Second Party Opinion

Sustainable Finance Framework BKS Bank AG, Version 04/2026



Under its Sustainable Finance Framework BKS Bank AG is issuing Green, Social and Sustainable Bonds as well as savings and current account products. The proceeds are being used for financing operations with an ecological and social focus.

Sustainability of the Use of Proceeds
The financing categories in the Framework are broadly defined and include, among other things, renewable energy, energy-efficient buildings, sustainable mobility, health, education and affordable housing. The expected ecological and social benefits are clearly positive and clearly outweigh remaining risks.

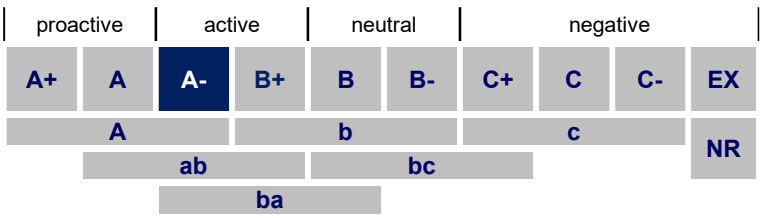
Selection and Evaluation of Projects
The processes and responsibilities are clearly defined. Apart from the positive requirements both bank-wide negative criteria as well as extensive specific exclusions, based on the Austrian Ecolabel ("Umweltzeichen"), are being applied to the Sustainable Finance Pool.

Management of the Proceeds
The rules of the Framework and other processes in the BKS Bank sufficiently ensure the use of proceeds along the intended purposes in terms of content, scope and maturities.

Reporting
Information on the Framework-compliant allocation of the proceeds as well as on their social or ecological impact, respectively, is provided annually. The Framework and this SPO are also published.

Sustainability of the Issuer
BKS Bank regularly achieves a good rfu Sustainability Rating, most recently "B+" per 06/2024, and is a member of the VÖNIX index.

Overall assessment
The Sustainability Rating of the BKS Bank's Sustainable Finance Framework comprising all of the above factors is "A-". This is well above average and fulfils the requirements for a sustainable finance framework.



04/2026

Key Data of the Framework

Issuer
BKS Bank AG

Framework
Sustainable Finance Framework, Version April 2026

Key Data of the SPO

Date of Approval
21 April 2026

Validity
As long as the Framework remains unchanged

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Compliance

Assessed Standards
☒ rfu Sustainability Rating
☒ ICMA Green Bond Principles
☒ ICMA Social Bond Principles
☒ ICMA Sustain. Bond Guidelines

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Subject Matter and Methodology of the SPO

rfu

rfu, established in 1997, is a specialist for sustainable investment. With an experienced team we are supporting institutional clients in the development and implementation of sustainability-oriented investment and financing strategies. We are also preparing assessments on various standards and SPOs.

About this SPO

rfu was commissioned by **BKS Bank AG (hereafter referred to as "BKS" or "the Issuer")** to prepare an external sustainability assessment – a "Second Party Opinion" (SPO) – of its "Sustainable Finance Framework" (hereafter "Framework").

The subject of this **initial SPO** is the version of the **Framework from April 2026.** Compared to the previous version from December 2024, the following points were amended:

(1) Update of the sustainability strategy including the topics and addressed SDGs derived from the materiality analysis
(2) Reference to the ICMA Green Bond Principles and the ICMA Social Bond Principles in their respective June 2025 version
(3) Clarification of the finance recipients as well as extending the allocation period from 12 to 24 months.
(4) Referencing the exclusion criteria to the new version of the "Climate and Engagement Strategy" from March 2025 as well as to the current version of "Company Guidelines on Money Laundering"
(5) Restricting the validity of the exclusion criteria from the Austrian Ecolabel "Umweltzeichen" to the products labelled with the "Umweltzeichen"
(6) Allocation deadlines and periods for the Sustainable Finance Pool
(7) Inclusion of the green sub-category "storing electric energy" (as part of the credit category "Renewable Energies")
(8) Deletion of the green credit category "Resource-efficient Economic Activities" (as these only aimed at a relative improvement of predecessor production sites)
(9) Renaming the green credit category "Mitigating the Physical Effects of Climate Change" to "Climate Change Adaptation"
(10) Adding the green credit category "Nature Conservation"
(11) Deletion of ESG-linked loans
(12) Focussing the environmental KPIs for the Impact Reporting and transitioning to a solely exemplary mention in the framework
(13) Introduction of a Forward-Looking Statement and a Disclaimer

Apart from the Framework itself, among others, the following **sources** were used: process documents, business and sustainability reporting, website, written exchange as well as talks with the client.

The SPO **is valid for** as long as the above-mentioned version of the Framework is in force. Amendments of or additions to the Framework require, depending on scope and content, a completely new version or at least an update of the SPO.

The Framework specifies how proceeds from sustainable financial products (such as bonds, deposits in sustainable savings and current accounts) are used. The SPO is intended to describe – in a traceable manner – the permitted uses of proceeds from the instruments issued using the Framework. It is also intended to assess them verbally as well as in the form of a rating from a sustainable point of view. For this also the suitability of the selection processes for the financing as well as the sustainability of the Issuer itself are included.

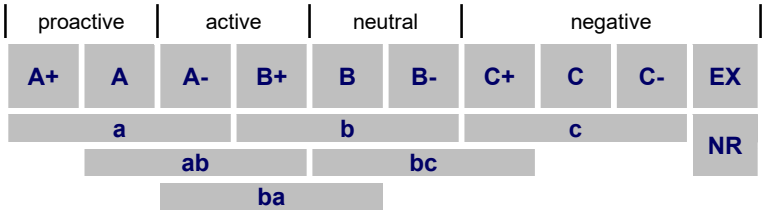
Furthermore, the present SPO assesses the compliance of the Framework with the requirements of **selected standards**. These selected standards are the Green Bond Principles (June 2025 version), as well as the Social Bond Principles (June 2025 version) and the Sustainability Bond Guidelines (June 2025 version) of the ICMA (International Capital Markets Association). Regarding other standards (e.g. the Sustainability-Linked Bond Principles of ICMA, EU taxonomy, EU Green Bond Standards) no assessment was made.

The SPO is divided into the following **chapters**: A. Description of the Framework, B. Ecological Impact of the Use of Proceeds, C. Social Impact of the Use of Proceeds, D. Selection and Evaluation of the Projects, E. Management of the Proceeds, F. Reporting, G. Sustainability of the Issuer, H. Overall Assessment, I. Compliance with Standards

Legend: Blue-framed boxes contain descriptions of relevant framework conditions. Texts following "●" represent specific characteristics and "▶" is followed by interpretations and assessments.

rfu Sustainability Rating

A+ to C- are the nine rating tiers of the rfu Sustainability Model. Lower case letters (a, ab, …) represent an indicative rating based on limited data or interpretability of the available information. Other possible values are EX (excluded) or NR (no rating). The scale is absolute, i.e. not the relatively best characteristic but the theoretically best receives an A+. Practically, the assessments on the rfu scale are therefore distributed similar to a bell curve, with A- or at most A representing the factually highest achievable overall rating.



A. Description of the Framework

"For which projects and borrowers will the proceeds raised under the Framework be used?"

A.1. Framework

● This present "Sustainable Finance Framework" (hereafter also "Framework") of BKS Bank was amended in April 2026 – based on the previous versions from December 2024, from April 2024 and the first version from 2022. It serves as an overarching framework to grant sustainable financing in a structured form and refinancing it via bond issues or savings and current accounts.

A.2. Financeable Projects

● By applying the Framework, BKS Bank intends to finance projects with sustainable benefit in the areas ecology (Green) or society (Social). Depending on the project category, green, social and sustainable (in the sense of ecological and social) bonds or savings and current accounts make up the refinancing side. The resulting net proceeds are exclusively used to finance new or existing projects with ecological or social benefits which qualify for the Sustainable Finance Pool.



● The Framework specifies the following environmental credit categories: (1) Energy-efficient Buildings, (2) Renewable Energy, (3) Clean Mobility, (4) Public Infrastructure, (5) Circular Economy, (6) Climate Change Adaptation, (7) Nature Conservation. These categories were summarised into three project categories for the ecological impact analysis as part of the SPO:

- Renewable Energy, Climate Change Adaptation (categories 2, 6)
- Energy-efficient Buildings, Clean Mobility, Infrastructure (categories 1, 3, 4)
- Circular Economy, Biodiversity (categories 5, 7)

● The Framework includes the following social credit categories: (1) Affordable Housing, (2) Access to Education, (3) Healthcare Sector, (4) Accessibility. The social categories were summarised into the following two project categories for the social impact analysis as part of the SPO:

- Affordable Housing, Access to Education (categories 1, 2)
- Healthcare Sector, Accessibility (categories 3, 4)

● The project selection for each environmental and social loan category is based on positive criteria ("eligibility criteria") and in some cases in the form of topic-specific thresholds, relevant sustainability certifications and specific technologies. Some criteria also refer to the operationalised EU Taxonomy Regulation, e.g. for new construction, renovation of existing buildings and electricity generation from bioenergy. In addition, social and ecological exclusion criteria are applied, some of which are applied bank-wide and some of which are limited to Products with the Austrian Ecolabel "Umweltzeichen". The latter correspond to the mandatory exclusions of the Austrian Ecolabel "Umweltzeichen" in the 2024 version of the guidelines.

● Beyond the above-mentioned loan categories, taxonomy-aligned financing and – under certain circumstances – promissory note loans ("Schuldscheindarlehen") are eligible for the Sustainable Finance Pool.

● Updates to the Framework are evaluated when market practices or guidelines (e.g. EU bond standards, reporting etc.) change or are amended and an external review is scheduled.

A.3 Borrowers

● BKS Bank's customer structure shows a heavy exposure to the core markets of Carinthia, Styria, Vienna, Burgenland and Lower Austria. In terms of customer groups, most of its business is with small and medium-sized enterprises, public sector finance and retail customers. The most important sectors include construction and property financing, the manufacturing industry and, to a lesser extent, motor vehicle financing. In terms of volume, the focus is on small to medium-sized financing.

B. Ecological Impact of the Use of Proceeds

"What is the impact of use of proceeds on the natural environment?"

B.1. Renewable Energy, Climate Change Adaptation

Expanding renewable energy production capacities as quickly as possible is a key element in overcoming the current climate crisis and transitioning to a more sustainable society and economy. According to the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology, renewable energies accounted for 36.4% of gross final energy consumption in 2021.

● The Framework includes financing for the construction, acquisition and modernisation of power generation plants as well as measures in connection with climate change adaptation.

- In particular, energy generation from wind power, solar energy, photovoltaics and hydropower, as well as the generation of energy from biomass are mentioned.
- This category also includes financing in connection with the expansion of electricity grids (e.g. substations, switching centres and transformers) as well as storage of electrical energy.
- Regarding climate change adaptation, the construction of flood protection measures and measures contributing to heat reduction and greening are mentioned.

● The high social added value of technologies for renewable energy production, increasing energy efficiency, expanding the relevant infrastructure and measures to adapt to the climate change that has already occurred far outweighs the remaining social and ecological risks. The projects that can be financed under the Framework make an important contribution to clean and efficient energy production and climate change adaptation. The Framework itself identifies an alignment of these financing categories with SDGs (Sustainable Development Goals) 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure) and 13 (Climate Action).

A small number of limitations to the positive effects may occur and are discussed below.

● Wind, hydropower and solar energy sometimes register high emission intensities and other environmental impacts in the construction phase and in the upstream supply chain (particularly steel, concrete and cement production and raw material extraction). The Framework contains no explicit criteria for green procurement and responsible supply chain management.

● For biomass the technical assessment criteria of the EU Taxonomy are referenced. The production of biomass for energetic use potentially competes for land with the production of food. Furthermore, potentially negative impacts on local and regional biodiversity can arise. There are no explicit criteria for dealing with this.

● The construction and operation of hydropower plants involves long-term interference in aquatic ecology. The Framework does include a mandatory assessment and management of local ecological impacts.

● In addition to temperature increases, climate change also brings more frequent and more severe weather events. The urgency of climate change adaptation measures correlates with the progression of climate change. Applications that fall under this funding category can be very diverse and can contribute with protective measures against flooding, heavy rainfall and mudslides as well as with heat-reduction measures. A positive contribution to sustainable development is a given but it can vary greatly at project level.

● The Framework does not include any mechanisms for local participation or methods for the participation of key stakeholders in connection with renewable energy projects. In the case of wind power in particular, proactive stakeholder involvement can help to increase acceptance.

▶ **Financing for renewable energy and related infrastructure contributes to a sustainable economy in BKS Bank's home market. The categories included in the Framework also have a positive effect on climate change adaptation. A small number of social and environmental aspects remain underrepresented, such as the supply chain, stakeholder involvement and biodiversity.**

B.2. Energy-efficient Buildings, Clean Mobility, Infrastructure

According to the Austrian Federal Environment Agency ("Umweltbundesamt"), the building and transport sectors are among the three largest national emitters of greenhouse gases. In addition to the emission-intensive utilisation phase of buildings and transport infrastructures, high quantities of greenhouse gases accrue both in the construction phase and in the upstream supply chain (especially in the concrete and cement production). Rapid decarbonisation of these two sectors is therefore key to achieving the 1.5°C target.

● The framework comprises the following areas of financing for buildings, mobility and infrastructure:

- The construction (new construction and renovation) and acquisition of energy-efficient buildings are financed. Threshold values and required certificates were selected in line with industry standards.
- For clean mobility, rail and motor vehicles with electric or hydrogen drives are financed, including the expansion and development of electric and hydrogen charging infrastructure.
- As part of the construction/maintenance of public transport infrastructure (ÖPNV), the loan category includes, for example, cycle paths and footpaths as well as LED/PV-powered lighting systems.
- It also includes the financing of modern communication networks such as the expansion of the fibre optic network.

● The high social added value of environmentally friendly buildings and clean or low-emission transport options clearly outweighs the remaining social and ecological risks. The projects that can be financed under the Framework make an important contribution to the decarbonisation of the building and transport sector in the home market. The construction of infrastructure for the expansion of public transport can – other than private transport – contribute significantly to reducing CO_2 emissions in less developed rural areas. Digitalisation by means of modern communication networks has the potential to reduce environmental impact. The Framework itself identifies an alignment of these financing categories with SDGs 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure) and 13 (Climate Action).

A small number of limitations to the positive effects may occur and are discussed below.

● Within the Framework, the sustainability of buildings is assessed, among other channels, by means of certifications (ÖGNI/DGNB, BREEAM or LEED). The use of primary energy demand (10% below the national plan) to define sustainable properties focuses on the utilisation phase. However, the material-, energy- and therefore emissions-intensive construction phase is only partially taken into account.

● The Framework distinguishes between residential and commercial/office buildings. However, in the case of residential buildings, no distinction is made between single-family homes and apartment buildings. Single-family homes around conurbations in particular cause higher greenhouse gas emissions over their lifecycle than centrally located apartment buildings.

● According to the Federal Environment Agency's ("Umweltbundesamt") land consumption report, around 41 km2 of land is consumed in Austria every year, particularly through construction activities. More frequent flooding as a result of heavy rainfall events, irretrievable loss of soil fertility and accelerated loss of biodiversity are some of the consequences. Measures to reduce soil sealing are not explicitly mentioned in the Framework.

● The segment of "clean mobility" is partly in tension with climate and environmental protection or with social criteria. Raw materials such as lithium for electric vehicle batteries are often extracted under problematic environmental (and social) conditions.

● The ecological quality of electromobility depends heavily on the respective electricity mix. Even given that this has a high proportion of renewables in the home market, the Framework does not provide any criteria in this regard.

● Even if modern communication infrastructure reduces the need for mobility, a significant ecological footprint remains due to the sometimes high energy consumption.

► Energy consumption and the associated greenhouse gas emissions are a significant part of the environmental impact of financed buildings as well as transport and communication infrastructures. On these subjects, the Framework only sets specific requirements in some cases. Some aspects, such as soil sealing, framework conditions for electromobility or green IT, are not yet fully addressed.

B.3. Circular Economy and Biodiversity

Rising resource consumption is putting natural systems under increasing pressure. In the agriculture, water and forestry sector, resource-saving and circular management approaches and technologies counteract negative environmental impacts. In the industry sector, materials that have already been used can be reintroduced into the cycle, which in turn helps to reduce negative environmental impacts. In addition, the prevention and control of environmental pollution contribute significantly to the preservation of ecosystems.

● The Framework addresses circular economy and water management as well as biodiversity with the following categories:

- Regarding water and wastewater management, projects are financed that enable more efficient water utilisation, supply and reprocessing.
- In the circular economy segment, projects that explicitly serve to improve the recyclability or reusability of a product are financed in addition to waste collection systems and systems for recycling and reuse.
- The category nature conservation includes renaturation, water protection and protection areas.

● The high social added value of the financed projects far outweighs any remaining social and ecological risks. The projects that can be financed under the Framework make an important contribution to saving or recovering resources, reducing material, energy and water consumption as well as to biodiversity conservation and thus avoiding negative environmental impacts. The Framework itself identifies an alignment of these financing categories with SDGs 9 (Industry, Innovation and Infrastructure), 12 (Responsible Consumption and Production Patterns) and 13 (Climate Action).

A small number of limitations to the positive effects may occur and are discussed below.

● The goal of resource-saving production does not per se take into account the usefulness of the product produced in terms of satisfying important basic needs.

● It is of central importance not only to use available water as efficiently as possible but also to reduce water consumption overall. The Framework only indirectly addresses this aspect.

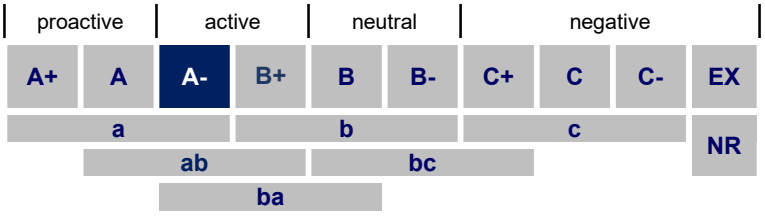
● The often high ecological impact of water technology plants in the construction phase and in the upstream supply chain is not addressed. There are no explicit criteria for green procurement or required mechanisms for assessing environmental compatibility.

● In the area of the circular economy, the principle of waste prevention should be clearly prioritised over reuse or recycling. This prioritisation is not apparent from the Framework.

▶ **Financing for the circular economy and for biodiversity makes an important contribution to protecting ecological limits. In some areas of financing, the requirements are still formulated very generally in the Framework.**

B.4. Rating – Ecological Impact of the Use of Proceeds

● The following rating takes into account that the financing categories of Renewable Energy, Climate Change Adaptation, Energy-efficient Buildings, Clean Mobility and Infrastructure are expected to make up the largest share of the loan volume for the time being.



C. Social Impact of Use of Proceeds

"What is the impact of use of proceeds on society and its major stakeholders?"

C.1. Affordable Housing, Access to Education

Access to affordable housing and high-quality education is of crucial importance for sustainable social development. These basic infrastructures and services create the conditions for economic growth and innovation and help to reduce social disparities.

● BKS Bank's Framework includes affordable housing and access to education in the following forms:

- The financing is used to create affordable housing in the form of subsidised rental and cooperative housing.
- Proceeds are channelled into the construction or renovation of educational facilities at all levels and directly to trainees.

● The projects that can be financed under the Framework explicitly address disadvantaged or vulnerable social groups or groups that are worthy of support and have a high social benefit overall. The Framework shows an alignment of these financing categories with SDGs 1 (No Poverty), 4 (Quality Education), 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities).

A small number of limitations to the positive effects may occur and are discussed below.

● The creation of social infrastructure, particularly in the form of buildings, potentially conflicts with environmental objectives – for example, due to land and resource consumption.

● Integrative forms of housing such as intergenerational or intercultural housing are not explicitly promoted.

● Dealing with any social risks that may exist in the construction phase or in the supply chain, such as precarious working conditions or unethical business practices, is not addressed in the Framework.

▶ **The social value of the financing arises directly from the focus on affordable housing and education. In view of the breadth and complexity of these fields, some ancillary conditions of a sustainable structure – such as risks in the construction phase – must remain open in the Framework. Due to the regional focus on the Issuer's home market, however, there are only minor risks.**

C.2. Healthcare Sector, Accessibility

Providing healthcare services to the population is a key pillar of the quality of life in modern societies. The core aspects of these services are security of supply and affordability. An infrastructure adapted to people with disabilities should ensure equal participation in society and enable them to lead a self-determined life.

● The framework includes the following aspects of healthcare and accessibility:

- The proceeds are used to create or maintain, in particular, facilities for the sick, elderly and disabled.
- The financing of structural measures serves to improve accessibility.

● The high social added value of creating and securing medical care security and disability-friendly infrastructure far outweighs the few remaining social risks. The framework itself shows an alignment of these financing categories with SDGs 3 (Good Health and Well-being) and 10 (Reduced Inequality).

A small number of limitations to the positive effects may occur and are discussed below.

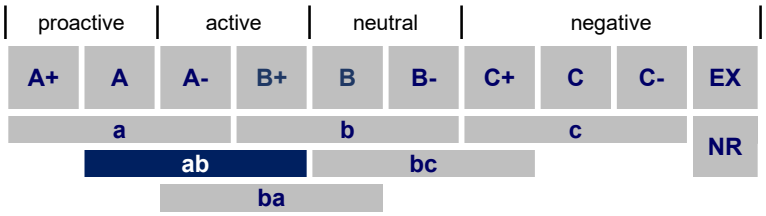
● The creation of healthcare infrastructure, particularly in the form of buildings, is potentially conflicting with environmental objectives – for example, due to land and resource consumption.

● Dealing with any social risks that may exist in the construction phase or in the supply chain, such as precarious working conditions or unethical business practices, is not addressed in the Framework.

▶ The social value of the financing arises directly from the financing areas of healthcare and accessibility. Specific risks – particularly risks in the construction phase – are not addressed in the Framework, but the regional focus of the projects means that the risk is only low.

C.3. Rating – Social Impact of the Use of Proceeds

● This SPO does not assess specific projects, but rather a broad and inhomogeneous spectrum of possible projects. It is not yet possible to estimate the actual expected priorities, which is why the rating of the social product impact is only on the indicative scale but clearly positive.



D. Selection and Evaluation of the Projects

"How does the Issuer select the projects and evaluate social as well as ecological impact?"

The Issuer is responsible for ensuring that the proceeds from the issues of financial instruments under the framework are used for sustainable purposes. This requires both ecological and social financing criteria as well as processes that ensure their original and ongoing compliance in the best possible way. This includes, among other things, an Impact Assessment. The Green and Social Bond Principles of the ICMA (International Capital Markets Association), among others, recommend the formulation of qualitative and, where possible, quantitative KPIs (key performance indicators) to illustrate the sustainability impact.

D.1. Positive Criteria

● The positive criteria ("eligibility criteria") for the Sustainable Finance Pool in the ecological financing categories are comprehensive. In some places, topic-specific sustainability certifications are defined as requirements (e.g. building labels). In a few cases, specific threshold values are also defined (e.g. resource savings of at least 30% in energy, water or other raw materials). For two financing categories, the basic taxonomy eligibility is specified by referencing the topic-specific technical assessment criteria of the EU Taxonomy Regulation.

● The positive criteria for the social financing categories are already very tight and sufficiently clear throughout. In addition, specific target groups – i.e. groups of people who are to benefit directly or indirectly from this financing – are also named.

● Further, non-profit institutions that pursue a social purpose per se are considered eligible for funding regardless of the specific project. This includes institutions whose areas of activity have a consistent social mission (e.g. combating poverty).

● Based on the manual for the loan process (for corporate and private customers respectively), the customer advisors label the recorded financing as (1) "Sustainable Finance Pool / Ecology", (2) "Sustainable Finance Pool / Social" or (3) "Sustainable Finance Pool / Ecology & Social" in accordance with the criteria listed. In the other cases, the categorisation is "No Sustainable Finance" or "No Selection".

● Separate requirements apply to promissory note loans ("Schuldscheindarlehen"). These can be allocated to the Sustainable Finance Pool if the defined KPIs are "suitable, relevant and ambitious" and the issuing company is committed to science-based targets or has a significantly above average rating from a recognised sustainability rating agency. These instruments are reviewed every six months to ensure their continued suitability.

▶ In its Framework, BKS Bank adopts a broad approach to ecologically and socially sustainable financing. For this it has formulated suitability criteria which are consistently specific in most financing categories. Every financing application goes through a standardised loan process that ensures systematic assessment and allocation.

D.2. Negative Criteria

● The exclusion criteria listed in the "Company Guidelines on Money Laundering" as well as the catalogue for exclusion and positive criteria for new customer business apply throughout the bank and particularly relate to social and governance issues. At the time of preparing this SPO, these are the following:

- Violation of human or labour rights
- Controversial weapons and nuclear weapons
- Weapons production and trading (foreign companies)
- Tobacco
- Pornography, brothels and nightclubs
- Money laundering and terrorist financing
- Betting and gambling
- Off-shore transactions
- Activities connected to virtual currencies
- Specific activities in the fields of oil trading, gemstones, precious metals etc.

Ecological exclusions comprised within these criteria catalogues are not listed here as they are either identical to the following list or covered even more extensively by it.

● In accordance with the "Climate and Engagement Strategy", a number of activities are generally excluded throughout the bank from receiving loans for environmental reasons. At the time of preparing this SPO, there is a March 2025 version of the “Climate and Engagement Strategy”. It contains the following exclusion criteria:

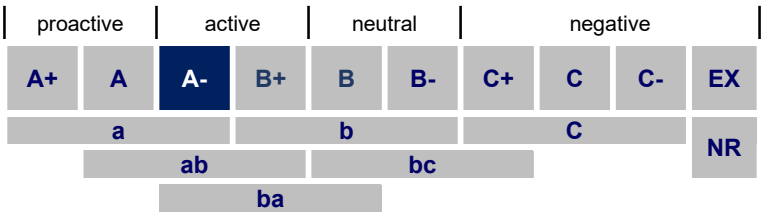
- Companies that generate more than 5% of their turnover from activities related to the production of energy from nuclear fission (comprises energy generation and feed-in, nuclear fuels, core components and services for nuclear power plants)
- Earmarked loans aiming at energy generation from nuclear fission
- Companies that generate more than 5% of their turnover from activities in the coal sector (exploration, processing, production, distribution, power generation, heat generation)
- Earmarked loans for the expansion of coal infrastructure
- Earmarked loans for unconventional oil projects (shale oil, oil sands, Arctic oil)
- Since 2025: Earmarked loans for conventional oil projects
- Since 2025: Companies that generate more than 30% of their turnover from oil activities (exploration, processing, production, distribution, power generation, heat generation)
- Since 2026: Earmarked loans for natural gas projects
- Since 2026: Companies that generate more than 30% of their turnover from natural gas activities (exploration, processing, production, distribution, power generation, heat generation)

● The following exclusion criteria, which correspond to the mandatory exclusions of the Austrian Ecolabel “Umweltzeichen” in the 2024 version of the guidelines, are not applied bank-wide but must be observed for allocation to products with the Austrian Ecolabel “Umweltzeichen”:

- Violations of one or more of the ten core principles of the UN Global Compact
- Nuclear energy: Extraction and processing of nuclear fuels; power generation from nuclear fuels/operation of nuclear power plants; production and supplying of core components required for nuclear power generation
- Fossil fuels (peat, coal, crude oil, natural gas): Exploration, extraction, processing and distribution of fossil fuels; energy generation from fossil fuels; production of core components for the extraction of fossil fuels
- Weapons and armaments: Manufacturers of controversial weapons and/or their essential components; manufacturers of conventional weapons and/or their essential components; production of military-specific armaments other than weapons (non-weapons)
- Genetic engineering: Production and cultivation of genetically engineered organisms or products; human embryonic stem cell research
- Tobacco: production and trade of tobacco
- Projects related to the construction and expansion of fossil infrastructure, operation of fossil-fuelled technologies, efficiency improvements in the fossil energy sector, carbon capture and storage (CCS), unsustainable logging, large dam projects

▶ All of the negative criteria derived from overarching bank-wide policies as well as specific negative criteria are extensive and operationalised to varying degrees. They cover important environmentally and socially problematic areas, as well as some that are unlikely to play a role in the day-to-day operations of a regional bank.

D.3. Rating – Selection and Evaluation of the Projects



E. Management of Proceeds

"How does the Issuer ensure that the proceeds are used in a sustainable manner?"

The Issuer is responsible for ensuring earmarked segregation (e.g. separate accounting cycles or portfolios, internal documentation) as well as sufficient and traceable coverage of payments with sustainable projects. Among others, the Green and Social Bond Principles of the ICMA (International Capital Markets Association) require clear processes and measures to be defined for this purpose.

E.1. Management of Proceeds

● The net proceeds from the financial instruments issued under BKS Bank's Sustainable Finance Framework (Green and Social Bonds, sustainable savings and current account products) are used to refinance the loan receivables of the Sustainable Finance Pool.

● In order to prevent multiple allocations of a financing, only one intended use of proceeds (ecological, social or ecological & social) is filed in the core banking system at a time. Further, this use of proceeds is labelled as part of the Sustainable Finance Pool. The labelling takes place as part of the loan assessment process. Compliance with the Sustainable Finance Framework is subsequently checked by the Risk Management department and continuously monitored by Controlling.

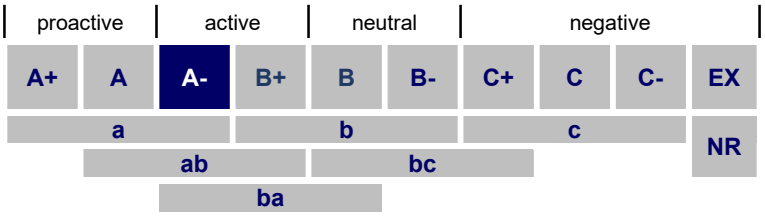
● Only new business of BKS Bank is included in the Sustainable Finance Pool. The allocation of financing products takes place within 24 months after emission.

● According to the Framework, the aim is to allocate a higher volume to the Sustainable Finance Pool than the outstanding financial instruments, i.e. maintaining a safety buffer. To avoid shortfalls, scheduled loan repayments are taken into account in advance. Monitoring is carried out using the monthly sustainability statistics from Sales Controlling. Any shortfall would be covered as soon as possible after discovery.

● In the events of such a shortfall and also for the interim investment of proceeds from sustainable refinancing instruments, temporary investments are made in cash and cash equivalents such as Green, Social or Sustainability Bonds until the proceeds are fully used. The version of BKS Bank's sustainable investment criteria valid at that time applies.

▶ The rules in the Framework and the other relevant processes at BKS Bank sufficiently ensure that proceeds are used in accordance with their intended purpose in terms of content, amounts and maturities.

E.2. Rating – Management of Proceeds



F. Reporting

"In which manner and quality is sustainability-related information on the projects available?"

Documenting the key aspects as transparently as possible and updating them regularly is an important basis for investors' decision-making and for ongoing traceability. Among others, the Green and Social Bond Principles of the ICMA (International Capital Markets Association) provide relevant content and intervals.

F.1. Reporting

● BKS Bank's Sustainable Finance Framework will be made available on the Issuer's website. Ongoing reporting includes (1) the use of net proceeds (Allocation Report) and (2) an annual Impact Reporting.

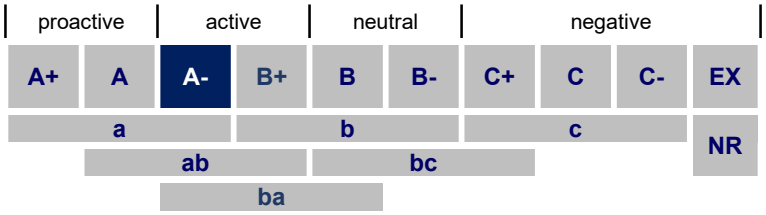
● The (1) Allocation Report includes "the total amount of outstanding financial instruments and the share of proceeds for financing or refinancing purposes, as well as the share of allocated and the balance of net proceeds not yet used for green/social assets".

● The social and environmental impact of the financing is outlined in the (2) Impact Reporting (most recently for 2024 regarding the project-related bonds and the account products issued up until that point). This includes a quantitative assessment of the respective sustainability impact using key performance indicators. Examples for suitable indicators have already been defined in the Framework for the most important areas of financing: e.g. reduction in primary energy demand in kWh/m2, annual generation of renewable energy, number of eco-friendly vehicles, number of flats built etc.

● BKS Bank also plans to publish this SPO on its website. This also applies to any later versions.

▶ **Regular and informative reporting on the allocation of proceeds in accordance with the Framework and on their social and environmental impact is carried out annually and is publicly available. In addition, the Framework itself and this SPO are publicly available.**

F.2. Rating – Reporting



G. Sustainability of the Issuer

"How good is the sustainability performance of the Issuer independent of the present Framework?"

Evaluation of the Issuer´s sustainability is carried out by means of the "rfu Sustainability Rating Model", which is based on six stakeholder groups (employees, society, customers, market partners, investors, environment) and complemented by a value chain analysis of the products or services. Overall, the rfu Sustainability Model includes about 100 individual criteria, which are operationalised by approximately 400 quantitative and qualitative indicators. The features of the criteria will, over several levels, be aggregated to one overall rating on a nine-part scale from A+ to C-. In case of a restricted amount of data a so-called indicative rating from a to c will be given.

G.1. Sustainability of the Issuer

● **Profile:** BKS Bank AG is an Austrian universal bank with total assets of 11.2 billion Euro (31 December 2025) and 1,138 employees. The bank is headquartered in Klagenfurt and has strong regional roots, particularly in the south and east of Austria. BKS Bank also operates internationally and has branches in Slovenia, Croatia and Slovakia as well as offices in Hungary and Italy. It entered the Serbian market in 2023 with the establishment of BKS Leasing. BKS Bank is part of the "3-Banken-Gruppe" and offers account, savings, investment and financing products to both private as well as business customers.

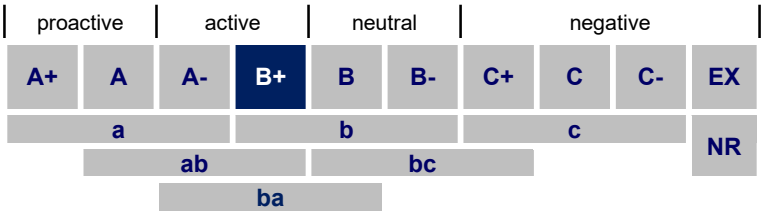
● **Sustainability strategy and management:** BKS Bank has a sustainability mission statement for the most important stakeholder groups. Explicit goals and measures have been defined and are specified using Key Performance Indicators. Sustainability management has been increasingly institutionalised and expanded in recent years. BKS Bank has been publishing sustainability reports for many years and is constantly expanding the topics addressed. The company is EMAS-certified and a member of the Green Finance Alliance**.**

● **Products and Services**: The broad product and service portfolio is in line with that of a universal bank. Within the pronounced focus on medium-sized companies, there is a focus on the construction and property sector, the manufacturing industry and the automotive sector. Existing exclusion criteria for financing and investments are regularly expanded and include nuclear energy, armaments, human rights violations and many others. There are offers of sustainable savings, investment and credit products. Sustainable financing accounts for about 12% of the total balance sheet.

● **Stakeholder relations**: The customer policy emphasises the aspects of customer satisfaction and consulting quality. Quality management is certified in accordance with EFQM. In the area of employees, the focus is on satisfaction, work-life balance and health care. Its regional roots and its support for educational, cultural and social projects make BKS Bank a recognised corporate citizen. Environmental activities include the energy efficiency of buildings and vehicle fleet management. The carbon footprint is around two tonnes of CO_2e/employee. No above-average social or ecological criteria are applied in procurement.

▶ **BKS Bank achieved a good rfu Sustainability Rating of B+ (most recently as at 6/2025). Overall, the bank has an above-average sustainability profile with a clearly positive trend and has been a member of the VÖNIX sustainability index continuously since 2016/2017.**

G.2. Rating – Sustainability of the Issuer



H. Overall Assessment

"How is the sustainability quality of the Framework with all its aspects summarised in a rating?"

The overall assessment of the sustainability quality of a framework is determined by aggregating the ratings of the six aspects, with the greatest weighting being given to the impact of the use of proceeds.

H.1. Assessment and Rating of the Aspects

▶ Ecological Impact of the Use of Proceeds **A-**

Financing for renewable energy, climate change adaptation, energy-efficient buildings, sustainable transport systems, modern communication infrastructure, water, the circular economy and nature conservation have positive ecological effects, at least under the conditions specified in the Framework. There are uncertainties and residual risks, for example, in the areas of the supply chain and of biodiversity protection.

▶ Social Impact of the Use of Proceeds **ab**

The social value of the financing arises directly from the broadly defined financing areas of health, accessibility, affordable housing and education. Specific risks – e.g. in the construction phase – are not addressed in the Framework but are usually low due to the regional focus of the projects.

▶ Selection and Evaluation of the Projects **A-**

The processes and responsibilities for the selection and evaluation of projects are clearly formulated and operationalised in the Framework as well as in the in-depth process documents. In addition to the positive requirements, extensive negative criteria also apply, with the Framework referencing bank-wide exclusion criteria on the one hand and containing specific exclusions based on the Austrian Ecolabel ("Umweltzeichen") on the other.

▶ Management of Proceeds **A-**

The rules in the Framework and the other relevant processes at BKS Bank sufficiently ensure that proceeds are used in accordance with their intended purpose in terms of content, amounts and maturities.

▶ Reporting **A-**

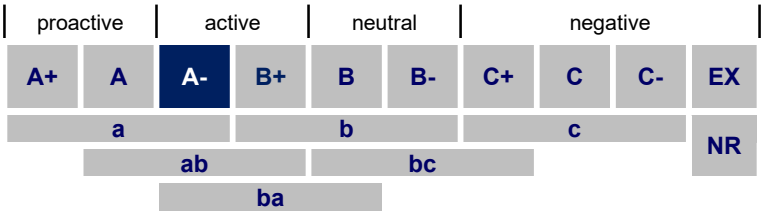
Regular and informative reporting on the allocation of proceeds in accordance with the Framework and on their social and environmental impact is carried out annually and is publicly available. In addition, the Framework itself and this SPO are publicly available.

▶ Sustainability of the Issuer **B+**

BKS Bank achieved a good rfu Sustainability Rating of B+ (most recently as at 6/2025). Overall, the bank has an above-average sustainability profile with a clearly positive trend and has been a VÖNIX member since 2016/2017.

H.2. Overall Assessment

▶ The sustainability rating of BKS Bank's Sustainable Finance Framework, which summarises all of the above factors, is "A-". This corresponds to a clearly above-average sustainability quality and fulfils the requirements for a sustainable finance framework.



I. Compliance with Standards

"Does the Framework comply with the relevant national and international standards?"

Green, social and sustainable bonds and the underlying frameworks are usually aligned with national or international standards and certification systems. This section explicitly assesses whether there is compliance with the regulations cited by the Issuer for the respective bond or framework.

I.1. Green and Social Bond Principles as well as other ICMA Guidelines

● The ICMA (International Capital Markets Association) has created a series of guidelines for the design of bonds linked to sustainability. These are the Green Bond Principles (GBP), the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG) and the Sustainability-Linked Bond Principles (SLBP).

● BKS Bank's Sustainable Finance Framework is based on the following ICMA standards in the versions current at the time the Framework and the SPO, respectively, were prepared:

- Green Bond Principles (June 2025 version)
- Social Bond Principles (June 2025 version)
- Sustainability Bond Guidelines (June 2021 version)

▶ BKS Bank's Sustainable Finance Framework fulfils the requirements of the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines of the ICMA with regard to (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting as well as the recommendations on transparency in the form of (a) a Framework and (b) External Reviews.

Legal Disclaimer

This report is for information purposes only and does not constitute a statement on economic profitability or stability nor a recommendation for the purchase or sale of the securities or other investment instruments.

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