Disclosure in Accordance with Part 8 of Regulation (EU)

No. 575/2013 (CRR) as of 31st December 2022

of Western Union International Bank GmbH

Table of Contents

About this document

In accordance with Part 8 of Regulation (EU) No. 575/2013 (Capital Requirements Regulation – CRR), institutions within the meaning of Art. 4 (3) CRR are required to fulfil increased information duties in relation to their organisational structure, their risk management and their risk capital situation within the scope of their external reporting.

With Part 8 of the CRR, the third pillar of Basel II ("Market Discipline") was implemented in Europe. The CRR applies directly and uniformly in all Member States of the European Economic Area (EEA) as an EU Regulation and requires no implementation in national law. In addition to Part 8 of the CRR, all implementing regulations of the European Commission and guidelines of the European Banking Authority (EBA) have been taken into consideration in the preparation of this document.

The revised version of the Credit Requirements Regulation (CRR 2) is applicable for the first time as of 28 June 2021. The revised version of the Credit Requirements Directive (CRD 5) has been implemented in national law in May 2021.

With this disclosure statement, Western Union International Bank GmbH complies with these regulatory information requirements at the consolidated level of the credit institution group. This Disclosure is available on the website www.westernunionbank.com. Unless stated otherwise, all data refer to 31 December 2022 and to the credit institution group of Western Union International Bank GmbH.

The structure of this document follows the structure from Part 8 of the CRR. As Western Union International Bank GmbH is an "other institute" according to CRR, the disclosure follows the requirements under Art. 433c CRR. Additionally, the requirements of the implementing technical standards published by EBA and issued as an implementing regulation of the European Commission have been considered (Commission Implementing Regulation (EU) 2022/631).

1. General information about Western Union International Bank GmbH

Western Union International Bank GmbH (***WUIB***), with its registered office in Vienna and its business address at The Icon Vienna (Turm 24), Wiedner Gürtel 13, 1100 Vienna, registered with the commercial register under no. 256184 t, was founded in 2004 and is a wholly-owned indirect subsidiary of The Western Union Company, which is listed on the New York Stock Exchange (NYSE: WU) and is the leading service provider for money transfer globally.

WUIB engages in the following business areas:

<u>Money transfer business (private and corporate clients)</u>:

WUIB engages in the money transfer business through an agent in Austria as well as through an Internet platform (www.westernunion.com) in all countries in the European Economic Area, except for Greece and additionally including Switzerland and UK.

At present, WUIB offers the following Money Transfer products:

- Online money transfer: This product version allows the sender to send funds from a credit card and/or from an online (bank) account via an Internet platform of Western Union (www.westernunion.com) or via the online banking platform of specific banks. The sender specifies the recipient and the country in which the money transfer shall be disbursed. The disbursement takes place in cash to the recipient. Alternatively, the disbursement can be made to a (bank) account. Additionally, WUIB offers the so-called Account Pay-out Network service (APN), which allows consumers to send money to bank accounts, to bank cards or to a mobile wallet.

- Money transfer for corporate clients (QuickPay/QuickCash): The first money transfer product version in the corporate client area (QuickPay) enables private individuals to pay amounts directly to a company, which is in a contractual relationship with WUIB, for the payment of invoices. The processing takes place by the private individual handing over the amount to a Western Union agent, which subsequently transfers the amount to the corporate client. The second money transfer product version in the corporate client area (QuickCash) enables corporate clients to send monetary amounts worldwide swiftly via the Western Union money transfer system to private individuals (for example, as "Emergency Cash"). The recipient may collect the money transfer from a Western Union agent. The corporate client subsequently transfers the owed monetary amounts to WUIB.

Consumer Banking:

As part of Western Union's and WUIB's future strategy to enhance its consumer banking offering, WUIB has launched a consumer banking product called Western Union Digital Banking (WUDB), which is a digital bank account and combines elements of money transfer, currency management, payments and stored value. WUIB aims to create a Consumer Ecosystem that supports customers through multiple needs. By delivering this capability, customers shift from an infrequent transactional relationship to a deeper account-based relationship that extends beyond cross-border money transfer. The underlying strategy of the WUDB account is to increase financial inclusion and improve the financial lives and general well-being of our customers, through a consumer ecosystem that supports their needs.

The foundation of the consumer ecosystem is the WUDB account with multicurrency capabilities, creating a direct relationship of senders and receivers. Additional features and financial services will be added as the product evolves.

Western Union Business Solution (WUBS):

Foreign currency solutions for corporate clients WUIB offers foreign currency solutions with hedging instruments in the form of FX forwards and FX options for corporate clients in France, Austria, Germany, Belgium, Netherlands, Italy, the Czech Republic, Poland, Slovakia and Spain.

This business division primarily aims at small and medium-sized enterprises (SMEs) and occasionally at other corporates in import and export business with the need for foreign currency payments. For example, if an importer of specific goods must make a payment in foreign currency, he can process the payment service, as well as the required foreign currency transaction (FX spot, for example) via WUIB. Furthermore, if a date of payment is agreed and if there is need for hedging the foreign currency movements, in addition to the payment service, WUIB also offers clients the above-mentioned foreign currency hedging instruments.

On August 4, 2021, The Western Union Company, WUIB's ultimate owner, announced the sale of its global WUBS business division to a consortium called "Convera" consisting of the US based investment funds Goldfinch Partners and the Baupost Group. The WUBS segment of WUIB is subject to this divestment. The closing of the transaction takes place in two steps: at the end of 2022 the WUBS business in UK was transferred and WUBS business in the other European countries is expected to be transferred at the beginning of Q3/2023.

Other business areas: The business activities of WUIB are complemented by banking business activities including deposit, current accounts, cash lodgement and credit business. In this area, loan products with a short tenor respectively trade credit and settlement credit products are covering the need for short-term financing.

2. Risk management objectives and policy (Art. 435 CRR)

2.1. Risk management objectives and policies (Art. 435 (1) letter a CRR)

On the one hand, the risk strategy of WUIB refers to Section 39a BWG [Austrian Banking Act] and on the other hand to the specifics of WUIB (e.g. the business strategy or organisational structure).

Risk management function is responsible for:

- Continuous, independent identification, quantification, monitoring, analysis, management and reporting of the material risks inherent to the WUIB business model, aligned with bank's strategy, geographical presence, products, segments and distribution channels.
- Definition of the bank's risk strategy, risk appetite and appropriate limit system and its integration into the business lines of the bank, ensuring balanced and risk sensitive portfolio and business development
- Ensuring that all first line activities are adequately analyzed and covered with suitable system of internal controls, with special attention paid to comprehensive oversight of WUIB's outsourcing partners
- Provides up to date and wide-ranging information and reports on the risk profile and the position of the bank with mitigating actions in case when risk development deviates from expected

With its risk policy, WUIB follows the general goal of increasing the risk awareness of all employees, in order to identify and assess all banking business risks and banking operational risks at an early stage, control such risks and align thel bank's activities in a risk-oriented manner.

Within the scope of its annual risk identification and materiality assessment process, WUIB defines all banking business and banking operational risks, reviews their applicability with respect to the business model operated by WUIB and analyses their materiality for WUIB within the scope of a risk assessment. Based on the result of this analysis, the management and limitation of risk categories is defined.

The risk management system of WUIB comprises all banking business and banking operational risks. The management of the risks is integrated into the comprehensive procedure of overall bank management in an appropriate manner, by taking account of the various risk types, as follows:

Credit risk:

The credit risk is the risk of a contracting party failing to fulfil its payment obligations at all or on time. The credit risk is addressed by detailed and regular creditworthiness checks (financial statement analysis, assessment of the business models and industries, internal rating etc.). All clients/counterparts are subject to regular credit monitoring, including adherence to approved limits and repayment terms. Additionally, to secure the payment obligations, WUIB accepts bank guarantees, guarantees from corporates and private individuals and cash collateral.

The formal organizational structure of the credit risk management process covers the full lifecycle of a customers' relationship with WUIB; from initial underwriting, through continual monitoring and, in the event of adverse development, ultimate/ potential restructuring or refinancing.

The adoption of the organizational structure allows WUIB to ensure that tasks, competences and responsibilities are defined clearly. Additionally, it ensures that tasks which are incompatible with one another are segregated and performed by different organizational units therefore limiting any potential conflict of interest.

Credit risk management at the Bank is supervised by the Chief Risk Officer (CRO) who holds ultimate responsibility for the overall risk management of the Bank, including defining the credit risk management policy and for setting the framework for credit risk limits. The CRO is independent from the business, having no management or financial responsibility in respect to any operational business lines or revenue-generating functions.

All decisions related to credit matters are made by the appropriate approval authority, as delegated by WUIB Management Board. All decisions on single customer/group of connected customer credit applications prior to their submission to the adequate approval authority must be supported/endorsed by the functional leader of the specific Front Office, reviewed thoroughly and positively recommended by the Credit Underwriting team based on all relevant financial, business and soft facts that are material for the decision making. All cases considered as large exposures are subject to decision by the Bank's Supervisory Board.

All approved credit risk bearing limits/facilities and customers as well as the entire portfolio are subject to continuous and ongoing monitoring by the Credit Monitoring team. WUIB has implemented a robust internal control system in the credit risk area and has an internal audit function, which is dedicated – among others - to the ongoing and comprehensive audit of the credit management framework of WUIB. Additionally, the Regulatory Compliance function monitors the development of the regulatory framework in credit risk area, assessing the relevance of regulatory changes for WUIB, communicating these promptly to the Management Board and the departments concerned, providing the latter with appropriate support during implementation, and checking that they are implemented appropriately.

WUIB exclusively uses cash collateral and bank guarantees for credit risk mitigation according to Pillar I; all banks serving as guarantee providers have an investment grade rating from the rating agency Moody's.

Concentration Risk:

Concentration risk is the risk of losses resulting from inappropriate portfolio-concentrations in a specific area of clients, a group of connected clients, industries, regions or activities conducted. The bank applies the Large Exposure requirements of the CRR and further monitors concentrations to clients and economic sectors.

Market risk:

The market risk comprises the price, foreign exchange (fx) and interest rate risk. Due to WUIB's business model, these risks have low materiality for WUIB:

- WUIB does not have any trading book activities and therefore does not exceed the limits of Art 94 CRR for the application of the relevant exceptions.
- Around foreign currency solutions for corporate clients, the contracted option and forward transactions with customers are secured simultaneously and congruently with a hedging counterparty.
- Risks from the banking book, i.e. interest rate risk, is calculated separately and recorded under Pillar 2, as well as being allocated internal limits/warning limits.

Positions in foreign currency exceeding an internally set threshold are hedged to reduce the exposure to fx risk. WUIB's fx risk and interest rate risk positions are reported to the Management Board of the bank within the monthly Risk Committee Meeting.

Liquidity risk:

The liquidity risk is the risk that WUIB will not be able to fulfil present or future payment obligations completely or not on time due to a lack of corresponding liquidity (available funds). WUIB has established a liquidity risk management process that identify, assess, monitor, and control all sources of liquidity risk and ensures that bank can continue its business even in times of stress.

WUIB's liquidity need is mainly covered by equity capital, customer balances and intragroup cash flow. As a result, WUIB's structural liquidity risk is not considered material. The timely liquidity risk (mismatch in the maturity structure of assets and liabilities) and withdrawal/ retrieval risk have been rated as material for WUIB and have been adequately considered in the bank's ICAAP/ILAAP (including stress testing).

As of December 31, 2022, WUIB's liquidity structure consists mainly of customer sight deposits (including intragroup liabilities) and equity capital of WUIB. Customer liabilities with agreed maturity date and other liabilities play a subordinate role in WUIB's liquidity structure.

The day-to-day operations in liquidity management are executed by Liquidity Management, ensuring sufficient funding for daily business and management of liquidity positions and responsible also for the management of liquidity risk and market risk in the first line of defence. The monitoring and controlling of the liquidity risk (using the liquidity gap report, stress test reports as well as liquidity limits) is done by Risk Steering and Management, who is also responsible to report on the status of the liquidity risk in the ALCO meeting. The ALCO is the respective decision-making committee for all topics with regards to liquidity and refinancing risk. The meeting takes place monthly. Additionally, the monthly status of the liquidity risk is presented in the Risk Committee Meeting as part of the risk report, which covers all material risks. The Supervisory Board is informed about liquidity risk in the quarterly Supervisory Board Meetings.

The risk appetite with regards to the liquidity risk is defined in the risk strategy, the guidelines on liquidity risk and in the Risk Appetite Statement (RAS). The RAS (including current values and warning limits) is calculated and managed by the Risk Steering and Management team and reported monthly to the Management Board as part of the standard Risk Report presented during the Risk Committee Meeting.

The short-term risk appetite is managed through limits and warning limits in line with the term structure of the liquidity gap report (tactical limits), i.e. the counterbalancing capacity reduced by the net capital cash outflow per time bucket. In addition, the risk appetite is considering a long-term perspective (in form of strategic limits), which is based on LCR and NSFR as well as on the minimum reserve, which is kept with central banks.

WUIB has implemented a liquidity contingency plan. This plan describes the strategy for handling liquidity crises and procedures for managing cash flow shortfalls in stress situations. If there is a trigger in the limit monitoring system or there are other indications for a liquidity emergency (e.g deterioration of LCR or NSFR close to the early warning limit or insufficient liquidity to cover short term liabilities), the ALCO decides on the execution of the emergency liquidity plan.

To ensure that WUIB can generate sufficient liquidity even in times of stress WUIB designs and calculates stress scenarios for the liquidity position. These scenarios include market-wide stress, idiosyncratic stress, a combination of both market-wide and idiosyncratic stress, and reverse stress test. The stress scenarios are calculated daily and reported to the ALCO monthly.

Operational risk:

The operational risk is the risk of losses, which are caused by inadequacy or failure of internal systems or procedures, due to human error or external events. WUIB classifies operational risks in categories in accordance with the BCBS (Basel Committee for Banking Supervision) Guidelines.

The operational risk potential is addressed within the scope of regular self-assessments, annual risk assessments, as wells as monitoring of early-warning indicators and through the systematic evaluation of the operational risk events database. The "Incident Reports" contained therein are reports, which are prepared after each operational risk event. The events are classified, inter alia, according to business sector, product, department and the potential implications for the before mentioned categories.

Operational Risk is managed within the operational risk process of the bank, which encompasses:

- risk identification: annual or event-driven
- risk assessment via operational risk incident data collection, scenario analysis or key risk indicators
- treatment of risk and
- monitoring of risk: regular review of the operational risk cycle, of the operational risk instruments and methods and of the mitigation measures.

Various management reports on operational risk are available on a regular basis: monthly operational risk report, critical incident reporting, annual reporting for operational risk and ad-hoc reporting of material incidents.

WUIB has set up an operational risk management framework, which consists of:

- Organisational and governance structure of operational risk, which is fully integrated into the risk governance structure within WUIB. WUIB CRO is responsible for the implementation of the operational risk framework and the operational risk process, which is monitored and supported by the Internal Controls and Operational Risk Committee.
- Policies, procedures and processes used to mitigate identified operational risks ranging from internal loss collection and reporting, key risk indicators and control and risk self-assessments
- Systems used by the bank in identifying, measuring, monitoring, controlling and mitigating operational risk
- Key Operational Risk Performance Indicators, which serve as early warning indicators, i.e. to identify risks before they materialise. The figures are collected on a regular basis and are presented in the Internal Controls and Operational Risk Committee.

Macroeconomic risk:

The macroeconomic risk is defined as the risk of loss, which results from the sensitivity of WUIB's business activity to macroeconomic indicators (e.g. GDP growth, inflation, unemployment, etc.). The biggest risk is a persistent recession, which results in a rise in unemployment and thereby impairs the exposures WUIB has vis-à-vis its clients.

Business risk:

The business risk is the risk of losses from unexpected profit fluctuations, which result from changes to external general conditions with a given business strategy and cannot be compensated with cost reductions. In other words, this is related to uncertainty that Bank will be able to execute stable/planned revenues and/or control its cost base.

Risk of excessive leverage (leverage risk):

The leverage risk means the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

Outsourcing Risk:

Outsourcing risk is the risk of operational losses from outsourced activities, due to deficiencies or mistakes in the context of the choice or the supervision of outsourcing providers or due to deficiencies regarding the replacement of an outsourcing provider or due to deficiencies in the cooperation with an outsourcing provider. Outsourcing risk is part of the category of operational risks. Due to the large number of WUIB´s outsourced activities it is treated as a risk separate from other operational risks. WUIB manages this risk by only using tried and trusted third party partners besides intragroup providers and monitoring their performance through comprehensive service level agreements.

Fraud Risk:

Fraud risk is the risk of operational losses from fraud activities. Fraud risk is part of the category of operational risks. Due to the large number of clients potentially impacted by fraud risk, it is treated as a risk separate from other operational risks. Fraud risk is especially relevant for the consumer banking offering the WUDB account. In this sense, there are two main types of fraud: external and internal fraud. External fraud encompasses fraudulent account creation, account take over, unauthorised card fraud, authorised payment fraud and first-party fraud. Internal fraud may happen against Western Union or against customers.

Compliance and AML Risk:

Compliance risks are risks occurring from failing to fulfil compliance regulations in full and WUIB is exposed to these risks due to its activities. Money laundering and financing of terrorism risks are the risk of customers using WUIB's services for money laundering or financing of terrorism or of WUIB failing to comply with anti-money laundering and combating financing of terrorism regulations. WUIB's products may be target of financial crimes. In particular, the money transfer business includes a natural risk of money laundering resulting due to the cash nature of the business.

Legal & Regulatory Risk:

Legal & Regulatory Risk is the risk of losses from non-compliance with legal requirements such as MiFID, EMIR, CRR / CRD and applies to all products sold by the bank.

Emerging risks:

Emerging risks comprise risks related to migration, terrorism, external events (war, force majeure), cryptocurrencies and others. WUIB is in the process to assess the potential impact of these risks on the business activity of WUIB and to define action plan on how to address these risks.

Environmental, Social and Governance Risks (ESG-Risks):

ESG risks include all risks arising from potential direct or indirect negative impacts on the environment, people and society, and more generally on all stakeholders, in addition to risks arising from corporate governance. ESG risks could affect profitability, reputation and credit quality and lead to legal consequences. WUIB does not treat ESG risks as a separate risk type, but integrates them into the existing risk classification and risk management framework as drivers for other risk types (e.g. credit risk or operational risk).

An increasingly relevant regulatory field has developed in the area of sustainability of the financial market. Driven by the "EBA Action plan on sustainable finance", credit institutions are required to deal more intensively with environmental, social and governance risks (so-called "ESG risks"). With the help of European regulations, EEA-wide standards, definitions and measurement methods are being developed to ensure a uniform understanding of ESG issues and to prevent the possibility of "greenwashing". WUIB is monitoring the corresponding regulatory developments very closely and has set up a working group dedicated to WUIB's handling of ESG risks. The working group has identified and assessed the material ESG risks impacting WUIB, focusing on environmental risks: both physical and transitory. The results show that due to the small size of WUIB's loan portfolio, there is no expected negative impact on WUIB's asset quality.

Overall, Risk management goal is to support business development by committing to:

- Promote healthy risk culture across the organization
- Preserve stability of business performance through continuous attention and management of all material risks, to help business make better decision and take appropriate risks
- Develop and implement efficient risk framework to support sustainable development of the business in the long run and add value to customers, shareholders and wider community
- Comply with regulatory expectations and industry best practices, by implementing risk methods, systems and solutions that are meaningful for the business and proportional to the size and nature of risks that are taken.

2.2. Organisational structure of risk management and monitoring, as well as the scope and nature of the risk reporting and measurement systems (Art. 435 (1) letter b and c CRR)

The Management Board of WUIB has the joint responsibility for the ICAAP and the ILAAP, derives the risk policy principles and the risk strategy from the business strategy of WUIB. The Management Board makes decisions about the basic risk management procedures to apply and informs the Supervisory Board about the risk situation of WUIB.

The organisational structure of WUIB is consistently based on a clear and distinct separation between the risk-taking organisational units in the "market" area (Sales, Marketing, Product Development, etc.) and other - particularly risk-monitoring organisational units in the "risk controlling and shared services" area (Accounting, Risk Management, Operations, Legal, IT, Compliance etc.), to avoid conflicts of interest from the very outset. WUIB's Management Board comprises of three Managing Directors as of December 31, 2022, whose organisational areas of responsibility are distributed according to this approach, with 1 MD director being responsible for the "market" units, 1 MD/Chief Risk Officer being responsible for the Risk management area and the Chief Executive Officer being responsible for shared services and products.

The Risk Management is under the management of the Chief Risk Officer (CRO) and is completely independent from the risk-taking business divisions of WUIB. Risk activities are organised through several departments:

- **Credit Management** is responsible for independent comprehensive credit review and risk assessment of the customer risk profile and credit decision making. It also covers ongoing monitoring of customer quality and limit adherence ensuring timely reaction on the early warning signs and proactive definition of adequate measures for the prevention of losses.

- **Risk Steering and Management** is responsible for the development, co-ordination and implementation of the enterprise-wide strategic risk framework supporting business sustainability on a long-term basis. Ongoing monitoring of porfolio development, trends, limits, and recommendations of actions for improvement of key risk metrics. Center of competence for all risk modelling.

- **Operational Risk and Outsourcing Oversight** is responsible for implementing and maintaining a robust framework for internal controls, operational risks and overseeing of outsourcing activities within the risk management department. Internal Control activities are overseen by Internal Control officer, who has direct reporting/escalation line to the CRO to ensure full independence from other activities of the Risk organization.

- **Fraud Risk Management** is responsible for developing an effective fraud control framework, including effective oversight of outsourced elements of the fraud risk framework. The main activities include the identification, assessment, management and monitoring of fraud risks arising from existing and future commercial banking product offerings.

- **Retail Risk Management** is responsible for implementing an effective risk management framework to identify, assess, manage and monitor risks arising from existing and future offerings of consumer banking products. Key responsibilities include shaping consumer business risk strategy and appetite and implementing them through appropriate risk limits and targets; Definition and implementation of scenario analysis and stress tests as well as development of comprehensive performance and risk indicators to support fact-based decisions.

The Internal Control officer reporting directly to the CRO and the CRO also oversees the Data Privacy area for WUIB.

The Internal Audit and Compliance departments, which additionally have a risk monitoring function in the wider sense, report directly to the entire Management Board.

Efficient risk management steering is complemented by several committees (ref. 2.9).

Within the scope of the Risk Committee, reporting takes place monthly concerning the risk-bearing capacity of WUIB (ICAAP reporting), within the scope of the Asset and Liabilities Committee (ALCO), on a monthly basis, reporting takes place concerning the liquidity situation of WUIB (ILAAP reporting).

Quarterly, the Supervisory Board receives a full report about the risk-bearing capacity (ICAAP)/liquidity situation (ILAAP) of WUIB.

For the addition of new business fields, new markets, new client categories or new products, a formalised and structured product approval process is followed. This ensures that adequate review and approval by all relevant departments and the Management Board, is done prior to entering into new business fields, new markets, new products etc. Subsequently, the product approval process also ensures the correct recording of the innovations concerned around transaction management, risk management, reporting, accounting and regulatory/statistical reporting.

2.3. Risk policy guidelines of risk management (Art. 435 (1) letter d CRR)

The Management Board specifies the risk management principles and is responsible for their implementation. The risk management principles, as part of the risk strategy and the risk management processes (procedures) are laid down in internal policies, operating instructions and process diagrams, which ensure an effective process organisation. The documents referred to are subject to a review at least once per year and are constantly monitored, whereas the Internal Audit department has an essential function. Furthermore, the employees are trained on a regular basis in relation to operating instructions and process flows.

2.4. Risk declaration of the Management Board regarding the adequacy of risk management procedures and the risk profile of WUIB (Art. 435 (1) letters e and f CRR)

Completeness of risk identification is ensured by the annual risk identification and materiality assessment process.

A risk management function is set up, which is independent from the operational business and has direct access to and a reporting duty to the Management Board.

The risk management system and the risk management process of WUIB are appropriately set-up with respect to the relevance and materiality of the risks and with respect to the complexity of the business model and comply with the generally applicable standards on risk management according to the regulatory standards (BWG, KI-RMVO, CRR II, CRD V).

The implemented risk management procedures and processes are subject annual review. This review includes:

- the complete recording of all banking business and banking operational risks, in consideration of the specific business model of WUIB
- the adequacy of the strategies and the methods for measurement and limitation of the material risk categories
- the adequacy of the hedging objectives within the scope of the risk-bearing capacity analysis
- the adequacy of the internal reporting
- the adequacy of the organisational set-up in risk management

The materiality assessment of inherent risks is conducted by "Risk Steering and Management", and it is a continuous, structured process of detailed due diligence of the bank that results with identification of all material risks to which bank is or can be exposed by carrying its business activities in every segment. Risk materiality assessment is a first step of the overall 360 degrees total bank steering process.

The assessment is fact based, on clearly defined quantitative and qualitative criteria and considers historical experience as well as forward looking view (scenario analysis) given expected changes in internal and external environment. Risk identification and materiality assessment represent one of the key functions of the Risk management department. Risk assessment process involves all key areas of the Bank with Risk Management function in the role of an overall coordinator. The results are reviewed and discussed with the Management of the Bank as well as are formally approved by Supervisory Board.

In WUIB wide spectrum of various risk groups and sub-types are assessed for materiality and depending on the outcome are considered within risk management and ICAAP framework. The most recent risk materiality assessment focuses on risks related to the future business model of WUIB (consumer banking, instant payments, WU.com etc.), COVID 19 lens is maintained across all material risks, the impact of the geopolitical situation in Russia/Ukraine and ESG risks are considered.

According to the risk materiality assessment performed, the following key risks were deemed material for WUIB:

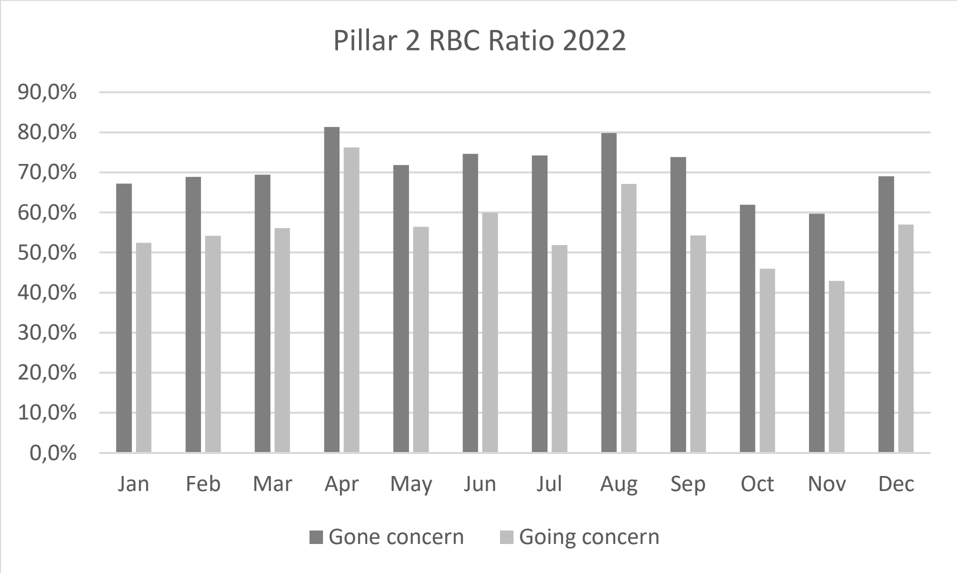
- Fraud risk due to retail banking growth and expected changes in fraud typology
- Operational Risks represent the most significant source of risk for WUIB and include IT/Cybersecurity Risks, Human Resources/Talent Risk, Outsourcing Risks and Operational Risks in a narrow sense
- Compliance risks remain of high materiality in relation to anti-money laundering/countering the financing of terrorism
- Traditional banking risks – credit and market risk – are expected to decrease in 2023 due to the moderate loan book with very short maturities and limited activities (FX, interest rates) that could be sources of market risk.

To safeguard and monitor the capital adequacy, all significant quantifiable risks are integrated into the risk-bearing capacity analysis, quantified and compared to the available funds on a monthly basis. Using the defined hedging objectives for both views of risk-bearing capacity (going concern and gone concern), the risk tolerance is specified and subject to a monthly review.

The risk tolerance is defined in the gone-concern view and in the going concern view, with consideration of the results of the yearly stress tests. The risk appetite is defined with respect to the material risks and at the overall bank level in consideration of a minimum capital buffer, in proportion to the risk tolerance.

The utilisation of the risk limits and the amount of the actual capital buffer are determined and reviewed on a monthly basis using a confidence level of 99.9% in the gone-concern view and with a confidence level of 95% in the going-concern view.

In 2022, WUIB had a sufficient economic capital base (Risk Bearing Capacity, RBC):



As of December 31, 2022, the capital adequacy of WUIB constitutes of:

Value in EUR million as of December 31, 2022	Gone-concern view	Going-concern view
Available funds	97.89	47.36
Economic risk exposure	67.53	26.97
Capital buffer	30.36	20.38
Capital buffer in %	27.91	18.74

Table 1: Capital adequacy of WUIB as of December 31, 2022

To check the resilience of the business model and the capital base, stress tests were performed and it was concluded that the bank's sustainability and growth is ensured.

The reporting duties to the Supervisory Board were fulfilled in the form of a comprehensive risk report.

The Management Board and the Supervisory Board have determined that the risk-bearing capacity of the bank always existed in the financial year 2022 and that no risks were identified, which jeopardised the risk-bearing capacity.

WUIB has credit risk exposure from intragroup transactions, which is monitored regularly and actively managed to ensure compliance with large exposure regulation, however these transactions do not have a material impact on the risk profile of the Western Union Group.

2.5. Management and supervisory functions of the management body (Art. 435 (2) letter a CRR) as of December 31, 2022

Name	Function in WUIB	Other companies with a management function
Peter Bucher	Chairman of the Management Board	2
Christian Hamberger	Member of the Management Board	0
Sandra Simundza-Bilandzic	Member of the Management Board	0
Wolfgang Fenkart-Fröschl	Chairman of the Supervisory Board	0

Name	Function in WUIB	Other companies with a management function
Fedde Tristan van der Vijver	Vice-Chairman of the Supervisory Board	2
Brad Windbigler	Member of the Supervisory Board	10
Cherie Axelrod	Member of the Supervisory Board	0
Javier Santamaria	Member of the Supervisory Board	0
Melahat Lukowitsch	Member of the Supervisory Board (employee representative)	0
Christian Egger	Member of the Supervisory Board (employee representative)	0

Table 2: Information about the number of directorships held by members of the Management Board and Supervisory Board

2.6. Strategy for the selection of members of the management body (Art. 435 (2) letter b CRR)

WUIB has not issued any transferable securities, which are admitted for trading on a regulated market. On the balance sheet dated December 31, 2022 WUIB's total assets amounted to EUR 757 million. Since the amount is below EUR 5 billion, section 29 BWG for the set-up of a nomination committee is not applicable to WUIB. The Supervisory Board of WUIB has therefore refrained from setting up a nomination committee. The duties assigned to such a nomination committee in accordance with Section 29 para. 1 to 3 BWG are therefore correspondingly fulfilled by the entire Supervisory Board.

The necessary requirements and qualifications for the selection of Management Board Members and Supervisory Board Members are based on the corresponding legal minimum requirements according to Section 28a (5) BWG, the EBA Guidelines on the assessment of the suitability of members of the management body and holders of key functions, as well as the Fit and Proper Circular of the FMA [Austrian Financial Market Authority]. In accordance with the bank's internal Fit and Proper Policy, all Members of the Management Board and the Supervisory Board are subjected to an appropriate review process prior to being appointed, by a specifically set up "Fit and Proper Committee". The ongoing compliance with these requirements is ensured with regularly held training courses and sessions under the responsibility of a Fit and Proper Officer.

2.7. Diversity strategy for the selection of members of the management body (Art. 435 (2) letter c CRR)

WUIB presently has no explicit diversity strategy or target quotas with respect to the gender-specific composition of the Supervisory Board or the Management Board. The female gender is presently under-represented in both the Supervisory Board and the Management Board. The quota as of December 31, 2022 for the under-represented gender is 30% in the Supervisory Board and 33% in the Management Board.

2.8. Disclosures on the formation of a separate risk committee (Art. 435 (2) letter d CRR)

Section 39d BWG concerning the set-up of a risk committee is not applicable to WUIB. The Supervisory Board of WUIB has therefore refrained from setting up a risk committee. The duties assigned to such a risk committee in accordance with Section 39d BWG are therefore correspondingly fulfilled by the entire Supervisory Board.

2.9. Information flow concerning risk-relevant aspects to the management body (Art. 435 (2) letter e CRR)

As of December 31, 2022, WUIB has an independent Risk Management, which reports directly to the Management Board (CRO). Furthermore, the following committees are set up within WUIB, within the context of which, reporting takes place to the Management Board on a regular basis about risk-relevant aspects:

- The Asset and Liability Committee (ALCO) concerns itself with the capital and liquidity position of WUIB.
- The Credit Risk Committee (CRC) is the operational committee with respect to credit-related topics.
- The Risk Committee (RC) advises the Management Board on strategic risk management issues, such as the specification of the bank's risk appetite.
- The Compliance Committee (CC) provides information, inter alia, about the risk situation in the area of money laundering and compliance with rules of good conduct for the provision of securities services.
- The HR Committee (HRC) advises the Management Board, inter alia, on risks of the institution in relation to remuneration policy issues.
- The Internal Controls and Operational Risk Committee deals with issues from the area of operational risk and internal controls of the bank respectively Outsourcing Oversight, Data Privacy, Consumer Protection, Complaints, Fraud Risk Management, IT- and EMIR Oversight.
- The Regulatory Compliance Committee encompasses topics related to regulatory requirements relevant for WUIB.
- The Conduct Committee is responsible for reviewing all available reports including complaints reports and compliance reports for UK Certified Persons and EU customer facing staff. The objective of the Committee is to ensure that appropriate decisions are made with regards to the identification of any consequences against those individuals who have breached the applicable rules of conduct when providing securities services.

Reporting takes place to the Supervisory Board on a regular basis about the current risk situation. Furthermore, the Supervisory Board receives a risk report on a quarterly basis.

3. Scope of application (Art. 436)

3.1. Name of the institution which lies within the scope of the CRR (Art. 436 letter a CRR)

Name of the credit institution: Western Union International Bank GmbH

3.2. Information about the basis of consolidation and other equity investments (Art. 436 letter b CRR)

In accordance with Section 30 (2) BWG, Western Union International Bank GmbH (WUIB), as an Austrian credit institution, which is wholly-owned by Western Union Overseas Limited, Ireland ("WUOL"), forms a credit institution group, together with its EEA parent financial holding company within the meaning of Section 2 para. 25b BWG. As WUIB is the credit institution with the domestic registered office, which is not subordinated to any other group-affiliated credit institution with a domestic registered office and WUOL was exempted from the licensing obligation by the FMA pursuant to section 7 (6) of the Austrian Banking Act (BWG), WUIB is regarded as a superior credit institution in accordance with Section 30 (5) BWG and therefore prepares audited consolidated financial statements within the meaning of Section 59 BWG. The credit institution group is exclusively comprised of WUOL and WUIB.

In accordance with Art. 11 (2) CRR, WUIB is furthermore obligated to regulatory consolidation according to the requirements of CRR on the basis of the consolidated situation of WUOL. This regulatory basis of consolidation in line with the CRR requirements is identical with the basis of consolidation pursuant to technical accounting standards in accordance with Section 59 in conjunction with Section 30 (2) BWG and is comprised exclusively of WUOL and WUIB. In accordance with Art. 13 (2) CRR, WUIB is furthermore obligated to disclosure according to Part 8 of the CRR on the basis of the consolidated situation of WUOL.

The regulatory basis of consolidation in accordance with CRR and the basis of consolidation pursuant to technical accounting standards in accordance with BWG/UGB [Austrian Commercial Code] are congruent and exclusively comprise WUIB and WUOL. As a wholly owned subsidiary, WUIB is included in the consolidated financial statements of WUOL with full consolidation.

Neither WUIB nor WUOL hold additional equity investments.

3.3. Art. 436 letter c

No material actual or legal impediments exist for the immediate transfer of equity or the repayment of liabilities within the regulatory basis of consolidation shown above.

3.4. Art. 436 letter d

With WUIB, all subsidiaries of WUOL are included in the basis of consolidation. Therefore, this disclosure duty does not apply to WUIB.

3.5. Art. 436 letter e

The exemption options of Art. 7 or the option of consolidation on an individual basis in accordance with Art. 9 CRR have not been exercised. Therefore, this disclosure duty does not apply to WUIB.

4. Own funds (Art. 437 CRR)

4.1. Disclosure of the nature and amounts of the elements referred to under Art. 437 letter a CRR as of December 31, 2021

The own funds of WUIB are exclusively comprised of Common Equity Tier 1. WUIB has not issued any additional Tier 1 or Tier 2 instruments and therefore the fields in the below table referring to Tier 1 and Tier 2 capital are left empty.

The share capital of Western Union Overseas Limited, Ireland – the immediate parent entity of WUIB - amounts to EUR 1 as of December 31, 2022 and is held directly through several intermediate companies by Western Union Company, Denver, which is listed on the NYSE. There are no issued and not fully paid-in shares and no authorised shares.

in EUR m

	Amounts	**Source ***
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	-	a)
of which: Instrument type 1		
of which: Instrument type 2		
of which: Instrument type 3		
Retained earnings	31.627	c)
Accumulated other comprehensive income (and other reserves)	86.784	b)
Funds for general banking risk	-	
Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
Minority interests (amount allowed in consolidated CET1)	-	
Independently reviewed interim profits net of any foreseeable charge or dividend		c)
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**118.411**	e)
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Additional value adjustments (negative amount)	-	
Intangible assets (net of related tax liability) (negative amount)	-7.609	d)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
Negative amounts resulting from the calculation of expected loss amounts	-	
Any increase in equity that results from securitised assets (negative amount)	-	
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	

	Amounts	Source *
Defined-benefit pension fund assets (negative amount)	-	
Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
of which: qualifying holdings outside the financial sector (negative amount)	-	
of which: securitisation positions (negative amount)	-	
of which: free deliveries (negative amount)	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
Amount exceeding the 17,65% threshold (negative amount)	-	
of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
of which: deferred tax assets arising from temporary differences	-	
Losses for the current financial year (negative amount)	-	
Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	-	
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**-7.609**	
Common Equity Tier 1 (CET1) capital	**110.802**	
Additional Tier 1 (AT1) capital: instruments		
Capital instruments and the related share premium accounts	-	(i)
of which: classified as equity under applicable accounting standards	-	
of which: classified as liabilities under applicable accounting standards	-	
Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	

	Amounts	Source *
Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
of which: instruments issued by subsidiaries subject to phase out	-	
Additional Tier 1 (AT1) capital before regulatory adjustments	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments		
Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
Other regulatory adjustments to AT1 capital	-	
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**-**	
Additional Tier 1 (AT1) capital	**-**	
Tier 1 capital (T1 = CET1 + AT1)	**110.802**	
Tier 2 (T2) capital: instruments		
Capital instruments and the related share premium accounts	-	
Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
of which: instruments issued by subsidiaries subject to phase out	-	
Credit risk adjustments	-	
Tier 2 (T2) capital before regulatory adjustments	**-**	
Tier 2 (T2) capital: regulatory adjustments		
Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	

	Amounts	Source *
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
Other regulatory adjustments to T2 capital	-	
Total regulatory adjustments to Tier 2 (T2) capital	**-**	
Tier 2 (T2) capital	**-**	
Total capital (TC = T1 + T2)	**110.802**	
Total Risk exposure amount	**653.403**	
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	16.96%	
Tier 1 (as a percentage of total risk exposure amount)	16.96%	
Total capital (as a percentage of total risk exposure amount)	16.96%	
Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	8.25%	
of which: capital conservation buffer requirement	2.5%	
of which: countercyclical buffer requirement	0.07%	
of which: systemic risk buffer requirement	-	
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**-**	
Amounts below the thresholds for deduction (before risk weighting)		
Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	

	Amounts	Source *
Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	0.637	
Applicable caps on the inclusion of provisions in Tier 2		
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
Current cap on CET1 instruments subject to phase out arrangements	-	
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
Current cap on AT1 instruments subject to phase out arrangements	-	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
Current cap on T2 instruments subject to phase out arrangements	-	
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Table 3: Template EU CC1 – Composition of regulatory own funds (* source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation)

4.2. Reconciliation of the components of the regulatory own funds with the balance sheet (Art. 437 letter a CRR)

in EURm

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Cash in Hand, balances with central banks	308.289	308.289	
Loans and advances to credit institutions	113.245	113.245	
Loans and advances to customers	306.144	306.144	
Shares and other variable-yield securities	0.073	0.073	
Participating interests	0.001	0.001	
Intangible fixed assets	7.609	7.609	d)
Tangible Assets	0.879	2.135	
Other Assets	20.018	20.018	

Prepayments and accrued income	0.332	0.332	
Deferred Tax Assets	0.637	0.637	
Total assets	757.227	757.227	
Liabilities - Breakdown by liability classes according to the balance sheet in the published fin. statements			
Liabilities to Credit Institutions	61.469	61.469	
Liabilities to Customers	256.977	256.977	
Other Liabilities	40.134	40.134	
Accruals and Deferred Income	0.260	0.260	
Provisions	29.950	29.950	
Total liabilities	**388.790**	**388.790**	
Shareholders' Equity			
Subscribed Capital	0.000	0.000	a)
Capital Reserves	83.968	83.968	b)
Reserve Pursuant to Article 57 (5) Banking Act	2.816	2.816	b)
Net Profit of the Year	281.653	31.627	c)
Total shareholders' equity	**368.437**	**118.411**	e)

Table 4: Template EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The difference in net profit and shareholder's equity in the balance sheet and under regulatory scope of consolidation reflects the dividend to be disbursed to WUIB's shareholder in 2023. These dividends consist of dividends from the profit from ordinary activities and from the divestment of the WUBS business in the UK.

5. Own funds requirements and risk-weighted exposure amounts (Art. 438 CRR)

5.1. Assurance of an adequate minimum equity base and results of the assessment of the internal capital (Art. 438 letter c CRR)

The ICAAP (Internal Capital Adequacy Assessment Process) is a core element of Pillar 2 of the CRR and is comprised of all procedures and methods of a bank for the assurance of adequate identification, measurement and limitation of the risks, adequate capital resources for the risk profile of the business model and the application and ongoing further development of appropriate risk management systems.

WUIB uses the ICAAP to assure an adequate capital base, in consideration of all material risks. The concrete structuring of the ICAAP takes place according to the proportionality principle. Therefore, it is based on the nature, scope and complexity of the banking business conducted by WUIB. Based on this, WUIB performs the following assessment of the risks within the scope of its risk-bearing-capacity calculation:

Presently, the operational risk, the credit risk, the market risk (risk for WUIB arises only from FX positions) and the business risk, the risks from the banking book (interest rate risk), the leverage risk and the macroeconomic risk are classified as material risks. Quantification takes place using the loss distribution approach for the operational risk and using an internal rating-based approach for the credit risk. The calculation of the market risk takes place on the basis of article 365 and article 366 of the CRR. For the quantification of the business risk, a statistical value-at-risk model is used. Risks from the banking book are calculated according to the standard interest rate shocks pursuant to EBA/GL/2018/02. The macroeconomic risk is calculated using an estimated economic downturn, which is determined based on an internal Value at Risk model. The leverage risk is calculated using a statistical value at risk model with the assumption of modelled credit conversion factors of Trade Credit and Settlement Credit products. The CVA risk, although not categorized as material risk, is based on the standard model in accordance with article 384 CRR. All other risks (e.g. money laundering, regulatory, reputational, financial, fraud risk, ESG risks etc.), which are difficult to be quantified, are calculated on a lump-sum basis by using corresponding capital buffers.

For the quantitative assessment of adequate capital resources, WUIB uses the risk-bearing capacity analysis. Depending on the hedging objective, the following applies:

a. Gone-concern view

Hedging objective: Creditor protection is paramount and thus safeguarding of capital, which guarantees that all debt capital providers can be served with a defined probability in the event of a liquidation. The economically required capital (internal risk measurement) is compared to the own funds, adjusted by a risk buffer. For the calculation of the economic risk, a confidence level of 99.9% is used.

Risk status: The economic risks amount to 68.98% of the available funds. Therefore, a **risk buffer of 31.02**% exists as of December 31, 2022.

b. Going-concern view

Hedging objective: The continued existence of the bank should be ensured with a specific probability without additional equity capital, if risks occur. For the calculation of the economic risk, a confidence level of 95% is used.

Risk status: The economic risks amount to 56.95% of the available funds. Therefore, a **risk buffer of 43.05%** exists as of December 31, 2022.

In addition to this, annual bank wide stress tests are performed, in order to test the resilience of the business model and the adequacy of the capital resources and to safeguard the liquidity situation.

5.2. Total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92 (Art. 438 letter d CRR)

Based on the business activities of WUIB, capital requirements according to Pillar 1 are derived for credit risk, market risk, operational risk and settlement risk. The capital requirements were always complied with during the reporting period. The table below gives an overview of the Risk Weighted Assets (RWA) and capital requirements calculated in accordance with the Article 92 of the CRR:

in EUR m

	Risk weighted exposure amounts (RWEAs)		Total own funds requirements
	31.12.2022	31.12.2021	31.12.2022
Credit risk (excluding CCR)	163.804	124.622	13.104
Of which the standardised approach	163.804	124.622	13.104
Of which the foundation IRB (FIRB) approach	-	-	-
Of which slotting approach	-	-	-
Of which equities under the simple risk weighted approach	-	-	-
Of which the advanced IRB (AIRB) approach	-	-	-
Counterparty credit risk - CCR	107.159	119.244	8.573
Of which the standardised approach	107.159	119.244	8.573

	Risk weighted exposure amounts (RWEAs)		Total own funds requirements
	31.12.2022	31.12.2021	31.12.2022
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	-	-	-
Of which credit valuation adjustment - CVA	-	-	-
Of which other CCR	-	-	-
Settlement risk	0.936	0.260	0.075
Securitisation exposures in the non-trading book (after the cap)	-	-	-
Of which SEC-IRBA approach	-	-	-
Of which SEC-ERBA (including IAA)	-	-	-
Of which SEC-SA approach	-	-	-
Of which 1250%/ deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	75.432	26.188	6.035
Of which the standardised approach	75.432	26.188	6.035
Of which IMA	-	-	-
Large exposures	-	-	-
Operational risk	306.072	284.392	24.486
Of which basic indicator approach	306.072	284.392	24.486
Of which standardised approach	-	-	-
Of which advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	1.593	1.304	0.127
Total	**653.403**	**554.707**	**52.272**

Table 5: Template EU OV1 – Overview of total risk exposure amounts

Own funds requirement for credit risk is calculated according to the standardised methodology acc. to Art. 111ff CRR and WUIB uses the Standardised Approach for Counterparty Credit Risk (SA CCR) for the calculation of own funds requirement for counterparty credit risk according to Art. 274ff CRR.

WUIB makes use of the exemption of Art. 94 CRR for low-volume trading book activities. Therefore, WUIB has no own funds requirements in accordance with Art. 92 (3) letter b CRR.

The own funds requirements in accordance with Art. 92 (3) letter c CRR exclusively result from the foreign currency risk in accordance with Art. 92 (3) letter c sub-letter i CRR and the settlement risk in accordance with Art. 92 (3) letter c sub-letter ii CRR.

For the calculation of the own funds requirement for the operational risk, WUIB uses the basic indicator approach in accordance with Part 3, Title III, Chapter 2 of the CRR.

6. Key Metrics (Art. 447 CRR)

The below table shows the own funds, risk-weighted exposure amounts (RWEA), buffer and own funds requirements as well as important ratios related to capital, leverage, liquidity coverage and net stable funding ratio.

in EURm

	31.12.2022
Available own funds (amounts)	
Common Equity Tier 1 (CET1) capital	110.802
Tier 1 capital	110.802
Total capital	110.802
Risk-weighted exposure amounts	
Total risk-weighted exposure amount	653.403
Capital ratios (as a percentage of RWEA)	
Common Equity Tier 1 ratio (%)	16.96%
Tier 1 ratio (%)	16.96%
Total capital ratio (%)	16.96%
Additional own funds requirements based on SREP (as a percentage of RWEA)	
Additional CET1 SREP requirements (%)	2.10%
Additional AT1 SREP requirements (%)	1.18%
Additional T2 SREP requirements (%)	1.58%
Total SREP own funds requirements (%)	10.10%
Combined buffer requirement (as a percentage of RWEA)	
Capital conservation buffer (%)	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0
Institution specific countercyclical capital buffer (%)	0.07%
Systemic risk buffer (%)	0
Global Systemically Important Institution buffer (%)	0
Other Systemically Important Institution buffer	0
Combined buffer requirement (%)	2.57%
Overall capital requirements (%)	12.67%
CET1 available after meeting the total SREP own funds requirements (%)	0
Leverage ratio	
Leverage ratio total exposure measure	893.373
Leverage ratio	12.40%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)	
Additional CET1 leverage ratio requirements (%)	-
Additional AT1 leverage ratio requirements (%)	-
Additional T2 leverage ratio requirements (%)	3%
Total SREP leverage ratio requirements (%)	-
Applicable leverage buffer	3%
Overall leverage ratio requirements (%)	3%
Liquidity Coverage Ratio	
Total high-quality liquid assets (HQLA) (Weighted value -average)	302.959
Cash outflows - Total weighted value	244.291

Cash inflows - Total weighted value	207.975
Total net cash outflows (adjusted value)	66.410
Liquidity coverage ratio (%)	485.15%
Net Stable Funding Ratio	
Total available stable funding	179.521
Total required stable funding	107.317
NSFR ratio (%)	167.28%

Table 6: Template EU KM1 – Key metrics

The own funds of WUIB are exclusively comprised of Common Equity Tier 1 and therefore Common Equity Tier 1 ratio equals Tier 1 ratio and Total capital ratio. WUIB is committed to maintain a target capital ratio of 20%, which is well above the early warning threshold of 16% and of the regulatory minimum of 14% for WUIB. The main drivers of WUIB's capital ratio are own funds requirement for operational and credit risk, whereas own funds requirement for operational risk is relatively stable and credit risk is volatile. The credit risk capital requirement was mainly driven on the one hand side by the volatility of the market value and regulatory add-on of fx derivatives (forwards and options) and on the other hand side by the volatility of receivables to customers driven by the settlement activity in the payment business of WUIB.

The calculation of the leverage ratio is based on the standards of the Delegated Regulation (EU) 2015/62 of the Commission dated 10 October 2014 on the amendment of Regulation (EU) No. 575/2013 of the European Parliament and the Council with respect to the leverage ratio. The leverage ratio is part of the Risk Appetite Statement of WUIB, it is a recovery indicator and is monitored and reported monthly in the Risk Committee and quarterly to the Supervisory Board. The leverage ratio is primary driven by the market value of the held FX derivatives (FX Options, FX Forwards). WUIB had a leverage ratio well above the regulatory minimum of 3% throughout 2022. The fluctuation of the leverage ratio – similarly to the capital ratio - was mainly driven on the one hand side by the volatility of the market value and regulatory add-on of fx derivatives (forwards and options) and on the other hand side by the volatility of receivables to customers driven by the settlement activity in the payment business of WUIB.

The main drivers of the LCR are the changes funds at in central banks which are dependent on client activity and the outflows from deposits from financial institution customers and credit institutions. The LCR as of December 31, 2022 amounts to 238% and through 2022 LCR ratio fluctuated between 238% and 619%, well above the regulatory minimum threshold of 100%. Similarly, the NSFR was at 167% as of December 31, 2022 and it fluctuated between 166% and 232% through 2022, also well above the regulatory minimum threshold of 100%.

7. Remuneration policy (Art. 450 CRR)

7.1. Disclosures concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration (Art. 450 (1) letter a CRR)

The remuneration policy of WUIB, applicable for all positions, business lines and countries WUIB is operating in, has been implemented by the Management Board and Supervisory Board and is reviewed by the Supervisory Board on a regular basis, at least yearly. The Management Board and Supervisory Board received support and advice for the implementation of the remuneration policy from the Human Resources department, the Risk Management department and the Compliance department. The suitability of the processes and their completion, as well as the implementation of the remuneration policy and practices, are also reviewed on a regular basis, at least every two years, by the Internal Audit department of WUIB. Any changes to established remuneration processes or changes in the set compensation plans are subject to Management Board approval and reporting to the SVB.

The remuneration policy of WUIB implements the provisions of Sections 39 (2) and 39b BWG, the appendix to Section 39b BWG in consideration of the EBA Guidelines on sound remuneration policies and the FMA circular on basic principles of remuneration policy and practices, as well as the global remuneration policies of the Western Union Group. Furthermore, the requirements of the Regulation (EU) 604/2014 have been considered.

WUIB's balance sheet total does not exceed the threshold of EUR 5 billion specified in line 13 of the Annex to section 39b BWG as well as in section 39c BWG. Consequently, WUIB does not apply the principles set out in para 11, para 12 and para 12 letter a. second and third sentence of the Annex to Section 39b BWG (deferral of variable remuneration over 5 years).

Since WUIB has not issued any transferable securities, which are admitted for trading on a regulated market, a remuneration committee as defined in Section 39c BWG was not set up. The duties assigned to such a remuneration committee in accordance with Section 39c BWG are therefore correspondingly fulfilled by the entire Supervisory Board.

The identification of employees with a significant influence on the risk profile of WUIB follows the regulatory requirements of Delegated Regulation (EU) 2021/923. A review of the identified "risk takers" is carried out at least annually.

Regarding guaranteed variable remuneration, the company is convinced that such payment is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans. Therefore, guaranteed variable remuneration is exceptional, occurs only when hiring new staff and where the institution has a sound and strong capital base and is limited to the first year of employment.

7.2. Information on the link between pay and performance (Art. 450 (1) letter b CRR), the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria (Art. 450 (1) letter c CRR), as well as information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based (Art. 450 (1) letter e CRR)

In addition to fixed remuneration, depending on the position, the remuneration of the employees may include a variable remuneration portion and is comprised as follows:

- Variable bonus payment in accordance with bonus schemes
- Variable allocation of shares in accordance with the share allocation scheme

Bonus payments in accordance with a bonus scheme and allocations of shares according to the share allocation scheme are performance-based and are defined based on the performance of the business unit and the company results, as well as on personal performance. Personal performance targets have been defined for those employee categories, whose professional activities essentially have an impact on the risk profile of WUIB (identified staff). These performance targets may include quantitative elements (such as sales figures, transactions, savings), as well as qualitative elements (such as process optimisation, product implementation, etc.). The achievement of the performance targets and the overall performance are also measured based on compliance with and application of values and rules of conduct of the Western Union Group ("Culture of Compliance").

The eligibility for the bonus scheme and the bonus amount as a percentage rate of the fixed salary (bonus target) are regulated in compliance with the global policies of the Western Union Group. The bonus target is based on the classification (wage group) of the position held by the eligible person.

The eligibility for the share allocation scheme is also regulated in compliance with the global policies of the Western Union Group. Although no legal obligation exists in this regard, the remuneration practice of WUIB includes components of a variable remuneration instrument, which can be regarded as "non-cash instruments with a time delay". In accordance with the global policies of the Western Union Group, certain identified staff employees of WUIB participate in the "Restricted Stock Units" scheme (granting of shares with a delayed transfer date). Under this long-term incentive system, the eligible persons receive an allocation of shares in The Western Union Company (NYSE: WU) from time to time, with a delayed transfer (RSUs).

RSUs are transferable over a period of 4 years, in stages of 25% per year. However, due to the voluntary, non-binding character of the LTIP (long-term incentive program), WUIB has no influence whatsoever on this remuneration instrument, this can be suspended, rescinded or discontinued by the Western Union Group at any time. Therefore, the LTIP offers no incentive for inappropriate risk appetite.

Overall, the disbursement of variable remuneration portions is tied to the performance targets, which correspond to the bank's success. The total variable remuneration does not restrict the ability of WUIB to improve its equity base. At WUIB, agreements exist with more than 90% of the employees regarding variable remuneration.

7.3. Disclosure of the defined values for the ratio between fixed and variable remuneration components in accordance with Point 8 of Appendix 1 to Section 39b BWG (Art. 450 (1) letter d CRR)

In 2014, in accordance with Point 8a of the Appendix to Section 39b BWG, an adequate ratio of 100% was defined. Therefore, the variable portion of the remuneration must not exceed the fixed portion. This policy applies to all employee, who were identified as addressees of the specific requirement of the Appendix to Section 39b BWG (identified staff).
In 2014, the general meeting already passed a resolution to limit the ratio at 200% for sales staff of WUIB, consistent with Point 8b of the Appendix to Section 39b BWG. Accordingly, the share of the annual variable remuneration must not exceed 200% of the annual fixed remuneration.

7.4. Summarised quantitative disclosures about the remunerations (Art. 450 (1) letter a-f, j and h CRR)

in EURm

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff				
	Total fixed remuneration	0,141	0,827	3,188	6,629
	Of which: cash-based	0,141	0,800	3,002	6,265
	(Not applicable in the EU)				
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	(Not applicable in the EU)				
	Of which: other forms		0,027	0,186	0,364
	(Not applicable in the EU)				
Variable remuneration	Number of identified staff				
	Total variable remuneration		0,530	1,474	3,986
	Of which: cash-based		0,218	0,809	3,590
	Of which: deferred				
	Of which: shares or equivalent ownership interests		0,312	0,665	0,397
	Of which: deferred				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: deferred				
	Of which: other instruments				
	Of which: deferred				
	Of which: other forms				
	Of which: deferred				
Total remuneration		0,141	1,357	4,662	10,615

Table 7: Template EU REM1 - Remuneration awarded for the financial year

Fixed and variable compensation are defined and regulated by the Remuneration Policy and role specific guidelines. Variable compensation based on shares are awarded only to eligible employees as defined in the WU Long-term Incentive Plan. Therefore, the ratio between fixed and variable compensation may vary from industry averages in the banking sector.

As of December 31, 2022, the number of active employees amounts to 414.
WUIB does not benefit from the derogation laid down in Article 94(3) of Directive 2013/36/EU (Art. 405(1) letter k CRR).
No person received remuneration of EUR 1 million or more in 2022. (Art. 405 (1) letter i CRR).

in EURm

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
Guaranteed variable remuneration awards -Total amount	-	-	-	-
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
Severance payments awarded during the financial year				
Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
Severance payments awarded during the financial year - Total amount	-	-	-	-
Of which paid during the financial year	-	-	-	-
Of which deferred	-	-	-	-
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Of which highest payment that has been awarded to a single person	-	-	-	-

Table 8: Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function	-	-	-	-	-	-	-	-
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
MB Management function	0.728	0.370	0.358	-	-	-	-	-
Cash-based	0.112	-	0.112	-	-	-	-	-

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
Shares or equivalent ownership interests	0.616	0.370	0.246	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other senior management	1.258	0.626	0.632	-	-	-	-	-
Cash-based	0.194	-	0.194	-	-	-	-	-

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
Shares or equivalent ownership interests	1.064	0.626	0.438	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other identified staff	0.467	0.120	0.347	-	-	-	-	-
Cash-based	0.160	-	0.160	-	-	-	-	-

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
Shares or equivalent ownership interests	0.307	0.120	0.187	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Total amount	2.453	1.116	1.337	-	-	-	-	-

Table 9: Template EU REM3 – Deferred remuneration

	Management body remuneration			Business areas						
	MB Supervisory function	**MB Management function**	**Total MB**	**Investment banking**	**Retail banking**	**Asset management**	**Corporate functions**	**Independent internal control functions**	**All other**	**Total**
Total number of identified staff	1									35
Of which: members of the MB		3	3							
Of which: other senior management				-	9	-	3	7	-	
Of which: other identified staff				-	4	-	1	7	-	
Total remuneration of identified staff	0.085	1.432	1.432	-	3.257	-	0.958	2.312	-	
Of which: variable remuneration	-	0.526	0.526	-	1.362	-	0.208	0.602	-	
Of which: fixed remuneration	0.085	0.905	0.905	-	1.896	-	0.750	1.709	-	

Table 10: Template EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

WUIB does not provide guaranteed variable compensation to employees, all variable compensation as corporate bonus is based on internal performance management and target-based assessment.

Identified shall at a minimum include the following groups of persons: 1. managing directors, members of the Supervisory Board and the members of senior management; 2. staff members with managerial responsibility over WUIB's control functions or material business units; 3. staff members entitled to significant remuneration in the preceding financial year.

8. Risk Management in the Current Geopolitical Context

Following the early stages of the Russia/Ukraine conflict resulting into a war, WUIB leadership established a weekly forum to identify and respond to all associated risks. Given WUIB's business model the risks identified were quite minimal with key actions summarized as:

- WUIB has no customers, whether they be individuals or corporates, in Russia, Belarus or the Ukraine
- All RUB derivative trades were exited shortly after beginning of the conflict
- AML Analysis from ultimate beneficial owners, controlling person, industry perspective and application of High Risk monitoring protocol, with enhanced client monitoring who have transacted to/from Belarus or Russia
- Compliance with all sanctions requirements
- Enhanced monitoring of cyber security threats and no critical weaknesses identified from existing controls framework
- Business Continuity Plans (BCP) for key outsourcing partner based in Lithuania (from WU Group) re-evaluated and updated to address scenario where loss of power/internet is observed for 30/60 days with consideration towards evacuation to other European Western Union sites

To help assess and mitigate a multitude of possible customer related and internal risks, WUIB regularly reviews its BCP for the headquarters in Vienna and its branch offices across Europe. The WUIB BCP is a complex program, which includes tests against a variety of risk scenarios and definitions of appropriate responses.

WUIB has robust framework how to manage various risks and ensure bank's resilience under stress conditions as well. Our key mechanisms for risk management are combining:

- Proactive regulatory capital and liquidity management focusing on target CAR of 20% (vs 14% minimum regulatory required)
- Enhanced economic capital allocation (per individual risk type, product and region)
- Notional limits (on various levels – single client, portfolio) or targets (i.e coverage ratio, attrition rate)
- Internal controls, focused on all high-risk and regulatory processes; best practice sharing with entities performing material outsourced activities
- Operational KPI's and reporting cadence supporting risk transparency and efficient early warning system
- Robust outsourcing oversight framework applied for all outsourcing services
- Adequate governance bodies/dedicated units for key material risks (i.e. strong Compliance function, Compliance Risk Office, dedicated teams for IT risk management and for fraud risk management)
- Robust monitoring mechanisms (daily, weekly, monthly) with clear escalation paths and pre-defined action/recovery scenarios in case of deviation from targets (i.e. large exposures, regulatory limits, transaction monitoring)
- Robust internal framework around complex FX products (i.e. MiFID suitability, Conduct Committee) supports risk acceptance on potential product concentration
- WUIB benefits from benefit from WU Compliance program controls; ex-post fraud monitoring and adequate operational processes in place
- Access to global resources, expertise and workforce
- Continuous risk awareness trainings for all levels of staff, including outsourcing providers