,492 | 349,769 | 1,267,396 | 2,229,657 |
| Thereof Corporates | 1,044 | 16,025 | 53,211 | 70,280 |
| Thereof Public sector | 491,981 | 140,426 | 501,662 | 1,134,069 |
| Thereof other | 0 | 0 | 0 | 0 |
| At fair value | 38,407 | 20,231 | 39,826 | 98,464 |
| Thereof Banks | 12,641 | 20,231 | 39,826 | 72,698 |
| Thereof Corporates | 628 | 0 | 0 | 628 |
| Thereof Public sector | 25,138 | 0 | 0 | 25,138 |
| Thereof other | 0 | 0 | 0 | 0 |
| Contingent liabilities | 622,063 | 5,458 | 1,956 | 629,477 |
| Thereof Banks | 213 | 18 | 0 | 232 |
| Thereof Retail private | 82,074 | 1,613 | 1,561 | 85,248 |
| Thereof SME | 464,083 | 3,762 | 347 | 468,192 |
| Thereof Corporates | 70,441 | 65 | 48 | 70,554 |
| Thereof other | 5,252 | 0 | 0 | 5,252 |
| Credit risks | 2,901,295 | 61,976 | 9,168 | 2,972,439 |
| Thereof Banks | 1,477 | 0 | 0 | 1,477 |
| Thereof Retail private | 838,570 | 9,825 | 5,970 | 854,366 |
| Thereof SME | 1,615,917 | 26,610 | 3,198 | 1,645,725 |
| Thereof Corporates | 206,432 | 7,143 | 0 | 213,576 |
| Thereof other | 238,898 | 18,397 | 0 | 257,296 |
| **Total** | **31,401,182** | **1,426,138** | **2,113,441** | **34,940,761** |

| Euro thousand<br>31 Dec 2023 | Austria | Germany | Others | Total |
|---|---|---|---|---|
| Liquid funds | 3,261,663 | 0 | 0 | 3,261,663 |
| Loans and receivables to credit institutions | 103,127 | 51,003 | 80,004 | 234,134 |
| At amortised cost | 103,127 | 51,003 | 80,004 | 234,134 |
| Loans and receivables to customers | 22,162,681 | 777,127 | 190,344 | 23,130,152 |
| At amortised cost | 21,783,769 | 769,314 | 187,062 | 22,740,145 |
| Thereof Retail private | 8,113,624 | 208,196 | 94,298 | 8,416,118 |
| Thereof SME | 11,223,981 | 330,098 | 66,485 | 11,620,565 |
| Thereof Corporates | 647,124 | 69,494 | 22,767 | 739,384 |
| Thereof other | 1,799,040 | 161,527 | 3,512 | 1,964,079 |
| At fair value | 378,912 | 7,813 | 3,282 | 390,007 |
| Thereof Retail private | 120,112 | 1,623 | 3,200 | 124,935 |
| Thereof SME | 115,924 | 6,190 | 82 | 122,196 |
| Thereof Corporates | 4,721 | 0 | 0 | 4,721 |
| Thereof other | 138,155 | 0 | 0 | 138,155 |
| 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 | 985,885 | 401,363 | 1,537,941 | 2,925,190 |
| At amortised cost | 956,094 | 371,241 | 1,498,420 | 2,825,755 |
| Thereof Banks | 509,383 | 244,282 | 1,017,182 | 1,770,847 |
| Thereof Corporates | 3,939 | 0 | 48,933 | 52,872 |
| Thereof Public sector | 442,772 | 126,960 | 432,304 | 1,002,036 |
| Thereof other | 0 | 0 | 0 | 0 |
| At fair value | 29,791 | 30,122 | 39,522 | 99,435 |
| Thereof Banks | 14,084 | 30,122 | 29,615 | 73,821 |
| Thereof Corporates | 678 | 0 | 0 | 678 |
| Thereof Public sector | 15,030 | 0 | 9,907 | 24,936 |
| Thereof other | 0 | 0 | 0 | 0 |
| Contingent liabilities | 629,023 | 6,317 | 3,137 | 638,477 |
| Thereof Banks | 304 | 108 | 0 | 413 |
| Thereof Retail private | 80,063 | 1,986 | 1,678 | 83,727 |
| Thereof SME | 508,366 | 4,064 | 411 | 512,842 |
| Thereof Corporates | 34,194 | 119 | 1,048 | 35,361 |
| Thereof other | 6,095 | 40 | 0 | 6,135 |
| Credit risks | 2,956,140 | 65,076 | 8,716 | 3,029,931 |
| Thereof Banks | 1,940 | 0 | 0 | 1,940 |
| Thereof Retail private | 830,998 | 10,853 | 4,897 | 846,747 |
| Thereof SME | 1,637,840 | 36,265 | 3,819 | 1,677,924 |
| Thereof Corporates | 185,418 | 9,404 | 0 | 194,822 |
| Thereof other | 299,944 | 8,554 | 0 | 308,499 |
| **Total** | **30,102,516** | **1,300,887** | **1,820,142** | **33,223,545** |

### *Development by sectors[2]*

The most important sector within loans and receivables to customers of the Association of Volksbanks are private households with 35.9 % as at 31 December 2024 (2023: 36.9 %). As at 31 December 2024, the largest commercial sector in loans and receivables to customers within the Association of Volksbanks is the real estate sector. It accounts for a share of 30.6 % (2023: 29.6 %).

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

- the real estate sector with a share of 41.4 % (2023: 42.1 %)
- the tourism sector with a share of 13.8 % (2023: 13.2 %).

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 43.1 % (2023: 20.9 %).

*[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.*

## Portfolio distribution by sectors

| Euro thousand<br>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 | 228,639 | 0 | 0 | 0 |
| At amortised cost | 0 | 228,639 | 0 | 0 | 0 |
| Loans and receivables to customers | 8,534,309 | 232,732 | 396,013 | 7,276,503 | 640,392 |
| At amortised cost | 8,430,665 | 232,515 | 393,850 | 7,056,603 | 637,206 |
| At fair value | 103,644 | 216 | 2,162 | 219,900 | 3,186 |
| Assets held for trading - fixed-income securities | 0 | 0 | 0 | 0 | 0 |
| At fair value | 0 | 0 | 0 | 0 | 0 |
| Financial investments - fixed-income securities | 0 | 2,297,147 | 1,159,207 | 0 | 0 |
| At amortised cost | 0 | 2,224,449 | 1,134,069 | 0 | 0 |
| At fair value | 0 | 72,698 | 25,138 | 0 | 0 |
| Contingent liabilities | 85,248 | 41,928 | 289 | 39,280 | 101,619 |
| Credit risks | 854,366 | 34,598 | 107,690 | 504,308 | 238,406 |
| **Total** | **9,473,922** | **2,835,044** | **5,493,297** | **7,820,091** | **980,417** |

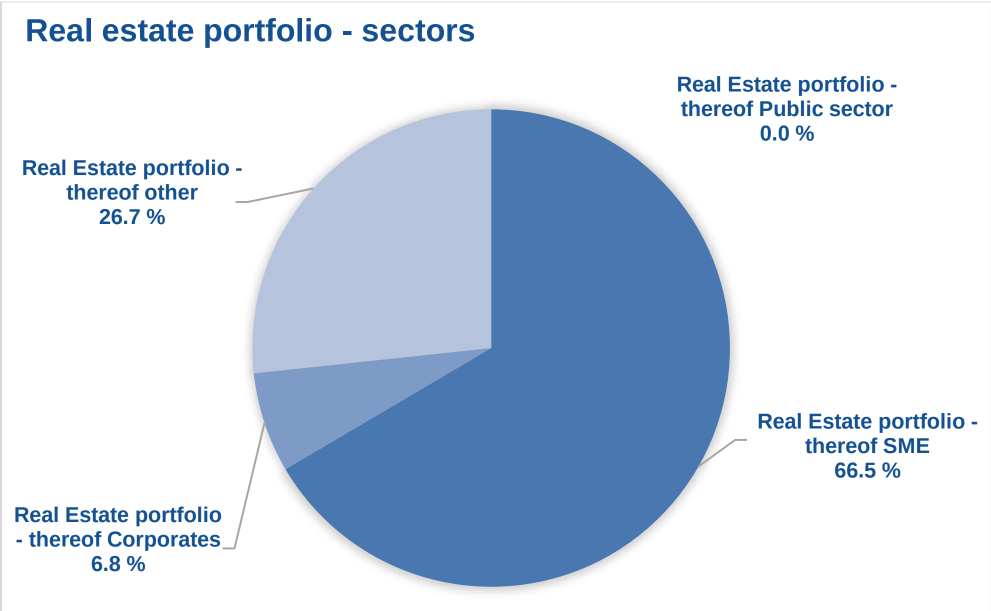
| 31 Dec 2024 | Tourism | Trade and repairs | Physicians/ healthcare | Food/ agriculture and forestry | Others | Total |
|---|---|---|---|---|---|---|
| Liquid funds | 0 | 0 | 0 | 0 | 0 | 3,830,098 |
| Loans and receivables to credit institutions | 0 | 0 | 0 | 0 | 0 | 228,639 |
| At amortised cost | 0 | 0 | 0 | 0 | 0 | 228,639 |
| Loans and receivables to customers | 1,680,121 | 1,011,427 | 893,108 | 706,267 | 2,375,433 | 23,746,304 |
| At amortised cost | 1,676,838 | 1,007,224 | 890,495 | 700,684 | 2,368,358 | 23,394,438 |
| At fair value | 3,284 | 4,203 | 2,612 | 5,583 | 7,074 | 351,866 |
| Assets held for trading – fixed-income securities | 0 | 0 | 0 | 0 | 1,335 | 1,335 |
| At fair value | 0 | 0 | 0 | 0 | 1,335 | 1,335 |
| Financial investments – fixed-income securities | 0 | 0 | 0 | 0 | 76,116 | 3,532,469 |
| At amortised cost | 0 | 0 | 0 | 0 | 75,487 | 3,434,006 |
| At fair value | 0 | 0 | 0 | 0 | 628 | 98,464 |
| Contingent liabilities | 127,670 | 53,781 | 9,604 | 11,523 | 158,535 | 629,477 |
| Credit risks | 151,900 | 282,731 | 126,212 | 112,827 | 559,402 | 2,972,439 |
| **Total** | **1,959,692** | **1,347,939** | **1,028,924** | **830,616** | **3,170,819** | **34,940,761** |

| Euro thousand<br>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 | 234,134 | 0 | 0 | 0 |
| At amortised cost | 0 | 234,134 | 0 | 0 | 0 |
| Loans and receivables to customers | 8,541,051 | 254,028 | 274,045 | 6,849,292 | 651,427 |
| At amortised cost | 8,416,116 | 253,021 | 271,163 | 6,626,290 | 646,987 |
| At fair value | 124,935 | 1,008 | 2,882 | 223,002 | 4,441 |
| 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 | 1,833,372 | 1,026,972 | 0 | 0 |
| At amortised cost | 0 | 1,759,551 | 1,002,036 | 0 | 0 |
| At fair value | 0 | 73,821 | 24,936 | 0 | 0 |
| Contingent liabilities | 83,666 | 54,739 | 221 | 37,764 | 98,110 |
| Credit risks | 844,981 | 31,744 | 96,143 | 602,274 | 232,810 |
| **Total** | **9,469,698** | **2,408,017** | **4,659,044** | **7,490,855** | **982,347** |

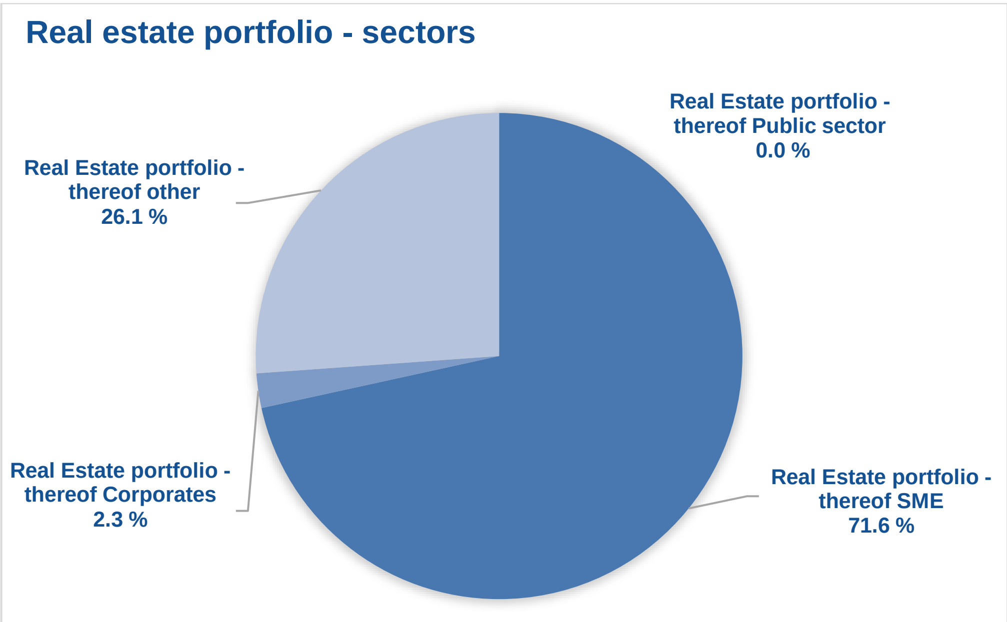
| 31 Dec 2023 | Tourism | Trade and repairs | Physicians/ healthcare | Food/ agriculture and forestry | Others | Total |
|---|---|---|---|---|---|---|
| Liquid funds | 0 | 0 | 0 | 0 | 0 | 3,261,663 |
| Loans and receivables to credit institutions | 0 | 0 | 0 | 0 | 0 | 234,134 |
| At amortised cost | 0 | 0 | 0 | 0 | 0 | 234,134 |
| Loans and receivables to customers | 1,626,045 | 1,031,921 | 821,475 | 699,658 | 2,381,210 | 23,130,152 |
| At amortised cost | 1,616,210 | 1,027,158 | 821,183 | 692,518 | 2,369,500 | 22,740,145 |
| At fair value | 9,835 | 4,763 | 292 | 7,140 | 11,710 | 390,007 |
| 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 | 64,846 | 2,925,190 |
| At amortised cost | 0 | 0 | 0 | 0 | 64,168 | 2,825,755 |
| At fair value | 0 | 0 | 0 | 0 | 678 | 99,435 |
| Contingent liabilities | 122,774 | 53,931 | 10,667 | 14,147 | 162,458 | 638,477 |
| Credit risks | 138,255 | 311,368 | 99,317 | 103,720 | 569,320 | 3,029,931 |
| **Total** | **1,887,074** | **1,397,221** | **931,459** | **817,525** | **3,180,305** | **33,223,545** |

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 66.5 % (2023: 71.6 %), the NPL ratio as at 31 December 2024 in the real estate portfolio at 9.8 % (2023: 3.4 %) is above the NPL ratio of internal risk control for the Association of Volksbanks at 5.1 % (2023: 2.5 %).

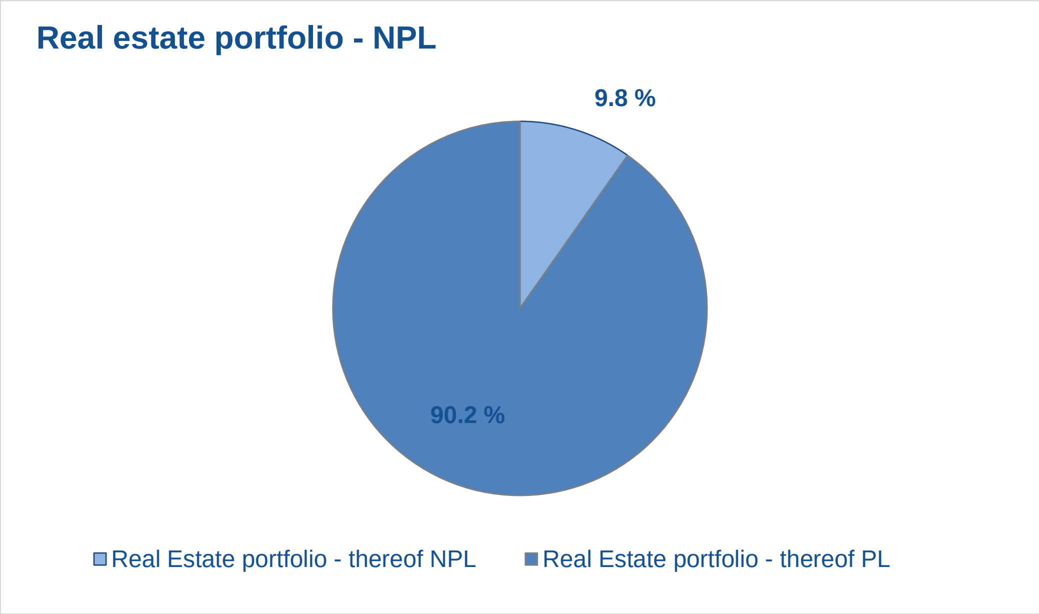
Real estate portfolio by segment as at 31 December 2024:



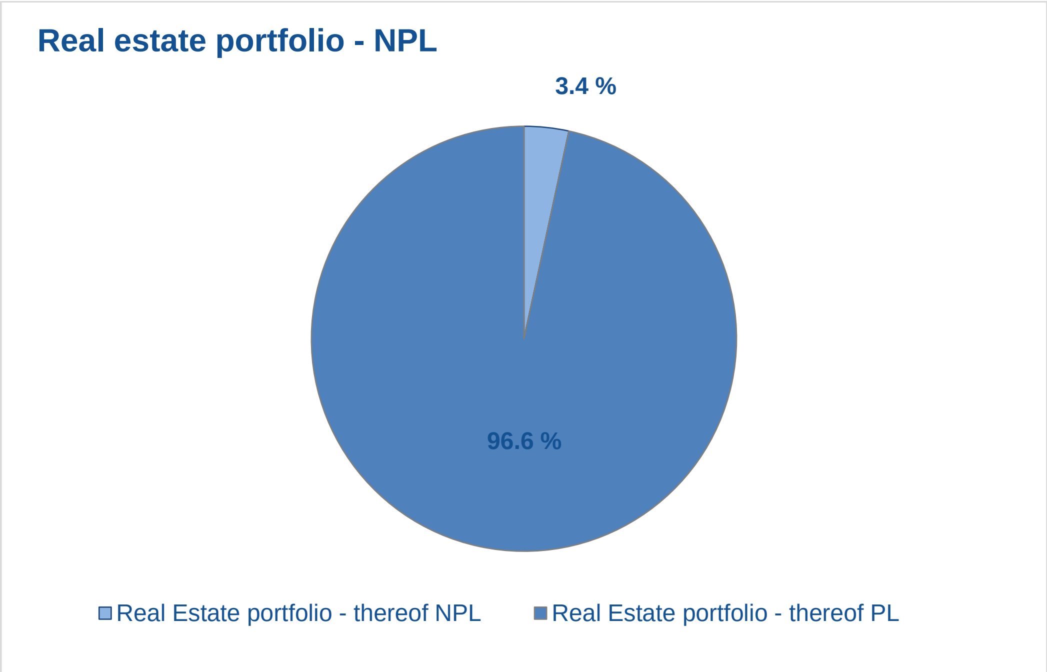

Real estate portfolio by segment as at 31 December 2023:



Real estate portfolio NPL ratio as at 31 December 2024:




Real estate portfolio NPL ratio as at 31 December 2023:

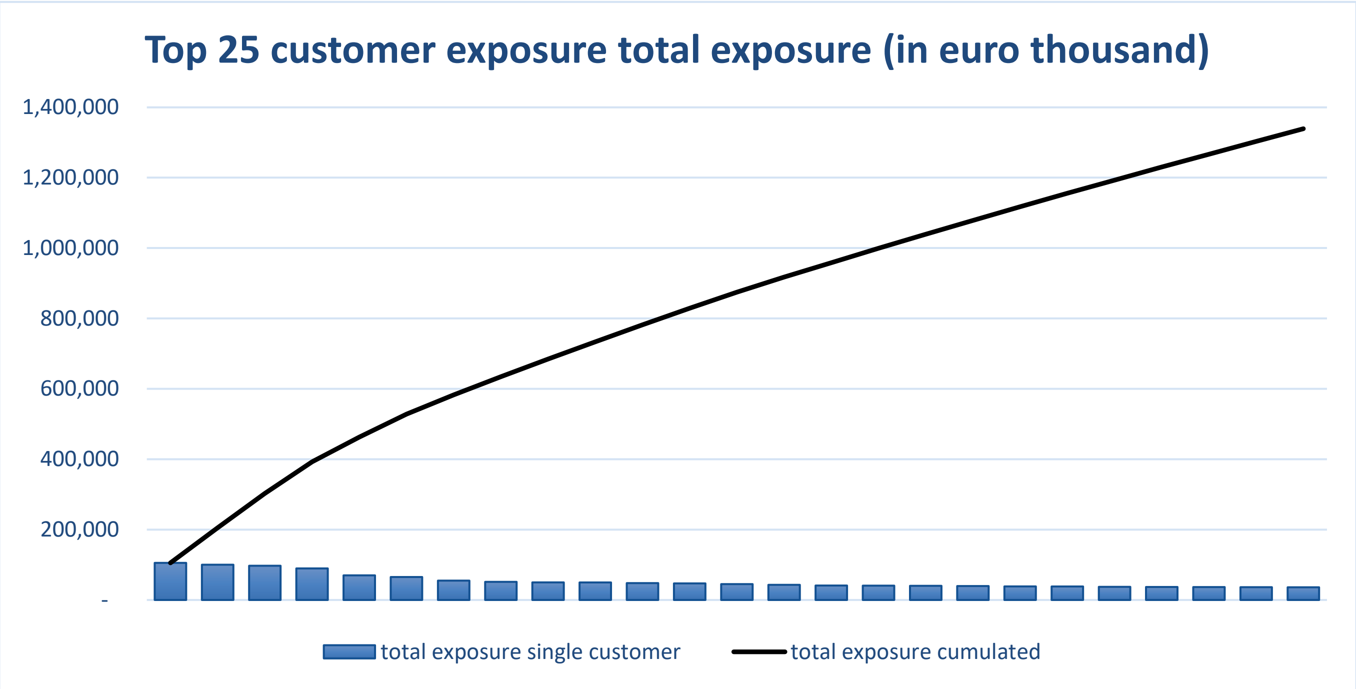


*Presentation of the Top 25 exposures*

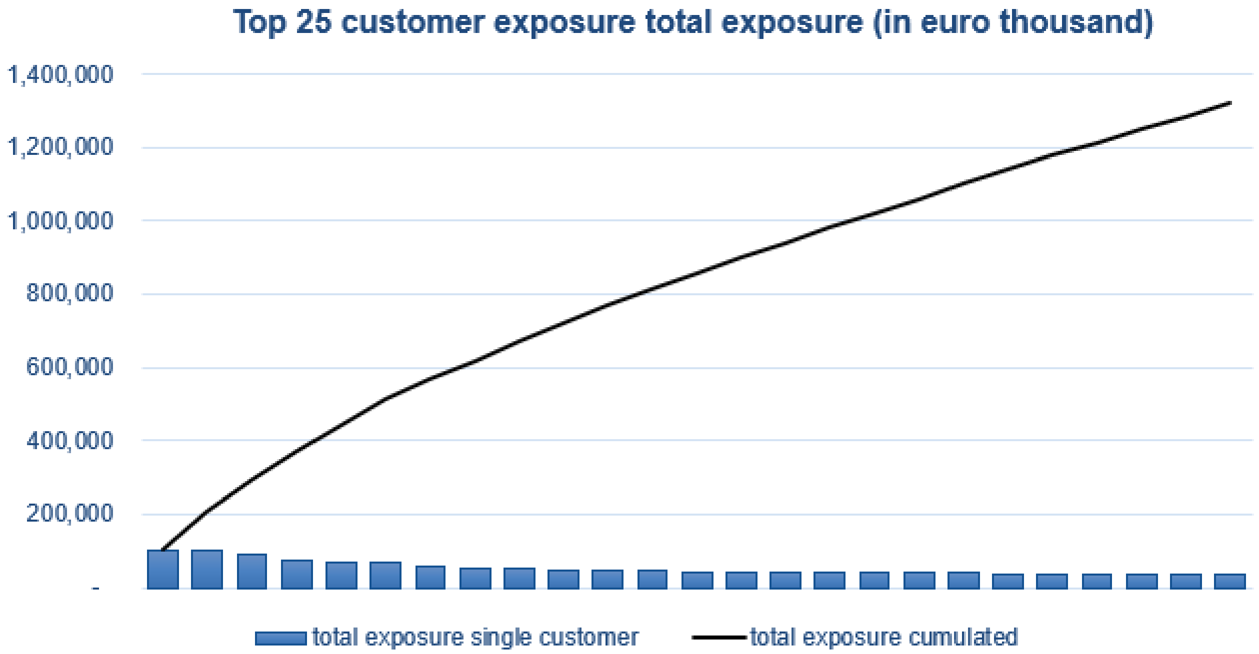
The following chart shows the Top 25 exposures of the Association of Volksbanks as at 31 December 2024 with the total exposure per individual customer as well as the cumulative total exposure of euro 1,339,286 thousand (2023: euro 1,319,702 thousand), and reflects the business model of the Association with a focus on small-volume private and SME customers. The Top 25 exposures correspond to some 4.9 % (2023: 4.9 %) of total loans and receivables customers within the Association (Top no. 1 customer: 0.4 % of total loans and receivables customers).

The values are shown in line with the internal risk perspective, i.e. loans and receivables customers as well as credit risks and contingent liabilities to customers excluding internal transactions within the Association.

Top 25 loans and receivables to customers / total exposure as at 31 December 2024:



Top 25 loans and receivables to 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 | 81,821 | 146,743 | 75 | 0 | 0 | 0 | 228,639 |
| At amortised cost | 81,821 | 146,743 | 75 | 0 | 0 | 0 | 228,639 |
| Thereof Stage 1 | 81,821 | 146,685 | 36 | 0 | 0 | 0 | 228,543 |
| Thereof Stage 2 | 0 | 57 | 38 | 0 | 0 | 0 | 96 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and receivables to customers | 1,101,883 | 10,413,239 | 9,419,909 | 1,470,596 | 1,336,010 | 4,666 | 23,746,304 |
| At amortised cost | 1,086,704 | 10,319,387 | 9,256,342 | 1,420,443 | 1,306,906 | 4,656 | 23,394,438 |
| Thereof Stage 1 | 1,081,082 | 10,099,260 | 6,581,649 | 85,284 | 0 | 1,628 | 17,848,902 |
| Thereof Stage 2 | 5,623 | 220,127 | 2,674,693 | 1,335,159 | 0 | 3,028 | 4,238,630 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 1,306,906 | 0 | 1,306,906 |
| At fair value | 15,178 | 93,852 | 163,567 | 50,153 | 29,105 | 11 | 351,866 |
| Assets held for trading – fixed-income securities | 0 | 254 | 1,080 | 0 | 0 | 0 | 1,335 |
| Thereof Stage 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Thereof Stage 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At fair value | 0 | 254 | 1,080 | 0 | 0 | 0 | 1,335 |
| Financial investments – fixed-income securities | 2,380,310 | 1,152,159 | 0 | 0 | 0 | 0 | 3,532,469 |
| At amortised cost | 2,300,170 | 1,133,835 | 0 | 0 | 0 | 0 | 3,434,006 |
| Thereof Stage 1 | 2,300,170 | 1,133,835 | 0 | 0 | 0 | 0 | 3,434,006 |
| Thereof Stage 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At fair value | 80,140 | 18,324 | 0 | 0 | 0 | 0 | 98,464 |
| Contingent liabilities | 41,281 | 319,225 | 226,833 | 26,307 | 14,953 | 877 | 629,477 |
| Thereof Stage 1 | 36,840 | 282,374 | 152,203 | 2,461 | 0 | 694 | 474,572 |
| Thereof Stage 2 | 4,441 | 36,851 | 74,631 | 23,846 | 0 | 183 | 139,952 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 14,953 | 0 | 14,953 |
| Credit risks | 468,546 | 1,300,547 | 1,053,210 | 100,315 | 43,209 | 6,612 | 2,972,439 |
| Thereof Stage 1 | 449,256 | 1,227,289 | 789,024 | 16,612 | 0 | 2,189 | 2,484,369 |
| Thereof Stage 2 | 19,291 | 73,259 | 264,186 | 83,703 | 0 | 4,423 | 444,861 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 43,209 | 0 | 43,209 |
| **Total** | **7,903,939** | **13,332,169** | **10,701,107** | **1,597,218** | **1,394,173** | **12,156** | **34,940,761** |

| Euro thousand | Risk category | | | | | | |
|---|---|---|---|---|---|---|---|
| 31 Dec 2023 | 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 | 74,409 | 159,653 | 72 | 0 | 0 | 0 | 234,134 |
| At amortised cost | 74,409 | 159,653 | 72 | 0 | 0 | 0 | 234,134 |
| Thereof Stage 1 | 74,409 | 159,585 | 21 | 0 | 0 | 0 | 234,015 |
| Thereof Stage 2 | 0 | 68 | 51 | 0 | 0 | 0 | 120 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and receivables to customers | 959,282 | 11,042,903 | 9,649,594 | 826,753 | 646,860 | 4,761 | 23,130,152 |
| At amortised cost | 941,982 | 10,919,170 | 9,443,484 | 801,506 | 629,299 | 4,706 | 22,740,145 |
| Thereof Stage 1 | 932,838 | 10,717,554 | 8,094,197 | 106,670 | 0 | 1,787 | 19,853,046 |
| Thereof Stage 2 | 9,144 | 201,616 | 1,349,287 | 694,836 | 0 | 2,918 | 2,257,801 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 629,299 | 0 | 629,299 |
| At fair value | 17,300 | 123,733 | 206,110 | 25,247 | 17,561 | 55 | 390,007 |
| Assets held for trading – fixed-income securities | 0 | 1,475 | 2,521 | 0 | 0 | 0 | 3,996 |
| Thereof Stage 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Thereof Stage 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At fair value | 0 | 1,475 | 2,521 | 0 | 0 | 0 | 3,996 |
| Financial investments – fixed-income securities | 1,751,996 | 1,173,194 | 0 | 0 | 0 | 0 | 2,925,190 |
| At amortised cost | 1,687,792 | 1,137,963 | 0 | 0 | 0 | 0 | 2,825,755 |
| Thereof Stage 1 | 1,687,792 | 1,137,963 | 0 | 0 | 0 | 0 | 2,825,755 |
| Thereof Stage 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At fair value | 64,205 | 35,230 | 0 | 0 | 0 | 0 | 99,435 |
| Contingent liabilities | 38,813 | 346,408 | 223,851 | 21,482 | 7,330 | 592 | 638,477 |
| Thereof Stage 1 | 35,514 | 312,189 | 183,217 | 2,116 | 0 | 466 | 533,501 |
| Thereof Stage 2 | 3,300 | 34,219 | 40,633 | 19,366 | 0 | 126 | 97,645 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 7,330 | 0 | 7,330 |
| Credit risks | 449,131 | 1,441,789 | 1,049,119 | 58,076 | 25,184 | 6,633 | 3,029,931 |
| Thereof Stage 1 | 433,436 | 1,376,457 | 950,385 | 9,800 | 0 | 2,337 | 2,772,414 |
| Thereof Stage 2 | 15,695 | 65,332 | 98,734 | 48,276 | 0 | 4,296 | 232,333 |
| Thereof Stage 3 | 0 | 0 | 0 | 0 | 25,184 | 0 | 25,184 |
| **Total** | **6,535,294** | **14,165,422** | **10,925,157** | **906,311** | **679,374** | **11,986** | **33,223,545** |

*Effects from contract amendments*

For 2024, the effect on profit or loss from changes in contracts for financial instruments is euro -4,914 thousand (2023: euro -5.629 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 5.1 % for the Association (2023: 2.5 %).

The NPL coverage ratio through risk provisions or Coverage Ratio I for internal reporting amounts to 28.7 % for the Association as at 31 December 2024 (2023: 32.9 %).

The NPL coverage ratio through risk provisions and collaterals or Coverage Ratio III for internal reporting amounts to 104.7 % for the Association as at 31 December 2024 (2023: 109.6 %).

These ratios under the internal risk perspective exclusively refer to loans and receivables customers as well as credit risks and contingent liabilities to customers. The values shown in the following table reflect the balance sheet perspective and differ slightly from the key figures according to the internal risk view.

Portfolio distribution NPL portfolio

| Euro thousand<br>31 Dec 2024 | Loan volume -total | NPL | NPL Ratio | Risk provision for NPL |
|---|---|---|---|---|
| Liquid funds | 3,830,098 | 0 | 0.00 % | 0 |
| Loans and receivables to credit institutions | 228,639 | 0 | 0.00 % | 0 |
| At amortised cost | 228,639 | 0 | 0.00 % | 0 |
| Loans and receivables to customers | 23,746,304 | 1,336,010 | 5.63 % | 387,663 |
| At amortised cost | 23,394,438 | 1,306,906 | 5.59 % | 387,663 |
| Thereof Retail private | 8,430,667 | 106,613 | 1.26 % | 26,573 |
| Thereof SME | 11,602,647 | 733,986 | 6.33 % | 234,520 |
| Thereof Corporates | 1,158,475 | 74,045 | 6.39 % | 24,960 |
| Thereof other | 2,202,649 | 392,261 | 17.81 % | 101,609 |
| At fair value | 351,866 | 29,105 | 8.27 % | 0 |
| Thereof Retail private | 103,644 | 2,735 | 2.64 % | 0 |
| Thereof SME | 101,197 | 4,535 | 4.48 % | 0 |
| Thereof Corporates | 4,112 | 760 | 18.48 % | 0 |
| Thereof other | 142,913 | 21,074 | 14.75 % | 0 |
| Assets held for trading - fixed-income securities | 1,335 | 0 | 0.00 % | 0 |
| At fair value | 1,335 | 0 | 0.00 % | 0 |
| Financial investments - fixed-income securities | 3,532,469 | 0 | 0.00 % | 0 |
| At amortised cost | 3,434,006 | 0 | 0.00 % | 0 |
| At fair value | 98,464 | 0 | 0.00 % | 0 |
| Contingent liabilities | 629,477 | 14,953 | 2.38 % | 5,783 |
| Credit risks | 2,972,439 | 43,209 | 1.45 % | 7,287 |
| **Total** | **34,940,761** | **1,394,173** | **3.99 %** | **400,733** |
| Loans and receivables to customers, contingent liabilities, credit risks | 27,348,220 | 1,394,173 | 5.10 % | 400,733 |
| Liquid funds, loans and receivables to credit institutions and customers | 27,805,040 | 1,336,010 | 4.80 % | 387,663 |

| | 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 | 29.02 % | 1,047,945 | 107.45 % |
| At amortised cost | 29.66 % | 1,019,014 | 107.63 % |
| Thereof Retail private | 24.93 % | 87,944 | 107.41 % |
| Thereof SME | 31.95 % | 588,731 | 112.16 % |
| Thereof Corporates | 33.71 % | 45,948 | 95.76 % |
| Thereof other | 25.90 % | 296,391 | 101.46 % |
| At fair value | 0.00 % | 28,932 | 99.41 % |
| Thereof Retail private | 0.00 % | 2,651 | 96.90 % |
| Thereof SME | 0.00 % | 4,165 | 91.85 % |
| Thereof Corporates | 0.00 % | 1,148 | 151.05 % |
| Thereof other | 0.00 % | 20,968 | 99.49 % |
| Assets held for trading - fixed-income securities | 0.00 % | 0 | 0.00 % |
| At amortised cost | 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 | 38.68 % | 10,841 | 111.17 % |
| Credit risks | 16.86 % | 0 | 16.86 % |
| **Total** | **28.74 %** | **1,058,786** | **104.69 %** |
| Loans and receivables to customers, contingent liabilities, credit risks | 28.74 % | 1,058,786 | 104.69 % |
| Liquid funds, loans and receivables to credit institutions and customers | 29.02 % | 1,047,945 | 107.45 % |

| Euro thousand<br>31 Dec 2023 | Loan volume - total | NPL | NPL Ratio | Risk provision for NPL |
|---|---|---|---|---|
| Liquid funds | 3,261,663 | 0 | 0.00 % | 0 |
| Loans and receivables to credit institutions | 234,134 | 0 | 0.00 % | 0 |
| At amortised cost | 234,134 | 0 | 0.00 % | 0 |
| Loans and receivables to customers | 23,130,152 | 646,860 | 2.80 % | 211,702 |
| At amortised cost | 22,740,145 | 629,299 | 2.77 % | 211,702 |
| Thereof Retail private | 8,416,118 | 96,480 | 1.15 % | 22,945 |
| Thereof SME | 11,620,565 | 379,153 | 3.26 % | 134,659 |
| Thereof Corporates | 739,384 | 30,639 | 4.14 % | 12,901 |
| Thereof other | 1,964,079 | 123,026 | 6.26 % | 41,197 |
| At fair value | 390,007 | 17,561 | 4.50 % | 0 |
| Thereof Retail private | 124,935 | 3,733 | 2.99 % | 0 |
| Thereof SME | 122,196 | 6,495 | 5.32 % | 0 |
| Thereof Corporates | 4,721 | 0 | 0.00 % | 0 |
| Thereof other | 138,155 | 7,333 | 5.31 % | 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 | 2,925,190 | 0 | 0.00 % | 0 |
| At amortised cost | 2,825,755 | 0 | 0.00 % | 0 |
| At fair value | 99,435 | 0 | 0.00 % | 0 |
| Contingent liabilities | 638,477 | 7,330 | 1.15 % | 3,197 |
| Credit risks | 3,029,931 | 25,184 | 0.83 % | 8,770 |
| **Total** | **33,223,545** | **679,374** | **2.04 %** | **223,668** |
| Loans and receivables to customers, contingent liabilities, credit risks | 26,798,561 | 679,374 | 2.54 % | 223,668 |
| Liquid funds, loans and receivables to credit institutions and customers | 26,625,949 | 646,860 | 2.43 % | 211,702 |

| | 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 | 32.73 % | 513,462 | 112.11 % |
| At amortised cost | 33.64 % | 499,974 | 113.09 % |
| Thereof Retail private | 23.78 % | 77,111 | 103.71 % |
| Thereof SME | 35.52 % | 279,052 | 109.11 % |
| Thereof Corporates | 42.11 % | 24,964 | 123.58 % |
| Thereof other | 33.49 % | 118,847 | 130.09 % |
| At fair value | 0.00 % | 13,488 | 76.81 % |
| Thereof Retail private | 0.00 % | 3,538 | 94.77 % |
| Thereof SME | 0.00 % | 6,716 | 103.39 % |
| Thereof Corporates | 0.00 % | 0 | 0.00 % |
| Thereof other | 0.00 % | 3,234 | 44.11 % |
| Assets held for trading - fixed-income securities | 0.00 % | 0 | 0.00 % |
| At amortised cost | 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 | 43.61 % | 7,095 | 140.41 % |
| Credit risks | 34.82 % | 0 | 34.82 % |
| **Total** | **0.00 %** | **520,558** | **109.55 %** |
| Loans and receivables to customers, contingent liabilities, credit risks | 32.92 % | 520,558 | 109.55 % |
| Liquid funds, loans and receivables to credit institutions and customers | 32.73 % | 513,462 | 112.11 % |

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

Development NPL portfolio

| Euro thousand | Total |
|---|---|
| **NPL as at 01 Jan 2023** | **450,877** |
| Classified as impaired during the year | 358,668 |
| Transferred to not-impaired during the year | -18,194 |
| Account coverage and write-offs NPL | -83,682 |
| Net repayments and other movements | -28,294 |
| **NPL as at 31 Dec 2023** | **679,374** |
| Classified as impaired during the year | 920,314 |
| Transferred to not-impaired during the year | -25,170 |
| Account coverage and write-offs NPL | -118,673 |
| Net repayments and other movements | -61,673 |
| **NPL as at 31 Dec 2024** | **1,394,173** |

***Development forbearance portfolio***

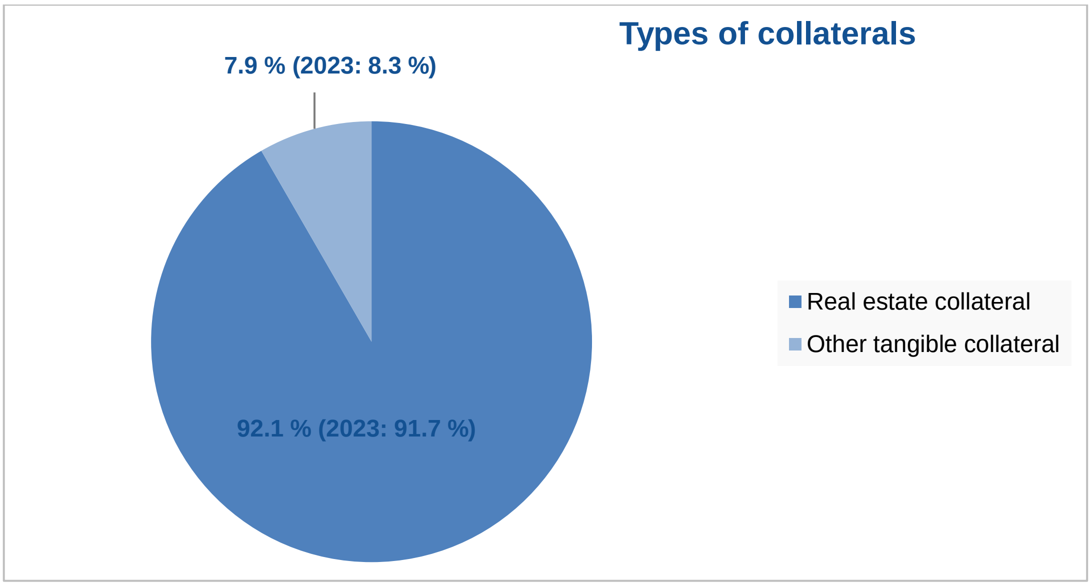
Forbearance refers to contractual concessions made by the bank to the debtor in the context of financial difficulties or imminent financial difficulties of the debtor, which the lender would not grant otherwise. Borrowers whose transactions are classified as forborne are subject to special monitoring regulations within the Association of Volksbanks.

With respect to customer loans, forbearance was agreed for a total carrying amount of euro 1,128,975 thousand (2023: euro 531,508 thousand) for financial reasons. This amount relates to performing forborne loan exposures in the amount of euro 499,108 thousand (2023: euro 276,874 thousand) and non-performing forborne loan exposures in the amount of euro 629,867 thousand (2023: euro 254,634 thousand).

### *Development of the collaterals portfolio*

The following diagram and table show the development of the portfolio of collaterals, with real estate collaterals accounting for the major part within the Association. 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.



| Euro thousand 31 Dec 2024 | Loan volume - total | Allowable collateral amount – total | Real estate collaterals | Other tangible collaterals | Risk provision | Provision | Loan volumen - total, deducted by collaterals and risk provision |
|---|---|---|---|---|---|---|---|
| Liquid funds | 3,830,098 | 0 | 0 | 0 | 0 | 0 | 3,830,098 |
| Loans and receivables to credit institutions | 228,639 | 79,758 | 0 | 79,758 | 5 | 0 | 148,876 |
| At amortised cost | 228,639 | 79,758 | 0 | 79,758 | 5 | 0 | 148,876 |
| Loans and receivables to customers | 23,746,304 | 20,734,592 | 19,231,604 | 1,502,988 | 522,490 | 0 | 2,489,221 |
| At amortised cost | 23,394,438 | 20,421,612 | 18,919,642 | 1,501,970 | 522,490 | 0 | 2,450,335 |
| Thereof Retail private | 8,430,667 | 8,029,934 | 7,764,753 | 265,181 | 47,852 | 0 | 352,881 |
| Thereof SME | 11,602,647 | 9,973,083 | 8,890,469 | 1,082,613 | 334,860 | 0 | 1,294,704 |
| Thereof Corporates | 1,158,475 | 731,685 | 632,194 | 99,491 | 26,731 | 0 | 400,059 |
| Thereof other | 2,202,649 | 1,686,911 | 1,632,226 | 54,685 | 113,048 | 0 | 402,690 |
| At fair value | 351,866 | 312,980 | 311,962 | 1,018 | 0 | 0 | 38,886 |
| Thereof Retail private | 103,644 | 95,767 | 95,460 | 306 | 0 | 0 | 7,877 |
| Thereof SME | 101,197 | 81,967 | 81,408 | 559 | 0 | 0 | 19,229 |
| Thereof Corporates | 4,112 | 4,100 | 4,028 | 73 | 0 | 0 | 12 |
| Thereof other | 142,913 | 131,145 | 131,066 | 79 | 0 | 0 | 11,767 |
| Assets held for trading - fixed-income securities | 1,335 | 0 | 0 | 0 | 0 | 0 | 1,335 |
| At fair value | 1,335 | 0 | 0 | 0 | 0 | 0 | 1,335 |
| Financial investments - fixed-income securities | 3,532,469 | 0 | 0 | 0 | 545 | 0 | 3,531,925 |
| At amortised cost | 3,434,006 | 0 | 0 | 0 | 545 | 0 | 3,433,461 |
| At fair value | 98,464 | 0 | 0 | 0 | 0 | 0 | 98,464 |
| Contingent liabilities | 629,477 | 292,166 | 213,421 | 78,745 | 0 | 15,142 | 322,169 |
| Credit risks | 2,972,439 | 0 | 0 | 0 | 0 | 13,977 | 2,958,463 |
| **Total** | **34,940,761** | **21,106,516** | **19,445,025** | **1,661,490** | **523,040** | **29,119** | **13,282,086** |

| Euro thousand 31 Dec 2023 | Loan volume - total | Allowable collateral amount – total | Real estate collaterals | Other tangible collaterals | Risk provision | Provision | Loan volumen - total, deducted by collaterals and risk provision |
|---|---|---|---|---|---|---|---|
| Liquid funds | 3,261,663 | 0 | 0 | 0 | 0 | 0 | 3,261,663 |
| Loans and receivables to credit institutions | 234,134 | 86,661 | 0 | 86,661 | 16 | 0 | 147,457 |
| At amortised cost | 234,134 | 86,661 | 0 | 86,661 | 16 | 0 | 147,457 |
| Loans and receivables to customers | 23,130,152 | 20,335,968 | 18,776,701 | 1,559,267 | 329,781 | 0 | 2,464,403 |
| At amortised cost | 22,740,145 | 20,005,074 | 18,451,251 | 1,553,823 | 329,781 | 0 | 2,405,290 |
| Thereof Retail private | 8,416,118 | 7,923,429 | 7,614,493 | 308,936 | 46,042 | 0 | 446,647 |
| Thereof SME | 11,620,565 | 9,938,420 | 8,852,916 | 1,085,505 | 222,419 | 0 | 1,459,725 |
| Thereof Corporates | 739,384 | 460,772 | 359,029 | 101,742 | 14,352 | 0 | 264,260 |
| Thereof other | 1,964,079 | 1,682,453 | 1,624,813 | 57,640 | 46,968 | 0 | 234,657 |
| At fair value | 390,007 | 330,894 | 325,451 | 5,443 | 0 | 0 | 59,113 |
| Thereof Retail private | 124,935 | 115,358 | 110,519 | 4,839 | 0 | 0 | 9,576 |
| Thereof SME | 122,196 | 99,454 | 98,930 | 523 | 0 | 0 | 22,742 |
| Thereof Corporates | 4,721 | 4,616 | 4,565 | 51 | 0 | 0 | 106 |
| Thereof other | 138,155 | 111,466 | 111,437 | 30 | 0 | 0 | 26,689 |
| 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 | 2,925,190 | 0 | 0 | 0 | 694 | 0 | 2,924,496 |
| At amortised cost | 2,825,755 | 0 | 0 | 0 | 694 | 0 | 2,825,061 |
| At fair value | 99,435 | 0 | 0 | 0 | 0 | 0 | 99,435 |
| Contingent liabilities | 638,477 | 302,721 | 222,030 | 80,691 | 0 | 10,374 | 325,382 |
| Credit risks | 3,029,931 | 0 | 0 | 0 | 0 | 14,728 | 3,015,203 |
| **Total** | **33,223,545** | **20,725,350** | **18,998,731** | **1,726,619** | **330,492** | **25,102** | **12,142,601** |

*Acquisition of security properties*

Within the Association, security properties were only acquired in individual instances. This instrument is not applied currently, existing assets are disposed of in full.

### *Development of the netting positions*

The following tables show the netting positions within the portfolio of the Association:

**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 any loss caused by unfavourable developments of market risk factors, e.g. interest, credit spreads, exchange rates, and volatilities. The Association of Volksbanks distinguishes the following types of market risk:

- Interest rate risk in the banking book
- Credit spread risk 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. The Association of Volksbanks pursues a strategy of positive term transformation, where the fixed interest period of the assets is longer than that of the total liabilities and equity, and which represents a source of income in the form of the structural contribution within net interest income. The interest rate position mainly results from retail banking, where 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.

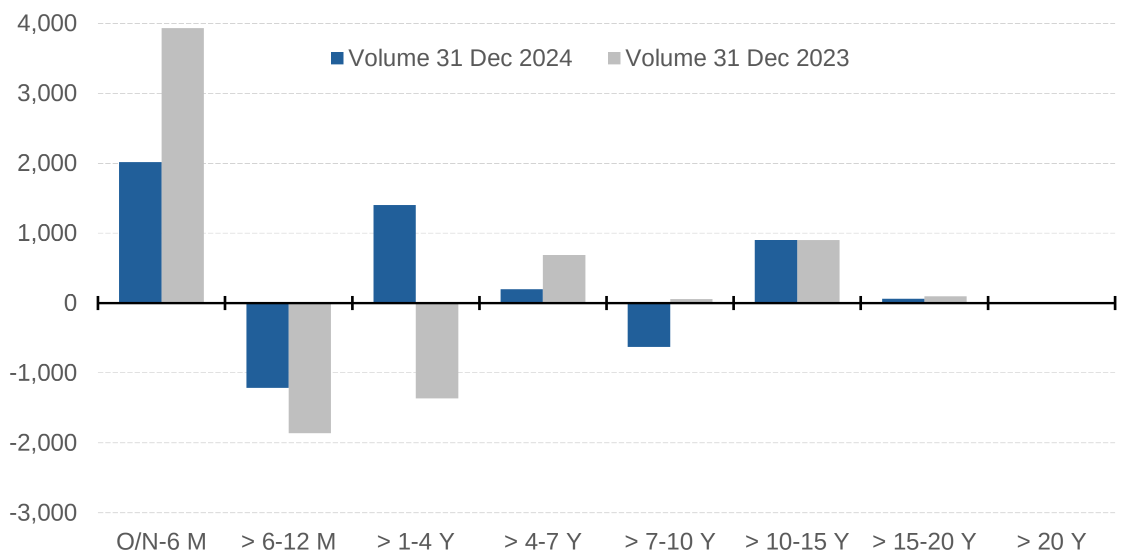
The interest rate risk in the banking book comprises all interest-bearing transactions reported and not reported in the balance sheet (except for transactions in the trading book), as well as interest-sensitive assets and liabilities (participations and provisions). The interest rate risk position associated with the retail business of the Association 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 were 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 bonus or with a limited fixed interest period 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, the Association 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 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 and by entering into a cash flow hedge.

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

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

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 portfolio is designated for 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.

The following risk indicators are derived for the Association:

| Euro thousand | 100 basis points-shift | | | |
|---|---|---|---|---|
| 31 Dec 2024 | At amortised cost | Fair value through OCI | Fair value through profit or loss | Total |
| Section 30a of the Austrian Banking Act-Association of credit institutions | -166,262 | -3,636 | -8,590 | -178,489 |
| **31 Dec 2023** | | | | |
| Section 30a of the Austrian Banking Act-Association of credit institutions | -138,825 | -3,420 | -105 | -142,350 |

## 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) | 3,276,382 | 2,670,652 |
| Risk category 2 (2A - 2E) | 315,317 | 186,063 |
| Risk category 3 (3A - 3E) | 128,609 | 35,057 |
| Risk category 4 (4A - 4E) | 28,138 | 0 |
| Risk category 5 (5A - 5E) | 0 | 0 |
| Risk category 6 (NR) | 0 | 0 |
| **Total** | **3,748,446** | **2,891,772** |

A-Depot Risk Cluster

| Euro thousand<br>31 Dec 2024 | Amortised cost<br>Carrying amount | Fair value<br>through OCI<br>Carrying amount | Fair value<br>through profit<br>or loss<br>Carrying amount | Total<br>Carrying amount |
|---|---|---|---|---|
| Covered EUR AAA | 1,995,688 | 68,910 | 0 | 2,064,598 |
| Sovereigns Austria | 458,198 | 25,092 | 0 | 483,290 |
| 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 | 63,530 | 0 | 0 | 63,530 |
| Sovereigns Belgium | 46,843 | 0 | 0 | 46,843 |
| Sovereigns Poland | 42,373 | 0 | 0 | 42,373 |
| Other sovereigns EUR A | 41,465 | 0 | 0 | 41,465 |
| Carrying amount < EUR 42,000 thousand | 236,362 | 616 | 264,056 | 501,034 |
| **Total** | **3,389,771** | **94,618** | **264,056** | **3,748,446** |
| **31 Dec 2023** | | | | |
| Covered EUR AAA | 1,629,918 | 70,282 | 0 | 1,700,200 |
| Sovereigns Austria | 436,809 | 15,030 | 0 | 451,839 |
| Sovereigns Germany | 131,507 | 0 | 0 | 131,507 |
| Sovereigns France | 103,076 | 0 | 0 | 103,076 |
| Financials EUR AA | 91,846 | 0 | 0 | 91,846 |
| Other sovereigns EUR AAA | 63,499 | 9,898 | 0 | 73,397 |
| Sovereigns Slovakia | 53,388 | 0 | 0 | 53,388 |
| Sovereigns Belgium | 50,943 | 0 | 0 | 50,943 |
| Sovereigns Spain | 39,279 | 0 | 0 | 39,279 |
| Sovereigns Portugal | 35,057 | 0 | 0 | 35,057 |
| Carrying amount < EUR 40,000 thousand | 157,617 | 664 | 2,959 | 161,240 |
| **Total** | **2,792,939** | **95,874** | **2,959** | **2,891,772** |

Portfolio structure according to IFRS 9 categories

| Euro thousand<br>31 Dec 2024 | Bond | Loan & SSD | Fund & Equity | Total |
|---|---|---|---|---|
| Amortised cost | 3,389,771 | 0 | 0 | 3,389,771 |
| Fair value through OCI | 94,618 | 0 | 0 | 94,618 |
| Fair value through profit or loss | 3,021 | 261,035 | 0 | 264,056 |
| **Total** | **3,487,411** | **261,035** | **0** | **3,748,446** |
| **31 Dec 2023** | **Bond** | **Loan & SSD** | **Fund & Equity** | **Total** |
| Amortised cost | 2,792,939 | 0 | 0 | 2,792,939 |
| Fair value through OCI | 95,874 | 0 | 0 | 95,874 |
| Fair value through profit or loss | 2,959 | 0 | 0 | 2,959 |
| **Total** | **2,891,772** | **0** | **0** | **2,891,772** |

### Market risk in the trading book

The market risk in the trading book of the Association of Volksbanks is of minor importance. The trading book is kept centrally at the CO. The affiliated banks do not keep 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 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 and monthly within the ALCO.

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

The following table shows interest, interest volatility and credit spread sensitivity in the trading book:

| Euro thousand | Interest +1 basis point | Interest volatility +1 % | Credit spread +1 basis point |
|---|---|---|---|
| **31 Dec 2024** | | | |
| Trading book | -1 | -4 | -3 |
| | | | |
| **31 Dec 2023** | | | |
| Trading book | -1 | -6 | -2 |

### Foreign exchange risk (open FX positions)

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

Open FX positions:

| Euro thousand<br>Currency | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|
| CHF | -148 | 502 |
| CZK | 32 | -272 |
| USD | -28 | -216 |
| JPY | 10 | -9 |
| GBP | 27 | -1 |
| Others | 1,703 | 1,483 |
| **Total** | **1,595** | **1,487** |

## d) Liquidity risk

The most important source of refinancing of the Association of Volksbanks consists of customer deposits, which have proven to be a stable source of funding. Obviously, this is responsible for the major part of liquidity risk. 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 continues to have a comfortable liquidity position in 2024. Customer deposits continued to increase as planned in 2024. 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 225 % by May 2024, the LCR fell to 177 % in June due to the TLTRO repayment before rising once again. As at 31 December 2024, the LCR was 198 % (2023: 193 %). 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). In 2024, the NSFR was stable at a high level of between 130 % and 140 %, demonstrating the Association's solid liquidity structure, including 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

The Association of Volksbanks defines operational risk as the risk of losses due to the inadequacy or failure of internal procedures (processes), people, systems or to external 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

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

- The primary aim of the entire OpRisk Management system is to optimise processes to decrease the likelihood of incidents occurring and/or the impact of operational losses.
- Incidents are documented fully and in a sufficiently transparent manner via an electronic platform to enable third-party experts to benefit from the documentation. Operational incidents are recorded in a uniform manner across the Association. The resulting transparency with respect to the occurrence of operational risk events allows for risk assessment to be derived from historical facts.
- The methods, systems and processes in OpRisk Management are defined by the CO and must be complied with by the respective banks.
- The appropriateness of the risk control and monitoring measures and other risk-minimising measures is assessed on an on-going basis, but at least once a year, and reported to the Managing Board. Measures for risk control comprise, for instance, awareness-building/training events, the monitoring of the OpRisk indicators, maintaining the confidentiality, availability and integrity of customer and corporate data, business continuity planning, but also – in particular – an adequate separation of responsibilities, as well as observance of the dual-control principle. Opera-

tional (residual) risks that cannot be avoided, reduced or transferred must be accepted formally and demonstrably by the management.

- The efficiency of OpRisk Management is ensured through periodic and independent internal audits.

### Internal control system

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

## 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 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.

## 51) Fully consolidated companies[1)]

| 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 |
| BBG Beratungs- und Beteiligungsgesellschaft m.b.H.; Salzburg | HD | 100.00 % | 100.00 % | 40 |
| Domus IC Leasinggesellschaft m.b.H.; Salzburg | HD | 100.00 % | 100.00 % | 18 |
| VB Aktivmanagement GmbH; Klagenfurt | HO | 100.00 % | 100.00 % | 35 |
| VB Buchführung GmbH; Klagenfurt | HD | 100.00 % | 100.00 % | 36 |
| VB Infrastruktur und Immobilien GmbH; Vienna | HD | 100.00 % | 100.00 % | 35 |
| VB Kärnten Leasing GmbH; Klagenfurt | FI | 100.00 % | 100.00 % | 634 |
| VB Services für Banken Ges.m.b.H.; Vienna | HD | 100.00 % | 100.00 % | 327 |
| VB-Immobilienverwaltungs- und -vermittlungs GmbH; Klagenfurt | HD | 100.00 % | 100.00 % | 73 |
| VOBA Vermietungs- und Verpachtungsges.m.b.H.; Baden | HD | 100.00 % | 100.00 % | 36 |
| Volksbank Salzburg Leasing Gesellschaft m.b.H.; Rankweil | FI | 100.00 % | 100.00 % | 73 |
| Volksbank Vorarlberg Leasing GmbH; Rankweil | FI | 100.00 % | 100.00 % | 37 |
| Volksbank Vorarlberg Marketing- und Beteiligungs GmbH; Rankweil | HD | 100.00 % | 100.00 % | 36 |

1) 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 | 79.19 % | 79.19 % | 51,742 |
| VBW eins Beteiligung eG; Vienna | HO | 78.63 % | 78.63 % | 14,310 |

## 53) Companies included

| Company names and headquarters | Type* | Nominal capital in euro thousand |
|---|---|---|
| Österreichische Ärzte- und Apothekerbank AG; Vienna | KI | 20,723 |
| Volksbank Kärnten eG; Klagenfurt | KI | 32,700 |
| Volksbank Niederösterreich AG; St. Pölten | KI | 27,203 |
| Volksbank Oberösterreich AG; Wels | KI | 21,596 |
| Volksbank Salzburg eG; Salzburg | KI | 12,891 |
| Volksbank Steiermark AG; Graz | KI | 69,504 |
| Volksbank Tirol AG; Innsbruck | KI | 20,430 |
| VOLKSBANK VORARLBERG e. Gen.; Rankweil | KI | 1,972 |
| VOLKSBANK WIEN AG; Vienna | KI | 137,547 |

## 54) Unconsolidated affiliated companies

| Company names and headquarters | Type* | Equity interest | Share in voting rights | Nominal capital in euro thousand |
|---|---|---|---|---|
| "VB-Real" Projektentwicklungs Gesellschaft m.b.H. in Liqu.; Wels | HD | 100.00 % | 100.00 % | 500 |
| ARZ-Volksbanken Holding GmbH; Wien | HO | 99.64 % | 99.64 % | 256 |
| Meinhardgarage Gesellschaft m.b.H.; Innsbruck | SO | 100.00 % | 100.00 % | 50 |
| Meinhardgarage Gesellschaft m.b.H. & Co. KG; Innsbruck | SO | 100.00 % | 100.00 % | 210 |
| Resort Errichtungs- und Betriebsges.m.b.H.; Heidenreichstein | SO | 99.76 % | 99.76 % | 42 |
| UVB-Holding GmbH; Wien | SO | 100.00 % | 100.00 % | 35 |
| VB - REAL Volksbank NÖ GmbH; Krems an der Donau | HD | 100.00 % | 100.00 % | 325 |
| VB ManagementBeratung GmbH in Liqu.; Wien | SO | 100.00 % | 100.00 % | 36 |
| VB Realitäten Gesellschaft m.b.H.; Klagenfurt am Wörthersee | SO | 100.00 % | 100.00 % | 36 |
| VBKA-Holding GmbH; Wien | SO | 100.00 % | 100.00 % | 35 |
| VBKS Leasing d.o.o.; Kranj | HD | 100.00 % | 100.00 % | 542 |
| Volksbank Salzburg Immobilien GmbH; Salzburg | SO | 100.00 % | 100.00 % | 35 |
| Volksbank Tirol Versicherungsservice GmbH; Innsbruck | SO | 100.00 % | 100.00 % | 50 |
| Volksbank Vorarlberg Immobilien GmbH & Co OG; Dornbirn | SO | 100.00 % | 100.00 % | 109 |
| VVB Liegenschaftsvermietungsgesellschaft mbH & Co KG; Rankweil | HD | 100.00 % | 100.00 % | 10 |

*Abbreviations type

| | |
|---|---|
| KI | credit institution |
| FI | financial institution |
| HD | ancillary banking service |
| SO, HO | other enterprise |

Vienna, 5 March 2025

**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 CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSOCIATION OF VOLKSBANKS

## Audit Opinion

We have audited the consolidated financial statements of the Association of Volksbanks according to section 30a of the Austrian Banking Act („Association´s Consolidated Financial Statements") of

**VOLKSBANK WIEN AG,**
**Vienna,**

as the central organization and the assigned member credit institutions („Association"), which comprise the Association's consolidated Statement of Financial Position as at December 31, 2024, the Association´s consolidated Statement of Comprehensive Income, the Association´s consolidated Statement of Changes in Equity and Association´s consolidated Statement of Cash Flows for the year then ended, and the Notes to the Association´s consolidated Financial Statements.

In our opinion, the consolidated financial statements of the Association comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Association as at December 31, 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the accounting and valuation principles described in the Framework of Rules for the preparation of consolidated financial statements of the Association 2024.

## Basis for our Opinion

We conducted our audit in accordance with the Austrian Standards on Auditing which require the audit to be conducted in accordance with International Standards on Auditing (ISAs) and voluntarily in accordance with ISA 701. Our responsibilities under those standards are further described in the „Association's Auditor´s Responsibilities" section of our report. The Regulation (EU) No. 537/2014 on specific requirements for the audit for public interest entities is not applicable to the audit of the consolidated financial statements of the Association. We are independent of the audited Association in accordance with Austrian company law, banking 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 is sufficient and appropriate to provide a basis for our audit opinion on this date.

## Emphasis of matter

We would emphasize in particular,

- that the consolidated financial statements of the Association were prepared in accordance with the Framework of Rules for the preparation of consolidated financial statements of the Association 2024 Note 1 in the Notes and
- their only purpose is to assist VOLKSBANK WIEN AG to meet the regulatory requirements and they shall not be used for any other purpose.

Our opinion is not modified in respect of these matters.

## Key Audit Matters

According to ISA 701 key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Association. These matters were addressed on a voluntary basis in the context of our audit of the consolidated financial statements of the Association as a whole, however, we do not provide a separate opinion thereon.

# AUDITOR'S REPORT

## 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 23,394.4 million EUR in the consolidated statement of financial position of the Association. 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 of the Association.

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.

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 of the Association 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.

# AUDITOR'S REPORT

## 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 62.2 million EUR in the consolidated statement of financial position of the Association. 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 of the Association.

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 of the Association.

### 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.
- Furthermore, we evaluated the assumptions underlying the forecast of future taxable profit on which tax loss carryforwards 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 (Association's report), other than the consolidated financial statements of the Association, the Association´s management report and the auditor's report. We expect the annual report (Association´s report) to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements of the Association 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 of the Association or any apparent material misstatement of fact.

## Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements of the Association

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Association in accordance with the Framework of Rules for the preparation of the consolidated financial statements of the Association 2024 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Association that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Association'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 members of the Association or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Association's financial reporting process.

# AUDITOR'S REPORT

## Association's Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Association 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 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 of the Association.

As part of an audit in accordance with the Austrian Standards on Auditing, which require the audit to be conducted in accordance with ISAs, and voluntarily in accordance with ISA 701, 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 of the Association, 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 Association'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 Association's ability to continue for the central organization and the assigned member credit institutions 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 of the Association. 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 Association to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements of the Association, including the notes, and whether the consolidated financial statements of the Association represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and conduct the audit of the consolidated financial statements of the Association in order to obtain sufficient appropriate audit evidence on the financial information of the components within the Association, 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 of the Association. 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 of the Association 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.

# AUDITOR'S REPORT

## Report on Other Legal Requirements

### Association's Management Report

In accordance with Austrian company law, the Association´s management report is to be audited as to whether it is consistent with the consolidated financial statements of the Association and prepared in accordance with legal requirements.

Management is responsible for the preparation of the Association´s management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of Association´s management reports.

Opinion

In our opinion, the Association´s management report is consistent with the consolidated financial statements of the Association 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 of the Association and our understanding of the Association and its environment, we did not note any material misstatements in the Association's management report.

### Engagement Partner

The engagement partner of the audit of the consolidated financial statements of the Association is Mr. Christian Grinschgl.

### Restriction of use

Our report may not be used for any other purpose than to comply with regulatory requirements. Therefore we shall not be liable for any third party claims.

This report or parts of it may not be made available to any third party without our explicit consent.

Vienna, 5 March 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.

# TERMINOLOGY AND IMPRINT

# 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

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A-1030 Vienna, Dietrichgasse 25

**Translation:**
All Languages Alice Rabl GmbH

**Copy deadline:**
March 2025



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.