

A r t i c l e s o f A s s o c i a t i o n
o f

BKS Bank AG

(in the version of May 29, 2009)

*Translation from the German original text
In case of doubt, the German text prevails*

1. Fundamental Provisions

§ 1

The business name of the Company reads as: BKS Bank AG. The Company's registered seat is in Klagenfurt.

§ 2

(1) The scope of the activities of the Company shall include carrying out banking services and trading business of all kinds in Austria and abroad, particularly in Carinthia and Styria, as well as providing services related to a real estate agent. The issuance of subordinated capital shall be admissible.

(2) In addition, the activities of the Company shall also include providing services in automatic data processing and information technology.

(3) For these purposes, the Company shall be entitled to establish branch offices in Austria and abroad, and to acquire interests in other business enterprises.

§ 3

The notifications of the Company required by law shall be, on principle, published in the "Amtsblatt zur Wiener Zeitung". All other Company notifications shall be published in accordance with applicable provisions. All notifications shall be made available in internet on the Company website.

2. Share Capital and Shares

§ 4

The company's capital stock is €56,160,000.00. It is divided into

- a) 26,280,000 ordinary no-par bearer shares and
- b) 1,800,000 non-voting no-par bearer preference shares giving their holders a minimum dividend of 6 per cent of the interest in capital stock represented thereby, payable, if necessary, in a later period.

The Managing Board is authorized by not later than 21 June 2012 and with the consent of the Supervisory Board to increase the company's capital stock by €10,000,000.00 through the issuance of 5,000,000 ordinary no-par bearer shares and to set the issue price and lay down the terms and conditions of issue in consultation with the Supervisory Board. Subscription rights must be exercised and existing shareholders must make subscription declarations within 20 (twenty) days of publication in the Amtsblatt (official gazette) of the Wiener Zeitung newspaper. Thereafter, the Managing Board shall decide how best to allocate any remaining portion of the amount of the increase. The Supervisory Board is authorized to adopt amendments to the Memorandum and Articles of Association resulting from the issuance of shares within the limit of authorized capital.

§ 5

The shares are bearer shares. If the resolution on a capital increase does not contain a contrary provision, future shares shall also be bearer shares.

§ 6

The right to request issue of separate share certificates is excluded. The Management Board shall determine the form and content of share certificates, dividend coupons and renewal coupons, with consent of the Supervisory Board.

3. Bodies of the Company

§ 7

The Company Bodies include:

- a) The Management Board**
- b) The Supervisory Board**
- c) The General Meeting**

a) The Management Board

§ 8

The Management Board shall consist of two or three members, as stipulated by the Supervisory Board. The appointment of deputy members shall be admissible.

§ 9

- (1) The Company shall be represented jointly by two members of the Management Board or by one member of the Management Board together with an authorized signatory.
- (2) In addition, the Company shall be represented by two authorized signatories, within legal restrictions. Pursuant to § 5 (1) 12 BWG, the granting of sole power of representation or *Einzelprokura* (individual power of representation) or *Handlungsvollmacht* (commercial power) for the entire business to individual persons shall be excluded.

§ 10

- (1) The Management Board shall carry out the business of the company in accordance with the law, the Articles of Association and the By-Laws as issued by the Supervisory Board.

- (2) If there is more than one member of the Management Board and the Supervisory Board appoints one of them as Chairman, the Chairman shall have the casting vote in the case of a draw.

b) The Supervisory Board

§ 11

- (1) The Supervisory Board consists of at least three members. The term of the Supervisory Board members shall end after the closing of the General Meeting which resolves on the approvals of their actions for the fourth business year following the election. The business year of the election is not counted.
- (2) At least one fifth of the members are discharged and replaced by a new election every year after closing the Annual (ordinary) General Meeting. If the number of members is not divisible by five, the number shall be based on the next higher number which is divisible by five. In so far as the order of discharge cannot be determined by tenure of office, lots shall be drawn. A re-election shall be admissible.
- (3) If one member withdraws before the end of his/her term, the Supervisory Board shall consist only of the remaining members until the next Annual (ordinary) General Meeting. A by-election shall only be carried out if the number of members goes below three.
- (4) By-elections shall be carried out for the remaining term of the respective member. If a member of the Supervisory Board is elected by an extraordinary General Meeting, then his/her first year of office is seen as ended only after the closing of the next Annual (ordinary) General Meeting.
- (5) Every member of the Supervisory Board can withdraw from his/her office with immediate effect by notification to the Chairman of the Supervisory Board.

§ 12

In the course of a meeting immediately following the Annual (ordinary) General Meeting, to which no special invitation is necessary and at which at least 3 members must be present, the Supervisory Board shall elect a Chairman and one or several Deputies from among its members. Re-elections shall be admissible. The Chairman of the concluded business year or his Deputy or, in the case that the Chairman or his/her Deputy cannot attend, the oldest (in years of age) present member of the Supervisory Board shall lead the election.

The elected Deputies of the Chairman shall be obliged to exercise all the rights and responsibilities of the Chairman in the case of his/her absence, particularly that of the convocation of a meeting.

§ 13

- (1) Resolutions of the Supervisory Board are taken in meetings. The Chairman or one of his/her Deputies chairs the Supervisory Board meetings. The Chairman of the meeting shall determine the type of the voting procedure. The Supervisory Board shall constitute a quorum if the members have been duly invited in writing at their last known address, by telefax or by email, and if at least three members, including the Chairman or a Deputy, is present.
- (2) Resolutions shall require simple majority of the votes cast. The Chairman of the meeting shall have the casting vote in the case of a draw, even in elections.
- (3) Resolutions may also be passed in writing if the Chairman of the Supervisory Board, or in case of his/her hindrance a Deputy, orders a resolution to be passed in that way and if no member of the Supervisory Board objects to such procedure.
- (4) Minutes of the meetings of the Supervisory Board and the resolutions passed shall be issued and signed by the Chairman or his/her Deputy.
- (5) Statements and announcements of the Supervisory board shall be signed by the Chairman or his/her Deputy.
- (6) The Chairman of the Supervisory Board or in the case of his/her absence a Deputy shall function as the representative of the Supervisory Board towards authorities, in particular the register court.
- (7) A member of the Supervisory Board may appoint another Supervisory Board member to act as his/her representative with proxy in individual meetings in writing. The Supervisory Board member represented shall not be counted when determining whether a meeting constitutes a quorum or not. Representation shall not be admissible in case of passing a resolution in writing. The right to chair the meeting cannot be transferred.

§ 14

The Supervisory Board can establish committees from among its members and can determine their activities and competencies. Specific competencies of the Supervisory Board may be transferred to these committees.

§ 15

- (1) The Supervisory Board shall issue By-Laws (internal rules) for itself and for the Management Board.
- (2) In the By-Laws (internal rules) of the Management Board, the Supervisory Board may stipulate that specific transactions, in addition to the transactions already designated by law, are subject to the prior consent of the Supervisory Board

§ 16

- (1) In addition to the cash expenses incurred when fulfilling duties and the attendance fees decided on by the General Meetings, the members of the Supervisory Board receive an annual remuneration, the amount of which is determined by the General Meeting.

- (2) Additionally the Supervisory Board receives a share of the annual profit, pursuant to the provisions of § 98 of the public companies act (Aktiengesetz), as determined by the General Meeting.
- (3) If members of the Supervisory Board take on special tasks in the interest of the Company, the General Assembly may pass a resolution for the approval of a special allowance.
- (4) The Company carries all special taxes on the emoluments of the Supervisory Board.

c) General Meeting

§ 17

The General Meeting which determines the discharge of the Management and Supervisory Board, the distribution of profits, the election of the annual auditor, and if applicable, the approval of the annual financial statement (Annual (ordinary) General Meeting) shall take place within the first eight months of every business year.

§ 18

- (1) The General Meeting shall be convened by the Management Board or by the Supervisory Board and shall be held at the registered office of the Company or in one of the Austrian Province Capitals.
- (2) The convocation of the General Meeting shall be published pursuant to § 19 Abs. 2

§ 19

- (1) Every shareholder who deposited his/her shares on time shall be entitled to attend the General Meeting. For the purpose of attending the General Meeting, the shareholders shall deposit their shares with the Company, with an Austrian notary public, with the head office of an Austrian bank or with a foreign bank specified in the invitation to the General Meeting within the period stated in the subsequent paragraph during the office hours until the end of the General Meeting.
- (2) The shares shall be deposited so timely that there will be at least three working days between the day of depositing the shares and the day of the General Meeting. At least fourteen days shall be available to the shareholder from the date the meeting is convened for depositing the shares. When calculating this period, the date of announcement or publication shall not be counted. If the last day of this deposit period is a Sunday or a public holiday, the next working day shall also have to be available for depositing the shares. Saturdays, Good Friday and December 24 shall all be considered public holidays and not working days.
- (3) The shares shall also be deemed to have been deposited properly if the shares are held on behalf of a deposit agency which has been appointed by the Company with the consent of the same by different banks until the conclusion of the General Meeting.

- (4) The deposit agencies shall hand over the confirmation of the deposit not later than one day after expiration of the deposit period to the Company.
- (5) If specified in the invitation to the General Meeting, eligibility to attend the General Meeting may be made conditional on the submission, within the prescribed time limit, of a separate number catalogue of the shares.
- (6) If no share certificates exist, then the prerequisites for attendance at the General Meeting shall be given in the invitation.

§ 20

Every no-par share corresponds to one vote.

§ 21

- (1) The General Meeting shall be chaired by the Chairman of the Supervisory Board or one of his/her Deputies. If none of the above is present or willing to chair the meeting, the notary called in for the purpose of documentation shall chair the General Meeting for the purpose of electing a Chairman.
- (2) The Chairman shall chair the meeting and determine the sequence of items on the agenda as well as the type of voting procedure.

§ 22

- (1) Unless the law prescribes a different majority, the General Meeting shall decide by simple majority of the votes cast and in cases where a majority of the capital is required also by simple majority of the share capital represented at the time of passing the resolution.
- (2) Failing an absolute majority of the votes cast in the first election, a decisive election shall be carried out between the two candidates who received the highest amount of votes. In case of a draw, the decision shall be made by lot.

4. Financial Statement and Distribution of Profit

§ 23

The business year of the Company is the calendar year.

§ 24

- (1) The Management Board shall submit a business report, including the financial statements, audited by the annual auditor, as well as a proposal for the distribution of profit, to the Supervisory Board within the first four months of every business year.

- (2) The General Meeting shall determine the discharge of the Management and Supervisory Board, the distribution of profits, the election of the annual auditor and, if required by law, the approval of the annual financial statement (Annual (ordinary) General Meeting) every year within the first eight months of each business year.

§ 25

- (1) Unless the General Meeting decides otherwise, the net profit shall be distributed among the members of the Supervisory Board and the shareholders, pursuant to § 16 of these Articles of Association.
- (2) Net profit shall be distributed in relation to the shareholders' interest in the share capital and contributions made for shares, as well as in relation to the time which has passed following the time specified for payment.
- (3) A different entitlement to dividends can be determined for a new issuance of shares.
- (4) The bearer of no-par preference shares, pursuant to § 4b), receive a minimum dividend of 6% of the respective interest in the share capital. This minimum dividend must be paid out provided it is covered by the net profit for a year. If the minimum dividend for a business year is not paid out or is not paid out in full, then the arrears shall be paid out of the net profit in subsequent business years.

§ 26

Shareholder dividends which are not claimed within three years after maturity expire to the credit of the legally required reserves of the Company.

5. Special Conditions for the Issuance of Covered Partial Debentures (Fundierte Teilschuldverschreibungen)

§ 27

For the preferred cover (*Fundierung*) of partial debentures (*fundierte Teilschuldverschreibungen*) the following can be pledged to a cover bond pool (*Deckungsfonds*):

- a) Claims of the bond-debtor against the State or a province;
- b) Claims of the bond-debtor against domestic and foreign enterprises if they are secured, guaranteed or re-guaranteed by the State or a province,
- c) Ward or trustee securities;
- d) Mortgage secured claims;
- e) Cash.

The total amount of the partial debenture to be issued shall never exceed the amount of the covering assets in the cover bond pool.

§ 28

- (1) The covering assets determined as cover of the partial debentures (§ 27) shall be a bail for the satisfaction of claims arising out of such debentures.
- (2) Covering assets shall be recorded in a special register (cover pool register). If the covering assets are stocks, then they shall be held separately from the rest of the assets of the Company by a government commissary (paragraph 3). If the covering assets are claims, then the Company is obligated to notify the debtor that the claims against him serve as covering assets.
- (3) A government commissary shall be appointed for monitoring the compliance of the Company with the obligations pursuant to § 27. The covering assets may only be disposed of with the consent of the government commissary.
- (4) Creditors under such debentures shall be satisfied on a preferential basis by the covering assets as defined in § 2 of the act on covered bank debentures (Gesetz betreffend fundierte Bankschuldverschreibungen).

§ 29

The cover pool as well as the mode of handling such debentures shall be accounted for separately in the financial statements of the Company.

6. Version Amendments

§ 30

The Supervisory Board is entitled to undertake amendments to the Articles of Association which only apply to this version.

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