

# **Articles of Association of BKS Bank AG**



Version of 09 June 2020

## **1. General Terms and Conditions**

### **§ 1**

The joint stock company is designated “BKS Bank AG” and has its registered office in Klagenfurt.

### **§ 2**

(1) The object of business of the company is banking operations and commercial operations of all kinds within the country and abroad as well as the management of real estate administration operations. The issuance of subordinated capital is permitted.

(2) Furthermore, the company is authorized to provide services relating to automated data processing.

(3) To this end, the company is authorized to establish subsidiaries within the country and abroad, and to hold shares in other companies.

### **§ 3**

The Company publishes its announcements in the official gazette of the Republic of Austria, “Wiener Zeitung” insofar and provided this is mandated by law. Furthermore, all publications of the company are in conformity with the respective applicable laws. All publications must also be made available on the website of the Company on the internet.

## **2. Share Capital and Shares**

### **§ 4**

(1) The share capital is EUR 85,885,800 and is divided into 42,942,900 no-par ordinary bearer shares.

(2) The Management Board is authorized, within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register pursuant to § 169 Stock Corporation Act and subject to approval by the Supervisory Board, to raise the share capital by up to EUR 16,000,000 by issuing up to 8,000,000 ordinary no-par bearer shares and to determine the issue price and the terms of issue in agreement with the Supervisory Board. The Supervisory Board is authorized to pass resolutions on amendments to the Articles of Association that result from the issuance of shares from the approved capital.

(3) The General Shareholders’ Meeting may pass a resolution to issue instruments without voting rights pursuant to § 26a Banking Act. The terms and conditions, rights and obligations attached to these instruments as well as the amount of the dividend rights are also defined in this resolution.

## § 5

The shares are bearer shares. This also applies to newly issued shares unless the General Shareholders' Meeting decides divergent terms and conditions at the time the resolution on the issue of new shares is passed.

## § 6

The company's shares are securitized in one or several global certificates. The global certificate(s) must be held in custody by a central securities depository pursuant to § 1 para 3 Securities Custody Act (DepotG). The Management Board jointly with the Supervisory Board decides the form of the stock certificates.

### **3. Constitution of the Company**

## § 7

The administrative bodies of the company are:

- a) the Management Board
- b) the Supervisory Board
- c) the General Shareholders' Meeting

#### a) The Management Board

## § 8

The Management Board consists of two, three, four or five members; the number is decided by the Supervisory Board. It is permissible to appoint deputy members of the Management Board.

## § 9

(1) The Company is represented by two members of the Management Board or by one Management Board member jointly with a company officer with power of attorney (Prokurist).

(2) The Company may - in accordance with the statutory restrictions - also be represented by two officers having the power of attorney. Pursuant to § 5 (1) 12 Banking Act, it is not possible to assign the sole power of attorney or sole commercial power of attorney for the entire scope of business to one person.

## § 10

(1) The Management Board manages the business of the Company in accordance with applicable law, the Articles of Association and the Business Rules adopted by the Supervisory Board.

(2) Should the Management Board consist of more than one member, the Supervisory Board appoints one of the members to act as a chairperson, with the chairperson having the casting vote.

### b) The Supervisory Board

## § 11

(1) The Supervisory Board consists of at least three, but at the most of fifteen members. They are elected for the period until the close of the General Shareholders' Meeting that decides on the discharge from responsibility for the fourth financial year after the elections; the year of the election is not counted in this calculation.

(2) Every year, after the end of the General Shareholders' Meeting, at least one fifth of the members must resign; these are replaced in re-elections. If the number of members cannot be divided by five, the next higher number that can be divided by five is used as calculation basis. If the sequence of the resignations cannot be derived from the period of office, the decision is taken by a drawing of lots. The persons resigning may immediately be re-elected.

(3) If members resign before their period of office ends, the Supervisory Board shall consist only of the remaining members until the next regular General Shareholders' Meeting. An election for replacements at an extraordinary General Shareholders' Meeting shall only be required if the number of Supervisory Board members drops to less than three.

(4) Elections for replacement shall be held for the remaining period of office of the member having left the Supervisory Board. If a member of the Supervisory Board is elected by an extraordinary General Shareholder's Meeting, the member's first year of office shall end with the close of the next General Shareholders' Meeting.

(5) Every member of the Supervisory Board may resign from office effective with immediate effect by sending a statement to the chairperson of the Supervisory Board.

## § 12

Every year, the Supervisory Board elects from among its members a chairperson and one or more deputy chairpersons at a meeting held right after the end of the General Shareholders' Meeting; no separate invitation is required for this meeting and at least three members must be present. Re-elections are permitted. The elections are chaired by the chairperson or deputy chairperson of the financial year just ended; if the chairperson

and the deputies are prevented from attending, the meeting is chaired by the oldest member of the Supervisory Board in attendance.

The deputy chairperson elected may exercise the rights of the chairperson and must comply with his or her obligations, in particular, to convene a meeting if the chairperson is prevented from acting.

### § 13

(1) The resolutions of the Supervisory Board are reached at meetings. The meetings are chaired by the chairperson of the Supervisory Board or one of his or her deputies. The type of vote is decided by the chairperson. The Supervisory Board has a quorum when the members have been sent invitations to the last known address per letter, telefax or e-mail and at least three members are present including the chairperson or the deputy chairperson.

(2) Resolutions are passed by a simple majority of the votes cast. In the case of a tie - also in elections - the chairperson shall have the casting vote.

(3) Resolutions may also be passed by written circular without convening a meeting if ordered by the chairperson of the Supervisory Board or by his or her deputy if the chairperson is prevented from acting, and no member of the Supervisory Board objects to this mode of procedure.

(4) Minutes are kept of the negotiations and resolutions passed by the Supervisory Board and these must be signed by the chairperson or his or her deputy.

(5) Statements and announcements of the Supervisory Board must bear the signature of the chairperson or his or her deputy.

(6) The chairperson of the Supervisory Board or, if prevented, his or her deputy shall act as the permanent representatives of the Supervisory Board towards authorities, in particular, the Companies Register Court and also towards the Management Board.

(7) A member of the Supervisory Board may assign in writing another member of the Supervisory Board as his or her representative for an individual meeting; the Supervisory Board member being represented shall not be counted when determining the quorum of a meeting. The representative assigned shall not be permitted to vote on decisions reached by written circular. The right to act as chairperson cannot be assigned.

### § 14

The Supervisory Board may establish committees made up of its members and define their tasks and powers. The Supervisory Board may also assign the power to reach decisions to the committees.

### § 15

(1) The Supervisory Board must define business rules for the Supervisory Board and for the Management Board.

(2) Apart from cases stipulated by law, the Supervisory Board may also define other matters that require the consent of the Supervisory Board in the business rules of the Management Board.

## § 16

(1) The members of the Supervisory Board shall receive reimbursement for cash expenses decided at the General Shareholders' Meeting as well as an annual remuneration in an amount to be decided by the General Shareholders' Meeting.

(2) If members of the Supervisory Board assume special tasks in this function in the interest of the Company, the General Shareholders' Meeting may also pass a resolution granting special remuneration for this task.

(3) Any special taxes due on the remuneration received by the Supervisory Board shall be borne by the Company.

## c) General Shareholders' Meeting

### § 17

The General Shareholders' Meeting that decides on the discharge of the Management Board and the Supervisory Board, the distribution of the profits, the selection of the auditor, and if applicable, the approval of the annual financial statements (regular General Shareholders' Meeting) must be held within the first eight months of every financial year.

### § 18

(1) The General Shareholders' Meeting is convened by the Management Board or by the Supervisory Board.

(2) General shareholders' meetings are held at the venue of the registered office of the Company or in the capital of a province of Austria.

(3) The announcement convening a General Shareholders' Meeting shall be published pursuant to § 3 and § 19 of the Articles of Association. Additionally, the respective applicable laws regarding the convening of General Shareholders' Meetings must be complied with.

### § 19

(1) Only those shareholders shall be permitted to participate in the General Shareholders' Meeting and to exercise voting rights and all other shareholder rights, which must be exercised at the General Shareholders' Meeting, who have submitted proof of ownership by the close of the tenth day prior to the General Shareholders' Meeting (date of record).

(2) Proof of share ownership on the date of record is to be furnished by presenting a confirmation of the custodian bank pursuant to § 10a Stock Corporation Act (AktG) that must be sent to the Company at the latest by the third workday prior to the General Shareholders' Meeting to the address given in the letter convening the meeting.

(3) The details for sending the confirmation of the custodian bank are announced together with the letter convening the meeting. The communication channels defined for convening the meeting are telefax or e-mail (further details of the electronic format may be specified in the letter convening the meeting).

## § 20

Every no-par ordinary share represents one vote.

## § 21

(1) The General Shareholders' Meeting shall be chaired by the chairperson of the Supervisory Board or by his or her deputy. If none of these persons are present, the notary appointed to certify documents shall serve as chairperson of the General Shareholders' Meeting until a chairperson is elected.

(2) The chairperson of the General Shareholders' Meeting shall chair the negotiations and define the sequence of the items on the agenda as well as how the voting rights are to be exercised and the procedure for counting votes.

(3) The members of the Management Board and of the Supervisory Board shall be under the obligation to attend the General Shareholders' Meeting. The auditor of the financial statements must be in attendance at the regular General Shareholders' Meeting. It is permitted for the members of the Management Board or Supervisory Board to participate via optical and acoustic bilateral communication channels.

## § 22

(1) Unless the law prescribes a different majority, the General Shareholders' Meeting passes resolutions by a simple majority of the votes cast, and in cases in which a capital majority is required, by a simple majority of the share capital represented at the time of the vote on the resolution.

(2) If no simple majority is attained in the first round of the elections, a second vote is conducted between the two candidates that received the most votes. If the vote ends in a tie, there is no valid outcome of the vote.

## **4. Annual Financial Statements and Distribution of the Profits**

### **§ 23**

The financial year of the Company is the calendar year.

### **§ 24**

(1) Within the first three months of every financial year, the Management Board must prepare the annual financial statements and the management report for the past financial year, the non-financial report, the corporate governance report as well as the consolidated financial statements and the consolidated management report, and after the audit by the auditor, it must present a proposal for the distribution of the profit to the Supervisory Board.

(2) Within one month of the presentation to the Management Board, the Supervisory Board must make a statement on the annual financial statements and the consolidated financial statements.

(3) Should the Supervisory Board approve the annual financial statements, it shall be deemed approved unless the Management Board and Supervisory Board decide that the General Shareholders' Meeting must approve it. The General Shareholders' Meeting shall be bound by the annual financial statements approved by the Management Board with the approval of the Supervisory Board.

(4) The Management Board must convene a General Shareholders' Meeting once a year that must be held within the first eight months of the financial year (regular General Shareholders' Meeting); at this meeting, it must present the annual financial statements including the management report, the corporate governance report, any consolidated financial statements including the consolidated management report, the proposal for the distribution of the profits and the report of the Supervisory Board.

(5) The agenda for the regular General Shareholders' Meeting must include:

1. the presentation of the documents mentioned above and if given, the approved annual financial statements in those cases defined by law,
2. the resolution on the use of the net profit, if a net profit is reported in the financial statements
3. the resolution on the discharge of the members of the Management Board and the members of the Supervisory Board,
4. the election of the auditor of the financial statements.

### **§ 25**

(1) The General Shareholders' Meeting reaches decisions on the use of the net profit when a net profit is reported in the financial statements. When reaching a decision on the



use of the net profit, the General Shareholders' Meeting shall be bound by the annual financial statements approved by the Management Board with the consent of the Supervisory Board. However, the General Shareholders' Meeting may fully or partially exclude the net profit from distribution. The changes to the annual financial statements this requires must be carried out by the Management Board.

(2) The distribution of the net profit is allocated in accordance with the percentages in the share capital held by the shareholders and the amounts paid in for the shares held as well as in relation to the period of time passed since the point in time defined for the payment.

(3) When issuing new shares, rights to net profits may be defined differently.

(4) cancelled

(5) In the resolution on the use of the net profit of the General Shareholders' Meeting, a payout in kind may be defined instead of or in addition to a cash payout.

## § 26

Shares in the net profit of shareholders who do not collect their shares within three years of the due date shall be allocated to the statutory reserves of the Company.

## **5. Special Terms and Conditions for the Issuance of Covered Bank Bonds**

### § 27

(1) The Company is authorized to issue covered bank bonds in accordance with the applicable legal provisions, as amended, that regulate covered bank bonds.

(2) The assets eligible for preferential coverage of claims arising from covered bank bonds are the assets defined by law for covered bank bonds.

### § 28

(1) The assets designated as preferential coverage assets for covered bank bonds (§ 27) are allocated as collateral for the settlement of claims arising from covered bank bonds.

(2) The cover assets must be recorded in a separate register (register of cover pool). If these are securities, the cover assets must be segregated from the other assets of the Company and this must be approved by the government commissioner (para 3).

If these are receivables, the Company is under the obligation to notify the debtor that the claims against it serve as cover assets.

(3) The cover must meet the following requirements:

- a. The nominal value of the assets designated as cover assets must cover as a minimum the repayment amount and the interest on the covered bonds in circulation as well as the expected administration costs in the event of the Company's insolvency, or
- b. The market value of the assets designated as cover assets must cover as a minimum the present value of the covered bonds in circulation plus a security cover surcharge determined adequately on the basis of the market risks, but at least 2%.

(4) A government commissioner is appointed for the task of supervising the obligations of the Company pursuant to § 27. Disposals over the cover assets are permitted only with the consent of the government commissioner.

(5) Claims of creditors arising from these covered bank bonds shall be settled preferentially from the cover assets in the meaning of § 2 of the Act on Covered Bank Bonds, as amended.

## § 29

A separate report must be given in the annual financial statements of the Company on the cover pool and the financial management of the covered bank bonds.

## 6. Version Amendments

### § 30

The Supervisory Board has the right to make amendments to the Articles of Association that refer only to the version.

### § 31

The language of the Articles of Association is gender-inclusive.

