

Articles of Association of
HETA ASSET RESOLUTION AG
(FN 108415 i)

in the version as agreed at the Extraordinary General Meeting on 29.06.2015

I. GENERAL PROVISIONS

1. Company name, registered office, duration

1.1. The name of the company is:

HETA ASSET RESOLUTION AG

1.2. The registered office of the company is at Klagenfurt am Wörthersee.

1.3. The company is set up for an unlimited period of time.

1.4. In the context of their activity, the bodies of the company must observe the Public Corporate Governance Code of the Federal Government pursuant to the resolution of the Austrian Federal Government of 30.10.2012 or in the currently valid version, unless otherwise envisaged in the provisions of the Austrian Wind Down Entity Act [*Gesetz zur Schaffung einer Abbaueinheit (GSA)*], Federal Law Gazette I No. 51/2014, or the Federal Act on the Recovery and Resolution of Banks [*Bundesgesetz über die Sanierung und Abwicklung von Banken (Sanierungs- und Abwicklungsgesetz – BaSAG)*], Federal Law Gazette I No. 98/2014.

2. Company purpose

2.1. According to § 3 GSA the company has the task of managing its assets with the aim of ensuring realisation in an orderly and active manner under the best possible terms (winding down of the portfolio). The winding down of the portfolio must be carried out in accordance with the wind down plan pursuant to § 5 GSA, and is to be accomplished as quickly as possible. The company must make every effort to ensure that § 3 (1) to (5) GSA is observed by the legal entities in which the company has a direct or indirect interest with a majority of the voting rights.

2.2. The company's task also includes the provision of transitional services to third parties which were included in the consolidated financial statements of the company on 31 December 2013, or which were formed as companies within the company's group between this date and the date on which the decision pursuant to § 2 (1) GSA became legally enforceable. Transitional services are services which were being provided on a contractual basis per the date on which the decision pursuant to § 2 (1) GSA became legally enforceable, and in regard to which a legal

duty of continuation applies. Transitional services may be provided for a maximum of two years after the date as of which the Federal Government has ceased to have any direct or indirect interest in the recipient of the services.

2.3. As soon as the company has achieved the winding down of the portfolio, a resolution is to be adopted concerning the dissolution of the company.

2.4. Insofar as measures are ordered by the resolution authority, these are to be observed by the company and implemented in a timely manner in the context of the fulfilment of its tasks. Irrespective of the powers of the FMA as resolution authority, the other statutory powers of the FMA continue to apply.

3. Object of the company

3.1. The object of the company is restricted to the fulfilment of the tasks of the company as required under the GSA:

3.1.1 in accordance with 2.1, the management of the assets of the company with the aim of ensuring realisation in an orderly and active manner under the best possible terms (winding down of the portfolio);

3.1.2 the provision of transitional services pursuant to 2.2;

3.1.3 the acquisition of assets from legal entities as referred to in 2.2 and the addition of these assets to the winding down of the portfolio. The company may only acquire assets from other third parties in the context of restructuring measures concerning its assets. If the Federal Government does not have a direct or indirect participation in a legal entity as referred to in 2.2, any such acquisition may only take place up to 31 March 2016;

3.1.4 the operation of banking and leasing transactions for the fulfilment of the company's task, the purchasing and selling of equity interests, and also the undertaking of ancillary business, provided such business directly or indirectly serves to fulfil the task of the company;

3.1.5 entering into transactions involving financial instruments on the company's own account for the purpose of controlling interest, currency, credit and liquidity risks in the context of the wind down activity, provided that (subject to any permissible transitional services as envisaged in 2.2 and 3.1.2) no market making activities or

granting of access to trading systems for third parties are connected with such transactions;

- 3.1.6 business consultancy and business organisation;
 - 3.1.7 investment consultancy and asset management, including in the form of trust business;
 - 3.1.8 real estate management;
 - 3.1.9 the letting and leasing of the company's own properties and movable assets;
 - 3.1.10 activity as a real estate broker;
 - 3.1.11 investment in companies of all kinds;
 - 3.1.12 the acquisition of companies and the formation of new companies;
 - 3.1.13 the purchase and sale of properties, buildings and rights equivalent to property, and
 - 3.1.14 subject to consideration of the statutory regulations in this regard, generally all transactions that are likely to directly or indirectly promote the company purpose.
- 3.2. Within the framework of the object, the company is restricted to activities that serve the fulfilment of its tasks as envisaged in the GSA or other applicable statutory provisions.
- 3.3. The activity of the company extends to Austria and abroad.

4. Publications, statements, communications

- 4.1. Publications of the company are made in the "Amtsblatt zur Wiener Zeitung", insofar as this is prescribed as mandatory by law.
- 4.2. In cases where the possibility of doing so is envisaged or prescribed by the provisions of the Austrian Banking Act [BWG] that are still applicable to the company, or by other statutory regulations, general announcements are made in accordance with these provisions or regulations by publication on the Internet on the company's website.
- 4.3. For the legal validity of requests or communications addressed to individual shareholders, insofar as these are envisaged by law or by the Articles of

Association, it is sufficient (unless the law provides otherwise) for an e-mail to be sent to the most recently notified e-mail address of the shareholder or the shareholder's authorised representative. The same applies in regard to communications to Executive Board and Supervisory Board members as envisaged by law or by the Articles of Association, unless otherwise provided in the statutory regulations or the Articles of Association.

- 4.4. Unless the law prescribes the written form as mandatory, statements and communications from shareholders are to be addressed to the company in text form (in the case of e-mails, to the company's e-mail address as stated on the Internet site).

II. LIABILITY

5. Liability of the Province of Carinthia

- 5.1. For certain obligations of Kärntner Landesholding and the company, the Province of Carinthia is liable in the event of insolvency as statutory guarantor pursuant to § 1356 of the Austrian Civil Code [ABGB] in accordance with the Provincial Law of 13 December 1990, Provincial Law Gazette 37/91 [Carinthian Landesholding Act (*Kärntner Landesholding-Gesetz*)] as amended.
- 5.2. For the duration of the period during which the statutory guarantee of the Province of Carinthia remains in force, the Province of Carinthia has the right to inspect the accounts and conduct external audits at any time, and also at any time to inspect other records and documentation of the company as may be necessary for the exercise of the duties and rights of the Province of Carinthia.
- 5.3. During this period the company must present to the Province of Carinthia the annual management report with balance sheet and income statement, and an audit report drawn up by an authorised auditor and issued with a formal audit opinion.
- 5.4. For the duration of the period during which the statutory guarantee of the Province of Carinthia remains in force, the company must make the necessary information accessible to the Supervisory Commissioner of Kärntner Landesholding.
- 5.5. In the event that a claim is made against the Province of Carinthia on the basis of the statutory guarantee, the Province of Carinthia (in addition to the right to

reimbursement of the debt paid (§ 1358 ABGB)) also has the right to require the company to reimburse all costs arising in connection with the payment of the liability, in particular also the costs incurred by the Province of Carinthia in any legal dispute with creditors.

III. REGISTERED CAPITAL, SHARES

6. Registered capital

- 6.1. The registered capital of the company is EUR 2,419,097,046.21 (two billion four hundred and nineteen million ninety seven thousand and forty six Euros and twenty one cents).
- 6.2. The registered capital is divided into 989,231,060 (nine hundred and eighty nine million two hundred and thirty one thousand and sixty) shares.
- 6.3. All shares are registered. Registered shares are to be entered in the shareholders' register under the name of the shareholder.
- 6.4. For the purpose of registration in the shareholders' register, shareholders must provide the company with the information envisaged in § 61 (1) of the Austrian Companies Act [AktG].
- 6.5. If registered shares are issued before the issue amount is paid in full, the amount of the part payments is to be stated on the share.
- 6.6. In relation to the company, only those persons who are registered in the shareholders' register are deemed to be shareholders.
- 6.7. In the context of capital increases, and in the event that preference shares exist, the company is entitled to create further preference shares with equal or greater rights, up to the upper limit permissible by law, without the agreement of the preference shareholders.
- 6.8. The holders of preference shares without voting rights will receive a preference dividend of 6% (six per cent) out of the net profits for each financial year as shown in the balance sheet, before the registered shares.
- 6.9. Arrears from earlier years are to be paid retroactively out of the annual net profits, in such a way that the older arrears are covered before the more recent arrears. If

the preference amount is not paid in the context of the distribution of the profit in any year, or is not paid in full, and if the arrears are not retroactively paid in the following year in addition to the full preference amount for this year, the preference shareholders have the right to vote until the arrears are paid.

- 6.10. Any entitlement of the shareholders to individual certification of their shares is excluded.
- 6.11. Insofar as share documents or dividend coupons or renewal coupons are nevertheless issued, the form and content will be specified by the Executive Board with the agreement of the Supervisory Board.
- 6.12. Insofar as is legally permissible, the securities issued by the company can also be permanently represented by collective certificates.

7. Voting right

- 7.1. Each no-par share confers one vote.
- 7.2. The voting right commences upon full payment of the minimum statutory investment.

IV. ORGANISATION OF THE COMPANY

8. Bodies of the company

- 8.1. The bodies of the company are:
 - 8.1.1 the Executive Board (section 10),
 - 8.1.2 the Supervisory Board (sections 12 to 17),
 - 8.1.3 the General Meeting (section 19).

9. Personal requirements for members of company bodies

- 9.1. The following persons are excluded from membership of the Executive Board and the Supervisory Board of the company:
 - 9.1.1 Persons who are excluded from entering into business under § 13 (1) to 3, 5 and 6 of the Austrian Industrial Code [*Gewerbeordnung*] 1994 as amended,

- 9.1.2 Persons who are in a permanent mandate relationship with the company,
- 9.1.3 Persons who are first-degree relatives in the direct line (including by marriage) of, or are maintaining a life partnership with, a member of an body of the company or an employee of the company, or the spouses of these persons.
- 9.2. Any person is excluded from membership of the Supervisory Board of the company who:
 - 9.2.1 is already a member of the Supervisory Board in ten corporations; activity as a chairman of a Supervisory Board counts towards this maximum number on a threefold basis;
 - 9.2.2 is a legal representative of a subsidiary of the company;
 - 9.2.3 is a member of the Executive Board of another company, where a member of the Executive Board of the company is at the same time a member of the Supervisory Board of this other company, unless it is affiliated within the same group or has a business interest therein (ban on cross-linkage).

10. Executive Board

- 10.1. The management of the company rests with the Executive Board.
 - 10.1.1 Within the framework of the company purpose, the Executive Board must manage the company, pursuing an orderly and active realisation of the assets of the company under the best possible terms.
 - 10.1.2 The Executive Board must be reliable, honest and impartial, as well as having appropriate specialist competence. No circumstance may arise which might call into question the total impartiality of the Executive Board or which might give rise to fears of a conflict of interests.
 - 10.1.3 In the context of the winding down of the portfolio, the Executive Board must proceed in an honest, honourable and professional manner in the interest of achieving the realisation of the assets under the best possible terms.
 - 10.1.4 The Executive Board must avoid any conflict of interests; if a conflict of interests is nevertheless unavoidable, it is to be reported immediately to the Supervisory Board and the Resolution Advisory Board, or if a Resolution Advisory Board has not been set up to the resolution authority. Any measure which is associated with a

conflict of interests may only be carried out with the agreement of the Supervisory Board and the resolution authority.

- 10.1.5 The Executive Board manages the business of the company, and adopts resolutions in accordance with the laws, the measures ordered by the resolution authority, the Articles of Association of the company, and the Rules of Procedure or any special resolution of the Supervisory Board; it must manage the business of the company in a competent manner free from the private interests of decisive shareholders.
- 10.1.6 In accordance with § 5 GSA, the Executive Board must draw up a wind down plan which meets the requirements set out in § 5 GSA, and which must be approved by the Supervisory Board. If the circumstances that are relevant to the wind down plan change, the wind down plan is to be amended by the Executive Board to take account of the changed circumstances, and is to be resubmitted to the Supervisory Board for approval. The wind down plan is to be reviewed by the Executive Board at the end of each calendar quarter, and is to be examined to determine whether any changes are necessary. The Supervisory Board and the FMA as resolution authority are to be informed of the results of the examination. The Supervisory Board can demand amendments to the wind down plan on its own initiative, if it considers this necessary.
- 10.1.7 In the fulfilment of its tasks, the Executive Board is bound by the GSA, BaSAG, the wind down plan as amended and the wind down measures issued for the company by the FMA as resolution authority.
- 10.2. The Executive Board consists of at least two and not more than six members, who are appointed by the Supervisory Board for a defined period not exceeding five years. The Supervisory Board appoints one member of the Executive Board as Chairman. If the Executive Board consists of more than two members, the Supervisory Board can appoint another member as Deputy Chairman; re-appointment is permissible. Appointment as Chairman requires written confirmation by the Chairman of the Supervisory Board in order to be legally valid. All resolutions of the Supervisory Board in connection with the Executive Board and the appointment thereof require the agreement of the FMA as resolution authority in order to be legally valid.
- 10.3. The members of the Executive Board must be full-time employees of the company. The members of the Executive Board may not, without written consent from the

Supervisory Board, undertake any commercial enterprise or accept Supervisory Board mandates in other companies, or undertake transactions on their own account or for third parties within the company's sphere of business. In addition, they may not invest in any other trading company as a personally liable shareholder.

- 10.4. The Executive Board is quorate if the Chairman or Deputy Chairman (if appointed) and one further member are present. A member who is represented is not included when the quorate status is being determined. If the Executive Board consists of at least five members, the Executive Board is only quorate if the Chairman or Deputy Chairman (if appointed) and two other members are present.
- 10.5. In the event that no Chairman has been appointed, or if the Chairman is absent, the meeting is quorate if two members of the Executive Board are present. If no Chairman has been appointed, or if the Chairman is absent and if the Executive Board consists of at least five members, three members must be present in order for the meeting to be quorate.
- 10.6. If the Executive Board consists of two members, it takes its resolutions by unanimous vote; if it consists of more than two members, it takes its resolutions by simple majority. Abstention from voting counts as a vote not cast.
- 10.7. Only the Chairman of the Executive Board has a casting vote pursuant to § 70 (2) AktG if more than two members have been appointed to the Executive Board. If the Chairman of the Executive Board is absent, the Deputy Chairman (if appointed) has the casting vote.
- 10.8. A member of the Executive Board is excluded from discussion and voting in matters:
 - 10.8.1 in which the member, his/her spouse or partner or any person who is a relative (including by marriage) up to and including the third degree is involved, or
 - 10.8.2 in which there is a sufficient economic or other reason for the impartiality of the member to be called into question; the decision as to whether any such reason applies is taken by the other members of the Executive Board.
- 10.9. The Executive Board must specify Rules of Procedure and an allocation of business, for which the agreement of the Supervisory Board and the FMA as resolution authority is required. If this is not done within two months after the

appointment of a new Executive Board or Executive Board member, the Supervisory Board will issue the Rules of Procedure and an allocation of business independently; these will require the agreement of the FMA as resolution authority to be legally effective. The following in particular are to be set out in the Rules of Procedure for the Executive Board:

- 10.9.1 the duties of disclosure and reporting duties of the Executive Board, as envisaged in the Articles of Association and the applicable statutory provisions, in regard to the company and its subsidiaries,
 - 10.9.2 the allocation of business, and
 - 10.9.3 the cooperation of the Executive Board.
- 10.10. The Executive Board must report as follows to the Supervisory Board and the Resolution Advisory Board or (if no Resolution Advisory Board has been set up) the FMA as resolution authority:
- 10.10.1 At least once a year, the Executive Board must present the Supervisory Board, the Resolution Advisory Board (if set up) and the FMA as resolution authority with a full written report concerning basic issues of the winding down of the portfolio, in which the actual realisation proceeds are compared with the wind down plan; in addition, the future price development is to be presented on the basis of forecast accounts (realisation report).
 - 10.10.2 In addition, on a regular basis, and at least once a quarter, the Executive Board must present the Supervisory Board and the Resolution Advisory Board, or if none such has been set up the FMA as resolution authority, with a written report concerning the course of the realisation and the position in comparison with the wind down plan, due consideration being given to future development (quarterly report).
 - 10.10.3 If justified by a serious cause, a verbal or written report is to be sent immediately to the Chairman of the Supervisory Board, the Resolution Advisory Board (if any such has been set up) and in all cases also the FMA as resolution authority; in addition, a report concerning the circumstances that are of considerable importance for the financial position or liquidity of the company is to be submitted immediately (special report).
- 10.11. The reports are to be in writing, and are to be explained verbally at the request of

the Supervisory Board or the Resolution Advisory Board or (if a Resolution Advisory Board has not been set up) the FMA as resolution authority. The special reports are to be in writing in all cases. Only in urgent and justified cases can the duty to provide a special report be fulfilled on a verbal basis, in which case a written copy is to be submitted immediately afterwards. Reports must comply with the principles of conscientious and faithful accounting. The annual and quarterly reports are to be handed out by the Executive Board to each member of the Supervisory Board and to the Resolution Advisory Board, or if a Resolution Advisory Board has not been set up to the FMA as resolution authority.

- 10.11.1 With regard to existing measures pursuant to FinStaG, the Executive Board must send the Federal Minister of Finance and the Federal Chancellor the necessary information for the reporting duty as set out in § 6 FinStaG to be fulfilled.
- 10.12. The Supervisory Board is entitled to revoke the appointment of a member of the Executive Board if an important reason as envisaged in § 75 (4) AktG applies. The Supervisory Board must immediately bring this to the knowledge of the FMA as resolution authority.

11. Representation of the company

- 11.1. The company is represented by two members of the Executive Board together or by one member of the Executive Board together with an authorised joint signatory.
- 11.2. Subject to the restrictions of commercial law, the company can also be represented by two authorised joint signatories.
- 11.3. Sole powers of representation, sole signature authorisation or sole power of attorney cannot be accorded.

12. Supervisory Board

- 12.1. The Supervisory Board consists of between four and eight members selected by the General Meeting (“shareholder representatives”) and the employee representatives delegated by the Works Council in accordance with §§ 50 and 110 of the Austrian Labour Constitution Act [*Arbeitsverfassungsgesetz*] as amended. The one-third parity also applies in respect of committees of the Supervisory Board, except for the Committee for Executive Board Matters.
- 12.2. In the context of the appointment of the members of the Supervisory Board, due

consideration is to be given to personal qualifications and also to a balanced overall composition in terms of expertise.

- 12.3. Not more than 4 persons may be member of the Supervisory Board who have been Executive Board members or managerial employees of the company in the 5 years before the date of their appointment to the Supervisory Board. Former Executive Board members may not hold the position of Chairman of the Supervisory Board until a period of two years has expired since the termination of their activity as an Executive Board member.
- 12.4. Persons whose spouse, life partner or first-degree relative has been appointed as a member of the Executive Board or Supervisory Board of the company may not make up more than a quarter of the shareholders' representatives on the Supervisory Board.
- 12.5. Members of the Supervisory Board may be re-elected.
- 12.6. Membership of the Supervisory Board also lapses in the following circumstances:
 - 12.6.1 if the member dies,
 - 12.6.2 if any of the personal requirements pursuant to section 9 of the Articles of Association ceases to apply,
 - 12.6.3 if the member is dismissed by the General Meeting or the FMA as resolution authority, or
 - 12.6.4 if the member resigns; resignation is to be notified (even without statement of a serious reason) by registered letter to the Chairman of the Supervisory Board or (if the Chairman is not available) the Deputy Chairman, a four-week notice period being observed.
- 12.7. If an elected member leaves the Supervisory Board before the end of his/her ordinary term of office, a replacement is to be elected at the next General Meeting.
- 12.8. A replacement is to be elected immediately if as a result of the departure of an elected member the number of elected members falls below three.
- 12.9. The term of office of any member who has been newly elected after the departure of a Supervisory Board member ends on the date on which the term of office of the departing member would have expired.

13. Chairman of the Supervisory Board

- 13.1. Immediately after these Articles of Association have come into force, at a meeting for which a special calling notice is not required, the Supervisory Board will elect from among its members a Chairman and at least one Deputy Chairman, who will hold these positions until their respective term of office as a member of the Supervisory Board has expired. The Deputy Chairman will represent the Chairman for the duration of the term of office in the event that the Chairman is prevented from exercising his function. A replacement is to be elected immediately if the Chairman or his sole deputy leaves office. If several deputies have been appointed, the provisions of the Articles of Association concerning the Deputy Chairman are applicable to all of them in accordance with their order of priority at the time of their election. Appointments as Chairman or Deputy Chairman require the approval of the FMA as resolution authority in each case in order to be legally valid.
- 13.2. If no one gains an absolute majority in an election as envisaged in 13.1, a second ballot is held between the two persons who have gained the most votes. If the first or the second ballot results in equal votes, the decision will be taken by lots.
- 13.3. If both the Chairman of the Supervisory Board and his deputy or deputies are permanently prevented from carrying out their office, any member of the Supervisory Board can call a meeting of the Supervisory Board in order to resolve the situation.
- 13.4. As special personal requirements for performing the function of the Chairman of the Supervisory Board, the following conditions must be fulfilled on a permanent basis:
- 13.4.1 there must be no grounds for exclusion as envisaged in § 13 (1) to (3), (5) and (6) of the Austrian Industrial Code [GewO] 1994 as amended, and also bankruptcy proceedings must not have been opened in respect of the assets of the Chairman of the Supervisory Board or any legal entity whose transactions the Chairman of the Supervisory Board has a significant influence over, except in cases where a recovery plan has been agreed and carried out;
- 13.4.2 the person in question must be reliable, honest and impartial, and has to have well-ordered economic circumstances;
- 13.4.3 the person in question must have suitable expertise, in particular corresponding

knowledge in the field of (banking) financial and accounting systems, and the experience necessary for the exercise of the function of Chairman.

14. Rights and duties of the Supervisory Board

- 14.1. The Supervisory Board must supervise the activity of the Executive Board and the observance of the wind down plan as envisaged in § 5 GSA. In addition to the supervision of the Executive Board, it is the task of the Supervisory Board to support the Executive Board in the context of the management of the company, particularly in decisions of fundamental importance, and to approve the wind down plan drawn up by the Executive Board in accordance with § 5 GSA. In the fulfilment of its tasks the Supervisory Board is bound by the GSA, BaSAG, the wind down plan as amended, and the measures ordered in regard to the company by the FMA as resolution authority.
- 14.2. The members of the Supervisory Board must exercise their function with strict impartiality.
- 14.3. The Supervisory Board has the following tasks in particular:
 - 14.3.1 the appointment and dismissal of the members of the Executive Board (10.2 and 10.12),
 - 14.3.2 the representation of the company in legal relationships with the members of the Executive Board,
 - 14.3.3 the issuing of the Rules of Procedure for the Supervisory Board and its committees, and also the Rules of Procedure for the Executive Board, if the Executive Board has not done this in a timely manner as envisaged in 10.9; in these Rules of Procedure, the Supervisory Board will specify (inter alia) the duties of disclosure and reporting duties of the Executive Board, including in respect of subsidiaries, unless these duties have already been laid down in the Rules of Procedure for the Executive Board,
 - 14.3.4 the assertion of compensation claims against members of the Executive Board,
 - 14.3.5 the adoption of resolutions within the meaning of § 95 AktG,
 - 14.3.6 giving agreement to measures proposed by the management which are hampered by a conflict of interests,

- 14.3.7 issuing approval of the wind down plan pursuant to § 5 GSA, and approval of a new wind down plan in consequence of altered circumstances which are relevant to the wind down plan,
- 14.3.8 giving agreement to legal transactions and measures which deviate significantly from the wind down plan, or are not envisaged in this form and require the existence of a serious reason,
- 14.3.9 issuing the audit commission to the auditor, by the conclusion of an audit contract.
- 14.4. In addition, the Supervisory Board has the following rights in particular:
 - 14.4.1 The Supervisory Board can at any time demand from the Executive Board a report concerning the affairs of the company including its directly and indirectly associated companies. An individual member can also demand a report (although this can only be presented to the Supervisory Board as such). If the Executive Board declines to submit a report in such a case, the report can only be requested if another member of the Supervisory Board supports the request. However, the Chairman of the Supervisory Board is entitled on his own to demand a report from the Executive Board.
 - 14.4.2 The Supervisory Board can inspect and examine the accounts and documents of the company, and also its assets; this applies also if the accounts, documents and assets are managed or held at the premises of third parties or at any place other than the business premises of the company. The Supervisory Board can also instruct individual members of the Supervisory Board, or experts in regard to particular tasks, to undertake such inspection and examination; in this context the experts are also bound by banking secrecy as envisaged in BWG.
 - 14.4.3 The Supervisory Board can appoint permanent committees from among its members.
 - 14.4.4 The rights to the provision of reports and to inspection as envisaged in 14.4.1 and 14.4.2 also extend to the FMA as resolution authority and the Resolution Advisory Board (if a Resolution Advisory Board has been set up). By corresponding application of 14.4.1, the FMA as resolution authority and the Resolution Advisory Board (if a Resolution Advisory Board has been set up) are also entitled on their own to demand a report from the Executive Board.
- 14.5. The Supervisory Board must set Rules of Procedure for itself, defining those

matters for which a Supervisory Board resolution is necessary. Limit amounts can be specified above which the agreement of the Supervisory Board is required. The Rules of Procedure for the Supervisory Board require the agreement of the FMA as resolution authority.

- 14.6. The employee representatives seconded by the Works Council in accordance with the provision of the Labour Constitution Act do not take part in discussions and resolutions of the Supervisory Board concerning the representation of the company when legal transactions are being undertaken with members of the Executive Board, in particular in the context of the conclusion of employment contracts with members of the Executive Board and the assertion of liability claims against members of the Executive Board.
- 14.7. The Supervisory Board can decide on purely editorial amendments to the Articles of Association.
- 14.8. In the cases envisaged in the Rules of Procedure for the Supervisory Board, resolutions of the Supervisory Board must be dealt with in the Resolution Advisory Board in all cases, with subsequent non prohibition by the FMA as resolution authority, or (if a Resolution Advisory Board has not been set up) must be cleared by the FMA as resolution authority. The decision of the FMA as resolution authority must be made within 10 working days from submission of the resolution in question, unless the FMA as resolution authority states within 2 working days that it reserves the right to take a period of up to 30 working days for the non prohibition procedure.

15. Meetings of the Supervisory Board

- 15.1. The Supervisory Board meets as required, but at least once in each calendar quarter.
- 15.2. The meetings of the Supervisory Board are called by the Chairman, or if he is prevented from doing so by the Deputy Chairman, by letter or equivalent mode of notification such as fax or electronic communication (e-mail), stating the place, time and agenda. Calling notices are to be sent out at least fourteen days before the date of the meeting. In urgent cases, meetings can be convened at least two days beforehand by telephone, fax or e-mail. The FMA as resolution authority is simultaneously to be invited to Supervisory Board meetings. All documents and information sent to members of the Supervisory Board are at the same time to be

sent to the FMA as resolution authority. Persons seconded by the resolution authority can participate in meetings of the Supervisory Board and its committees.

- 15.3. Each member of the Supervisory Board, the FMA as resolution authority, or the Executive Board can present a written demand, stating the purpose and reasons, that the Chairman of the Supervisory Board convene the Supervisory Board immediately. If any demand by at least two Supervisory Board members or by the FMA as resolution authority or by the Executive Board is not met, the applicants (the FMA as resolution authority also counts as an applicant) can convene the Supervisory Board themselves, communicating the nature of the situation. The meeting can take place at the earliest after 7 days but not more than 14 days after the calling notice has been sent out. In other respects 15.2 applies.
- 15.4. The Supervisory Board is quorate if the meeting has been properly convened as envisaged in 15.2 or 15.3, and if the Chairman (or the Deputy Chairman in the event that the Chairman is prevented) and at least half of the members elected by the General Meeting (including the Chairman and the Deputy Chairman) are present. Members of the Supervisory Board can also take part in meetings by remote connection (by telephone, video/Internet conferencing or using other audio/visual transmission means), and cast their vote in writing or by remote communication (by telephone, video/Internet conferencing or using other audio/visual transmission means) or by another comparable form of vote-casting, provided that the Supervisory Board is quorate as envisaged in sentence 1.
- 15.5. Resolutions are adopted by simple majority of the votes cast. If the votes are equal, the person chairing the meeting has the casting vote (including in elections). Abstention is deemed to be a vote not cast.
- 15.6. The members of the Supervisory Board cannot have their functions exercised by other persons. However, a member of the Supervisory Board can instruct another member in writing (including by fax) to represent him/her at any individual meeting; the represented member of the Supervisory Board is not included in the determination of the quorate status of a meeting. The right to chair the meeting is transferred to the Deputy Chairman if the Chairman is not able to perform this task. Written votes can also be submitted.
- 15.7. A member of the Supervisory Board is excluded from discussion and voting in the following cases:
 - 15.7.1 if the member, his/her spouse or partner, or any relative (including by marriage) up

to and including the second degree is involved, or

- 15.7.2 if there is a sufficient economic or other reason for the impartiality of the member to be called into question; the decision as to whether any such reason applies is taken by the other members of the Supervisory Board, the affected member not having any voting right in that decision.
- 15.8. In urgent cases, resolutions can also be adopted by written means, this being understood as including the adoption of resolutions by fax or via electronic communication (e-mail), provided no member of the Supervisory Board immediately and expressly objects to this method ("adoption of resolutions by circular voting"). In particularly urgent cases, resolutions can also be adopted by telephone, if all members of the Supervisory Board agree to this. The voting result is to be documented in writing and immediately communicated to the Resolution Advisory Board, or to the FMA as resolution authority if no Resolution Advisory Board has been set up. A report on the result is to be presented at the next meeting. Representation by other members of the Supervisory Board is not permissible in the context of the circular voting method. The provisions of 15.4 apply *mutatis mutandis*.
- 15.9. Minutes are to be kept of the meetings of the Supervisory Board, and are to be signed by the Chairman and the minutes secretary; in particular, the date and place, the persons attending the meeting, and the results of voting are to be recorded. If a member of the Supervisory Board so requests, his/her opinion in deviation from the resolution adopted is to be minuted. Not later than fourteen days after the respective meeting, the minutes are to be sent to the members of the Supervisory Board for harmonisation, and simultaneously to the Resolution Advisory Board or to the FMA as resolution authority if no Resolution Advisory Board has been set up.
- 15.10. The members of the Executive Board take part in meetings of the Supervisory Board and its committees. In justified individual cases, the Supervisory Board can exclude members of the Executive Board from participation. In addition, the Chairman can call experts and other information providers to the meetings in order to advise on individual agenda items. These persons are under an obligation of secrecy concerning information that becomes known to them. The auditor is to be called to meetings at which the preparation, determination or auditing of the annual financial statements are dealt with. The FMA as resolution authority has the possibility of attending meetings in all cases.

- 15.11. If one or more representatives of the FMA as resolution authority take part in meetings of the Supervisory Board and its committees, they have a right of escalation, i.e. the right (without stating their reasons) to make the legal validity of a resolution of the Supervisory Board subject to the condition that the matter is considered in the Resolution Advisory Board, or that non prohibition by the FMA as resolution authority is also required.
- 15.12. Declarations of intent by the Supervisory Board or its committees are issued by the Chairman of the Supervisory Board or (if he is prevented from doing so) by the Deputy Chairman.

16. Committees

- 16.1. The company has a permanent committee for the auditing and preparation for approval of the annual financial statements, the proposal for the distribution of the profits, and the management report for the company and the group, and also for reporting to the Supervisory Board concerning the audit results (audit committee).
- 16.2. In addition, the Supervisory Board can appoint permanent and non permanent committees from among its members. Decision-making powers and powers of consent can also be transferred to the committees. The Works Council is responsible for ensuring that delegates are seconded in the statutory extent. The FMA as resolution authority has the right to participate in committee meetings.
- 16.3. The committees must report regularly to the Supervisory Board concerning their activity.
- 16.4. More detailed regulations concerning the individual committees are set out in the Rules of Procedure for the Supervisory Board.

17. Remuneration of the members of the Supervisory Board

- 17.1. Fees for holding office and attendance payments set by the General Meeting are accorded to the members of the Supervisory Board, and their expenses are reimbursed. The remuneration of the members of the Supervisory Board takes account of their responsibilities and the scope of their activity, as well as the economic situation of the company.

18. Optional Resolution Advisory Board

- 18.1. The FMA as resolution authority can set up and dissolve a Resolution Advisory Board, by informal written notification to the company. This Resolution Advisory Board is responsible for the exercise of the rights of information envisaged in the Articles of Association and for issuing recommendations in regard to decisions and measures of the FMA as resolution authority. The Resolution Advisory Board has the task of ensuring that the FMA as resolution authority is informed concerning the observance of the wind down goals, and must in particular also issue recommendations in regard to decisions by the FMA as resolution authority. Further details are set out in the Rules of Procedure for the Supervisory Board and the Resolution Advisory Board.

19. General Meeting

- 19.1. The General Meeting is called by the Executive Board, the Supervisory Board or the Chairman of the Supervisory Board. The calling of a General Meeting can also be demanded by the FMA as resolution authority, in which case the Chairman of the Supervisory Board must formally convene the General Meeting. The FMA as resolution authority can also require the inclusion of additional agenda items for resolution at the General Meeting, irrespective of the time limits for doing so as envisaged in corporate law.

The convening of the General Meeting is to be announced not later than the 28th day before an ordinary General Meeting, otherwise not later than the 21st day before the General Meeting, and must be in accordance with the statutory requirements pursuant to § 106 AktG. A calling notice is also to be sent to the FMA as resolution authority, in the same way.

- 19.2. For each agenda item concerning which the General Meeting is to take a resolution, the Executive Board and the Supervisory Board must make proposals for resolution as envisaged in § 108 AktG; concerning elections to the Supervisory Board and the appointment of auditors for the financial statements and special auditors, only the Supervisory Board has to make proposals.
- 19.3. The Executive Board and the Supervisory Board can present joint or separate proposals for resolution. In its proposal for elections to the Supervisory Board, the Supervisory Board can nominate the proposed persons for particular positions. A proposal for resolution can be withdrawn at any time; any amendment or

replacement with a new proposal is to be justified by presentation of the relevant new or subsequently discovered circumstances. The General Meeting can take a resolution concerning the adjournment of resolution items.

- 19.4. The General Meeting takes place at the registered office of the company or in Vienna. Remote connection of members of the Executive Board or Supervisory Board via visual or acoustic two-way connection (e.g. video conference) is permissible.
- 19.5. If registered shares are issued, the shareholders who are registered in the shareholders' register at the beginning of the General Meeting are entitled to attend the General Meeting and to exercise the shareholders' rights that are to be asserted in the context of the General Meeting. Such shareholders do not have to apply to participate at the General Meeting.
- 19.6. One or more persons or consultants seconded by the FMA as resolution authority can take part in the General Meeting.
- 19.7. The exercise of voting rights by proxies is only possible if the proxies have written power of attorney; this is to be sent to the company in text form and is to be retained by the company.
- 19.8. The General Meeting is chaired by the Chairman of the Supervisory Board or the Deputy Chairman; if neither the Chairman nor the Deputy Chairman is present or willing to chair the meeting, the notary whose services have been engaged for notarisation purposes directs the meeting to elect a chairman. If no one achieves an absolute majority in an election for Chairman of the General Meeting, a second ballot is held between the two persons who have gained the most votes. If the first or the second ballot results in equal votes, the decision will be taken by lots.
- 19.9. The Chairman of the General Meeting leads the discussion and determines the order of priority of the agenda items and the mode of voting.
- 19.10. Unless these Articles of Association specify any stricter requirements in regard to a majority, the General Meeting takes resolutions with the majority of votes cast as specified by law, and in cases in which a capital majority is required, with the majority of the registered capital represented as specified by law at the time when the matter in question is being voted on.
- 19.11. Concerning the following measures, the General Meeting can only take resolutions

if 100% (one hundred per cent) of the votes cast are in agreement and 100% (one hundred per cent) of the registered capital with voting rights is represented at the General Meeting, the agreement by the FMA as resolution authority also being necessary in each case:

- 19.11.1 the dissolution of the company, the merger, conversion, demerger or transfer of the company assets pursuant to § 237 AktG, the transfer of the shares of the other shareholders to the main shareholder pursuant to the Austrian Shareholder Squeeze Out Act [*Gesellschafter-Ausschlussgesetz*], the contribution of the entire business operation or significant parts thereof to another legal entity, if any such measure leads to a shareholder losing his/her shareholder status in the company;
- 19.11.2 any amendment of the object of the company and/or the rights/duties of the Resolution Advisory Board (if set up);
- 19.11.3 the transfer of the company's place of business to a place other than Klagenfurt am Wörthersee;
- 19.11.4 any change to the number of capital representatives on the Supervisory Board, which is specified as four members, and
- 19.11.5 any amendment to the Articles of Association in the present section 19.11.
- 19.12. An ordinary capital increase (§ 149 AktG) and amendments to the Articles of Association other than in 19.11 thereof can only be decided by the General Meeting if more than 75% (seventy five per cent) of the votes cast are in agreement and more than 50% (fifty per cent) of the registered capital with voting rights is represented at the General Meeting.
- 19.13. The revocation of an appointment as Supervisory Board member, and the issue of convertible bonds, dividend bonds and participation certificates pursuant to § 174 (1) and (3) AktG, can only be decided by the General Meeting if more than 75% (seventy five per cent) of the votes cast are in agreement and more than 50% (fifty per cent) of the registered capital with voting rights is represented at the General Meeting.

V. ANNUAL FINANCIAL STATEMENTS, DISTRIBUTION OF THE PROFITS

20. Financial year

20.1. The financial year of the company is the calendar year.

21. Annual financial statements, distribution of the profits

- 21.1. The Executive Board must, within the statutory period for the financial year ended, present to the Supervisory Board and the FMA as resolution authority, and also to the Resolution Advisory Board if set up, the audited annual financial statements, management reports, consolidated financial statements and consolidated management reports, the audit reports on the annual financial statements, management reports, consolidated financial statements and consolidated management reports, as well as the proposal for the distribution of the profits. Within two months following presentation, the Supervisory Board must examine the annual financial statements and the consolidated annual financial statements (if any) and issue a statement thereon to the Executive Board.
- 21.2. The company also draws up its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The auditing of the consolidated financial statements is in accordance with internationally recognised auditing principles (International Standards of Auditing – ISA or US Generally Accepted Auditing Standards – US-GAAS).
- 21.3. In the first six months of each financial year, the General Meeting decides on the distribution of the annual profit, approval of the actions of the Executive Board and the Supervisory Board, and (in the cases envisaged by law) approval of the annual financial statements (ordinary General Meeting). The General Meeting decides on the choice of auditor during the first six months of every year. These resolutions require the agreement of the FMA as resolution authority to be legally valid.
- 21.4. The General Meeting decides on the distribution of the annual profit remaining after depreciation, value adjustments, provisions and reserves.
- 21.5. As envisaged in § 52 in conjunction with § 104 (4) AktG, the General Meeting can exclude all or part of the annual profits from distribution.
- 21.6. The profit shares of the shareholders are distributed in the proportion of the capital contributions paid on their shares in the registered capital. If capital contributions have been paid in the course of the financial year, these are to be taken into consideration in proportion to the period of time that has elapsed since the

payment. If new shares are issued, a different profit entitlement can be specified.

- 21.7. Unless otherwise decided by the General Meeting, the profit shares are due for payment ten days after the General Meeting has taken place.
- 21.8. If any shareholders' profit shares have not been withdrawn within three years following the due date, the entitlement lapses in favour of the free reserves of the company.

VI. NON CASH CONTRIBUTION

22. Extent of non cash contribution

- 22.1. The then non cash contribution is stated in the non cash contribution and share transfer agreement of 8 July 1991, which can be inspected in the company's document collection held in the Commercial Register of Klagenfurt Regional Court as commercial court, and which was concluded between Kärntner Landes- und Hypothekenbank as the contributing founder of Kärntner Landes- und Hypothekenbank Aktiengesellschaft, concerning the contribution of the entire banking enterprise of Kärntner Landes- und Hypothekenbank in return for the transfer of shares in the nominal amount of EUR 14,534,566.83 (in words: fourteen million five hundred and thirty four thousand five hundred and sixty six Euros 83/00) in Kärntner Landes- und Hypothekenbank Aktiengesellschaft.

VII. OTHER PROVISIONS

23. Formation balance sheet, formation costs

- 23.1. The formation balance sheet and the costs and dues associated with the setting up and registration of the company can be inspected in the company's document collection held in the Commercial Register of Klagenfurt Regional Court as commercial court.