

# DISCLOSURE

## pursuant to section 65a BWG

(Austrian Banking Act)

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Pursuant to section 65a BWG (Austrian Banking Act), the bank must explain on its website in which way it observes the provisions of sections 5 (1) (6) to (9a), 28a (5) (1) to (5), 29, 39b, 39c, 64 (1) (18) and (19) BWG and of the annex to section 39b BWG.

Implementing this obligation, VOLKSBANK WIEN AG makes its bank-specific internal measures regarding observance of the Corporate Governance provisions and its remuneration provisions publicly accessible by providing the following fundamental information:

### **1. Information on compliance with section 5 (1) (6) to (9a) BWG and section 28a (3) and (5) BWG (Fit & Proper)**

The provisions of section 5 (1) (6) to (9a) BWG stipulate a catalogue of requirements to be met by managers, those of section 28a (3) BWG by chairpersons of Supervisory Boards and those of section 28a (5) BWG by all members of Supervisory Boards. In addition to criteria relating to personal reliability and sufficient time availability, the professional suitability and experience required for the respective function are stipulated as well.

With the "Guidelines on the assessment of the suitability of members of the management body and key function holders" (EBA/GL/2017/12, "Fit & Proper Guidelines") – published for the first time by the European Banking Authority ("EBA") on 22 November 2011 and updated continuously – uniform minimum requirements for the assessment of the personal reliability, professional suitability and experience of persons in management and control functions (managing directors, Supervisory Board members and employees in so-called "key functions") in credit institutions, financial holding companies and mixed financial holding companies were also defined throughout Europe.

To ensure compliance with these and other relevant legal requirements, VOLKSBANK WIEN AG has issued a "Fit & Proper Policy". The policy regulates the responsibility for the implementation as well as the course of the process for individual and collective suitability assessment.

Furthermore, it regulates in detail the succession process and strategic succession planning.

Thus, before each appointment or reappointment of a member of the management, the Supervisory Board or a holder of key functions, their professional suitability as well as personal reliability and, in the case of Supervisory Board members, also their independence must be checked and documented on the basis of the legal requirements. Furthermore, appropriate re-evaluations of individual and collective suitability must be carried out regularly and on an ad hoc basis. The decision is based on the information and documents to be submitted by the person nominated, such as a curriculum vitae, an extract from the criminal record, evidence of education and training, if applicable, as well as information on time availability and potential conflicts of interest.

If the professional suitability and personal reliability meet the defined criteria and the legal requirements, a positive overall assessment ("fit & proper") is made. In accordance with the statutory provisions, the Financial Market Authority is notified accordingly of the appointment of members of the management and the Supervisory Board as well as of changes in suitability.

## 2. Information on the implementation of the provisions on the Nomination Committee (section 29 BWG)

VOLKSBANK WIEN AG has set up a Nomination Committee to meet the requirements of section 29 BWG. The latter is responsible for submitting appropriate proposals for filling vacancies on the Managing Board or the Supervisory Board. Furthermore, it must support the Supervisory Board in preparing proposals to the annual general meeting for filling vacancies on the Supervisory Board. Another task of the Nomination Committee is the annual re-evaluation of the individual members of the Managing Board and Supervisory Board as well as the respective body as a whole in accordance with the Fit & Proper requirements. The Equality of Women and Men on Supervisory Boards Act (GFMA-G), which came into force on 1 January 2018, is complied with.

## 3. Information on the implementation of the provisions on the principles of remuneration policies and practices (section 39b BWG and annex to section 39b BWG)

The General Directive "Remuneration Policy" complies with the regulatory requirements of the Capital Requirements Directive (CRD IV) of 26 June 2013. The remuneration policy of VOLKSBANK WIEN AG and the Association of Volksbanks is based in particular on the following legal framework:

Source	Description
BCBS	Corporate Governance Principles for Banks
BWG	BWG (Austrian Banking Act), sections 33, 39 (2), 39b and 39c, including annex to section 39b (implementation of CRD IV)
CRD IV	EU Directive (2013/36/EU, 26 June 2013)
CRD V	Regulation 2019/878, 20 May 2019
CRR I	Regulation 575/2013, 26 June 2013
CRR II	Regulation 2019/876/EU, 20 May 2019
EBA GL 2021/04	EBA Guidelines (GL) "on sound remuneration policies"
EBA/GL/2016/06	EBA Guideline "on remuneration policies and practices related to the sale and provision of retail banking products and services" (EBA/GL/2016/06)
EBA/GL/2021/05	EBA Guideline on internal governance under Directive 2013/36/EU
EBA/GL/2022/06	EBA Guideline on the comparison of remuneration practices, of the gender pay gap and the approved higher maximum ratios under Directive 2013/36/EU
EBA/REP/2020/20	EBA report (REP) on benchmarking of remuneration practices at the EU level (2017 and 2018 data) and data on high earners (2018 data)
FMA RS 05/2022	FMA (Austrian Financial Market Authority) circular (RS) on sections 39 (2), 39b und 39c BWG – principles on remuneration directives and remuneration practices 15 June 2022
FMA RS	FMA circular on conflict of interest issues in certain remuneration schemes based on ESMA Guideline "Remuneration policies and procedures (MiFID)" (ESMA/2013/606)
FSB	Principles for Sound Compensation Practices, September 2009
FSB	Supplementary Guidance to the FSB Principles and Standards on Sound Compensation Practices – The use of compensation tools to address misconduct risk, 9 March 2018
EBA/RTS/2020/05	EBA RTS on identified staff
ECB	Guide on climate-related and environmental risks, May 2020
FMA/01/2020	Guideline for dealing with sustainability risks, 02 July 2020
EBA/GL/2020/06	Guideline for lending and monitoring, 29 May 2020
WAG 2018	Wertpapieraufsichtsgesetz 2018 (Securities Supervision Act)

### Governance of remuneration policy

The governance of the remuneration policy of VOLKSBANK WIEN AG ensures both clarity and reliability of remuneration, avoidance of conflicts of interest and appropriate disclosure in full compliance with the general principles laid down by the regulatory authorities.

Remuneration management in the context of HR management is carried out vis-à-vis employees by the management or the Managing Board in consultation with the Remuneration Committee, or vis-à-vis the management or Managing Board by the Supervisory Board. A review of the implementation of the principles is carried out annually by the Remuneration Committee. The principles of the remuneration policy of VOLKSBANK WIEN AG contain detailed regulations concerning the general remuneration policy and the determination of fixed and variable remuneration components as appropriate.

## Principles of the remuneration policy of VOLKSBANK WIEN AG

- The remuneration policy is consistent with sound and effective risk management, it is in line with the business strategy and does not encourage risk-taking beyond what is tolerated by the credit institution.
- The remuneration policy includes precautions to avoid conflicts of interest, in particular with regard to the employees responsible for assessing creditworthiness in relation to mortgage and real estate loans in accordance with the Mortgage and Real Estate Credit Act (HIMrG).
- No incentives are created that lead relevant employees to put their own interests and the interests of the bank above the interests of consumers in the sale and provision of retail banking products and services.
- No incentives are created to take on excessively high risks, including sustainability risks.
- The Remuneration Committee of VOLKSBANK WIEN AG approves the general principles of the remuneration policy, reviews them regularly and is responsible for their implementation.
- A review is conducted at least annually to determine whether the remuneration practices have been implemented in accordance with the remuneration policy established by the Remuneration Committee.
- Employees holding control functions are independent of the business units they control, have sufficient authority and are remunerated in accordance with the achievement of the objectives associated with their duties, irrespective of the business units they control.
- The remuneration of senior management in Risk Control, Compliance and Internal Audit is reviewed directly by the Remuneration Committee.
- Payments related to early termination of a contract reflect long-term success and are designed to avoid rewarding failure.

Variable remuneration is limited to the models defined in the remuneration policy of the Association of Volksbanks. In 2022, a cost-of-living bonus was paid as variable remuneration.

## Features of the remuneration system

A guiding principle of the VOLKSBANK WIEN AG remuneration system is that the fixed remuneration is in line with the external market (competitors in the banking and financial services sector on the Austrian labour market). Criteria for assessing market conformity are the function, professional and personal qualifications, (relevant) experience and also the results of internal comparisons in salary studies. In these comparisons, the fixed remuneration of employees must be aligned with the market median including the variable salary components of the salary studies.

The fulfilment of this approach is verified by remuneration benchmarks which are carried out on a regular basis.

Furthermore, to qualify as fixed remuneration, the remuneration must meet the following requirements:

- set in advance;
- objective reflecting the extent of the employee's professional experience and length of service;
- transparent for the employees;
- permanent over a period for the specific function and responsibility;
- not revocable, only with collective bargaining or renegotiation in line with national salary adjustment criteria;
- payments cannot be reduced, suspended or cancelled;
- not performance-related

The salary structure of the employees mainly consists of the following elements:

- salary in accordance with the collective bargaining agreement
- fixed/consumable allowances of guaranteed value
- overtime flat rates/all-in agreements

The non-financial incentives serve to support the achievement of sustainable aspects and of long-term value creation.

#### **4. Information on the implementation of the provisions on the Remuneration Committee (section 39c BWG)**

In order to meet the requirements of section 39c BWG, VOLKSBANK WIEN AG has set up a Remuneration Committee and delegated to it the powers of the Supervisory Board to make decisions.

The tasks of the Remuneration Committee include the approval, monitoring and implementation of the remuneration policy, remuneration practices and remuneration-related incentive structures, in each case in connection with the management, monitoring and limitation of risks in accordance with section 39 (2b) (1) – (10) BWG, and available own funds and liquidity, whereby the long-term interests of shareholders, investors and employees of VOLKSBANK WIEN AG must also be taken into account. The Remuneration Committee has decision-making authority within its assigned area of competence.

The Remuneration Committee meets at least once a year.

#### **5. Information on the provisions of section 64 (1) (18) and (19) BWG**

The items listed in section 64 (1) (18) and (19) BWG are disclosed in the notes to the annual financial statements of VOLKSBANK WIEN AG to the extent required.