FROM A REGIONAL COOPERATIVE BANK TO A SUSTAINABLE PLAYER

11. February 2026

Sustainable Development Goals

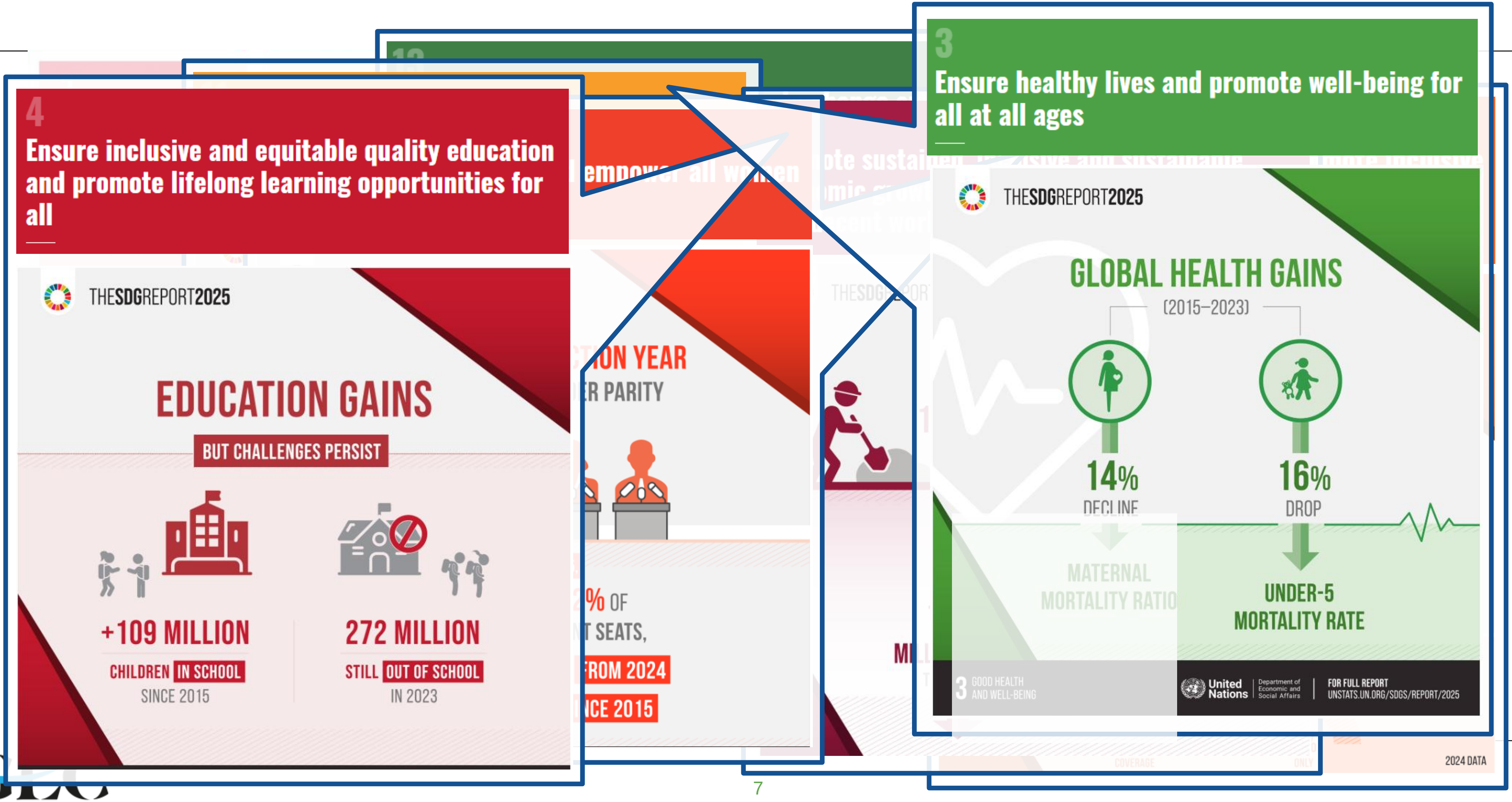
Volksbanken Verbund - Sustainability Report 2018

Volksbanken Verbund - Sustainability Report 2019

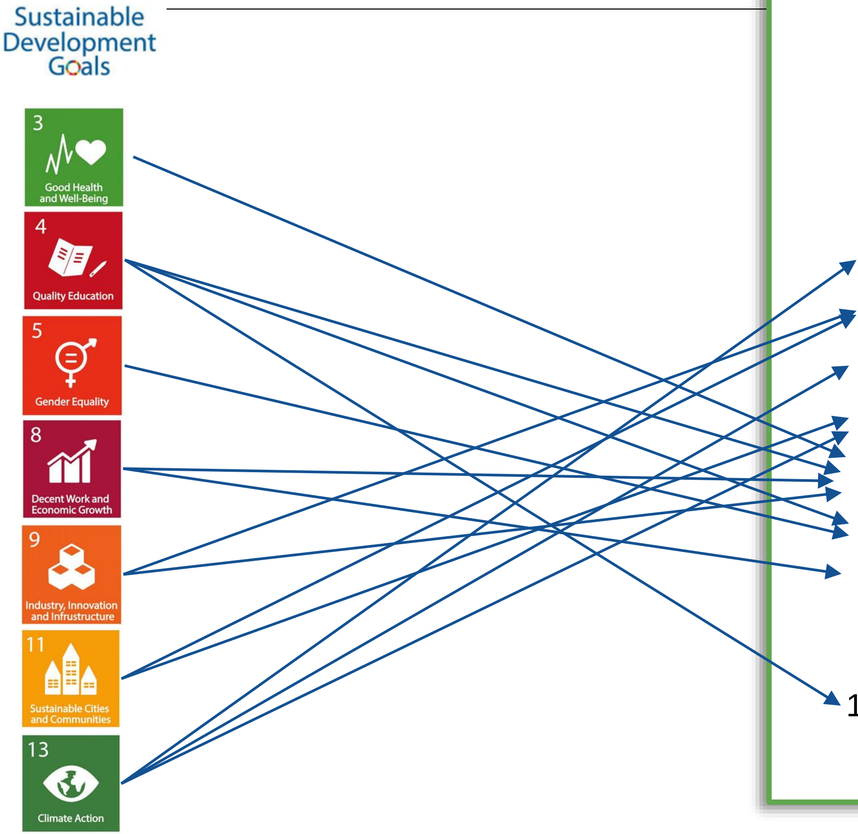
Volksbanken Verbund - Sustainability Report 2020

Volksbanken Verbund - Sustainability Report 2021

Volksbanken Verbund - Sustainability Report 2022



Derivation of Volksbanks Sustainability Goals



10 Volksbank Sustainability Goals

1 – Sustainability **Rating**

2 – Including ESG criteria in the **credit process**

3 – Increase the share of **ESG-Products**

4 – **Decarbonisation** of operations

5 – **Biodiversity** strategy

6 – Employee and customer **satisfaction**

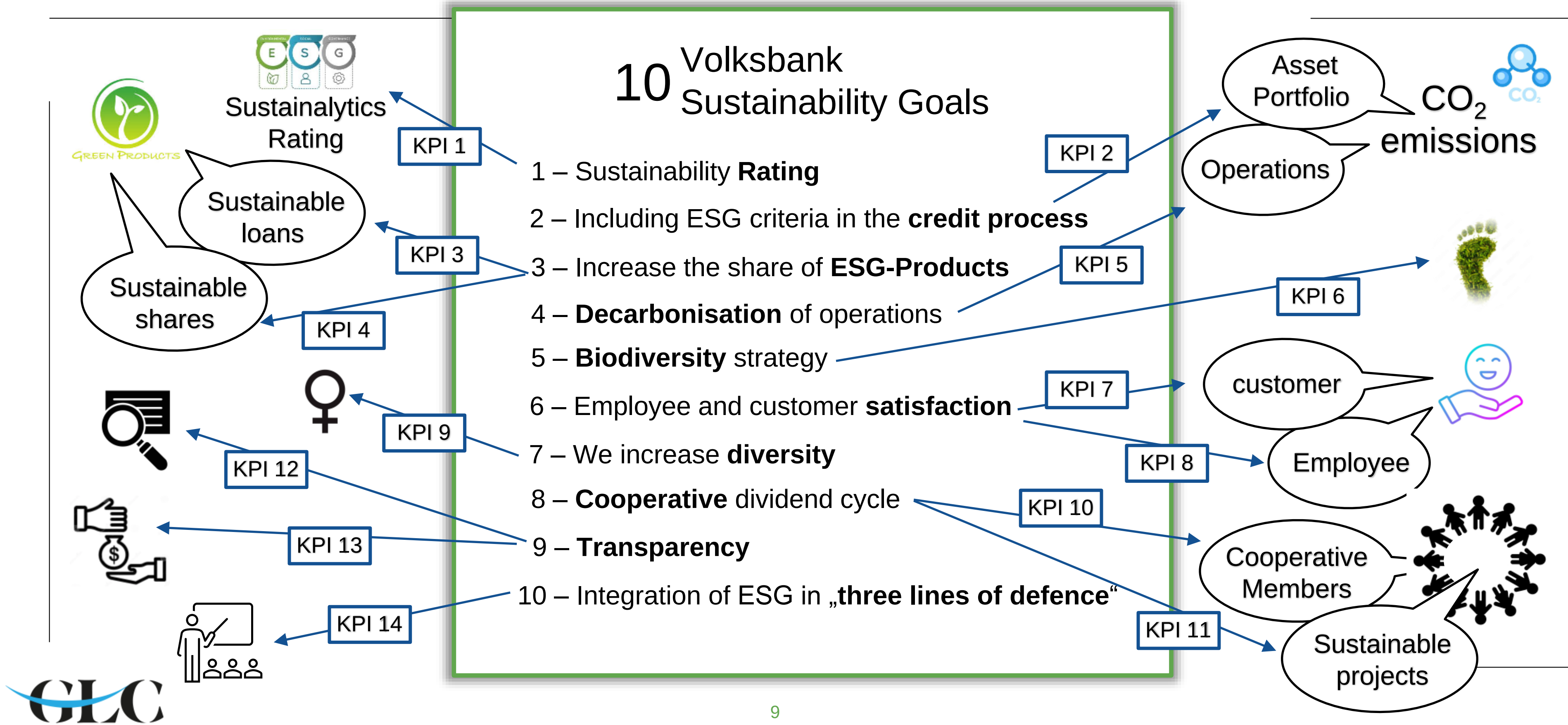
7 – We increase **diversity**

8 – **Cooperative** dividend cycle

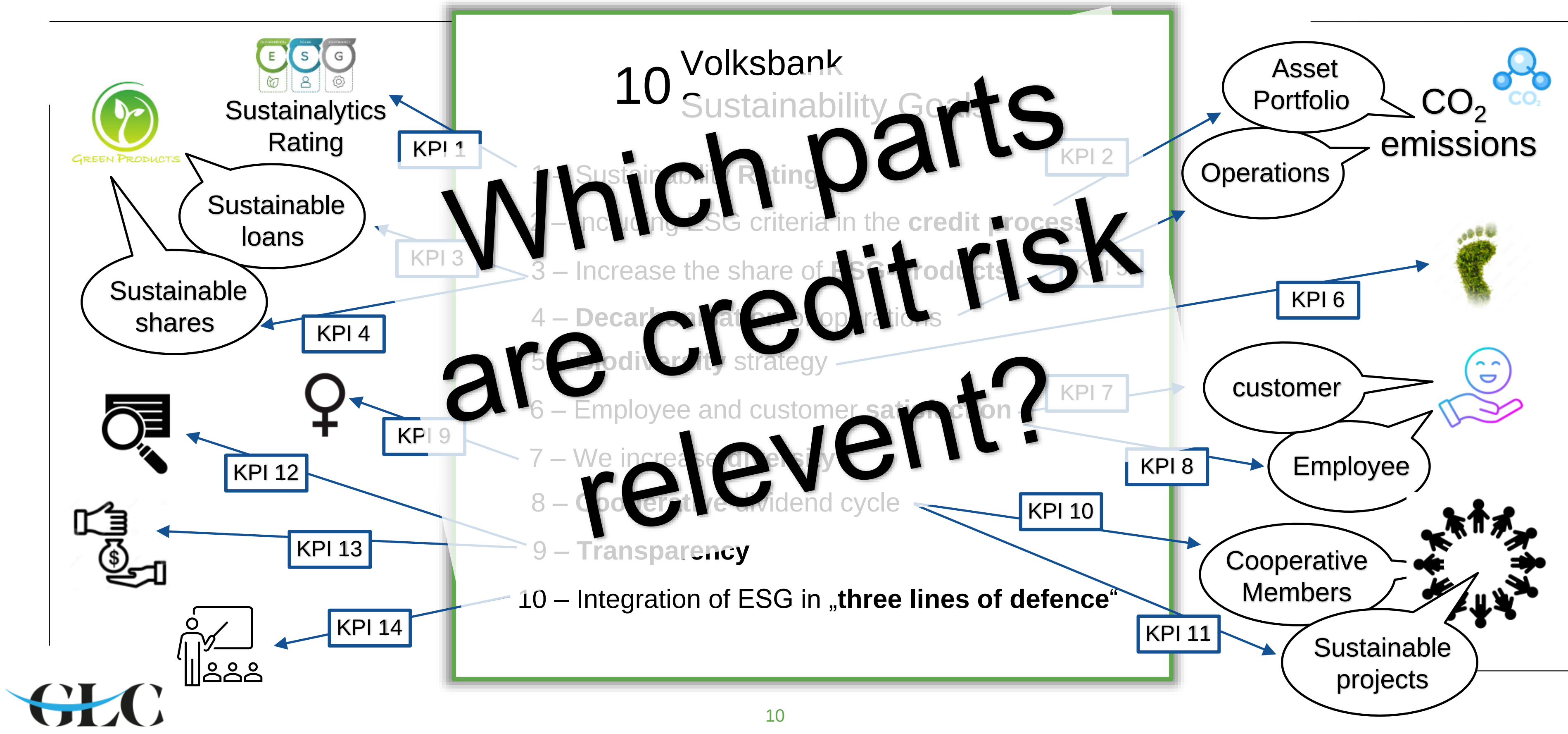
9 – **Transparency**

10 – Integration of ESG in „**three lines of defence**“

Consequent allocation of ESG KPIs



Consequent allocation of ESG KPIs



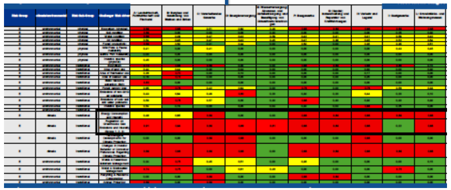
Risk and Opportunity in the Credit Process

Chance

loan application → sustainablity check → Retail / Corporate (GREEN PRODUCTS) → loan offer - ESG relief

Risk

ESG Heatmap



→ **ESG Score** → **Credit Rating** + ESG statement

……….level of complexity

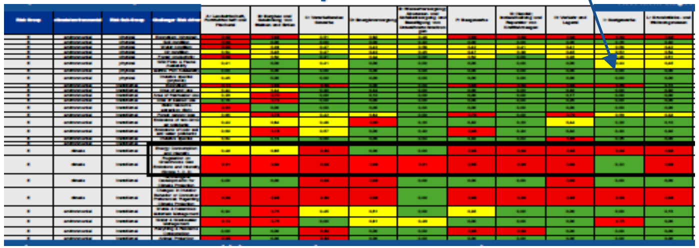
ESG Heatmap

Expert judgement: 0…no impact
1…manageable impact
2…costly impact
3…critical impact

SDGs → 17 risk scenarios → impact on risktypes →ESG-Heatmap-Score

Covers the concernment of a customer

ESG Heatmap



Evaluation of ESG-Heatmap once a year as part of the risk assesment

Heatmap horizont - 5 to 10 years

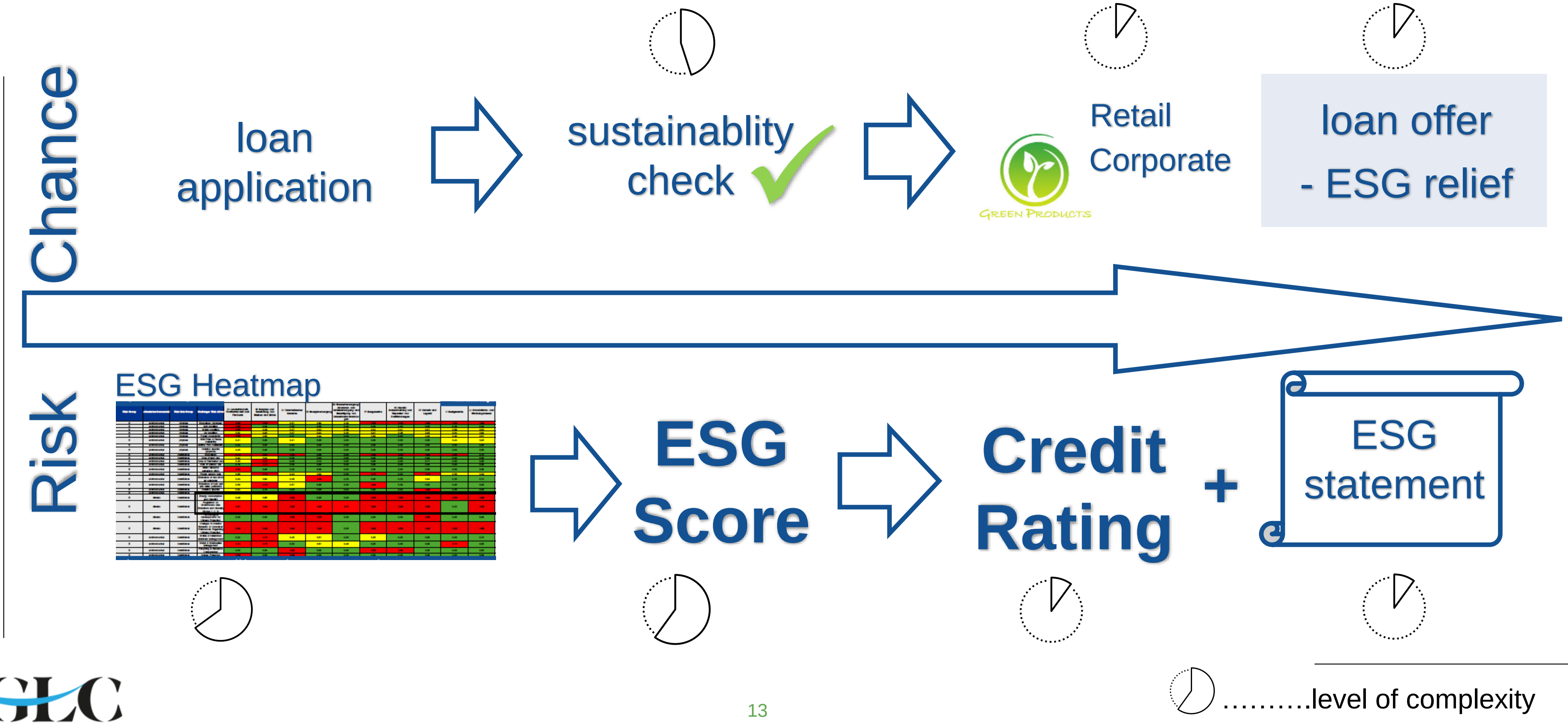
Announcement

Integration of Scenarios with high emissions

Integration of regional aspects

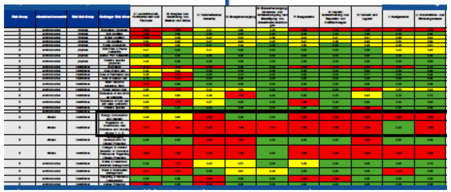
Impactevaluation on customer level

Risk and Opportunity in the Credit Process



ESG Score as a structural evaluation instrument

ESG Heatmap



(concernment)

25% weight

ESG Score

75% weight

ESG Questionaire

consciousness

Announcement

Increase quantitative impact

75% cover of relevant customers

Focus Industries

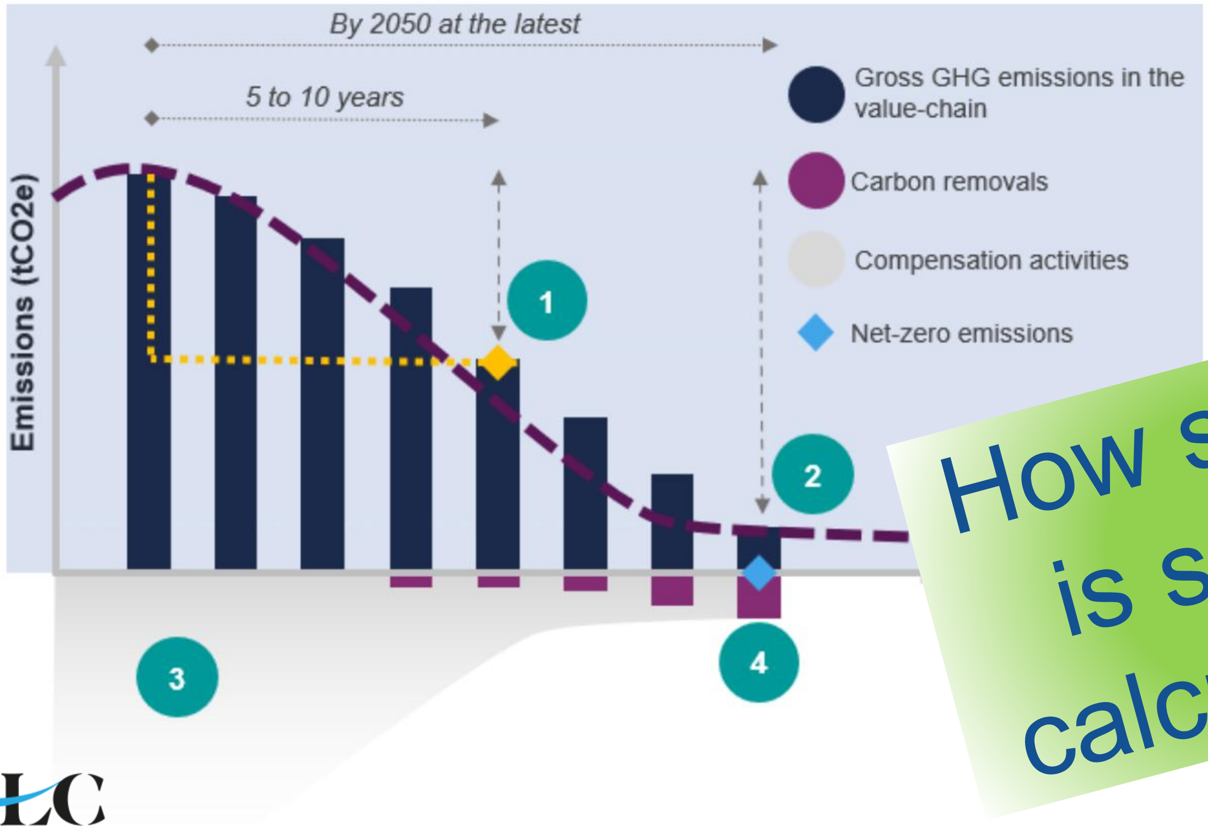
- manufacturing industry
- fossil fuel supply
- waste management
- transport industry
- agriculture

- High carbon intensity
- High energy consumption
- Acute physical risks for real estates
- Cronical physical risks for cable cars

Calculation of THG Emission amoung peers

BANK	PCAF Mitglied	in tCO2e/EUR Mio. Scope (1,2)	Scope (1,2,3)	Abdeckung in %*)	Daten-qualität	Scope 1, 2 Emissionsintensität (in tCO2e/EUR Mio.) pro PCAF Assetklasse: Business Loans	Listed Exposure	Mortgages	CRE	Project Finance	KFZ-Kredite	Sovereigns
VOLKSBANK		39		100%	k.A.	53		22	37	44		
ERSTE GROUP	✓	81	153	51%	3,9	152		44	23	151		
BAWAG	✓	93		55%	4,1	97	332	27	46		139	271
RBI	✓	153	590	29%	3,6	169	158			Immo: 24,5; Strom: 435,7		
RLB OÖ	✓	123	292	66%	4,0	123						
RLB NÖ-Wien	✓	54		67%	3,9*	84	23	14	21	71		
RLB STMK												
HYPO NÖ												
HYPO TIROL												
HYPO OÖ	✓	37	93	78%	4,6	87	4	17	15	10	83	223
HYPO V	✓											
OBERBANK	✓		406	61%	3,6							
BKS	✓	105	358	54%	4,5	100		18		34	Kredite: 154 Leasing: 451	227
BTV		50	292	64%	4,0	69	17	11	21			210

Decarbonisationplan for a very long forecast



1 near term SBT
So far planning of 5 years is „long term“

2 long term SBT
Till 2050 nobody really knows how the world will change. But this would be an … input for a

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… part

How serious is such a calculation?

7 Reasons why ESG Integration in Credit Risk Modelling Is not yet optimal but an emerging field

1.Inconsistent and fragmented **ESG Data**	ESG **data quality** varies widely by provider, industry, and region. Companies report different metrics using different standards, making it hard to build reliable, comparable risk models.
2.Lack of **Historical Time Series**	Many ESG indicators have only been **systematically recorded in recent years**. Without long time series, it is difficult to statistically prove correlations between ESG variables and credit risk outcomes such as default probabilities.
3.Low **Standardization** in Methodologies	There is **no universally accepted method** for translating ESG scores into quantitative risk parameters.
4.Difficulty Isolating ESG Impact from **Other Risk Drivers**	**ESG risks often overlap** with traditional financial, operational, or market risks. Separating the specific impact of ESG on creditworthiness is analytically complex.

GLC

7 Reasons why ESG Integration in Credit Risk Modelling Is not yet optimal but an emerging field

5.Forward-Looking Nature of ESG Risks

ESG risks—especially climate transition risks—are **long-term and scenario-dependent**. Traditional credit models are typically backward-looking and not designed for forecasting structural shifts.

6.Regulatory Ambiguity and Evolving Requirements

Regulations (e.g., CSRD, EU Taxonomy, EBA guidelines) are **still evolving**. Banks face uncertainty on what is mandatory, what is expected, and how regulators will judge their ESG-risk methodologies.

7.Limited Internal Expertise and Integration Across Departments

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ESG knowledge is often concentrated in **sustainability teams**, while risk modelling teams may lack deep ESG expertise. As a result, integration into credit models remains siloed rather than fully embedded into core risk processes.

The future of Credit Risk is ESG Risk