MOODY'S RATINGS

ASSESSMENT
4 February 2026

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Contacts

Simon Boemer
Sustainable Finance Analyst
simon.boemer@moodys.com

James Southwood
Senior Sustainable Finance Associate
james.southwood@moodys.com

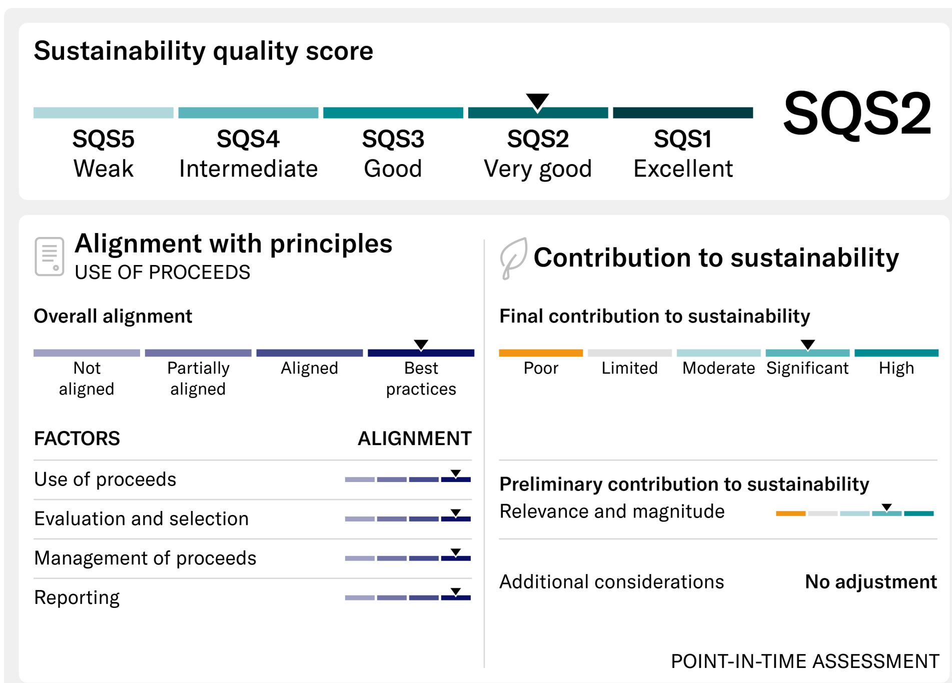
Amaya London
AVP-Sustainable Finance
amaya.london@moodys.com

Volksbank Wien AG

Second Party Opinion – Sustainability Bond Framework
Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 Sustainability Quality Score (very good) to Volksbank Wien AG's (VBW) sustainability bond framework dated January 2026. VBW has established its use-of-proceeds framework with the aim of financing projects in six eligible green and four eligible social categories - green buildings, renewable energy, energy efficiency, circular economy, clean transportation, sustainable agriculture, access to essential services, affordable housing, socioeconomic advancement and empowerment, and access to basic infrastructure. The framework is aligned with the four components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025 and Social Bond Principles (SBP) 2025 and the issuer has also incorporated Moody's-identified best practices for all four components. The framework demonstrates a significant contribution to sustainability.



Scope

We have provided a second party opinion (SPO) on the sustainability credentials of VBW's sustainability bond framework, including the framework's alignment with the ICMA's GBP 2025 and SBP 2025. Under the framework, VBW plans to issue use-of-proceeds sustainable bonds to finance projects across ten green and social categories, as outlined in Appendix 3 of this report.

Our assessment is based on the last updated version of the framework received on 28 January 2026, and our opinion reflects our point-in-time assessment[1] of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in October 2025.

Issuer profile

Volksbank Wien AG (VBW) is the central organisation of Austria's cooperative banking sector, the Verbund, consisting of nine primary banks. VBW mainly provides financial services to retail and small and medium-sized enterprises (SMEs) in Austria. As of 31 December 2024, the bank itself had 54 branches, while the Verbund had 231 branches along with 3,158 full-time employees. VBW took over the role as the central organisation of the Verbund after the former Oesterreichische Volksbanken AG (VBAG) announced its reorganisation and break-up as the central institution of Austria's Volksbanken sector following its failure in the ECB's Comprehensive Assessment in October 2014.

VBW has issued its first green bond in 2023 financing green buildings and renewable energy projects and published its first allocation and impact report in 2024 accordingly. The Verbund aims at achieving greenhouse gas (GHG) neutrality in its own operations by 2030 and at implementing a decarbonisation strategy for the banks' lending activities. With regards to social targets, VBW seeks to enhance gender diversity by increasing the proportion of women in managerial roles by approximately 10% every two years, with the goal of ensuring equal participation in decision-making and responsibility.

Strengths

» Eligible projects are mostly highly relevant for the issuer and its sector and often associated with high positive environmental and social benefits.

» All eligible categories are clearly defined and disclosed in the framework.

» The decision-making process to determine a project's eligibility and the handling of proceeds are clearly defined and disclosed in the framework.

» The bank's allocation and impact reporting is detailed, exhaustive and externally verified.

Challenges

» Projects enhancing access to basic infrastructure generally have significant impact; however, the social benefits of expanding the fiber network are deemed less direct compared to refurbishing water and wastewater systems or maintaining high-quality public emergency services.

Alignment with principles

VBW's sustainability bond framework is aligned with the four components of the ICMA's Green Bond Principles 2025 and Social Bond Principles 2025. For a summary alignment with principles scorecard, please see Appendix 1.

- [x] Green Bond Principles (GBP)
- [ ] Green Loan Principles (GLP)
- [x] Social Bond Principles (SBP)
- [ ] Social Loan Principles (SLP)
- [ ] Sustainability-Linked Bond Principles (SLBP)
- [ ] Sustainability Linked Loan Principles (SLLP)

Use of proceeds

Not aligned	Partially aligned	Aligned	Best practices

Clarity of the eligible categories – BEST PRACTICES

VBW has clearly and comprehensively communicated the nature of the expenditures and has provided granular definitions and clear thresholds for all project categories, along with clear exclusion criteria for the financed loans in the publicly available Framework. Net proceeds will be used to (re)finance a portfolio of eligible loans that fund underlying green and social projects. While the bank plans to only allocate sustainable bond proceeds to Austrian loans, it ultimately retains the flexibility to include eligible assets from other countries, primarily those bordering Austria.

Clarity of the environmental or social objectives – BEST PRACTICES

VBW has clearly outlined the environmental and social objectives associated with all eligible categories. The eligible categories are relevant to the environmental and social objectives to which they aim to contribute. These objectives are coherent with recognized international standards, including the United Nations (UN) Sustainable Development Goals (SDGs).

Clarity of expected benefits – BEST PRACTICES

VBW has identified clear and relevant expected environmental and social benefits for all eligible categories. These benefits are measurable for all categories and will be quantified in the bank's impact reporting post issuance. Further, the issuer has committed that the intended share of refinancing will be disclosed to investors prior to issuance on demand, and that it will be reported post issuance as part of the allocation reporting. The framework also specifies that a look-back period of three years applies to eligible loans that finance the underlying green and social projects.

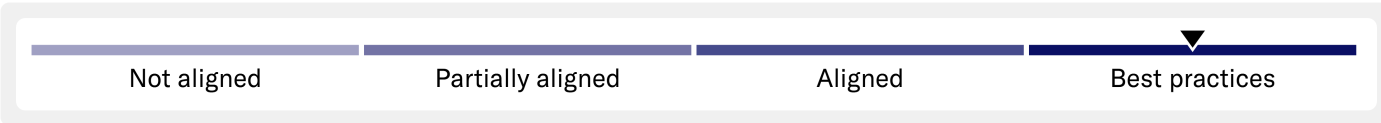
Process for project evaluation and selection

Not aligned	Partially aligned	Aligned	Best practices

Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

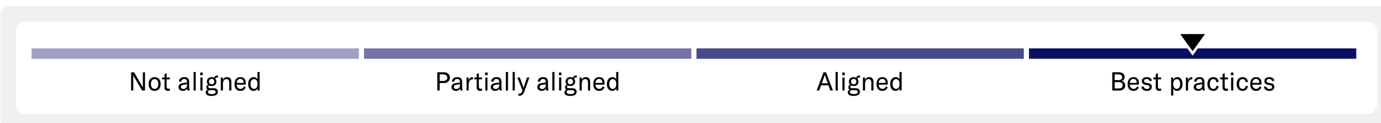
VBW has established a clear process for determining the eligibility of loans, with a detailed decision making process formalized in its publicly available sustainability bond framework. The evaluation and selection of eligible loans for allocation to the eligible loan portfolio is overseen by the sustainability bond committee (SBC). VBW's SBC is part of the bank's sustainable committee, which is comprised of an extended management and expert team from multiple divisions within the bank, including treasury, communication, sales management, risk controlling, credit risk management and compliance. The SBC meets every two months and is responsible for reviewing, selecting, and validating eligible loans to ensure continuous alignment with the Framework. In addition, a continuous process is in place to monitor the eligible loan portfolio, and the SBC is tasked with replacing any loans that no longer meet eligibility criteria throughout the life of any outstanding instrument. VBW integrates environmental and social risk considerations into its credit and lending processes through its internal ESG score, ensuring compliance with internal policies, ESG strategy, and applicable laws and regulations. The environmental and social risk management process is transparently disclosed as part of the Framework and the issuer's reporting.

Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES
VBW has defined a clear process for managing and allocating sustainability bond proceeds in its publicly available Framework. Net proceeds will be tracked using a portfolio approach and periodically adjusted to match allocations to eligible loans, at least annually. The Framework exhaustively defines and discloses all relevant elements of the proceeds management. The bank aims to fully allocate proceeds within 24 months of issuance, in line with best practices. Whilst any net proceeds remain unallocated, the company will hold or invest them at its discretion in its treasury liquidity portfolio, in cash and/or cash equivalents.

Reporting

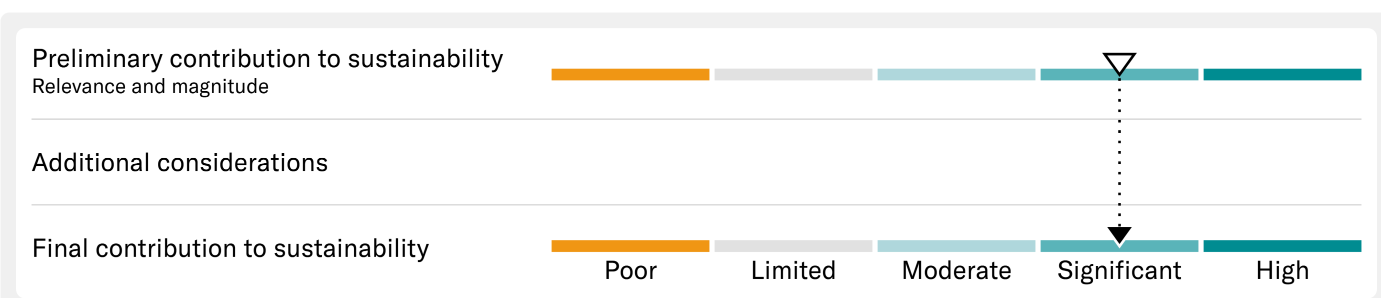


Reporting transparency – BEST PRACTICES
VBW will provide annual reports on allocation and impact for the duration of the bonds' maturity, available on its website. These reports will deliver clear, relevant, and exhaustive information about the allocation of proceeds and the expected sustainable benefits. The reports will include the total volume of green, social and sustainability bonds issued, the total amount and number of eligible loans allocated, a breakdown by eligible categories, a breakdown by geographic distribution, the balance of unallocated proceeds (if any), and the environmental and social performance indicators for each eligible category.

The bank has identified relevant environmental and social reporting indicators for each of its eligible categories and has clearly disclosed these indicators in its publicly available Framework. The calculation methodologies and assumptions used to report on environmental and social benefits will be included in the reporting. On an annual basis, the bank's independent external auditor or other external party will verify the allocation and impact reporting until full allocation or maturity of the instruments, respectively, aligning with market best practices.

Contribution to sustainability

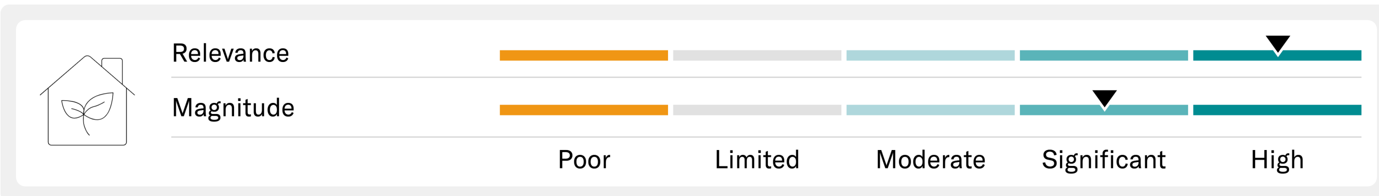
The framework demonstrates a significant overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of significant, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is significant, based on the relevance and magnitude of the eligible project categories. For the purpose of assessing the consolidated score on contribution to sustainability, we have weighted the categories according to estimates provided by VBW. In particular, the issuer estimates that the majority of proceeds will be allocated to projects within the green buildings category. While renewable energy and affordable housing projects are also expected to receive substantial shares of the remaining proceeds, allocations to the other categories are expected to be comparatively small over the foreseeable future. A detailed assessment by eligible category has been provided below.

Green buildings

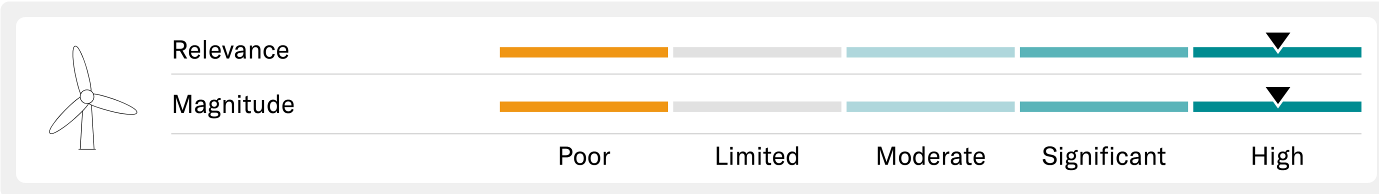


Investments into the decarbonization of the building sector address climate change mitigation, which is highly relevant for the issuer, the banking sector and the regional context. Austria's climate strategy aims for net-zero emissions by 2040 including an increased focus on energy efficiency in buildings as they are responsible for around 30% of final energy demand. The financing of green buildings is highly relevant for VBW as a financial institution with exposure to the real estate sector within a diversified portfolio. Locally, buildings contribute significantly to total GHG emissions, with the residential sector, among the top three energy consuming sectors in Austria alongside transport and industry. This is largely due to an aging building stock, with 55% of Austrian properties constructed before 1980, many of which are poorly insulated. This highlights the importance of renovation, which the issuer targets in the forward-looking estimation of allocation alongside newly constructed buildings and acquisitions.

Projects financed under this category are anticipated to significantly contribute to the real estate sector's long-term climate mitigation goals. The eligible activities comprehensively address all relevant methods for decarbonizing the building sector, in line with the EU Taxonomy's economic activities 7.1 to 7.7. VBW has indicated that it anticipates roughly equal shares of proceeds allocations between renovations, acquisitions and new constructions. Projects involving building construction will adhere to the eligibility criterion requiring primary energy demand (PED) to be 10% lower than the national Nearly Zero-Energy Building (NZEB) standard, as outlined in the Guidelines of the Austrian Institute for Building Technology (OiB-RL6). This standard specifies technical thresholds in kWh/m²/year, which progressively tighten over time and ensure alignment with the long-term energy projections in the Carbon Risk Real Estate Monitor's (CRREM) 1.5°C pathway. However, Austria does not yet embed embodied carbon reporting requirements in national law, and the framework's eligibility criteria do not explicitly address embodied carbon emissions. This is somewhat mitigated by national regulations that effectively manage significant environmental externalities by promoting construction material efficiency, quality and recyclability, alongside stringent eligibility criteria aligned with the EU Taxonomy's applicable requirements. Building certificates can be used on a standalone basis, which is viewed less favorably accounting for the lack of guarantees on carbon and energy performance to make scoring thresholds. However, this approach has not been employed historically and this is not expected to change.

The acquisition sub-category includes a large proportion of EPC A and top 15% criteria which is considered ambitious. In Austria there is no single kWh threshold connected to the top 15% criterion, although practitioners consider all buildings built according to the 2007 version of the building code to be in line with the criterion. In addition EPC A is identified as long term aligned with a low carbon future, which is factored in positively. Eligible building renovations must comply with national laws for major renovations, which are considered robust, or achieve at least a 30% reduction in annual PED to meet the EU Taxonomy's substantial contribution criteria for climate change mitigation. Although this aligns with good market standards, it is not the most ambitious benchmark. The issuer includes criteria on the installation, maintenance or repair of equipment and technologies as listed under the EU taxonomy. While the lack of defined thresholds renders this moderately impactful in isolation, it does not affect the score due to the immateriality of the financial allocation.

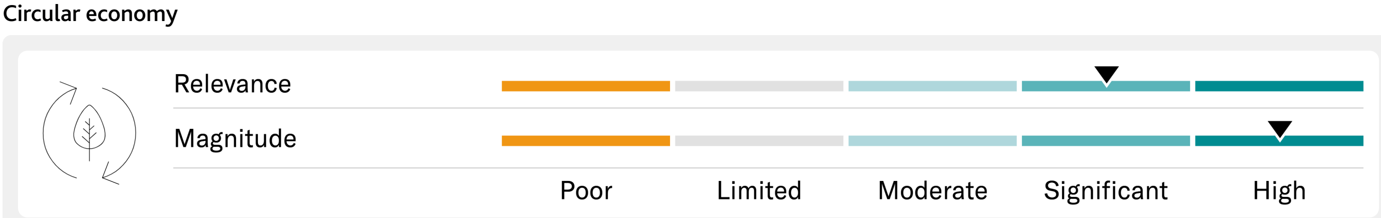
Renewable energy



Investments in renewable energy projects address climate change mitigation, which is highly relevant for the issuer, the banking sector and the regional context. The banking sector plays an important role in financing the energy transition and driving green finance towards sustainable development, which is increasingly critical as stakeholders demand banks to reduce the carbon footprint of their portfolios. Eligible assets will be mainly situated in Austria. Austria's electricity generation had a relatively low carbon intensity of 55 gCO2e/kWh in 2024[2], largely due to the significant share of hydropower. This is well below the EU-27 average of 187 gCO2e/kWh. Nevertheless, while electricity generation is comparatively clean, the overall energy production and imports of Austria are still reliant on fossil fuels, which accounted for over 60% of the country's energy supply in 2024. Therefore, there is currently no saturation of renewable energy projects, underlining the importance of its expansion.

Eligible renewable energy projects financed under this category are expected to highly contribute to long-term climate change mitigation goals. The framework supports financing various renewable energy types that align with the EU Taxonomy's specified economic activities on energy under Chapter 4. Historically, green bond proceeds have heavily focused on solar power, representing nearly 98% of allocations in the renewable energy category, with the remainder directed towards hydropower projects. Although the bank aims to diversify allocations to other renewable energy sources, solar power will continue to dominate, driving the category's magnitude score. Eligible solar and onshore wind assets, recognized as among the cleanest energy generation methods, offer long-term benefits through reduced GHG emissions and minimal environmental impacts. Similarly, eligible geothermal projects comply with the most stringent market standards for maximum positive impact. While enhanced geothermal projects are not currently financed, they are not excluded but would always be subject to a mandatory environmental impact assessment (EIA) under Austrian law. The eligibility criteria of hydropower assets that are not run-of-river plants without artificial reservoirs or low storage capacity, can differ based on their operational start date. New assets, starting operation after the end of 2019, must meet a power density of above 10 W/m2 or direct emissions below 50 gCO2e/kWh, which is in line with the most ambitious market standard. Older facilities, starting operation before the end of 2019, need to align to the respective substantial contribution criteria of the EU Taxonomy, which represent a stringent but not the best market standard. Again, eligible assets would be subject to a mandatory EIA under Austrian law. Bioenergy project feedstocks must comply with EU RED II 2018/2001, adhering to strict market thresholds. However, certified woody biomass may pose deforestation risks not fully mitigated by certifications. Renewable energy storage capacity must exclusively store energy meeting the category's eligibility criteria, and green hydrogen storage must comply with the EU Taxonomy's substantial contribution criteria, bolstering the category's high magnitude score.

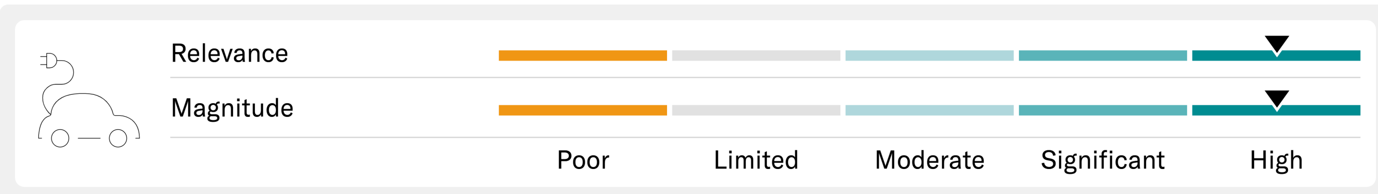
Circular economy



Investments in projects relating to promoting a circular economy address climate change mitigation, which is significantly relevant for the issuer, the banking sector and the regional context. In order to achieve a circular economy scenario by 2050, the United Nations predicts that the global recycling capacity of municipal waste needs to increase three fold compared to 2020 levels[3]. Austria is among the world's largest waste producers per capita. The average citizen produces 803 kg of waste per year[4]. Despite this, Austria ranks 14th in Yale University's Waste Management Ranking, reflecting their advanced waste management systems. This is evidenced by one of the highest municipal recycling rates within the EU, standing at 62.6%. However, with waste generation still rising in Austria, where it accounts for 5.4%[5] of the country's emissions, there is a growing need for additional efforts to promote a circular economy.

Eligible projects financed under this category will highly contribute to climate change mitigation and the transmission to a circular economy, as they largely adhere to standards recognized as among the most stringent. Projects that extend the product life cycle aim to promote sustainable production and consumption by promoting reusability and a sustainable design in line with the EU Taxonomy's substantial contribution criteria for eligible activities 2.7 and 5.1 on transition to a circular economy. This limits eligible projects to mechanical recycling, which is recognised as best available technology. Projects that finance the development, operation and upgrade of recycling and waste collection plants need to adhere to the EU Taxonomy's substantial contribution criteria for eligible activities 5.5 and 5.9 on climate change mitigation, which are considered robust sector standards. Such responsible waste management is expected to substantially mitigate climate change by reducing GHG emissions associated with improper waste utilization and secondary material usage. All waste facilities in Austria are required to comply with the waste hierarchy, ensuring proper waste handling. The long-term impact is reinforced by strict waste management laws and regulations in Austria.

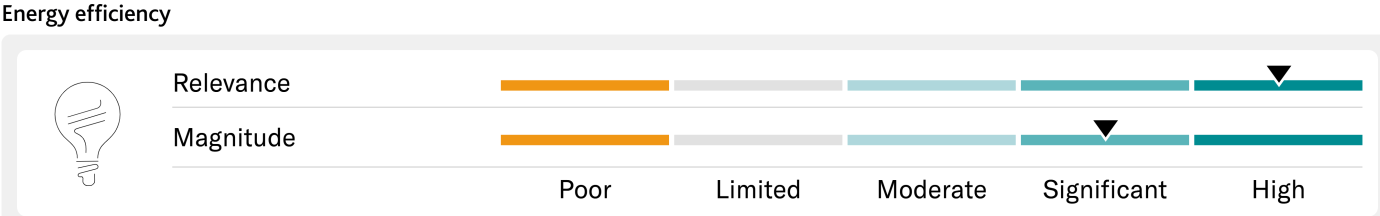
Clean transportation



Investments in clean transport address climate change mitigation, which is highly relevant for the issuer, the banking sector and the regional context. To align with the International Energy Agency (IEA)'s NZE scenario, the transport sector must achieve a 25% emissions reduction by 2030, despite rising demand. A primary decarbonization strategy involves shifting from individual to mass public transportation and replacing fossil fuel-powered vehicles with battery-electric or other zero emissions vehicles. Alternatives to fossil fuel-based road transport are crucial, as they accounted for 73% of all transport-related GHG emissions in the EU in 2023[6]. In Austria, transport is the largest contributor to energy-related emissions, representing about 39% of the total. Promoting clean transport modes is essential for its goal of net zero emissions by 2040, as emphasized in Austria's Mobility Master Plan 2030, which calls for rapid transportation electrification and increased public transportation usage, underscoring the need for investments in clean transportation assets.

Eligible transport assets financed under this category will have a high magnitude in mitigating emissions through the use of best available technologies. Projects promote the shift from fossil fuel-based transport to emission-free alternatives. Zero direct emissions road vehicles, expected to receive the majority of proceeds, will yield long-term environmental benefits by avoiding greenhouse gas emissions without incurring significant negative externalities. The eligibility criteria align with the relevant requirements of the EU Taxonomy for economic activities 6.3, 6.5, and 6.6, which are considered stringent. The bank explicitly excludes financing for assets dedicated to fossil fuel transport, thus mitigating the risk of carbon lock-in. Related infrastructure investments, such as electric charging and additional bike lanes, comply with EU Taxonomy requirements for economic activities 6.13-6.15, a robust standard. VBW explicitly excludes parking facilities as eligible infrastructure investments and is obliged to carry out EIAs for large scale construction projects under Austrian law.

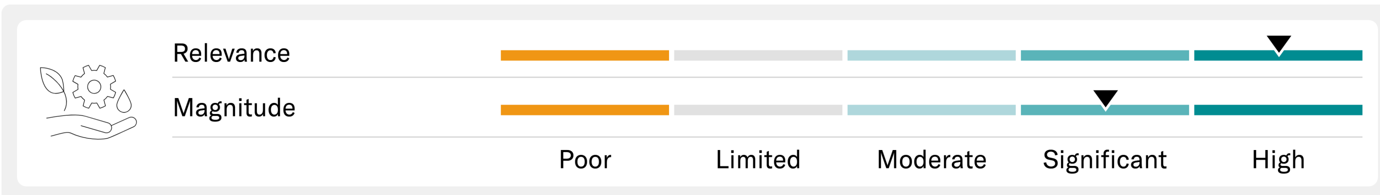
Energy efficiency



Investments in energy efficiency projects address climate change mitigation, which is highly relevant for the issuer, the banking sector and the regional context. Measures to promote energy savings and improvement in energy performance are pertinent to reduce energy-related emissions in the broader economy. The IEA anticipates that almost 4% of annual energy efficiency improvements over the 2022 to 2030 period are needed to align with its NZE scenario[7]. Meanwhile, global improvements in energy efficiency stood at only 1% in 2024, indicating a need for substantial additional investments. Austria's, energy production and imports are still reliant on fossil fuels, which accounted for over 60% of the country's energy supply in 2024. Consequently, efficiency improvements will be associated with substantial GHG emissions reductions.

Eligible energy efficiency projects are expected to significantly support long-term climate change mitigation in various sectors. Process improvements must achieve at least a 30% increase in energy efficiency, aligning with rigorous market standards, though not the most stringent. The bank expects most of the eligible energy efficiency improvements to be implemented at small and medium enterprises (SMEs), in line with its overall exposure in its loan books. Beyond the framework-level exclusion criteria that prohibit financing fossil fuel-related activities, the bank has established category-level exclusion criteria that prevent funding energy efficiency measures in carbon-intensive sectors, including aviation, shipping, steel, aluminum, cement, and chemicals. These eligibility criteria significantly reduce potential negative externalities and carbon lock-in risks of financed projects.

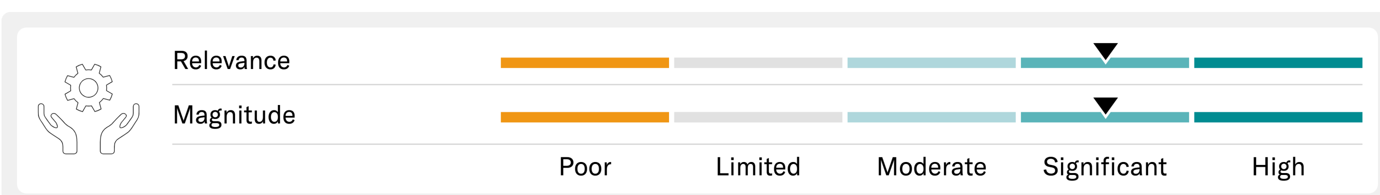
Sustainable agriculture



Investments in projects associated with sustainable agriculture address the protection and restoration of biodiversity and ecosystems, which is a highly relevant objective for the issuer, the banking sector and in the regional context. Financial institutions play an important role to align financial flows in support of conservation and sustainable use of resources. The protection and restoration of biodiversity and ecosystems is one of the least funded sustainable development goals by the UN with SDGs 12 and 15 receiving around 0.5% of all funds in 2023. Agricultural land use change are a major driver of biodiversity loss and GHG emissions, highlighting the importance of including sustainable agriculture projects into the category. In the local context, Austrian biodiversity is structurally threatened. According to the Red Lists for selected animal species groups, 37% of mammals, 36% of birds, 64% of reptiles, 60% of amphibians and 60% of fish are assigned to a category threatened by extinction in Austria[8]. The proceeds respond to a strategic objective at the regional level, as states should aim to increase organic farming by 25% under the EU biodiversity strategy for 2030.

Eligible projects are likely to make a significant overall contribution to climate change mitigation and the protection of ecosystems. Financing farmland certified under EU organic farming standards is expected to have a positive long-term impact, given that this label effectively mitigates most ecological externalities associated with conventional farming practices. Nevertheless, even certified pastoral farming practices are associated with negative externalities in the form of GHG emissions from livestock digestion and manure, which contribute to climate change. Land conversion and deforestation risks are effectively mitigated under the eligibility criteria. We note that although positive impacts on biodiversity are likely, they will not be measured and reported on a project level, which is considered best practice under the nature financing standards[9].

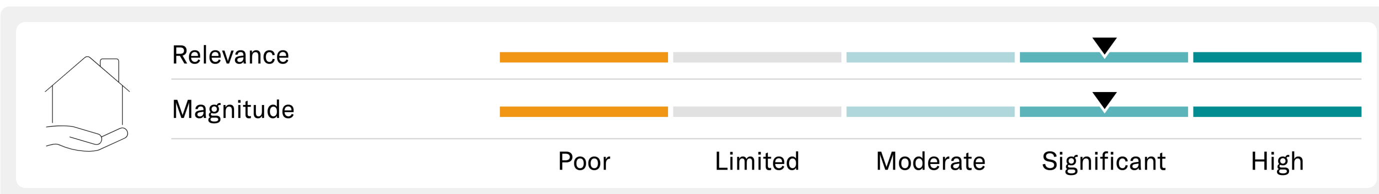
Access to essential services



Investments in eligible projects support the enhancement of access to essential health care and educational services, which is a significantly relevant objective for the issuer, the banking sector, and the regional context. Eligible projects can be financed nationwide without prioritizing regions with the largest gaps in health care or educational access. Austria generally does not face significant challenges in providing essential services, benefiting from robust institutions, resources, and programs that align with those of other advanced economies. Indicators like life expectancy at birth and low amenable mortality rates suggest effective health care compared to other EU countries. Mandatory social health insurance ensures nearly universal coverage, with 99.9% of the population insured[10]. Health expenditures per capita are USD 6,268, well above the EU-27 average[11]. Furthermore, Austria boasts 535 practicing physicians per 100,000 inhabitants, surpassing figures in neighboring countries like Switzerland, Germany, and Italy, and exceeding the EU-27 average[12]. Similarly, Austria's public education system is strong, though a quarter of students lacking proficiency in basic skills suggests room for capacity expansion, yet this figure still exceeds the EU average[13]. Regarding socio-economic background, the below EU-average proportion of disadvantaged Austrian students exhibiting strong basic skills underscores the need for targeted interventions in areas requiring the most support. While the responsibility for providing access to essential services primarily lies with the public sector, the banking sector plays a crucial role in facilitating access by channeling private capital into such activities, thereby promoting social equity, cultivating a skilled work force, and fostering overall stability.

Eligible projects are expected to significantly improve access to basic health care and educational services for the general population of Austria. Although the eligibility criteria permit funding for a range of free or subsidized health care and educational facilities, the bank expects the majority of funds in the health care sector to be directed towards medical centers and individual contracted and non-contracted doctor's offices. The target group, broadly defined as individuals in need of health care and education, ensures service accessibility for all vulnerable populations, which is viewed positively. In Austria, average out-of-pocket health expenditures constitute 16.5% of total health spending, primarily covering outpatient care, dental services, and non-reimbursed pharmaceuticals. This figure is slightly above the EU average of 15% but remains generally affordable for most citizens. Positive consideration is given to exemptions available under Austrian law for certain groups, such as socially deprived individuals, patients with notifiable infectious diseases, individuals in compulsory community service or federal care asylum seekers, and specific pensioners and minors. Education-related services are predominantly free due to their association with compulsory education, with minimal out-of-pocket expenses that do not significantly impede affordability for those in need. Regular mandatory quality assessments and certifications ensure the continued provision of high-quality health care and educational services.

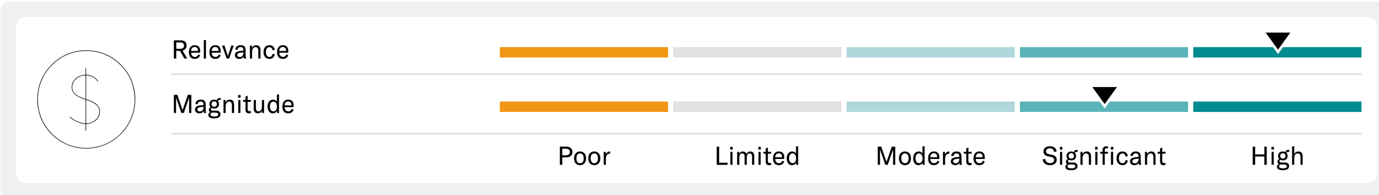
Affordable housing



Investments in eligible projects support the enhancement of access to affordable housing, which is a significantly relevant objective for the issuer, the banking sector, and the regional context. As a key participant in the local financial ecosystem, VBW plays a crucial role in financing affordable housing. Austria, with 24% of its housing sector dedicated to social housing, ranks among Europe's largest in relative terms[14]. The stock is divided between municipal housing providers, predominantly in Vienna, and the larger Limited-Profit Housing Associations (LPHAs). Demographic trends indicate a sustained demand for affordable housing. The amount of new housing units delivered to the market has slightly slowed in recent years and whilst there are no official estimates of the unmet need for housing in Austria, the population is expanding, especially in cities. Recent international migration, with notable contributions from Ukraine, has significantly influenced this trend. Simultaneously, rising property prices and increased interest rates have made mortgages less accessible, highlighting the importance of addressing affordable housing in the local context.

Eligible projects are expected to lead to significant structural improvement to the housing challenges faced by a vulnerable population. The issuer meets a good standard bound by national law, with the eligibility criteria determined according to local jurisdiction guidelines, the Wohnungsgemeinnützigkeitsgesetz (Charity Housing Act). Housing policy in Austria takes a unitary approach, meaning that in practice the sector is accessible for a broad range of social groups. The issuer intends to finance affordable housing as well as social housing, with the former typically focusing less on the most vulnerable groups. We favorably view the fact that social housing has on average a higher quality standard than most private market properties. The housing subsidy schemes of the Austrian provinces have developed over time to a quality assurance system in terms of thermal and ecological standards, quality of planning and social integration. The units are also considered affordable, which is a positive consideration in our analysis. In Austria, housing costs are reduced through low interest public loans and grants to ensure appropriate supply outcomes.

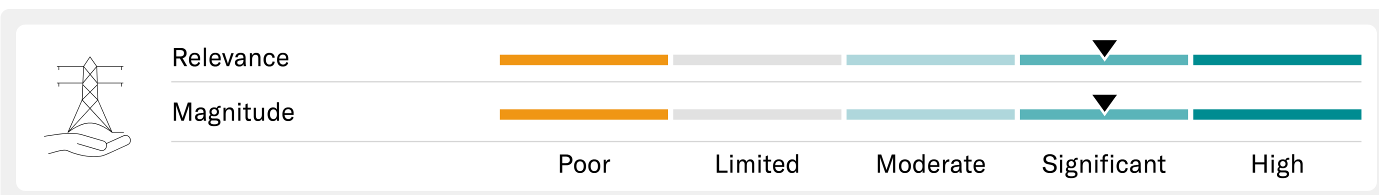
Socioeconomic advancement and empowerment



Investments in eligible projects support socioeconomic advancement and empowerment, which is a highly relevant objective for the issuer, the banking sector, and the regional context. Funding in this category supports loans that promote social inclusion for citizens at risk of exclusion or marginalization, particularly those with physical or mental disabilities. The issuer, as a key participant in the local financial ecosystem, plays a vital role in financing these empowerment initiatives. In Austria, employment rates for individuals with disabilities are significantly lower than those of the general population, with a 33.6% employment gap reported in 2022.[15]. This issue is strategically important in the policy environment, as reflected in the Austrian government's National Action Plan on Disability, which serves as a long-term strategy for implementing the UN Convention on the Rights of Persons with Disabilities (UNCRPD).

Eligible projects are expected to significantly improve socioeconomic advancement and empowerment for the defined vulnerable part of the population. Supporting employment for individuals with disabilities not only fosters equality of opportunity but also strengthens social justice and promotes job creation. Beneficiaries are clearly defined in accordance with Austrian law and comply with the Disabled Persons Employment Act, which requires companies with 25 or more employees to hire at least one person with a registered disability. The support offered ranges from financial benefits and technical working aids to specialized training courses, which are viewed favorably for long-term empowerment. Under the eligibility criteria, loans may be extended to a wide variety of sector agnostic entities, including companies and non-profit organizations, as long as they meet the minimum legal requirement for employing people with disabilities. Because beneficiaries can range from companies that only comply with the minimum threshold to organizations whose core mission is to employ and support people with disabilities, the proportion of disabled employees can differ substantially across recipients which can reduce the degree to which proceeds reach the most vulnerable groups directly.

Access to basic infrastructure



Investments in eligible projects support the enhanced access to basic infrastructure, which is a significantly relevant objective for the issuer, the banking sector, and the regional context. Financing initiatives for infrastructure such as water and wastewater management, fiberglass networks, and public emergency services are important for ensuring access to essential services, albeit to varying degrees. Austria boasts a high-quality water and wastewater system with 96.2% of households connected to treatment facilities,[16] and nearly all drinking water sourced from protected groundwater and springs. However, aging infrastructure faces environmental challenges like heavy rainfall and flooding, necessitating upgrades. Although broadband coverage is widespread, Austria's fixed telecommunications network suffers from limited speed, partially offset by adequate mobile coverage. Its fiber-to-the-premises coverage and average upload and download speeds at 15.5 Mbps and 49.7 Mbps, respectively, fall below the EU-27 average, potentially impeding the adoption of broadband-intensive applications needed for remote work in certain areas. Expanding and maintaining public emergency service infrastructure is essential for civilian protection, especially given heightened physical climate risks. Upgrading such facilities not only strengthens emergency response capacity but also ensures a safe working environment for its personnel.

Eligible projects are expected to significantly improve and maintain access to basic infrastructure for the general population. Public emergency services, such as firefighting, are expected to have significant short- to long-term impacts on vulnerable populations by providing rapid intervention during accidents or emergencies. As these services are public, they are accessible and affordable for all citizens without discrimination. Approximately 90% of Austria's population relies on a centrally managed drinking water supply system, with the remainder using private wells. Public entities such as municipal facilities, district water boards, and cooperatives manage the supply system, ensuring general affordability and accessibility. The high quality of water is maintained through standardized monitoring programs in accordance with Austria's Water Rights Act (Wasserschutzgesetz). Although expanding the fiber network is anticipated to enhance broadband capacity, its social inclusion benefits are less direct due to already comprehensive internet coverage. However, efforts are focused on connecting citizens in areas currently without fiber access as target group to facilitate high-speed broadband applications. While connectivity affordability is not a significant issue, the cost per Mbit/s in Austria is one of the highest in Europe and notably above the EU average.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

VBW exhibits robust ESG risk management by fully integrating it into its overall risk assessment process for lending and project financing. The bank calculates ESG scores for its commercial clients (Corporates, SME, Real Estate), enhancing its ability to identify associated risks and develop mitigation strategies. ESG heat maps, which are the bank's primary tool for assessing ESG risks, evaluate transitory and physical risks, allowing VBW to identify significant risks related to financed activities and implement measures to mitigate potential externalities. At the customer level, ESG risks are structurally assessed during loan applications through internal evaluations of ESG-related factors, primarily using questionnaires. Furthermore, the bank ensures adherence to general ethical business practices through its Code of Conduct, which aligns with the UN Global Compact.

The objectives of the eligible projects are coherent with the bank's overall strategy. The Association of Volksbanks, which includes VBW, aims to achieve greenhouse gas neutrality in its operations by 2030 and to implement a decarbonization strategy for lending activities. VBW targets a minimum of 25% sustainable financing in new customer business and plans to reduce the carbon intensity of its loan portfolio to 23.1 gCO_2 per euro by 2030, consistent with the Association's goals. Additionally, the bank seeks to support key UN Sustainable Development Goals through its general business activities, as outlined in the Framework.

Appendix 1 - Alignment with principles scorecard for VBW's sustainability bond framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Best practices	Best practices
		Definition of content, eligibility and exclusion criteria for nearly all categories	A		
		Location	A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	Yes		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices	
		Coherence of project category objectives with standards for nearly all categories	A		
		BP: Objectives are defined, relevant and coherent for all categories	Yes		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Best practices	
		Measurability of expected benefits for nearly all categories	A		
		BP: Relevant benefits are identified for all categories	Yes		
		BP: Benefits are measurable for all categories	Yes		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Best practices	Best practices
		Disclosure of the process	A		
		Transparency of the environmental and social risk mitigation process	A		
		BP: Monitoring of continued project compliance	Yes		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices	Best practices
		Periodic adjustment of proceeds to match allocations	A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A		
		BP: Disclosure of the proceeds management process	Yes		
		BP: Allocation period is 24 months or less	Yes		
Reporting	Reporting transparency	Reporting frequency	A	Best practices	Best practices
		Reporting duration	A		
		Report disclosure	A		
		Reporting exhaustivity	A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes		
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes		
		BP: Disclosure of reporting methodology and calculation assumptions	Yes		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes		
		BP: Independent impact assessment on environmental and social benefits	Yes		
				Overall alignment with principles score:	**Best practices**

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The ten eligible categories included in VBW's framework are likely to contribute to nine of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 3: Good Health and Well-being	*Access to essential services,* *Access to basic infrastructure*	3.8: Achieve universal health coverage with access to quality and affordable essential health-care services and medicines for all
GOAL 4: Quality Education	*Access to essential services,* *Access to basic infrastructure*	4.A: Build and upgrade education facilities that provide safe and effective learning environments for all
GOAL 7: Affordable and Clean Energy	*Renewable Energy*	7.2: Increase substantially the share of renewable energy in the global energy mix
GOAL 9: Industry, Innovation and Infrastructure	*Renewable Energy* *Energy Efficiency*	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 10: Reduced Inequality	*Socioeconomic advancement & empowerment*	10.2: Empower and promote the social, economic and political inclusion of all
GOAL 11: Sustainable Cities and Communities	*Affordable Housing*	11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
	Clean Transportation	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
	Access to basic infrastructure	11.5: Reduce deaths, people affected and economic losses caused by disasters, particularly for people in vulnerable situations
	Green Buildings	11.6: Reduce the adverse per capita environmental impact of cities, with special attention to air quality and waste management
GOAL 12: Responsible Consumption and Production	*Circular Economy*	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse
GOAL 13: Climate Action	*Green Buildings* *Renewable Energy* *Energy Efficiency*	
GOAL 15: Life on Land	*Sustainable Agriculture*	15.1: Ensure the conservation and sustainable use of terrestrial and inland freshwater ecosystems and their services

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in VBW's framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Green Buildings	Finance or refinance Eligible Green Loans or investments in green assets or projects related to the construction, acquisition and ownership or renovation of buildings in the commercial and retail real estate sector, that fulfill at least one of the following criteria: - Buildings that have a recognized certification (at least applied or pre-certified) with a minimum certification level of LEED Gold, BREEAM Excellent, DGNB/ ÖGNI Gold or klimaaktiv Silver; - Buildings built after the 31st of December 2020 having a primary energy demand (PED) that is at least 10% lower than the threshold set for nearly zero-energy buildings (NZEB) requirements in national measures; - Buildings built before the 31st of December 2020 demonstrating an EPC Class A or alternatively belonging to the top 15% of low-carbon buildings at a national level; - Refurbishments leading to the reduction of primary energy demand or carbon emissions of at least 30% in comparison with the performance of the building before the renovation; - Refurbishments which comply with the applicable requirements for major renovations. Finance or refinance Eligible Green Loans related to installation, maintenance or repair of the following equipment and technologies: - Charging stations for electric vehicles in buildings and in parking spaces that are attached to buildings; - Energy efficiency equipment (e.g. energy efficient windows and external doors); - Instruments and devices for measuring, regulation and controlling energy performance of buildings (e.g. zoned thermostats, building automation and control systems, smart meters); - On-site renewable energy technologies (e.g. solar photovoltaic and hot water systems, wind turbines, ground-source and air-source heat pumps).	Climate change mitigation	- Estimated annual energy savings (MWh) - Estimated annual reduced and/ or avoided GHG emissions (tCO_2e)
Renewable Energy	Finance or refinance Eligible Green Loans and/ or investments to equipment, development, manufacturing, construction, operation, distribution, storage and maintenance of renewable energy projects (power generation, cogeneration of heat/cool and production of heating/cool) and related infrastructure such as: - Wind power; - Solar energy; - Hydropower: Run-of-river without artificial reservoir or low storage capacity; - Generation of bioenergy from anaerobic digestion or (co-) generation of heat/cool and/or power from agricultural and forestry residues, sewage sludge and biowaste; - Geothermal energy with emissions <100gCO_2/kWh according to GHG lifecycle assessment; - Renewable Energy storage facilities including pumped hydropower and battery energy storage systems (BESS); - Green hydrogen storage facilities.	Climate change mitigation	- Expected annual renewable energy generation (MWh) - Estimated annual GHG emission avoided (tCO_2e)

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Circular Economy	Finance or refinance Eligible Green Loans for products and production activities that increase resource efficiency. These activities may include: - Projects that extend the product life cycle, such as product reuse, repair or product refurbishment and regeneration, integration of modular design or design for disassembly and incorporating take-back schemes or reverse logistics; - Development, operation and upgrade of recycling plants and recycling activities and/or waste sorting plants and waste sorting activities such as for metals, plastic and paper; - Development, operation and upgrade of waste collection plants where the separate collection and transport of non-hazardous waste occur in single or comingled fractions aimed at preparing for reuse or recycling (including Reverse Vending machines).	Climate change mitigation	- Number of circular economy projects - Prevented, reused or recycled waste (t) - Collected or sorted waste for the purpose of recycling (t)
Clean Transportation	Finance or refinance Eligible Green Loans for manufacturing, acquisition, and modernization of zero direct emission vehicles (including public transportation and freight vehicles) as well as related infrastructure (e.g., charging stations for electric vehicles; bicycle paths) and key components.	Climate change mitigation	- Estimated annual GHG emission avoided (tCO_2e) - Number of clean vehicles deployed - Number of EV charging station units installed
Energy Efficiency	Finance or refinance Eligible Green Loans related to the development, installation and implementation of products or technology that reduce the expected energy consumption (electricity, heat and other operating resources) by at least 30%. Examples include, but are not limited to: - Projects and Investments improving the energy efficiency of production and operational processes; - Replacement of outdated production machinery and manufacturing equipment.	Climate change mitigation	- Estimated annual energy savings (MWh) - Estimated annual reduced and/ or avoided GHG emissions (tCO_2e)
Sustainable Agriculture	Finance or refinance Eligible Green Loans for environmentally sustainable management of living natural resources and land use including: - Environmentally sustainable agriculture: Certified agricultural practices under sustainable certification schemes, such as EU Organic and/ or equivalent national certification schemes (at least applied or pre-certified).	Protection and restoration of biodiversity and ecosystems	- Type of organic certification scheme - Number of loans

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Access to essential services	Finance or refinance Eligible Social Loans to provide access to essential services, including: - Construction, renovation, expansion, equipment purchase, or maintenance of health care facilities for provision of free or subsidized health care services. For example: hospitals, medical centers and doctor's offices, diagnostic and other laboratory services, rehabilitation centers, assisted living, homes for the elderly; - Access to public and publicly subsidized educational services (e.g., for the youth, unemployed and elderly) as well as investments that support childhood development (e.g. Kindergartens) through the provision of loans for construction/ upgrading of facilities and/ or equipment.	Enhancement of access to essential services	- Number of medical or education facilities built or upgraded - Number of patients reached with improved healthcare - Number of students/ pupils/ teachers benefiting from improved education
Affordable Housing	Finance or refinance Eligible Social Loans for the construction, renovation or maintenance of social and affordable housing through co-operative housing associations, building societies, non-profit organizations and public utility housing enterprises, with the aim of providing suitable homes for individuals and families.	Enhancement of access to affordable housing	- Number of affordable buildings constructed or renovated - m2 of affordable living space constructed or renovated
Socioeconomic advancement & empowerment	Finance or refinance Eligible Social Loans to provide social inclusion for persons who might otherwise be excluded or marginalized, such as those with physical or mental disabilities. Examples of financing in this category include non-profit cooperations that employ disabled people, infrastructure for disabled people, etc.	Supporting socioeconomic empowerment and advancement	- Number of disabled people employed - Number of disabled people benefitting from products or services - Number of projects
Access to basic infrastructure	Finance or refinance Eligible Social Loans to provide access to basic infrastructure, including: - Fiberglass expansion services for inclusive connectivity; - Construction, operation, maintenance and retrofitting of public emergency services related to fire, including firefighting services, fire stations and related infrastructure, and/or floodings, including infrastructure to mitigate the effects of floodings and restoration of infrastructure damaged during floodings; - Construction, renovation and extension of infrastructure in relation to public water collection, treatment and distribution, wastewater collection and treatment, and/or sewerage infrastructure.	Enhancement of access to basic infrastructure	- Number of persons/ households provided with fast internet access through fiberglass expansion - Number of persons/ households provided with adequate public emergency infrastructure - Number of persons/ households provided with water or wastewater infrastructure - Number of basic infrastructure projects built or upgraded

Endnotes

1 Point-in-time assessment is applicable only on date of assignment or update.
2 European Environment Agency, Greenhouse gas emissions intensity of electricity generation in Europe, 06 November 2025
3 United Nations Environment Programme, Global Waste Management Outlook 2024, February 2024
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10 OECD, Health at a glance 2017, 2017
11 World Health Organization, Global Health Expenditure Database, accessed 22 January 2026
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14 Statistics Austria – 2024, Microcensus, Austria: The State of Housing in Europe - 2025, accessed 22 January 2026
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REPORT NUMBER 1470672